6.3 Sustainability Roadmap

The Sustainability Roadmap is based on the Schaeffler Group's materiality analysis and is divided into the four fields of action of "sustainable management", "customers and products", "environment and energy", and "employees and society". It presents the Schaeffler Group's non-financial strategic objectives and related United Nations Sustainable Development Goals (SDGs) on the materiality matrix issues.

The strategic objectives include measures that the company wants to use to make its business activities have positive environmental, social and economic effects and to create sustainable company value. In addition, the Roadmap sets out time frames within which Schaeffler intends to implement the measures and the progress achieved by the end of the 2018 reporting period.

The Sustainability Roadmap is evaluated and adjusted or expanded annually based on the materiality analysis. The Schaeffler Group's 2018 materiality matrix identifies 17 essential issues.

An interactive presentation of the Sustainability Roadmap is available in the online report: **www.schaeffler-sustainability-report.com/2018**

Sustainable management

Strategic goal	Related to SDG	Measures (extract)	Goal deadline	Status 2018
Compliance				
Continuous development of the compliance management system		Successful auditing of the appropriateness and implementation of the compliance management system (CMS) by an independent auditing firm (IDW PS 980)	2018	fulfilled
		Groupwide implementation of a uniform business partner due diligence process as part of the CMS	2020	in progress
Data protection, information, and IT security				
Improving the protection of and respect for the personal rights of our employees and business partners to ensure compliance with valid requirements and laws by implementing appropriate measures		Implementation of the EU General Data Protection Regulation	2018	fulfilled
Improving the protection of information of business relevance that represents a competitive factor of decisive importance for Schaeffler's technological business		Carefully coordinated components of an information security management system (ISMS); organizational, personal, and physical IT security measures based on a security risk analysis that aims to have a preventative, protective, and informative effect both internally and externally	continuous	in progress
		Development of a comprehensive "Information Security Training and Awareness Concept"	2018	fulfilled
		Rollout of awareness training within the "Information & Cyber Security" program	2020	in progress

Sustainable management

Strategic goal	Related to SDG	Measures (extract)	Goal deadline	Status 2018
Implementing data protection and information security protection requirements with information technology tools to ensure the availability, integrity, confidentiality, and authenticity of company data and related data processing systems		Introduction of the global "IT Security by Design" process	2018	fulfilled
		Rollout of the "IT Security by Design" process in the regions	2019	in progress
		Establishment of a groupwide crisis management structure to safeguard the economic existence of the company in parts and as a whole, even in the event of a major loss	2019	in progress
Further development of groupwide business continuity management		Introduction of a business impact analysis in relevant business areas	2021	in progress
		Ongoing development of crisis management competence at the Schaeffler Group through crisis exercises and training of crisis team members	continuous	in progress

Responsibility in supplier relationships

Strategic goal	Related to SDG	Measures (extract)	Goal deadline	Status 2018
Implementing the OECD guidelines for the responsible use of minerals from conflict and high-risk areas	8	Implementation of internationally recognized standards in the material compliance process landscape as part of the groupwide management system	2021	in progress
Written recognition of the Schaeffler Supplier Code of Conduct (SCoC) by existing production material suppliers	8	Implementation of the Supplier Code of Conduct in existing processes (phased, prioritized integration)	2020	in progress
	8	Rollout of the Supplier Code of Conduct and confirmation by suppliers according to priority	2020	in progress

Human rights

Strategic goal	Related to SDG	Measures (extract)	Goal deadline	Status 2018
Complete alignment of all relevant business activities according to requirements formulated in the principles of the UN Global Compact and the German National Action Plan on Business and Human Rights	8	Further development of human rights due diligence and alignment of the entire process landscape of the Schaeffler Group according to human rights principles	2020	in progress

Customers and products

Strategic goal	Related to SDG	Measures (extract)	Goal deadline	Status 2018
Sustainable products and technologies				
Eco-friendly drives				
	9	Establishment of an E-Mobility business division	2018	fulfilled
Expansion of the E-Mobility field to realize eco-friendly drive concepts	11	Development of total technological solutions for E-Mobility (e.g. wheel hub drives and electric axles); Electrification of conventional power trains (e.g. integration of the 48-V electric motor into the motor-transmission-network and development of a high-voltage hybrid model for plug-in hybrid drives)	continuous	in progress
	9	Development of basic solutions for the electric machine, power electronics, and regulations as part of the "SHARE at KIT" program	continuous	in progress
	11	Expansion of the product range in the area of thermal management with series use of smart single valves	2019	in progress
Increasing the efficiency of internal combustion engines to reduce harmful emissions	11	Expansion of skills in the area of P0 hybridization through joint development of the decoupler and FEAD clamping systems product fields	2019	fulfilled
	11	Further development of the variable valve train for hybrid and non-hybrid drives, e.g. with the series introduction of the variable eRocker system	2022	in progress
	11	Mechanical and tribological optimization of engine components (e.g. through surface coatings to minimize wear and friction)	continuous	in progress
	9	Participation in the EU Horizon 2020 GasOn (monovalent natural gas engine) program	2019	fulfilled
Synthetic fuels	9	Participation in the EU research project "CO_2EXIDE – CO_2-based electrosynthesis of ethylene oxide" and development of a coating process for catalysts with nanostructured coatings	2021	in progress
	9	Participation in the MethQuest (CNG) and NamoSyn (OME) research projects	2022	in progress
Entry into fuel cell technology to realize CO_2-neutral mobility	11	Development of metallic coated bipolar plates	continuous	in progress
	11	Development of systematic bases in the fields of electrochemistry and fluid flow as part of the "SHARE at KIT" program	continuous	in progress
Urban mobility				
Entry into the market for "light" E-Mobility	11	Spin-off of Bio-Hybrid GmbH	2018	fulfilled
	11	Industrialization of the Bio-Hybrid	2020	in progress
Entry into the market for robo-taxis	11	Acquisition of the "Drive-by-wire" technology "SpaceDrive" from Paravan and the founding of the Schaeffler Paravan technology joint venture	2018	fulfilled
Interurban mobility				
Development of "smarter" bearings for rail transport	9	Implementation of the "Predictive Maintenance" approach to realize optimum maintenance intervals and longer running times for trains	continuous	in progress

