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Introduction

When people hear the word “sustainability”, they often think only about environmental impact and becoming a “greener” organization. Here at Gentherm, we believe that sustainability is about much more. It’s about how we positively impact our employees and their families. It’s about the efforts we take to be environmentally friendly. It’s about the products we create and how they can bring health, wellness, comfort and efficiency to make the world a better place. It’s about how we interact with the communities in which we do business and have operations.

We believe that sustainability is fundamental for our success in creating long-term value for our employees, customers and other key stakeholders.
CEO Introduction

Gentherm is committed to be a leading developer and provider of innovative thermal management technologies in the automotive and medical industries. Aligned with our F.A.S.T. Forward focused growth strategy, mission and core values, we are building a culture of engagement, sustainability and social responsibility.

Our business is rapidly evolving with new technologies and opportunities. We know that sustainability starts with the unique technologies that we bring to the market. I am proud of the passion of our teams who deliver day in and day out.

As leaders in thermal management, we are proud of our award-winning technologies that have a positive impact on the environment. We are equally proud of our more than 11,000 employees across the globe. Each employee understands the important role they play in developing and launching solutions that support our sustainability efforts.

Our culture is rooted in our four Winning Culture Behaviors of Customer Focus, Employee Engagement and Inclusion, Global Mindset and Performance and Accountability. Our employees are actively involved in giving back to our communities, and we are committed to investing in our people, environmental sustainability and our workplace culture.

Since our founding we have been committed to the environment and to the communities where we live and work. In 2020 we are making major strides to demonstrate our commitment to sustainability with our first Sustainability Report. This report highlights Gentherm’s sustainability initiatives and activities across our 25 global locations, with the focus on three key areas – People, Planet and Places.

Sustainability is an important part of who we are and what we do. While we continue to look for opportunities for improvement, I am proud of the progress our global team has made to drive long-term sustainability for Gentherm and all of our stakeholders.
About Us / Company Overview
Our History

OUR PATH

1991
Quickly established ourselves as a leader in thermoelectric technology.

1996
Launch of the first heated and cooled automotive seat.

2011
Continued organic growth enhanced by the acquisition of W.E.T. Automotive, a pioneer in seat heating since 1978.

2016
Advanced our knowledge of thermophysiology with the acquisition of Cincinnati Sub-Zero, a leading provider of medical temperature management equipment.

2017
Keeping an eye on the future, we acquired Etratech, an electronics market leader specializing in advanced electronic controls.

2018 to the Future
F.A.S.T.
Focused growth
Aligned portfolio
Sharpened execution
Technology leadership

OUR MISSION

Creating and delivering extraordinary thermal solutions that make meaningful differences in everyday life, by improving, health, wellness, comfort and energy efficiency.

Gentherm is a global developer of innovative thermal management technologies for a broad range of heating and cooling and temperature control applications. By building on the foundations of thermal technology, we have created an organization that celebrates change and is constantly poised to capitalize on new market opportunities. And it’s been that way since the beginning.

We first opened our doors in Southern California in 1991 as Amerigon, investigating a broad spectrum of technologies, including thermoelectric devices. We found technologies that were historically applied in aerospace and defense could disrupt other industries, including automotive.

By 1996 we introduced the first heated and cooled car seat based on our revolutionary thermoelectric technology. In the years that followed, consumers embraced greater comfort and efficiency, and we applied our technologies beyond climate controlled seats to include battery thermal management, electronics and interior comfort.
Today, we are proud to employ more than 11,000 employees and generate nearly $1 billion in revenue in 2019. We operate in 13 countries, including the United States, Germany, Canada, China, Hungary, Japan, South Korea, North Macedonia, Malta, Mexico, United Kingdom, Ukraine and Vietnam.

As a leader of innovative thermal management technologies, we understand and appreciate the important role we play in finding solutions that benefit the environment.

Our mission is to create and deliver extraordinary thermal solutions that make meaningful differences in everyday life, by improving health, wellness, comfort and energy efficiency. Put simply, we are positively impacting people’s lives. To do this, we must find innovative and socially responsible solutions that will help leave the world a better place for future generations.
Our Awards

“...we believe it’s the right thing to do and the right way to run our company. We are proud of our hard work and recognition from outside organizations reinforces our efforts.

In 2019, Gentherm was awarded the prestigious PACE Award from Automotive News for our Battery Thermal Management (BTM) system. The PACE Award recognizes innovation, technological advancement, and business performance in the automotive supply industry. We are excited to see our hard work recognized as one of only 13 suppliers being awarded this honor in 2019.

Gentherm was also honored to receive other awards including:

▶ 2019 ZF-ZATS Excellent Partner Award in China
▶ 2019 Adient Chongqing Quality Award
▶ Bosch M-PSD Lead Award in Germany
▶ Top Employer award in Germany (for the sixth consecutive year)

PHIL EYLER, President and Chief Executive Officer, Board of Directors

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At Gentherm, we support sustainability because we believe it’s the right thing to do and the right way to run our company. We are proud of our hard work and recognition from outside organizations reinforces our efforts.
Our Sustainability Approach: People, Planet and Places

There is an almost endless list of ways for a company to affect change and be a positive force.

While Gentherm has long been engaged in sustainability related efforts, in preparation for our inaugural Sustainability Report, we looked to industry sources and third-party frameworks such as the Sustainability Accounting Standards Board (SASB), the Automotive Industry Action Group (AIAG) and others. We also looked to identify topics of interest for outside rating agencies and reviewed peer and customer reports and information. Based on our detailed analysis and benchmarking, we developed the Gentherm sustainability framework to ensure that our actions are focused in the areas that have the biggest impact, that we measure the right progress and that we gather the information necessary to tell the Gentherm sustainability story.

