

GLOBAL CHALLENGES. JOINT SOLUTIONS.



Wind turbines play a decisive role in ensuring a sustainable energy supply for the future.

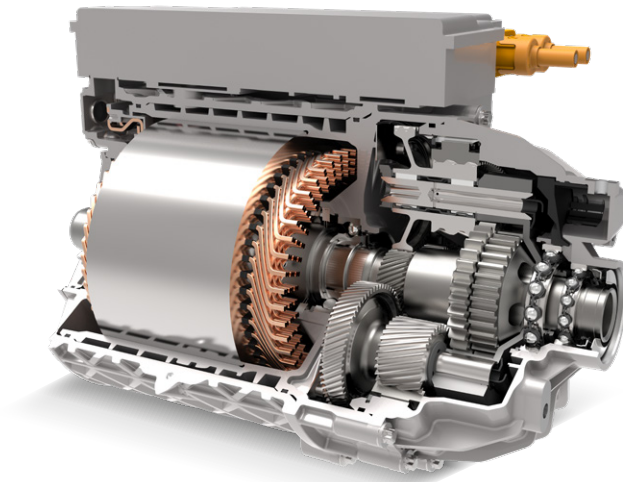


Together for more climate action

Effective climate protection requires a high degree of agility and adaptability. As one of the world's leading automotive and industrial suppliers, Schaeffler develops solutions and components for a sustainable energy and mobility transition – and plans to introduce carbon-neutral production by 2030.

“A-”

CDP climate rating
achieved in 2020



With the innovative 3-in-1 electric axle system, Schaeffler combines an electric motor, power electronics, and a drive unit in a single system.

Establishing climate protection

Effective climate protection requires management-oriented targets. With three specific targets, Schaeffler promotes climate-friendly measures throughout its value chain:

- Carbon-neutral production by 2030
- An increase in energy efficiency of 100 GWh by 2024
- 100 % of the power supply generated through renewable sources by 2024


Promoting carbon-neutral production


Schaeffler has laid the groundwork to achieve carbon-neutral production by 2030, which includes measures to increase energy efficiency and the purchase of green electricity. As of 2020, 100 % of the company's purchased power in Germany comes from renewable sources. Other Schaeffler locations, e.g. in India, Mexico, and Austria, are also switching to green electricity. The needle-bearing plant in Elgoibar, Spain, has already achieved an important milestone, as its production has been 100 % carbon-neutral since 2020. In addition to introducing energy efficiency measures and compensating for unavoidable CO₂ emissions, the company managed to plant

Carbon-neutral production

by 2030


more than 2,000 native trees by the end of 2020, which not only helps to trap CO₂, but also promotes biodiversity in the region.