Customers and products

Strategic goal	Related to SDG	Measures (extract)	Goal deadline	Status 2018
Energy chain				
Entry into the industrialization of large stationary storage (organic redox flow battery)	7	Development of a development cooperation with the start-up CMBlu	2018	fulfilled
	7	Industrialization of the redox flow technology together with CMBlu	2021	in progress
Entry into battery technologies	7	Development of skills in the field of cell chemistry as well as battery models and management systems as part of the "SHARE at KIT" program	continuous	in progress
Optimization and new development of products for wind turbines	11	Development of low-friction bearings for wind power to increase running times; development of a cloud-based software solution to monitor wind turbines	continuous	in progress
Customer relationships				
Deepening of our employees' multifunctional global customer concept to provide optimized solutions and further intensification of our customer relations		Cross-divisional standardization of the customer relationship management tool (Salesforce)	2018	fulfilled
		Global rollout of a system architecture for customer relationship management	2019	in progress
		As part of the Corporate Sales & Key Account Management Training curriculum, the Schaeffler Group's sales employees are provided with training courses worldwide	continuous	in progress
Quality management				
Avoid product liability cases with measures taken from product safety		Global rollout of an integrated product safety management system	2019	in progress

Environment and energy

Strategic goal	Related to SDG	Measures (extract)	Goal deadline	Status 2018
Environmental management				
Medium-term fulfillment of the requirements for a "zero waste to landfill factory" in one location per region, based on production-related waste	11	Analysis of relevant KPIs; selection of potential locations taking state regulations into account; formulation of a project plan to meet objectives per location	continuous	in progress
Material and resource management				
Increase of material efficiency through the use of recycled material	12	Reuse of raw materials, such as steel and aluminum	2020	in progress
Fundamental anchoring of sustainability in the entire production environment of the Schaeffler locations as part of the "Sustainable Factory"	12	Development and coordination of the concept of a sustainable factory, including approval by the Executive Board	2020	in progress
	12	Successful piloting of a production facility as an autonomous, digital, and sustainable factory	2021	in progress

Environment and energy

Strategic goal	Related to SDG	Measures (extract)	Goal deadline	Status 2018
Logistics				
Reduction of CO$_2$ emissions in logistics	13	Development of a methodology for recording controllable Scope 3 emissions	2020	in progress
	13	CO$_2$ and cost reduction in logistics through the EDZ Industry Logistics Initiative (European distribution centers)	2020	in progress
Worldwide expansion of climate-friendly employee mobility	13	Creation of a holistic and sustainable mobility concept for the locations, including the local infrastructure, sharing services, Schaeffler in-house developments, and the possibilities of electrification in private transport, pilot in Herzogenaurach	2020	in progress
	13	Increase in the share of electric vehicles in the vehicle fleet; monetary incentives for the use of electric vehicles, in particular plug-in hybrids and electric cars	continuous	in progress
All German sites have charging infrastructure for electric vehicles	13	Creation of a technical standard for charging infrastructure; framework call-off contracts; introduction of a software backend	2018	fulfilled
	13	Construction of charging infrastructure at all German plant locations	2020	in progress

Employees and society

Strategic goal	Related to SDG	Measures (extract)	Goal deadline	Status 2018
Employee advancement and development				
Demand-oriented and predictive qualification and development for all employees	4	Succession planning as a part of the global talent management process	2019	fulfilled
	4	Worldwide implementation of the new learning management system as part of the "Qualification for Tomorrow" initiative	2020	in progress
Occupational health and safety				
Ensuring a healthy occupation until retirement age is reached by avoiding unhealthy physical stresses at the workplace	3	Review of all workplaces to detect potential unhealthy physical stresses and application of an ergonomic analysis tool prior to revision worldwide	2021	in progress
Continuous reduction of occupational accidents by 10% per year (measurement: AccR)	3	Conversion of the sites certified according to OHSAS 18001 to ISO 45001	2021	in progress
	3	Implementation of appropriate measures taking into account site-specific conditions	continuous	fulfilled

Employees and society

Strategic goal	Related to SDG	Measures (extract)	Goal deadline	Status 2018
Diversity				
	5	Piloting a "mentoring" program	2018	fulfilled
Targeted support of diversity within the corporation through diversity management	5	Expansion and global rollout of the "reverse mentoring" program	2019	in progress
	5	Expansion of diversity management in HR core processes	2019	in progress
	5	Introduction of targeted mentoring for women	2019	in progress
	5	Definition of internal reporting and diversity KPIs	2020	in progress
Compensation and retirement benefits				
Global development, harmonization, and simplification of Schaeffler compensation models	8	Global rollout of job grading (job assessment method)	2020	in progress
Global implementation of the job catalog as the basis for the main compensation, supplemental, and other HR processes	8	Global rollout of the job catalog incl. technical mapping in the HR core systems	2020	in progress
Work-life balance				
Expansion of flexible and mobile working conditions to keep up with the demands of changing work environments and future generations	8	Flexible working hours solutions such as part-time, partial retirement, and reverse shift models	continuous	in progress
Corporate citizenship				
Realize transparent corporate citizenship and integrate it within the specific business divisions	17	Introduction of a globally valid sponsoring concept for the Schaeffler Group	2020	in progress