We have a great story to tell about who we are – and where we are going. Our employees are proud to be part of our One Gentherm family and to tell the world about our commitment in making the world a better place.
The sustainability framework serves not only to clearly communicate to our stakeholders what our key priorities are, but also allows us to gather the information, metrics and data needed to measure our progress as well as identify opportunities for improvement.

Working with a cross-functional team, each of our 25 Gentherm locations participated in the 2019 Sustainability survey process. These efforts enabled our team to map all available sustainability metrics and information, gather supporting documentation and identify local initiatives and site-specific sustainability efforts.

In addition to our framework and benchmarking, we have also developed a strategy that, under the guidance of our Corporate Governance Committee, will help us to further enhance our sustainability efforts going forward. Under the leadership of our Board of Directors and Executive Leadership Team, we will be able to make an impact that will benefit all our stakeholders. Key elements of our program will include:

- Use a stepwise approach; constantly making improvements and building on our successes
- Careful consideration and development of next steps by analyzing benchmarks; establishing baseline metrics while understanding established standards and considering capital market trends
- Maintain and grow internal momentum and commitment through increased visibility to our global team; making this an important part of employee engagement

Between what we have already done and what we are positioned to do, we have great momentum and will continue to strengthen our processes and our foundation.
Our People: 
Building a Winning Culture

“In Teams of people compete, not companies. Together, we create an environment that cultivates diversity, transparency and respect. This ensures our team members are appreciated, can develop their careers, wow our customers and grow our business.”

PHIL EYLER, 
President and 
Chief Executive Officer

Innovation distinguishes a leader from a follower and we live up to that by empowering our employees. Our teams are comprised of creative individuals that believe in challenging the status quo by applying the latest tools and thinking toward thermal solutions. Our passion drives us to provide systems and solutions that not only help our customers but improve the world and make meaningful differences in everyday life.

Gentherm’s culture is built on our four Winning Culture Behaviors of Customer Focus, Employee Engagement and Inclusion, Global Mindset and Performance and Accountability. Every team member is empowered to have a direct impact on the Company by working together to build a strong and inclusive workplace for all employees.

We are truly a global company and having a global mindset is critical for employees to succeed at Gentherm. We invest in our people and provide a diverse working environment that values and harnesses the power of our employees’ varied backgrounds, cultures and experiences. When we value the diversity of our employees, we are better equipped to meet the demanding and shifting challenges of the global economy.
**CODE OF BUSINESS CONDUCT AND ETHICS**

At Gentherm, we expect that our employees operate with the highest level of honesty and integrity at all times. To help provide guidance around what is expected when it comes to ethical behavior and conduct, we look to the Gentherm Code of Business Conduct and Ethics. This document provides guidance and direction to our employees at all levels, including our Executive Leadership Team and our Board of Directors, on a variety of topics such as anti-corruption, appropriate workplace behavior, legal compliance and more. At each of our locations around the world, the Code of Conduct is an essential part of the new employee orientation process. Every employee is expected to understand the Code of Conduct and adhere to its guidance in everything they do on behalf of Gentherm.

**GENTHERM ETHICS HOTLINE**

We provide multiple avenues for employees or stakeholders to report concerns about ethics, compliance or other activity that may not align with the Gentherm Code of Business Conduct or our Company values. In addition to local management, Human Resources and our Legal and Compliance team members being available, our externally hosted ethics hotline ([https://secure.ethicspoint.com/domain/media/en/gui/40500/index.html](https://secure.ethicspoint.com/domain/media/en/gui/40500/index.html)) is available around the world, in the home languages of our locations. Individuals can report via the website or telephone. Ethics posters displayed in our global locations remind our employees of this resource, including the option to report anonymously. The Gentherm Code of Conduct outlines strict guidance prohibiting retaliation against any employee that reports an issue in good faith.

**ANNUAL CONFLICT OF INTEREST SURVEY**

Our annual Conflict of Interest and Business Ethics survey is another tool we use to remind employees of our core values and give employees an opportunity to address any issues or concerns they may have. This annual survey is delivered to each active “Gentherm.com” email, is available in 10 languages and covers topics such as bribery and corruption, legal compliance, potential conflicts of interest, harassment and insider trading. All survey results are reviewed by our Compliance team and anything indicating a potential issue or question is addressed.
Human Rights

We believe in treating all people with dignity and respect.

Our Code of Conduct clearly states our stance against harassment and discrimination. We believe that every individual should be evaluated based on their qualifications and work performance. We also take a strong stance against human rights issues such as child labor, forced labor, human trafficking and extend that to our suppliers via our Supplier Code of Conduct.

As a company with manufacturing sites, we are aware of the risks that improper business conduct could have on individuals, either at our locations or throughout our supply chain and we take those risks seriously. As part of our annual sustainability survey process, each site is required to outline the local steps and procedures they take to ensure that we reach the highest standards related to our workforce and that we always operate in full compliance with all applicable laws and regulation.

Our commitment to human rights is also demonstrated in our annual Conflict Minerals process and filings. We conduct annual due diligence on the source and chain of custody of tantalum, tin, tungsten and gold (3TG) and comply with U.S. Securities and Exchange Commission rules governing the reporting of sources of 3TG used when producing our products.
Engaged Workforce

Gentherm believes that our employees are our greatest strength. We support our employees and work to provide a safe and healthy workplace. Our efforts include the introduction of engagement teams in 2019 to focus on diversity and inclusion, employee health and safety, community efforts and overall employee satisfaction.

Gentherm sites around the world host events for our employees and their families – giving our employees a chance to show their families where they work, meet coworkers’ families and demonstrate Gentherm’s core values.