 **More information on reducing CO₂ in production can be found on page 33 et seq.**

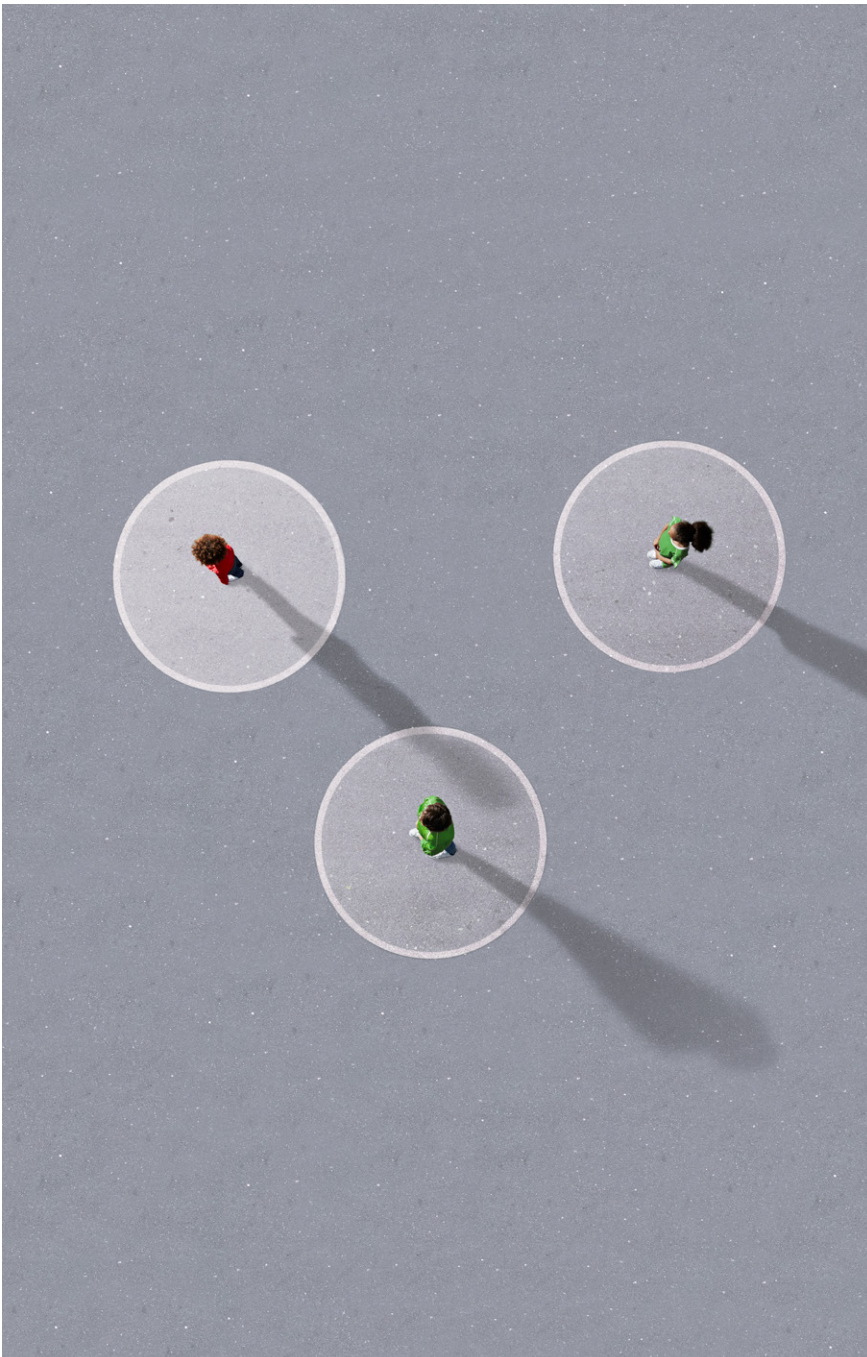
 **Additional information can be found in the [online report](#).**

Promoting the mobility and energy transition

Above all, sustainable mobility will be achieved through an interplay of renewable energy generation, CO₂-efficient drives, and the extension of the life cycle in accordance with the latest environmental standards. This topic is represented throughout Schaeffler's core business: In addition to developing future-oriented solutions that make the switch to renewable energies more economical – e.g. with low-friction bearings for wind turbines – Schaeffler also provides tailored solutions for a mix of different drives, with a key focus on E-Mobility. Schaeffler's product portfolio is full of drive solutions for electric vehicles that are ready for series production, including an electric axle used in a highly effective power-train for increased efficiency.

 **More information on innovative mobility and industrial solutions can be found on [page 24 et seq.](#)**

Out of the crisis: Stronger together



Social distancing was a part of our daily life in 2020.

Schaeffler assumes social responsibility and does its part to mitigate the coronavirus pandemic, thus protecting employees, maintaining business operations, and minimizing social consequences. Collaborative partnerships with suppliers and customers as well as digital tools for supply chain management have helped Schaeffler avoiding supply shortages.

Managing the crisis

The coronavirus pandemic is pushing people and companies to their limits, calling for pragmatic solutions and collaboration. Schaeffler plays an active role in mitigating the crisis. All locations have consistently introduced measures to reduce the risk of infection. In addition to distancing and hygiene rules, these measures also include redesigning workstations and enabling employees to work from home.




Schaeffler has been producing its own masks in Taicang, China, since spring 2020.

