

STABILUS

2020

NON-
FINANCIAL
REPORT

FISCAL YEAR 2020

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STATEMENT FROM THE CEO

Dear readers,

I am proud to announce on behalf of our employees and our Management Board of Stabilus, that the company's commitment with respect to its corporate sustainability will be strengthened.

Stabilus mission statement is "your motion our solution". Hence movement and adaption are natural parts of our business model. As the impact of climate change is self-evident, Stabilus' is answering the call for an increased focus on sustainability twofold.

Stabilus is determined to support its customers with motion solutions, with low greenhouse gas (GHG) emissions. Our products are already quite advanced with respect to the relevant CO² emission. The company is – however – working on providing a CO² footprint of certain, high volume products in the next years. The relevant project is part of our corporate strategy and thus enjoys the attention and monitoring of our Managing Board. Stabilus is – once again – moving ahead to develop solutions to your motion requirements.

On the other hand, the Managing Board is committed to further improve the transparency and communication of the Corporate Social Responsibility (CSR) efforts of the Stabilus Group. While three non-financial reports are already published, the Managing Board assumes that a variety of stakeholders like to understand more about the efforts of the group in this respect. Therefore, preparations are underway to enhance the non-financial report, providing a better picture of the Stabilus Group to all our stakeholders. The Management Board likes to emphasize that

Stabilus has already CSR processes in place, which are best in class – e.g. the Whistleblower System¹ which is accessible for employees as well as business partners. Nevertheless, the enhanced report will improve visibility for the efforts and does enjoy the same attention as the CO² footprint project.

Stabilus is committed to sustainable business because it does understand, that supporting your motion – sustainable – will help us to provide the solutions of tomorrow.

The reports will be regularly updated and Stabilus hereby invites you to get into contact regarding any feedback or suggestions for improvement.

¹ <https://stabilus.whistleblownetwork.net/frontpage>

Yours sincerely,



DR. MICHAEL BÜCHSNER
CHIEF EXECUTIVE OFFICER

ABOUT THIS REPORT

Stabilus S. A. is a public interest company within the meaning of Article 2, point 1) of the Directive 2013/34/EU. The Stabilus Group, i.e. Stabilus S. A. including its consolidated subsidiaries, is exceeding the average number of 500 employees. As such, Stabilus S. A. is obliged by the European directive and Luxembourg law² to report on non-financial information of the consolidated Stabilus Group. Stabilus has decided to provide the required disclosure regarding environmental matters, employee and social matters, respect for human rights as well as anti-corruption and bribery matters in a separate non-financial report, complementing our annual report.

This is the third non-financial report of the Stabilus Group, hereafter referred to as "Stabilus" or "Group". It will be updated on an annual basis following the completion of each Stabilus' fiscal year (October 1 – September 30) and the release of the corresponding annual report.

No specific framework has been applied for the preparation of this non-financial report.

Disclosure is required for material non-financial matters that are relevant for an understanding of the reporting entities' development, performance, asset, financial and earnings position as well as the impact of its business activities on non-financial matters.

To meet these requirements, Stabilus has performed a structured internal analysis of potential non-financial matters, involving relevant business departments, and considering Stabilus' impacts on these matters as well as their business relevance.

The following non-financial matters have been identified to be material and are described in the following chapters: Energy, water, occupational safety, employee development, environmental aspects within our supply chain, human rights including conflict minerals issues in our supply chain, anti-corruption and bribery. Stabilus did not identify any material topics on social matters.

No risks related to our business activities, products, services or business relationships have been identified that are likely to have serious adverse effects on non-financial matters.

The information in this report generally refers to the entire Stabilus Group, excluding newly and not fully owned entities: General Aerospace, New Clevers and Piston.

Information in the Environment and Employees chapters refer only to the Group's production sites, since these sites are most relevant for Stabilus in terms of environmental impacts and occupational safety.

² The Luxembourg Law on Disclosure of Non-financial Information and Information on Diversity of July 23, 2016, implementing EU Directive 2014/95/EU.

