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Strategy and management

The Schaeffler Group is a publicly listed family business with a strong foundation in its values that shape its entrepreneurial activity and corporate culture. Economic success, long-term orientation, and awareness of the social and environmental concerns of its own business are traditionally closely interlinked in the Schaeffler Group.

The Roadmap 2025 defines three strategic priorities – innovation, agility, and efficiency. The company has established management structures and processes to implement these priorities and thus to ensure that all business activities along the entire value chain are legally compliant and meet highest ethical standards.

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With its activities in the action field strategy and management, the Schaeffler Group contributes to the Sustainable Development Goals (SDGs) “Decent work and economic growth” (SDG 8) and “Partnerships for the goals” (SDG 17). The corporate strategy aims to reconcile social and environmental requirements with all company activities. The subprogram “Sustainability & Engagement” ensures consistent implementation.



1.1 Fundamental information about the Schaeffler Group

AT A GLANCE

- The Schaeffler Group offers innovative products in the Automotive Technologies, Automotive Aftermarket, and Industrial divisions
- Around 83,300 employees work together across divisions and countries at around 200 locations worldwide

Organizational structure and business activities

Ⓢ > The Schaeffler Group is a global industrial and automotive supplier. Employing a workforce of approximately 83,000, the company develops and manufactures components, systems, and services for powertrains, chassis, as well as rolling and plain bearing solutions for a large number of industrial applications. Additionally, the company provides repair solutions in original-equipment quality for the automotive spare parts market worldwide.

The Schaeffler Group is characterized by a three-dimensional organizational and leadership structure which differentiates between divisions, functions, and regions. Thus, the Schaeffler Group’s business is managed based on the three divisions – Automotive Technologies, Automotive Aftermarket, and Industrial – which also represent the reportable segments. The Automotive Technologies division is based at the Bühl location, the Automotive Aftermarket division at the Langen location, and the Industrial division at the Schweinfurt location. The corporate headquarters of the Schaeffler Group is located in Herzogenaurach. < Ⓢ

📖 More information on the organizational and management structure as well as on the legal structure of the Schaeffler Group is available on [page 2 et seq](#) of the Annual Report 2021.

around 200

locations worldwide

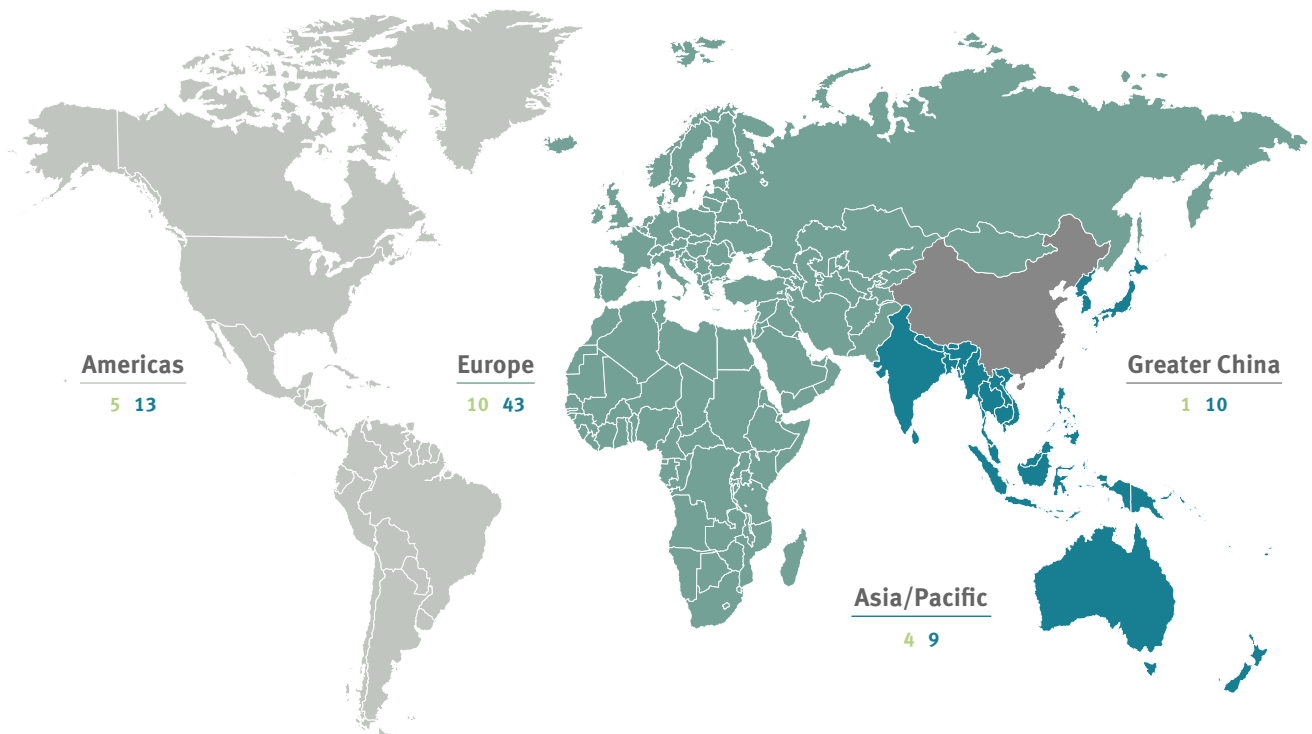
Schaeffler Group plants and R&D centers



R&D centers



Plants



The regions represent the regional structure of the Schaeffler Group.

Locations and production network

☞ With its approximately 200 locations worldwide, 75 production facilities in 22 countries, 20 research and development centers, and a tight-knit sales and service network, the Schaeffler Group’s customers always find it close at hand. The company has a global production system. The plants, which employ approximately 65,000 staff, form the core of the Schaeffler Group’s operations and are managed based on uniform principles on a cross-divisional basis. ☞

1.2 Corporate strategy

AT A GLANCE

- The aim of the Schaeffler Roadmap 2025 is to promote sustainability at the company
- Assuming environmental and social responsibility in the supply chain is one of the central success factors for sustainable management

Corporate strategy – Roadmap 2025

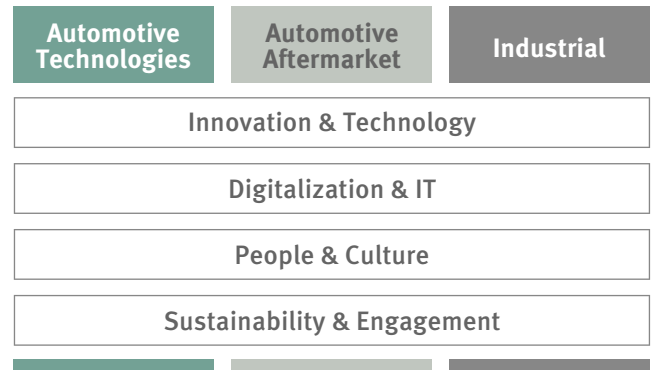
The Roadmap 2025 conceptual framework consists of three key elements:

- The Strategy 2025 defines the strategic approach and the course of action
- The Execution Program 2025 defines seven specific subprograms
- The Mid-term Targets 2025 provide a financial objective and correspond with the overarching aim of generating value over the long term

The corporate strategy was further developed in 2020 in order to continue the ongoing transformation of the Schaeffler Group with a forward-looking, targeted approach. The Schaeffler Group’s guiding principle is its vision of being the industrial and automotive supplier of choice that boasts innovation, agility, and efficiency.

Implemented through the Execution Program 2025, the Roadmap 2025 features a total of seven subprograms, which are broken down into three divisional (vertical) and four cross-divisional (horizontal) subprograms. “Sustainability & Engagement” is dedicated to a variety of topics, including the establishment of environmental and social responsibility in the company’s supply chain as a central success factor for sustainable management.

Divisional and cross-divisional subprograms



☞ More information on the Roadmap 2025 is available on [page 10 et seq of the Annual Report 2021](#).

1.3 Targets and legal conditions

AT A GLANCE

- Sustainability targets have been integrated into the variable remuneration of top management
- Legally required reporting in accordance with the EU taxonomy was introduced for the first time

Sustainability targets relevant to remuneration

☞ Through its corporate strategy, the Schaeffler Group pursues a variety of sustainability targets. The company extended its climate targets to the supply chain in the year under review: The emissions resulting from intermediates and raw materials should be reduced by 25 percent by 2030. The company plans to be entirely climate-neutral by 2040.

To promote consistent implementation, these are also reflected in the remuneration system alongside the Roadmap 2025. The sustainability targets defined for 2021 – energy efficiency and occupational safety – are anchored in the short-term variable remuneration of the Schaeffler AG Executive Board and the management level below. The Schaeffler AG Supervisory Board has defined the following sub-targets for the year under review:

- Implementation of energy efficiency measures of cumulative 45 GWh/a for 2020 and 2021
- Reduction of the accident rate to 4.1 for 2021 ☞

☞ An overview of the sustainability targets is available on [page 4 et seq.](#)



Information on the remuneration system for the Schaeffler AG Executive Board and Supervisory Board at: [Schaeffler AG remuneration system](#)

EU taxonomy reporting

► To meet existing climate and sustainability targets, the European Commission has defined concrete measures with the EU's Action Plan on Financing Sustainable Growth, which are designed to ensure that capital flows are directed to sustainable activities, among other goals. The EU taxonomy is the first approach to a comprehensive classification system that aims to facilitate comparison of the sustainability activities of different companies. In accordance with Article 10 (3) of Regulation (EU) 2020/852, the EU taxonomy classifies the contribution according to six defined environmental objectives:

- Climate change mitigation
- Climate change adaptation
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems
- Sustainable use and protection of water and marine resources

For the reporting year 2021, the percentage of taxonomy-eligible¹⁾ economic activities in total turnover and in capital and operating expenditure needs to be reported for the first two environmental objectives. As of reporting year 2022, disclosures must be reported for all six environmental objectives and their taxonomy alignment²⁾. All of the Schaeffler Group's activities identified to be eligible for the reporting year 2021 exclusively support the environmental objective "climate change mitigation".

In preparation for the requirements of the EU taxonomy, the Schaeffler Group formed a cross-divisional, multidisciplinary project team for the initial collection of data. This team evaluated the taxonomy eligibility of the Schaeffler Group's activities based on market analyses and internal financial key figures.

As part of the EU taxonomy implementation process, materiality thresholds were defined to identify relevant economic activities for the data collection process.

These were set in such a way that they have no material influence on the reporting. To prevent different economic activities from being counted twice, a stepwise process with integrated control mechanisms was developed.

On February 2, 2022, the European Commission published a second FAQ document which addressed the interpretation issues related to Article 8 of the EU Taxonomy Regulation. This document has implications for the Schaeffler Group as an automotive and industrial supplier that could not be fully implemented due to time constraints regarding the publication of the sustainability report. The assessment of the identified activities and measures is therefore based on the state of information of the Schaeffler Group as at January 31, 2022. In particular, no distinction has been made between "eligible", "eligible-to-be-enabling" and "eligible-to-be-transitional" economic activities.

5 % of the Schaeffler Group's turnover is taxonomy-eligible. This portion falls primarily within the wind sector cluster of the Industrial division and can be classified under the economic activity "Manufacture of renewable energy technologies". The basis for this relative disclosure is the key figure "revenue", which is derived from the Group's consolidated statement of income for the reporting year 2021.

25 %

of capital expenditures are taxonomy-eligible

25 % of the Schaeffler Group's capital expenditures are taxonomy-eligible and include capital expenditures for the expansion of business associated with wind power generation facilities as well as investments associated with the purchase of taxonomy-eligible services and products in the areas of real estate, fleet, and energy management. The basis for this relative disclosure is the sum of the key figures "additions to intangible assets", "additions to right-of-use assets from leases", and "additions to property, plant and equipment" as at December 31, 2021, applying the definition of the EU Taxonomy Regulation.

3 % of operating expenditures are taxonomy-eligible and reflect the capital expenditures associated with technologies for renewable energies and hydrogen, as well as the implementation of energy efficiency measures.

1) Taxonomy-eligible means that the economic activity falls within the Scope of the environmental objectives of the EU taxonomy, including consideration of NACE codes.