Each October, several Gentherm sites around the globe promote awareness and host activities related to Breast Cancer Awareness month. Our sites in Acuña and Celaya, Mexico, and Prilep, North Macedonia hosted on-site screening for employees. Our site in Vietnam hosted awareness sessions and provided free screenings at local medical facilities. In total, we were able to screen almost 2,000 of our team members for breast cancer.

We want our employees to be safe while they are away from work as well. For our employees in Vietnam, a motorbike is a popular mode of transportation. To help ensure their safety, we provide free maintenance / repair on-site, as well as hosting motorbike safety lessons and training. We are so committed to their safety, that in 2019 we provided a free full-face helmet to any employee that wanted one. Over 1,100 helmets were handed out as yet another step to ensure the safety of our employees.
We understand that the health of our employees is of the utmost importance. We encourage each location to put in place activities and support that align with the local culture, regulations and needs, as health and wellness is not a “one size fits all” activity. We want to deliver what is most beneficial and culturally appropriate to our employees at each location.

› Many of our sites around the world host on-site exercise classes. In Vietnam and in Shenzhen, China the sites host regular yoga classes. Our Hungary location has Pilates and massage, while in Ukraine we host gymnastics and karate classes for the children of our employees. At our Northville facility, Gentherm subsidizes membership to a local health club, encouraging a healthy lifestyle.

› In Odelzhausen, Germany, our site has hosted workshops and trainings to help build a healthier lifestyle, including a Stress Management Workshop, health screenings, a “Sleep Healthy!” workshop, lessons on healthy cooking and free annual flu shots. Forty different health tests and checks, host activities and provide educational materials to employees.

› At our North Macedonia site, the local leadership team reaches out to each local employee that has a new baby to provide the new parents with a gift basket of baby essentials to help with the care of a newborn.

› With two locations in Shenzhen, China, our sites meet for an annual basketball game, encouraging healthy activities, and building the relationship between the locations.
Taking care of our employees doesn’t stop when they leave the building for the day.

At our facilities in Acuña and Celaya, Mexico, our Family Centers provide a wide array of services to our over 4,000 employees and their families. These facilities provide important services, including offering help in times of need, such as legal support or counseling services. If an employee is working on a project at home, the Family Center will provide free usage of key tools and equipment. For a celebration at our employees' homes, the site allows them free access to borrow tables, chairs, grills and other equipment and supplies.
In 2018, we launched the Gentherm Women’s Network under the leadership of our executive sponsor, Yijing Brentano, Senior Vice President of Investor Relations and Financial Planning and Analysis. This global network is aimed at making sure that each one of our employees is valued for their contributions and provided the support to grow personally and professionally. Though called the Women’s Network, the program is open to all Gentherm employees, both men and women, and aims to serve our entire team, promoting diversity, openness and respect.

We first launched in Northville, Michigan and have now launched chapters at locations around the world. The program has grown bigger than just focusing on support for women, it’s also gained enough momentum to become a key force in providing career training to all employees, supporting mentoring and charitable activities around the world.

To date, thirteen Gentherm facilities, covering all major manufacturing locations and a total of 97 percent of our employee population, have launched their local Women’s Network chapter. With an active membership of hundreds of employees and growing, the Gentherm Women’s Network has established itself as a valuable resource. At each site, local membership works together to provide services and activities that align with the local needs. The flexibility of the Women’s Network to support what’s important at each location is one of its greatest strengths.

“I believe that one of the best ways to help a company is to make sure that we leverage the strengths of our employees – and that means making sure that every voice is heard and respected. The Gentherm Women’s Network was launched with the intent of promoting equality and fair treatment for all individuals at Gentherm and we are excited for our progress and for where we can go.”

YIJING BRENTANO
Senior Vice President, Investor Relations and Global Financial Planning and Analysis
At our Northville, Michigan location, we launched our mentorship program, providing employees with a leader to act as their mentor. These relationships help ensure a strong voice to some of our brightest and most promising employees. In 2020, we will be expanding our mentorship program to include our Odelzhausen, Vietnam and Mexico locations.

The Women’s Network chapter at our Hungary location hosted an event focused on interacting in a global business world, providing guidance and training around effective communication.

At our Ukraine site, the Women’s Network hosted an event focusing on family – including topics such as balancing work and home, tips for dealing with work related travel and how it affects your family and more.

In Acuña, Mexico the local Women’s Network hosted sessions such as “Grow Your Own,” helping employees understand how to plan and be their own advocate for their career development, as well as an “Interview Techniques Workshop,” making sure that individuals have practiced and understand key parts of the job search and interview process.

For International Women’s Day on March 8th, our Women’s Network chapters around the world took this opportunity to continue to strengthen and build connections among our employees. Whether it was a handwritten card delivered to employees in Northville, a video story prepared by our team in Ukraine, small gifts across our China locations or any of a number of ways to express appreciation and unity, our global network seized the day to acknowledge the importance of our employees.

In order to make sure that the Gentherm Women's Network continues to grow and thrive and that our efforts are aimed at the right areas for growth, our local chapters annually survey their members about topics related to equality, planned activities, suggestions for new topics and other topics related to the Women's Network goals and objectives. This process helps us to ensure that the local efforts are directed at the right areas, as well as making sure that each site retains its own “voice” in the process.

With the success and momentum we’ve already established, we are excited to see the Women’s Network continue to grow as we broaden our efforts around diversity and inclusion.
Career Development

With a global reach and an eye toward the future, our goal is to provide our employees with careers that they love and we take actions to support and develop each employee’s career. We believe that our future leaders are already part of our team today and we work to develop our people and help them be the best that they can be. Our Performance Management Process (PMP) utilizes a wide array of tools to evaluate performance, provide growth and learning opportunities and to help plan for each employee’s future.

