The Art of Balancing

Sustainability Report 2022

Contents

The non-financial statement disclosures can be found in the relevant sections of the sustainability report and have been prepared in accordance with the Global Reporting Initiative Standards. The non-financial report serves to meet the disclosure requirements of the German CSR Directive Implementation Act (CSR-Richtlinie-Umsetzungsgesetz, CSR-RUG).

Striking the balance

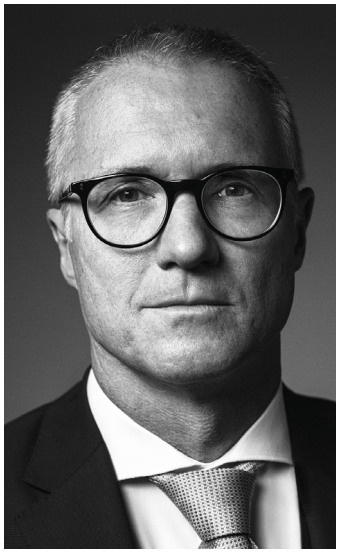
The art of balancing is a curious thing. Take scales: The objects you balance may appear completely different, but distributed wisely, they will level the scale. Or take natural objects like sticks and stones that artists in land art use to form beautiful, fragile sculptures with: There is a point at which even obviously unbalanced objects placed in a specific manner will form perfect balance. It is all about the impact they make.

This is equally true when it comes to our present-day world, especially in business. Striking the balance between economic growth while protecting the environment and strengthening society has become essential. This is all the more true in a world that is driven by the ever increasing need to be mobile and independent – in all aspects of life.

Work has detached itself from the office in many places, boundaries blur and some even speak of a work-life-blending. Entertainment is a state of mind to be enjoyed on the go as much as it still can be experienced at a venue. Almost everything we enjoy has become mobile. And mobility itself has taken on more forms, from e-scooters to e-bikes to electric cars. The devices powering mobile work, leisure and life, have one thing in common: They rely on powerful, innovative mobile energy.

Dr. Markus Hackstein
Speaker of the Board
VARTA AG

Rainer Hald
Chief Technology Officer
VARTA AG



Armin Hessenberger
Chief Financial Officer
VARTA AG

"We believe that achieving balance between business growth while promoting social and environmental solutions will put us on the right path."

We deliver the energy to serve mega-trends in mobility and independence. We develop and produce what it takes to make the world a more mobile and more independent place, from batteries for wireless headsets and hearing aids to support a fulfilling and inclusive life, to batteries to power a new generation of vehicles, to battery systems that allow homeowners to become their own suppliers of energy. VARTA has always been a pioneer in battery innovation; today, we are part of the shift towards renewable and sustainable energy.

This is where the balance we need to strike comes in: How can we be part of the solution without being part of the problem? How can we produce energy solutions sustainably while using some of the world's rarest and possibly problematic resources? The answer is: By taking our responsibilities seriously.

VARTA has taken an important step forward in climate change mitigation and committed to setting and validating a company-wide target in line with the Paris Agreement. VARTA's target is aligned with the increased level of ambition of 1.5 degrees. As an organisation, we are committed to promoting sustainable development and shaping our business practices to contribute positively to society and the environment. Our strategy includes a series of goals and measures that we take to minimise our ecological and social impacts and demonstrate our commitment to sustainable development. We are aware that there is more that needs to be done to be a good corporate citizen. We believe that operating with integrity is not only the right thing to do, but it is also critical for our success. We have a zero-tolerance policy towards corruption, and we are committed to maintaining the highest standards of integrity and honesty. We are proud to announce that our company has issued a Human Rights Policy Statement. This policy represents our commitment to upholding human rights and promoting a safe and respectful workplace for all employees. We believe that respect for human rights is an essential part of our responsibility as a corporate citizen, and we will continue to work towards ensuring that our operations and business partners reflect our commitment to these fundamental principles. Our Human Rights Policy Statement is an important step towards creating a better future for our employees, customers, and the communities in which we operate.

Striking the balance is never an easy task. In a world with finite resources, with increasing complexities, which we want to preserve for future generations, there simply is no alternative. We believe that achieving balance between business growth while promoting social and environmental solutions will put us on the right path. Striking the balance is a challenge. VARTA is happy to accept it. Yet we know that we cannot achieve this alone. We will leverage our relationships with business partners to ensure they can continue moving with us in alignment with our sustainability efforts to balance that scale.

Dr. Markus Hackstein
Speaker of the Board
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VARTA at a glance

VARTA AG produces and markets a comprehensive battery portfolio ranging from micro batteries, lithium-ion round cells, household batteries, energy storage systems to customer-specific battery solutions for a variety of applications. As the parent company of the group, it operates in the business segments "Micro Batteries", "Lithium-Ion CoinPower", "Consumer Batteries", "Energy Storage Systems" and "Others" where the technology leader sets industry standards in product quality.

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VARTA is headquartered in Germany with **4** production sites in Europe and **1** in Indonesia.

VARTA is active **in over 75 countries** around the world.

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VARTA currently employs more than **4 500** people.

Global presence

HQ Ellwangen

1 605 employees

Production capacity of more than 1.200 billion microbatteries p.a.

Packaging capacity of 1 billion microbatteries p.a.

Dischingen

578 employees

Production capacity of 1.750 billion alkaline batteries p.a.

Nördlingen

1 019 employees

Production capacity of more than 200 million microbatteries p.a.

Production capacity of 15 000 energy storage systems p.a.

Romania

473 employees

Packaging capacity of 300 million microbatteries p.a.

Packaging capacity of 40 million consumer batteries p.a.

Assembly capacity of 50 million micro and round cells p.a

Indonesia

719 employees

Assembly capacity of 100 million micro and round cells p.a.

China (Shenzhen)

12 employees

Technology Competence Center

Business overview

VARTA AG

Board Speaker – **Markus Hackstein** | CFO – **Armin Hessenberger** | CTO – **Rainer Hald**

Micro Batteries	Lithium-Ion CoinPower	Consumer Batteries	Energy Storage Systems	Others	
				Lithium-Ion Battery Packs	Lithium-Ion Large Cells

Business overview

Micro Batteries and Lithium-Ion CoinPower

VARTA and its subsidiary brand power one is the market leader for hearing aid batteries. With products branded under VARTA and power one, are the only manufacturer in the world that in addition to zinc-air batteries also offers a complete range of rechargeable batteries. These are produced in Ellwangen on fully automated production lines in the largest cutting-edge hearing aid battery production facilities. The VARTA CoinPower series is the perfect energy solution for modern electronic equipment such as true-wireless Bluetooth headsets, wearable technologies, medical equipment and much more. The smallest dimensions, outstanding mechanical stability and the highest energy densities have made the miniaturisation of the latest TWS devices possible. The premium cells are "made in Germany" on fully automated production lines.

Lithium-Ion Battery Packs

Application Specific Batteries (ASB) from VARTA are lithium-ion battery packs designed for use in small and medium sized Automated Guided Vehicles and Autonomous Mobile Robots. The lithium-ion battery packs from VARTA are modular and expandable and therefore can be adjusted to supply the right amount of energy for various applications. Customers are either provided with a flexible ready-to-use battery solution, available off-the-shelf, including all necessary accessories and certification. With CellPack PLUS customers can get in touch with VARTA's experts to develop a bespoke battery system which meets their individual needs.

Lithium-Ion Large Cells

Thanks to its longstanding experience and broad technology knowledge, VARTA has brought high-performance capabilities to lithium-ion round cells. The experts have developed cells that are characterised by very low internal resistance. This means that the cells can be charged and discharged within a very short time – without overheating in the process. In addition, thanks to their innovative mechanical design and special electrode recipe, they remain efficient even at low temperatures. The cells can be utilised in several applications and devices such as power tools, Home & Garden, energy storage systems and drones. With their unique features, the cells can bring many advantages for the automotive industry as well.

Consumer Batteries

With its Consumer segment, VARTA AG, headquartered in Germany, is the European market leader in the household battery segment. In addition to alkaline batteries, the range also includes rechargeable batteries, power banks, chargers and lights. The innovative, top-quality products are developed and manufactured using state-of-the-art technology and with the expertise of internationally qualified specialists.

In addition to its innovative strength, the wide-ranging product mix, quality and design of the products contribute to what make this range unique. For VARTA, the intense focus on consumer lifestyles and close cooperation with the retail market are essential to be able to respond to current device trends quickly and flexibly with the best energy solutions.

Energy Storage Systems

In the Energy Storage segment, VARTA contributes successfully to the energy transition by developing and manufacturing highly sought-after energy storage systems. The energy storage solutions from VARTA in the home and industrial storage market range from compact entry-level models, such as the wall-mounted system VARTA pulse neo, to our larger energy storage system VARTA flex storage for commercial applications. The AC-coupled systems have an integrated battery inverter. This makes them suitable for all new installations and retrofits. The intelligent energy management system also ensures optimal use of self-produced solar energy and is designed to significantly increase self-consumption. VARTA.wall, marks the start of a new product generation of DC high-voltage systems for smart energy self-sufficient living. Its newly developed die-cast aluminium housing with an installation depth of just ten centimetres makes it one of the most space saving storage systems on the German market.

ESG highlights

In recent years, VARTA has initiated measures to increase its sustainability by consistently developing its environmental, social and governance (ESG) strategy. The technology company has set the goal of incorporating these measures within its operations and with its business partners. This is part of VARTA's sustainability due diligence to ensure the company's and its supply chain's compliance with current and future sustainability regulations as well as accommodating increasing customer expectations for more sustainable products.

Establishing due diligence at VARTA and in its supply chains

VARTA's strategy for implementing human rights and environmental due diligence is based on international frameworks, including the UN Guiding Principles on Business and Human Rights (UN GP), ILO Core Labor Standards, the principles of the UN Global Compact, amfori BSCI, and the German Act on Corporate Due Diligence Obligations for the Prevention of Human Rights Violations in Supply Chains ("Lieferkettensorgfaltspflichtengesetz").

VARTA's commitment to its values as detailed in the Human Rights Policy Statement, are equally supported and adhered to by all stakeholders, but in particular by the business partners as well as their business partners. VARTA shares sustainability-related requirements with suppliers in its **» VARTA Supplier Code of Conduct**, and its **» Responsible Sourcing Policy** and Conflict Minerals Reporting Templates. VARTA's attention is directed towards proactively ensuring that human rights are respected, while also taking responsive action if any issues would arise. As one method of verifying compliance with various environmental and social standards, amfori BSCI audits are commissioned at selected suppliers. VARTA has implemented a full due diligence management system in accordance with the OECD Due Diligence Guidelines for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. VARTA focuses on mineral and metal supply chains, and conflict minerals in particular. Further details can be found in the **» Due Diligence Reporting**.

The company has been a member of the Responsible Minerals Initiative since 2021 and is working alongside its stakeholders to create more transparency in supply chains.

› Sustainable supply chain

Achievements in independent audits

VARTA has undergone a critical and independent assessment of working conditions, occupational safety and other social and environmental aspects to verify the measures it has taken. All production sites were audited according to the Workplace Conditions Assessment Standards for compliance with the requirements of various environmental and social aspects. All audited locations accomplished a Workplace Performance Index of more than 85% and thus achieved an overall result of "very good".

VARTA's diligent efforts garnered recognition in the industry: The ESG Risk Rating Sustainalytics has awarded VARTA the badge "ESG Industry Top Rated for 2023". Over the course of the last two years, the company has improved by over 10 points to a score of 18.1 moving from a "medium risk" to a "low risk" for material financial impacts of ESG factors. In addition, VARTA also received the EcoVadis Silver Medal, placing it among the top 25% of companies evaluated by EcoVadis on various sustainability criteria. Moreover, VARTA has been upgraded to A from BBB in the MSCI ESG ratings.

› Taking responsibility at all times

Shaping the future

Since the company's establishment, VARTA's pioneering spirit has been a powerful driver in breaking new ground in the development of tomorrow's energy solutions. VARTA's key brand pillars, Explorer, Performance, and Tomorrow pave its way for the future. The Company strives to be perceived as an innovator actively shaping the world of tomorrow and enabling the development of technology and offerings solutions for societal challenges. Storing low carbon electricity and electrification of mobility is vital to the energy transition.

Goal 1:
Shaping the future

Empowering Independence

VARTA's Energy Storage Systems, enable every individual homeowner to achieve energy independence while supporting the energy transition. Revenues of Energy Storage Systems have doubled in 2022.

Everything at VARTA is driven by the pursuit of a better quality of life, all its business units and products together contribute to achieve VARTA's vision to "Empower Independence". VARTA's hearing aid products are specially designed for hearing aid devices, enabling everyone to live an independent and fulfilling life in an inclusive society. The business segment CoinPower technology powers true-wireless Bluetooth headsets, wearable technologies, medical equipment, and much more. Additionally, VARTA's lithium-ion battery packs offer standardised products with the necessary flexibility to meet the complex requirements of its customers. As a technology leader, VARTA seeks the exploration of new technology. In 2022, VARTA's research and development efforts resulted in 21 initial applications for protective rights. Many of these are from the V4Drive segment. This business unit focuses on advancing electromobility, leading to true independence, and boosting clean mobility. Another focus was on energy storage systems.

To keep VARTA's innovative edge, it works within an international research network, where it always thinks one step ahead. In 2022 expenses associated with research and development activities rose to 23.2m €. VARTA's efforts range from short-term optimisation to medium-term improvements, such as the continuous reduction of cobalt in its lithium-ion batteries, and long-term innovation. At VARTA Innovation GmbH, fundamental electrochemical research is conducted in cooperation with the Graz University of Technology to expand its technological lead. Moreover, VARTA participates in 42 publicly funded research projects. The projects cover topics such as research on new materials and technologies, the digitalisation of processes, as well as sustainable production and recycling. VARTA is aware of its unique responsibility as an established battery manufacturer. Therefore, it recognises opportunities in challenges and aims to fulfil future regulations, take responsibility for its complex supply chain, and optimise its production processes.

VARTA continuously monitors its sustainability performance to identify areas for improvement and implement effective measures. Additionally, it constantly increases energy efficiency by applying modern sustainable technologies. Proactively addressing the fundamental challenges of our time strengthens VARTA's innovative power and gives it the opportunity to shape the future.

In 2022 we filed 16 patents, 1 utility models, and 4 design patents.

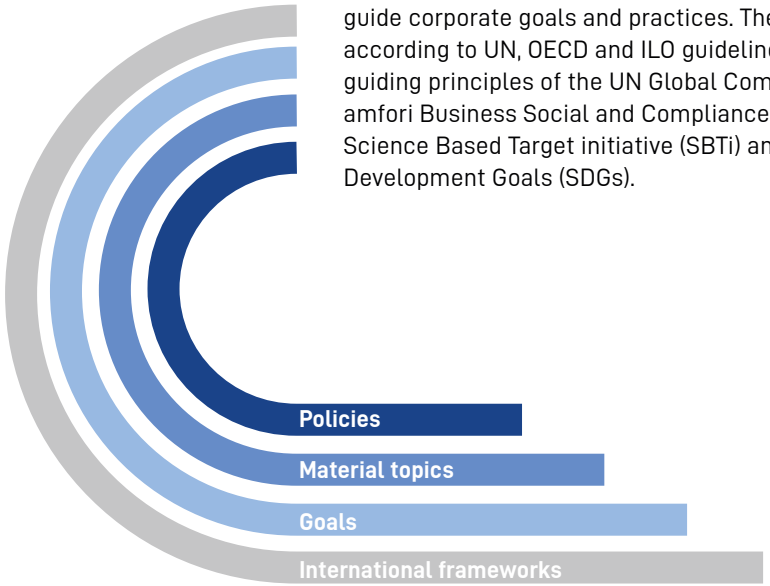
Sustainability strategy

The world is facing grave, environmental and social challenges. VARTA addresses these challenges by providing solutions empowering independent life and supporting the energy and mobility transition.

Sustainability framework

As a change-maker and an innovator operating in accordance with social, ecological, and economic values, VARTA strives to ensure fair and just business practices. Conserving resources through economical material use, recyclability, and reusability without compromising on product performance and safety is of utmost importance to VARTA.

VARTA aligns its actions with international frameworks which provide a global context for sustainability efforts and guide corporate goals and practices. The company works according to UN, OECD and ILO guidelines and supports the guiding principles of the UN Global Compact as well as the amfori Business Social and Compliance Initiative (BSCI), Science Based Target initiative (SBTi) and UN Sustainable Development Goals (SDGs).



On a corporate level, VARTA's five goals enable the company to implement the sustainability strategy. They serve as a compass for the evaluation of current and future performance. The identification of material topics provides orientation for the prioritisation of actions and therefore shape the organisation's sustainability strategy. Policies provide a guideline and work instruction to align employee behaviour with the achievement of the goals. Policies in all ESG areas are described in detail within the corresponding chapters.

VARTA's contribution to the SDGs

The United Nations defined 17 Sustainable Development Goals (SDGs) to be achieved by the year 2030. VARTA supports this international framework and has identified five SDGs with very strong association to its business activities.

To demonstrate VARTA's commitment to the SDGs, the company took part in the UN Global Compact SDG Ambition Accelerator Programme in 2022. Within the framework of the programme, the company focused on SDG 13 "Climate Action" to lay a solid foundation for future planned measures in climate change mitigation. Within the programme of the SDG Ambition Accelerator, VARTA identified the benchmark of science-based emissions reduction in line with a 1.5 degree pathway and committed to achieving a near-term target at the Science Based Target initiative (SBTi). Accordingly, VARTA can make a valuable contribution through its business activities and products. Furthermore, within the development of science-based target goals, VARTA will set reduction targets for scope 3 GHG-emissions and is in the process of certifying new buildings as carbon-neutral in accordance with the PAS 2060 framework.

VARTA supports SDG 7 with its products and business activities and promotes the transition to a low-carbon economy. The company procures 100% renewable electricity for the largest production sites and generates renewable electricity with PV panels. Additionally, Energy Storage Systems are not only sold by VARTA but also utilised to store electricity at a facility. To raise decent work for all (SDG 8), the company constantly advances due diligence processes, holds high standards, and only does business with organisations that share the same values as VARTA. The technology leader fosters innovation (SDG 9) and pushes boundaries to advance technologies. To ensure sustainable consumption and production patterns (SDG 12), VARTA intends to maximise resource efficiency. By using life cycle assessments as a tool to support decision-making it will reduce environmental impact and improve sustainability.

VARTA's sustainability goals

Setting overarching goals at the corporate level helps to successfully implement the international frameworks at the corporate level. Goals set the direction and objectives for a company, while policies provide the rules and guidelines for achieving those goals. To measure progress, the goals are defined with key figures and objectives which are continuously monitored during their implementation.

Goal 1: Shaping the future

Everything at VARTA is driven by the pursuit for a better quality of life for future generations.

Goal 2: Sincere responsibility for people

An integral part of VARTA's success is its employees as well as everyone within its supply chain.

Goal 3: Diversity and equal opportunities

Diversity is key in meeting the needs of VARTA's customers, suppliers, and stakeholders.

Goal 4: Sincere responsibility for the planet

VARTA cares for the planet. Therefore, it aims to increase the capacity of its supply chain to align it with its environmental ambitions.

Goal 5: Striving for energy-efficiency

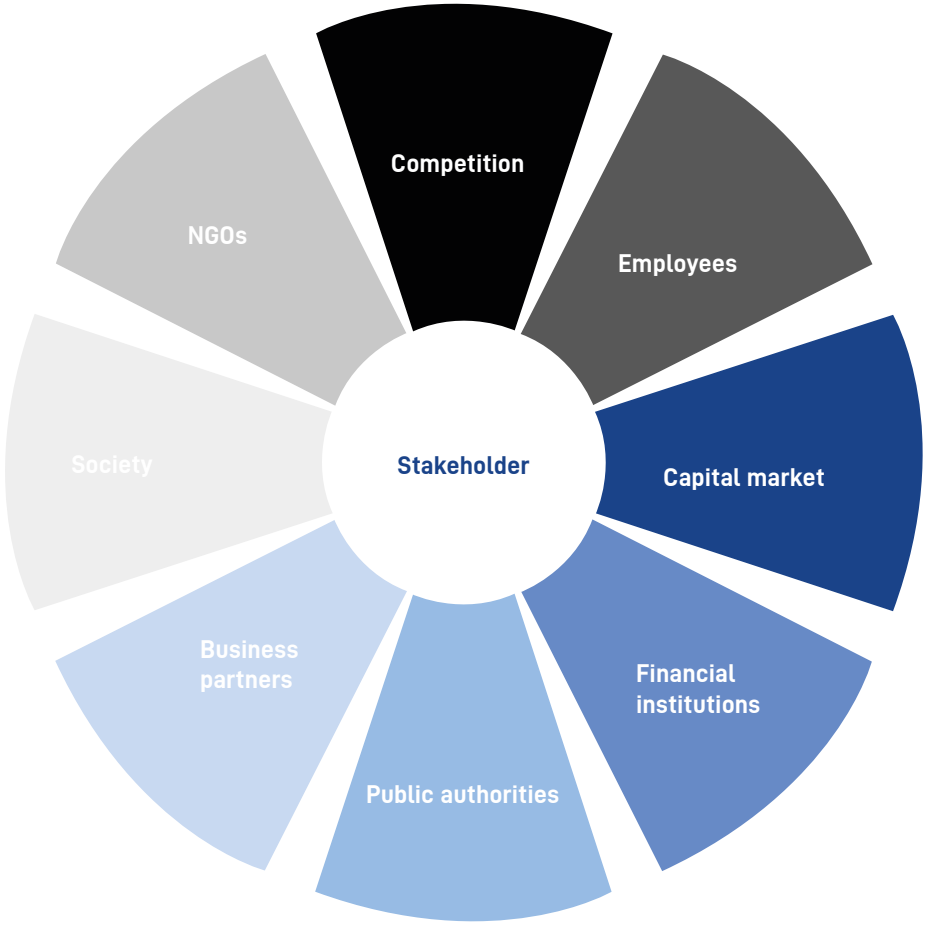
VARTA constantly strives to optimise its use of resources in production processes and increase energy efficiency of its products.

Materiality assessment

Stakeholder assessment

Companies do not operate in a vacuum but influence both internal and external stakeholders and can also be influenced by them. VARTA is invested in identifying and addressing its stakeholders' expectations and considers its engagement with them an important opportunity for further development. As a listed company, VARTA informs shareholders and other interested members of the public about company-related events during the Annual General Meeting. Furthermore, it conducts inter-departmental brainstorming sessions, engages with local and international associations, attends trade and consumer fairs and launches joint projects with external stakeholders. These efforts enable VARTA to gain insights - along its value chain - into the challenges these parties face and offer a more transparent assessment of its business impact on these groups.