2) Taxonomy-aligned means that the technical evaluation criteria – i.e. the specifications for material contribution to achieving one of the environmental objectives and preventing significant impairment of a different environmental objective as well as the criteria for minimal social protection – are fulfilled.

The basis for this relative disclosure, applying the EU Taxonomy Regulation's definition, results from the "research and development costs" from the Group's consolidated statement of income for the reporting year 2021 plus the maintenance costs associated with the Schaeffler Group's production plants, less the associated costs for depreciation, amortization and write-downs, insurances, and other taxes.

The Schaeffler Group's environmentally sustainable activities

	Percentage of taxonomy-eligible	Percentage of non-taxonomy-eligible
Turnover	5 %	95 %
Capital expenditures	25 %	75 %
Operating expenditures	3 %	97 %

A large percentage of Schaeffler Group products are built into customers' end products, which are classified under the economic activity "Manufacture of low-carbon technologies for transport". These activities are not included in the EU taxonomy reporting.

According to the EU taxonomy, only the manufacturers of the end products themselves can report turnover under this economic activity. As far as the Schaeffler Group is aware, classification as the economic activity "Manufacture of other low-carbon technologies" was not possible based on the information available on January 31, 2022. According to the interpretation of the Schaeffler Group, the activity description was aimed at the end product in the economic sector in question, meaning no classification is possible for components used in transport technology. Nevertheless, the Schaeffler Group makes a material contribution to climate protection with these products, as the finished components are installed in taxonomy-eligible vehicles, trains, and two-wheelers. < (P)

1.4 Sustainability organization

AT A GLANCE

- Three regional Sustainability Committees were established
- The Schaeffler AG Executive Board receives a monthly report on current sustainability developments at the company

Incorporating governance into sustainability management

(P) > For the Schaeffler Group, sustainable company success means assuming environmental and social responsibility throughout the entire value chain, which is why the company is reinforcing sustainable operations across all of its divisions, functions, and regions.

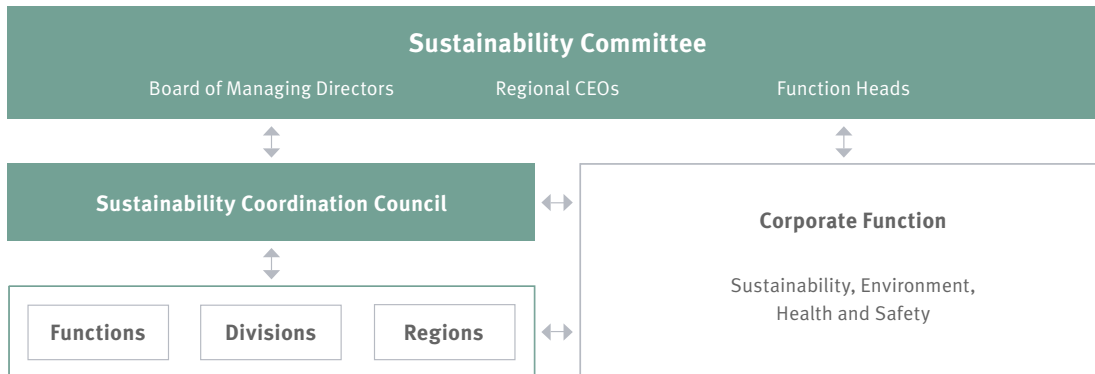
With the Sustainability Roadmap, the Schaeffler Group addresses key topics such as climate protection, occupational safety, and a sustainable supply chain. The company relies on a Sustainability Committee as a central decision-making body to give these topics the attention they deserve. The Sustainability Committee meets on a quarterly basis and consists of eight Members of the Board of Managing Directors of Schaeffler AG, four regional CEOs, and the function heads of departments associated with sustainability. Based on the Sustainability Coordination Council's preliminary work, the Sustainability Committee makes central strategic decisions for sustainable development, sets non-financial group targets, and monitors the progress of the Execution Programs.

In 2021, three regional Sustainability Committees were established to anchor sustainability more strongly in the regions, both organizationally and operationally.

For the Schaeffler Group, sustainable company success means assuming environmental and social responsibility throughout the entire value chain.

The Competence Center Sustainability, Environment, Health and Safety (SEHS) – as part of the HR function – is responsible for the Group-wide sustainability management. It defines performance indicators, supports Execution Programs, conducts internal and external sustainability reporting, and organizes and supports dialogues with key stakeholders.

Sustainability organization



The operational implementation of sustainability-related topics is executed decentralized in various functions, divisions, and regions of the Schaeffler Group.

The monthly Sustainability Performance Report informs the Schaeffler AG Executive Board of current sustainability developments and the status of remuneration-relevant target values.

HIGHLIGHT

50 Sustainability & Climate Leaders

In recognition of its clearly defined sustainability strategy and consistent sustainability management, the Schaeffler Group was named one of the 50 Sustainability & Climate Leaders worldwide on the occasion of the United Nations’ 75th anniversary. The initiative serves as a platform for leading global companies in different sectors that are involved in the fight against climate change and dedicated to fulfilling the United Nations’ 17 SDGs.

To reinforce its global commitment to sustainable development, the Schaeffler Group is a signatory and supporter of the ten principles of the UN Global Compact.

Activities in the UN Global Compact are available at: [UN Global Compact](#)

Video documentation of the initiative is available at: [Schaeffler one of the 50 Sustainability & Climate Leaders](#)

1.5 Materiality and stakeholder management

AT A GLANCE

- The materiality analysis was updated and new material topics were identified
- Sustainability ratings and rankings have been improved


Identifying material topics

A comprehensive analysis identified 13 material topics for the Schaeffler Group in the year under review. In accordance with Sections 289c and 315c of the German Commercial Code (HGB), these are relevant both for understanding the core business, business results, and the company situation as well as for understanding the impact on non-financial aspects.

The materiality analysis included a global survey of more than 1,000 stakeholders, including employees, customers, suppliers, and media representatives. The results provided important insight for the company’s sustainability strategy, sustainability management, and sustainability performance and were subsequently discussed with relevant stakeholder groups in internal workshops. The Sustainability Committee adopted the 13 defined topics in September 2021. “Corporate Responsibility” is ultimately not a material topic but is reported on additionally. Newly adopted topics are “attractive workplace” and “long-term profitable growth”. The latter is defined as being “in harmony with social and environmental aspects for economic success over the long term” and can thus be found throughout the entire report.

The stakeholder survey has also revealed that the Schaeffler Group is increasingly acknowledged for its innovative mobility solutions. At the same time, more and more stakeholders are demanding green products, ambitious sustainability targets, and further digitalization of processes. The drivers of sustainability in the Schaeffler Group most often mentioned were innovation, management, and processes. < (P)


In addition to customers, employees, and suppliers, the most important stakeholders also include investors, analysts, associations, universities, and research institutes. Stakeholders are not only incorporated into the process of defining material topics, but also encouraged to share information. Formats such as customer workshops, industry dialogues, and professional exchange with universities were used in the year under review.

 **More information on material topics in the GNFK index is available on [page 55](#).**

Initiatives and associations

To establish a shared understanding of sustainability, the Schaeffler Group is involved in a variety of initiatives and associations that promote standardized measures and processes for effective sustainability management.

The Schaeffler Group is also participating in multi-stakeholder initiatives such as the industry dialogue of the German Action Plan on Business and Human Rights (NAP). As a member of the Value Balancing Alliance (VBA), the Schaeffler Group is also working with other companies to develop a consistent standard for measurement and monetary assessment of the environmental and social impacts of companies.

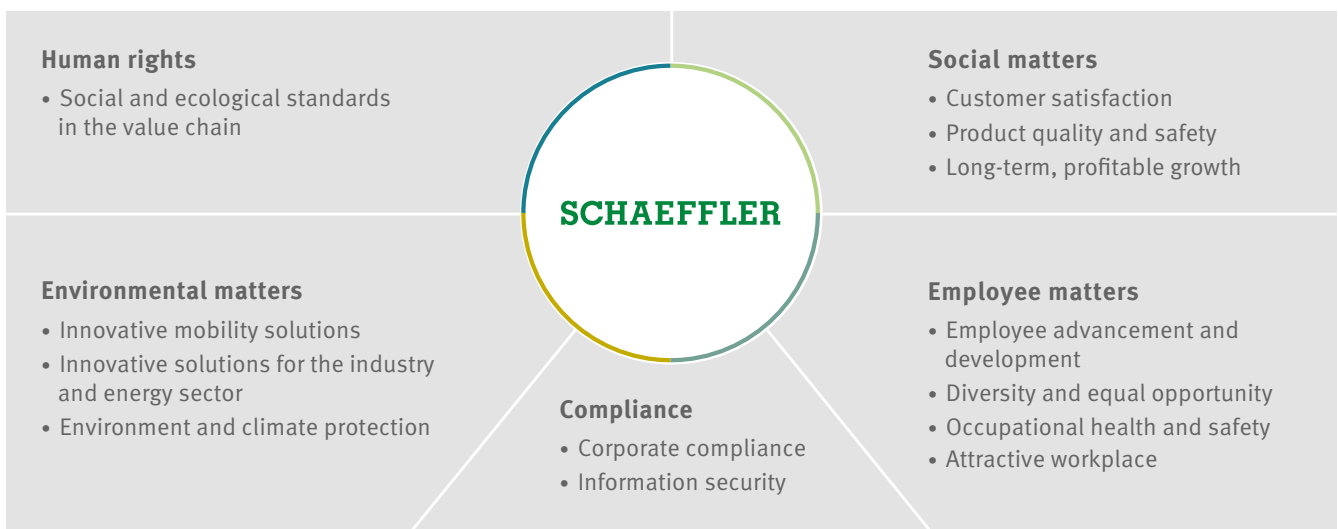
 **List of memberships of relevant initiatives and associations:**
Selected memberships of the Schaeffler Group

Ratings and rankings





(P) > The Schaeffler Group further improved its sustainability ratings and rankings in the reporting year through consistent implementation of the Sustainability Roadmap.

With 75 out of 100 points, the Schaeffler Group achieved Platinum status in the EcoVadis rating (2020: Silver status with 65 points), thus positioning the company in the top 1 % of the peer group (Manufacture of parts and accessories for motor vehicles). Material improvements were made in the areas of labor and human rights, ethics, and sustainable procurement. In the CDP climate rating, an “A-” was achieved again in the year under review. The measures that contributed to this rating include the increased percentage of green energy in the electricity mix, additional energy efficiency measures, and disclosure of the reductions in CO₂ emissions associated with each measure implemented. The company also managed to improve its CDP water rating to “A-” (prior year: “B-”). This is, among other things, due to the global water risk analysis as part of the Schaeffler Group’s risk management and its goal to reduce the use of freshwater by 20% until 2030. Corresponding measures to decrease the consumption of freshwater were also implemented, and a monthly reporting to the Members of the Executive Board established. < (P)

Material topics of stakeholder analysis



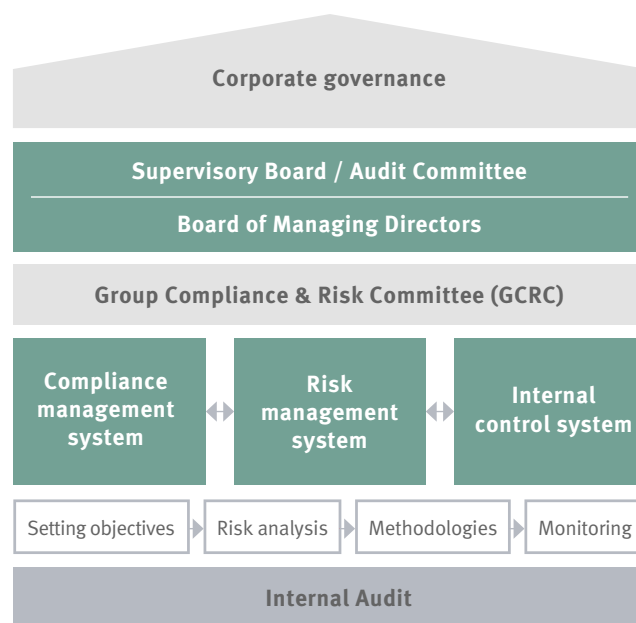
Rating results of the Schaeffler Group:

Rating	Rating scale	Current rating	Previous rating
 climate	“A” to “D-”, whereby “A” is the best grade and “D-” the worst.	“A-”	“A-”
 water	“A” to “D-”, whereby “A” is the best grade and “D-” the worst.	“A-”	“B-”
	0 to 100 points, whereby 0 is the worst value and 100 the best.	75/100 points platinum status	65/100 points silver status
 SUSTAINALYTICS <small>a Morningstar company</small> <small>1)</small>	Five risk categories: Negligible (0–10), low (10–20), medium (20–30), high (30–40), severe (40+).	8.8 “negligible risk” – core framework	18.5 “low risk” – comprehensive framework

1) Urheberrecht ©2022 Sustainalytics. All rights reserved. More information at: [Sustainalytics](https://www.sustainalytics.com)

Chaired by the Group Chief Compliance Officer, the Group Compliance & Risk Committee (GCRC) is an important component of the Schaeffler Group’s governance. The committee is made up of each of the heads of the relevant governance functions – including compliance, risk management, internal control system, and internal audit – and is responsible for supporting the Schaeffler AG Executive Board in its organizational duties with regard to compliance and risk management. One of the main tasks of the GCRC is to define and delineate areas of responsibility and interfaces and thus avoid redundancies. In addition, it is expected to create a consistent and complete view of the risk situation in all divisions, functions, and regions based on a uniform measurement and prioritization methodology. A further objective of the GCRC is to develop and to monitor risk mitigation activities.