The key tenet of our performance management process is the principle of everyday coaching and ensuring our leaders have informal discussions with employees about their goals, their development and enhanced communication. The overall process focuses on continuous performance management and includes goal setting and evaluation, multiple check-ins during each year and measurement against our Winning Culture Behaviors. By providing a structured process for our professional-level employees, we are better able to ensure solid feedback, coaching and development.

Our recently launched !MPACT leadership competency model is another example of giving our employees clear support and direction to help them achieve their goals while also driving performance across the Gentherm team. With a foundation of our mission and our values, our employees are trained on key facets to help them drive their career forward. This two-day training session focuses on key skills, including:

- **Drive Change:**
  Be curious. Speak up. Share your experience and expertise.

- **Deliver Results:**
  Prioritize work that achieves key goals. Ask for help when you are stuck.

- **Build Capability:**
  Find opportunities to build your skill set. Ask for feedback about your work.

- **Focused Innovation:**
  Be a source for new ideas. Be open minded and think outside your “core” area.

“I believe that a manager lights a fire under people, but a leader lights a fire in people. A leader makes someone achieve more than they thought possible. Here at Gentherm, we believe that leaders are not born, they are made and we work to encourage each of our employees to be a leader. I believe that by encouraging that type of growth in our employees, the company will see the benefit and so will the individual.”

BARB RUNYON
Senior Vice President and Chief Human Resources Officer
When it comes to developing people, the Gentherm processes cover the entire team, from the Executive Leadership Team to new hires at our manufacturing facilities.

At our manufacturing sites, new plant level employees receive extensive training on the processes and their responsibilities but also on areas such as safety and quality.

› For example, at our sites in Mexico, each new employee begins their Gentherm career with a full week of classroom training, covering topics including our Code of Conduct, health and safety and quality procedures. Subsequently, each new employee undergoes three weeks of job-specific training to help ensure that they are ready to help Gentherm meet our goals.

At our sites in Mexico, we identified an opportunity to help the development of key individuals in our workforce. We found that a number of our employees had started working without completing high school, often out of financial necessity for them or their family. Whether at Gentherm or somewhere else, this situation presents a limitation on future career development, so we took action.

› The site recently implemented a program to provide fully accredited, on-site high school classes, at no cost to any employee that wanted to complete their degree. We provided on site teachers, all needed materials and all fees for required testing. Our employees committed their time on the weekend, while we committed the support to help them reach their goal. In 2019 we had over 50 employees achieve the amazing goal of receiving a degree. As soon as their graduation ceremony was done, we started the next class.

› Our Medical site in Cincinnati, Ohio has four production managers leading manufacturing activities. Each of these managers were originally hired into an entry level position, developed their skills within our team and grew their career into a position leading manufacturing for a vital piece of our rapidly growing Medical Business Unit.

› We also believe strongly in making sure that our employees understand the risks around cyber security and information security. Our online training services deliver multiple training courses each year to all active Gentherm email addresses. With over 8,000 training courses completed each year, Gentherm works hard to make sure our employees are up to date on the risks of a digital world and what we can do to protect the company and each individual.
Employee Survey

Hearing directly from our employees is an essential part in understanding what is important to them. In addition to our Ethics Hotline, Gentherm also supports employee engagement and feedback surveys at numerous locations around the world.

Our engagement and feedback processes are locally administered, allowing them to focus on the issues most relevant to particular site and their people. This site-specific feedback helps us ensure that we are focused on the right issues for each location.

While over 93 percent of our employees work at locations that utilize surveys addressing engagement and satisfaction, we will continue to expand the reach and make certain that every employee has an opportunity to provide feedback. To support this, our HR leadership is planning implementation of a global engagement survey that will further help us measure our success and opportunities across our sites. A global common process will provide our leadership with an understanding of not just local issues, but trends and issues on a global basis.

Safety – Vision Zero

At Gentherm, safety is an essential part of our day-to-day business. The safety of our employees, visitors to our sites and anyone else we interact with is a part of who we are. To help drive safety, our sites operate under the guidance of our global Health, Safety and Environmental (HSE) team, guided by the Vision Zero initiative.

Vision Zero is a globally known approach and mindset that aims to eliminate 100 percent of work accidents and injuries. Our global team of 50 individuals, representing each Gentherm facility, aims to reach zero injuries by following the Vision Zero Seven Golden Rules:

› Leadership Commitment With a Top-Down Approach
› Identify All Hazards and Risks
› Set Safety and Health Targets
› Ensure a Safety System/ Standards
› Use Safe and Healthy Technology
› Improve Qualification
› Involve People

Our HSE team uses these seven rules to constantly push toward the ultimate goal – zero accidents. By sharing information not just about accidents and injuries, but also about near-misses, our teams are able to continuously learn and improve. With the understanding of what causes an accident, or a near-miss, we work to implement changes that help to eliminate those risks in the future.

Our HSE team measures safety using a few key metrics around reportable incidents. From 2018 to 2019, we were able to reduce our incidents by an average of over 40 percent.

As a result of our focused efforts on safety, we are pleased to state that over 50 percent of our global workforce operates in facilities that are OHSAS 18001 / ISO 45001 certified, with additional facilities presently pursuing the certification.
Our Planet: Having a Positive Impact on Our Environment

Protecting the environment not only benefits us, but also future generations. Making a difference in improving energy efficiency is in our mission and we are working to reduce greenhouse gas emissions, save energy and decrease waste.