BUSINESS MODEL

Stabilus S. A. is a public limited liability company (Société Anonyme) incorporated in Luxembourg and governed by Luxembourg law. Stabilus S. A. is the parent company of the Stabilus Group. With 17 production sites in nine countries and even more sales offices / representations worldwide, it covers the regional markets of EMEA (Europe, Middle East and Africa), Americas (North and South America) and APAC (Asia Pacific). The Stabilus Group now has more than 6,600 (more than 6,700 employees in fiscal year 2019) employees worldwide. Its largest operations being the operational headquarters and plant in Koblenz, Germany and its plants in Ramos Arizpe, Mexico, Brasov, Romania and Wujin, China.

As a leading manufacturer of gas springs, dampers, vibration isolation products as well as electric tailgate opening and closing equipment, the products are used in a wide range of applications in the automotive, industrial and domestic sector, as well as in the furniture industry. Stabilus was able to generate revenues of €822.1 million in the fiscal year 2020 (PY: €951.3 million).

Like most manufacturing companies, Stabilus sources production and non-production materials. Stabilus mainly purchases components or semi-manufactured products. Typical raw materials purchased are those contained in semi-manufactured products / components, e.g. steel, copper, plastic and rubber.

Geographically, the most important areas, Stabilus source from, are Western Europe and North America.

ENVIRONMENT, HEALTH & SAFETY

As a manufacturing company, Stabilus is aware of its impact on the environment. The most important of these are energy and water consumption.

Ensuring employee health and safety by preventing accidents and adverse health effects is a central responsibility of Stabilus as an employer and at the heart of our corporate culture. Besides the intrinsic focus the company puts on Environment, Health and Safety (EHS) matters, it also responds to increasing requirements from stakeholders, e.g. automotive customers and investors.

EHS management and policies

Setting of environmental, health and safety targets as well as developing strategies and steering mechanisms are the responsibility of the Chief Operating Officer of the Stabilus Group. The local management of each Stabilus plant and designated Environmental Managers at selected sites implements these goals.

Global Human Resources (HR) and local HR Management are responsible for successful implementation of measures concerning preventive employee health.

In fiscal year 2019 the Stabilus Global Operations team rolled out the Global EHS Initiative, which aims to exceed regional regulations by implementing best practices. Its three mandates are: reducing pollution as part of the environmental mandate, protecting employee health, safety, and welfare as part of its health and safety mandate, and promoting continuous reduction of energy requirements during operations as part of its energy efficiency mandate. The mandates touch on the most

relevant topics and define goals and responsibilities. All Stabilus locations worldwide shall adhere to this policy. During the fiscal year 2019 regular calls were implemented to constantly update the readings, measuring consumption and waste. Those continued in the fiscal year 2020 and were also aimed at new KPIs. In accordance definitions were optimized and approved to support the global policy. First audits concerning the Global EHS Initiative already took place in fiscal year 2020.

Our Global Process Technology unit, headed by the Chief Operating Officer, monitors efficiency measures in production processes, including energy and material efficiency improvements. Best practices are rolled out to additional plants. Improvements with respect to internal monitoring standards were implemented in 2019. In the financial year 2020 first audits were performed to control the reported figures. Due to the travel restrictions during the COVID-19 pandemic, the audit plan was stopped. However, it is deemed to be reinstated, once it is safe to travel again.

To further optimize the environmental management systems, the ISO 14 001 (EMS) certification was obtained for several plants. The operational headquarter in Koblenz was the first site to receive certification in 1997. The Koblenz plant is also EMAS certified and publishes a detailed Environmental Declaration. Nine of Stabilus plants are currently ISO 14 001 certified. With the increasing importance of energy efficiency measures, Stabilus Koblenz obtained an ISO 50 001 certification, the international standard for implementing an energy management system. Also, the recently acquired Hahn Gasfedern plant is certified according to ISO 50 001. As part of these initiatives Stabilus will also continuously improve its annual guidelines and processes related to EHS data collection.

Energy

Energy consumption has been identified as most important environmental impact driver for Stabilus, as it is associated with GHG emissions and fossil fuel depletion. Stabilus' main sources of energy are electricity and, to lesser

extent, natural gas. Within Stabilus' direct operations, production processes account for the vast majority of energy consumption. In comparison, logistics as well as other non-production processes play a minor role.

In contrast to the last financial year, where five sites did not meet water sustainability goal, and eight did not meet energy sustainability goal per the set goals, Stabilus can report that measures aiming at reducing energy consumption are implemented in various contexts from production and auxiliary processes through energy and building infrastructure to offices and datacenters.