Schaeffler Group governance structure



1.6 Responsible corporate governance

AT A GLANCE

- In addition to the corporate strategy, the new Code of Conduct takes increasing customer and business partner requirements into account
- The topic of human rights has been reinforced in the Code of Conduct as well as with additional measures such as risk analyses

Corporate governance

Ⓢ > Good corporate governance is an expression of responsible corporate management. In principle, business dealings and relationships are only entered into if they are in line with the corporate values Sustainable, Innovative, Excellent, and Passionate. The Schaeffler Group’s governance structure supports this approach, creates the necessary transparency within the organization and with regards to responsibilities, and thus ensures coordinated collaboration.

The Compliance & Risk Working Group, consisting of staff members from the functions represented on the GCRC, provides operational support to the GCRC. < Ⓢ

📖 **More information on the individual subsystems of the governance structure and the Schaeffler Group’s compliance management system is available on page 76 et seq of the Annual Report 2021.**

Reporting risks transparently

☞ > The Schaeffler Group deliberately takes calculated business risks in order to achieve its corporate objectives and thus implement its corporate strategy and exploit the associated opportunities. The risk management system aims to identify these risks at an early stage and to manage them in accordance with the risk strategy.

The Schaeffler Group's opportunity and risk reporting in the group management report provides comprehensive information about the company's risk management system as well as significant risks that have a medium or high negative impact on assets, financial positions, or earnings. It also includes risks related to the Schaeffler Group's business operations, business relationships, or products and services. Furthermore, climate risks were integrated into the financial risk management system.

With the integration of the non-financial risk assessment into the Schaeffler Group's risk management system, the assessment of the non-financial risk impact of the five reportable aspects – in addition to the evaluation of their financial risk impact – is carried out using a similar assessment logic. The risk survey showed that there were no reportable risks in 2021 in accordance with CSR-RUG (Section 289c, paragraph 3, HGB).

As proactive risk management, the Energy, Environment, Health and Safety (EnEHS) management system serves to identify and avoid systematic risks and potential negative impacts from the Schaeffler Group on the environment and occupational health and safety at an early stage. The recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) provide guidance and represent a further development in the analysis of climate-related risks. < ☞

📖 **More information on the Schaeffler Group's reporting on opportunities and risks is available on [page 44 et seq of the Annual Report 2021](#).**

📖 **More information on the risks associated with human rights is available on [page 22 et seq](#).**

📖 **More information on the risks associated with TCFD and the consequences of climate change is available on [page 62 et seq](#).**

Compliance management

☞ > Integrity and compliance are significant cornerstones of the Schaeffler Group's manner of conducting business. Therefore, the company pursues stringent standards, particularly when it comes to preventing corruption, lobbying, money laundering and economic crime, observing antitrust and competition law, and protecting human rights. Additional areas of focus include data protection as well as information, cyber, and IT security. To uphold its values and standards, the company maintains a compliance management system (CMS) within the framework of the overarching corporate governance structure, as well as a compliance organization that incorporates the entire Schaeffler Group. The head of this organization is the Group Chief Compliance Officer, who regularly reports to the Chief Executive Officer, the Chairman of the Supervisory Board, and the Chairman of the Audit Committee.


The Schaeffler Group's CMS is responsible for protecting the company and its workforce. The aim is to prevent and detect any compliance or legal violations in the areas of corruption, money laundering, competition and antitrust law, as well as economic crime at an early stage. It also serves as a form of active risk control. The CMS is based on national and international standards. In 2018, an independent auditing company confirmed the appropriateness of the CMS in accordance with the IDW AsS 980 standard for auditing compliance management systems. An effectiveness audit is planned for 2022.

In an effort to systematically avoid legal and reputational risks, the company was primarily concerned with further developing existing measures in the year under review. The Code of Conduct was revised and adopted by the Executive Board, which took into account the corporate strategy – Roadmap 2025 – and increasing demand for responsible corporate governance among customers and business partners. In addition to the established compliance topics, the new Code of Conduct also focuses on integrity and value-based compliance. All employees should actively promote a compliance culture, internalize Schaeffler rules and values that apply to their areas, and act accordingly. All employees, managers, and Executive Board members are to comply with the applicable local, national, and international laws and guidelines down to the letter.


📖 **The Schaeffler Group Code of Conduct is available at: [Code of Conduct Schaeffler Group](#)**

To support employees, the Schaeffler Group has introduced a variety of procedures and processes. This includes the Group procedure for compliance with antitrust and competition law, which among other things regulates interaction with competitors (horizontal) and suppliers, customers, and distributors (vertical). Core restrictions prohibit price fixing, agreements on conditions and quantities, and sales area and customer splits, particularly among competitors. A digital Competitor Contacts and Associations Register³⁾ promotes internal transparency and thus supports the pre-approval process for competitor contacts. The antitrust law procedure also defines unacceptable, coordinated behavior in various scenarios, including the exchange of information and misuse of a dominant market position. There are also additional antitrust and competition law guidelines that explain the background of antitrust rules and communicate an in-depth understanding of the materials regulated by antitrust and competition law.

All employees should actively promote the compliance culture.


To effectively manage risks associated with corruption, the anti-corruption guidelines apply to all employees in the Schaeffler Group and, most importantly, cover gifts, invitations, and donations. Gifts, invitations, and other perks are therefore only permitted if appropriate and transparent. The granting and acceptance of benefits of any kind for the purpose of influencing someone in the public or private sector is prohibited. In the same vein, no donations may be made to political parties, their representatives, politicians, elected officials, candidates for political office, or individual persons. Each donation must comply with applicable laws and the Schaeffler Group's internal rules and requires special permission from the Compliance department. In addition, the IT-supported business partner assessment – “Know Your Business Partner” – is integrated into existing business processes and addresses risks associated with corruption and export control. Those business partners who, due to the type of business relationship, represent an increased risk for the Schaeffler Group – e.g., distributors, sales agents, and consultants – must also undergo an in-depth business partner assessment. < 

Due diligence and reporting systems


 > The Compliance and Mergers & Acquisition (M&A) departments have been working more closely together since 2021. Compliance is included in upcoming M&A projects at an early stage. In addition to being a permanent member of the M&A Transaction Committee and the M&A Integration Committee, the department also defines compliance-relevant issues for M&A due diligence, conducts integrity checks on company transaction partners, and votes in M&A draft resolutions.

As a part of the central competence team for Compliance, the Forensics & Investigations department is responsible for the independent investigation of alleged violations. Business processes and locations are routinely audited to identify and uncover such violations. The Internal Audit department also conducts process-specific checks at the Schaeffler companies on an annual basis as part of its governance audits, most notably for the approval process for competitor contacts and donations as well as for compliance training courses.

To address inappropriate behavior, employees can contact someone in their direct work environment such as managers, regional compliance officers, the HR, Legal, and Audit departments, and employee representatives. Any potential violations – most notably, illegal business practices – can also be reported using the globally accessible whistleblowing system. The system is available in several languages and enables anonymous, confidential, and secure communication with the investigation team of the Compliance department.

Potential compliance violations are resolved independently and in full. In the event of violations, all appropriate and legally permissible measures up to the extraordinary termination of employment relationships are taken. Retaliation against employees or external persons who, in good faith, express concerns about misconduct at the company is prohibited and itself represents a serious violation of the Schaeffler Group Code of Conduct. < 

 **The Schaeffler Group's whistleblowing system is available at:**
[Whistleblowing system](#)

 **More information on material compliance is available on**
[page 43 et seq.](#)

³⁾ The Competitor Contacts and Associations Register (CARE) is a database containing information about trade associations and their potential competition law risks.

Compliance training

☞ > To ensure the necessary understanding of compliance among its full- and part-time employees and executives, the company employs face-to-face and online learning.

Compliance training courses are usually offered face-to-face but were primarily conducted as video conferences in 2021 due to the ongoing coronavirus pandemic. In accordance with the risk-based approach, the topics covered in the training courses included integrity, the new Schaeffler Group Code of Conduct, competition and antitrust law, and anti-corruption.

With a global rollout to establish value-based compliance within the organization, the “Horizon Next” integrity workshop aims to promote awareness of integrity by encouraging participants to reflect on their internal value system with the aid of interactive case studies. In a representative survey conducted in the year under review, more than 85 % of the approximately 5,100 employees questioned confirmed that they are familiar with the compliance rules and report potential misconduct. The survey also revealed that employees have a great deal of trust in the management and the compliance organization. Online training courses ensure a consistent level of knowledge on the topic of compliance across all company levels and are continuously developed and tailored to the workforce’s profile. Building on the basic training course developed the year prior – Integrity & Security@Schaeffler – advanced courses on the topics of anti-corruption and compliance with antitrust and competition law were revised and rolled out globally in 2021. These mandatory online training courses were developed for all executives as well as employees who have been allocated a compliance-related activity profile such as purchasing or sales. The portfolio will be expanded in 2022 to include a refresher course on Integrity & Security@Schaeffler.

Participants in compliance training



19,980 people⁴⁾ (prior year: 34,879) took part in online compliance training within the reporting period. Approximately 95 %^{4) 5)} (prior year: 94.6 %) of the invitations to compulsory online compliance training courses were accepted in 2021. The compliance rate in the reporting period therefore exceeded the targeted level of 95 %. Furthermore, 3,033 employees (prior year: 3,233⁶⁾) were trained in face-to-face training and workshops. The drop is primarily the result of increased use of digital formats due to the coronavirus pandemic. < ☞

Data protection, information security, and cybersecurity

☞ > Protecting personal rights is a high priority for the Schaeffler Group and is therefore part of the Code of Conduct. It handles the processing of data belonging to business partners and employees with the greatest care and sensitivity. The corresponding processes comply with legal data protection requirements. The Data Protection Officer at Schaeffler AG plays a central managing role. He is assigned to the Compliance & Corporate Security department and thus to the Chief Executive Officer’s function.

There is an IT Security by Design process within the Schaeffler Group that is based on national and international standards. This process takes IT security into account even during the early phase of system and application development. Protective measures are integrated and monitored on the basis of the protection requirements associated with the process.

The Schaeffler Group’s information security and cybersecurity measures are designed to protect the intellectual property and business secrets of business partners from theft, loss, unauthorized disclosure, unlawful access, and misuse. Protective measures were introduced to prevent, detect, and correct and are continuously optimized. The measures are based on the ISO/IEC 27001 standard and take national and industry-specific regulations and compliance with the VDA-ISA standard within the framework of Trusted Information Security Assessment Exchange (TISAX) into account where necessary.

