



# 2022

NON-FINANCIAL REPORT

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# LETTER FROM THE MANAGEMENT BOARD



Dealing with climate change is one of the biggest challenges of the modern day. Our goal is to substantially reduce CO<sub>2</sub> emissions at our own production facilities and throughout our supply chain by 2030. Therefore, we will replace our current energy supplies by 100 % renewable energy sources and further optimize our production and business processes.

Also regarding our employees, we have identified a number of key topics that we will focus on such as occupational safety, diversity, equal opportunities and additional training opportunities. Our employees are our most important resource. We would like to take this opportunity to thank them for their dedication. Based on this great commitment of our employees we have also been able to further improve our corporate sustainability program and set ambitious targets to contribute to the necessary CO<sub>2</sub> reduction worldwide. Together with our employees, our business partners and all other stakeholders, we are looking forward achieving these goals.

We would like to thank you for your interest in our company and our Environmental commitment and we are looking forward to an open dialog with you.

## GRI 102-14

Dear readers,

permanent change has become the norm in our world. Companies have to continuously adapt and optimize in order to achieve sustained success in a long term perspective. We are embracing these changes and taking responsibility for our employees, our environment, and our future.

As part of our STAR 2030 strategy, we adopted a strong focus on responsible and sustainable corporate management. Therefore, we have fundamentally revised our materiality analysis for this year's non-financial report in order to identify the current sustainability topics that are most important to our internal and external stakeholders. This allows us to address the topics of highest relevance to our stakeholders and to Stabilus in a very target-oriented manner.

**DR. MICHAEL BÜCHSNER**  
Chief Executive Officer (CEO)

**STEFAN BAUERREIS**  
Chief Financial Officer (CFO)

# ABOUT THIS REPORT

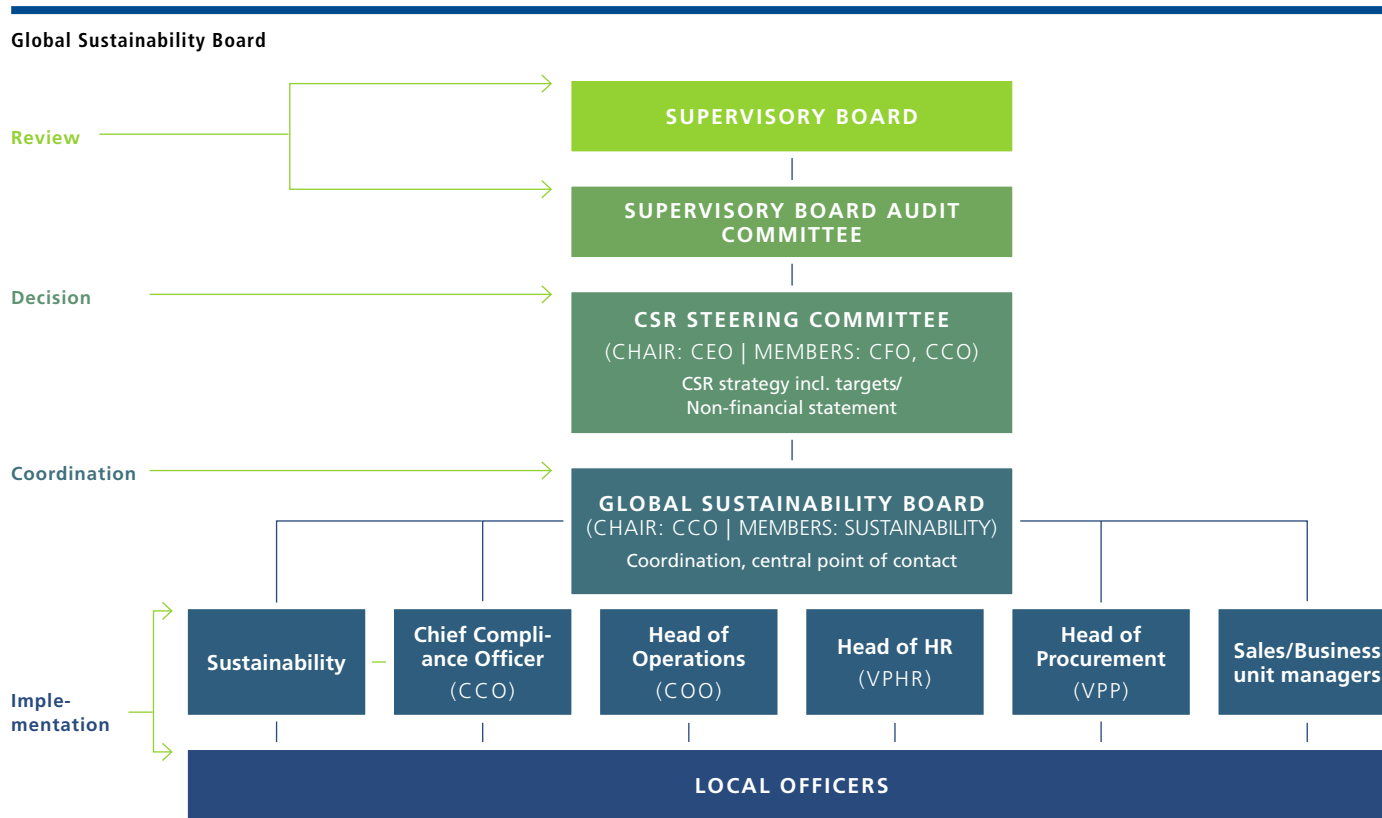
GRI 102-32 | GRI 102-50 | GRI 102-51 | GRI 102-52 | GRI 102-54 a

Stabilus SE is a public interest company within the meaning of § 316a and 264d of the German Commercial Code (HGB). The Stabilus Group, i.e. Stabilus SE and its consolidated subsidiaries, have more than 500 employees on average. This means Stabilus SE is obliged by the EU Directive and by German law<sup>1</sup> to publish a non-financial report. Stabilus has opted to provide the necessary disclosures on the environment, diversity and social matters in this separate non-financial report that supplements the Annual Report.

This is the fifth non-financial report to be published by the Stabilus Group (hereinafter referred to as "Stabilus" or the "Group"). It is published annually after the end of Stabilus' fiscal year (October 1 to September 30) and with the corresponding Annual Report. The information in this report refers to the period from October 1, 2021 to September 30, 2022. In the case of selected key performance indicators (KPIs), the information also refers to the previous fiscal year from October 1, 2020 to September 30, 2021. This non-financial report is approved by the Supervisory Board and reviewed by an independent auditor in the context of a limited assurance review.

In the fiscal year 2021/2022 Stabilus performed a complete new materiality analysis and expanded analysis of non-financial risk. The report concentrates on the two main topics - the new defined CO<sub>2</sub> targets for 2030 and the diversity targets with a focus on women in leadership positions. This report has been guided by the GRI Standards (2016 and

<sup>1</sup> German CSR Directive Implementation Act (CSR-RUG) as set out in § 289b et seq. HGB, which implements Directive 2014/95/EU of March 9, 2017.



2018). For readability, all references to groups of people in this report (e.g. employees, colleagues) use the masculine form to refer to all genders equally.

Stabilus' process for assessing the relevance of non-financial topics for this report is guided by the principles set out in the statutory provisions (Section 289b et seq. HGB): The assessment of material aspects for the company, its business activity and its performance on the one hand and the company's impact on the respective aspect on the other.

## Organization and management of sustainability

GRI 102-20 | GRI 102-26

In order to introduce a Group-wide sustainability strategy, Stabilus established a central structure comprising the Global Sustainability Board as the development, coordination and implementation body and the CSR Steering Committee as the strategic and decision-making body. The CSR Steering Committee was chaired by the CEO at the start of the fiscal year. After Mr. Bauerreis joined the organization as the new CFO, the CSR Steering Committee was jointly chaired by the two Management



Board members from June 2022 onward. The CSR Steering Committee meets four times a year. It decides on Stabilus’ global sustainability strategy and defines corresponding work programs on environmental, climate, social and governance topics. The Management Board reports to the Supervisory Board Audit Committee on sustainability topics at regular intervals.

In the fiscal year 2021/2022 a central Global Sustainability Board was introduced under the direction of the Chief Compliance Officer. The Global Sustainability Board is responsible for coordinating the Group-wide implementation and communication of all sustainability topics (environmental, social and governance) arising at the Group and acts as a central point of contact for internal and external stakeholders. The Global Sustainability Board meets every two weeks and discusses new issues, the implementation of the two sustainability initiatives resulting from the STAR 2030 strategy workshop, necessary coordination with other departments and reporting. In the year under review, it focused on defining the Stabilus Group’s CO<sub>2</sub> reduction target to 2030, the revision of the materiality analysis and the comprehensive analysis of non-financial risks, as well as the detailed assessment of the requirement profile of relevant rating agencies. The Global Sustainability Board also initiated a workshop with sales employees so that the measures taken by Stabilus in the area of sustainability can also be presented to customers.

The department heads (Operations, Human Resources, Procurement, Compliance and Sales) implement the necessary measures to fulfill the requirements defined by the Global Sustainability Board. The latter individuals may include the local officers at the sites where required.

### Stabilus sustainability strategy

In 2022, Stabilus fundamentally revised and formalized its sustainability strategy on the basis of the revised materiality analysis, the external stakeholder analysis and Stabilus’ global strategy process STAR 2030, which defines the overarching Group targets for 2030.

In its STAR 2030 future strategy, Stabilus has adopted a focus on sustainability and social responsibility – because it considers active participation in environmental protection and human rights to be an element of good corporate governance.

Among other things, the sustainability strategy focuses on reducing CO<sub>2</sub>. Stabilus has set itself the goal of sustainably reducing CO<sub>2</sub> emissions at its own production facilities and throughout its supply chain<sup>2</sup>.

#### REDUCING CO<sub>2</sub> AND CONSERVING RESOURCES

The “CO<sub>2</sub> Roadmap” strategic initiative was launched in the year under review. Among other things, this aims to achieve a significant reduction in CO<sub>2</sub> emissions at Stabilus’ own sites by lowering energy consumption and ensuring that 100 % of electricity used is generated from renewable sources by 2030. The in-house generation of solar power was already expanded at two sites in the year under review. The switchover to renewable energy sources will be realized gradually at the other sites. The CO<sub>2</sub> reduction in the supply chain will be achieved through targeted procurement strategies and supplier management.