› **Memberships and associations**
› **Community engagement**



Materiality matrix

To ensure long-term value creation for all of VARTA's stakeholders and ensure the most relevant topics are incorporated into this report, VARTA has conducted a materiality assessment to determine the key issues that require analysis.

The materiality matrix shows the most important topics for VARTA and its stakeholders and their impacts in the economic, environmental, and social areas. VARTA's approach to conducting the materiality analysis is based on the principle of double materiality and thus includes the perspectives of financial and impact materiality. In performing the analysis, VARTA followed the guidelines of the European Sustainability Reporting Standards (CSRD) and equally reports in accordance with the framework of the GRI. To reduce complexity and due to existing thematic overlaps, topics were regrouped and aggregated with VARTA's materiality assessment from 2021. There were no changes in content compared to the previous year regarding the materiality of the topics. The procedure and conclusion of the analysis were confirmed by the Executive Board and the Supervisory Board. Material topics and the way it is dealt with is explained thoroughly in the sections dedicated to each respective topic.

› **Definitions of material topics (Methodology)**

VARTA sphere analysis

Internal sources

- CEO message for 2022
- Internal news and announcements
- Internal ESG audits
- VARTA risk management system
- Analysis of key issues and trends by members of the cross-departmental sustainability team

External sources

- Allianz Risk Report
- BCG Gender Diversity Index 2022
- CSR Risk Check (MVO Nederland)
- European Sustainability Reporting Standards (CSRD)
- Global Reporting Initiative Standards
- Global Sustainable Development Report
- ESG rating topics
- Stakeholder engagement

Identification of ~100 topics and subtopics

Material topics

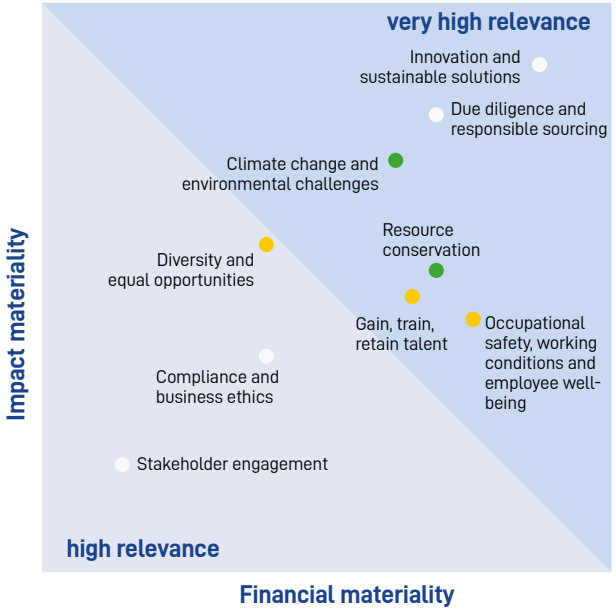
③ **People**

② **Planet**

④ **Governance**

Identification of 9 material topics

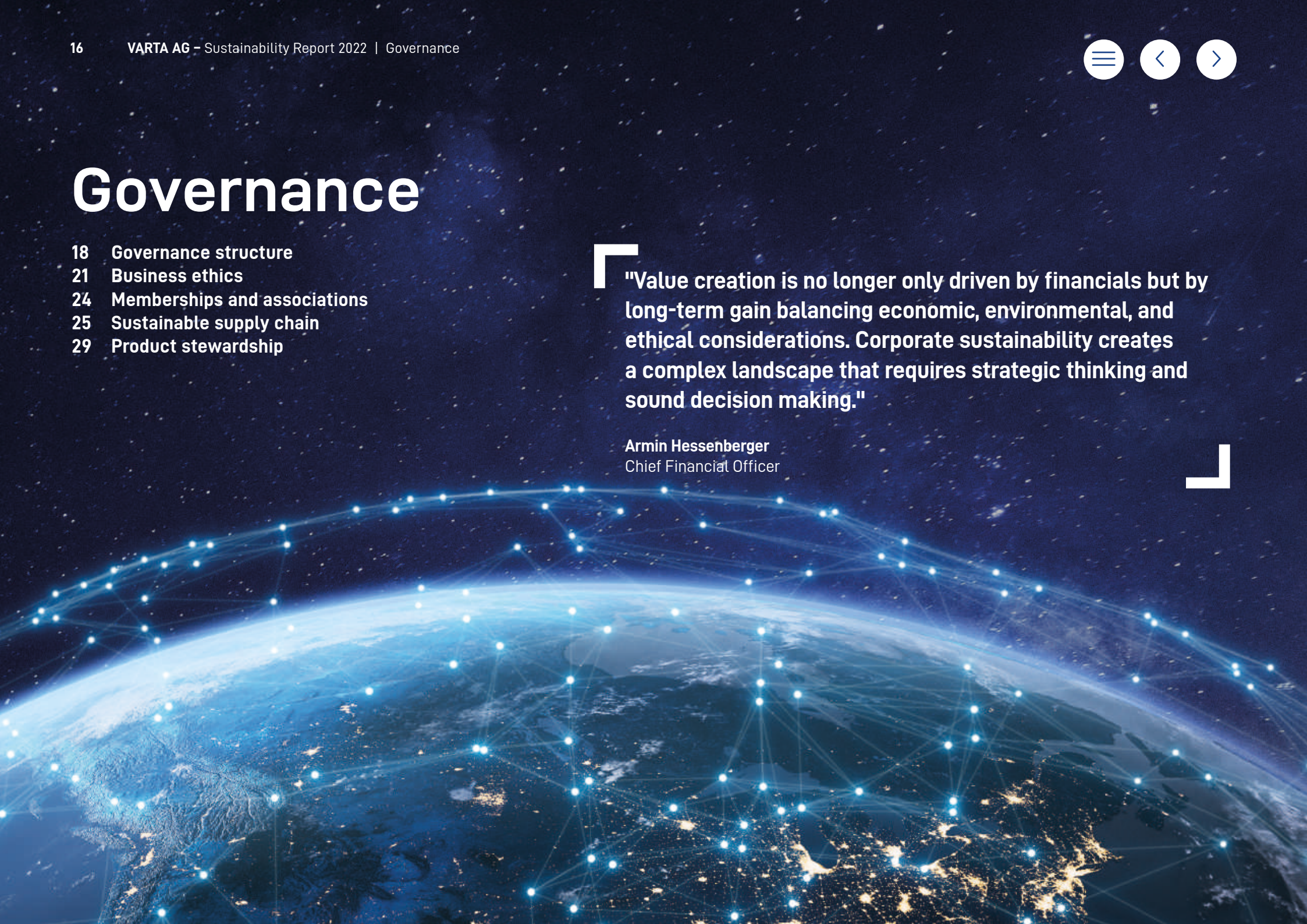
Materiality matrix



Governance

"Value creation is no longer only driven by financials but by long-term gain balancing economic, environmental, and ethical considerations. Corporate sustainability creates a complex landscape that requires strategic thinking and sound decision making."

Armin Hessenberger
Chief Financial Officer



Executive summary

Governance

VARTA is convinced that good governance – based on trust and integrity – is the foundation for steadfast partnerships.

› Governance structure

Sustainability is firmly anchored at VARTA through a well-defined governance structure. The protection of the planet for future generations and conservation of its resources are top priorities. VARTA constantly assess the risks posed by global challenges such as climate change and opportunities to minimise it. These shape its strategies which are embedded in sustainable operational business processes.

› Business ethics

Operating ethically and legally is fundamental to VARTA's business activities. All employees act with honesty and integrity in accordance with VARTA's Code of Conduct. This policy was built upon universally recognised, essential rules of conduct that are based on full compliance with laws, transparency, and fairness.

› Memberships and associations

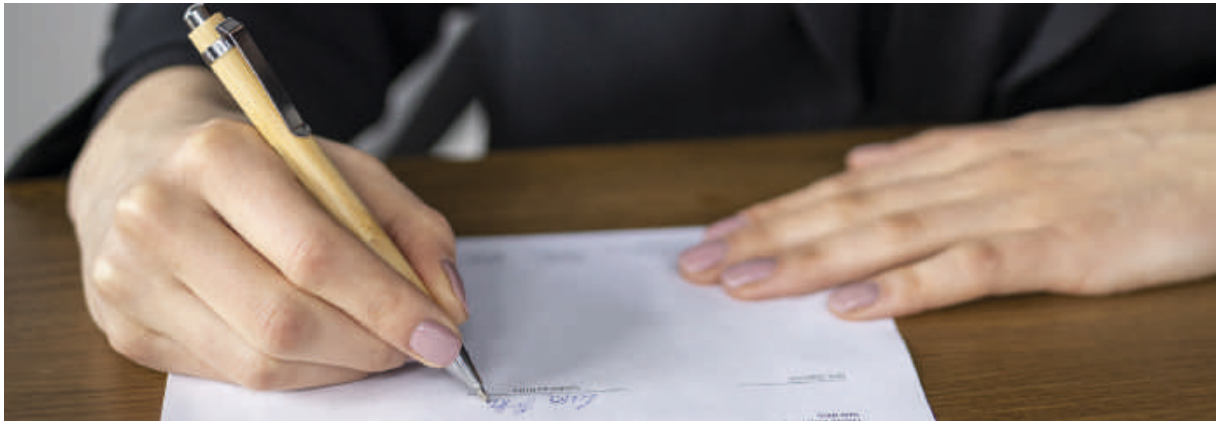
VARTA constantly strives to improve how the company operates by engaging with intra- and cross-sector initiatives. VARTA exchanges information on current trends and shared challenges with its partners. Together, VARTA works on elevating the industry's best practices sustainably.

› Sustainable supply chain

These practices are implemented across all businesses and are extended to who VARTA conducts business with. Business partners and suppliers, commit to following VARTA's Supplier Code of Conduct which incorporates the highest industry standards with the company's core values. Additionally, they commit to extending the implementation of its components to their own suppliers in the value chain. VARTA works closely with them to achieve that objective and extends its support towards their sustainable development.

› Product stewardship

This growth extends beyond the upstream value chain to encompass product sustainability in all aspects. These include ethical sourcing, traceability and conforming to high-quality standards. Through this VARTA ensures the provision of sustainable and safe products to its customers.



7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

VARTA's information security management system is **TISAX®**-compliant.

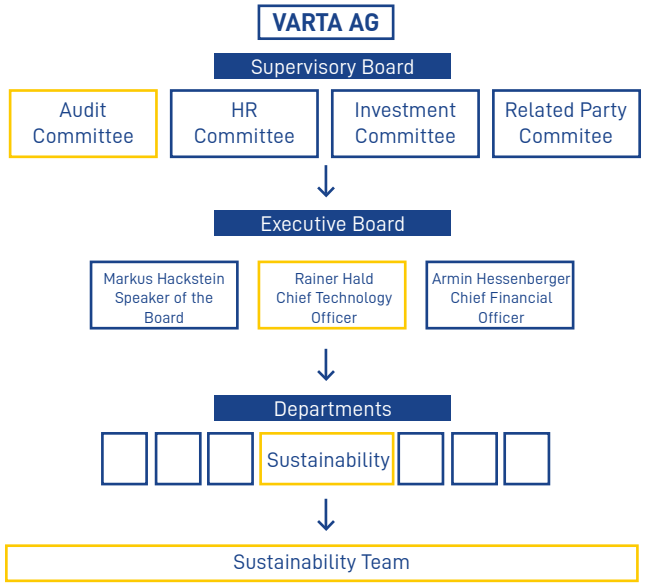
A human rights due diligence management system was developed to meet both internal and external requirements in VARTA's own operations and value chain.

As a supporter of **amfori BSCI** and the **United Nations Global Compact**, VARTA is committed to upholding sustainability principles and integrating them into VARTA's actions.

Governance structure

Good corporate governance with responsible and farsighted action is essential for sustainable success. In this context, the Code of Conduct provides the basis for VARTA's interactions with its internal and external stakeholders.

› **VARTA Code of Conduct**



Approach to good governance

VARTA AG is the parent company of the corporate group and is based on a two-tier governance body. In compliance with the German Stock Corporation Act (AktG), it consists of the Supervisory and the Executive Boards. Moreover, the afore-mentioned boards observe the German Corporate Governance Code principles and submit the **» Declaration of conformity** on an annual basis. The **» Annual report** provides details on the implementation of good corporate governance.

Sustainability is embedded throughout VARTA's structure and is anchored in the Audit Committee of the Supervisory Board and the Executive Board through the Chief Technology Officer. The committee is responsible for decision-making and monitoring the management of the impacts of the organisation on the economy, the environment including climate and people. The overall responsibility for the strategic alignment for compliance and monitoring of sustainability due diligence lies with the Executive Board of VARTA AG. They oversee the strategy in terms of processes design, and the allocation of resources for their implementation. Fifty percent of the Executive Board's members adopted variable remuneration targets linked to ESG criteria. The ESG variable of the Chief Financial Officer and the Chief Technology Officer made up 10% of the individual targets in 2022. Monitoring the implementation of the strategy is the responsibility of those overseeing their respective locations. At the departmental level, managers are responsible for implementing appropriate measures in their area. The dedicated Sustainability Department is responsible for spearheading sustainability activities and their company-wide implementation. They report directly to the Executive Board on their coordination with relevant departments on climate change mitigation processes and human rights protection policy implementation. At the operational level, cross-departmental representatives meet regularly to coordinate current projects and initiate new ones. At all sites, the employees also play an important role in driving sustainability forward by providing ideas or initiatives to the relevant departmental sustainability representatives or directly to the sustainability department. A separate budget has been allocated to the sustainability department for the implementation of projects such as the reduction of greenhouse gas emissions and to improve social performance further. The Executive Board and Supervisory Board are the focal point of the ESG integration into the corporate strategy. In September 2022, both boards held a meeting placing special focus on VARTA's contribution to sustainable development. In this meeting, the ESG strategy was presented in detail in the context of identified stakeholders and the associated materiality analysis.

VARTA management system

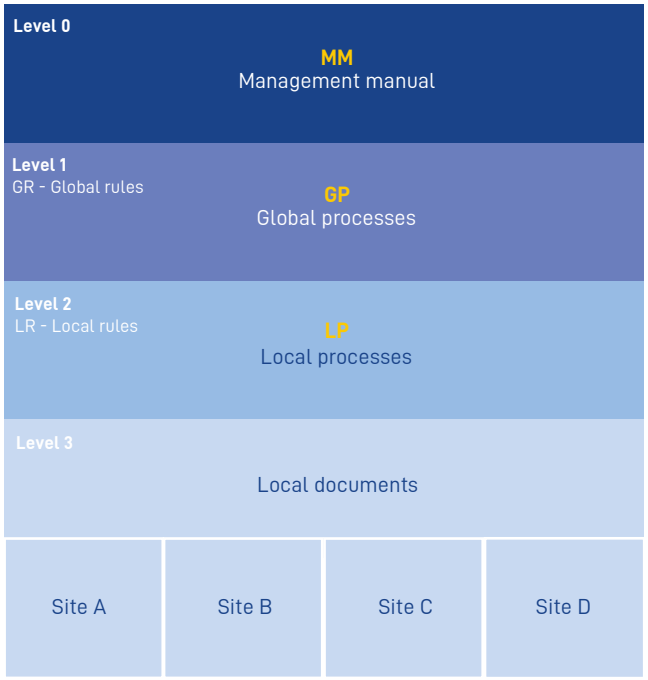
The high-quality level of the products available in the world market were the product of comprehensive quality and sustainability policies. A precursor to their effective application is a robust set of controlled processes and adherence to legal and statutory requirements. The global VARTA management system was established to reach this goal. It examines risks and opportunities while ensuring the most feasible fulfilment of requirements by stakeholders.

The VARTA management system is hierarchically structured. The management manual (level 0) and global processes (level 1) are mandatory for all locations. VARTA is striving for global harmonisation of all processes across all sites. Worldwide binding boundary conditions are established by global rules. Site-specific additions can be made by local processes (level 2). These additions are specially required for areas that do not have global guidelines. However, local processes may not be in conflict with global guidelines of level 1 under any circumstances. In case of doubt, the global rule applies. Level 3 contains local documents of limited scope or range such as work instructions, manufacturing instructions, test instructions, control plans, specifications, drawings, data sheets, training material and templates. All documents are provided, controlled and archived digitally.

VARTA's management system is centrally steered. The steering includes the following activities:

- Structuring, implementing and monitoring of the management system at the sites
- Reviewing of the global management system, including the input from internal stakeholders
- Controlling and monitoring of the global internal audit program that includes all sites

At present, the existing local management system at VARTA AG's subsidiaries are in the process of merging under the global VARTA management system. This transition follows the management manual where there is a multiphase roll out of global processes. The local processes and regulations remain effective until the transition to global processes is complete.



Risk management

VARTA strives for excellence, productivity and a consistent level of high-quality products. This is achieved through effective risk management which ensures VARTA maintains high standards regardless of the change in circumstances under which the company operates. Within the system, risks are considered to be situations and decisions that may lead to a deviation from planned target values. Risk management contributes to the achievement of objectives, creates, and protects value, assists entities with ensuring compliance, enables informed decision making, improves efficiency of operations and reduces the likelihood of failure.

VARTA established a risk management system (RMS) with the goal of increasing resilience including early risk detection (ERD) and all measures taken to identify, analyse, evaluate, and mitigate risks. The RMS process (incl. the ERD) at VARTA consists of four phases, which are connected. The RMS is defined by a continuous cycle:

The responsibilities are divided among multiple levels. The risk owners identify new risks and update existing risks within their area of responsibility every six months. The corporate risk management is tasked with requesting, reviewing, verifying and evaluating the identified risks and reported risks by the risk owners. The Executive Board has overall responsibility for the RMS. The Audit Committee of the Supervisory Board is part of the risk management process through the regular reporting and also evaluates the risk strategy defined by the Executive Board for the VARTA AG and the RMS.

Within the RMS, risks are classified as follows:

- Operative risk
- Strategic risk
- Financial and default risk
- Information security risk
- Other risk

The risks are determined for their probability of occurrence and degree of damage. Risk management is a continuous process, and therefore the effectiveness of the risk management activities is evaluated and reviewed on an ongoing basis.

During the reporting period, the RMS was supplemented and expanded by additional risks, including sustainability-related risks, that were identified within the framework. The details of these are listed in the respective sections concerning sustainability-related risk analysis.

› **Supply chain risk analysis and management**
› **Climate change management system**

VARTA established a risk management system with the goal of increasing resilience including early risk detection and all measures taken to identify, analyse, evaluate, and mitigate risks.

Business ethics

Ethical conduct and legal compliance by employees are fundamental to VARTA's business activities. They are the basis of the company's reliability as a partner and ensuring compliance within the company and by suppliers.

Goal 2:
Sincere responsibility for people

Compliance management

The Compliance team is tasked with ensuring VARTA and its stakeholders are conforming to all laws, regulations, and policies in place. It is led by the General Manager HR, Legal & Compliance reports directly to the Executive Board. The Audit Committee of the Supervisory Board is tasked with overseeing Environmental, Social and Goveranance (ESG) issues. Thus, ESG is considered at the highest level of management.

The responsibility for monitoring and complying with topic-specific laws lies with the individual departments who have access to legal expertise of the compliance team. At present, efforts are being undertaken to develop a holistic compliance management system including the implementation of a cross divisional compliance board and topic specific risk analyses. To ensure compliance amongst all employees, a digital-training course has been developed and will be available to employees at group level as part of digital transformation efforts.

VARTA Code of Conduct

The **» VARTA Code of Conduct** serves as a common framework and guideline for VARTA's business activities at all locations worldwide. The policy describes essential binding rules of conduct for all employees that are fundamental to VARTA's global business activities and must be considered in any decision-making process. In the reporting year 2022, the Code of Conduct was further developed and implemented with the involvement of various stakeholder groups, including several works councils. The most significant extensions to the Code of Conduct are its alignment with international frameworks, the inclusion of freedom of association and assembly, as well as more detailed descriptions on how to manage donations (incl. donation thresholds) and conflicts of interest. The document is published on VARTA's website and intranet, while new hires receive a printed version.

Anti-corruption and bribery

VARTA does not tolerate any form of bribery and corruption. This principle is an integral component of VARTA's Code of Conduct, which governs the company's actions in this regard. The Executive Board, alongside the General Manager HR, Legal & Compliance, are responsible for the enforcement and implementation of these guidelines. In the reporting year, no violations concerning anti-corruption and bribery were reported and there were no court proceedings on these topics.

The technology company's management approach is designed to identify potential threats and prevent violations of its guidelines. VARTA's anti-corruption policy further clarifies the interpretation of the existing rules and provides additional guidance to employees. The document provides key information on instances which can be defined as corruption or bribery and may violate the corporate guidelines. The anti-corruption policy is consistent with the United Nations Convention against Corruption.

Anti-competitive behaviour

Regulations to protect fair competition are an essential part of a free-market economy. Thus, VARTA also sees fair, respectful, and reliable dealings with all business partners as the backbone of sustainable success. VARTA is implementing regular training workshops for management to raise their awareness of anti-competitive behaviour. Investing in honing the skills of frontliners maintains strong relationships with business partners which are built on trust and transparency.

Export controls

Export controls are implemented, among other things, to avoid exacerbating existing conflicts and contributing to human rights violations and to support the enforcement of embargoes. As required by law, goods, persons, usage and countries are checked within the scope of export control. VARTA carries out a multi-stage approval process and follows the four-eyes principle to take the legal requirements into account. Employees managing VARTA exports are trained annually on legal changes and internal requirements.

Tax

Responsibility for taxes lies with the Chief Financial Officer of VARTA AG, who delegates the tasks within the finance department. Any risks – which are currently not apparent – are reported as required within the framework of the general RMS reporting. The VARTA grievance mechanism can be used for any suspected cases of tax fraud. VARTA's business model does not aim to be present in tax havens. Corresponding (external) benchmark studies are available for the design of transfer prices, which are generally applied. As external auditing companies are involved in the preparation of the respective tax returns in the local jurisdictions of each legal entity, it is ensured that the respective regulatory requirements are complied with and that VARTA acts in accordance with the law. As VARTA AG is included in the consolidated financial statements of the Montana Tech Components AG, VARTA is exempt from the obligation of an independent country-by-country tax reporting. The implementation of a holistic tax compliance management system, in which a global tax strategy is also embedded, is planned for 2023.