Below are some examples of topics that have been reinforced within the Information & Cyber Security program in the year under review:


- Internal communication and training courses on security awareness
- Operation technology (OT) security at the production facilities

4) Employees, including temporary office staff, apprentices, interns, and people working on a thesis.

5) Does not include those employees who were absent over a longer period of time during the year or for whom the deadline to complete the compulsory training courses had not yet passed by the end of the year.

6) The 2020 value has been adjusted.

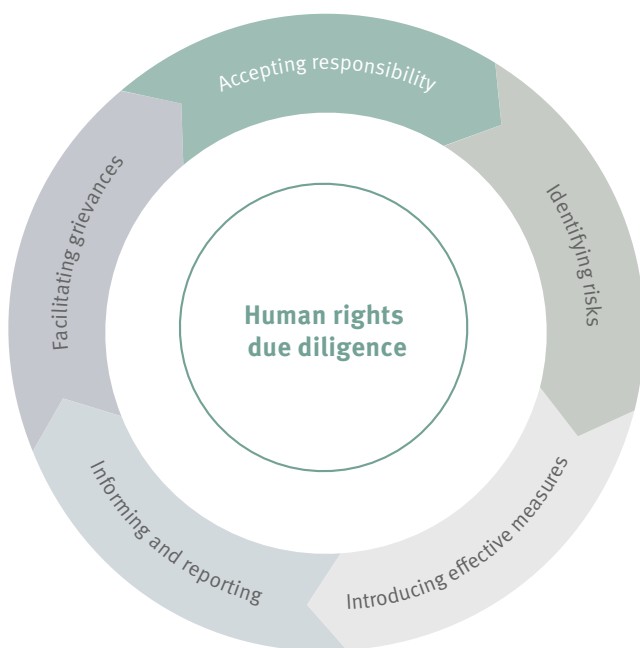
- Information security management systems (ISMS) and further development of information security on a regional basis
- IT security for increased cyber resilience
- TISAX certification completed at the four pilot locations, with more to come < (P)

 **More information on digitalization in the Schaeffler Group is available in the [online report](#).**

Establishing human rights due diligence

(P) > As part of Human Resources (HR), the Sustainability department is responsible for coordinating human rights issues in the Schaeffler Group and works closely with a variety of functions across all regions to implement Human Rights Due Diligence.

Human rights due diligence




1) Accepting responsibility

As a global family business with a strong foundation in its values, respect for human rights is an indispensable part of corporate responsibility. The company management therefore commits, e.g., to the UN Guiding Principles for Business and Human Rights, the ten principles of the UN Global Compact, the general human rights declaration, and the core labor standards of the International Labour Organization (ILO).

This claim was firmly established during revision of the Code of Conduct in the year under review, with a focus on minimum and appropriate wages, maximum working hours, the right to freedom of association and to negotiate collective bargaining agreements, the promotion of equal treatment, and the rejection of any form of child or forced labor, human trafficking, and modern-day slavery. This applies to all of the approximately 200 Schaeffler locations as well as to all business partners and goes beyond compliance with local legal provisions.

For the benefit of all employees and contractors, a newly published policy outlines the company's expectations as well as rules and measures dedicated to preventing human trafficking, focusing explicitly on topics such as the hiring process, employment contracts, and whistleblowing.

Both the Code of Conduct and the Schaeffler Group Human Trafficking Policy refer to all people, activities, and business relationships associated with the Schaeffler Group.

 **The Schaeffler Group Human Trafficking Policy is available at: [Schaeffler Group Human Trafficking Policy](#)**

 **The Schaeffler Group Code of Conduct is available at: [Code of Conduct Schaeffler Group](#)**

 **More information on human rights in the supply chain is available on [page 42 et seq.](#)**

2) Identifying risks

The Schaeffler Group conducted a human rights risk assessment with a focus on its own company in the year under review. To start with, country- and sector-specific human rights risks were identified at the Schaeffler locations. Further, a detailed risk assessment was conducted at all of the locations with increased country- and sector-specific risks as well as at all locations with more than 250 employees, with a clear focus on discrimination, human trafficking, and forced labor. The results of the risk assessment were then summarized at Group level and analyzed during an expert workshop. On this basis measures for further risk prevention were developed and include providing target group-specific training courses on human and employee rights as well as adjusting internal procedures to further establish protection of human and employee rights in company processes.


The human rights risk assessment will be conducted annually in the future, and the effectiveness of the measures adopted the previous year will be monitored. In 2022, the human rights risk assessment will be expanded to include additional human rights issues in accordance with the ISO 26000 standard.

3) Introducing effective measures

In an effort to increase the analysis of human rights risks, the company is also systematically implementing measures to prevent or mitigate potential or actual human rights violations in the future. This includes both, activities of the Schaeffler Group and of business partners. The existing Energy, Environment, Occupational Health & Safety processes in the EnEHS management system will be expanded to include measures to promote human rights due diligence in accordance with ISO 26000. Additional steps were taken in the year under review to incorporate employee and human rights into the existing EnEHS management system, considering the results of the human rights risk assessment. In 2022, additional stakeholder consultations will be carried out to regularly assess the effectiveness of the measures derived from the human rights risk assessment and those defined in the management system as well as to make any necessary adjustments.


4) Informing and reporting

The Schaeffler Group routinely reports on the status of the human rights compliance system and current topics related to human rights. An extensive range of communication measures were implemented in the year under review to further educate employees on the issue of human rights and inform them of the expansion of the human rights management system. The sustainability report updates stakeholders on a regular basis. The Modern Slavery Act passed in the United Kingdom also calls for companies to demonstrate their commitment to protecting human rights along their value chain on an annual basis. The Schaeffler Group maintains business relations with the UK and is therefore affected by this disclosure requirement. A corresponding statement is published for Schaeffler (UK) Ltd.

 **The Modern Slavery Statement of Schaeffler (UK) Ltd. is available at:** [Modern Slavery Statement](#)


5) Facilitating grievances

Both employees and external persons can report any human rights concerns using the Schaeffler Group's global compliance whistleblowing system, which is available in six languages and provides whistleblowers with a confidential, encrypted, and secure form of communication. Incoming reports are assessed by a team consisting of employees of the Compliance and Sustainability department, incorporating the whistleblower in the process if possible. When a case of violation is confirmed, corrective measures are introduced. As part of the human rights risk assessment, the Schaeffler Group also assesses whether human rights incidents have occurred within its own division. In four⁷⁾ cases, measures were introduced to correct human

rights violations in the reporting year 2021, including employee dismissal. < 

 **The Schaeffler Group's whistleblowing system is available at:** [Whistleblowing system Schaeffler Group](#)

Responsible tax strategy

 > Compliance with all national and international tax laws is part of Sustainable Corporate Leadership for the Schaeffler Group. The tax strategy therefore pursues the lawful, tax-optimized handling of all issues both domestically and abroad, including prevention of double taxation. The company promotes an open and honest dialogue.

The Schaeffler Group does not pursue any inappropriate tax planning strategies such as shifting profits from one country to another or to tax havens to minimize tax payments. It pays taxes wherever it generates value. The Schaeffler AG Executive Board is aware of the company's social responsibility and the necessity of appropriate government funding. The Schaeffler Group contributes to tax revenue on the basis of its performance both domestically and abroad, and promotes open and respectful collaboration with the tax authorities.

The Corporate Directive Tax defines the tasks and tax responsibilities of the people who interact with tax authorities on behalf of the Schaeffler Group, tax-related processes, the integration of the Group tax department into Schaeffler Group processes, and reporting and documentation obligations.

The Schaeffler Group's risk management system is an integral part of the management structure and covers tax opportunities and risks. The Schaeffler AG Executive Board is in charge of the risk management system. It regularly reports to the Audit Committee and ensures that the necessary risk control measures are adopted.

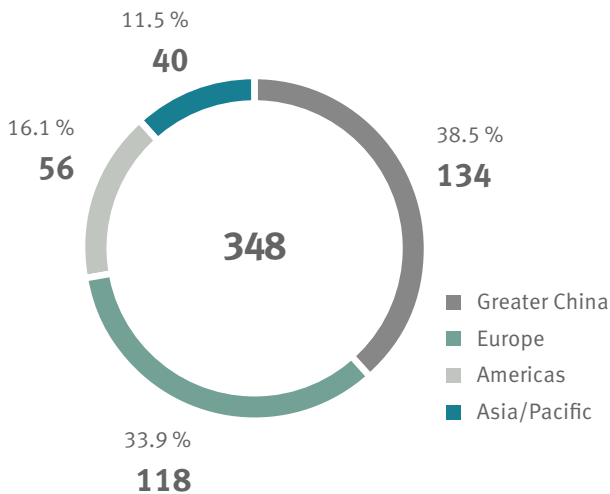
The Schaeffler AG Executive Board has also introduced a Tax Compliance Management System (Tax CMS) based on loss prevention and risk control, which is designed to ensure compliance with tax requirements throughout the company and conforms with the Schaeffler Group's governance model. In 2020, an independent auditing company confirmed the appropriateness and implementation of the Tax CMS of Schaeffler AG and its domestic companies, the majority of whose interests are held indirectly or directly by Schaeffler AG. The audit was carried out in accordance with the IDW AsS 980 standard for auditing compliance management systems as well as the IDW Practice Statement 1/2016: "Design of and Assurance Engagements Relating to Tax Compliance Management Systems in Accordance with IDW AsS 980".

⁷⁾ Violations of the prohibition on forced labor, child labor, and cases of discrimination by racial/ethnic origin, color, or gender. The cases confirmed in the reporting period were all related to discrimination and harassment.


A globally accessible whistleblowing system for identifying potential misconduct enables anonymous reporting of alleged violations.


In the 2021, EUR 348 m was paid in income taxes, which can be allocated among the four regions as follows:

Overview of income taxes paid in 2021 by region in EUR millions



The company also expanded the set of measures established in 2020 and summarized in the coronavirus contingency plan, with a focus on further developing the testing strategy as well as planning and conducting a vaccination campaign. When the vaccine became available in June, vaccination centers opened their doors at various larger locations. At other locations, there were partnerships with service providers, organizations, and doctors with private practices. The Schaeffler Group has vaccinated approximately 22,000 employees in Europe against the coronavirus since June 2021. Appointments could be made using the Schaeffler Health Coach app. A dedicated software was developed to simplify vaccine management, issue certificates, and document vaccination, making it possible to report the latest number of vaccines administered by the company to the Robert Koch Institute, especially in Germany. Where national laws made this impossible, the Schaeffler Group followed the 3G coronavirus measures beginning in October, which means that employees and guests who had proof of vaccination, recovery, or test results could benefit from loosened restrictions on mask requirements, business travel, and use of the office.

 **More information on business continuity and crisis management is available in the [online report](#).**

The country-by-country reporting (CbCR) data as required by GRI 207-4 does not correspond to the CbCR data that the Schaeffler Group prepares in accordance with the structure defined by the BEPS⁸⁾ ruling and the legal obligations and subsequently submits to the German Federal Central Tax Office. Consolidated data per country or tax jurisdiction is not available at the Schaeffler Group. < 

Business continuity and crisis management

The Schaeffler Group bundles and coordinates activities designed to ensure business continuity at the Group level. Elements such as effective emergency and crisis management have been established.

In 2021, protecting employees from the coronavirus during the third and fourth wave took top priority. Protecting the workforce was a central concern for business continuity, as production, business operations, and customer supply at the locations can only be maintained if a safe work environment is ensured.

8) Base erosion and profit shifting (BEPS) refers to the shifting of profits from one country to another country.

2



Customers and products

The Schaeffler Group takes a holistic approach to developing innovative product solutions for the demands of the future – from climate-friendly energy generation and alternative drives to intelligent repair solutions and new mobility concepts. For example, Schaeffler Industrial increases energy efficiency in wind turbines with its low-friction bearings. Automotive Technologies develops alternative drive technologies that help reduce the average CO₂ emissions of vehicles. Automotive Aftermarket solutions extend the life cycle of vehicles in accordance with the latest environmental standards. With its products and solutions, the company helps its customers to achieve their climate goals.