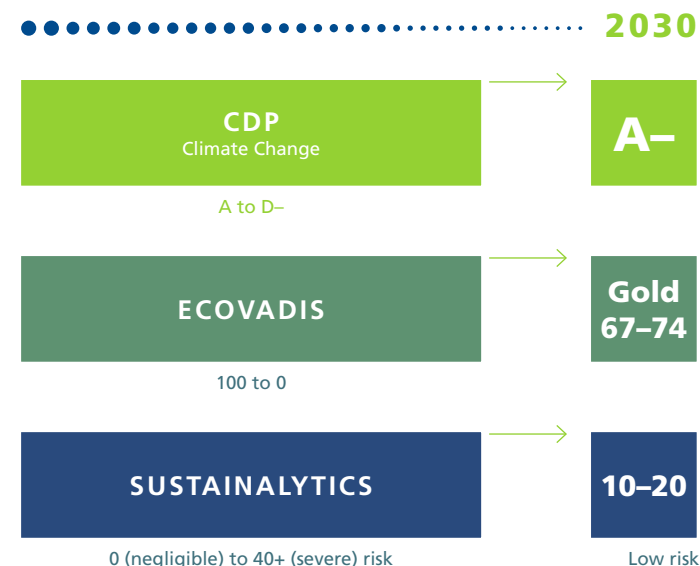
#### EXCELLENT SUSTAINABILITY STRATEGY

When it comes to assessing a company, compliance with environmental, social and governance (ESG) criteria is playing an increasingly important role for customers, investors, applicants, business partners and the public. However, it is also something that the Stabilus Group pursues as a matter of course.

As part of its STAR 2030 strategy, Stabilus also launched a strategic initiative to implement the sustainability criteria applied by external rating agencies in the 2022 fiscal year. A gap analysis identified the most important topics for the company to focus on implementing. The rating platforms were selected on the basis of their market presence and perception as well as customer and investor preferences and requirements.

The following platforms were selected as a framework for Stabilus to improve its sustainability performance, including the adoption of a target rating to be achieved by 2030.

#### Rating platforms



2 For information on CO<sub>2</sub> reduction targets, see [CO<sub>2</sub> emissions](#).

## Materiality analysis and stakeholder analysis

GRI 102-42 | GRI 102-43 | GRI 102-44 | GRI 102-47

Stabilus fundamentally revised its materiality analysis in the 2022 fiscal year to include all key corporate functions. This process was supported by external consultants and designed to satisfy the requirements for a materiality analysis in accordance with the corresponding provisions of the HGB and is based on the GRI Standards (2016). A longlist of all sustainability topics was drawn up using secondary research and peer analysis. This longlist formed the basis for the external and internal stakeholder analysis.

In preparing the materiality analysis, Stabilus performed a new stakeholder analysis in the period under review including the main perspectives of internal and external stakeholders. The most important external stakeholders are customers, investors and suppliers, while the most important internal stakeholders are the Stabilus Group's employees.

In the period under review, Stabilus conducted structured interviews with a focus on the external stakeholder perspective of the Stabilus Group. The information and expectations obtained in this process formed part of the new materiality analysis. The external stakeholder perspective was supplemented by sustainability-specific written queries received by Stabilus during the year under review. Stabilus also informs its external stakeholders about sustainability initiatives and success stories in its annual non-financial report.

With the longlist as the starting point, the most important internal and external stakeholders conducted an analysis of the material sustainability topics. This assessment focused on the relevance of the respective topic for the stakeholders, its impact (inside-out perspective) and its social relevance (outside-in perspective). Representatives of the Procurement, Human Resources, Sales, Investor Relations, Compliance and Sustainability departments evaluated the issues raised by the stakeholders.

On this basis, the Management Board and representatives of the various departments held a workshop to examine the topics assessed with a view to developing a list of material sustainability topics for the Stabilus Group taking into account key topics. At the request of management, this list was amended slightly by the CSR Steering Committee to reflect the specific focus on core areas. This will enable targets and the measures required to achieve them to be defined more precisely. The final list of material and key topics was approved by the Stabilus Management Board.

The table below lists the "material" topics according to the materiality analysis alongside the focal points of fundamental importance to the Group, which are shown as "important" topics.

The material topics identified in the 2022 materiality analysis in the environment area are CO<sub>2</sub> emissions & decarbonization, energy consumption & management and water management. Social concerns are taken into account in the Employees and Sustainable Procurement categories. With regard to employees, the material topics are occupational safety, diversity, inclusion, equality and talent acquisition and training. In the area of diversity, inclusion and equal opportunity, the aspect of women in leadership positions was identified as particularly relevant and was prioritized when determining the material aspects.

Within the material topic of talent acquisition and training, the focus will be placed on training as a tool for mitigating the impact of the skills shortage. Sustainable and responsible procurement are material topics for the supply chain and hence for Stabilus' Procurement department. The area of compliance is also classified as material.

### Overview of material and important topics for Stabilus

		Material topic in accordance with § 289b et seq. HGB	Important topic for Stabilus
Environment	CO <sub>2</sub> emissions & decarbonization	☑	☑
	Energy consumption & management	☑	☑
	Waste management, waste generation		☑
	Water management	☑	☑
	Environmental compliance		☑
Employees	Employee safety (Occupational Health & Safety)	☑	☑
	Diversity, Inclusion, Equality	☑	☑
	Talent acquisition and training	☑	☑
	Working conditions (internal employees)		☑
Sustainable procurement	Sustainable and responsible Procurement	☑	☑
Products	Sustainability in Innovation		☑
	Circular Economy and efficient use of materials		☑
Compliance	Business Ethics and Corporate Behavior	☑	☑
Information security	Data protection & Information security		☑

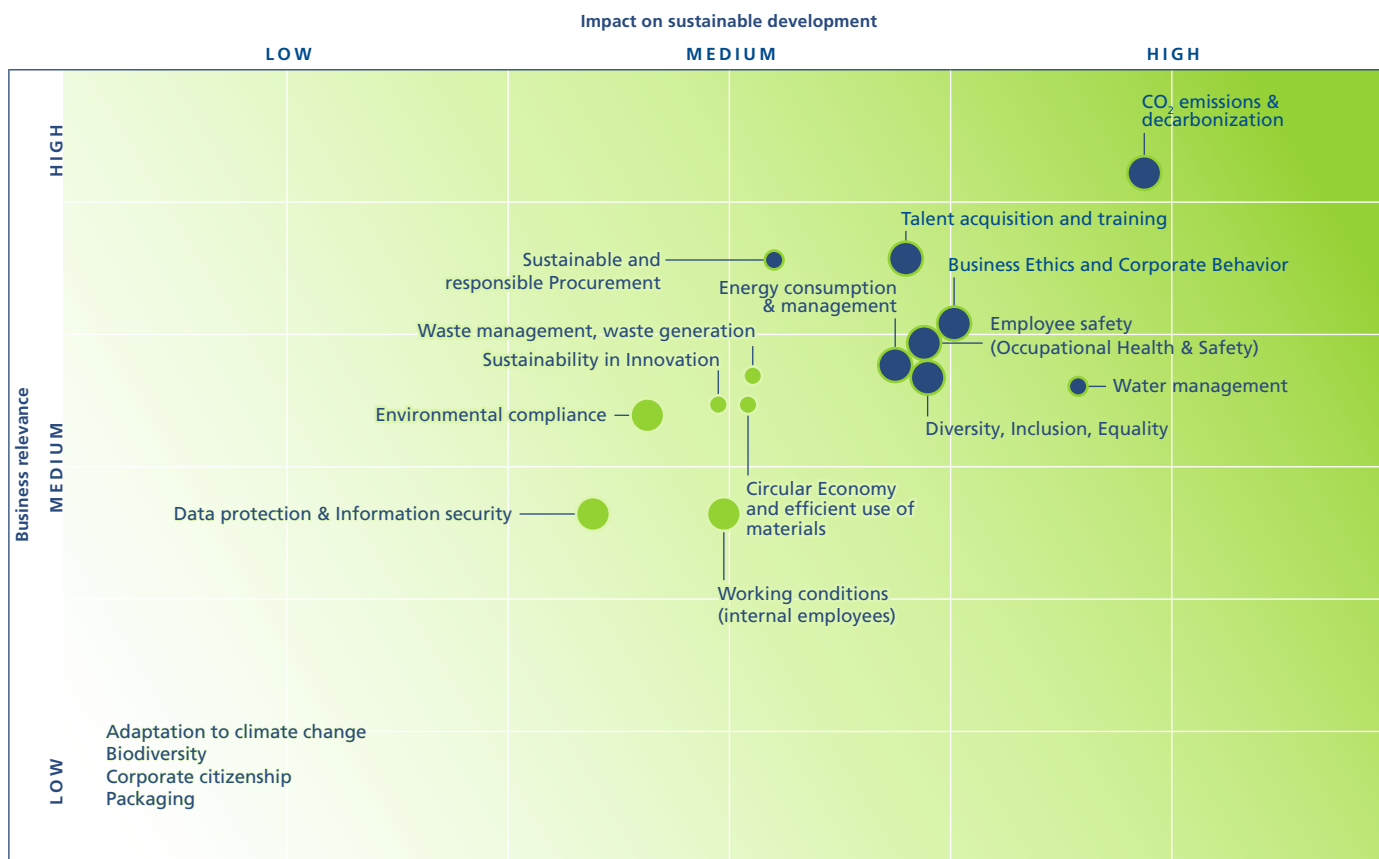
In addition, Stabilus has identified other major issues that are important to external and internal stakeholders. These include waste management and waste generation, the general working atmosphere/working conditions within the Stabilus Group, sustainability in innovation, the circular economy, data protection and information security. Stabilus assumes corporate responsibility for these topics and has included corresponding disclosures in this report. Content relating to material aspects and relevant for non-financial reporting is indicated by a green line placed next to the respective paragraph in this report. This content has been reviewed by an independent auditor in the context of a limited assurance review as discussed in the corresponding report.<sup>3,4</sup>

### Non-financial risk analysis

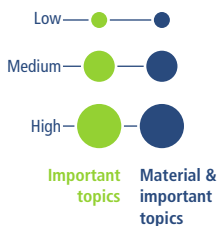
GRI 102-15 GRI 102-30

The process for assessing and evaluating the Group's non-financial risks and the corresponding responsibilities were expanded in the year under review. Going forward, they will be integrated into the existing intragroup financial risk management system. This transition ensures that the aspects of business relevance and impact are included in the material risk types. It also places the focus on accurate evaluation as well as efficiency in the process and in documentation.