Cyber security and data privacy

VARTA processes extremely sensitive information from its clients and therefore utilises technology solutions to meet information security requirements. The technology company's cyber security and data privacy systems were certified by Trusted Information Security Assessment Exchange (TISAX) in 2022. This is a testing and exchange mechanism established by the German Association of the Automotive Industry (VDA) in cooperation with the European Network Exchange Association (ENX), an online platform used for cross-company exchange of test results in information security in the automotive industry. The standard concerns secure processing of information from business partners, the protection of prototypes and data protection. By releasing the results on the platform, companies can inform their direct business partners or all participating companies that their information security is TISAX®-compliant.

In order to meet the requirements of the standard, an Information Security Management System (ISMS) was established and integrated in the company wide VARTA management system. To anchor the ISMS in the organisation, a detailed information security policy which is binding for all employees was developed, work instructions and processes were revised accordingly and are continuously reviewed regarding their effectiveness at management level. The employees were trained on the topic of cyber security and data privacy to prevent information security breaches. Risk assessments are carried out at regular intervals and on an ad hoc basis to ensure the goals of information security are met (confidentiality, availability, integrity). Information security risk management is part of VARTA's corporate risk management system (RMS) and follows the RMS in terms of risk classification, roles, and reporting channels.

The protection of personal data is essential for VARTA. Employees, customers and business partners expect their data to be handled with confidence. Therefore, data protection principles were set out in a data protection policy in 2022 and integrated into company processes. The policy provides details on responsibilities, general duties, risk management, incident response in case of data breaches and reporting. The processes are monitored through annual data protection audits, which are carried out by an external party.

VARTA grievance mechanism

To enable everyone to seek advice and raise concerns about wrongdoing, unethical behaviour, or breaches of the law in activities or business relationships, the **» VARTA Integrity Line** was launched on the company website. This whistle-blower system is open to all persons for complaints relating to violations of applicable laws, the Code of Conduct, or other guidelines. Complaints can be made anonymously or by providing contact details. Complaints are investigated promptly, independently, and objectively. Upon receipt of the report in the whistle-blower system, the person who submitted the complaint will receive an e-mail confirmation. The report is processed by an assigned staff member. The persons entrusted with the implementation of the procedure are required to act impartially, are independent and are not bound by instructions but are bound to secrecy. If necessary, other departments and persons will also be involved in the processing of the incident, should the circumstances require this. The reports are processed on a case-specific basis, situation-based measures are defined and, if necessary, an investigation team is formed including employees who do not fall under the chain of management or employees not involved in the matter. The confidentiality of the identity of the person involved is maintained and the procedures provide effective protection against disadvantage such as retaliation, discrimination, intimidation or punishment based on a complaint.

VARTA employees have the right to make complaints. Depending on their location of employment, VARTA employees have access to further internal grievance tools, such as contact persons responsible for compliance, open mailboxes and works councils. Any compliance breaches are reported in the annual **» Compliance report**. In addition to the above-mentioned channels, whistleblowing systems are also available by external initiatives supported by VARTA.

› Supply chain grievance mechanisms

Critical matters as well as other concerns that arise in the course of the different channels and processes within the grievance mechanism are communicated directly to the Executive Board via the General Manager HR, Legal & Compliance.

Year	Complaints*
2020	0
2021	0
2022	0

*The VARTA grievance mechanism caters for complaints in all subject areas, including but not limited to: infringements of competition law, antitrust, corruption, bribery, discrimination, harassment, bullying, occupational safety, health protection, financial offences, e.g. fraud, theft, embezzlement, violation of human rights and/or environmental due diligence obligations.

In the reporting year, the mechanism was revised to include the effectiveness criteria of the UN Guiding Principles on Business and Human Rights. These include improved accessibility, thematical expansion, and rules of complaints procedure. The mechanism was publicly communicated on the website, internally to employees via the intranet and externally to suppliers within the scope of VARTA's Supplier Code of Conduct. VARTA will work on the continuous improvement and further communication of the system in 2023.

Memberships and associations

To contribute to shaping the future, VARTA actively participates in industry-specific and cross-sector business and political associations. These provide valuable platforms for proactive dialogue and for sharing best practices with stakeholders in specific fields: battery innovations and product safety, environmental and social topics, resource efficiency, legislation and trade issues.

amfori BSCI	amfori Business Social Compliance Initiative
bayme	Bavarian Employers' Associations for the Metalworking and Electrical Industries
BME	German Association for Materials Management, Purchasing and Logistics
BSW	German Solar and Solar Storage Industry Association
BVES	Energy Storage System Association
DICO	German Institute for Compliance
DIN	German Institute for Standardization
EPBA	European Portable Battery Association
ERP	European Recycling Platform
Herstellerverband Haus & Garten	Manufacturers' Association Home & Garden
IEC	International Electrotechnical Commission
Markenverband	Trade Mark Association
KLiB	Competence Network Lithium-Ion Batteries
OE-A	Organic and Printed Electronics Association
RBA (RMI)	Responsible Business Alliance (Responsible Minerals Initiative)
Südwestmetall	Association of the Metal and Electrical Industry Baden-Württemberg
UN GCD	UN Global Compact Network Germany
USW	Southwest Business Association
ZVEI	German Electro and Digital Industry Association – Batteries Division
RECHARGE	Europe's industry association for advanced rechargeable and lithium batteries

Sustainable supply chain

The topic of due diligence and responsible sourcing is not only becoming increasingly important in society but also at VARTA. VARTA's business activities are based on a complex network of suppliers from whom VARTA procures a wide range of commodities, materials, and services from all over the world.

Goal 2:
Sincere responsibility for people

Goal 4:
Sincere responsibility for the planet

Human Rights Policy Statement

As detailed in the Human Rights Policy Statement, VARTA strives to fulfil its responsibility to respect human rights and comply with environmental and human rights due diligence obligations. By setting up new processes and policies, VARTA expanded the existing and proven due diligence management system for minerals during the reporting period.

› Mineral due diligence

The supplementary structures that have been developed, were founded upon international frameworks detailed in VARTA's Human Rights Policy Statement and encompass legal and customer-related requirements. The due diligence management system comprises the following elements:

VARTA AG and its affiliated companies are committed to complying with human rights due diligence requirements, to strengthen human rights and to enable affected people to seek remediation in the event of a human rights violation. This applies to all its operations globally as well as in its value chain and is therefore a central part of all its business relationships.

The policy describes VARTA's strategic approach to due diligence and its organisational implementation, e.g. in the form of policies and procedures. To consider different perspectives, during the development of the policy, feedback was obtained from external human rights experts in addition to various internal perspectives.

As described in the Human Rights Policy Statement, VARTA works to prioritise actual and potential environmental and human rights challenges and further develop its strategy on this basis. VARTA carried out an in-depth sustainability-related risk analysis for the company's own operations and value chain. Within this framework, social (e.g. occupational safety, working conditions), governance (e.g. corruption, market and competition distortion) and environmental (e.g. environment, waste and water consumption) issues were considered, respectively. Data was collected internally, from reliable sources and externally from recognised organisations. The impact on the local population and environment at all stages in the value chain was taken into consideration. The analysis showed that due to the entrepreneurial activities of battery production, the following risks are prioritised in its own business area and in the supply chain:

- Working conditions
- Occupational health and safety
- Soil, groundwater, and air pollution
- Climate and energy-related risks
- Risks related to conflict and high-risk minerals

Specific demographics are at a higher risk of being adversely affected by external factors, such as environmental pollution and potential human rights violations. Therefore, protecting the rights of women, indigenous peoples, minorities, and disadvantaged groups are a major concern to VARTA. Employees who are particularly in need of protection include pregnant women, people with disabilities and young people under 18.

The overall responsibility for the strategic alignment for compliance and monitoring of human rights due diligence lies with the Executive Board of VARTA AG. The responsibilities include the processes, and allocation of resources for the implementation of the measures. Monitoring of strategy implementation is the responsibility of those responsible for the respective locations. The relevant departments, in particular Sustainability, Human Resources and Quality, are responsible for the implementation and continuous further development of measures within the framework of the defined strategy. The Sustainability Department is responsible for monitoring risk management regarding human rights due diligence.

› **Human rights risk assessment (Methodology)**

The policy contributes to meet the requirements of the German Supply Chain Due Diligence Act (LkSG) and outlines the implementation of international frameworks. The policy statement was communicated to VARTA's stakeholders in German and English language via the company website, social media, and intranet.

In 2023, VARTA will participate in the UN Global Compact Human Rights Accelerator. Within this program, the company takes further actions in the upstream and downstream value chain to ensure continuous improvement of the system and empowering business partners.

› **Mineral due diligence**

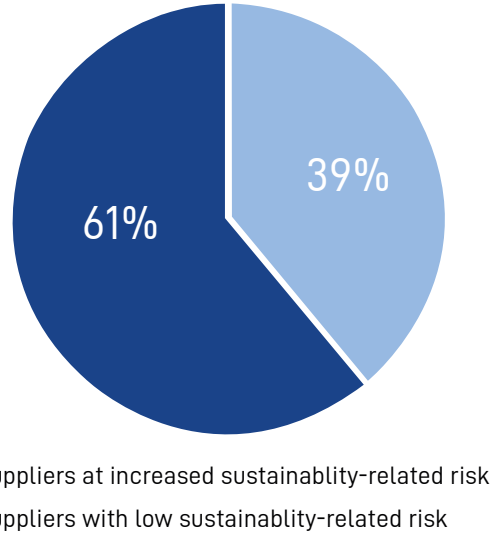
Supply chain risk analysis and management

VARTA takes responsibility for its supply chain and monitors risks carefully. In addition to the risk analysis performed to identify company-wide priority risks, a detailed analysis is conducted on a supplier level.

› **Human rights risk assessment (Methodology)**

As part of the analysis, 3 700 suppliers have been screened and assessed on the basis of various human rights and environmental criteria. The final determination of the suppliers at significant sustainability-related risks takes place under the consideration of the type of products supplied and the nature of the business relationship. In 2022, 140 suppliers with increased sustainability-related risks accounted for 39% of the annual purchasing volume.

Sustainability risk level of suppliers
by % of purchasing volume



The supply chain risk management process is further supported by the artificial intelligence (AI)-based software prewave to monitor supply chain risks and sustainability topics. All active suppliers, regardless of purchasing volume, location and delivered materials, have been screened for ESG risks and are monitored continuously via the risk management platform prewave. prewave finds, evaluates, and categorises risks regarding social and environmental aspects affecting suppliers. Furthermore, the platform monitors information about suppliers in the media, on social media and other channels and it automatically generates alerts if necessary. The collected data is used to create risk profiles for VARTA's direct and indirect suppliers such as refiners in its supply chain.

To refine the risk assessment, the supply chain risk management process is further supported by the Supply Chain Questionnaire. In 2023, VARTA expects to supplement the analysis with supplier-specific information to further improve the risk assessment.

› **Supply Chain Questionnaire**

Preventive and remedial actions

If there are any potential negative impacts and risks related to human rights within VARTA's operations or value chain, it implements appropriate measures to minimise or prevent them. This applies not only to its own operations and suppliers, but also to its products and customers.

VARTA makes use of the concepts of the amfori Business Social and Compliance Initiative (BSCI) to integrate social standards into its supplier selection process and to improve working conditions and selected environmental aspects in the existing supplier network. amfori BSCI aims to improve social and environmental standards in global value chains.

Third party social audit

VARTA verifies compliance with sustainability standards by carrying out amfori BSCI audits on suppliers with increased sustainability-related risks. Based on the supplier-specific circumstances and the associated risk level, the aim is to conduct an audit for 41% of the risk suppliers. In 2022, 42% of these targeted suppliers were able to present a valid amfori BSCI audit or equivalent. During the amfori BSCI audits, no environmental violations were identified. Potential for improvement in the other amfori BSCI performance areas was identified at the majority of suppliers. No corrective actions were needed for 8% of the audited suppliers. In the event of violations, appropriate improvement measures are initiated.

All audited suppliers with findings have been requested to provide corrective action plans to ensure their audit performance improvement. More than 50% of the suppliers audited on the amfori BSCI standard in 2022 have already submitted a corrective action plan (CAP) which was developed together with VARTA. Within the framework of these CAPs, participation in training courses can also be agreed. The amfori BSCI platform provides training on human rights and environmental issues which allows them to gather knowledge and supports continuous improvement.

VARTA quality audits

VARTA performs regular quality audits on its suppliers. Suppliers are audited for various aspects of environmental protection and occupational health and safety. To broaden this scope and act in accordance with the values of amfori BSCI, the Sustainability Quick Check was developed by VARTA representing a simple and effective instrument for recording possible deficiencies in sustainability aspects. The quick check is based on the zero tolerance criteria of amfori BSCI and serves as a pre-liminary assessment of the supplier's risk level. The check is carried out as part of all quality audits. In the event of infractions or initial suspicion of a violation, the supplier is requested by VARTA to carry out a comprehensive third-party social audit.

Local sourcing

Raw materials are often only available in certain regions, while their processing is limited to a small number of countries with industrial scale capabilities. This presents a challenge to local sourcing in the battery industry. Nevertheless, VARTA strives to support local procurement at its significant locations of operation. Regarding VARTA's production sites, local sourcing refers to the location of the headquarters of VARTA suppliers and considers the financial purchasing volume. On average, the share of local procurement was 51%, with strong regional differences.

On average, the share of local procurement was 51%.

Supplier Code of Conduct

The VARTA Supplier Code of Conduct integrates its commitment to respecting human rights and performing due diligence in the scope of its relationships with business partners. This policy document builds on the amfori BSCI principles and international frameworks. It includes sector-specific and cross-sectoral topics such as conflict minerals tracing, the agreement to conduct social audits as well as creating transparency in supply chains.

The VARTA Supplier Code of Conduct is integrated into contractual provisions. Therefore, all suppliers are committed to these principles and to pass the requirements onto their business partners. To reinforce the mutual commitment to the requirements and set the basis for supplier development, suppliers with increased sustainability-related risks were additionally asked to sign the document. 84% of VARTA's suppliers with increased sustainability-related risks have signed the VARTA Supplier Code of Conduct or provided equivalent documents to meet the requirements. This creates a binding basis for further negotiations on the implementation of sustainability aspects.

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VARTA is supported in supplier auditing and development by the **amfori BSCI specifications and tools.**

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42% of the targeted suppliers were able to present a **valid amfori BSCI audit or equivalent.**

Supply chain questionnaire

Market and regulatory requirements are constantly evolving and placing new demands on companies. In addition, VARTA set ambitious goals for the future. These can only be fulfilled by collaborating closely with suppliers, hence it is vital to integrate them into its development process.
To achieve that objective, a self-assessment supply chain questionnaire was developed to obtain sustainability-related information about the status of suppliers. The document is divided into two parts where one sets concrete requirements for suppliers and, the other collects information in the form of a questionnaire. The set of requirements extend beyond those listed in the Supplier Code of Conduct and raise the threshold of expectations for suppliers of product groups with increased sustainability-related risks. VARTA is aware that maintaining compliance with the highest sustainability standards in the industry is a continuous process, and each supplier is at a different phase of their sustainability journey. Thus, VARTA aims to jointly manage this process, increase its capacities for sustainable growth, and take this journey together with its business partners.

Supply chain grievance mechanisms

VARTA works closely with suppliers and established grievance mechanisms based on the criteria listed in the UN Guiding Principles on Business and Human Rights. The goal is to improve the transparency and sustainability performance of its supply chains. By offering channels for raising concerns and mechanisms to address them, early detection of issues, their impartial consideration, and fair resolution are ensured. All persons have access to the VARTA Integrity Line to submit their complaints. Additionally, the Responsible Minerals Initiative and amfori BSCI offer their own grievance mechanisms, which are publicly accessible and address the deeper supply chain in particular. The mechanisms allow the target groups to be addressed even better and are tailored to sector-specific topics.

› **VARTA grievance mechanism**

Mineral due diligence

All VARTA's purchased goods that contain metals with 'conflict minerals' in particular, are subject to increased sustainability-related risks. Hence VARTA has been monitoring relevant actors of the supply chain of 3TG (tin, tantalum, tungsten, and gold) and cobalt for several years. Furthermore, transparency for other critical minerals such as aluminium, cobalt, copper, graphite, lithium, manganese, nickel, and zinc is pursued.

VARTA has established a complete mineral due diligence management system in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (CAHRA). The establishment of this management system for VARTA's mineral and metal supply chains is a vital component of its environmental due diligence and sustainability objectives. The system contributes to mitigating the existing and potential risks of these supply chains, supporting the respect and promotion of human rights, including the fight against child and forced labour, and the empowerment of indigenous peoples. For further details please refer to the **» Due Diligence Reporting**. In this process, a **» Responsible Sourcing Policy** has been established which is based on current established OECD guidelines and states VARTA's values and expectations from these suppliers.

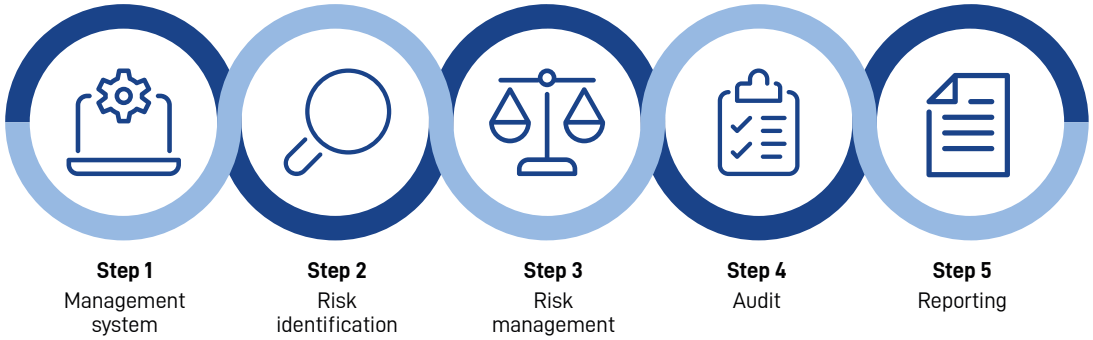
To demonstrate VARTA's commitment to meeting its due diligence obligations, new internal processes have been implemented and existing ones improved.

To meet regulatory requirements, VARTA also joined due diligence centric organisations established specifically for its sector such as the Responsible Minerals Initiative (RMI).

The RMI provides companies with tools and resources to support responsible sourcing of minerals in the supply chain. The templates (**» CMRT**, **» EMRT**) and databases provided by RMI facilitate traceability of minerals back to their country of origin. Furthermore, VARTA evaluates smelters and refiners, particularly in the 3TG and cobalt supply chain, with audits performed in accordance with the RMI standard RMAP. VARTA participates in the RMI working groups "Due Diligence Practices Team" and "Emerging Minerals" to contribute to the further development of due diligence processes for different types of minerals and metals.

Within the framework of its supply chain questionnaire, VARTA collects information on implemented mineral due diligence processes at suppliers as well as minerals that are not yet covered by the RMI templates. The prewave tool also supports VARTA in obtaining more information, especially on refiners, monitoring them and thus creating more transparency. In 2023, the engagement in this area will be expanded with the aim of increasing information exchange and transparency from suppliers.

› **Supply chain questionnaire**
› **Supply chain risk analysis and management**



Product stewardship

Product safety and the associated safety of customers and employees are VARTA's highest priority. At VARTA, processes regarding quality, environment, and energy are integrated into the management system to ensure safe and high-quality battery solutions.

› VARTA management system

Goal 1: Shaping the future

100% of the production sites are certified in accordance with **ISO 9001.**

Certified systems

Therefore, specific international standards for the automotive sector (IATF 16949) and medical industry (ISO 13485) have been implemented at selected locations in addition to the company-wide implemented ISO 9001 quality management standard. VARTA's assembly facility in Batam is certified according to ISO 80079-34, which sets specific requirements and specifications for the implementation and maintenance of quality management systems for the manufacture of products intended for use in potentially explosive atmospheres.

Customer health and safety

To continuously improve implemented measures, product safety is regularly reviewed, audited, and certified by independent third parties according to international safety and labelling standards published by organizations such as the International Electrotechnical Commission (IEC) and Underwriters Laboratories (UL) as well as the specifications of laws as e.g. the EU Battery Regulation. Safety-related and further product-related information is communicated to customers and further interested parties by Material Safety Data Sheets (MSDS) and within the scope of other publicly available communication formats on the company website. VARTA aims to raise awareness of product safety issues among end consumers and provide guidance on emergency preparedness processes and facilities for collecting feedback on health and safety-related matters. All products are regularly tested in accordance with regulations and standards for their impact on health and safety aiming to ensure high product quality and identify potentials for improvement.

Approval processes and quality checks are designed to ensure that only tested goods leave VARTA's premises. In the case of purchased products, safety standards compliance reports are requested from the supplier, which prove that the requirements have been fulfilled. If, contrary to all preventive measures, product safety deficiencies would occur, VARTA has mechanisms that addresses complaints and initiates a recall and emergency management process which aims to investigate the incident, eliminate its underlying cause, and enable rapid corrective action. Complaints can be received through different channels (e.g. supervisory authorities, website, national companies, customer service). Serious complaints are analysed in a defined process by a cross-departmental team. In 2022, there were no penalties nor legal proceedings concerning product safety, marketing nor labelling.

In 2022, there were no penalties nor legal proceedings concerning product safety, marketing nor labelling.

VARTA is committed to producing the safest products in the market. Through continuous innovation and research into safe design, VARTA strives for substitution of hazardous substances in its batteries. The efforts successfully yielded safe products where no hazardous substances are released during normal use. Inherently, all of VARTA's products are conformant to substance restrictions according to international regulations such as the PoPs, REACH, and RoHS. Moreover, VARTA complies with registration and declaration obligations for substances. Regular surveys are conducted to ask customers how VARTA can do better. VARTA listens and takes customer feedback into consideration aiming at developing better, safer and more sustainable products.

Medical devices

Hearing aid batteries are considered medical devices and are therefore subject to particularly strict requirements. In compliance with the requirements, safety tests are performed by an external laboratory. In accordance with the ISO 13485, post-market surveillance including regular market monitoring for these products is conducted. The results of the monitoring are incorporated into the risk management of these products. Employees who work with the production of medical devices are regularly trained in accordance with regulations on legal requirements regarding safety issues and product labelling.