100,000

face masks are produced every day at Schaeffler

At Schaeffler, well-functioning crisis management is primarily the result of early collaboration across divisions and between central, regional, and local units and functions. Business processes were adapted without the weight of bureaucracy and, in some cases, within a very short period of time. For example, Schaeffler has been producing its own face masks for its employees at its plant in Taicang, China, since spring 2020, for which a fully automated production line was planned and implemented in just five weeks. 3D printing capacities at the company's locations in Mexico, Germany, and Turkey are also used to produce face shields.


 **More information on crisis management can be found on page 22 et seq.**

100%

delivery thanks to secured supply chains

Securing the supply chain

Thanks to its diversified, global production network, Schaeffler can compensate for local shortages by means of redistribution, a benefit that can provide stability during the coronavirus pandemic and other crisis situations. Since Schaeffler needs to be able to analyze its supply chains in real time, so that it can anticipate potential shortages and respond promptly with mitigation measures, the company introduced the Risk Tower, a tool that helps to digitally secure supply chains. All relevant information converges at virtual supply chain control centers and activates an alarm any time a potential shortage is identified. However, digital analysis cannot replace personal exchange. Close coordination with its suppliers and contacts – e.g. in the form of regular supplier conferences that are now held digitally – also helped Schaeffler to avoid supply shortages.

 **More information on supplier management can be found on page 37 et seq.**


Mitigating social consequences

The coronavirus pandemic has put health and social systems around the world to its limits, particularly in emerging and third-world countries.