Total energy consumption (incl. natural gas, electricity, district heating) in fiscal year 2020 amounted to 139,532 MWh (158,437 MWh in fiscal year 2019), leading to an energy intensity per production unit (across all products) of 0.74 kWh/part (0.72 kWh/part in fiscal year 2019).

Stabilus' total energy consumption (incl. natural gas, electricity, district heating) over the fiscal years was as follows:

Energy consumption³

	FY 2018	FY 2019	FY 2020
MWh	163,007	158,437	139,532
Energy intensity (KWh/pc)	0.72	0.72	0.74

³ The volumes of energy consumption, water consumption and health & safety were impacted by the COVID-19 pandemic. Significant changes may not be related to the CSR efforts of Stabilus.

Water

Water is used in our production process mainly as a coolant and detergent / solvent, e.g. for the washing of parts between manufacturing steps. The availability of sufficient and good-quality water is crucial for operations at many Stabilus sites. Therefore, Stabilus will closely monitor and assess water related risks to develop strategies to mitigate risks, if necessary.

Stabilus aims to reduce the water consumption per production unit going forward, at site level.

The total water consumption in fiscal year 2020 amounted to 289,638 m³ (353,805 m³ in fiscal year 2019), leading to a water intensity per production unit (across all products) of 1.56 l/part (1.60 l/part in fiscal year 2019).

The total water consumption is as follows:

Water consumption⁴

	FY 2018	FY 2019	FY 2020
m ³	402,333	353,805	289,638
Water intensity (l/pc)	1.78	1.60	1.56

⁴ The volumes of energy consumption, water consumption and health & safety were impacted by the COVID-19 pandemic. Significant changes may not be related to the CSR efforts of Stabilus.

Health and safety

Health and safety hazards are tied mainly to production activities. Workplaces with a comparatively higher risk profile are related to activities such as metals treatment or painting / coating processes.

With preventive measures such as risk assessments, audits and training, Stabilus aims to foster an active safety culture. Based on the belief that only with motivated and trained employees Stabilus can achieve a safe working environment.

In terms of health & safety management, seven Stabilus sites are currently OHSAS 18001 certified. Originally, Stabilus obtained OHSAS standard certification which was and will be replaced by ISO 45001. OHSAS (Occupational Health and Safety Assessment) is a British, but internationally applied standard for occupational health and safety management systems. ISO 45001 is the new international standard for the same issue. Stabilus plans to implement ISO 45001 certification gradually in selected other plants over the coming years.

The total number of accidents in fiscal year 2020 were 48 cases, leading to an accident frequency rate of 0.79 (1.20 in fiscal year 2019) accidents per 200,000 hours worked⁵.

Accidents⁶

	2018	2019	2020
Number of accidents	70	70	48
Accident rate (per 200k hrs worked)	1.30	1.20	0.79

⁵ This figure is based on the number of hours worked for employees clocking. Accidents are counted if they lead to one day of absence or more.

⁶ The volumes of energy consumption, water consumption and health & safety were impacted by the COVID-19 pandemic. Significant changes may not be related to the CSR efforts of Stabilus.

EMPLOYEE MATTERS

Sustainable corporate success is amongst others depending on Stabilus' employees. It is Stabilus' goal to support the development of its employees, to retain employees keeping in mind the current and future challenges of the labor market and to promote innovations.

Stabilus supports its employee's personal and professional development by e.g. trainings and it aims for a corporate culture that promotes innovations based e.g. on an idea management system.

Besides adherence to basic legal and ethical norms, offering positive and attractive working conditions is crucial for gaining and retaining qualified employees. Likewise, education and development of employees are a key success factor in the industry, which depends on constant innovation and operational excellence.

Stabilus' mission is defined by the leading image "One Stabilus": It aims to bring together different backgrounds within the Group, promote a common corporate culture across companies, regions and locations, and strengthen identification with Stabilus.

The Global HR function coordinates Group-wide activities and establishes strategies regarding the matters of working conditions, employment, recruiting and employee development. It also drives organizational development in the HR field, and provides central services for the Group.

The HR Managers at Stabilus' plants are reporting via a matrix structure to the respective Plant Manager, as well as to Global HR. They are in charge of ensuring compliance with local laws as well as with Stabilus' global policies and standards.