Child-resistant packaging

VARTA Consumer Batteries delivers its lithium button cells in child-resistant packaging to implement the "Child Safety" industry standard IEC 60086-4. The batteries are offered in a pack containing one, two, four or five button cells where each battery is individually packed in a blister. This eliminates the risk of other batteries falling out of an opened package. Furthermore, the pack cannot be opened without scissors, thus ensuring maximum safety. Finally, the warning notice "Keep out of the reach of children" is printed on the front and back of the pack and on the battery itself.

VARTA Consumer Batteries delivers its lithium button cells in child-resistant packaging.

People

"Within every forward-looking and ambitious business plan as well as in our complex supply chain processes, we emphasise on fostering human rights as a central element of our sustainability agenda."

Dr. Markus Hackstein
Speaker of the Board

Executive summary

People

› Taking responsibility at all times
Ensuring sincere responsibility towards people is a vital aspect of VARTA's sustainability approach. At VARTA, people are valued, and their rights are protected. The company applies the precautionary principle and takes preventive action regarding environmental and social matters. The company's business touches the lives of employees, supply chain, customers, and society. VARTA strives to create a positive impact and takes responsibility concerning human rights seriously. The processes and policies reflect this commitment.

› Employees
The employees are at the centre of VARTA's entrepreneurial activities. Therefore, VARTA has set the goal of improving the working conditions further and supporting employees in their further development.

› Health and safety
The safety of employees is of paramount importance. Substantiated training and personal protective equipment of employees reduce safety risks and serve as measures against negative health effects. VARTA works in accordance with country-specific laws and follows international standards to provide the employees with the best care.

› Community engagement
VARTA's businesses are built within communities, and they are at the heart of the company's business. As VARTA flourishes, so should the community that helped the company succeed. Various projects to foster growth and sustainability locally are supported.

Workplace Conditions Assessment (WCA)

In 2022, all five production sites were audited according to the WCA Standard. All audited locations achieved a Workplace Performance Index of over 85% and therefore finished with a very good overall result. Aspects audited include labour (e.g. child/forced labour, discrimination, discipline, harassment/abuse, freedom of association, employment contracts), wages and hours, health and safety, management systems (documentation and records, employee feedback and participation, audits and corrective actions) and environment (legal compliance, environmental management systems, waste and air emissions).

WORKPLACE CONDITIONS ASSESSMENT

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96% of the employees are either covered by collective bargaining agreements or are aligned with such to ensure fair and equitable remuneration.

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VARTA spent more than **1m €** to train employees of all job functions, levels and age groups.

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Almost **180** employees were specifically trained on sustainability-related topics.

Taking responsibility at all times

For VARTA, respecting human rights is an essential part of corporate responsibility. VARTA's corporate culture is characterised by strong values that shape the way the company works. The principles of the UN Global Compact and amfori BSCI provide the framework for the company's actions and are reflected in the Code of Conduct. VARTA works alongside organisations and suppliers to increase transparency and reduce risks at every level of the complex supply chain.

› Human Rights Policy Statement
› VARTA Code of Conduct
› Sustainable supply chain

Goal 2:
Sincere responsibility for people

Human resources management

The Human Resources (HR) Department invests in resources to attract and support talent growth. It has launched several programs where employees can interact in an environment conducive to growth and productivity. Within the responsibilities of HR lie various operational and strategic tasks concerning the employees coordinated at the site level:

Shared service

providing employee services like payroll, social security, time and attendance, forms and documents for communication with official institutions, advice and implementation of regulations from collective labour agreements agreements

Business partners

(HR BPs): providing support to managers; advice and implementation of personnel and organisational changes, application of labour law, staff planning and recruitment, disciplinary actions

Strategic HR

recruitment and marketing, personnel development and talent management, projects and processes; compensation; planning and controlling

Corporate functions

vocational training-managing and providing quality-oriented vocational training and dual study programs in cooperation with vocational schools and colleges

Further services

reception, medical support

Especially within the scope of the HR Shared Services function, local leaders share best practices and support each other in the face of new challenges. There is a continuous flow of information to the General Manager HR, Legal and Compliance, who reports directly to the Speaker of the Board. VARTA's focus is on active talent management, increasing employer attractiveness, work environment and culture, optimisation and harmonisation of HR processes, digitalisation and implementation of a human capital management system. To set the base for a sound implementation, these topics are integrated into the individual objectives of the employees working in HR. HR processes are regularly checked and further developed within the framework of internal and external audits which are conducted multiple times a year. A risk analysis was carried out on people-related business risks in 2022 and risk prevention measures are taken. Like all company-related risks, those affecting HR are also monitored and controlled via the corporate risk management system. As HR represents a key function, their processes are embedded in the VARTA management system.

› Risk management

Anti-discrimination

As described in the Human Rights Policy Statement, VARTA bases its actions on the ILO standards, among others. This includes the ILO Convention No. 111 on Discrimination (Employment and Occupation). VARTA does not discriminate against, harass, or engage in hostile behaviour in the work environment on the grounds of, for example, race, origin, nationality, gender, gender identity, gender expression and/or sexual orientation, religion and belief, disability, age, political or trade union activity.

The protection of the rights of women, indigenous peoples, minorities, and disadvantaged groups are important to the company. Employees who are particularly in need of protection include expectant mothers, people with disabilities and young people under the age of 18. VARTA stands up for equal rights, equal opportunities and tolerance and upholds these values in harmonious cooperation. As part of the Workplace Conditions Assessment, discrimination issues were also examined at all sites. Within the audit, no concerns concerning discrimination were identified. Further, in 2022, there have been zero incidents of discrimination or violations of indigenous peoples' rights.

The recruitment process is communicated clearly and formally to all applicants. Job advertisements are formulated in a gender-neutral way and vacancies are advertised internally and externally. Internal job advertisements are accessible to all employees via intranet and "black boards". The company's values are disseminated in the form of the VARTA Code of Conduct with all new hires.

› **VARTA Code of Conduct**

At the German sites where a works council exists, councils are also consulted prior to various individual personnel measures such as recruitment, transfer, job grouping and regrouping, in accordance with collective labour agreements and legal regulations. The interests of groups with an increased risk of discrimination are represented by the representatives of people with disabilities and youth apprentices at these German sites. Additional training on labour law is provided to managers. Anti-discrimination training for all employees is currently being developed at various sites.

› **Freedom of association and collective bargaining**

VARTA stands up for equal rights, equal opportunities and tolerance and upholds these values in harmonious cooperation.

Child, forced and compulsory labour

At VARTA, neither child labour nor any form of exploitation of children and adolescents is tolerated. The company strongly condemns all forms of forced and compulsory labour and slavery. VARTA acts in accordance with international frameworks, particularly the relevant International Labor Organization conventions, and has incorporated their requirements into processes and policies. For more detailed information about the steps to identify and address modern slavery, please refer to the Modern Slavery Statement and Human Rights Policy Statement. The risk analysis did not identify any increased risks for child or forced and compulsory labour at VARTA sites. As part of the Workplace Conditions Assessment, topics such as child and forced labour were also examined at all sites. No concerns were identified, and no complaints were received on these issues via the grievance mechanism.

› **Human rights risk assessment (Methodology)**
› **VARTA grievance mechanism**

VARTA protects employee rights at all sites and only does business with organisations which hold the same values. Within this context, being a member of amfori BSCI, includes compliance with the principles "No bonded, forced labour or human trafficking" defined by the initiative and further applicable standards from international frameworks. The amfori BSCI principles include, inter alia, adherence to international principles of responsible recruitment, including the employer pays principle. For instance, aspects such as waiving recruitment fees and costs charged to workers, providing clear and transparent employment contracts, and access to free dispute resolution and effective remedies are covered within this principle.

Sometimes, collaboration with recruiting agencies and temporary employment agencies at selected locations to recruit new employees and accommodate production peaks is necessary. VARTA sets the same high standards for personnel service providers as the company does for itself and the remaining business partners.

The service providers are therefore equally obliged to ensure compliance with the VARTA Supplier Code of Conduct which includes accepting the amfori BSCI principles.

› **VARTA Supplier Code of Conduct**

Freedom of association and collective bargaining

Freedom of association and collective bargaining is a fundamental right for all employees. Every individual has the right to freely join or establish a works council to promote and defend their respective interests, without having to fear disadvantages or discrimination in any form. By complying with local laws and allowing workers' representation, VARTA contributes to upholding the right to freedom of association.

Elected works councils exist at three German legal entities and at the site La Garenne-Colombes, France. Workers' representatives are also elected at the site in Brasov, Romania. At the site in Batam, Indonesia, as members of trade unions, the employees are represented by union representatives. All representatives advocate for the employees' interests with the management. At the respective three German legal entities, weekly meetings are formally scheduled to discuss topics subject to co-determination between the company and the works council. Additionally, regular jour fixes with respective members of the works council take place to discuss current topics. In accordance with German legal requirements, there is an economic committee which consists of the works council and the employer, represented by the HR department, to discuss economic matters. Minimum notification periods for certain operational changes are based on local legislation and, where applicable, collective labour agreement regulations and are considered at the site level.

The sites in Ellwangen, Dischingen and Neunheim are bound by collective labour agreements. The two legal entities in Nördlingen as well as the entities in Austria, France and Benelux also follow regulations of CLAs. There are also corresponding regulations for temporary workers, which are specified by the collective agreement and thus apply to the German sites. The sites in Brasov, Romania, and Batam, Indonesia, are also covered by a binding collective labour agreement. The agreements give a framework for relevant working conditions and regulate equal and fair pay, payments for working overtime, shift, holidays, overall working time, and further topics concerning working conditions.

92% of the total workforce worldwide are covered by worker representatives who are actively engaged in communication with the company.

Health and safety

VARTA is committed to the occupational health, safety and welfare of all employees, contractors, and visitors to workplaces. Occupational safety issues are managed on a site-by-site basis, and information is exchanged across sites. The continuous reduction of the number of accidents is the ultimate goal. For this reason, health and safety risk assessments are carried out at all production sites regularly and on an ad hoc basis if the circumstances have changed.

Occupational safety

The management is responsible to provide and maintain safe equipment, systems and tools, as well as to provide training to enable all employees to work safely. They will conduct investigations into all reported incidents and conduct regular reviews and evaluations of the health and safety systems in place. Employees are responsible for taking reasonable care to ensure good health and safety procedures are always implemented. They are responsible for identifying and supporting measures to eliminate or minimise unsafe conditions. They also assume personal responsibility for their own safety and for those of other work colleagues by always operating in a safe and appropriate manner. VARTA is committed to raising awareness among employees and preventing accidents and negative health consequences. Once a year, the occupational health and safety (OHS) team reports directly to the Executive Board as part of the management review to present current and completed projects. The OHS system is monitored by the Employer's Liability Insurance Association (BG ETEM) in Germany, which is also consulted in its advisory role to further improve the system.

All production sites have OHS specialists who advise and support the company and managers on the implementation of laws. Further, the OHS specialists are responsible for risk assessments, specific procedures for hazard protection (e.g. laser protection) as well as ergonomics, selection of personal protective equipment, concepts for handling hazardous substances, and accident investigations.

The OHS specialists develop suitable training concepts based on the risk assessments, which are carried out regularly in cooperation with the specialist departments in addition to the general safety instructions which are obligatory for all employees annually. To support a safe working environment for everyone at all production sites, VARTA provides identical instructions and supporting documents for external business partners, such as subcontractors, who work on site. Furthermore, the OHS teams are consulted in an advisory capacity during the procurement and approval of new equipment as well as building planning. The processes and procedures are laid down in various work instructions and policies.

In addition to operating instructions for machines, there are also work instructions that explain how to use equipment safely. This includes, for example, information on potential hazards and personal protective equipment that must be worn by employees when performing their occupational duties. Adequate high quality protective equipment is provided to employees free of charge and in sufficient quantity based on the risk assessment to reduce employee exposure to work-related health and safety risks. To ensure safe handling, machines and other equipment such as roller shutters and cranes, are checked internally and by external service providers in accordance with regulations.

Worksites are regularly screened for potential sources of danger and potential risks are proactively identified and eliminated. For this reason, any accidents – during work commute as well as on site – are documented and reported to top management. The key figures LTIR and LTI, among others, are used to monitor performance in the area of occupational safety. The lost time injury rate (LTIR) expresses the accident frequency, meaning the number of accidents multiplied by 1m in relation to the number of total hours worked. The lost time injury (LTI) severity rate represents data on employee accident severity. In order to calculate the LTI severity rate, number of days lost due to injuries are multiplied by 1 000 per total hours worked.Over the course of more than the last three years, none of the employees suffered any fatal injuries related to their work in the company. That demonstrates the unwavering commitment to ensuring the well-being of the company's employees and prioritizing safety in the workplace.

› **Health and safety (Methodology)**

Hazardous substances used in production are subject to special handling and storage requirements. Therefore, there are separate regulations, approval processes and training courses for relevant employees for these substances to ensure safe handling, protect employees, and safeguard the environment from exposure to these substances. The instructions are available in at least the local language of the site, but mostly in the relevant languages to ensure a good understanding of all staff.

In accordance with legal requirements, there are interdepartmental committees on occupational safety at all production sites, which meet regularly. In 2022, the German and Romanian committees met quarterly whereas the committee from Batam conducted three meetings. The committees discuss internal and external inspection audit results. Areas for improvement and their challenges are identified and then jointly resolved. The meetings were attended on average by at least 50% of the intended participants, and all participants were informed of the progress by means of minutes. The committees represent the interests of the entire workforce at all production sites.

In compliance with legal requirements, regular preventative measurements are carried out on noise, radiation, light intensity, and hazardous substances with the goal of reducing the potential negative impacts on the health of people and ecosystem caused by these emissions. Based on the results of the measurements, actions are taken if necessary, such as noise reduction projects, which were implemented primarily at all German locations in 2022.

The global **lost time injury rate** (LTIR) amounts to **12**.

The global **lost time injury (LTI) severity rate** amounts to **0.1**.

Occupational safety and the plant's fire brigade are both important aspects of operational safety in an industrial company. For more than 72 years, the Ellwangen headquarter site has had its own site fire brigade who are responsible for hazard prevention and emergency preparedness. They are specially trained for the plant's safety requirements and can also provide efficient first aid. Currently, the plant's fire brigade comprises of 26 active members who are predominantly volunteers. The members of the site fire brigade are specially trained for tasks such as fire-fighting operations, technical assistance and height rescue (e.g. in the event of accidents in the high-bay warehouse). Specially trained fire protection assistants support the plant fire brigade in emergencies and in hazard prevention within their working areas. By conducting regular evacuation drills and fire safety trainings, employees are trained on how to quickly and safely leave the building and gather in a safe designated location in case of emergency. Evacuation drills are carried out regularly at all production sites.

Being a subdivision of the fire brigade, the rescue squad mainly focuses on the care of sick and injured persons and the safeguarding of its own task forces, specifically during operations and exercises of the plant fire brigade. The 14 members of the rescue squad have advanced first aid training. In addition, trainings are held at regular intervals. Furthermore, the rescue squad supports the civil protection unit and the German Red Cross on a voluntary basis during ambulance services, e.g. at soccer stadiums or concerts. The rescue team is also responsible for training the first aiders who exist at all production sites and are responsible for the first aid of injured persons within the work areas. Care is taken to ensure that a sufficient number of first aiders are on site at all times. In addition to the rescue squad, there are corporate first responders at the Ellwangen (16) and Nördlingen (20) sites who also have advanced first aid training. These colleagues are always involved in the case of advanced first aid tasks.

Employee wellbeing

At all production sites, external physicians are commissioned to carry out regular health check-ups based on the risk assessment of the area of activity. Furthermore, the checks support prevention of work-related illnesses, ensure the employees' ability to work and assess whether the existing control measures are effective. The physicians work in close coordination with the sites, where employee-related information on health status is subject to strict confidentiality. In accordance with legal requirements, first aiders who are available at all production sites are regularly trained. They also assist with accident reports and pass on information to the OHS team.

VARTA strives to continuously improve healthcare and adapt it to new circumstances. In this context, the company will build on existing initiatives by creating a new concept for the occupational health management in 2023. Over the past few years, the COVID-19 pandemic posed a challenge to the health management, which was countered by implementing new policies on managing pandemics at VARTA. One of the measures implemented were voluntary vaccination campaigns at all production sites to protect the health of the employees and make a positive contribution to society.

The wellbeing of employees is of paramount importance. VARTA launched several programmes aimed at boosting the health of employees and promoting a healthier lifestyle. These were held on a site-specific basis and included courses on sport and health, campaigns to help employees quit smoking, and subsidisation of external offers. An employee satisfaction survey is planned for the German sites in 2023, which is already conducted annually at the site in Romania.

Corporate Health Award

The Corporate Health Award by EUPD Research and Handelsblatt is an acknowledgment of verifiable above-average commitment to the health of the company's employees as well as a forward-looking and sustainable HR strategy. VARTA, in 2022 continues its successful track-record of being among the awarded employers with an audited corporate health system. This success motivates the company to further expand its efforts in this area over the coming years.

The wellbeing of employees is of paramount importance.

Employees

VARTA's employees are an essential part of the company's success. Currently, there are 4 576 specialists striving to achieve the company's vision, with more than 3 150 employees in Germany.

› Employees (Methodology)
› Sustainability performance

Goal 2:
Sincere responsibility for people

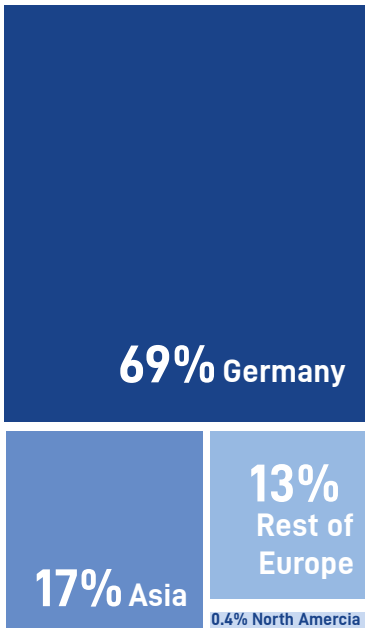
VARTA is committed to social commitment, family-friendliness, employee orientation, environmental topics, and health and safety at work.

VARTA as employer

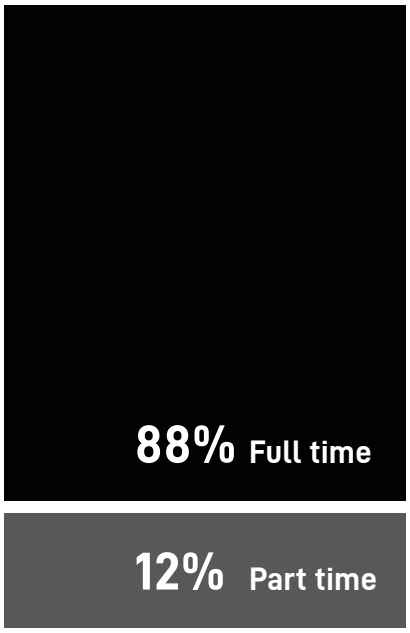
VARTA's vision is to shape a future built on the company's values and tradition of trust with a modern outlook for utilising cutting-edge technology to provide sustainable solutions. VARTA operates in a culture with flat hierarchies, based on trust and a strong team spirit. The company creates a space for creativity in exciting tasks and projects in the future market of innovative energy solutions.

VARTA is committed to social commitment, family-friendliness, employee orientation, environmental topics, and health and safety at work. These efforts are also reflected in the fluctuation rate of only 5.5%. The initiatives have been widely recognised and VARTA has received the regional award "Top-Arbeitgeber Donauries" (Top Employer Donauries).

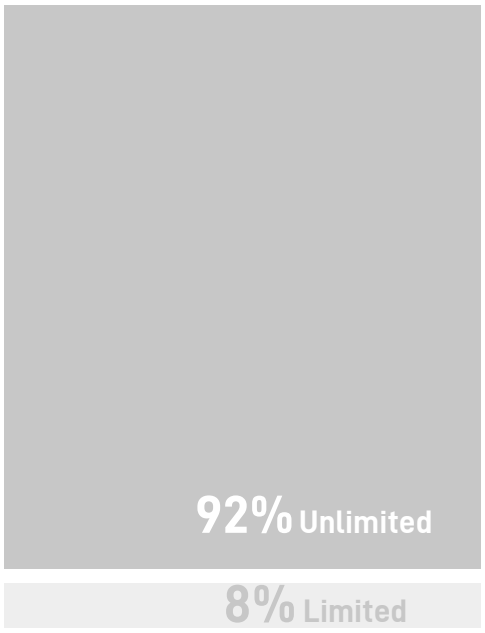
Employees by region



Employees by working time model



Employees by contract type



VARTA supports flexible working time models to orientate itself more towards the needs of the employees and to support a healthy work-life balance. Depending on the type of work responsibilities, VARTA offers various shift models, flextime arrangements, old-age part-time and mobile working. In future, there are plans to implement a program for job rotation and offer options to work at other VARTA locations for a limited time.

Benefits are intended to serve the employee and are therefore adapted to country- and location-specific conditions. Statutory social and health insurance and the granting of paid vacation, maternity protection and maternity leave are provided at all locations. Additionally, certain sites subsidise meal and health offers, provide leave for certain family-related events, and pay financial bonuses for long service, individual achievements, or business success. The same benefits are offered regardless of the type of employment (part-time or full-time). Parental leave, pension subsidies and medical care are available to all employees. Group accident insurance in case of death or disability and a long-term incentive are only available to higher levels of management. Special regulations apply in certain cases for persons employed for a limited period of time.

Employees in management positions worldwide are entitled to bonuses depending on individually agreed targets. Within the framework of the collective labour agreements at the German locations, employees also receive a monthly performance allowance in addition to their basic monthly salary. Furthermore, there are also special payments (e.g. 13th salary) in Germany and large parts abroad for selected employees.

› **Freedom of association and collective bargaining**

Training and development

VARTA promotes the career growth of talent. In 2022, the company spent more than 1m € to train employees of all job functions, levels and age groups.

VARTA is committed to young talent because the company believes: the young talent of today are the battery experts of tomorrow. Currently, VARTA offers 14 different apprenticeships and dual study programmes. Within the framework of these programmes, almost 80 people are learning a profession at the company. As part of this, the VARTA Academy - the training centre at the headquarters - offers training on state-of-the-art equipment. VARTA looks for young talent directly at the source by establishing a presence at fairs and direct project-related cooperation with schools and universities. In addition, applicant workshops in cooperation with schools in the region are run to adequately prepare students and support them in the application process. To promote career mobility at German sites, VARTA offers leadership programmes with training and workshops for experienced, new, and prospective managers. These programmes support existing, aspiring and prospective leaders and are coached by external experts. Together, the participants work on developing their own leadership style and improving communication within teams.