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The products of the Schaeffler Group directly contribute to achieving the Sustainable Development Goals (SDGs). For example, energy chain products help to achieve the goal of “Affordable and Clean Energy” (SDG 7). Predictive maintenance and industrial bearing solutions enable resilient and sustainable “Industry, Innovation and Infrastructure” (SDG 9). Technical innovations for electrically powered cars, scooters, e-boards, and e-bikes encourage the development of “Sustainable Cities and Communities” (SDG 11).



2.1 Innovative mobility and industrial solutions

AT A GLANCE

- Relevant departments and technology specialists work closely together in the product development process
- The Schaeffler Group has intensified its partnerships and product development associated with hydrogen technology

Research and development

Ⓢ > As an integrated automotive and industrial supplier, the Schaeffler Group develops product solutions in five focus areas: CO₂-efficient drives, chassis applications, industrial machinery and equipment, renewable energy, and aftermarket solutions and services. To this end, the company employs 7,093 (prior year: 7,095) people¹⁾ in research and development (R&D) at 20 R&D centers and other R&D sites. In 2021, the company submitted 1,784 (prior year: 1,907²⁾) patent applications³⁾ to the German Patent and Trademark Office.

The Schaeffler Group’s product research and development topics are anchored in six innovation clusters with a focus on market-relevant unique selling points: hydrogen and energy transition, electric and automated mobility, robotics and the Internet of Things (IoT), bearing technologies, artificial intelligence (AI), and material and surface sciences. Within the clusters, all of the departments and technology functions relevant for the product development process work together at a cross-organizational project house. The Chief Technology Officer is incorporated into the cluster projects through routine steering committee meetings. < Ⓢ

Ⓢ **More information on the innovation clusters is available in the [online report](#).**

Circular economy

Ⓢ > To reinforce sustainability aspects in product development with a focus on circular economy, the company began revising the company-wide Energy, Environment, Health and Safety (EnEHS) management manual. The new content will draw attention to topics such as which products have the most influence on the company’s carbon footprint and which production phase or which part of a product determines this influence.

Innovation clusters in research and development




1) Workforce values are provided as full-time equivalents (FTE); reporting date of December 31, 2021. The 2020 value has been adjusted.

2) The DPMA adapted the counting method in 2020, which is why the 2020 figure differs from that of the Sustainability Report 2020.

3) The patent applications are first filings in Germany.

These questions also represent a starting point for circular economy. In addition to using renewable energy sources and prioritizing systems thinking, the ideal circular economy features closed loops, so that raw materials, components, and products lose as little value as possible. The central questions should therefore also encourage the development of potentials in various areas, including material efficiency, reduced use of critical and rare raw materials, energy efficiency in construction, repairability, and recyclability. The Schaeffler Group also analyzes life cycles to support this approach. < (P)

 **More information on life cycle analyses is available on**
Seite 36 et seq.

Hydrogen of the future

(P) > Renewable energy is a core element of global climate protection and is changing the entire energy and mobility sector, particularly in the areas of steel and chemistry. Yet while electricity from wind, sunlight, and hydropower is becoming increasingly affordable, availability fluctuates and is unequally distributed. As a result, a drastic increase in generation capacities worldwide will have to be accompanied by new energy sources and transport and distribution concepts.

The Schaeffler Group views hydrogen as a promising, universal energy carrier that can be stored and transported. As an emission-free energy carrier, green hydrogen can be used across all industries and bring different industry sectors together – e.g., as an electricity-based industrial raw material for the steel and chemical industry, for a stationary power supply, and for electric mobility in commercial transport.

The cross-divisional approach is aimed at developing technological solutions that enable both the production and use of hydrogen. Hydrogen should also be an important component in internal processes for achieving the goal of climate neutrality.

The Industrial division supplies key components for electrolyzers, which are the underlying technology in the production of green hydrogen. In the Automotive Technologies division, the company continues to develop bipolar plate components for fuel cells used to convert hydrogen gas directly into power. The idea is to significantly expand the associated test and production systems across all technologies.

The company is actively involved in the emerging networks within the new hydrogen economy worldwide. The Schaeffler Group has been a steering member of the global CEO-led Hydrogen Council since 2020. With more than 130 leading companies in just about every industrial segment, this international initiative is dedicated to establishing hydrogen technology on a global basis.

The Schaeffler Group is a member of the German National Hydrogen Council (NWR) on a national level as well as an active member of Hydrogen Europe.

The Schaeffler Group has also been involved in the government-funded H2 Giga program since 2021. As the consortium lead with industry and research partners, the company will further develop the future technology of electrolysis stacks, including the corresponding production processes, and promote industrialization through its activity in the Stack Industrialization Electrolysis (StacIE) subproject.

With the aim of using its core areas of expertise in the fields of material, metalworking, and surface technology and in the innovative field of electrochemistry specifically to develop hydrogen technology, the Schaeffler Group is bundling its knowledge at a hydrogen competence center at the Herzogenaurach location. The Schaeffler Hydrogen Council, which discusses the program's progress on a quarterly basis, oversees all of the activities. The Schaeffler Hydrogen Council is a steering committee that generally meets on a quarterly basis and is responsible for reporting on and discussing the Schaeffler Group's hydrogen activities. The council is made up of leading specialists and members of the Schaeffler AG Executive Board. < (P)

2.2 CO₂-efficient drives

AT A GLANCE

- The focus on electric mobility is also reflected in revenue development in the E-Mobility business division
- New 800-volt power electronics for applications in electric axles improve the efficiency of the powertrain

Low-emission internal combustion engines

(P) > The Schaeffler Group is currently working on improving internal combustion engines for use in hybrid powertrains, with a particular focus on reducing CO₂ emissions and fulfilling future emission standards. The company is thus developing new solutions for reducing friction, e.g., for mass balancing systems, and is using variable valve train systems to optimize gas exchange and the combustion process.

With the Smart OverRun System (SORS), the Schaeffler Group has also developed a solution for mild hybrid drives that reduces CO₂ emissions – which thanks to the mild hybrid technology are already lower – by another approximately 5 %, while also reducing harmful emissions. < (P)

The Schaeffler Group offers innovations and development expertise in the area of electric mobility on both a system and component level.

Innovation for e-mobility

(P) > The Schaeffler Group offers innovations and development expertise in the area of electric mobility on both a system and component level and, with its products, covers many areas of electrification, from mild hybrid drives to all-electric driving.

At the international IAA MOBILITY exhibition in 2021, the company unveiled its 800-volt power electronics for applications associated with the electric axles of high-performance vehicles. It does not only play a key role in powertrain efficiency, but also reduces power loss and increases the overall range.

The company also presented a highly integrated 3-in-1 electric axle that can be used for a variety of vehicle platforms and boasts high system efficiency and output density. It combines an electric motor, transmission, and power electronics in a single system, for which the Schaeffler software processes signals and controls the drive. The 3-in-1 electric axle is thus an expansion of the 2-in-1 electric axle system that combined the transmission with a highly efficient electric motor.

To further establish e-mobility beyond automotive applications, the Schaeffler Group has introduced the chainless “Free Drive” bike-by-wire drive system. The recuperative solution converts the mechanical energy generated by pedaling into electrical energy, which the electric motor converts back into mechanical energy. Excess energy can be stored in the rechargeable battery, which reduces the need for external battery charging on the power grid. And since there are fewer mechanical parts to wear out, the solution is comparably low-maintenance.

EUR 1,245 m

revenue in the business division E-Mobility⁴⁾

The focus on electric mobility is also reflected in revenue development in the E-Mobility business division: This increased from EUR 1,047 m in 2020 to EUR 1,245 m in 2021.⁴⁾ < (P)

2.3 Chassis applications

AT A GLANCE

- Chassis applications are centered around advancing automation of driving functionalities on the path to autonomous driving
- Series development of innovative by-wire solutions as well as consistent optimization of chassis components

Autonomous driving

(P) > The mobility solutions of the future will introduce higher degrees of automation, all the way up to fully autonomous driving. In addition to increasing traffic safety, fully automated driving – i.e. autonomous driving – can also contribute to climate-friendly mobility through more efficient driving. Furthermore, highly and fully automated vehicles can increase social inclusion for people who are unable or limited in their ability to drive a car themselves. In an effort to both support and advance this transition, the company is working on chassis systems that can fulfill high safety and availability requirements. These systems will make it possible to expand existing assistance systems and thus achieve a higher degree of automated driving, just as mechatronic chassis systems will ensure that energy is used sparingly and only when necessary.

The “SpaceDrive” technology of the joint venture Schaeffler Paravan Technologies enables an electronic control system (by-wire) that fulfills stringent safety and availability requirements and even supports highly and fully automated driving. Having covered more than a billion kilometers in a whole host of applications and strutted its stuff in extreme motorsports, this technology has already proven its worth. < (P)

⁴⁾ Previous year's figures according to the segment structure reported in 2021.

HIGHLIGHT**Schaeffler rolling chassis**

With its rolling chassis, the Schaeffler Group has presented a flexible, scalable platform for new, driverless mobility solutions for use in the transport of passengers and goods as well as special applications such as cleaning machinery.

New mobility concepts

The modular rolling chassis platform developed by the Schaeffler Group is a flexible architecture for developing sustainable mobility solutions, with the design freedom extending far beyond the steering and drive.

From Schaeffler electric axles to Schaeffler wheel hub motors, drives of any kind can be used. Both central steering and wheel-selective actuators can be used for steering in the Schaeffler corner modules. In a system with wheel hub drive, the corner modules enable a drive solution that combines 90° steering, braking, wheel suspension, and air suspension.

The Schaeffler rolling chassis also offers a central interface for the rest of the vehicle in the form of a chassis control unit, which the “virtual driver” provides with curve and acceleration commands. For the international IAA MOBILITY exhibition in 2021, the Schaeffler Group and Mobileye, a subsidiary of the Intel Group and leading supplier of systems for automated driving, entered into a long-term partnership to develop autonomous shuttles up through series production on the basis of this platform.

2.4 Industrial machinery and equipment**AT A GLANCE**

- Energy-efficient, material- and process-optimized bearing technologies play a key role in reducing the carbon footprint
- Reconditioning of wheelset bearings requires less raw material and energy than producing new ones

Bearing technologies to reduce the carbon footprint

☞ > The Industrial division offers a wide range of solutions with rotary and linear bearings for energy-efficient operation of machines and equipment.

With diameters ranging from a few millimeters to several meters, the extensive bearing portfolio includes high-speed types for electric motors, high-performance spindles, and aircraft engines, as well as solutions with larger bearings for energy generation such as power plant turbines and wind turbines.

81 %

CO₂ reduction through the reconditioning or repair of aircraft bearings compared to the production of a new bearing

In addition to friction- and lubricant-optimized bearing solutions, approaches are also being developed to improve the carbon footprint in the bearing production process. Another option is the reconditioning or repair of aircraft bearings, which is not only economical, but can also reduce CO₂ by up to 81 % compared to the production of a new bearing.

The Industry 4.0 segment specializes in a comprehensive range of intelligent maintenance and assembly solutions.

The Schaeffler Group has also optimized production processes with a focus on resource efficiency. For example, it was possible to reduce the material use and the rate of material removal by machining necessary to form cages made from forge blanks in the field of large wind turbine bearings by up to 65 %.

Smaller production allowance and optimized heat treatment processes also reduce the energy requirements of heat treatment plants for roller bearing rings. < (P)

HIGHLIGHT

Reconditioning of wheelset bearings in rail transport

In 2021, the Schaeffler Group received the Railsponsible Supplier Award for its 100% return service for wheelset bearings in rail transport. The concept simplifies and accelerates railway vehicle maintenance by immediately providing reconditioned replacement bearings, which not only increases availability for customers, but also requires less raw material and energy demand than manufacturing a new bearing.