Materiality matrix



Stakeholder relevance



3 See Section 11: [Independent limited assurance report](#)

4 The statement of assurance covers all disclosures on key performance indicators for the 2022 fiscal year. It does not cover disclosures on the 2021 fiscal year or comparisons with the disclosures on the 2021 fiscal year.





In the future, the updated management process for non-financial risks will be structured using the bottom-up principle on the basis of functional and regional risk officers with centralized reporting. In preparation for this, a top-down approach for non-financial reporting including the global functional risk officers was selected in the year under review. The tasks of the functional and regional risk officers with regard to non-financial risks were geared toward the financial reporting process in the year under review. The risk inventory of non-financial risks was also expanded and additional assessment parameters were applied. In particular, this focused on the inclusion and further elaboration of risks in connection with climate change adaptation and its direct and indirect impact on Stabilus' global business activities.

The process includes the assessment of non-financial risks in gross terms and the definition of corrective measures to mitigate the probability of risks occurring and the severity of their impact if they do occur. A final net analysis of non-financial risks is prepared on this basis.

No non-financial risks expected to give rise to serious adverse consequences have been identified in connection with Stabilus' business activities, products, services or business relationships. The risk analysis and its findings have been assessed and approved by the Management Board.

The disclosures in this report generally refer to the entire Stabilus Group. The disclosures in the sections on environment, health and safety refer solely to the production sites, as these are the most relevant in terms of their environmental and occupational safety impact. The other KPIs published in this non-financial report for the first time include only the figures for the 2022 fiscal year. In the case of KPIs already published in other reports, the figures for the 2021 fiscal year are also shown.

# ABOUT STABILUS

GRI 102-1 | GRI 102-3 | GRI 102-4 | GRI 102-5 | GRI 102-6 | GRI 102-7  
GRI 102-9 | GRI 102-45 a | GRI 201-1 a | GRI 202-2 d

Stabilus SE is a European Company (Societas Europaea) headquartered in Germany and subject to German law.

In the year under review, Stabilus changed its legal format and relocated its headquarter Germany. In a first step Stabilus S.A. was converted to Stabilus SE, Luxembourg, effective April 5, 2022. Stabilus SE then relocated to Germany by resolution of the Annual General Meeting on August 11, 2022. Stabilus SE was registered at the commercial register of Frankfurt/Main on September 2, 2022. Its administrative headquarter is in Koblenz.

With 20 production sites in eleven countries and numerous regional offices and sales partners around the world, Stabilus is represented in the EMEA region (Europe, Middle East and Africa), in North and South America and in the Asia/Pacific region (APAC). The Stabilus Group now has more than 6,500<sup>5</sup> employees worldwide (previous year: same as 2022).

Its largest operations are the operational headquarters and the plant in Koblenz (Germany) and the plants in Ramos Arizpe (Mexico), Brasov (Romania), Gastonia (USA) such as Pinghu and Wujin (China).

Stabilus is an international provider of motion control solutions for customers across a broad spectrum of industries including mobility, health, recreation, furniture, energy, construction, industrial machinery and automation. With more than eight decades of demonstrated expertise, Stabilus offers reliable and innovative motion control solutions that enable, enhance and automate opening, closing, lifting, lowering and adjusting actions. The company's customized damping and vibration isolation technology protects against shocks, vibrations and noise. Stabilus generated revenues of 1,116.3 million € in the 2022 fiscal year (previous year: 937.7 million €). The full consolidated financial statements of the Stabilus Group and its subsidiaries can be found in the Stabilus Group Annual Report.<sup>6</sup> Like most manufacturing companies, Stabilus sources production and non-production materials. Stabilus mainly purchases components and semi-finished products. Typical raw materials purchased by the Group include those contained in the semi-finished products/components, e.g. steel, copper, resin and rubber.

Stabilus' customers are international companies operating in the automotive and industrial sectors.

## Shareholder structure

Shareholder structure of Stabilus SE is published annually in the Group annual report.<sup>7</sup> According to the voting rights notifications received until September 30, 2022, the following shareholders held more than 3 % of total voting rights attached to Stabilus shares: Allianz Global Investors GmbH, Frankfurt am Main, Germany (11.29 %), The Goldman Sachs Group, Inc., Wilmington, USA (11.02 %), NN Group N.V., Amsterdam, Netherlands (10.05 %), Marathon Asset Management Limited, London, UK (6.63 %), FMR LLC, Wilmington, USA (5.74 %), Teleios Capital Partners LLC, Zug, Switzerland (5.03 %), Allianz SE, Munich, Germany (4.72 %), Fidelity Investment Trust, Boston, USA (3.7 %), Ameriprise Financial, Inc., Wilmington, USA (3.41 %).

5 Active and non-active employees, excluding temporary staff, trainees, interns and graduate students.

6 <https://www.stabilus.com/investors/financial-reports-presentations>

7 <https://www.stabilus.com/investors/financial-reports-presentations>

## Corporate values

GRI 102-16

Stabilus' corporate values are incorporated in its value statement<sup>8</sup> and set out in its Code of Conduct<sup>9</sup>. For Stabilus, social responsibility also means engaging with society at its locations around the world, especially in the areas of science, education, culture and social and humanitarian issues.

Stabilus has undertaken to comply with the principles of the International Labour Organization (ILO)<sup>10</sup> and also applies the United Nations Sustainable Development Goals (SDGs)<sup>11</sup> as a signatory of the UN Global Compact. Stabilus has identified the following six goals as those with the highest priority for the Group:

### Focus SDGs at Stabilus



#### SDG 4

Quality Education | Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



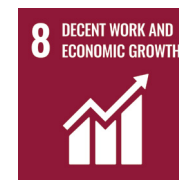
#### SDG 5

Gender Equality | Achieve gender equality and empower all women and girls



#### SDG 6

Clean Water and Sanitation | Ensure availability and sustainable management of water and sanitation for all



#### SDG 8

Decent Work and Economic Growth | Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



#### SDG 12

Responsible Consumption and Production | Ensure sustainable consumption and production patterns



#### SDG 13

Climate Action | Take urgent action to combat climate change and its impacts

8 <https://www.stabilus.com/company/stabilus-values>

9 <https://www.stabilus.com/company/compliance/code-of-conduct>

10 <https://www.stabilus.com/company/compliance/code-of-conduct>

11 <https://www.unglobalcompact.org/sdgs/17-global-goals>



# ENVIRONMENT, HEALTH & SAFETY

GRI 103-1 a | GRI 103-1 b | GRI 103-2 a | GRI 103-2 c

As a manufacturing company, Stabilus is aware of its responsibility for the environment and its employees' health. Preventing accidents and adverse health effects is a central responsibility of Stabilus as an employer. In addition to the established internal focus on occupational health and safety as well as environmental protection, Stabilus is responding to the growing requirements of external stakeholders, such as customers and investors, by continuously improving its processes.

## Global environment, health and safety management

GRI 102-18 b | GRI 102-19 | GRI 103-2 c4 | GRI 302-1 f | GRI 305-1 g | GRI 305-2 g

### RESPONSIBILITY

Responsibility for environmental management, occupational health and safety at Stabilus primarily lies with the Management Board of Stabilus SE for overarching environmental topics and the Chief Operating Officer (COO) for operational aspects relating to the environment and occupational health and safety (EHS). The COO has global responsibility for defining EHS targets and developing corresponding strategies and steering mechanisms at plant and regional level with the support of the VP Operations NA (Vice President Operations North America). The operational heads of the EMEA, Americas and APAC regions are responsible for collecting the KPIs

on CO<sub>2</sub>, energy, water, waste, health and safety. The EHS KPIs are reported to the COO and the VP Operations NA on a quarterly basis. The targets are implemented by the local management of each Stabilus plant and the environmental officers. Global Human Resources (HR) and the local HR management teams are responsible for implementing preventive employee health measures.

### GLOBAL EHS MANAGEMENT

Within its EHS management activities, Stabilus adopted a particular focus on the CO<sub>2</sub> reduction strategy and initiated a CO<sub>2</sub> reduction strategy in the year under review. Due to its considerable global importance, this special initiative is currently being coordinated by the Global Sustainability Board and will be successively integrated into the existing management structures next year. As part of the initiative, a global reduction target for CO<sub>2</sub> emissions to 2030 has been defined and a corresponding plan of measures developed. Details of the CO<sub>2</sub> target and the accompanying measures can be found in the [CO<sub>2</sub> emissions and energy](#) section.

Global EHS management has three main tasks: reducing pollution (including CO<sub>2</sub> emissions) as part of its environmental mandate, protecting employee health, safety and welfare as part of its occupational safety mandate and continuously reducing operational energy and water requirements as part of its energy efficiency mandate. Targets and responsibilities are defined on the basis of these mandates for the most important topics. All of Stabilus' production sites around the world form part of the EHS management system. Stabilus has an internal system for tracking energy and water consumptions, CO<sub>2</sub> emissions and waste volumes that also encompasses all of its production sites. The Group has implemented environmental management systems in accordance with EMAS (Eco-Management and Audit Scheme) and ISO 14001. A new EHS policy describing Stabilus' principles in the area of the environment and occupational health and safety was developed and rolled out globally in the period under review.<sup>12</sup>

### PROCESS

The process for monitoring and reporting EHS data and targets has been continuously improved in recent years. Starting with the quarterly reports on energy and water consumption and occupational safety by the EHS managers at all of the production sites, the KPIs on CO<sub>2</sub> emissions, waste data and renewable energies were successively introduced and monitored in the 2021 and 2022 reporting years. In addition, corresponding definitions were standardized and optimized.

To improve the controlling of Stabilus' carbon footprint, expanded KPIs for CO<sub>2</sub> and energy were introduced in the period under review and included in this non-financial report. Market-based and location-based Scope 2 emissions are reported in order to reflect purchases of energy from lower-CO<sub>2</sub> sources. As part of the CO<sub>2</sub> reduction initiative, the proportion of total energy consumption attributable to renewable energies is now reported.