Our products are designed to break boundaries between “what is” and “what is possible.” We are working to reduce energy consumption by developing products that provide energy savings. Our technologies deliver consistent performance, have a lower carbon footprint and work to use non-harmful and recyclable materials.

We believe we can always do better and do more. We take this responsibility seriously and are always looking for ways to improve our environmental results.
In order to evaluate our present status and to measure our progress, we gathered data from each one of our locations to help us understand Gentherm’s environmental impact. The following information summarizes metrics from around the globe, for every location where the data is available.

**Total electricity usage:**

\[ \text{MWH} = 49,987 \]

2,697 MWH of our electricity use came from renewable resources in 2019*

16% Total Usage (electricity)

**Total Water Usage:**

132,882 Cubic Meters

**Total identified solid waste disposal:**

5,320 M. Tons

Sent to Recycling: 2,293 M. Tons

**Total Hazardous Waste generated:**

46 M. Tons

We calculate our Scope 2 GHG emissions for all Gentherm sites based on KWH purchased and used. Using electricity consumption from each location and GHG data and available guidance from The Climate Registry, Gentherm estimates our annual Scope 2 CO2 emissions at approximately 28,543 Metric Tons.

*These numbers were generated using local utility providers sourcing of energy.*

Note: In some locations such as sales offices, etc., data around metrics such as waste disposal or hazardous waste generation is not available / not applicable. The above metrics cover all manufacturing locations and major office locations.
Locations

At our Gentherm locations around the world, we are continuously working to minimize our environmental impact. By taking actions that align with the specific local processes or products manufactured at that location, each site has the autonomy to do what they can and what is right to keep our environmental progress moving forward.

Part of progress is measurement. Our Gentherm sites work to monitor and reduce their energy and resource consumption. At our site in Shenzhen, China their constant focus on energy efficiency has driven them to improve their electricity usage by approximately 30 percent over the last two years. Their focus has driven creative thinking such as raising the temperature of chilled water for local usage, implementing efficient shutdowns of equipment such as air conditioning or heating during down-time and using recycled water for cooling or other non-potable usage.

In addition to focusing on improving electricity efficiency, Gentherm is looking to move forward in providing our own clean, renewable energy. At our site in Burlington, Canada we have worked with local agencies to implement solar power generation. Originally installed in mid-2016, the site remains committed to this renewable power and is working on upgrades and maintenance that will bring the system to a capacity of approximately 300,000 KWH per year, around 15 percent of the site’s total annual power requirements.

Our site in Germany recently worked to move their electricity purchases to a new utility provider that generates 59 percent of their electricity from renewable resources, 22 percentage points higher than their previous provider.

Around the globe, our facilities are replacing older light bulbs with new, more energy efficient LEDs. Across our facilities, approximately 1,000 light bulbs were updated in 2019 and almost 3,000 were updated over the last few years.

To understand that impact, assume the average bulb, a 75W bulb, is replaced with a high efficiency 15W LED bulb. That equates to approximately 740,000 KWH saved per year – the equivalent of the electricity used by over 65 average homes in a year!

“While most of our Gentherm manufacturing sites have focused with passion on locally developed environmental targets, we are excited to take the next step and implement a global view and approach starting in 2020. Our efforts will include establishing baseline metrics, benchmarking versus outside resources and looking at ongoing operations to identify opportunities for improvement. These efforts will allow us to establish global goals for improving our performance related to key environmental metrics.”

RAFAEL BARKAS
Senior Vice President, Global Operations and Supply Chain
At our site in Acuña, Mexico the on-site cafeteria serves up 1,000 meals per day to our employees. In 2019, the site implemented processes and equipment to eliminate paper plates from the process, moving to reusable dishes. This results in approximately 220,000 fewer paper plates being used each year.

At another manufacturing site in Shenzhen, China, the local team identified an opportunity for improvement and took action. The on-site air compressors and related equipment, vital parts of the manufacturing process, require a large amount of electricity to operate. Through a deep dive study to understand the energy requirements of the equipment and a thorough analysis of the most efficient equipment set-up as well as modifications to the manufacturing production plan, the local team reduced the electricity consumption related to that equipment by over 85,000 KWH per year.

With Gentherm’s focus on the future of transportation and our portfolio of technologies, we were eager to install electric vehicle charging stations at our Northville, Michigan location. We are excited to be able to provide this resource to our employees or site visitors.

While Gentherm’s manufacturing processes are not typically water intensive, that doesn’t mean we are not focused on reducing our water usage. Water is a precious resource and just like any other resource, we are taking steps to minimize our impact. Presently, we only operate in one country, Mexico, that is defined as “high water-stressed” according to the World Resources Institute. While water usage is something that is measured around the Company locations, with an aim of reducing our volume, at our locations in Mexico we’ve taken steps such as installing flush-less / dry bathroom facilities and installing new low flow / water reducing faucets. For our team in Mexico, those efforts are delivering results. Our Mexico operations accounted for less than 25 percent of our global water use while accounting for over 35 percent of our global employees. Our Mexico operations are one of our most efficient sites measured on water usage per employee, coming in approximately 30 percent lower than our average location.

At our location in Langfang, China, the site has installed low flow toilets, automated sensors on sinks and faucets and even modified local air conditioning settings to reduce water usage. As a result of these efforts, our Langfang team drove local water consumption per employee at the site down almost 25 percent from 2018 to 2019.

Most of our sites tend to rely on local municipal water systems for supply as well as discharge of water. While some local systems provide discharge metrics, our manufacturing processes do not produce water discharge that requires special treatment or handling, so we focus our water efforts on reduction of consumption.
Planet – ISO-14001

We take our environmental responsibility seriously, and we look to outside sources to help make sure that we are on the right path and that we are meeting industry standards or better. As a result, the ISO-14001 certification process is a key measurement for our sites, especially our manufacturing locations.