› **Community engagement**

Apprenticeships and dual study programmes at the sites in Germany

Apprenticeships

- Machine and plant operator
- Industrial mechanics
- Tool mechanics
- Electronic technicians for automation technology
- Industrial clerk
- Warehouse clerk
- IT specialists for system integration

Dual study programmes

- B.A. Business & industry
- B.A. Digital business management
- B.Sc. Business informatics
- B.Eng. Business engineering
- B.Eng. Mechanical engineering
- B.Sc. Electrical engineering

Needs-based training

To contribute to the development of knowledge and skills, training is offered at all locations as needed. The majority of the employees receive a standardised annual appraisal or performance review based on which, among other things, individual training needs can be identified. These training programmes can comprise both functional and "soft skill"-oriented content. VARTA aims to further increase its efforts in this area and standardise processes to provide access to a training and development plan within the next year.

In accordance with the collective bargaining agreement, employees at the German locations can reduce their working time ("Bildungsteilzeit") for a limited period, giving the employee time to pursue further education in part-time at a vocational college or university. Alternatively, VARTA also provide the possibility of "exit with rehire"-agreements when an employee would opt to pursue an external full-time education. At the German locations, the employees completed a total of 138 045 training hours.

VARTA is committed to young talent because the company believes: the young talent of today are the battery experts of tomorrow.

Employee sustainability training

VARTA has set the goal of raising awareness for sustainability amongst employees and imparting knowledge. For this reason, training courses on topics such as human rights, sustainable supply chains and energy saving have been developed. In total, almost 180 employees were trained in the reporting year on sustainability topics.

To anchor the implementation of the human rights strategy and the defined guidelines in the company in the best possible way, employees were trained online and in-person on the topics of sustainability and human rights. Due to the increased sustainability-related risks in supply chains, 92% of employees in the International Strategic Sourcing Department were trained on the topic of sustainability in the supply chain and in particular the supplier-related requirements. Furthermore, due to the equally close interfaces with suppliers, the training concept was extended to the areas of supply chain management and quality where 28 employees have been trained.

Security staff have a special responsibility to protect production sites and work in close contact with people. To ensure they perform their work responsibly and professionally all relevant internal employees and external security forces, numbering nearly 30 received security training with a focus on human rights.

In 2022, VARTA launched one-day workshop leadership programs for managers focusing on the topic of sustainability. These trainings were cross-company and cross-departmental. Overall, 56 managers were sensitised to sustainability and developed strategies for its implementation within their own departments using their unique personal leadership style. In 2023, the training programmes will be extended to other areas and the knowledge of previously trained employees will be refreshed.

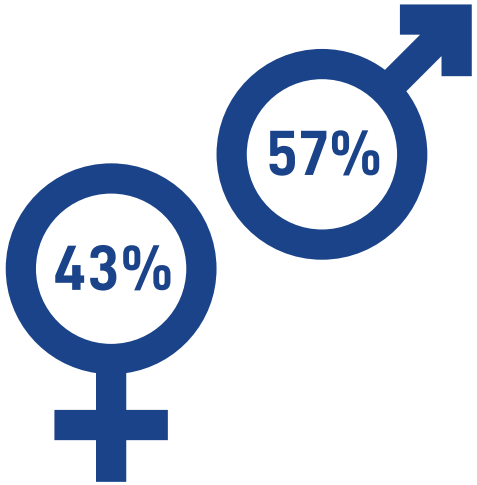
Diversity and inclusion

Innovation thrives in a diverse environment where everyone can contribute. VARTA is proud to have women constituting 43% of the workforce. Embracing multiculturalism and inclusion is an important factor for VARTA's success as it aligns with diverse stakeholders. VARTA operates in over 75 countries around the world and employs people from diverse nationalities and backgrounds.

Moreover, by bringing in a diverse workforce, various ideas and approaches are made possible, VARTA can expand its technological lead and develop new innovative solutions. Today, 21% of the employees worldwide are 30 years or younger. In this way, they contribute to a diverse corporate culture.

In accordance with local laws and, where applicable, collective labour agreements, special protective measures apply to (expectant) mothers and their workplace on issues such as maternity protection, overtime, night work, work with hazardous substances and time off for breastfeeding, among others. In the upcoming years, VARTA is committed to working on the issue of equal opportunities and to develop it further.

Goal 3:
Diversity and equal opportunities



11% of the employees are foreign nationals.

48 different nationalities are working together at VARTA.

Community engagement

As a global company with a strong regional footprint, VARTA aims to share its growth with people regionally and globally. Being a corporate citizen, VARTA capitalises on its resources to create opportunities for communities and engage with stakeholders. The exchange with stakeholders helps VARTA reflect on its own measures and strategies and take the interests of these groups into account appropriately.

The company consistently supports social and environmental projects to generate positive impact – within and outside the factory gates.

Engagement in sports

VARTA sponsors local clubs such as TSV Nördlingen and FC Ellwangen to ensure an energetic and lively sports culture for current and prospective employees. VARTA is also firmly committed to youth development. Since 2014, young athletes from all over Europe compete in the annual VARTA Cup (the international U15 tournament), which is hosted by "SK Rapid Wien". Since May 2021, VARTA has also been the official premium partner of the Austrian Tennis Association (ÖTV) in the youth and junior leagues. Meanwhile, the digital sports world was equally supported: together with eSports players and streamers, a community gaming event was organised and VARTA has been partner of the eSports Team FOKUS. Additionally, all eSports players and content creators of FOKUS were equipped with suitable products. Moreover, VARTA invited four Formula Student teams to the "Afterseason Raceday" in Nördlingen at the airfield in 2022. This day was intended to function as a platform that promotes and advances the discourse on the technical challenges of mobility.

Since 2020, VARTA has partnered up with FC Bayern Munich. Under the slogan of "Maximum performance, pure passion", both partners have been united by their constantly repeated top performances as well as their high standards and passion for what they do.

For several years, VARTA, together with its subsidiary brand power one for hearing aid batteries, has been sponsoring the German Deaf Sports Association to support people with hearing loss. The partnership is intended to assist with individual support for athletes, help with the purchase of sports-specific equipment to increase technical skills and create additional infrastructure for nutritional advice or coaching. VARTA further supports the "Hear the World Foundation" by providing hearing aid batteries.

Engagement on site

Within the company, VARTA launched a "Car Free Weeks" campaign in 2022 at the German sites to encourage the employees to switch to public transport and bicycles where possible and to start carpools to reduce emissions. Afterwards, VARTA collected feedback from the employees on the initiative to monitor employee commitment and engagement. In addition, VARTA participated in the city cycling event "Stadtradeln" and pedalled for to promote cycling, climate protection and quality of life. At the end of the year, a digital sustainability advent calendar was filled with 24 ideas around environmental protection, mindfulness, and charity to ring in the end of the year for all employees worldwide. Together, the employees have engaged in strong teamwork: they showed remarkable sportsmanship when playing football together in the VARTA internal football tournament, celebrated their milestones together at a summer party and demonstrated generosity of spirit at successful typification campaigns for the DKMS (world's largest bone marrow donor centre) at the German locations. VARTA has not forgotten the dearest of its employees either: family days were held in Brasov for the staff and their families to thank them for their work and the support of their families. VARTA made financial donations to UNICEF for emergency relief in Ukraine. Additionally, the company provided in-kind donations in February 2023 to support Red Cross disaster relief efforts in response to the earthquake in Turkey and Syria.

Engagement with youth

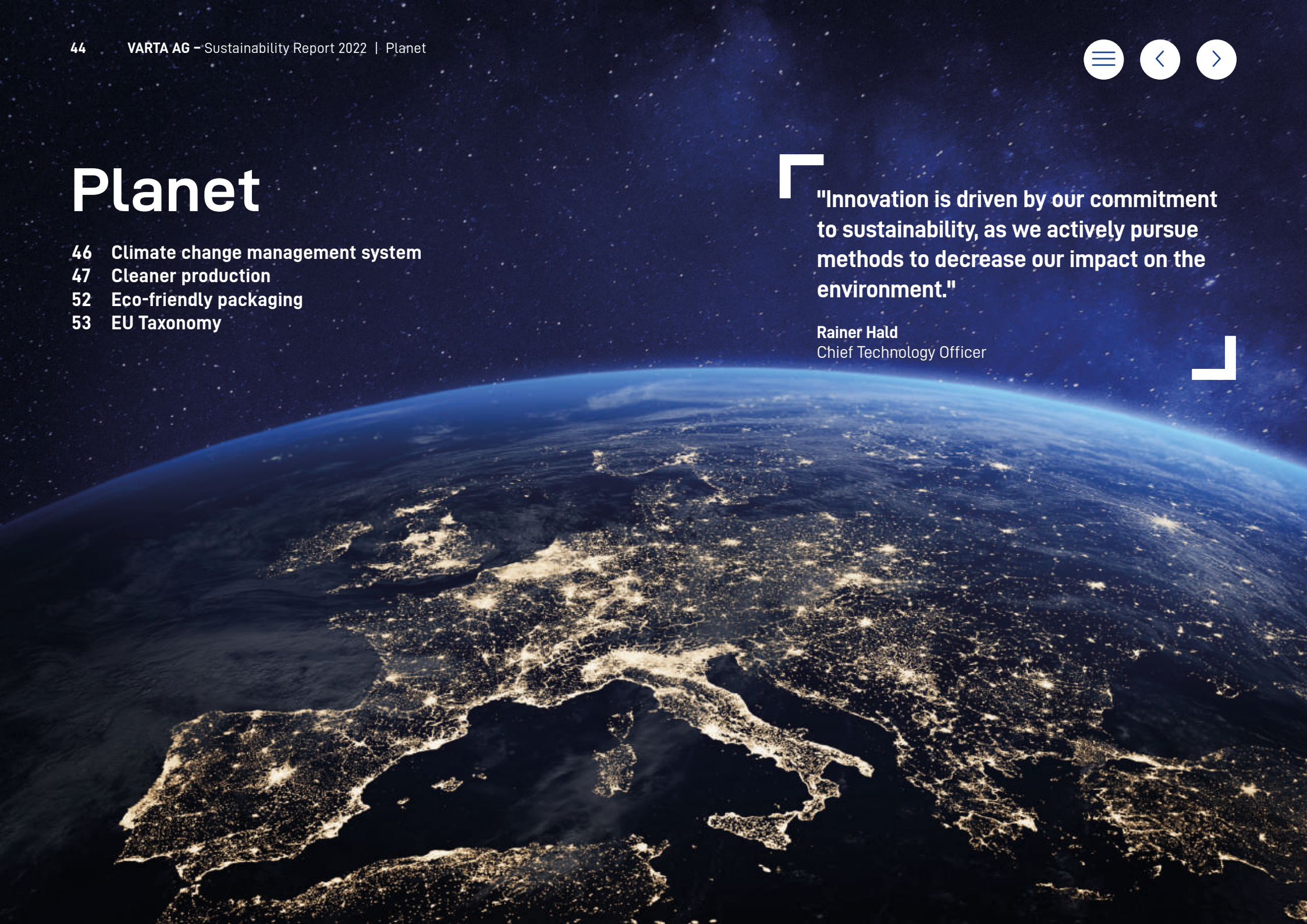
Outside the factory gates in Brasov, children from economically disadvantaged families were supported with shoes and school backpacks to promote their inclusion and education. During the Christmas season, VARTA further supported a gift campaign for orphans. Additionally, the Romanian employees ran and cycled many miles for various public and charitable sports events all year round with the aim of raising funds for people in need of support and promote employee health. Throughout the year, plastic caps were collected by the staff in Brasov and donated to an NGO which recycles them. The money raised from collecting the caps is donated to charitable causes.
VARTA also supports other projects in their sustainability drive and works together with schools and universities in Germany: in the summer of 2022, a sustainability camp was held at the Nördlingen site, and an employee survey was conducted together with the students. As part of the hackathon at Ansbach University of Applied Sciences, students developed proposals for an internal communication concept on the topic of sustainability.

Together, the employees have engaged in strong teamwork.

Planet

"Innovation is driven by our commitment to sustainability, as we actively pursue methods to decrease our impact on the environment."

Rainer Hald
Chief Technology Officer



Executive summary

Planet

VARTA charges towards a more sustainable future and aims to power a low-carbon world with innovative solutions.

› Climate change management system

VARTA addresses the risks and opportunities related to climate change, by considering factors such as compliance, financial risks, resilience, business opportunities, and long-term viability. This approach also enables VARTA to align with the interests of stake holders throughout the value chain, including customers, investors, and the communities in which VARTA operates.

› Energy management

In 2022, VARTA made substantial progress in minimising its environmental impact and enhancing its sustainability performance. The technology leader invested in renewable energy by installing further solar panels at its manufacturing sites to boost its generation of green electricity.

› Waste management

Additionally, VARTA is continuously improving its waste management practices, processing 3 002 tons of materials for recycling.

› Value chain engagement

VARTA has also collaborated with its suppliers to adopt more sustainable methods and has started electrifying its logistics through a partnership with a sustainable haulage partner. VARTA is transparent about its environmental performance by verifying its greenhouse gas declaration by a third-party.

› People

Considered one of the industry's top recruiters, VARTA's biggest asset is its employees who drive the sustainability efforts. It raises their awareness of its importance and educates them on its implementation through year-round programmes. These initiatives include training, setting goals and targets, organising eco-friendly events, promoting sustainability in the workplace, and acknowledging and rewarding efforts.

› Cleaner production

Going forward, VARTA will continue to prioritise enhancing its sustain ability performance and reducing its environmental impact. Therefore, the company disclosed its environmental data through the Carbon Disclosure Project (CDP) for the first time in 2022. CDP is the gold standard for corporate environmental reporting and is fully aligned with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Furthermore, in December 2022 the Executive Board of the technology leader has declared its commitment to the Science Based Target initiative (SBTi) and aims to submit a near-term target in line with a 1.5 degree path for official validation within the next two years. This involves developing and validating science-based targets to further decrease its greenhouse gas emissions and increasing the annual procurement of electricity from renewable energy sources to 100 percent by 2030.

VARTA is committed to increasing the annual procurement of electricity from renewable energy sources to 100%, company-wide by 2030.

VARTA's scope 1 & 2 emissions have been **reduced by 62%** over the last two years.

100% of VARTA's production sites in Europe conduct an **energy-related audit** regularly.

Climate change management system

VARTA is addressing potential risks and opportunities related to climate change by implementing a climate change management system, which is integrated in its corporate management system.

› Governance structure

Transition risks

Since 2022, VARTA has been implementing the guidelines of TCFD. The company is continuously enhancing its reporting on the management of climate risks and opportunities. These are categorised into transition and physical, with a dedicated programme designed for each.

Climate-related transition risks refer to the potential financial and strategic impacts of changes in policy, technology, and market conditions as society moves towards a lower-carbon economy.

To manage regulatory and policy risks, it's vital to respond proactively to emerging regulations like carbon taxes, carbon border taxes and EU battery rules. Failure to disclose product carbon footprints or meet EU regulation thresholds may prevent sales and cause revenue loss. VARTA utilises high-end technology solutions to perform life-cycle assessments for less carbon-intensive batteries. This proactive approach will help VARTA meet new regulations and policies while creating opportunities for sustainable product development and market competitiveness.

› Cleaner production

Climate-related technology risks refer to the possibility of low-carbon alternatives replacing existing products. As a battery producer, VARTA's commitment to the industry's vision to create more sustainable products is vital for the low-carbon transition. To achieve this goal VARTA invests in research and development to improve technology competitiveness while reducing operational impact. Market risks arising from climate change, impact VARTA due to customer actions. They are expected to have a low impact on the growing market for battery-powered products. However, customers' efforts to reduce emissions may increase operational costs and affect battery purchasing.

The demand for renewable energy and lower carbon emissions creates risks and opportunities for VARTA's business model. To manage these risks, VARTA aims to purchase 100% renewable electricity by 2030 and identify cost-effective methods to achieve it. VARTA will disclose its strategy for achieving near-term science-based targets and all other climate-related initiatives integrated into the decision-making process to manage these risks.

Physical risks

Physical risks can be classified as acute or chronic. Acute risks are short-term, like floods, heatwaves and fires, which can damage assets and disrupt supply chains. VARTA monitors and assesses these risks to minimise their impact. An analysis identified flood and drought risks and long-term temperature increase for the relevant production sites. VARTA will manage these risks accordingly. To prevent production disruptions, preventive measures are being installed, such as back water flaps gates at its Ellwangen plant.

› Climate change management system (Methodology)

Cleaner production

VARTA fosters an innovative culture by encouraging continuous improvement and research and development to drive efficiency in resource utilisation.

Goal 4:
Sincere responsibility for the planet

Innovation

VARTA develops innovative technologies, products and processes, that are more efficient and use resources responsibly. In 2022 its investments in research and development have risen to 33m €. To strengthen synergies for innovative technologies, it collaborates with research institutes and reputed universities, to jointly create more sustainable products. It also partners with businesses to develop more eco-friendly solutions. To optimise the use of its resources, VARTA adopts best practices and industry standards that are related to resource efficiency and sustainability. To ensure a consistent success, it sets targets and measures progress in resource efficiency and sustainability. By tracking progress towards meeting these goals VARTA maintains its position as a progressive company in the industry.

Life cycle assessment of products

A Life Cycle Assessment (LCA) is a comprehensive assessment of the environmental impacts of a product, process, or service from raw material extraction through production, use, and disposal. The purpose of a LCA is to understand and quantify the environmental impacts associated with a product or process throughout its entire life cycle. It also identifies opportunities for improving environmental performance and reducing negative impacts. VARTA utilises LCA as a tool to support decision-making in a variety of contexts, including product design, supply chain management, and environmental policy. It provides a holistic view of a product's environmental impact and can be used to compare the environmental performance of different products or processes. By quantifying the environmental impact of its products, VARTA can make informed decisions that can help reduce environmental impact and improve sustainability performance.

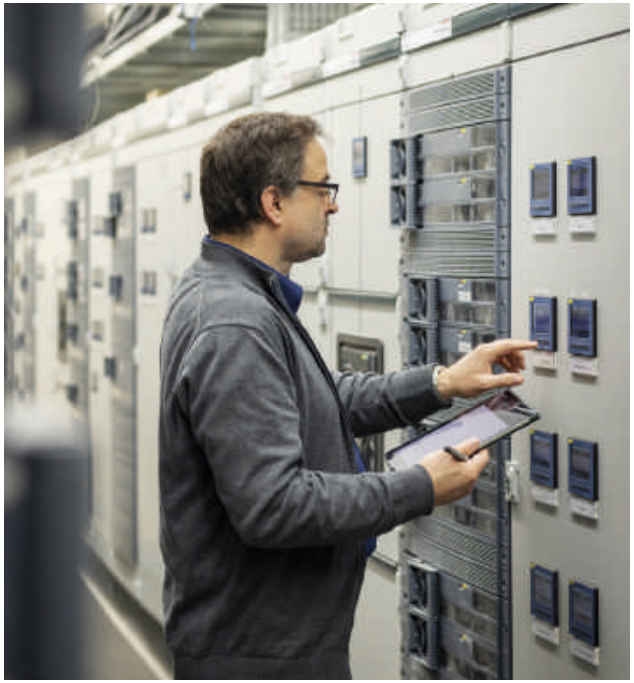
PAS 2060

PAS 2060, as a standard for carbon neutrality, provides a framework to measure, reduce, and offset VARTA's greenhouse gas emissions associated with new buildings on two sites. Currently, the company is in the preparation phase, involving gathering the necessary representative data and documentation to conduct a carbon footprint assessment. Additionally, the carbon footprint for the new buildings using the PAS 2060 methodology is being calculated. VARTA is simultaneously developing and implementing strategies to reduce the carbon footprint. These strategies include increasing energy efficiency, adopting more renewable energy sources, and reducing waste.

Resource efficiency

Improving resource efficiency at VARTA is crucial to minimise the environmental impact of battery production.

The technology company aims to minimise the use of raw materials in its production by implementing more efficient manufacturing techniques and designing batteries for recyclability. It strives for reduction of the volume of waste generated in the production of its products by implementing waste reduction strategies. VARTA is reusing materials, such as 25% of the plastic in its injection moulding process and is recovering over 43% of solvents used in the coating process. This approach can help to reduce the demand for raw materials and environmental impacts. Improving resource efficiency has several benefits, including reducing costs, improving competitiveness, and reducing environmental impact. It also helps to maintain the long-term sustainability of VARTA.



Energy & environmental management

To lower energy costs and reduce environmental impact, VARTA's goal is to further enhance sustainability performance. For this reason, VARTA is using electricity from renewable sources at all German production sites, and implemented a digital energy management system, which helps to identify and prioritise energy-saving opportunities, optimise production processes, encourage energy-saving behaviour and upgrade to energy-efficient equipment. The technology company aims to have this approach reviewed by an independent party in 2023. All of VARTA's production sites hold ISO 14001 certification and have undergone an energy-related audit. Thereby, relevant air emissions are measured and monitored as per the regulatory requirements. As an industry leader in energy efficiency, its measures extend beyond ISO certifications. These include conducting a third-party reassurance that will help identify more opportunities to save energy, lower energy costs, and reduce its environmental impact. Annually a management review meeting with the CTO is held to directly report on current and completed projects.

Goal 5:
Striving for energy-efficiency

In the reporting year, VARTA supported almost 180 employees in their efforts for sustainability through training, on relevant policies and climate accounting. Energy is a valuable resource, yet its fossil sources are one reason for rising global temperatures. Consequently, VARTA determines specific, measurable, achievable, relevant, and time-bound goals to work towards. This includes transitioning to 100% renewable electricity by 2030. In 2022 it installed further PV Systems that produce up to 91 MWh of green electricity per year. Furthermore, VARTA is using green gas supply for district heating at one production site, that lowers carbon emissions by 37 tCO_2e.

To mitigate the risks arising from geopolitics and energy scarcity VARTA works on increasing its own generation of energy and its energy purchases from renewable sources. It aims to address fluctuations in the global energy markets and boost the resilience of its business model.