The Stabilus Group continued to improve its global EHS reporting in the 2022 fiscal year: The reporting process was optimized with the help of reporting software and expanded EHS reporting guidelines were introduced that encompass the principles and definitions of the Greenhouse Gas Protocol (GHG), the US Environmental Protection Agency (EPA) and the Global Reporting Initiative (GRI). These reporting guidelines were introduced at all production sites around the world in the period under review.

Monitoring of EHS measures includes external and internal audits. External audits in accordance with ISO 14001, ISO 50001, EMAS and ISO 45001 are regularly performed as part of the recertification process.

<sup>12</sup> <https://www.stabilus.com/company/environment>





Direct Scope 1 emissions at the operational sites are total emissions from stationary combustion sources. Emissions from combustion sources at Stabilus plants are generated by the combustion of natural gas.

Indirect Scope 2 emissions from the consumption of purchased energy in the form of electricity and district heating. Stabilus calculates Scope 2 emissions only on the basis of the electricity purchased and the resulting emissions at the electricity providers (in metric tons), as other emission sources are not relevant to Stabilus. Location-based Scope 2 emissions describe the CO<sub>2</sub> impact taking into account the average emission factor of electricity generation in the country in which the respective production site is located. Market-based Scope 2 emissions describe Stabilus' Scope 2 footprint on the basis of the electricity mix of the energy purchased.

Total Scope 1 emissions amounted to 9,423 metric tons in the year under review (previous year: 10,277 metric tons), while Scope 2 emissions (market-based) amounted to 29,940 metric tons (previous year: 35,949 metric tons). Scope 2 emission intensity (market-based) was 0.18 kg/pc (previous year: 0.21 kg/pc). Based on the total number of units produced, this results in Scope 1 & Scope 2 emission intensity (market-based) of 0.24 kg/pc in 2022 (previous year: 0.27 kg/pc). Scope 1 & Scope 2 emission intensity (location-based) was 0.30 kg/pc.

In the year under review, Scope 1 emission intensity remained unchanged and Scope 2 emission intensity (market-based) was improved. This already reflects the steps taken to switch the plants over to electricity generated from renewable and lower-CO<sub>2</sub> sources. A comparison of market-based emission intensity and location-based emission intensity also serves to clearly illustrate that purchasing behavior has shifted in favor of lower-CO<sub>2</sub> energy sources.

**CO<sub>2</sub> Emissions**

T\_001

	2021	2022
CO <sub>2</sub> Emissions Scope 1 (metric ton) (natural gas)	10,277	9,423
CO <sub>2</sub> Emissions Scope 2 - location-based (metric ton) (electricity)	–	40,047
CO <sub>2</sub> Emissions Scope 2 - market-based (metric ton) (electricity)	35,949	29,940
CO <sub>2</sub> Emissions Scope 1 & 2 - location-based (metric ton)	–	49,470
CO <sub>2</sub> Emissions Scope 1 & 2 - market-based (metric ton)	46,226	40,051
CO <sub>2</sub> Emissions intensity Scope 1 (kg/pc)	0.06	0.06
CO <sub>2</sub> Emissions intensity Scope 2 - location-based (kg/pc) (electricity)	–	0.24
CO <sub>2</sub> Emissions intensity Scope 2 - market-based (kg/pc) (electricity)	0.21	0.18
CO <sub>2</sub> Emissions intensity Scope 1 & 2 - location-based (kg/pc)	–	0.30
CO <sub>2</sub> Emissions intensity Scope 1 & 2 - market-based (kg/pc)	0.27	0.24

Only the figures for 2022 in this table have been audited.

The Stabilus Group's Scope 3 emissions were initially estimated using internal calculations of the product-specific carbon footprint in order to ensure that the overall reduction targets were calculated on the most realistic basis possible. A more detailed evaluation of Scope 3 emissions is currently in preparation in order to further improve CO<sub>2</sub> reporting, increase transparency and generate insights into the emission drivers along the value chain. The identification of areas with particularly high emissions forms the basis for determining special measures aimed at significantly reducing Scope 3 emissions by 2030 in cooperation with the Group's business partners.

Stabilus is participating in the United Nations' international Climate Ambition Accelerator 2022 program, which aims to improve CO<sub>2</sub> reporting and

set strategic emission targets in compliance with the Paris Climate Agreement and the Science Based Target Initiative (SBTi). This allows Stabilus to benefit from a learning platform that lets program participants jointly improve their reporting and external communication and exchange their experiences of implementing sustainability strategies. The Group is also considering arranging for its CO<sub>2</sub> target to be validated for conformity with the Paris Climate Agreement using scientific methods with the assistance of the Science Based Target Initiative (SBTi) in the future.

Stabilus also regularly engages with its customers on the topics of climate change and environmental protection. A process to allocate Stabilus' emissions to the products sold to customers was initiated in the 2021 fiscal year (see [Sustainability in Innovation](#)).

## Energy

GRI 302-1 GRI 302-1 a GRI 302-1 b GRI 302-1 c GRI 302-1 e

GRI 302-3 a GRI 302-3 b GRI 302-3 c

Energy consumption is the most important environmental factor for the Group's operating activities, as it is closely associated with the use of fossil fuels and the corresponding greenhouse gas emissions. Stabilus' main source of energy is electricity. The Group also uses gas to a limited extent. In the context of its direct business activities, production processes account for the vast majority of the energy consumed, while logistics and other non-production processes play a comparatively minor role.

Stabilus has defined an energy reduction target for all its global production sites. In connection with the CO<sub>2</sub> reduction initiative, Stabilus aims to increase the proportion of electricity consumption from renewable energy sources to 100 % by 2030 and has drawn up a corresponding plan of action. In line with the GRI definition, Stabilus considers renewable energies to be energy from sources that are capable of being replenished in a short time through ecological cycles or agricultural processes. This may include geothermal energy, wind energy, solar energy, hydro power and biomass. The proportion of total energy consumption attributable to renewable energies is included in external reporting.

### PHOTOVOLTAIC MODULES AT THE PINGHU PLANT (CHINA)



cover **>40 %** of annual electricity requirements



save **>600 metric tons of CO<sub>2</sub>** every year



generate **>1,000 MWh** of electricity every year

In the period under review, the Group already implemented two important projects forming part of its plan of action with the aim of promoting the transition to renewable energy sources through in-house energy generation.

Around 500,000 € was invested in installing photovoltaic modules at the new Stabilus plant in Pinghu, China, in order to generate around 1,020 MWh of solar energy every year. This represents more than 40 % of the plant's annual electricity requirements and will lead to savings of over 600 metric tons of CO<sub>2</sub> a year.

In the 2022 fiscal year, Stabilus also launched a project to install photovoltaic modules at its main plant in Koblenz. This system will generate over 100 MWh in solar energy annually, thereby saving around 18 metric tons of CO<sub>2</sub>. This covers the current electricity requirements for charging electric company cars and employees' electric cars at the site.



### LED CHANGEOVER AT THE MAIN PLANT IN KOBLENZ



saves almost **700 MWh** of electricity every year



corresponds to an annual saving of **>100 metric tons of CO<sub>2</sub>**



LED lighting was installed at the main plant in Koblenz in the year under review. This will save almost 700 MWh of electricity a year in the future, corresponding to CO<sub>2</sub> emissions of over 100 metric tons.

The CO<sub>2</sub> reduction plan includes additional measures to be implemented at the Group's various locations between now and 2030, including the use of new air compression technology, the replacement of lighting and the use of LED lighting, the expansion of measurement technology to record energy KPIs and the generation of renewable energy.

Total energy consumption (including natural gas and electricity) within the Group amounted to 151,732 MWh in the 2022 fiscal year (previous year: 156,931 MWh). Based on the number of units produced (across all products), this resulted in an energy intensity of 0.92 kWh/pc (previous year: 0.92 kWh/pc). Renewable energies accounted for 36 % of total electricity consumption in the 2022 fiscal year.

Stabilus maintained the energy intensity per produced unit at a constant level in the year under review while reducing the resulting CO<sub>2</sub> emissions through the increased use of renewable energy sources.



**Energy consumption**

T\_002

	2021	2022
MWh	156,931	151,732
thereof natural gas (MWh)	56,780	52,061
thereof electricity (MWh)	100,151	99,670
Energy intensity (KWh/pc)	0.92	0.92
	2021	2022
Electricity consumption from renewable sources (%)	-	36.4%

The table shows Stabilus' energy consumption as a total and broken down by natural gas and electricity for the different fiscal years, as well as the proportion of electricity consumption attributable to renewable sources:

**Water**

GRI 303-1 a | GRI 303-2 a | GRI 303-3 a

Water is used in the production process mainly as a coolant and detergent/solvent, e.g. for washing parts between manufacturing steps. Water is also used for employee rooms and sanitary facilities. The availability of sufficient good-quality water is essential for operations at many Stabilus sites. Accordingly, Stabilus will closely monitor and assess water-related risks so that it can develop risk mitigation strategies as required.

Stabilus aims to reduce water consumption per unit produced at site level.

Water reduction measures include optimizing water usage in production as well as options for water-efficient sanitary installations. In the 2021 fiscal year, production volumes picked up again following the COVID-19 crisis, meaning that total water consumption also increased. In fiscal

**Water intake**

T\_003

	2021	2022
Water intake in m <sup>3</sup>	359,253	374,002
Water intake intensity (l/pc)	2.11	2.28

year 2022 the water consumption continued to rise. The water intensity increased compared to the previous year. Therefore Stabilus did not achieve the goal of reducing water consumption per production unit. However, the deviation from the set target is minor.

Total water consumption in the 2022 fiscal year amounted to 374,002 m<sup>3</sup> (previous year: 359,253 m<sup>3</sup>). Based on the number of units produced (across all products), this resulted in a water intensity of 2.28 l/pc (previous year: 2.11 l/pc). Total water consumption is shown in the table above.

The Koblenz plant is located in a water protection area and complies with the local regulations. Stabilus adheres to the local standards for waste water quality.

**Waste**

GRI 306-2 a | GRI 306-2 b

Stabilus generates waste through the production and packaging of products. Deliveries to automotive OEMs are typically packaged in reusable containers. Stabilus is committed to reducing material losses in production through efficient production processes and to correctly collecting, disposing of and recycling waste. Stabilus complies with the local environmental laws and aims to reduce the negative impact of waste generation, disposal and treatment as a result of its business processes.