Advancing Industry 4.0

The Industry 4.0 segment specializes in a comprehensive range of intelligent maintenance and assembly solutions, with a particular focus on proper bearing lubrication, which can prevent many problems with applications. Uncertainty and a lack of transparency in terms of actual lubricant volumes and the condition of conventional, automatic lubrication systems are often a reason for maintenance companies to continue with applying lubricant manually rather than relying on automatic lubrication systems. As a result, up to 30% more lubricant is used than necessary. The new "OPTIME C1" single-point lubrication system was developed for automatic lubrication in larger machine parks. A central location makes it simple to monitor the condition of all lubricant dispensers and ensure the optimum lubricant volume, which in turn reduces grease consumption and increases machine availability.

2.5 Renewable energy


AT A GLANCE

- As a partner of the energy industry, the Schaeffler Group promotes the expansion of renewable energy generation
- Efficient bearing solutions for wind, solar, and hydropower energy increase the energy yield and the level of efficiency

Wind power

(P) > Further reducing electricity generation costs remains an enormous challenge in the wind industry. The reliability and durability of the bearings play a key role in making energy generation economical. Every bearing failure leads to a loss in energy generation as well as complex repairs and part replacement, which can be costly and time-consuming.

Larger and larger turbines are being used to make wind energy generation more efficient. Rather than using individual components such as main bearings, shafts, and housing, manufacturers increasingly source preassembled systems from the Schaeffler Group. This leads to reduced weight thanks to better integration of the bearing and housing, and reduces logistical costs, as the logistics chain can be simplified and the subsystem, e.g., can be delivered directly to the installation location. < (P)

 **More information on wind, solar, and hydropower energy is available in the [online report](#).**

2.6 Aftermarket solutions and services

AT A GLANCE

- Innovative repair approaches have been developed to resolve the challenges associated with the increasing technical complexity and networking of vehicles
- The assembly and logistics activities for the Automotive Aftermarket have been efficiently bundled at a single location in Europe

Global spare parts business

Ⓢ > The Automotive Aftermarket division is responsible for the global spare parts business and supplies innovative repair solutions in original-equipment quality. The company is thus helping to increase the service life of vehicles. < Ⓢ

Repair solutions for hybrid vehicles are a central component of a holistic mobility shift. The technical challenges here are manifold and complex – in the case of hybrid cars with PO drive, the use of an electric motor in the belt drive involves additional requirements. In an effort to maintain a competitive product portfolio in the engine segment over the long term, the Automotive Aftermarket has set its sights on expanding the range with a particular focus on full hybrids and plug-in hybrids. For many hybrids, the spare parts program already contains a comprehensive selection of individual components and complete solutions (KITs) in all four key motor systems: timing drive, front end auxiliary drive, valve drive, and cooling system.

Repair solutions for hybrid vehicles are a central component of a holistic mobility shift.

The company also offers repair solutions for 48-volt mild hybrid technology: The tasks of the front end auxiliary drive (FEAD) have evolved from supplying energy to the electrical system to providing additional hybrid functions. The Schaeffler Group was the first supplier in the aftermarket to provide a repair solution for 48-volt hybrid vehicles in 2019 – the INA FEAD KIT – and has been continuously expanding its portfolio in this technology ever since.

2,500

tons of annual CO₂ reduction by bundling assembly and logistics activities at a single location

Ⓢ > The European Aftermarket Kitting Operation (AKO) aims to supply customers in the automotive aftermarket quickly and reliably at all times. The AKO supplies spare parts and repair solutions not only to European regional warehouses, but also to customers in Central Europe. The space at the new AKO for storing spare parts, assembling them into complete solutions (“kitting”), and shipping them is the size of 32 soccer fields. Bundling assembly and logistics activities at a single location reduces transport between the locations and increases transport capacities, which will reduce CO₂ by more than 2,500 tons a year. < Ⓢ

📖 **More information on reducing emissions is available on [page 38 et seq.](#)**

2.7 Product quality and safety

AT A GLANCE

- All production sites have certified quality management systems
- The new SHAPE quality program combines divisional and central quality aspects and exploits the synergies created

Consistent level of quality

Ⓢ > The company ensures and improves the quality of its products and processes with a variety of tools: All Schaeffler Group production sites⁵⁾ have certified management systems in accordance with globally recognized quality standards and regulations. The company has successfully implemented the requirements of the following certification-relevant standards in all Schaeffler plants concerned worldwide:

5) According to the Scope of the Schaeffler Group's management manual and valid certification rules.

- IATF 16949:2016 quality management system, automotive industry standard
- ISO/TS 22163 quality management system, with specific requirements for the application of ISO 9001:2015 in the railway sector
- SAE AS 9100D:2016-09-20 quality management systems, requirements for aerospace and defense organizations
- ISO 9001:2015 quality management system, industry standard

The conformity of the products, systems, and processes is periodically checked and confirmed at the affected locations by way of internal and external audits. In 2021, product liability cases⁶⁾ were able to be avoided thanks to the standard company processes and the integrated product safety management system that was introduced. < (P)

100%

coverage rate of quality management systems⁵⁾

SHAPE quality program – Sharpen. Accelerate. Perform.

(P) > The SHAPE quality program was introduced in 2021 to continue fulfilling the Schaeffler Group's high-quality standards. The central departments of the Chief Executive Officer, the Chief Operating Officer, and the Chief Technology Officer work with the divisions to develop the future structure of Schaeffler quality in the four focus areas:

- Technical expertise and reputation
- Agile processes and methods
- Quality principles and mindset
- Sustainable quality and performance

As part of the Execution Program 2025, SHAPE offers the framework for divisional and central quality aspects and exploits the synergies created. The quality program should be successfully concluded by the end of 2025 and will help to ensure and further develop the Schaeffler Group's high level of quality both now and in the future. < (P)

High standards in product safety

(P) > Product safety and conformity are key quality characteristics for industrial plants and transport systems. The company would like to guarantee them with standardized and audited processes.

The Schaeffler Group's Product Safety and Conformity Representatives (PSCRs) undergo training in combined online and face-to-face trainings. Annual industry-related product safety days provide professionals and managers with the opportunity to exchange information with NGOs, authorities, and governmental organizations. The German Association of the Automotive Industry (VDA) has adopted these product safety days and continued to organize them nationally in the form of a product integrity conference. The VDA has also implemented a permanent working group of vehicle manufacturers and supplier representatives to optimize product safety and conformity comprehensively under the term "product integrity". The working group is managed by representatives of Schaeffler product safety.

The PSCR network monitors and improves product safety management inside the Schaeffler Group. If required, the integrated product safety management system can also help protect the Schaeffler brand by effectively taking action against product piracy and the associated product safety risks. The brand protection strategy aims to force counterfeits out of the market worldwide – especially via civil and criminal-law measures. The company is also focusing on increasing market participant awareness and knowledge about this topic. In addition, the Schaeffler Group supports its authorized distributors with training courses, in-house trade fairs, and authentication offers. These measures also serve to minimize product liability risk for counterfeit products through product monitoring. < (P)

⁵⁾ According to the Scope of the Schaeffler Group's management manual and valid certification rules.

⁶⁾ Product liability cases (pursuant to product liability law) are claims by end users against the Schaeffler Group for compensation for damage incurred by the end user as the result of a safety-related product defect.

2.8 Customer satisfaction

AT A GLANCE

- Global Key Account Management (GKAM) was developed to improve customer orientation
- 75 awards in the reporting year for customer satisfaction and product quality confirm our positive reputation worldwide

Consistent customer orientation

Ⓟ > The Schaeffler Group aims to be the preferred technology partner for customers, which is why it has developed a Global Key Account Management (GKAM) organization as a foundation for customer relationships. The GKAM organization operates in accordance with standardized principles around the world and is closely interlinked with the divisions, regions, and functions of the business divisions. The necessary expertise is pooled from the relevant business divisions for key customers. In accordance with the “one face to the customer” principle, major customers have a dedicated contact person, who manages all of the business activities associated with the Schaeffler Group and the customer. Customer satisfaction surveys are conducted at regular intervals. A global customer survey was conducted in the year under review, and its results reported to the Schaeffler AG Executive Board, the regions, and the divisions.

75

awards for customer satisfaction

In addition to routine operational project communication, the Schaeffler Group also uses individual customer events for customer interaction, including in-house trade fairs, innovation days, the Schaeffler Colloquium, and international trade and consumer fairs and conferences. These traditional communication tools have been largely restricted as a result of the coronavirus pandemic. The focus is now on virtual trade fairs and events, digital showrooms, and multimedia trade communication with a growing percentage in social media. < Ⓟ

Winner of multiple awards

Ⓟ > Every year, the Schaeffler Group receives numerous awards for customer satisfaction and product quality from its customers. The company sees this as an indicator of its positive reputation in global markets. In the reporting year, the Schaeffler Group received 75 (prior year: 72) awards. < Ⓟ

For example, General Motors, a globally operating US automobile manufacturer, awarded 22 Schaeffler Group plants for outstanding quality performance.

3



Environment and energy

The Schaeffler Group supplies products and technologies that make mobility and industrial equipment eco-friendly and more efficient. As a leading technology company, the Group is also committed to developing internal processes that are as energy- and resource-efficient as possible, with a focus on continuously improving all environmental and energy-related processes. Climate protection is one of the focus areas of its sustainability targets: By 2040, the company will make the procurement of intermediates and raw materials climate-neutral. The company’s own production is to be climate-neutral by 2030.

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The energy-efficient and eco-friendly processes of the Schaeffler Group contribute to achieving the Sustainable Development Goals (SDGs) “Clean Water and Sanitation” (SDG 6), “Affordable and Clean Energy” (SDG 7), “Responsible Consumption and Production” (SDG 12), and “Climate Action” (SDG 13). With five strategic targets in the areas of climate-neutral production and climate-neutral company, energy efficiency, renewable energies, and water withdrawal, the company promotes measures for climate and environmental protection throughout its value chain.



3.1 Environmental management

AT A GLANCE

- All production sites were evaluated in accordance with standardized sustainability requirements
- The new production site in Szombathely, Hungary, is the first plant entirely dedicated to e-mobility and fulfilling latest sustainability standards

Worldwide standardization of environmentally relevant processes

Ⓢ > To manage its energy and environmental topics across the company, the Schaeffler Group maintains an EnEHS (Energy, Environment, Health & Safety) management system, e.g., based on the energy and environmental standards ISO 50001 for energy management, ISO 14001 for environmental management, and the EMAS eco-audit standard. Internal and external audits are conducted on a regular basis to continuously improve energy management and further optimize environmental performance.

A matrix organization manages environmental and energy topics in the Schaeffler Group. Local environmental protection and energy representatives, regional coordinators, and experts from the strategic departments work closely together. Key performance indicators are used to plan, assess, and manage environmental measures. The need for action and measures are regularly discussed and resolved with the Schaeffler AG Executive Board.

98.5 %

coverage rate for EMAS certification¹⁾

Local EHS and energy representatives conduct regular management reviews with site management at least once a year. Among other things, potential new targets and the status of current projects are discussed. The comprehensive EnEHS management manual defines what information in the local management reviews is important, including measures, changes to relevant issues, and the development of key figures.

In the reporting year, stakeholder analyses and a subsequent Group-wide opportunity and risk assessment were carried out, from company management to every location.

¹⁾ Relating to employees on the production sites.

The analyses are a component of the EnEHS management system and are conducted at all locations on a regular basis. The results are taken into account when defining location targets. Both the stakeholder analyses and the opportunity and risk assessments are relevant for location recertification.

To ensure a consistent focus on environmental and energy management, the company organizes EnEHS conferences with all EHS and energy representatives every three to five years. In addition, regional conferences are held at more frequent intervals, with the participation of regional coordinators and competence centers. The global online conference “Schaeffler Exchange on Climate Technologies” was held over a period of two days in March 2021. More than 250 participants – including members of the Schaeffler AG Executive Board, plant managers, and EnEHS representatives – took part in presentations, good-practice exchange, and workshops with a particular focus on energy-efficient technologies.

Production sites with an environmental management system

	2021	2020	2019
Coverage rate for EMAS certification in % ¹⁾	98.5	98.6	98.1
Coverage rate for ISO 14001 certification in % ¹⁾	100	99.5	98.8
Coverage rate for ISO 50001 certification in % ¹⁾	100	99.3	98.0

¹⁾ Relating to employees on the production sites.