Energy consumption in MWh

Location	2020	2021	2022
Ellwangen	31 007	33 378	32 528
Nördlingen	13 313	23 345	29 124
Dischingen/Neunheim	18 017	19 095	19 171
Brasov	1 986	2 990	2 949
Batam	2 241	2 074	1 797
Total	**66 564**	**80 874**	**85 569**
Total Energy/FTE [MWh/FTE]	**14.5**	**17.3**	**18.7**
Total Energy/Revenue [MWh/m€]	**76.6**	**89.6**	**106.1**

For more information on the methodological approach, standards, and calculation basis, please refer to **› Energy management (Methodology)**.

VARTA has successfully installed more PV-systems with a performance of 99 kWp at its sites.

Waste management

VARTA's comprehensive approach to waste management includes reduction, reuse, recycling, and disposal. It implements several waste recycling strategies that involve redesigning products for recyclability, reducing packaging, and improving the efficiency of production processes. Materials are reused either within the company or by selling them to other organisations. 58% of the waste generated by production is sent to facilities for recycling. The remaining waste is disposed of by these facilities in accordance with legal requirements.

Total waste and proportion of recycled waste in t

Location	Waste generated	Hazardous waste generated	Waste recycled
Ellwangen	2 066	1 125	1 106
Nördlingen	1 020	714	303
Dischingen/ Neunheim	1 592	258	1 194
Brasov	398	2	377
Batam	78	15	22
Total	**5 154**	**2 114**	**3 002**

VARTA's commitment to maintain sustainable waste management extends to its waste management firms. To maintain their adherence to its sustainability standards the VARTA disposal service provider policy was introduced in the reporting year. The policy requires suppliers to abide by the amfori BSCI Code of Conduct and adhere to due diligence regarding human rights. The policy is also compliant with international environmental conventions such as the Montreal, Basel, and Minamata Conventions. To support its business partners, VARTA launched a questionnaire to collect information about its waste management processes.

It analysed information about the type of waste and material flows handled by its waste companies and is jointly working with them to enhance its recycling processes. In the reporting year, 94% of relevant German waste management firms and all Indonesian disposal service providers accepted the policy and responded to the questionnaire. In 2023, VARTA plans to implement the policy for the residual waste management companies.

Water management

Water management at VARTA includes monitoring water usage, optimising water consumption and implementing water circularity systems. Water stewardship of VARTA's surrounding natural resources is one of its high priorities, and hence it follows the best industry practices in wastewater treatment. Whilst water at VARTA is primarily used for sanitation purposes, the evaluation of potential water hazards at production sites is included in its environmental management procedures. The environmental policy of VARTA promotes the prudent use of this crucial resource by all sites and their staff. Its management approach will entail a process for executing strategies within the organisation spanning its operations that address potential water-stress related risks. Currently, VARTA is assessing the materiality of water and prioritising sections of the value chain. It is also evaluating solutions utilising innovative water conservation technology, while striving to set and disclose corporate targets for water. Furthermore, VARTA's water treatment facilities are compliant with relevant regulations and laws related to water usage and conservation. Consequently, the groundwater remediation and groundwater monitoring established at the Ellwangen site has been consistently pursued since 1990.

Water consumption in m^3

Location	2020	2021	2022
Ellwangen	17 359	17 215	18 540
Nördlingen	2 989	3 252	6 740
Dischingen/ Neunheim	9 203	8 468	9 163
Brasov	2 679	3 045	2 956
Batam	13 695	14 204	12 078
Total	**45 925**	**46 184**	**49 477**
Water consumption/FTE	**10.0**	**9.9**	**10.8**
Water consumption/revenue [m^3/ m€]	**52.8**	**51.2**	**61.3**

i

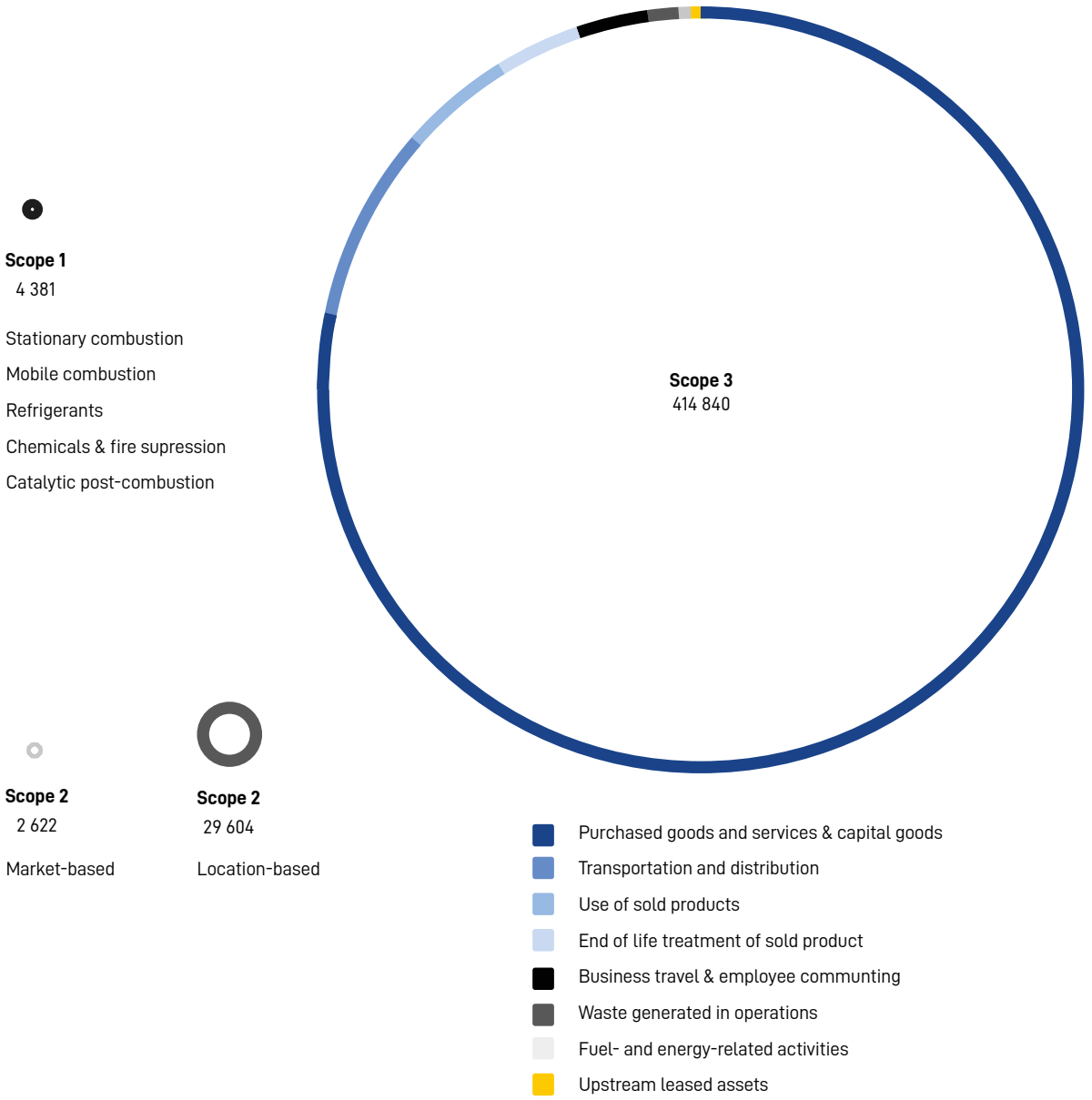
VARTA participates in the return systems of GRS and REBAT, which achieved a **collection rate of over 50%** in 2021.

Greenhouse gas emissions

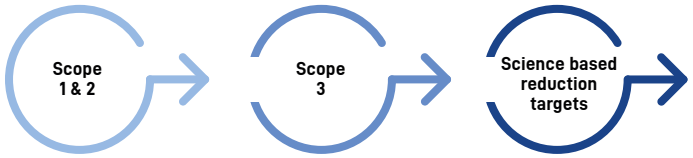
VARTA is committed to reducing its greenhouse gas emissions in line with international guidelines and sustainability reporting frameworks. It is quantifying, assessing, and monitoring emissions of greenhouse gases from all relevant sources. This involves determining the quantities of CO_2, methane, nitrous oxide, and other gases produced both inside and outside the organisation. In 2022, the technology company made significant progress in its efforts to account for the carbon footprint of its entire value chain. By including scope 3 emissions in its calculations, VARTA is addressing the challenge of mitigating and adapting to the effects of climate change as an environmentally responsible industry leader. The establishment of a robust data framework through a third-party verification is the initial stage towards a comprehensive and science-based approach to reduction targets aligning the 1.5 degree pathway.

VARTA participated in the UN Global Compact SDG Ambition Accelerator Programme in 2022 to advance its efforts towards achieving science-based emissions reduction in alignment with the 1.5 degree pathway.

VARTA's greenhouse gas emissions in tCO_2-eq



Holistic and science-based climate change management system



This approach is independently verified by a third-party audit in accordance with the requirements of ISO 14064. For more information on the methodological approach, standards, and calculation basis, please refer to › **Greenhouse gas emissions (Methodology)**.

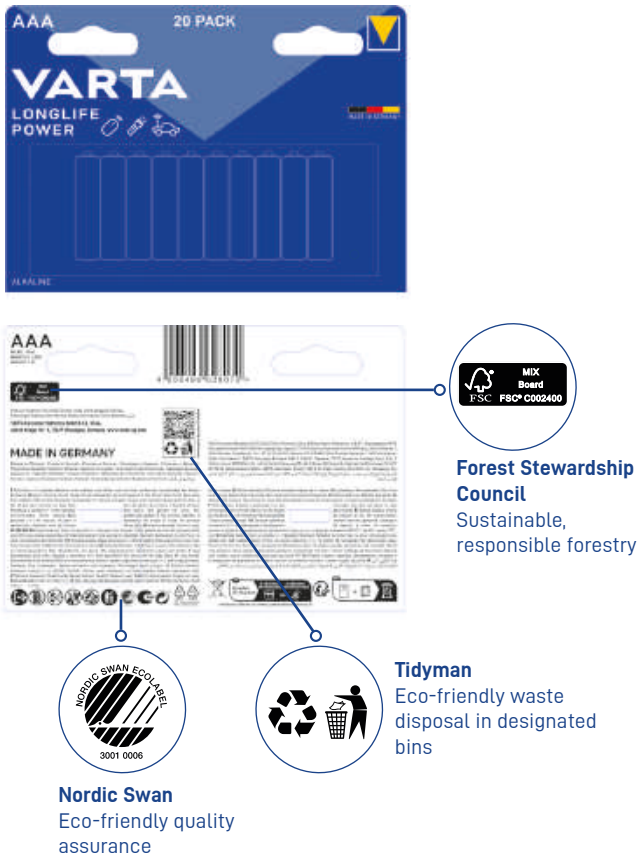
The preservation of biodiversity

In recent years, VARTA's efforts to conserve biodiversity have been focused on a specific forested area near its production site in Ellwangen, Germany. This forest, which is a natural protected monument and biotope, was found to be suffering from an infestation of a certain insect species that posed a risk to both human health and the forest's ecosystem. To tackle this issue, a series of measures were developed in collaboration with local and governmental bodies and implemented. These measures have proven effective in curbing the threat posed by the insect population, as there was no reoccurrence of the poisonous insects in 2022. Monitoring will be continued in 2023 to assess the effectiveness of the measures. Additionally, sites in Batam, Indonesia and Dischingen, Germany near water protected areas are monitored rigorously in accordance with its certified environmental management system.

The latter production area is also monitored by official regulations, as only processes with potentially low environmental impacts take place at the first. As a company committed to sustainability, VARTA recognises its responsibility to minimise any negative impacts on the regions and natural habitats surrounding its sites. It actively strives to promote and effect positive change.

Eco-friendly packaging

As a technological leader, VARTA is ramping up its investments in eco-friendly packaging and broadening its range of self-developed single material packaging solutions.



Labelling

VARTA's approach to making its product packaging more sustainable involves boosting the use of recycled materials and reducing the packaging volume. It achieves this by increasing the proportion of renewable fibres sourced from Forest Steward Council (FSC) certified providers. It also works with its suppliers to develop more sustainable packaging practices.

VARTA's packaging is a testament to its commitment to utilising technology to innovate environmentally sustainable materials. The packaging of VARTA Consumer Batteries products is marked with all necessary and legally mandated labels. The ink used for colouring and packaging its products conforms to RoHS and REACH regulations. Of all products marked with the Nordic Swan Ecolabel, at least 80% of the packaging is made from recycled materials. Furthermore, special consideration is given to ensure that all individual parts, such as cardboard, paper, and plastic, can be easily disassembled for recycling. The majority of VARTA's rechargeable batteries amounting to over 67% were sold in packaging solutions that were free of plastic.

Improvements

As a result of these measures, VARTA was able to achieve a 25% reduction in plastic packaging for VARTA Consumer Batteries product portfolio in 2022 compared to 2020. At the same time, it improved child safety of button cells with its packaging concept. Within its Alkaline portfolio, VARTA succeeded in increasing the number of plastic-free packaging from 18% to 36% compared to 2020. The technology company plans to reduce its plastic consumption even further, up to 35%, in 2023. To secure adequate capacities, it allocated more than 12 million euros in 2022, and has plans to allocate additional investments to this effort. In the reporting year, machines were procured which have the capability to package over 400 million batteries in an eco-friendly way. This acquisition serves to solidify VARTA's commitment towards implementing a sustainable strategy for packaging its products in the long term.

› **Product stewardship**

100% of VARTA blister cards are manufactured of FSC-certified fibre material.

EU Taxonomy

As part of the European Green Deal, the European Union (EU) has set the goal to reach climate neutrality until 2050. The EU developed an action plan to finance sustainable growth, aimed at redirecting capital flows to sustainable economic activities. One component of which is the action plan on sustainable finance and the associated EU taxonomy. The latter is a classification system that defines which business activities can be considered as sustainable. VARTA has assessed the compliance of its products and services with Taxonomy Regulation (EU) 2020/852 and the subsequently published Delegated Acts.

	Total [m.€]	Taxonomy-eligible [%]	Taxonomy-aligned [%]	Taxonomy non-eligible [%]
Revenue	807.6	31.3	0	68.7
CapEx	156.0	16.3	0	83.7
OpEx	52.9	34.0	0	66.0

Methodology and results

VARTA can make a significant contribution to achieve this ambitious goal and therefore reports on its taxonomy-eligible and taxonomy-aligned business activities. For the fiscal year 2022, technical criteria were available for the first two environmental objectives. As a leading battery manufacturer, the criteria of the first environmental objective "climate change mitigation" is particularly relevant. VARTA's economic activities assigned to criteria set 3.4 "Manufacture of batteries", which includes rechargeable battery solutions for transportation, energy storage, and other industrial applications, are taxonomy-eligible. Beyond this, VARTA's efforts in research and development enable it to continuously reduce the negative environmental impact of other VARTA products. Consequently, they are categorised as taxonomy-eligible in terms of criteria set 3.6 "Manufacture of other low carbon technologies". This is due to their high cycle stability and energy density and thus a potentially significant lower carbon footprint, compared to alternative products. To ensure the products meet taxonomy alignment, evidence of alignment is required by industry benchmark. Currently, there is lack of transparency and available data to benchmark the products under 3.6 to meet the necessary criteria for alignment. VARTA's activities were also screened to identify further economic activities related to the environmental objective "Adaptation to Climate Change" (Annex 2 Commission Delegated Regulation 2021/2139). No activities from Annex 2 Commission Delegated Regulation 2021/2139 were identified that were not already identified through the allocation to activities from Annex 1 Commission Delegated Regulation 2021/2139.

In addition to taxonomy eligibility and substantial contribution, the relevant experts assessed specific "Do No Significant Harm" (DNSH) criteria at the economic activity level. The criteria outlined in Appendices A, B, C, and D relating to Annex I of the Delegated Regulation (EU) 2021/2139, as well as the requirements for "minimum safeguards", were assessed on companywide level. In 2022, VARTA reported for the first time on physical climate risks in accordance with the guidelines of the TCFD. Within the climate risk and vulnerability assessment, the types of climate risks from the list in Section II of Annex A were identified and evaluated. To implement adaptation solutions for the most important climate risks of existing activities for which existing physical assets are used, a detailed adaptation plan is being developed. As an adaption plan is a requirement for alignment, the investments, operating expenses and turnover corresponding to economic activities as defined by the EU taxonomy are reported as Taxonomy non-aligned for the reporting year 2022. The continued prevailing uncertainties regarding the interpretation of the EU Taxonomy may, however, lead to divergent assessments in the coming year. 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.

› **Calculation of EU Taxonomy indicators (Methodology)**

Annex

Sustainability performance

Shaping the future

KPI	Baseline
R&D expense ratio	2.9% in relation to turnover
Initial applications for protective rights	21
Funded research projects	42
Production sites certified in accordance with ISO 9001	100%
Penalties or legal proceedings concerning product safety, marketing or labelling	0

Sincere responsibility for people

KPI	Baseline
Percentage of employees covered by collective bargaining agreements or aligned with such	96%
Number of new employees	534
Hours of training at German locations	138 045
Employees trained on sustainability topics	179
Contract type of employees	Limited: 12% Unlimited: 88%
Number of apprenticeships and dual study programmes	14
Production sites with WCA Audit	100%
Employees covered by worker representatives	92%
LTI	0.11
LTIR	12

Sincere responsibility for people

KPI	Baseline
Complaints via grievance mechanism	0
Average share of local sourcing	51%
Targeted suppliers audited according to amfori BSCI or equivalent	42%
VARTA's suppliers with increased sustainability-related risks have signed the VARTA Supplier Code	84%
Purchasing volume at suppliers with increased sustainability-related risks	39%

Sustainability performance

Diversity and equal opportunities

KPI	Baseline
Gender distribution	Female: 43% Male: 57%
Age distribution	<30 years: 21% 30 – 50 years: 39% >50 years: 40%
Regional distribution	Europe: 82% Asia: 17% North America: 0.4%
Nationalities	48
Employees with nationality other than country of site location	11%
Employees covered by collective bargaining agreements or aligned with such	96%

Sincere responsibility for the planet

KPI	Baseline
Total energy consumption	85 569 MWh
Total water consumption	49 477 m^3
Total waste generation	5 154 t
Production sites certified in accordance with ISO 14001	100%
Relevant German waste management companies that accepted the waste policy	94%

Striving for energy-efficiency

KPI	Baseline
Regular energy-related audit of production sites	100%
Percentage of renewable electricity used in production	93%

Methodology

Sustainability at VARTA

Definitions of material topics

Environment

Climate change mitigation and environmental challenges

As greenhouse gas emissions from anthropogenic activities have peaked over the last decade in human history, more emissions than ever have been building up in the atmosphere. Changes in the atmosphere cause temperatures to rise and thus, affecting climate and environmental disasters such as floods, droughts, and wildfires. These climate disasters bring about significant damage and costs to societies, economies, and the environment. For this reason, companies must also adapt to the new conditions. Businesses play a significant role in mitigating climate and addressing environmental challenges. Measures to reduce greenhouse gas emissions by corporates over the entire value chain is crucial. Taking action concerning climate change and environmental impact, impacts societies, economies, and the environment positively. Measures in energy management and the reduction of the carbon footprint of the products are important elements here.

Resource conservation

Appropriate due diligence processes implemented concerning battery production, contribute towards the protection of surrounding habitat, soil, and water. Taking action concerning resource conservation aims to preserve air quality, biodiversity, and promote recycling concept as well as circularity.

Governance

Innovation and sustainable solutions

Proactively addressing the fundamental challenges of our time strengthens innovative power and offers opportunities to shape the future. The safety of products is a top priority and is an essential starting point in the development of new technologies.

Compliance and business ethics

Compliance refers to the act of adhering to laws, regulations, and ethical standards in business operations, with the aim of ensuring that the business operates in a responsible and sustainable manner. It includes a range of factors, such as anti-competitive behaviour, anti-corruption measures, business integrity, the integration of environmental, social, and governance (ESG) considerations into the governance structure, cyber security and privacy, ethical marketing campaigns that focus on social and environmental impact, management systems and processes, the resilience of the business model, and tax transparency and contributions. By adhering to laws, regulations, and ethical standards, companies can build trust and confidence among stakeholders, including customers, investors, employees, and the wider community. Compliance also helps companies to avoid legal and reputational risks, and to maintain a competitive advantage in their respective markets.

Due diligence and responsible sourcing

Due diligence means the introduction of processes to ensure compliance with sustainability criteria throughout the value chain. An essential starting point is responsible sourcing of raw materials. The establishment of adequate processes contributes to enhancing transparency and mitigating existing and potential risks of these value chains. Due diligence enhances the respect and promotion of human rights including the fight against child and forced labour, and the empowerment of people.

Stakeholder engagement

Stakeholder management is an important component in leading projects and companies to success. Effective communication with stakeholders generates new perspectives, identifies risks and enables positive social impact. Stakeholder engagement involves a variety of activities, such as community outreach, contribution to the development of local communities, promotion of stakeholder participation, donations, sponsoring, volunteering, memberships and partnerships.

Social
Diversity & equal opportunities

Diversity encompasses various aspects (including gender, disability, age, origin, language, culture, level of education, religion, ethnicity, and sexual orientation). Regardless of these aspects, all people should be entitled to the same opportunities including equal and fair pay and should be promoted within the framework of entrepreneurial activity. The benefits of diversity in a company can be manifold: Diversity increases employee retention, improves teamwork, increases employee satisfaction, and reduces turnover. Diversity also breeds a culture of inclusivity, and multiplicity of ideas and approaches to creativity and problem-solving.

Gain, train, retain

Recruiting and retaining employees is increasingly becoming a challenge in the context of the changing work culture and flexible working time models, and the shortage of skilled workers.