As of year-end 2019, 83 percent of our employees work at ISO-14001 certified sites, with two other facilities working towards that goal. By mid-2020, we forecast that over 95 percent of all Gentherm employees will be working in ISO-14001 locations, including 100 percent of our automotive manufacturing sites. Locations not already certified or pursuing ISO-14001 certification are primarily office locations, sales offices, and similar sites, where safety and environmental is driven in more location appropriate manners.

Planet Risks

Even with all of these steps aimed at minimizing our environmental impact, our team still recognizes the opportunities to improve. Our sites, both manufacturing and office locations, as well as other stakeholders in our supply chain, use electricity and water and produce solid waste. We understand the risks that this poses to the environment. We will keep striving to improve, to adapt our processes and our products to minimize our environmental impact.

Our Technologies

Our commitment to sustainability isn’t limited to our sites, it also extends into our products. We work every day demonstrating our global team’s dedication to creating a more sustainable world with our advanced technologies, both those currently on the market and those under development. With our strong focus on increasing vehicle efficiency and supporting the shift toward vehicle electrification, we are excited to be part of the future of transportation. With increasing global awareness around climate-related risks, we believe that our products are well aligned to be part of the future of our industry.

As a global leader in vehicle thermal management technology, Gentherm products have been shown to increase the efficiency of in-vehicle Heating, Ventilation and Air Conditioning (HVAC) systems as well as in-vehicle batteries and related components. These increased efficiencies reduce the energy usage, which in turn leads to the reduction of carbon emissions from passenger vehicles.
Climate Control Seat (CCS®)

Our Climate Control Seat (CCS®) helps to efficiently create a level of comfort in a vehicle, allowing for greater HVAC efficiency, which contributes to reduced emissions. Our lineup includes CCS-A (Active) climate seat, which is based on our patented use of multiple thermoelectric devices as well as our CCS-V (Vent) seat that shapes the occupant’s climate with smart sensors that deploy our patented air moving devices, high power density heaters and convective heaters. Both deliver optimal comfort that redefines the travel experience while reducing overall vehicle energy needs. Whether a vehicle is powered by an internal combustion engine, a hybrid powertrain or a fully electric powertrain, our CCS seat products have been proven to improve their operating efficiency.

The National Renewable Energy Laboratory (NREL), part of the U.S. Department of Energy, has conducted testing which verifies that each car or truck using a Gentherm CCS® product lowers vehicle CO₂ output for each mile driven.

If Gentherm’s CCS-A seats were a part of every light vehicle sold in a year, we estimate it would reduce the CO₂ output of those vehicles by over 3.7 Billion kg per year.

3.7 Billion kg per year of CO₂ reduction is equivalent to:

- Using 420,000,000 fewer gallons of gasoline
- Planting 62,000,000 trees
- Burning 20,000 fewer railroad cars full of coal
- Operating over 800 wind turbines for a year
- Carbon storage from 4,800,000 acres of forest for a year
- 1,200,000 tons of waste to be recycled instead of sent to landfills

Calculations based on market estimates: Global sales of 95 million vehicles, 10,000 miles per year, 50/50 car/truck split, U.S. sales of 17 million vehicles, 10,000 miles per year, 50/50 car/truck split.
Battery Thermal Management

With our depth and breadth of expertise in advanced technologies, our Battery Thermal Management (BTM) team also produces products that increase vehicle efficiency. Our BTM lineup includes systems that improve the performance of the battery packs in hybrid-electric vehicles by heating a battery during cold conditions and cooling it during warm conditions. This temperature management works to ultimately increase the life of a battery pack, reducing waste by extending the useful life of the battery and delaying the need to recycle or dispose of the battery.

Our BTM team has also recently introduced flexible Cell Connecting Boards (CCB). Battery technology for electric vehicles continues to make significant advances, and our innovative Cell Connecting technology is another example of how we are providing the solutions our customers want and need to help drive the electric vehicle movement. The battery pack for an electric vehicle consists of individual battery cells that are organized in series and parallel and play a critical role in the overall performance and safety of an electric vehicle.

Within the battery pack, our Cell Connecting System provides a reliable and continuous flow of temperature and cell voltage information during the charging and discharging process, ensuring performance and safety. The CCB technology is also more environmentally friendly, since it eliminates the acids and other chemicals used in the chemical etching process and uses aluminum that is readily recyclable.

“With the continuing changes and advances in automotive technology, Gentherm is poised to be a part of the future – and we believe our Battery Thermal Management (BTM) products are game-changing technologies. Whether it’s increasing the efficiency of electric components or creating new environmentally friendly manufacturing techniques, the Gentherm BTM team is a big piece of the Gentherm portfolio.”

THOMAS STOCKER
Senior Vice President and General Manager, Global Automotive
ClimateSense™

Gentherm’s world class engineering team is also hard at work on the development of ClimateSense™ an intelligent, integrated automotive microclimate system that embodies what Gentherm can deliver – thermal solutions that break boundaries between “what is” and “what is possible.” This highly innovative system creates personalized comfort while reducing vehicle energy consumption related to thermal comfort.