The Sustainable Sites initiative in practice

Ⓢ > The Schaeffler Group pursues the Sustainable Sites initiative to systematically and continuously improve the sustainability performance of all production sites, beginning with a transparent assessment of their sustainability performance. There are six action fields: climate protection, environment and resource efficiency, occupational health and safety, sustainable supply chain, off-campus mobility, and certifications and life cycle assessments (LCAs). On a plant level, short-term development is identified annually based on over 20 criteria and documented in status reports. For long-term estimation, key indicators are examined for a period of six years and include electricity and natural gas consumption, accident rate, water withdrawal, and the quantity of waste generated, or the recycling rate achieved. In this way, locations are provided with information for comparing their strengths and potential.

This approach allows them to carry out an initial assessment of where they stand. Providing a comprehensive overview enables all locations to learn from each other. A toolbox with best-practice examples was also developed and summarizes projects and measures that have already been implemented at the Schaeffler Group.

In the year under review, all Schaeffler production sites completed an initial assessment. Annual assessments will reveal developments in sustainability performance and uncover necessary adjustments.

The first projects were initiated in 2021 based on location assessments and initially aim to significantly reduce the amount of waste generated and lower consumption of freshwater. < (P)

The Schaeffler Group established the sophisticated EMAS environmental management system worldwide more than 20 years ago to continuously improve environmental performance and conduct expert assessments. One of the key indicators is biodiversity, which was given higher priority in the most recent revision of the EMAS Regulation, leading to a greater effort at the Schaeffler locations on developing near-natural spaces.

The Schaeffler Group's own production (Scope 1 and 2) will be climate-neutral as of 2030.

Sustainable production in accordance with the latest standards

(P) > The production site in Szombathely, Hungary, is the Schaeffler Group's first plant dedicated entirely to e-mobility worldwide and at the same time the new competence center for the production of components and systems for electric drives. The company plans to increase the location's annual capacity to 800,000 products with multi-shift operation by 2023 and to achieve an annual target of 1.8 million products manufactured for premium partners in the automotive industry between 2026 and 2029. Measuring 15,000 m² in size, the new factory boasts a carbon-neutral production process. The plant's environmental concept is extensive: It uses solar energy and thus makes a key contribution to reducing CO₂ emissions. The reuse of treated wastewater and a rainwater retention basin reduce water consumption. Heat recovery pumps, an intelligent heating and cooling management system, and energy-saving LED lighting with intelligent control increase energy efficiency. A near-natural pond and open spaces promote more biodiversity than average plant grounds. < (P)

3.2 Energy and emissions

AT A GLANCE

- The Schaeffler Group has expanded its climate neutrality target to include the supply chain
- In 2021, the energy efficiency program focused, e.g., on optimizing production systems and processes

Climate neutrality by 2040

(P) > Climate change is one of the world's most pressing challenges, which is why the Schaeffler Group is making every effort to significantly reduce its climate impact. Internal production (Scope 1 and 2) will be climate-neutral as of 2030, with 75 % of production emissions eliminated by 2025. The emissions resulting from intermediates and raw materials in the supply chain (Scope 3 upstream) will be reduced by 25 % by 2030. The Schaeffler Group will also be climate-neutral in this area by 2040. The base year for all calculations is 2019. Efforts to achieve these targets will focus on reduction measures, and only unavoidable emissions will be offset with compensation measures.

The company also pursues a climate program that systematically and methodically monitors all divisions, functions, and regions, and is based on three pillars: sustainable materials, production, and products. The sustainable materials pillar includes all climate-relevant measures of sustainable procurement, including dialogues with strategically relevant steel suppliers about their climate performance and sustainable logistics and packaging. Most importantly, the sustainable production pillar encompasses the Sustainable Sites initiative, which strengthens the sustainability performance of all production sites. The sustainable products pillar addresses topics such as life cycle assessments and product innovations for an improved carbon footprint. < (P)

Life cycle assessments

The Schaeffler Group conducts life cycle assessments (LCAs) to determine the environmental impact of products throughout their entire life cycle. Based on the ISO 14040 and ISO 14044 standards, internal guidelines were developed to regulate LCA administration, processing, reporting, and more. These methods were certified by TÜV Rheinland in 2021. The LCAs serve as a central tool for documenting the sustainability performance of products and processes. With a particular focus on a product's carbon footprint, the corresponding focus areas in the supply chain and in production can be identified, and suitable reduction measures derived.

(P) More information on this topic is available in the [online report](#).

HIGHLIGHT

Generating green electricity

Ⓢ > The existing photovoltaic systems at the locations in Kitzingen and Pune were joined in 2021 by new photovoltaic systems in Savli and Szombathely. The Schaeffler Group thus has its own solar power systems with output of around 2,285 kWp. < Ⓢ

100 GWh by 2024. The sub-target for 2021 was to ensure that the 2020 and 2021 energy efficiency measures would lead to cumulative annual savings of at least 45 GWh starting in 2022. During the reporting year, 104 further measures achieved cumulative improvements of 46.8 GWh worldwide. Measures included intelligent LED lighting concepts as well as optimizing heating and compressed-air systems. There was an increased focus on optimizing production systems and processes, including improved thermal insulation and the use of more efficient electric drives.

Increasing energy efficiency

Ⓢ > Our fundamental aim is to increase energy efficiency. The Schaeffler Group’s energy management defines minimum targets for all plants, which in turn set their own targets, with implementation assessed through internal and external Energy, Environment, Health and Safety (EnEHS) audits.

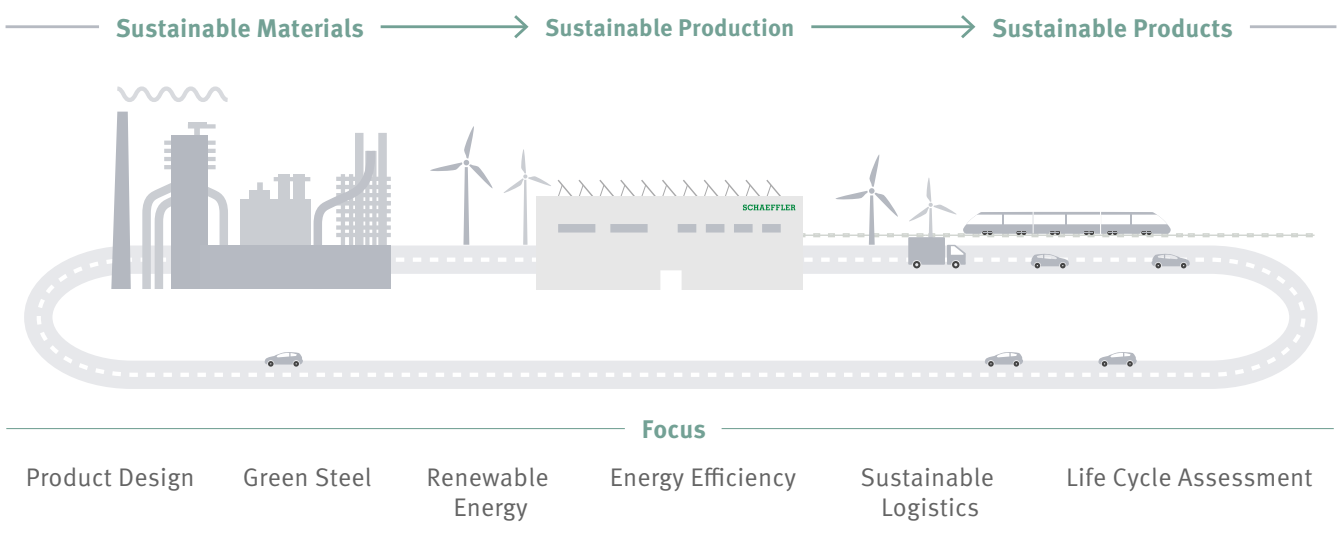
The company-wide documentation of energy consumption and an internally defined management approach form the basis for ongoing improvement in the area of energy efficiency. The Schaeffler Group also works with a globally standardized energy management system based on ISO 50001, which achieved a coverage rate²⁾ of 100 % in 2021 (prior year: 99.3 %). Internal energy representatives and auditors monitor consumption trends.

In 2020, the Schaeffler Group started bundling all relevant resources in a single energy efficiency program with an interdisciplinary team on a plant, regional, and central level for the purpose of increasing cumulative annual energy efficiency by

Around 47 GWh

of cumulative annual energy savings will be achieved starting in 2022

Climate-neutral company by 2040³⁾



2) Relating to employees on the production sites.

3) Target includes the entire supply chain as well as the company's own production (Scope 1 and 2).

Energy consumption in GWh

	2021	2020	2019
Total energy consumption ^{1) 2) 6)}	3,412	3,045	3,290
Electricity consumption ^{2) 3) 6)}	2,242	2,078	2,316
Conventional energy ⁴⁾	46	–	–
Natural gas/LPG consumption ^{2) 5) 6)}	925	830	872
Fuel oil consumption ⁶⁾	6	6	7
District heating consumption ^{2) 6)}	57	49	48
Propane consumption ^{2) 5) 6)}	52	45	–
Methanol ⁴⁾	84	–	–

1) Energy sources included in 2021: Electricity (incl. renewable and self-generated conventional energy), natural gas, fuel oil, propane, district heating, methanol. 2020 and 2019 values excl. methanol.

2) Increase mainly due to the impact of the coronavirus pandemic and the resulting increase in production capacity utilization compared to 2020.

3) Only external electricity purchased, as combined heat and power (CHP) electricity is recorded via gas consumption. Incl. photovoltaic electricity generated internally as of 2020.

4) Figure first reported in 2021.

5) LPG consumption reported with natural gas as of 2021.

6) The 2020 value has been adjusted.



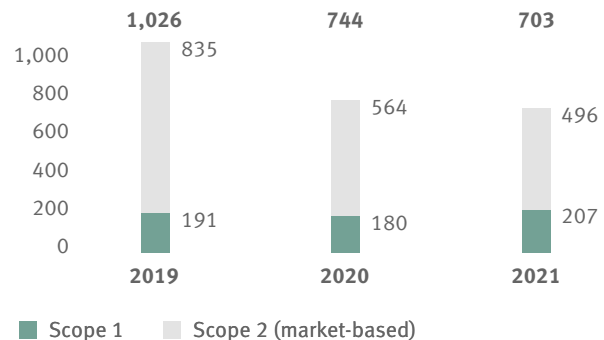
Reducing CO₂ emissions

As a result of ongoing improvement in energy efficiency and the increased share of renewable energies, the Schaeffler Group's production-related CO₂ emissions⁴⁾ fell by around 6% from 744 thousand tons of CO₂ to 703 thousand tons of CO₂ compared to the prior year.

In the year under review, emission values were calculated for all raw and other materials purchased, focus areas were identified, and potential for reduction was developed – all to achieve a climate-neutral supply chain by 2040 and reduce emissions by at least 25% until 2030 (base year 2019).

Due to Schaeffler's product portfolio, the procurement of steel plays a key role as a driver for CO₂ emissions. According to the latest information, steel can be produced more sustainably using green hydrogen. Over the short to medium term, however, other measures will be necessary to reduce Scope 3 upstream emissions. As a result of the large volume of steel used in Schaeffler products, a working group is conducting an analysis of the primary influential factors relevant for using steel. The steel manufacturers' decarbonization strategies are evaluated and categorized to accommodate developments in the global supplier base. Recommended courses of action are then developed to reduce Scope 3 emissions related to steel over the long term.

Own greenhouse gas emissions in thousand t CO₂, including Scope 1 and Scope 2 (market-based)^{1) 2)}



1) The calculation of greenhouse gas emissions is based on the emission factors of the VDA (2017) and the ProBas database of the German Federal Environmental Agency. Emission sources covered: Scope 1 (natural gas, fuel oil, propane, methanol) and Scope 2 (electricity, district heating). 2020 and 2019 values excl. methanol. The emission factors for natural gas were adjusted for the locations that supply and invoice natural gas based on calorific value.