Occupational safety, working conditions and employee wellbeing

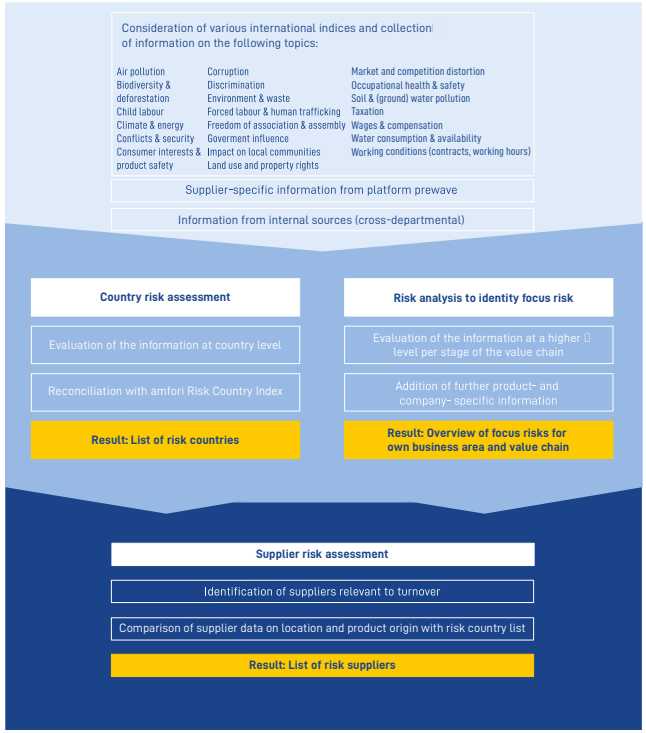
Compliance with human rights standards in the workplace, including the creation of healthy working conditions, sufficient breaks as well as appropriate working hours, have a positive impact on the health and upkeep of the living standards of employees. A clean and safe workplace, personal protective equipment of employees and access to healthcare reduce safety risks and serve as effective measures against negative health effects when handling chemicals, machinery, metals, or minerals.

Governance

Management systems

In Europe, all sites that hold ISO 9001 and 14001 certifications follow a matrix certification system, where a selection of sites are subjected to an annual compliance audit on a rotating basis. In Indonesia, the standard certification process is followed, resulting in an annual compliance audit for all certified sites.

Human rights risk assessment



People

Unless otherwise described, the employees of all locations (production and sales locations) are included in the calculations. This applies to both employees covered by collective agreements and employees not covered by collective agreements. The figures refer to the end of the reporting period. While in the last report the number of employees was given as full time equivalent (FTE), this year the headcount is used as indicator to count employees due to the type of data available. Part-time employees are categorised according to their weekly working hours. At the end of 2022, VARTA had 4 583 FTEs. For this reason, the number of employees has increased and the data basis for calculating further key figures has changed.

Only employees defined by GRI 2-7 are included in the content and calculations. In addition to these employees, other workers are also contracted at VARTA (e.g. interns, temporary workers). However, these workers do not make up the majority of the workforce. For example, the employees at the German sites comprise the largest part of the worldwide labour force and are being assisted by 58 temporary workers and interns (in terms of headcount). While the interns provide support in various specialist areas, especially in the administrative area, temporary workers are primarily deployed in production. In addition, other people from external companies commissioned by VARTA also work on the factory premises for longer periods of time, such as the employees of the security services and the company restaurant.

Health and safety

For reasons of relevance, only the headcount of employees at the production sites are used to calculate the key figures in the occupational health and safety (OHS) chapter.

Employees

Compared to the reporting for the year 2021, the data collection on the turnover rate was expanded due to additional data availability for employees abroad. The rate represents the proportion of employees who have left the company in relation to the total number of employees. In principle, only involuntary fluctuation is considered in the context of the ratio. Unwanted fluctuation includes those departures of employees who have left the company of their own accord. While in the 2021 report the fluctuation is only shown for the German locations, the quota in this report also includes all foreign locations. Due to the unavailability of data, it is currently only possible to make statements on the production sites for selected aspects. Therefore, the data does not yet fully cover the requirements of GRI 2-7. For reasons of relevance and limited data availability, the information concerning contract type and nationalities refers exclusively to employees at production sites. These account for around 94% of the total workforce worldwide. Within the framework of the requirements imposed by laws and reporting frameworks, the Supervisory Board and the Executive Board are also required to report on their activities. The members of the Executive Board and Supervisory Board are all male, between 47-66 years old and of German and Austrian origin. In the coming years, data collection will be expanded and further improved. In 2022, we hired 486 new employees worldwide.

Employees in 2022 in %

New employees by gender	
Female	36
Male	64
New employees by region	
Rest of Europe	27
Asia	3
North America	1
Germany	69
New employees by age group	
<30	39
30-50	51
>50	10

Planet

Climate change management system

To fortify the resilience of the organisation's strategy VARTA is taking the Shared Socioeconomic Pathways (SSPs) and the Representative Concentration Pathways (RCPs) as a comprehensive and coherent framework for future analysis, providing a foundation for the generation of more specific scenarios at regional and sectoral levels into account. The SSPs and the RCPs are a collection of standardised scenarios that describe potential impacts of climate change for the global community. These scenarios take into consideration factors such as possible future greenhouse gas concentration trajectories, societal evolution, demographic trends, economic progress, technological advancements, and their impact on the environment and human welfare. SSPs and RCPs are extensively utilised in the field of climate change research and policy evaluation. The company selected the SSP1-2.6, SSP2-4.5, SSP4-6.0 & SSP5-8.5 scenarios, which provide important input data for the development of RCP2.6, RCP4.5, RCP6.0 & RCP8.5 scenarios. They outline a path of sustainable development characterised by robust economic growth, low levels of inequality, and proactive environmental and social policies, to a less sustainable and unequal path featuring slow economic growth, high inequality, and inadequate environmental and social policies.

By analysing and linking the selected scenarios and the plausible pathways that they represent, VARTA assesses the potential impacts of climate change on its material operations and facilities. Within the scope of the analysis of climate related risks and opportunities, VARTA considered short-, medium-, and long-term time horizons. The RCP4.5 scenario represent intermediate pathway, assuming some efforts to reduce. The VARTA Group concludes that the RCP4.5 scenario is the most likely to occur. This scenario aligns with the national determined contributions (NDCs) that individual countries have currently set. The likelihood of these scenarios occurring will depend on the level of global action taken to reduce greenhouse gas emissions over the coming decades.

By taking these different scenarios into account, VARTA is continuously developing dynamic strategies that will prepare for and respond to the impacts of climate change, regardless of which scenario is realised. They include climate change adaption and mitigation actions such as reducing greenhouse gas emissions, investing in renewable energy, improving energy efficiency, and identifying and addressing physical risks to operations from climate change impacts such as drought, extreme weather events, and shifting rainfall patterns.

Energy management

VARTA's overall energy consumption encompasses various sources such as fuel, heating oil, natural and biogas. Additionally, the company acquires, employs and produces electricity from diverse sources, including renewable and non-renewable. For purchased electricity from renewable sources certificates of origin are available to ensure quality assurance. The data was gathered from invoices and meter readings. The presented data encompasses all production sites. Emissions from sales offices, non-production sites, and sites without direct operational control, are included in category 8 of scope 3. VARTA is actively working on improving its data to ensure a complete inventory by implementing a digital energy management system.

Percentage of energy used that is derived from specific sources

Location	Renewable sources	Non-renewable sources
Ellwangen, BW (GER)	74.6	25.4
Nördlingen, BY (GER)	74.5	25.5
Dischingen & Neunheim, BW (GER)	77.2	22.8
Brasov (RO)	0	100
Batam (ID)	0	100
Total	**71.0**	**29.0**

Detailed energy consumption in MWh

Location	Natural gas	Heating oil	Fuel	Purchased electricity renewable	Purchased electricity non-renew.	Purchased heat renewable	Self-generation electricity renewable	Self-generation electricity non-renewable
Ellwangen, BW (GER)	7 720	3	537	24 266	-	-	2	-
Nördlingen, BY (GER)	7 213	2	211	19 036	-	2 664	-	-
Dischingen & Neunheim, BW (GER)	3 834	8	538	14 764	0	-	35	604
Brasov (RO)	-	1 043	11	-	1 895	-	-	-
Batam (ID)	-	-	-	-	1 797	-	-	-
Total	**18 767**	**1 056**	**1 297**	**58 066**	**3 692**	**2 664**	**37**	**604**

Water management

Water usage was measured using water meters or, when not feasible, through billing records. The data does not include sales offices or non-production sites, which are estimated to account for less than 2%, as well as sites without operational control.

Waste management

The waste generated encompasses both production and administrative waste. Only waste that can be guaranteed to be recycled by VARTA's waste management providers is considered as recycled waste. The quantities were calculated using invoices. Waste from sales offices, non-production sites, and sites without operational control, which is estimated to account for less than 6%, is not included in the data presented.

Greenhouse gas emissions

In the reporting year, VARTA chooses EcoInvent 3.9.1 (IPCC 2021, GWP 100), governmental and environmentally extended input/output analysis databases for calculating GHG emissions and expanded its efforts to include emissions that occurred outside the organisation. Therefore, the company recalculated FY20-21 emissions to increase comparability by selecting the internationally recognised emissions database and other emission factors set by government agencies. Past emission data is recalculated with emission factors according to named references.

VARTA has reported emissions from worldwide production facilities. The boundary applied to gather emissions was the operational control approach. The emissions of the Brasov site were adjusted due to retroactively changed emission factors of power supply. In Brasov, Batam & Dischingen consumption data from refrigerants were partially not available for FY20.

VARTA's GHG emissions in tCO_2-eq

Year	2020	2021	2022
Scope 1	4 085	5 546	4 381
Scope 2*	13 278	1 817	2 148
Scope 3			414 841
Purchased goods and services			322 479
Capital goods**			**
Fuel- and energy-related activities			1 635
Upstream transportation & distribution			44 132
Waste generated in operations			4 133
Business travel			480
Employee commuting			8 358
Upstream leased assets			579
Downstream transportation & distribution			816
Processing of sold products	N/A	N/A	N/A
Use of sold products			17 808
End of life treatment of sold products			14 420
Downstream leased assets	N/A	N/A	N/A
Franchises	N/A	N/A	N/A
Investments			N/A
Intensity per revenue (Scope 1 & 2/m.€)	20	8.16	8.09
Intensity per FTE (Scope 1 & 2/FTE)	3.79	1.58	1.42
Use of biomass (CO_2-emissions outside scopes)	62	284	474

*Scope 2 emissions are calculated with the market-based approach.
Location-based GHG emissions for 2022: 29 606 tCO_2-eq
**Capital goods are included in Category 1

This greenhouse gas inventory was constructed and calculated following the guidelines of the WRI/WBCSD Greenhouse Gas (GHG) Protocol and the ISO 14064. In accordance with the named standards, VARTA separated its scope 1, 2 & 3 emissions. For scope 2, both the market-based and location-based methodologies were used. A combination of hybrid, average, and spend-based methods is used to calculate scope 3 categories. The company is increasing its effort to improve the availability and quality of data.

Scope 1 GHG emissions

The activity data and emissions encompass stationary combustion of fossil fuels, such as boilers, as well as emissions originating from providing energy for processes and backup generators. Additionally, fugitive emissions arising from the use of chemicals, fire extinguishing agents and the utilisation of heating, ventilation, and air conditioning (HVAC) systems are taken into account.

Fuel consumption for the company's vehicle fleet at various locations were derived from invoices. The total fuel expenses and consumption incurred for both company-owned and pool vehicles during a fiscal year. Considering the nature of VARTA's operations, all relevant substances with significant quantities are tracked and their Global Warming Potential (GWP) are determined based on the 100-year values from the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6). The latest AR6 values are utilised in the current inventory.

Scope 2 GHG emissions (location-based)

According to the scope 2 guidance of the GHG Protocol and the ISO 14064, VARTA uses the national or regional emission factors for indirect (scope 2) emissions, which are defined by the EcoInvent 3.9.1 (IPCC 2021, GWP 100) database in each relative region in which VARTA operates.

Scope 2 GHG emissions (market-based)

The calculation of emissions associated with electricity consumption and district heating is based on the most recent emission factors published by the electricity supplier(s), which are specific to the carbon intensity of the purchased energy. The collection and evaluation of market-based emission factors, along with supporting evidence such as energy attribute certificates and supplier invoices, for the reporting period was conducted by the Energy Management Officer of VARTA in accordance with the GHG Protocol standard for scope 2 reporting and the ISO 14064 standard. Considering the nature of VARTA's operations, all relevant substances with significant quantities are tracked and their GWPs are determined based on the 100-year values from the IPCC (AR6). The latest AR6 values are utilised in the current inventory.

Scope 3 GHG emissions

Purchased goods and services:
A combination of hybrid, average, and spend-based methods is used to calculate emissions from purchased goods, services and capital goods. Data is calculated by using EcoInvent 3.9.1 (IPCC 2021, GWP 100) emission factors.

Capital goods:
GHG emissions from this category are included in purchased goods and services.

Fuel- and energy-related activities:
Corresponding emission factors of the German Environment Agency and EcoIvent 3.9.1 (IPCC 2021, GWP 100) are used and multiplied with the amount of energy purchased in production sites.

Upstream transportation & distribution:
GHG emissions from transportation from suppliers to VARTA Group production sites, VARTA-paid transportation to customers, and intercompany transportation are included. The calculations are based on weights from delivery notes, and distances based on country codes. Distances are estimated using justifiable conservative assumptions. The tonne-kilometres of each mode of transportation are multiplied by an appropriate emission factor from EcoInvent 3.9.1 (IPCC 2021, GWP 100) to obtain the total emissions.

Waste generated in operations:
The annual amount of waste generated during production is recorded in waste reports at all production sites, with the types of disposals already differentiated in accordance with the German Circular Economy Act. The type of disposal is assigned to each type of waste based on information from waste disposal companies, disposal certificates, and input from waste officers at foreign sites. The quantities of waste are grouped and summarised by location, hazard classification, and type of disposal. The resulting total amount per category is multiplied by geographically and process-specific emission factors from EcoInvent 3.9.1 (IPCC 2021, GWP 100) to calculate the total emissions from the waste generated during production.

Business travel:
Relevant data on business travel is summarised based on billing data or travel reports. A spend-based approach is chosen for calculations.

Employee commuting:
Relevant data on distances commuted, modes of transportation used, vehicle types, and fuel consumption are collected and based on justified conservative assumptions. In Germany, as a conservative approach, all employees commute to work by car due to the relatively rural location of the production sites. Using the collected data and emission factors from EcoInvent 3.9.1 (IPCC 2021, GWP 100) for each mode of transportation, the total amount of greenhouse gas emissions resulting from commuting can be calculated.

Upstream leased assets:
In the reporting year, the use of facilities such as rented offices, apartments, and warehouses in the upstream value chain of the VARTA Group is considered within the scope. These facilities are summarised by country worldwide and their annual rental costs. The values are aggregated and offset with specific spend-based emission factors. Furthermore, emission factors specific to each asset class are selected.

Downstream transportation & distribution:
The approach includes using generic data to estimate distances based on conservative assumptions and taking weights from delivery notes. The same approach for transportation mode, distance, and emission factors is applied as for upstream transportation. Transport from other companies to customers is not accounted for since it is paid for and carried out by the customer, and the data cannot be reasonably calculated or represented with current data collection systems and is outside of the selected control approach.

Processing of sold products:
In the reporting year, VARTA has undertaken no relevant activities in this category.

Use of sold products:
GHG emissions are generated indirectly during the use-phase of rechargeable batteries (secondary batteries). GHG emissions from the use phase of secondary batteries are calculated by multiplying the energy consumption of the entire lifecycle of a battery type by the emission factor of the electricity mix in the sales market.

End of life treatment of sold products:
The VARTA Group fulfils its manufacturer responsibilities by participating in collection systems such as the Gemeinsames Rücknahmesystem Batterien (GRS) or CCR Logistics Systems AG (REBAT). Those collection systems achieved a recycling rate of 51% in the operating markets. To calculate emissions, the weights of sold products is estimated with a conservative approach. Total GHG emissions from end-of-life treatment of sold products are included in the same reporting year, although the period of use of products is significantly higher. The disposal methods are based on conservative assumptions, which are checked for plausibility with peer-reviewed scientific references.

Downstream leased assets:
In the reporting year, VARTA has undertaken no relevant activities in this category.

Franchises:
In the reporting year, VARTA has undertaken no relevant activities in this category.

Investments:
In the reporting year, VARTA has undertaken no relevant activities in this category.

References for emission factors:

- https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC_AR6_WGIII_FullReport.pdf
- EcoInvent 3.9.1 (Wernet, G., Bauer, C., Steubing, B., Reinhard, J., Moreno-Ruiz, E., and Weidema, B., 2016. The EcoInvent database version 3 (part I): overview and methodology. The International Journal of Life Cycle Assessment, [online] 21(9), pp.1218–1230.
- EPA, "Emission Factors for Greenhouse Gas * Inventories," Table 1 Stationary Combustion Emission Factors, March 9, 2018 (https://www.epa.gov/climate leadership/center-corporate-climate-leadership-ghg-emission-factors-hub).
- LfU-Leitfaden (2009); GEMIS-Datenbank, Version 4.94 - Vorketten Öl-Gas 2010, Öl-leicht frei HH/KV; Heizwert BAFA (2020
- Verordnung über die Emissionsberichterstattung nach dem Brennstoffemissionshandelsgesetz für die Jahre 2021 und 2022 (Emissionsberichterstattungsverordnung 2022 - EBeV 2022)
- Spend-based EFs: Climatiq Data Explorer - Search Global Carbon Emission Factors
References for assumptions for end-of-life treatment:
- Islam, M.T., Huda, N., Baumber, A. et al. Waste battery disposal and recycling behavior: a study on the Australian perspective. Environ Sci Pollut Res 29, 58980–59001 (2022). https://doi.org/10.1007/s11356-022-19681-2

Nonfinancial Statement (NFS)

The non-financial statement disclosures can be found in the relevant sections of the sustainability report and have been prepared in accordance with the Global Reporting Initiative Standards. The nonfinancial report serves to meet the disclosure requirements of the German CSR Directive Implementation Act (CSR-Richtlinie-Umsetzungsgesetz, CSR-RUG).

Mandatory disclosure pursuant to section 289 c – e HGB	Sustainability report VARTA
Anti-corruption and bribery matters	› Business ethics
Business model	› VARTA at a glance › Business overview
Environmental matters	› Climate change management system › Cleaner production › EU Taxonomy
Employee matters	› Business ethics › Taking responsibility at all times › Health and safety › Employees
EU Taxonomy	› EU Taxonomy › Calculation of EU Taxonomy indicators (Methodology)
Social matters	› Stakeholder assessment › Memberships and associations › Community engagement
Respect for human rights	› Business ethics › Sustainable supply chain › Taking responsibility at all times › Health and safety

Calculation of EU Taxonomy indicators

To identify VARTA's taxonomy-eligible and taxonomy-aligned business activities, a project team consisting of experts in the field of legal, finance, and sustainability analysed all business activities and assigned them to the relevant category. Afterwards, a further analysis of the taxonomy eligibility and alignment of the individual activities was carried out with experts from the concerned departments. Conclusively, VARTA structured its activities in turnover, capital expenditure (CapEx) and operating expenditure (OpEx).

Taxonomy-eligible economic activities at VARTA include battery solutions from its business segments Power Pack Solutions, Energy Storage Systems and Large Cells under criteria set 3.4. For the calculation, turnover is defined as net sales in accordance with IFRS, as reported in the consolidated income statement. Further information can be found in the Annual report on page 44. CapEx is calculated on a gross basis, without considering revaluations or scheduled or unscheduled depreciation. It includes investments in non-current intangible or tangible assets, including assets acquired through asset or share deals, as shown in the consolidated statement of financial position (see page 50 and 76 of the Annual report). OpEx, on the other hand, includes non-capitalizable expenses recognized in the consolidated statement of income, such as research and development, building refurbishment measures, short-term leasing, maintenance, and repair as well as all other direct expenses arising from the upkeep of property, plant, and equipment to ensure that the taxonomy-eligible assets are ready for operation. Due to lack of transparency and available data to benchmark the products under the criteria of 3.6, further verification is still required for products that have been classified as taxonomy-eligible in order to become taxonomy aligned.

For the financial year 2023, VARTA will additionally have to report on the taxonomy eligibility of products for the other four environmental objectives. 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.

The following tables provide an overview of the three performance indicators for EU Taxonomy in the 2022 reporting year:

Turnover 2022

Economic activities	Absolute CapEx	Proportion of CapEx	Criteria for substantial contribution						DNSH criteria ('Do No Significant Harm')						Minimum safeguards	Taxonomy-aligned proportion of CapEx, year 2022	Taxonomy-aligned proportion of CapEx, year 2021	Category (enabling activity) E	Category (transitional activity) T
			Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystem	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystem					
	€million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1.)	**0**	**0%**																	
Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned) (A.2.)																			
3.4 Manufacture of batteries	116.2	14%	-	-	-	-	-	-	-	-	-	-	-	-	-	0	n.a		
3.6 Manufacture of other low carbon technologies	136.6	17%	-	-	-	-	-	-	-	-	-	-	-	-	-	0	n.a		
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)	**252.7**	**31%**	-	-	-	-	-	-	-	-	-	-	-	-	-	0	n.a		
Total (A.1. + A.2.)	**252.7**	**31%**	-	-	-	-	-	-	-	-	-	-	-	-	-	0	n.a		
B. Non-eligible activities																			
Turnover of Taxonomy non-eligible activities (B)	**554.8**	**69%**																	
Total (A + B)	**807.6**	**100%**																	

Capital expenditure (CapEx) 2022

Economic activities	Absolute CapEx	Proportion of CapEx	Criteria for substantial contribution						DNSH criteria ('Do No Significant Harm')										
			Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystem	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystem	Minimum safeguards	Taxonomy-aligned proportion of CapEx, year 2022	Taxonomy-aligned proportion of CapEx, year 2021	Category (enabling activity) E	Category (transitional activity) T
	€million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. Taxonomy-eligible activities																			
A.1. CapEx of environmentally sustain-able activities (taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)	**0**	**0%**																	
Taxonomy-eligible but not environmentally sustainable activi-ties (not taxonomy-aligned) (A.2.)																			
3.4 Manufacture of batteries	0.71	0.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	0	n.a		
3.6 Manufacture of other low carbon technologies	24.78	16%	-	-	-	-	-	-	-	-	-	-	-	-	-	0	n.a		
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)	25.5	16%	-	-	-	-	-	-	-	-	-	-	-	-	-	0	n.a		
Total (A.1. + A.2.)	**25.5**	**16%**	-	-	-	-	-	-	-	-	-	-	-	-	-	0	n.a		
B. Non-eligible activities																			
CapEx of Taxonomy non-eligible activities (B)	**130.5**	**84%**																	
Total (A + B)	**156.0**	**100%**																	

Operating expenses (OpEx) 2022

Economic activities	Absolute CapEx	Proportion of CapEx	Criteria for substantial contribution						DNSH criteria ('Do No Significant Harm')										
			Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystem	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystem	Minimum safeguards	Taxonomy-aligned proportion of CapEx, year 2022	Taxonomy-aligned proportion of CapEx, year 2021	Category (enabling activity) E	Category (transitional activity) T
	€million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. Taxonomy-eligible activities																			
OpEx of environmentally sustain-able activities (Taxonomy aligned) (A.1.)																			
OpEx of environmentally sustainable activities (Taxonomy aligned) (A.1.)	**0**	**0%**																	
Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned) (A.2.)																			
3.4 Manufacture of batteries	6.6	12%	-	-	-	-	-	-	-	-	-	-	-	-	-	0	n.a		
3.6 Manufacture of other low carbon technologies	11.3	21%	-	-	-	-	-	-	-	-	-	-	-	-	-	0	n.a		
OpEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)	19.7	34%	-	-	-	-	-	-	-	-	-	-	-	-	-	0	n.a		
Total (A.1. + A.2.)	**19.7**	**34%**	-	-	-	-	-	-	-	-	-	-	-	-	-	0	n.a		
B. Non-eligible activities																			
OpEx of Taxonomy non-eligible activities (B)	**35.0**	**66%**																	
Total (A + B)	**52.9**	**100%**																	

TCFD Index

Category	TCFD report	Sustainability report VARTA
Governance	Describe the board's oversight of climate-related risks and opportunities.	› **Approach to good governance** › **Risk management**
	Describe management's role in assessing and and managing risks and opportunities.	› **Approach to good governance** › **Risk management**
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	› **Climate change management system (Methodology)**
	Describe the impact of climate related risks and opportunities on the organization's businesses, strategy, and financial planning.	› **Climate change management system** › **Approach to good governance** › **Risk management**
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	› **Climate change management system (Methodology)**
Risk management	Describe the organization's processes for identifying and assessing climate- related risks.	› **Climate change management system (Methodology)**
	Describe the organization's processes for managing climate-related risks	› **Approach to good governance** › **Risk management** › **Climate change management system**
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	› **Approach to good governance** › **Risk management**
Metrics and targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	› **Planet overview** › **Climate change management system** › **Energy & environmental management**
	Disclose scope 1, scope 2, and, if appropriate, scope 3 GHG emissions, and the related risks.	› **Greenhouse gas emissions (Methodology)**
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	› **Planet overview**

UN SDG Index

SDG 7 – Ensure access to affordable, reliable, sustainable and modern energy for all

Target 7.1: By 2030, ensure universal access to affordable, reliable and modern energy services.