**Waste**

T\_004

	2021	2022
Non-hazardous waste (metric ton)	6,480	5,334
Hazardous waste (metric ton)	1,999	1,916
Non-hazardous waste intensity (kg/pc)	0.038	0.032
Hazardous waste intensity (kg/pc)	0.012	0.012

Stabilus records the volume of hazardous and non-hazardous waste at its operational sites. Additional disclosures on waste recycling, especially steel scrap, will be included in regular reporting in the future.

The operational sites reported 5,334 metric tons of non-hazardous waste and 1,916 metric tons of hazardous waste in the 2022 fiscal year (previous year: 6,480 metric tons of non-hazardous waste and 1,999 metric tons of hazardous waste). This results in a waste intensity (in kg/pc) of 0.032 for non-hazardous waste (previous year: 0.038 kg/pc) and 0.012 for hazardous waste (previous year: 0.012 kg/pc). An improvement was achieved here compared to the previous year.

**Health and safety**

GRI 403-1 | GRI 403-2 a | GRI 403-4 a | GRI 403-5 | GRI 403-7 | GRI 403-8 a | GRI 403-9

Occupational health and safety risks primarily arise in connection with production. This applies in particular to jobs with heightened risk profiles, such as metal processing and painting/coating processes.



Stabilus aims to promote an active culture of safety through preventive measures such as risk analyses, assessments and regular training. This is based on the belief that safe working conditions can be achieved only with motivated employees who have been given comprehensive training.

In this reporting system blue and white collar employees are considered. The report covers 97 % of the total workforce.

In terms of health and safety management, ten Stabilus sites are currently certified in accordance with ISO 45001. These sites account for 93 % of total production output. Stabilus has formal written health and safety policies in place as required by ISO 45001 and OHSAS (Occupational Health and Safety Assessment Series). These policies comply with local law and cover the topics of personal protective equipment, machine safety, emergency preparations, incident and accident management, workplace ergonomics, handling chemicals and fire protection.

Responsibility for occupational health and safety lies with the respective plant manager. Employee participation in occupational safety matters is ensured through regular plant-wide meetings and safety committee meetings.

**Training hours Health & Safety**

T\_005

	2021	2022
Average hours of training of employees (for Health & Safety)	5.98	6.64

Only the figures for 2022 in this table have been audited.

On average, employees at the operational sites received 6.64 hours of training on health and safety topics in the year under review (previous year: 5.98 hours).

Within the EHS management system, regular EHS steering groups have been established at all plants in order to coordinate health and safety topics on a Group-wide basis, identify work-related hazards and define preventive measures. It was established that the minimum standards for personal protective equipment met the respective local regulations but were not consistent from site to site. Stabilus is currently working on a Group-wide standard for protective equipment for production employees. The implementation of the global standard began in the 2022 fiscal year and will be completed in the 2023 fiscal year.

**Accidents**

T\_006

	2021	2022
Number of accidents	64	54
Accident rate (per 200k hrs worked)		
Lost time injury incident rate (LTIR)	1.08	1.04
Lost Workday Incident Rate (LWDI)	11.67	15.00

The total number of accidents in the 2022 fiscal year was 54 (previous year: 64), corresponding to an accident rate of 1.04 per 200,000 hours worked (2021: 1.08).<sup>15</sup> The lost workday indicator rate has been introduced as a primary indicator of overall safety within the Group. The figure for the 2022 fiscal year was 15.00 (previous year: 11.67).

<sup>15</sup> This figure is based on the number of hours worked by employees included in the time recording system. Accidents are counted if they result in at least one day of absence.



# EMPLOYEE MATTERS

GRI 103-1 a | GRI 103-1 b | GRI 103-2 a | GRI 103-2 c

Stabilus' long-term corporate success is driven by its employees.<sup>16</sup> With a view to the current and future challenges of the employment market, Stabilus aims to support its employees' development, retain them and promote innovation.

Occupational safety has been identified as a material topic and is reported in the [Environment, health & safety](#) section. Other material topics include employee acquisition and training, especially training is considered as counter measure against the lack of skilled workforce. Further material topics are diversity, inclusion and equality with a particular focus on women in leadership positions.

With its STAR 2030 strategy, Stabilus has adopted a specific focus on its employees and social responsibility. The "Company of Choice" strategic initiative focuses on the company's employees and aims to engage in an open dialog and achieve joint success through active employee participation. A global policy at Stabilus, "Model Corporate Citizen", highlights the importance of taking social responsibility. This includes respect for human rights and ensuring the highest possible degree of occupational safety. Trust, reliability, honesty, fairness and respect should form the basis of leadership at the Stabilus Group.

Stabilus supports its employees in their professional and personal development with extensive training opportunities. It also seeks to engender a corporate culture that promotes innovation, e.g. by implementing an idea management system. Employee training and development is one of the most important factors for success in an industry that relies on continuous innovation and operational excellence, including in the context of the ongoing skills shortage. Attracting and retaining qualified employees means not only complying with fundamental legal and ethical standards, but also offering positive and attractive working conditions.

The global HR function coordinates Group-wide activities and defines strategies for working conditions, employment, recruitment and employee development. It also drives organizational development and performs central services for the Group.

HR managers at the Stabilus plants report to the respective plant managers and the Group-wide HR department via a matrix structure. They are responsible for ensuring compliance with local employment law as well as Stabilus' Group-wide policies and standards.

As part of the revision of the materiality analysis and to control and monitor this strategic orientation, the 2022 fiscal year saw the development of additional policies, the definition of new targets and the inclusion of additional KPIs in the report. HR-related KPIs are reported via a centralized system. Based on this data, Stabilus creates and evaluates strategies for employee development at a global level and in the individual regions.

## Global COVID-19 pandemic

As in the previous two years, the global COVID-19 pandemic was a key topic for Stabilus in the year under review. The aim of pandemic management is to protect the health and safety of Stabilus' employees and to maintain operations and logistics. A Group-wide task force coordinates the global and local initiatives as well as local employee protection measures and the continued vaccination campaign at Stabilus' sites.

During the COVID-19 pandemic, Stabilus has introduced new software solutions for digital employee communication in order to ensure efficient virtual cooperation. In the period under review, employees who are able to perform their contractual duties remotely were again given the option of working from home, but a return to office-based work was also facilitated.

Most training programs and seminars that were affected by COVID-19 measures in the previous reporting years were continued or were completed in the year under review, either in person or in virtual formats.

## Employee recruitment and training

GRI 404-2 | GRI 404-3

Stabilus believes in the importance of employee training and development, which it sees as a vital tool in mitigating the impact of the increasing skilled workforce shortage.

Participation in performance management is recorded as a KPI for employee development. Regular performance and career development reviews are conducted as part of a formalized process. A Group-wide performance management system was introduced in the 2021 fiscal year. This covered

<sup>16</sup> Unless otherwise stated, the number of employees relates to active and non-active employees, excluding temporary staff, trainees, interns and graduate students.



only the management functions in the initial stage but is now being successively expanded to include other employee groups. In the 2022 fiscal year, 37 % of all employees were included in the review process (previous year: 25 %).

Stabilus offers targeted and continuous training and qualification programs for all employees. In the 2022 fiscal year, Stabilus implemented a comprehensive learning management system (LMS) to ensure Group-wide access, standardization, high quality through process optimization and the monitoring and evaluation of employee training initiatives. In the 2022 fiscal year, 89 % of all Stabilus employees had access to the digital learning management platform, where the first training packages and learning plans are now available<sup>17</sup>. For example, interactive information security training has already been loaded centrally and completed by employees throughout the Group. The introduction of the global LMS has laid the foundations for efficiently and effectively coordinating employee training in subsequent reporting periods and reviewing the measures taken in the area of employee training on the basis of additional KPIs.

In addition to the continuous and targeted qualification programs that Stabilus offers to all employees, dedicated programs are available as part of the Stabilus Leadership Map, which shows the management level of employees (e.g. talents, team leaders, department leaders and general managers) and defines corresponding programs with the aim of developing their potential:

The “YoungSTARS” program provides targeted development support for students who are combining their academic studies with vocational training as part of a dual study program. Stabilus only offers this program in Germany.

The “STARt up” program supports young leaders and project managers in their first significant leadership role. With around 100 participants in Germany since it was launched in 2015, it is an important cornerstone of leadership development at Stabilus. In the period under review, the program was expanded significantly globally and rolled out at Stabilus’ biggest sites, covering 64 % of all employees.

“STARq” is another tailored development program that offers qualifications to shift managers so that they can strengthen and broaden their leadership and management skills.

The “Rising STARS” program for high-potential employees provides another structured format for the most talented young employees around the world who want to take on future leadership roles at Stabilus. All participants complete a two-year training program, work on projects together and enjoy a high degree of visibility with Group management, including because of their cooperation with a mentor from the Management Board who provides individual support for their development.

Stabilus employees with the potential for top management roles are addressed with the “TOP STARS” program, which was launched in 2020 and takes place in person and virtually.

Eight high-performing talents from senior management levels worldwide work together on different topics and projects during three years of training and workshops. They are mentored by the Management Board and provided with individual coaching in order to prepare them for potential future top management positions within the Stabilus Group.

The “Innovation Race” project focuses on innovation culture as a part of Stabilus’ corporate culture. Launched in 2019, the project has already resulted in more than 400 ideas and a new edition is currently in the pipeline (see [Sustainability in Innovation](#)).

## Working environment, internal work conditions

GRI 102-41 GRI 401-2 a

With its strategic focus on being a “Company of Choice” by 2030, Stabilus is expressing its aspiration to be an appreciative and attractive employer. Stabilus aims to create a fair and supportive working environment for its employees. Stabilus firmly believes that employees who receive fair compensation and attractive opportunities and development options are more motivated to help achieve the company’s goals. The “Company of Choice” strategic initiative involves the measurement and continuous improvement of employee satisfaction as expressed in the form of an employee net promoter score (NPS).

Stabilus observes the right to freedom of association and fosters regular dialog with its local works councils and representatives. 62 % of all employees were covered by collective bargaining agreements in the year under review (previous year: 65 %). The onboarding process takes into account local employment law and internal rules and policies such as the Code of Conduct.