Reporting of HR related KPIs is done via a centralized system. Annual HR summits foster exchange between the worldwide HR staff and contribute to the alignment of global practices.

Besides the continuous and targeted qualification programs Stabilus offers to all employees, it has set up dedicated programs:

The "STARt up" program, supporting young leaders and project managers in their first significant leadership role, started with its group number 7 and 8 this year. With about 100 participants in Germany since its implementation in 2015 it already became a widely appreciated cornerstone in Stabilus' leadership development. A first spin off in Korea was implemented enabling Stabilus to expand the program further to other countries. "STARq", another tailored development program, focuses on its shift leaders in Koblenz to strengthen and broaden their leadership and management skills.

In 2018, the "Rising STARS" program for high-potential employees started for the third time. It offers a structured approach for the most talented young employees around the globe who aim to become future leaders at Stabilus. Each participant is given a 2-year educational program and a mentor from the Management Board to accompany them. Despite of the Corona pandemic the current program is still ongoing: Its physical meetings have been replaced by virtual training sessions; thus, the program also integrates and enhances new ways of virtual collaboration.

SUSTAINABILITY IN PROCUREMENT

In today's global economy with its increased international division of labor, the supply chain plays a key role in accurately determining and improving a company's sustainability performance. Especially since the company procures semi-manufactured products, Stabilus' success is deeply connected to a reliable and sustainable supply chain.

Environmental impacts such as energy and resource consumption occur throughout the supply chain and depend on the nature of goods sourced and processes used.

Stabilus' strategic procurement function is responsible for steering and coordinating procurement and supply chain management across the Group. Operational responsibility lies with the regional Heads of Procurement. Incidents related to sustainability issues within the supply chain are reported.

Operational decisions, for instance regarding awarding of individual contracts, are made by the Sourcing Committee which comprises representatives from various functions, including logistics, research and development (R&D), controlling, and others. During the supplier onboarding process environmental certifications are checked.

The key document, summarizing Stabilus' expectations towards suppliers and other business partners, is the Stabilus Business Partner Code. It builds upon its own Code of Conduct and contains detailed requirements in several areas, including:

- Working conditions, e.g. to respect the right of free association and equal pay for men and women
- Human rights, e.g. eliminating child labor, forced labor, and discrimination
- Fair business practices, e.g. to observe principles of fair competition and prevent corruption, and to ensure data privacy
- Environment, e.g. to improve environmental and resource protection within our own operations and within the entire value chain
- Health and safety, e.g. to observe all applicable laws and actively promote safe working environments

Stabilus' Business Partner Code must be signed by all suppliers delivering into its serial products. Violations of the Business Partner Code, depending on the severity of the violation, can lead to sanctions including the immediate termination of the supplier relationship.

Stabilus has finalized and implemented a sourcing policy which puts its principles for assessing and managing the supply chain sustainability in writing, for our internal management.

All potential suppliers undergo a prequalification process in which a basic risk assessment regarding financial and sustainability issues is carried out. New suppliers must complete a self-assessment questionnaire that includes questions regarding their existing environmental and quality management and respective certifications. Providing a valid ISO 14 001 certification is an integral part of this evaluation. Stabilus' long-time suppliers are regularly checked for renewal of their certifications.

Stabilus performs regular onsite audits of suppliers that cover quality, environmental, health and safety topics as well as working conditions.

Conflict Minerals

An area receiving special stakeholder attention is conflict minerals, i.e. metals such as tin, tungsten, tantalum and gold, that are extracted in conflicted and unstable regions around the world and tied to exploitative practices like forced labor and severe human rights violations. Several of the Groups' customers have requested that Stabilus reports the source and origin of the products procured containing these materials. The requests are mainly based on the Dodd-Frank Act that requires companies listed on the US stock exchange to disclose information on the use of conflict minerals in their own supply chain.

Stabilus' goal is to avoid conflicts in the supply chain. Group responsibility for conflict minerals is bundled in R&D in close cooperation with Strategic Procurement.

The recent activities of Stabilus include the use of the Conflict Minerals Reporting Template (CMRT) created by the Responsible Minerals Initiative: Stabilus requires its direct suppliers, who run the risk of sourcing conflict minerals, to fill out this standardized report to trace the minerals back through the complete supply chain. Information is then provided to Stabilus customers who request it via several platforms.