Target 7a: By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology

SDG 8 – Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Target 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

Target 8.7: Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.

Target 8.8.1: Fatal and non-fatal occupational injuries per 100,000 workers, by sex and migrant status.

SDG 9 – Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Target 9.5: Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.

SDG 12 – Ensure sustainable consumption and production patterns

Target 12.2: By 2030, achieve the sustainable management and efficient use of natural resources.

Target 12.4: By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.

Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

Target 12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

SDG 13 – Take urgent action to combat climate change and its impacts

Target 13.2: Integrate climate change measures into national policies, strategies and planning.

Target 13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

Corporate **People** **Planet** **Governance**

GRI Index

Statement of use	VARTA AG has reported the information cited in this GRI Content Index for the period 1st January to 31st December 2022 in accordance with the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable

GRI STANDARD	Disclosure	Sustainability report VARTA	Comment
General disclosures			
GRI 2: General Disclosures 2021	2-1 Organisational details	**› VARTA at a glance** **› Business overview**	
	2-2 Entities included in the organization's sustainability reporting	**› VARTA at a glance** **› Business overview**	
	2-3 Reporting period, frequency and contact point	**› GRI Index** **› Legal notice**	VARTA sustainability reports are issued annually
	2-4 Restatements of information	**› Planet (Methodology)** **› People (Methodology)**	
	2-5 External assurance		No external assurance
	2-6 Activities, value chain and other business relationships	**› VARTA at a glance** **› Business overview** **› Stakeholder assessment** **› Sustainable supply chain**	
	2-7 Employees	**› Employees** **› People (Methodology)**	
	2-8 Workers who are not employees	**› People (Methodology)**	
	2-9 Governance structure and composition	**› Approach to good governance** **› Annual report**	
	2-10 Nomination and selection of the highest governance body	**› Annual report** **» Rules of Procedure for the Supervisory Board**	

GRI Index

GRI STANDARD	Disclosure	Sustainability report VARTA	Comment
GRI 2: General Disclosures 2021	2-11 Chair of the highest governance body	**› Annual report**	
	2-12 Role of the highest governance body in overseeing the management of impacts	**› Approach to good governance** **› Human Rights Policy Statement**	
	2-13 Delegation of responsibility for managing impacts	**› Approach to good governance** **› Human Rights Policy Statement**	
	2-14 Role of the highest governance body in sustainability reporting	**› Approach to good governance** **› Materiality assessment**	
	2-15 Conflicts of interest	**› Annual report** **» Rules of Procedure for the Supervisory Board**	
	2-16 Communication of critical concerns	**› Approach to good governance** **› VARTA grievance mechanism**	
	2-17 Collective knowledge of the highest governance body	**› Approach to good governance**	
	2-18 Evaluation of the performance of the highest governance body	**› Approach to good governance** **» Remuneration report** **» Excerpt from articles of association of VARTA Aktiengesellschaft**	
	2-19 Remuneration policies	**» Remuneration report** **» Excerpt from articles of association of VARTA Aktiengesellschaft**	
	2-20 Process to determine remuneration	**» Remuneration report** **» Excerpt from articles of association of VARTA Aktiengesellschaft**	
	2-21 Annual total compensation ratio	**» Remuneration report** **» Excerpt from articles of association of VARTA Aktiengesellschaft**	

GRI Index

GRI STANDARD	Disclosure	Sustainability report VARTA	Comment
General disclosures			
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	**› Management board letter** **› Human Rights Policy Statement** **› Sustainability strategy**	
	2-23 Policy commitments	**› VARTA Code of Conduct** **› Human Rights Policy Statement**	
	2-24 Embedding policy commitments	**› Human Rights Policy Statement** **› Supplier Code of Conduct**	
	2-25 Processes to remediate negative impacts	**› VARTA grievance mechanism** **› Human Rights Policy Statement** **› Preventive and remedial actions**	
	2-26 Mechanisms for seeking advice and raising concerns	**› Approach to good governance** **› VARTA grievance mechanism** **› Supply chain grievance mechanism**	
	2-27 Compliance with laws and regulations		No cases in 2022
	2-28 Membership associations	**› Memberships and associations**	
	2-29 Approach to stakeholder engagement	**› Stakeholder assessment** **› Materiality assessment** **› Community engagement**	
	2-30 Collective bargaining agreements	**› Freedom of association and collective bargaining**	
Material topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	**› Materiality assessment**	
	3-2 List of material topics	**› Materiality assessment**	

GRI Index

GRI STANDARD	Disclosure	Sustainability report VARTA	Comment
Economic performance			
GRI 3: Material Topics 2021	3-3 Management of material topics	**› Annual report**	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	**› Annual report** **› Community engagement**	
	201-2 Financial implications and other risks and opportunities due to climate change	**› Climate change management system**	
	201-3 Defined benefit plan obligations and other retirement plans	**› Annual report**	
	201-4 Financial assistance received from government	**› Annual report** **› Shaping the future** **» EU Transparency Register** **» Lobbyregister beim Deutschen Bundestag**	VARTA does not make donations to political parties. Further details on VARTA's political involvement can be found in the EU Transparency Register and "Lobbyregister beim Deutschen Bundestag". The estimated annual costs attributable to activities covered by the EU Transparency Register were 50 000 – 99 999 € in 2021 (EU Register ID: 199025545822-08).
Market presence			
GRI 3: Material Topics 2021	3-3 Management of material topics	**› VARTA as employer**	
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	**› Freedom of association and collective bargaining**	Information unavailable/incomplete
	202-2 Proportion of senior management hired from the local community		Information unavailable/incomplete
GRI 3: Material Topics 2021	3-3 Management of material topics	**› Sustainable supply chain**	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	**› Sustainable supply chain** **› Preventive and remedial actions**	

GRI Index

GRI STANDARD	Disclosure	Sustainability report VARTA	Comment
Anti-corruption			
GRI 3: Material Topics 2021	3-3 Management of material topics	**› Compliance management** **› VARTA Code of Conduct**	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	**› Human Rights Policy Statement** **› Human Rights Policy Statement (Methodology)**	
	205-2 Communication and training about anti-corruption policies and procedures	**› Compliance management**	
	205-3 Confirmed incidents of corruption and actions taken	**› VARTA Code of Conduct** **› VARTA grievance mechanism**	
Anti-competitive behavior			
GRI 3: Material Topics 2021	3-3 Management of material topics	**› Compliance management** **› VARTA Code of Conduct**	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	**› VARTA Code of Conduct**	
Tax			
GRI 3: Material Topics 2021	3-3 Management of material topics	**› Compliance management** **› VARTA Code of Conduct**	
GRI 207: Tax 2019	207-1 Approach to tax	**› Compliance management** **› VARTA Code of Conduct**	
	207-2 Tax governance, control, and risk management	**› VARTA Code of Conduct**	
	207-3 Stakeholder engagement and management of concerns related to tax	**› VARTA Code of Conduct**	
	207-4 Country-by-country reporting	**› VARTA Code of Conduct**	

GRI Index

GRI STANDARD	Disclosure	Sustainability report VARTA	Comment
Materials			
GRI 3: Material Topics 2021	3-3 Management of material topics	**› Waste management** **› Waste management (Methodology)**	
GRI 301: Materials 2016	301-1 Materials used by weight or volume		Confidential
	301-2 Recycled input materials used		Confidential
	301-3 Reclaimed products and their packaging materials		Confidential
Energy			
GRI 3: Material Topics 2021	3-3 Management of material topics	**› Energy & environmental management** **› Energy management (Methodology)**	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	**› Energy & environmental management** **› Energy management (Methodology)**	
	302-2 Energy consumption outside of the organization		Information unavailable/incomplete
	302-3 Energy intensity	**› Energy & environmental management**	
	302-4 Reduction of energy consumption	**› Energy & environmental management**	
	302-5 Reductions in energy requirements of products and services	**› Life Cycle Assessment of products**	
Water and effluents			
GRI 3: Material Topics 2021	3-3 Management of material topics	**› Water management**	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	**› Water management**	

GRI Index

GRI STANDARD	Disclosure	Sustainability report VARTA	Comment
GRI 303: Water and Effluents 2018	303-2 Management of water discharge-related impacts	**› Water management**	
	303-3 Water withdrawal	**› Water management**	
	303-4 Water discharge	**› Water management**	
	303-5 Water consumption	**› Water management**	
Biodiversity			
GRI 3: Material Topics 2021	3-3 Management of material topics	**› The preservation of biodiversity**	
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	**› The preservation of biodiversity**	
	304-2 Significant impacts of activities, products and services on biodiversity	**› Water management** **› The preservation of biodiversity**	
	304-3 Habitats protected or restored	**› The preservation of biodiversity**	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations		Not applicable
Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics	**› Greenhouse gas emissions** **› Greenhouse gas emissions (Methodology)**	
GRI 305: Emissions 2016	305-1 Direct (scope 1) GHG emissions	**› Greenhouse gas emissions** **› Greenhouse gas emissions (Methodology)**	
	305-2 Energy indirect (scope 2) GHG emissions	**› Greenhouse gas emissions** **› Greenhouse gas emissions (Methodology)**	

GRI Index

GRI STANDARD	Disclosure	Sustainability report VARTA	Comment
GRI 305: Emissions 2016	305-3 Other indirect (scope 3) GHG emissions	**› Greenhouse gas emissions** **› Greenhouse gas emissions (Methodology)**	
	305-4 GHG emissions intensity	**› Greenhouse gas emissions (Methodology)**	
	305-5 Reduction of GHG emissions	**› Planet overview**	
	305-6 Emissions of ozone-depleting substances (ODS)		Information unavailable/incomplete
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	**› Energy & environmental management**	
Waste			
GRI 3: Material Topics 2021 **GRI 306: Waste 2020**	3-3 Management of material topics	**› Waste management**	
	306-1 Waste generation and significant waste-related impacts	**› Waste management**	
	306-3 Waste generated	**› Waste management**	
	306-4 Waste diverted from disposal	**› Waste management**	
	306-5 Waste directed to disposal	**› Waste management**	
Supplier environmental assessment			
GRI 3: Material Topics 2021 **GRI 308: Supplier Environmental Assessment 2016**	3-3 Management of material topics		
	308-1 New suppliers that were screened using environmental criteria	**› Supply chain risk analysis and management** **› Preventive and remedial actions**	
	308-2 Negative environmental impacts in the supply chain and actions taken	**› Supply chain risk analysis and management** **› Preventive and remedial actions**	

GRI Index

GRI STANDARD	Disclosure	Sustainability report VARTA	Comment
Employment			
GRI 3: Material Topics 2021	3-3 Management of material topics	**› Employees**	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	**› Employees (Methodology)** **› VARTA as employer**	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	**› VARTA as employer**	
	401-3 Parental leave	**› VARTA as employer**	
Labor/management relations			
GRI 3: Material Topics 2021	3-3 Management of material topics	**› Freedom of association and collective bargaining**	
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	**› Freedom of association and collective bargaining**	
Occupational health and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	**› Health and safety**	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	**› Health and safety**	
	403-2 Hazard identification, risk assessment, and incident investigation	**› Health and safety**	
	403-3 Occupational health services	**› Health and safety**	
	403-4 Worker participation, consultation, and communication on occupational health and safety	**› Health and safety**	

GRI Index

GRI STANDARD	Disclosure	Sustainability report VARTA	Comment
GRI 403: Occupational Health and Safety 2018	403-5 Worker training on occupational health and safety	**› Health and safety**	
	403-6 Promotion of worker health	**› Health and safety**	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	**› Health and safety**	
	403-8 Workers covered by an occupational health and safety management system	**› Health and safety**	
	403-9 Work-related injuries	**› Health and safety**	
	403-10 Work-related ill health	**› Health and safety**	
Training and education			
GRI 3: Material Topics 2021	3-3 Management of material topics	**› Training and development**	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	**› Training and development**	
	404-2 Programs for upgrading employee skills and transition assistance programs	**› Training and development**	
	404-3 Percentage of employees receiving regular performance and career development reviews	**› Training and development**	

GRI Index

GRI STANDARD	Disclosure	Sustainability report VARTA	Comment
Diversity and equal opportunity			
GRI 3: Material Topics 2021	3-3 Management of material topics	**› Diversity and equal opportunities**	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	**› Diversity and equal opportunities** **› Employees (Methodology)**	
	405-2 Ratio of basic salary and remuneration of women to men		Information unavailable/incomplete
Non-discrimination			
GRI 3: Material Topics 2021	3-3 Management of material topics	**› Anti-discrimination**	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	**› Anti-discrimination**	
Freedom of association and collective bargaining			
GRI 3: Material Topics 2021	3-3 Management of material topics	**› Freedom of association and collective bargaining**	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	**› Freedom of association and collective bargaining**	

GRI Index

GRI STANDARD	Disclosure	Sustainability report VARTA	Comment
Child labor			
GRI 3: Material Topics 2021	3-3 Management of material topics	**› Child, forced and compulsory labour**	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	**› Child, forced and compulsory labour**	
Forced or compulsory labor			
GRI 3: Material Topics 2021	3-3 Management of material topics	**› Child, forced and compulsory labour**	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	**› Child, forced and compulsory labour**	
Security practices			
GRI 3: Material Topics 2021	3-3 Management of material topics	**› Employee sustainability training**	
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	**› Employee sustainability training**	
Rights of indigenous peoples			
GRI 3: Material Topics 2021	3-3 Management of material topics	**› Anti-discrimination**	
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	**› Anti-discrimination**	

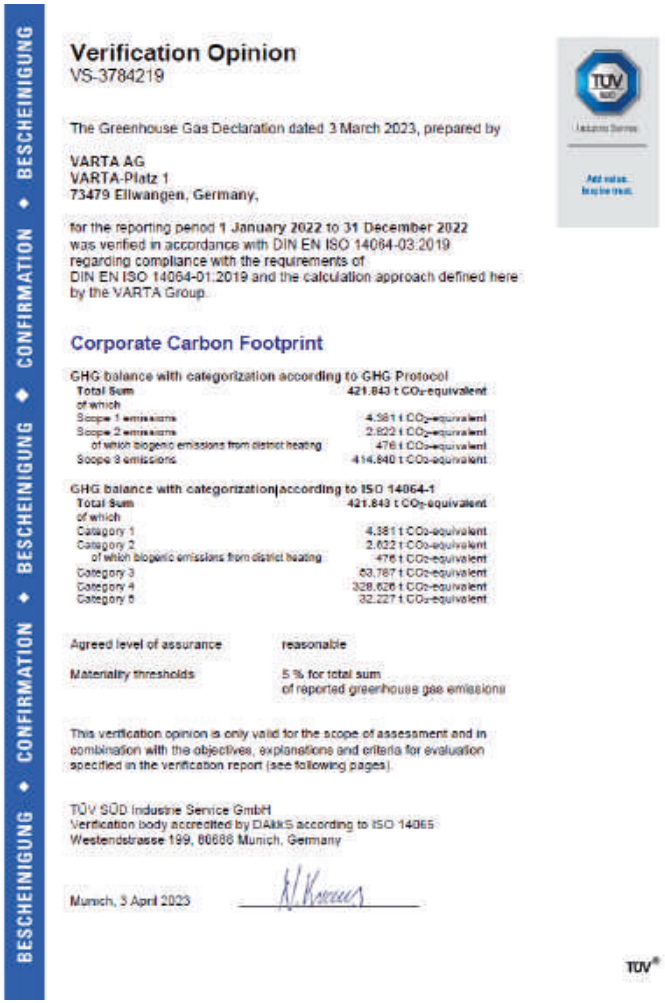
GRI Index

GRI STANDARD	Disclosure	Sustainability report VARTA	Comment
Local communities			
GRI 3: Material Topics 2021	3-3 Management of material topics	**› Human rights risk assessment (Methodology)** **› Community engagement**	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	**› Community engagement**	
	413-2 Operations with significant actual and potential negative impacts on local communities	**› Human rights risk assessment (Methodology)** **› Community engagement**	
Supplier social assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	**› Sustainable supply chain**	
GRI 414: Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	**› Supply chain risk analysis and management** **› Preventive and remedial actions**	
	414-2 Negative social impacts in the supply chain and actions taken	**› Supply chain risk analysis and management** **› Preventive and remedial actions**	
Public policy			
GRI 3: Material Topics 2021	3-3 Management of material topics	**› Compliance management** **› VARTA Code of Conduct**	
GRI 415: Public Policy 2016	415-1 Political contributions	**» EU Transparency Register** **» Lobbyregister beim Deutschen Bundestag**	VARTA does not make donations to political parties. Further details on VARTA's political involvement can be found in the EU Transparency Register and "Lobbyregister beim Deutschen Bundestag". The estimated annual costs attributable to activities covered by the EU Transparency Register were 50 000 – 99 999 € in 2021 (EU Register ID: 199025545822-08).

GRI Index

GRI STANDARD	Disclosure	Sustainability report VARTA	Comment
Customer health and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	**› Product stewardship**	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	**› Product stewardship**	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	**› Product stewardship**	
Marketing and labelling			
GRI 3: Material Topics 2021	3-3 Management of material topics	**› Product stewardship**	
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	**› Product stewardship**	
	417-2 Incidents of non-compliance concerning product and service information and labeling	**› Product stewardship**	
	417-3 Incidents of non-compliance concerning marketing communications	**› Product stewardship**	
Customer privacy			
GRI 3: Material Topics 2021	3-3 Management of material topics	**› Cyber security and data privacy**	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		No substantiated complaints were recorded in 2022

Statement of verification of GHG emissions



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Verification Opinion
VS-3784219

The Greenhouse Gas Declaration dated 3 March 2023, prepared by

VARTA AG
VARTA-Platz 1
73479 Ellwangen, Germany,

for the reporting period 1 January 2022 to 31 December 2022
was verified in accordance with DIN EN ISO 14064-03:2019
regarding compliance with the requirements of
DIN EN ISO 14064-01:2019 and the calculation approach defined here
by the VARTA Group.

Corporate Carbon Footprint

GHG balance with categorization according to GHG Protocol

Total Sum	**421.843 t CO_2-equivalent**
of which	
Scope 1 emissions	4.381 t CO_2-equivalent
Scope 2 emissions	2.822 t CO_2-equivalent
of which biogenic emissions from district heating	476 t CO_2-equivalent
Scope 3 emissions	414.640 t CO_2-equivalent

GHG balance with categorization according to ISO 14064-1

Total Sum	**421.843 t CO_2-equivalent**
of which	
Category 1	4.381 t CO_2-equivalent
Category 2	2.822 t CO_2-equivalent
of which biogenic emissions from district heating	476 t CO_2-equivalent
Category 3	53.787 t CO_2-equivalent
Category 4	328.626 t CO_2-equivalent
Category 5	32.227 t CO_2-equivalent

Agreed level of assurance	reasonable
Materiality thresholds	5 % for total sum of reported greenhouse gas emissions

This verification opinion is only valid for the scope of assessment and in combination with the objectives, explanations and criteria for evaluation specified in the verification report (see following pages).

TÜV SÜD Industrie Service GmbH
Verification body accredited by DAkkS according to ISO 14065
Westendstrasse 199, 80686 Munich, Germany

Munich, 3 April 2023

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Sustainability Report 2022:
https://www.varta-ag.com/publications/

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VARTA's Sustainability Report is published in April 2023 and is also available in German. In the event of any discrepancies, the English version of the document takes precedence over the German translation. This sustainability report contains statements relating to the future business development of VARTA AG. These statements are based on assumptions relating to the development of the economic, political and legal environment in individual countries, economic regions and markets, which have been made on the basis of the information available and the company considers to be realistic as of the time of publication. The estimates given involve a degree of risk, and the actual developments may differ from those forecasted. Any changes in significant parameters relating to VARTA's key sales markets, or any significant shifts in exchange rates, energy and other commodities or the supply of parts relevant to the company, or deviations in the actual effects of the Covid-19 pandemic from the scenario presented in this report will have a corresponding effect on the development of VARTA's business. In addition, there may be departures from the expected business development if the assessments of the factors influencing sustainable value enhancement, and of risks and opportunities, presented in this sustainability report develop in a way other than expected at the time of publication, or if additional risks and opportunities or other factors that affect the development of the company's business emerge.

VARTA