Stabilus offers its employees benefits specific to the local subsidiaries. On-site doctors are available between 2-5 days a week for more than 70 % of the workforce (previous year: more than 70 %), while more than 80 % of all employees worldwide (previous year: more than 75 %) receive a lunch allowance.<sup>18</sup> Depending on the location, this takes the form of subsidized meals at the in-house canteen or lunch vouchers. Full-time and part-time employees have an equal entitlement to standardized benefits. Flexible working options such as flexitime, shorter working hours and workplace flexibility, e.g. working from home, are offered at the subsidiaries worldwide. Looking ahead, the “Modern Office Workspace” pilot project is currently in progress at the Stabilus site in Koblenz with a view to designing the modern workspace of the future.

<sup>17</sup> The calculation covers all active and non-active employees, including temporary staff, trainees, interns and graduate students.

<sup>18</sup> The calculation covers all active and non-active employees, including temporary staff, trainees, interns and graduate students.



## Diversity, inclusion and equal opportunity

GRI 102-7 a | GRI 102-8 a | GRI 102-8 c | GRI 405-1 a | GRI 405-1 b

Stabilus acknowledges diversity as an important factor in attracting and retaining employees and fostering equal opportunity in society. The company believes in the potential of diversity. Diverse skills and backgrounds have a positive impact on performance and satisfaction. Accordingly, Stabilus holds all employees in high regard and treats them with respect irrespective of their ethnic background and origin, religion, political or other views, gender, disability, age, sexual identity, national or social background and language. In its materiality analysis, the company classified diversity, inclusion and equality as material topics, with a particular focus on women in leadership positions.

As an automotive supplier, the Stabilus Group is a technically oriented company and still has a majority of male employees in leadership positions. However, Stabilus is keen to promote gender equality and defined targets and measures for increasing the number of women in leadership positions in the 2022 fiscal year. At management level 1, the Stabilus Management Board – which is composed of the business unit heads, the regional heads and strategically important functions (such as the heads of Procurement and HR) – the proportion of women is currently 0%. At management level 2, which comprises the direct reports of the CEO and CFO, who are not included in management level 1, the proportion of women is 7.5%. Stabilus aims to increase the proportion of women at management levels 1 and management level 2 to 10% by September 2027. To improve gender diversity within the Group, Stabilus is developing and implementing corresponding supporting measures. This includes targeted development programs, leadership training for women, succession planning initiatives, awareness campaigns, initiatives for improving work-life balance, vacation programs for children and flexible working time arrangements.

Due to the relocation from Luxembourg to Germany and the appointment of a new CFO, Stabilus reduced the size of the Management Board from five to two members (both men). Accordingly, the target for the Management Board is currently 0. The five-person Supervisory Board currently includes one woman. Additional information on the Management Board and the Supervisory Board can be found in the Corporate Governance Declaration of the Management Report in the Annual Report.

The Stabilus Group had 6,840 employees in the 2022 fiscal year (as at September 30, 2022; previous year: 6,571). Of this figure, 6,587 were full-time employees and 253 were part-time employees (previous year: 6,346 full-time, 225 part-time). Employees typically have permanent contracts.

In the period under review, Stabilus had 4,396 male employees and 2,444 female employees (previous year: 4,329 male employees and 2,242 female employees). In percentage terms, the gender split in terms of full-time and part-time employees alike was 64% men and 36% women (previous year: 66% men and 34% women for full-time employees, 59% men and 41% women for part-time employees).

Stabilus employs people from different age groups and places equal value on experience and new ideas. In terms of the age and gender profile, the majority of Stabilus employees are aged between 30 and 49 years (51% of the workforce; previous year: 50%), 27% (previous year: 28%) are aged 50 years or over and 22% are aged below 30 years (previous year: 22%). The age group of 50 years and over has the highest proportion of male employees at 74% (previous year: 75%), while the highest proportion of female employees is found among those aged 30 to 49 years (40%; previous year: 39%). The age profile of the Stabilus Supervisory Board is as follows: 0% aged below 30 years, 40% aged between 30 and 49 years and 60% aged 50 years or over.

### Employees

T\_007

	2021	2022
No. of employees	6,571	6,840

### Gender

T\_008

	2021	2022
No. of male employees	4,329	4,396
No. of female employees	2,242	2,444

### Full-time, part-time

T\_009

	2021	2022
No. of full-time employees	6,346	6,587
thereof male	4,197	4,235
thereof female	2,149	2,352
No. of part-time employees	225	253
thereof male	132	161
thereof female	93	92

### Employees age structure

T\_010

	2021	2022
No. of employees <30 years	1,451	1,506
thereof male	950	950
thereof female	501	556
No. of employees 30 – 49 years	3,288	3,466
thereof male	2,012	2,064
thereof female	1,276	1,402
No. of employees ≥ 50 years	1,832	1,868
thereof male	1,366	1,382
thereof female	466	486



# SUSTAINABILITY IN PROCUREMENT

GRI 103-1 a | GRI 103-1 b | GRI 103-2 a | GRI 103-2 c

In a global economy, the supply chain plays a key role in ensuring functional business workflows and in the implementation of sustainable corporate governance and its performance measurement. Stabilus' success depends on a reliable and sustainable supply chain that ensures delivery reliability. In its materiality analysis, Stabilus has identified sustainable and responsible procurement as a material topic.

Stabilus aims to significantly reduce the CO<sub>2</sub> emissions in its supply chain by 2030 and has set itself the target of lowering Scope 3 emissions by 25 % between now and 2030 (see the [CO<sub>2</sub> emissions](#) section). Stabilus intends to increasingly integrate its suppliers into its CO<sub>2</sub> and energy reduction measures in order to minimize its environmental impact. Enhanced regional sourcing will reduce the need for transportation and hence the associated environmental impact.

The strategic procurement unit is responsible for the Group-wide controlling and coordination of procurement and supply chain management. The local procurement managers are responsible for implementation. Operational decisions, e.g. regarding the award of contracts, are the responsibility of the Procurement Committee. This is composed of representatives from various functions, including procurement, logistics, research and development (R&D) and controlling.

The process for the quarterly collection of supplier and supply chain data is managed centrally by the strategic procurement unit and encompasses Stabilus' global procurement organization. The data collected is used for management decisions and defining future targets and measures. These are continuously implemented by Stabilus' global and regional procurement teams in order to ensure conformity along the entire supply chain.

As well as the established supplier management processes, Stabilus launched additional projects in the period under review with the aim of further integrating the focus on sustainable procurement in terms of environmental considerations, human rights and information security. This is described in the [Expansion of sustainable supplier management and supplier qualification](#) section.

## Global supply chain risks

The war in Ukraine began in February 2022. Stabilus observed the situation for the Ukrainian people and its Ukrainian partners with great concern and expressly rejects any form of disregard for human rights and international law as well as any form of military aggression. Stabilus' employees and management have organized aid for the Ukrainian people as described in the [Social commitment](#) section. Stabilus continuously checks its business activities against embargoes and sanction lists to ensure compliance with the law. The export control officers at the Group companies also regularly consult with the Compliance department for coordination purposes.

Potential risks in Ukraine and Russia affecting Stabilus' supply chain are examined as part of procurement risk management in order to prevent potential disruptions or delays. In terms of the number of components and the available alternative procurement options, the conflict risk in Stabilus' supply chain is limited. The military conflict did not result in any major problems in the supply chain in the year under review.

The risk of reduced energy supply that emerged in the 2022 fiscal year, particularly with regard to gas deliveries from Russia to European countries, is being managed by a Stabilus task force team that includes the facility management, process technology, production, procurement and supplier management functions. There is a potential risk to the gas supply at the production sites in Germany and Romania in the 2022 fiscal year and the subsequent months. The production and procurement functions have developed risk mitigation and emergency planning strategies, including a reduction in gas consumption and compensation through electrical energy, technical measures to prevent interruptions to production and the outsourcing of processes.

The global COVID-19 pandemic continued to have an impact on global business and business processes in the year under review, albeit to a lesser extent. The greatest risk for Stabilus relates to the production sites in China and avoiding supply chain disruption. Interruptions to the supply chain due to lockdowns in regions of China are limited by regional sourcing and dual sourcing, while Stabilus has minimized the risk of interruption to its own operations by increasing stock levels and expanding its procurement base.



## Sustainable and responsible procurement

GRI 102-16 | GRI 308-2 a | GRI 308-2 b | GRI 308-2 c | GRI 414-1 | GRI 414-2

### SOCIAL AND ENVIRONMENTAL STANDARDS

Stabilus sets out its expectations for suppliers and other business partners in a central document, the Business Partner Code of Conduct.<sup>19</sup> This builds on the Group’s Code of Conduct, which includes detailed requirements for the following areas:

- Working conditions, e.g. respecting the right to freedom of association and equal pay for men and women, ensuring compliance with the fundamental principles of the International Labour Organization (ILO)
- Human rights, e.g. eliminating child labor, forced labor and discrimination in accordance with the United Nations Universal Declaration of Human Rights
- Fair business practices, e.g. observing the principles of fair competition, preventing corruption and ensuring data privacy
- Environmental protection, e.g. improving the protection of the environment and natural resources in the Group’s business activities and throughout the value chain
- Occupational health and safety, e.g. observing all laws and actively promoting safe working environments

By signing the Stabilus Business Partner Code of Conduct, suppliers confirm their compliance with defined social standards. Stabilus only enters into business relationships with new serial suppliers that have signed the Business Partner Code of Conduct. In the case of existing business partnerships, recognition of the Business Partner Code of Conduct by serial suppliers is coordinated by the local purchasing companies. In this way, Stabilus seeks to ensure that the Business Partner Code of Conduct is

recognized by all of its serial suppliers. In the 2022 fiscal year, the Business Partner Code of Conduct had been signed by 54 % of serial suppliers (previous year: 41 %).

Depending on their severity, violations of the Business Partner Code of Conduct may result in sanctions up to and including the immediate termination of the business relationship with the respective supplier.

Suppliers signed the Business Partner Code of Conduct		T_011
	2021	2022
% of serial suppliers signed the Business Partner Code of Conduct	41%	54%

Share from 2021 has been revised down by 2 %.

The Business Partner Code of Conduct is currently being updated to reflect Stabilus’ expanded supplier requirements in terms of the environment, respect for human rights and information security so that these elements can also be contractually agreed with the respective partners.