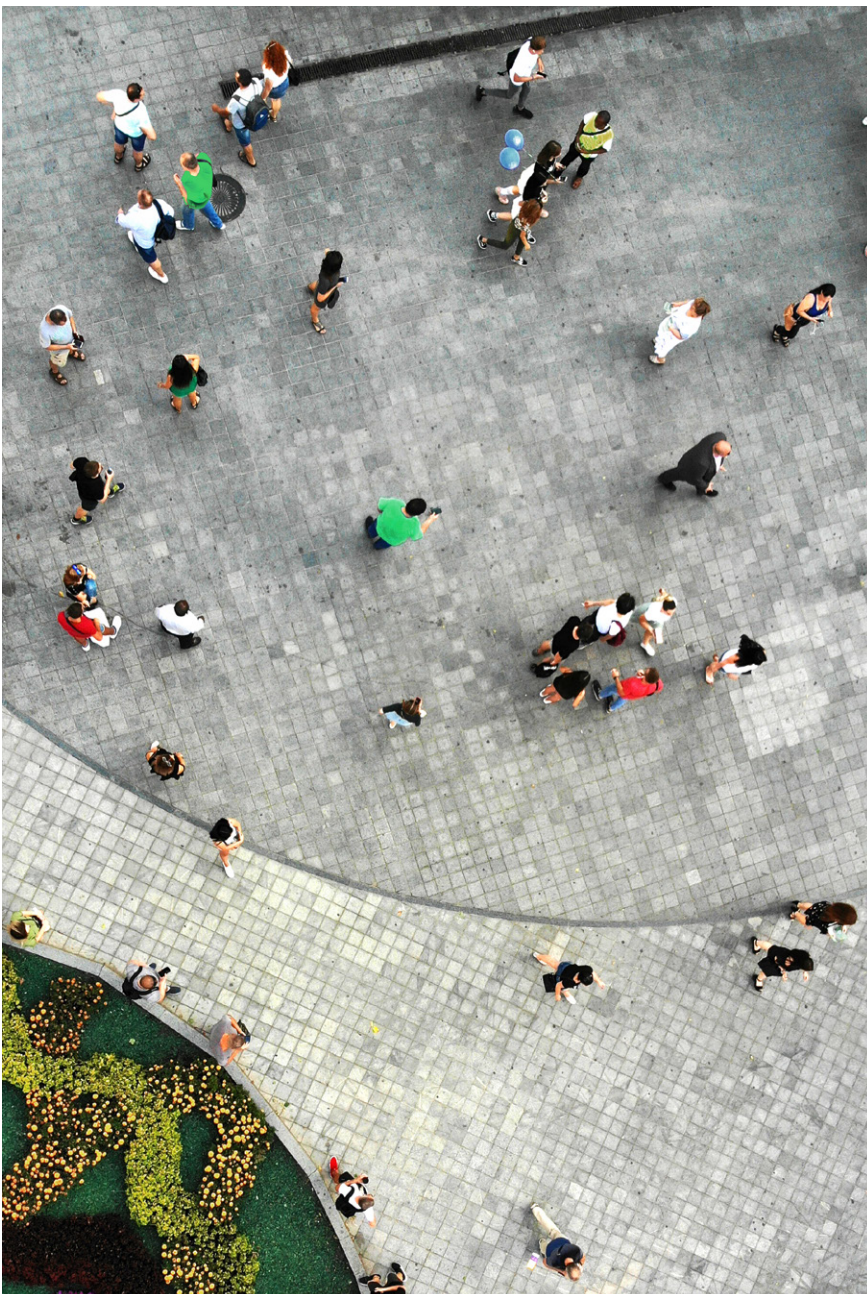
EUR 1.63 m

have been donated to organizations and social institutions to mitigate the consequences of the coronavirus pandemic

For example, rural communities in India have only limited access to timely health care. In order to improve the situation for the disadvantaged communities in Vadodara and Pune, Schaeffler India has launched the Mobi-Health initiative through its CSR program HOPE. Mobile health units play an important role in ensuring the provision of free, basic medical care for those in need in more than 80 villages.

 **More information on corporate citizenship can be found on page 48 et seq.**

Navigating the digital future together



For Schaeffler, the digital transformation is an engine for new processes, innovations, and business models. Sustainable product solutions are at the heart of the transformation – which involves both technological and cultural changes – and are made even more efficient and durable with the aid of digital tools.

On the road to digital transformation.

Managing digitalization

For Schaeffler, digitalization is a central, cross-sectoral topic that will advance the company along its entire value chain. Various departments shape the digital transformation accordingly within the Schaeffler Group. To underline the significance of the topic, the departments involved were united in early 2020 to create a new, strategic Digitalization department at the Nuremberg location – with a direct reporting line to the Chief Executive Officer. The restructuring also bundles the topic spatially: The team members of the central IT and Digitalization departments work together at the Air Campus in Nuremberg, which with its modern New



The new Air Campus Nuremberg bundles different areas of digital expertise.

Work concept offers a work environment that promotes innovation and transformation. Protecting information and data is extremely important to Schaeffler, which is why maximum cybersecurity is always ensured for all internal and external digital solutions.

More information on data protection, information security, and cybersecurity can be found on [page 22 et seq.](#)



OPTIME enables early detection of potential machine damage and errors.

Condition monitoring

Schaeffler supplies its customers with intelligent, connected systems and components for different applications, whether wind turbine, production machine, or railway vehicle. Predictive machine monitoring receives special attention in order to control functionality, detect initial deviations from regular operation at an early stage, and schedule maintenance at the optimal time. One example is OPTIME, an application solution for automated, sensor-controlled condition monitoring for industrial systems. The newly developed system can predict malfunctions weeks in advance and provides information about the causes, as it continuously and automatically carries out analyses based on algorithms. This not only offers economic benefits, but also has a positive impact on the service life and energy consumption of the connected machines.

More information on industrial solutions can be found on [page 24 et seq.](#)

Additional information can be found in [the online report.](#)

Aftermarket in transition

While digitalization takes a critical look at even the most established business models, it also offers new opportunities for data-based innovations. This trend is especially relevant when it comes to online trading for automotive spare parts. Schaeffler has responded to this development with an increased focus on digital sales opportunities and has already established a new platform for digital sales in China. Schaeffler has also completed the assembly and packaging center for Europe in Halle/Saale: The “Aftermarket Kitting Operation Europe” (AKO Europe) represents yet another step towards ensuring a tailored, agile delivery of spare parts. The AKO will cover at least 60 % of global stocks by 2023 and consolidate delivery of spare parts for the Automotive Aftermarket, thanks to digital solutions. CO₂ emissions will drop by around 20 % as a result of the shortened transport routes and higher transport capacities.

More information on the Aftermarket can be found on [page 28 et seq.](#)