A recent collaboration with a major North American auto manufacturer to better understand the potential effectiveness of microclimate comfort system identified significant energy reductions for thermal comfort delivered by ClimateSense™ (HVAC related testing on a mass market EV, based on two occupants in vehicle). These findings were presented at recent industry conferences and highlighted results including:

› Cold Weather Testing: Over 50-69 percent energy savings (this also translates to electric vehicle range extension – adding approximately 50 miles to the range)
› Hot Weather Testing: 34 percent energy savings
› In addition, ClimateSense™ reduces the size of an existing HVAC system by 30 – 50 percent, which both reduces the material needed for HVAC manufacturing and overall waste

The proliferation of ridesharing, electrification and autonomous vehicles has created a need to redesign the interior of a vehicle. Yet, when we look at the interior cabin of today’s vehicle, the HVAC and thermal management approach has only seen minor incremental changes over the last 50 years. Our ClimateSense™ system demonstrates that it can be the solution that meets the industry’s electrification goals of increased vehicle range and energy savings, while creating the overall passenger experience that will meet the demands of electric, ride-share and autonomous vehicles.
As we have grown and developed our expertise in thermal technologies, Gentherm is excited that we have also been able to put our knowledge and experience to use in the medical arena. Our expertise in thermal solutions for automotive enables us to develop a full line of patient temperature management solutions for the healthcare market. Our line of medical products includes whole body warming and cooling for targeted temperature management, normothermia maintenance, and localized thermal application therapies.

At Gentherm we put the needs of people first. You’ll notice the difference in every aspect of our work, from our quality control production procedures straight through to the variety of products and services that we offer. Our complete line of hyper-hypothermia products include heat and cold therapy units along with a complete line of warming blankets and cooling blankets for body temperature regulation and hyper-hypothermia treatment.

All Gentherm products were designed with both the caregiver and the patient in mind. We understand the pressure faced by healthcare professionals today to reduce costs without sacrificing patient safety, comfort, and quality of care. Gentherm provides solutions to help meet clinical needs with a full line of temperature management products.

Blanketrol® III, our leading flagship brand, is a hyper-hypothermia device that is used to help maintain or change a patient’s temperature with the use of Kool-Kit® disposable wraps and blankets. These blankets and wraps are placed around the patient, and temperature-controlled water is recirculated through them to help regulate a patient’s temperature. For example, Blanketrol® III is utilized in patient fever control. While fever can be beneficial when the body is naturally fighting an infection, studies in ICU patients have shown that fever control reduces oxygen demand and preserves organ tissue oxygenation during shock. The Blanketrol® III can help reduce a patient’s fever without the risk of invasive devices.

“At Gentherm Medical, we are excited to apply our depth of knowledge related to thermal management to medical products utilized in treating and caring for patients. Patient temperature management is an essential part of patient care, and we are proud to make medical devices that truly make a difference to clinicians and patients in times of need.”

JIM PALOYAN
Senior Vice President and General Manager, Medical Business Unit
Our Communities: Committed to Progress

At Gentherm, we support initiatives and institutions around the globe that improve the communities where we live and work. Making our communities a better place is integral to what we do and who we are. Since our company was founded, donating to charities, educational organizations and disaster relief efforts worldwide has been a key part of our organization. We are committed to remaining active in the community and continuing our legacy of corporate responsibility and volunteerism as well as educating and improving the lives of the next generation through STEM education.

From providing food, shelter, healthcare and mentoring, we are committed to improving the communities where we live and work. Through our corporate contributions and employee volunteer initiatives, we demonstrate that we care about the future of the communities where we operate.
Charity Outreach

At Gentherm, being a part of the community does not just mean taking care of our employees and the environment, it also means taking on activities and causes that make those communities better.

At each Gentherm location around the world, our teams work to identify local causes and issues that they can help with, and we empower our teams to support those causes and take action.

At our Northville, Michigan site we formed a partnership with The Children’s Center, a Detroit based organization that provides support and service for children in need. As a proud sponsor of their annual Power of Possibilities breakfast and Autoglow sponsor we were honored to help support their important mission.

To help local families in need during the holiday season, our Cincinnati, Ohio location launched efforts to provide gifts and support to 10 families in need through the local Salvation Army programs. Our Northville, Michigan location also partnered with the local Salvation Army, supporting their Angel Tree drive to make sure that children in need have gifts during the holiday season. In Germany, our team in Odelzhausen has an annual program to support the local Kinderhospiz St. Nikolaus, providing support for children and their families dealing with severe medical issues.

At our locations in Mexico, our teams understand that education is a major part of children’s futures, so the sites work each year to provide backpacks and school supplies to the local community. In 2019, over 500 backpacks filled with school supplies were distributed to children in need. Backpacks also surfaced as a need for the Judson Center in Michigan, so our Northville team stepped up to support, collecting backpacks that were provided to children in need.

Each year, our Ukraine team organizes a volunteer event to help clean up the local river, collecting garbage and waste that would otherwise pollute the environment.

In North Macedonia, our team organizes and sponsors an annual 5-K run, with proceeds supporting a charity focused on providing services to individuals and their families affected by cerebral palsy. In 2019, over 1,200 runners, including 400 Gentherm employees, took part in this event, raising thousands of dollars for the cause.
Education

Just like we want to provide careers and opportunities for our employees, Gentherm also extends that to the communities where we do business. Our actions can help shape the future careers of not just our employees, but also those in the communities where we work and live.

As a technology company, we are always looking to support the next wave of engineers and scientists.

With that in mind, our employees in Northville, Michigan volunteer their time to mentor teams in the FIRST Robotics Competition program. FIRST is a global program that includes 660,000 students in more than 110 countries, working in teams to design and build robots that compete in a series of events. Our employee volunteers have been supporting this program since 2015, and we are proud of our ongoing commitment to the organization. With our employees’ time and Gentherm’s financial support, we look to help develop the next great wave of technology leaders.