Regular training on the policies and practices of sustainable procurement and future statutory requirements ensure that employees of the Procurement, Supplier Development and Sustainability Department are adequately trained and qualified. In the year under review, training on the requirements and implementation of the German Supply Chain Due Diligence Act was completed by the sustainability team and strategic procurement employees. In the 2021 fiscal year, Stabilus buyers and supplier developers received training on sustainable procurement policies and practices, including human rights in the supply chain. To date, 90 % of the relevant employees worldwide have completed this training.

### SUPPLIER QUALIFICATION AND SUPPLIER MANAGEMENT

Potential serial suppliers undergo a pre-qualification process that includes a fundamental risk assessment containing financial and sustainability aspects. New serial suppliers must complete a self-assessment questionnaire covering topics such as their existing environmental, occupational safety and quality management and the corresponding certifications. The requirement to present valid ISO 14001, EMAS or ISO 50001 certification as well as ISO 45001 certification forms part of this evaluation. The renewal of serial suppliers’ certifications is regularly and automatically checked.

In the 2022 fiscal year, 44 % (previous year: 39 %) of serial suppliers completed the supplier qualification self-assessment with regard to their environmental impact. 27 % (previous year: 22 %) of serial suppliers presented a valid environmental certification. The assessment did not identify any serious findings regarding negative environmental impacts. In the year under review, 6 % (previous year: 4 %) of serial suppliers presented valid ISO 45001 certification.

As part of its feasibility studies, Stabilus obtains confirmation that its suppliers comply with the statutory and customer-specific raw material requirements (including REACH and RoHS conformity and the Conflict Minerals Ordinance).

### EXPANSION OF SUSTAINABLE SUPPLIER MANAGEMENT AND SUPPLIER QUALIFICATION

In the year under review, Stabilus initiated projects aimed at increasing the focus of its supplier management activities on environmental protection, human rights and information security. These projects will be integrated into the established processes of the procurement organization going forward.

<sup>19</sup> [https://www.stabilus.com/fileadmin/user\\_upload/02-Company/Stabilus\\_Business\\_Partner\\_Code\\_of\\_Conduct.pdf](https://www.stabilus.com/fileadmin/user_upload/02-Company/Stabilus_Business_Partner_Code_of_Conduct.pdf)



A new internal policy for sustainable procurement was developed in the year under review. This defines the Group’s evaluation criteria with regard to sustainability requirements for suppliers. Sub-projects to implement the policy in the areas of supplier self-evaluation, risk assessment and supplier qualification on the basis of criteria fulfillment have already begun. The KPIs on environmental performance, social standards and information security that are collected as a result will form the basis for setting targets and measures for sustainable supply chain development together with suppliers and their subsequent achievement. A lack of cooperation or a failure to achieve the development targets may result in suppliers being removed from the supplier pool.

Three specific self-assessment questionnaires will be integrated into the global supplier management communication and evaluation tool: energy consumption and CO<sub>2</sub> emissions, human rights, social standards and compliance and information security.

The questionnaire on energy consumption and CO<sub>2</sub> emissions is initially intended for major component suppliers and covers their performance, the targets and KPIs for CO<sub>2</sub> and energy performance and reductions in consumption and emissions. Major component suppliers are pre-selected on the basis of their size, the type of component and their global presence. An initial indication of the majority of the resulting Scope 3 emissions is possible once the requested information has been received. This also allows reduction measures to be developed together with the suppliers.

The area of human rights, social standards and compliance in supplier qualification is aimed at ensuring that the requirements for the implementation of the German Act on Corporate Due Diligence Obligations for the Prevention of Human Rights Violations in Supply Chains are taken into account, especially with regard to supplier risk analysis. An assessment of all suppliers is currently taking place using a questionnaire on compliance and human rights. In the next stage, measures will be defined for suppliers that are found to have a heightened risk potential.

Information security was already integrated into the supplier qualification process in the year under review. The queries relate in particular to existing ISO 27001 and TISAX certifications and the measures taken by the supplier to ensure an adequate standard of information security.

### SUPPLIER AUDITS

Stabilus performs regular on-site audits of serial suppliers covering qualitative and technical aspects. These also take account of sustainability issues relating to occupational health and safety, working conditions and human rights, as well as the environment and energy. Where these on-site audits identify deficiencies in the areas of compliance or human rights, a defined escalation process is initiated with the involvement of the Group Chief Compliance Officer. As in the previous year, on-site audits had to be postponed due to travel and contact restrictions in connection with the COVID-19 pandemic. This backlog is being gradually remedied.

## Regional procurement

GRI 204-1 a | GRI 204-1 b

Stabilus pursues an “in the region, for the region” approach. This is reflected in its procurement strategy. Regional sourcing improves the carbon footprint by reducing transportation-related emissions in the supply chain and improves the reliability of supply and just-in-time deliveries. Developing a regional supplier base also serves to mitigate the exchange rate risk to which Stabilus is exposed. The gradual expansion of the sourcing strategy to include two or more suppliers means greater flexibility in procurement, thereby reducing the risk of supplier default.

With regard to regional sourcing, priority is given to regional procurement from suppliers for serial production. Purchases from non-serial suppliers, service providers, energy and water suppliers, are not included in reporting.

Stabilus aims for regional purchases from serial suppliers to account for at least 60 % of its procurement budget. Procurement is considered to be local if the goods supplied remain in the same region. In the 2022 fiscal year, the basis of data collection for the regional sourcing quota (RSQ) KPI was modified for improved accuracy. Procurement within the Group, which typically takes place between regions, was included in data collection.

The three regions in the Stabilus Group are:

- EMEA (Europe, Middle East, Asia)
- Americas (North and South America)
- APAC (Asia/Pacific)

The level of regionalization was reported by each production unit in the Stabilus Group and consolidated by the central Procurement department. The figures for 2022 are 83 % for the EMEA region (previous year: 86 %), 63 % for the Americas region (previous year: 62 %) and 74 % (previous year: 84 %) for the APAC region. The defined target for the RSQ was achieved in all regions, also considering the data for intragroup procurement.

### Regional suppliers

T\_012

	2021	2022
% of procurement budget spent on regional suppliers - EMEA	86%	83%
% of procurement budget spent on regional suppliers - Americas	62%	63%
% of procurement budget spent on regional suppliers - APAC	84%	74%



### CONFLICT MINERALS

One area that receives particular attention among stakeholders is conflict minerals, i.e. minerals and metals such as tin, tungsten, tantalum and gold that are extracted in conflict-ridden and unstable regions around the world and that are often associated with exploitative practices like forced labor and severe human rights violations. Several of the Group’s customers have requested that Stabilus reports on the source and origin of products containing these materials. These requests are mainly based on the Dodd-Frank Act, which requires companies listed on the stock exchange in the US to disclose information on the use of conflict minerals in their own supply chain. On request, Stabilus provides customers with a report on conflict minerals according to the requirements of the US Securities Exchange Commission.

Within the Group, responsibility for conflict minerals is bundled in the R&D department in close cooperation with strategic procurement.

In its reporting on conflict minerals, Stabilus uses the Conflict Minerals Reporting Template (CMRT) published by the Responsible Minerals Initiative (RMI)<sup>20</sup>. Stabilus requires direct suppliers that run the risk of sourcing conflict minerals to complete this standardized report in order to trace the minerals through the entire supply chain. This information is then made available to Stabilus’ customers via various platforms.

20 <https://www.responsiblemineralsinitiative.org/>  
21 <https://stabilus.whistleblownetwork.net/frontpage>

### ETHICS REPORTING LINE FOR SUPPLIERS

Stabilus’ anonymous Ethics Reporting Line<sup>21</sup> is available to all suppliers and business partners. The Ethics Reporting Line is provided via Stabilus’ website for all countries with Stabilus sites and is available in over ten languages. Suppliers are informed about the anonymous communication tool during the supplier qualification process and in the Stabilus Business Partner Code of Conduct. No suppliers reported any incidents via the Ethics Reporting Line in the period under review.

## PRODUCTS

### SUSTAINABILITY IN INNOVATION

Stabilus believes that an innovative and successful company must foster innovation in products and manufacturing processes that conserve resources and reduce environmental impacts.

Studies on the carbon footprint of certain product types are being conducted in order to determine and successively reduce the environmental impacts resulting from the manufacture and use of Stabilus products. In the 2021 fiscal year, a pilot project was launched to calculate product-specific emissions on the basis of the respective bill of materials.

In the year under review, the calculation of the carbon footprint at product level was expanded with a focus on high-volume product models in the gas spring and Powerise® segments for the automotive industries. Stabilus’ Development and Procurement departments are closely involved in the project.

The aim is to identify processes and products that generate or contain a high level of CO<sub>2</sub> emissions in order to take further measures to reduce

emissions at product level. The resulting measures are implemented on the basis of further evaluations relating to procurement decisions in favor of components with a better carbon footprint, CO<sub>2</sub> reduction initiatives for internal processes, initiatives to reduce the use of materials and material evaluations with a view to using alternative materials with a lower CO<sub>2</sub> impact. Going forward, sustainability measures at product level will be formalized in a comprehensive strategy.

Another milestone in the year under review was the successful sale of the winning idea from the 2019 Stabilus Innovation Race to a global automotive customer, where it is currently in series development. The aim of the Innovation Race, which was held for the first time in 2019 to great success, is to generate ideas and product and process innovations. Employees around the world and their ideas are included in this process in equal measure. All employees throughout the Group were invited to participate in the innovation challenge and contribute their product and process innovations as part of an open digital dialog. A new edition of the Innovation Race is planned for 2023 and is currently in preparation.

### CIRCULAR ECONOMY

The core objective of the circular economy is to achieve the resource-efficient use of materials and ensure that recyclable materials and waste are reused. Stabilus firmly believes in the importance of conserving resources and already examines the options for using recycled materials as part of its product development process.

Depending on the technical requirements, Stabilus already successfully uses plastic-based recycled materials in its products. Stabilus uses regranelles from the injection molding process in one of its core components for the business unit Automotive Gassprings. This technique is already used throughout all production processes for the product group. Stabilus is already successfully using customer-specific recyclates in components for its Powerise® and strut products.



It plans to successively increase the use of recyclates across suitable product groups with the support of its Development department in cooperation with the procurement and sales teams.

The Development department is primarily responsible for the use of recyclates and regranulates and implements requirements in the development process. To ensure that materials satisfy the technical requirements, quality checks and requalification measures are part of the development process.