Based on above mentioned procedures Stabilus did not become aware of any human rights violation or of any customer complaints in relation to violations of conflict minerals requirements in the reporting period.

Whistleblower System for suppliers

Since the financial year 2019 the Whistleblower System⁷ is accessible for suppliers, too. Stabilus is in the progress of communicating the new tool as the latest updates were implemented.

⁷ <https://stabilus.whistleblownetwork.net/frontpage>

COMPLIANCE / ANTI-CORRUPTION AND BRIBERY

Conducting business in compliance with the applicable laws and rules is the foundation of all Stabilus' worldwide activities. These obligations apply to its internal processes but also to all relationships with external stakeholders such as customers, suppliers and public authorities.

The Stabilus management framework is underpinned by two key documents: the Stabilus Code of Conduct and the Stabilus Business Partner Code of Conduct. The Stabilus Code of Conduct sets out rules that translate legal requirements and ethical values into general conduct guidelines to help Stabilus act lawfully and responsibly in its daily work. It applies to all business activities within the Stabilus Group, internally as well as when interacting with external parties. All relevant new employees must read and sign the Code of Conduct.

As a globally operating company Stabilus has identified existing compliance risks, e.g. corruption risks that may lead to fines, uninformed business decisions, or damage the reputation.

As a safeguard against compliance issues, Stabilus introduced a Group-wide compliance management. Responsibility lies with the Stabilus Corporate Compliance Director who reports to the CEO and to the Supervisory Board.

With the goal of strengthening the worldwide compliance organization, Stabilus has rolled out a global training program with dedicated face-to-face trainings for employees. Key to the training success throughout the Stabilus Group is to center the information around the employee. During the workshop, the staff and management is informed about internal and external laws and regulations, as well as ethical behavior. In the financial year 2020 more than 1,000 employees (in particular white-collar staff and management, including members of the Managing Board) were trained in face-to-face workshops. The content of the workshops covered:

- Ethical behavior
- Anti-bribery and corruption
- Competition law
- Anti-fraud
- Conflict of interest

Stabilus employees are encouraged to report compliance violations to their superiors, the Compliance Director or the respective HR manager. In addition, an electronic reporting portal⁸ was implemented during fiscal year 2018. It provides a secure system for employees and business partners to report incidents or concerns to the Compliance Director. These reports can be sent anonymously.

A formal Group-wide process for incidents and claims has also been established. The issues received are part of regular reporting to Stabilus Group Management and the Supervisory Board. In case of an incident, the Compliance Director investigates and recommends corrective actions accordingly.

⁸ <https://stabilus.whistleblownetwork.net/frontpage>

In the financial year 2020, twelve potential compliance violations were reported via the Whistleblower System. While most of them have been closed without further findings, three are currently further investigated.

Compliance violations

	FY 2020
Number of violations	12
Number of cases with further investigation	3

Luxembourg, December 10, 2020



Dr. Michael Büchsner



Mark Wilhelms



Andreas Schröder



Andreas Sievers

Management Board

INFORMATION RESOURCES

Further information including news, reports and publications can be found in the investors section of our website at www.ir.stabilus.com.

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Forward-looking statements

This non-financial report contains forward-looking statements that relate to the current plans, objectives, forecasts and estimates of the management of Stabilus S. A. These statements take into account only information that was available up and including the date that this non-financial report was prepared. The management of Stabilus S. A. makes no guarantee that these forward-looking statements will prove to be right. The future development of Stabilus S. A. and its subsidiaries and the results that are actually achieved are subject to a variety of risks and uncertainties which could cause actual events or results to differ significantly from those reflected in the forward-looking statements. Many of these factors are beyond the

control of Stabilus S. A. and its subsidiaries and therefore cannot be precisely predicted. Such factors include, but are not limited to, changes in economic conditions and the competitive situation, changes in the law, interest rate or exchange rate fluctuations, legal disputes and investigations, and the availability of funds. These and other risks and uncertainties are set forth in the combined management report. However, other factors could also have an adverse effect on our business performance and results. Stabilus S. A. neither intends to nor assumes any separate obligation to update forward-looking statements or to change these to reflect events or developments that occur after the publication of this non-financial report.