In 2019, our site in Vietnam hosted a career day with almost 400 students in attendance. The students toured the facility, learned about our products and processes and participated in an open discussion with site management.
Stakeholders and Supply Chain

Our drive for sustainability and treating people the right way does not only cover our sites and our people, we also work to hold our entire supply chain accountable. Our Supplier Code of Conduct and our Gentherm Supplier Requirements Manual provide key directions to our suppliers around a wide range of topics, including:

- Labor and Human Rights, including child labor and human trafficking
- Restrictions against corruption, bribery and extortion
- Health and safety activities
- Environmental accountability, including encouraging suppliers to align with ISO-14001 standards
- Gentherm rights to audit and review their operations for a variety of items

We also work to promote diversity throughout our supply chain, with the Gentherm Diversity Supplier program. Under this program, we work to increase the diversity of our purchasing spend. Whether it’s productive material purchases, non-productive materials, or purchased services, we are always looking to drive supplier diversity and inclusiveness.

Before Gentherm adds any significant vendor to our supply chain, we complete a thorough pre-screen, including an assessment form that ensures that the vendor’s actions and activities around environmental practices, human rights and general ethics align with the Gentherm culture and values.
Here at Gentherm, making sure that our corporate practices are robust, transparent and fully aligned with all stakeholders is essential to our success. Our executive leadership team, including our CEO and our Board take this commitment seriously and believe that our Corporate Governance is the foundation on which so many other components of Gentherm are built."

WAYNE KAUFFMAN
Vice President, General Counsel and Secretary

We believe that a strong, sustainable company is built upon a foundation of corporate governance. Our corporate governance structure is designed in a manner that both supports who we are as a Company, as well as providing guidance for where we want to go and making sure we get there in the right way.

Our Executive Leadership Team, including our Chief Executive Officer and our Board of Directors are held to the highest standards and we expect full compliance with our Code of Business Conduct and Ethics, our corporate governance policies and much more.

For more information on our Corporate Governance structure and practices, refer to our annual Proxy Statement, or visit our Governance section at Gentherm.com (https://gentherm.gcs-web.com/charters).
2020 Plans and Commitments

This is our inaugural sustainability report, but this certainly is not the first time we’ve thought about these topics. People, Planet and Places are not just three words, they are a commitment from our team to continue to move forward, to continually strive to get better at what we do and how we do it. For 2020, we are focused on foundational programs and projects that will help us drive positive change, including:

› Developing a baseline of key sustainability metrics.
› Evaluating a broad range of sustainability measures, including those we have already implemented in some locations as well as benchmarking other measures implemented by companies in the industries in which we operate.
› Scaling and advancing our sustainability activities and best practices across our many locations.
› Continued focus on the safety of our employees to drive reduction of accidents and near misses.
› Raising awareness and global engagement on sustainability from all levels of the organization, including support from CEO-led global town-hall meetings, employee engagement, internal communications and more.

We are proud of our company, our employees and our products. We are excited about where we can go as we continue to drive Gentherm forward.

If you have any questions or need further information, please visit our website at Gentherm.com or email our team at Sustainability@Gentherm.com.

“ Our team is proud to publish this first sustainability report.

While many of the topics covered here are items that have long been a focus of the Gentherm team, bringing this information into one place and understanding our impact and opportunities to advance is a significant step forward and energizes our team around the world. ”

JAYMI WILSON
Vice President, Strategy, Marketing and Communications
FORWARD LOOKING STATEMENTS / DISCLAIMERS / ETC.

This report contains forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements represent our goals, beliefs, plans and expectations about our prospects for the future and other future events. Such statements may be identified by the use of forward-looking terminology such as “anticipates,” “appears,” “believes,” “continues,” “could,” “designed,” “effect,” “estimates,” “evaluates,” “expects,” “forecasts,” “goal,” “initiative,” “intends,” “may,” “objective,” “outlook,” “plans,” “potential,” “priorities,” “project,” “pursue,” “seek,” “should,” “target,” “when,” “will,” “would,” or similar terms, variations of such terms or the negative of such terms. The forward-looking statements included in this document are made as of the date hereof or as of the date specified and are based on management’s reasonable expectations and beliefs. Such statements are subject to a number of assumptions, risks, uncertainties and other factors, many of which are difficult to predict and generally beyond our control, which could cause actual results to differ materially from that described in the forward looking statements. Such risks and uncertainties include the risks noted in reports that we file with the Securities and Exchange Commission, including the Risk Factors identified in our Annual Report on Form 10-K for the year ended December 31, 2019, as well as additional factors we may describe from time to time in other filings with the U.S. Securities and Exchange Commission. Except as required by law, we expressly disclaim any obligation or undertaking to update any forward-looking statements to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Statements regarding our policies, guidelines or goals are aspirational in nature. They are not promised to be delivered nor guaranteed for achievement. We cannot guaranty that our employees and suppliers follow the requirements of our codes, policies and guidelines in all circumstances. Standards of measurement of performance are developing and based on estimates. Unless otherwise indicated, references to “Gentherm”, “the Company”, “we”, “our” and “us” in this report refer to Gentherm Incorporated and its consolidated subsidiaries. The content of this report generally covers subject matter for the 2019 calendar year unless otherwise noted and is limited to operations owned [and/or operated] by Gentherm. Unless otherwise indicated, information in this report relates to our continuing operations, excluding businesses disposed or acquired in 2019. During the 2019 calendar year, Gentherm completed the divestiture of the Cincinnati Sub-Zero Test Chamber business, effective February 1, 2019, and the Global Power Technology business, effective October 1, 2019, and completed the acquisition of Stihler Electronic GmbH, effective April 1, 2019. All three such entities are excluded from this report and the numerical metrics disclosed herein do not include the impact of operations for any of these three entities for any portion of 2019.