Stabilus is currently reviewing the existing measures and processes with a view to identifying and establishing structured targets and measures for implementing the circular economy along the value chain in the future. Examples include purchasing recycled materials, reducing the use of materials in products, implementing resource-efficient manufacturing processes internally and ensuring that products are resource-efficient during their usage phase and when they are disposed of or recycled.

# SOCIAL COMMITMENT

## GRI 201-1

Having observed the war in Ukraine and the consequences for the Ukrainian people with concern, Stabilus decided to organize support on its own initiative. In March 2022, Stabilus launched a fundraising campaign to provide refugees from Ukraine with emergency shelter in Brasov, Romania, near to Stabilus' site in that country.

The Group-wide fundraising campaign was addressed to all employees. Employees at the sites around the world raised a total of 36,500 €. The Stabilus Group doubled this to 73,000 € and donated it to the project. Stabilus had already supplied the emergency shelter with care packages worth more than 20,000 €.

By the end of August 2022, the donations had been used to provide assistance including care packages for the emergency shelter and for people in Ukraine, COVID-19 rapid tests and summer activities for children. Document translation services were provided in order to help the refugees in Romania to integrate. In addition, 300 Ukrainian refugees were able to take advantage of medical care on site or at a clinic.

The donation project started last year to support the flood victims in the Ahr valley near Koblenz was continued this year.

Stabilus continuously supports social and education projects organized by the local sites. The principles governing social projects and donations are set out in Stabilus' internal donation policy.

# COMPLIANCE

## GRI 102-16 GRI 102-17 GRI 102-25 GRI 205-1 GRI 205-2 b GRI 205-2 e GRI 206-1

Conducting business in accordance with the applicable laws, provisions, ethical standards and principles is central to Stabilus' global business activities. These principles and standards are set out in the Stabilus Code of Conduct, which is the central document in its compliance organization. The Stabilus Code of Conduct defines the corporate culture and the rules that apply to all employees, thereby creating a framework for legally compliant and responsible action. It applies to all business activities within the Stabilus Group, both internally and when interacting with external parties such as stakeholders, customers, suppliers and other business partners.

To ensure that all Stabilus employees are familiar with the applicable rules and standards, the Stabilus Code of Conduct forms part of the onboarding process. They are familiarized with the Code by employees of the HR department and sign a statement declaring that they have understood and will observe the applicable principles.<sup>22</sup> The Code of Conduct is supplemented by the values and ethics described in the Stabilus corporate value statement.<sup>23</sup>

Stabilus has introduced a Group-wide compliance management system and defined compliance as a key management task. To this end, the Stabilus Management Board worked with the Chief Compliance Officer to draw up new Rules of Procedure describing the compliance management system in the year under review. Responsibility for all questions arising in connection with compliance, especially in the areas of antitrust law,

22 <https://www.stabilus.com/company/compliance/code-of-conduct>  
23 <https://www.stabilus.com/company/stabilus-values>







# EU TAXONOMY

## REPORTING REQUIREMENTS

Stabilus SE is subject to the European Union’s reporting obligation for sustainable business (EU taxonomy) for the first time in the Fiscal Year 2022. The EU taxonomy is a classification system for defined economic activities that contribute to one of the six EU environmental objectives. For these economic activities quantitative KPIs need to be reported.

In the reporting year under review, the reporting obligation is limited to the disclosure of taxonomy-eligible economic activities that contribute to the first two EU environmental objectives: “Climate change mitigation” and “Climate change adaptation”. In addition to taxonomy-eligible economic activities, reporting from the Fiscal Year 2023 onward will be required to report on taxonomy eligible and taxonomy alignment of the relevant economic activities for all six EU environmental objectives: “Climate change mitigation”, “Climate change adaptation”, “Sustainable use and protection of water and marine resources”, “Transition to a circular economy”, “Pollution prevention and control” and “Protection and restoration of biodiversity and ecosystems”.

## PERFORMANCE OF THE IMPACT ANALYSIS AND DATA COLLECTION

In the year under review, Stabilus established an interdisciplinary project team tasked with the introduction of EU taxonomy reporting. Employees from the Group Compliance/ESG, Controlling and Accounting functions are part of the project team. Identification of taxonomy-eligible economic activities was performed for the Stabilus Group including all legal entities.

The relevant taxonomy-eligible economic activities were determined using a top-down approach for the Group by group-wide interviews with the relevant business areas and functions. According to EU-taxonomy requirements applicable to the Company for this reporting period Stabilus only reviewed and analyzed its economic activities with regard to the two first taxonomy targets. Stabilus did also not perform an analyze of taxonomy alignment.

Data for the economic activities identified as taxonomy-eligible was collected by analyzing existing financial KPIs and performing structured reviews of relevant sales data at the individual sites. The accumulated figures (total sales, total CapEx, total OpEx) are based on the IFRS-data of the Company's consolidated annual accounts.

Any double counting was avoided through the systematic use of the financial systems as well as the clear allocation of the economic activities.

## DEFINITION OF KEY PERFORMANCE INDICATORS (KPIs)

To determine taxonomy-eligible revenues, the Stabilus products were allocated to the defined economic activities considering the end-use applications in the industries supplied to.

The revenues generated in the year under review were applied as the numerator of the KPI.

The definition of revenues within the meaning of the EU Taxonomy Regulation for the denominator is identical to the definition of revenues in the consolidated financial statements of Stabilus SE.

Taxonomy-eligible CapEx includes investments related to the taxonomy-eligible identified economic activities contributing to the revenue in addition to the investments in other non-revenue relevant taxonomy-eligible economic activities.

Taxonomy-eligible OpEx includes operating expenses for the manufacture of the products identified in connection with the revenue-relevant taxonomy-eligible economic activities in addition to other non-revenue relevant taxonomy-eligible operating expenses.

## EVALUATION

The majority of Stabilus’ revenue-relevant economic activities were classified as non-taxonomy-eligible, as our products are primarily used in motion, motion control and damping applications for the purposes of optimizing security and improving comfort. These applications in our major customer industries – automotive, general industrial applications and aviation – are not covered by the economic activities set out in the EU taxonomy. Within the Stabilus Industrial Business Unit revenues relating to the economic activity 3.1 “Manufacture of renewable energy technologies” and relating to the economic activity 3.5 “Manufacture of energy efficiency equipment for buildings are generated”. Stabilus’ products covered by 3.1. are the solar dampers used for stabilization of PVCs whereas the sale of “Thermal Insulation Material TIM” used for insulation of building is identified as a 3.5 activity. Only a minor percentage share of the total revenue is identified to be taxonomy-eligible, and such also applies to the related CapEx and OpEx.



Taxonomy-eligible investments were made within the following economic activities:

- 3.5 Manufacture of energy efficiency equipment for buildings
- 6.5 Transport by motorbikes, passenger cars, light commercial vehicles
- 7.3 Installation, maintenance and repair of energy efficiency equipment
- 7.6 Installation, maintenance and repair of renewable energy technologies
- 7.7 Acquisition and ownership of buildings

Taxonomy-eligible investments sum up to 2.9 mio. €.

Taxonomy-eligible operational investments were made within the following economic activities:

- 3.1 Manufacture of renewable energy technologies
- 3.5 Manufacture of energy efficiency equipment for buildings
- 7.3 Installation, maintenance and repair of energy efficiency equipment

Taxonomy-eligible investments sum up to 0.3 mio. €.

### KPIS AND QUANTITATIVE INFORMATION

The following table shows the quantitative key performance indicators (KPIs) for reporting the taxonomy-eligible proportion of economic activities for the "Climate change mitigation" environmental objective, broken down into the revenues, CapEx and OpEx of the Stabilus Group.

EU taxonomy: Revenues, CapEx, OpEx T\_014

	Total		Taxonomy-eligible	
	in mio. €		in mio. €	in %
Revenues	1,116.3		20.9	1.9 %
CapEx	47.9		2.9	6.0 %
OpEx	121.8		0.3	0.3 %

Stabilus did not identify any additional taxonomy-eligible revenues, CapEx or OpEx for the "Climate change adaptation" environmental objective.

December 8, 2022

Dr. Michael Büchsner

Stefan Bauerreis

Management board



# INDEPENDENT LIMITED ASSURANCE REPORT

## Independent assurance practitioner's report

To the Management Board of Stabilus SE, Koblenz

We have performed a limited assurance engagement on the combined separate non-financial statement of Stabilus SE, Koblenz (hereinafter the "parent company") for the period from 1 October 2021 to 30 September 2022 (hereinafter the "combined non-financial statement"). The combined separate non-financial statement included in our scope of our assurance engagement, is marked with a vertical green line on the left of the paragraph.

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the non-financial statement, which are marked as unassured.

### RESPONSIBILITIES OF MANAGEMENT

Management of the parent company is responsible for the preparation of the combined non-financial statement in accordance with Sections 315b, 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": German Commercial Code) and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18. June 2020 on

establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the delegated acts adopted thereunder as set out in section "EU Taxonomy" of the combined non-financial statement.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the group that are reasonable in the circumstances. Furthermore, management is responsible for such internal control as they consider necessary to enable the preparation of a combined non-financial statement that is free from material misstatement, whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, management has disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "EU Taxonomy" of the combined non-financial statement. They are responsible for the defensibility of this interpretation. Due to the inherent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

### INDEPENDENCE AND QUALITY ASSURANCE OF THE ASSURANCE PRACTITIONER'S FIRM

We have complied with the independence and quality assurance requirements set out in the national legal provisions and professional pronouncements, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

### RESPONSIBILITY OF THE ASSURANCE PRACTITIONER

Our responsibility is to express a conclusion with limited assurance on the combined non-financial statement based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the company's combined non-financial statement other than the external sources of documentation or expert opinions mentioned in the non-financial statement are not prepared, in all material respects, in accordance with Sections 315b, 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by management disclosed in section "EU Taxonomy" of the combined non-financial statement.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the assurance practitioner.

In the course of our assurance engagement we have, among other things, performed the following assurance procedures and other activities:

- Interviewing employees responsible for the materiality analysis at group level in order to obtain an understanding on the approach for identifying key issues and related reporting limits of Stabilus SE.
- Carrying out a risk assessment, inclusive of media analysis, on relevant information on sustainability performance of Stabilus SE in the reporting period.