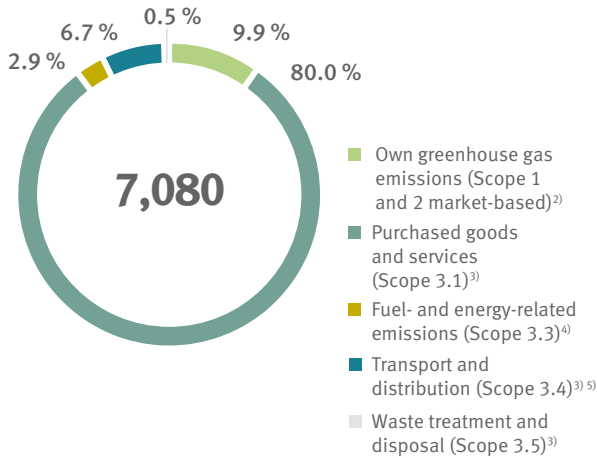
2) Supplier-specific emission factors were used to determine Scope 2 (market-based).

The company talks to suppliers to monitor concrete steps for reducing production-related CO₂ emissions and to verify their feasibility. Concepts are also being developed that consider efforts to achieve a circular economy and increase the use of green energy.

At the end of 2021, the Schaeffler Group agreed to procure 100,000 tons of nearly carbon-free, hydrogen-produced steel annually from Swedish start-up H2greensteel beginning in 2025. The steel produced in Sweden does not require any fossil fuels, and under equal conditions, reduces the Schaeffler Group's annual CO₂ emissions by up to 200,000 tons. This agreement represents the first important step towards making the company's supply chain climate-neutral by 2040.

4) The calculation of greenhouse gas emissions is based on the emission factors of the VDA (2017) and the ProBas database of the German Federal Environmental Agency. Emission sources covered: Scope 1 (natural gas, fuel oil, propane, methanol) and Scope 2 (electricity, district heating). Total of Scope 1 and Scope 2 (market-based). The 2020 value has been adjusted.

Total greenhouse gas emissions, including Scope 1, Scope 2 (market-based), and Scope 3¹⁾ in thousand t CO₂



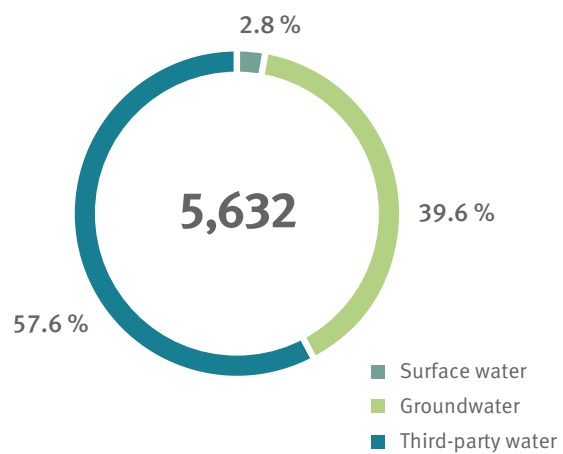
- 1) The calculation of Scope 3 currently includes four upstream categories.
- 2) The calculation of greenhouse gas emissions is based on the emission factors of the VDA (2017) and the ProBas database of the German Federal Environmental Agency. Emission sources covered: Scope 1 (natural gas, fuel oil, propane, methanol) and Scope 2 (electricity, district heating). Supplier-specific emission factors were used to determine Scope 2 (market-based).
- 3) Scope 3.1, Scope 3.4, and Scope 3.5 greenhouse gas emissions are calculated based on a recognized input-output model that uses the method of multi-regional input-output calculation and quality-assured data from international environmental, resource, and social statistics (OECD, BEA, World Bank indicators, and EXIOBASE). Calculation is based on Schaeffler's purchasing volume in 2021 and takes additional steel-specific factors into account.
- 4) Not contained in Scope 1 or 2. Scope 3.3 greenhouse gas emissions are calculated based on the emission factors of Defra (2022) and the emission factors of the German Federal Environmental Agency (2021, emission values of renewable energy sources). Upstream chain emissions and T&D losses are calculated based on the emission sources considered for Scope 1 (natural gas, fuel oil, propane, methanol) and Scope 2 (electricity, district heating).
- 5) The 2021 value is based on a current projection.



In addition, water dependence is systematically being reduced in an effort to minimize water-related production risks. The manufacturing sites that are located in areas with severe or extremely severe water shortages were identified based on the results of the World Research Institute (WRI). A variety of projects were planned for these sites to reduce water withdrawal and recycle withdrawn water using suitable circulatory systems and treatment plants such as water evaporation systems.

Current CDP water rating at: [CDP water rating](#)

Consumption of freshwater¹⁾ in thousand m³



1) No seawater or produced water is withdrawn. No water is wasted in the production of Schaeffler products, as water withdrawn is either reused internally or directed to third parties after treatment.

3.3 Material and resource management

AT A GLANCE

- Current targets and measures improved Schaeffler's CDP water rating to "A-"
- For the first time the summarized waste report considers all production sites

Water management

The Schaeffler locations use water for a variety of purposes, including sanitation and hygiene, cooling, and industrial applications. The issue of water was integrated into Schaeffler's risk management in order to respond to the ever-progressing scarcity of global water resources and potential water shortages in certain regions. The Schaeffler Group is committed to reducing its freshwater withdrawal by 20% by 2030 compared to 2019.

5,632 thousand m³ of freshwater was withdrawn in the reporting year (prior year: 5,034 thousand m³), which represents an increase of around 12%⁵⁾ due in part to the impact of the coronavirus pandemic and the resulting increase in production capacity compared to 2020.

All locations treat industrial wastewater with the corresponding system technology in such a way that it can be reused. Where this is not possible, wastewater is treated in accordance with applicable guidelines and discharged into the public sewer system. A variety of technologies are used for this purpose, including evaporation technology, membrane filtration, ion exchange systems, and chemical and physical treatment processes.

All locations with large volumes of wastewater – generally the result of electroplating or needle production – are equipped with systems that enable nearly 100% recycling. For example, the Indian plants treat and reuse all their wastewater internally.

5) No seawater or produced water is withdrawn. No water is wasted in the production of Schaeffler products, as water withdrawn is either reused internally or directed to third parties after treatment. The 2020 value has been adjusted.

HIGHLIGHT

Electroplating in Taicang, China

Surface coatings are applied to Schaeffler products to meet the increasing quality demands of customers in terms of corrosion prevention. However, electroplating in particular requires large volumes of water. The vacuum evaporators with downstream membrane technology installed in Taicang can recycle nearly 100% of industrial wastewater, allowing the water to be reused.

Locations that pose a risk to natural bodies of water must be operated in a way that there is no fear of contamination of water or soil. However, if there is a leakage of fluids or unintended contamination, these are to be rectified immediately. Depending on the Scope of damage, investigation measures are implemented under expert supervision and in coordination with local authorities. Additional measures are then defined based on the assessment results. < (P)

Avoiding waste

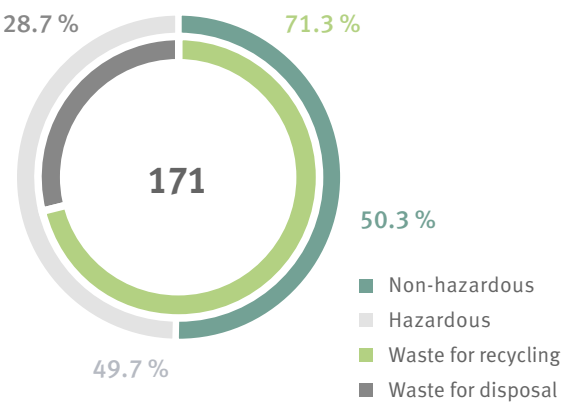
(P) > The Schaeffler Group’s products are primarily made from steel and only contain trace amounts of harmful substances. At the end of their service life, they can be melted down into crude steel without any issues.

At all locations that generate more than 25 tons of non-hazardous waste or two tons of hazardous waste per year, a waste representative must be appointed regardless of legal provisions. In addition to monitoring waste generation, collection and disposal, this representative’s responsibilities include the development and introduction of low-waste and eco-friendly processes. Providers of disposal services are assessed in accordance with the requirements of the EnEHS manual. The type and frequency of assessments are dependent on whether the service provider disposes of hazardous waste, scrap, or non-hazardous waste.

The main priority, however, should be to avoid waste wherever possible. If waste cannot be further reduced, it should be sent for approved recycling. Seven locations have so far achieved 100% recycling status by sending waste to be recycled in accordance with applicable law.

Another goal is to increase the recycling rate to such a degree that no more production-related waste needs to be disposed of. Each production site works with the same waste database for global reporting and to document nearly all waste operations. As of 2021, the data for all locations are reported in consolidated form.

Amount of waste generated by the Schaeffler Group in thousand tons¹⁾



1) Excluding metals and scrap.

< (P)

7

locations have achieved status of 100% recycling

4



Suppliers and materials

Supplier management requirements have expanded beyond a globally connected world. Modern technologies require raw materials that often come from unstable regions in the world. Supply chains are also increasingly feeling the effects of climate change. The Schaeffler Group needs steel, in particular, for its products – and is more and more frequently opting for carbon-efficient production.

Sustainability is therefore one of the key topics of the Roadmap 2025. The Schaeffler Group views sustainable procurement, which applies to the responsible use of critical materials, human rights, and environmental and social standards, as key to integrity-based governance.

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The Schaeffler Group’s supplier and raw material activities contribute to the following Sustainable Development Goals (SDGs): “Decent Work and Economic Growth” (SDG 8), “Responsible Consumption and Production” (SDG 12), and “Partnerships for the Goals” (SDG 17). The company’s strategic target is to source 90% of the purchasing volume of production materials from suppliers with sustainability self-assessments by 2022.



4.1 Minimum requirements for suppliers

AT A GLANCE

- The Supplier Code of Conduct was revised and expanded to include additional sustainability aspects
- In the reporting year, the possibility of on-site sustainability audits by independent third parties was set

Supplier Code of Conduct as basis

☞ > The Schaeffler Group Corporate Supplier Code of Conduct forms the foundation for responsible collaboration with all of its suppliers, which is why it includes minimum requirements that go beyond national legislation and internationally recognized guidelines. The minimum requirements are based on the principles of the United Nations Global Compact (UNGC) and the core labor standards of the International Labour Organization (ILO). The Supplier Code of Conduct was revised in 2021 to better accommodate new customer requirements and the upcoming Directive on Corporate Sustainability Due Diligence. The Supplier Code of Conduct stipulates expectations regarding the treatment of employees and human rights issues. Suppliers of production materials are actively called upon to recognize the Supplier Code of Conduct or submit their own Code of Conduct. The Scope of the Schaeffler Group Supplier Code of Conduct has also been expanded to include defined suppliers of non-production materials.

In 2021, the Purchasing & Supplier Management Sustainability department developed a training course for buyers on the topic of human rights due diligence in the supply chain, which the Schaeffler Academy can offer in multiple languages. < ☞

☞ **More information on human rights is available on [page 22 et seq.](#)**

☞ **The Schaeffler Group Supplier Code of Conduct is available at: [Schaeffler Group Supplier Code of Conduct](#)**

With its Supplier Code of Conduct, the Schaeffler Group informs its suppliers that they, too, should actively assume responsibility for their environmental footprint, as a majority of the Schaeffler Group's emissions occur in the supply chain. Steel plays a key role since it is required for many products.

☞ **More information on reducing carbon emissions in the supply chain is available on [page 38 et seq.](#)**

With its Supplier Code of Conduct, the Schaeffler Group informs its suppliers, among other things, that they should actively assume shared responsibility.

Surveillance of supplier activities

☞ > To obtain a deeper insight into sustainability performance, relevant suppliers are called upon to complete the Drive Sustainability initiative's standardized survey (self-assessment questionnaire – SAQ) via the service provider NQC.

68.6 %

coverage of the purchasing volume of production materials with sustainability SAQs

The Schaeffler Group aims to procure at least 90 % of its purchasing volume of production materials from suppliers with the SAQ by the end of 2022. In 2021, four SAQ training courses were offered in collaboration with NQC to suppliers that have not yet been assessed. The courses covered topics such as "Sustainability at Schaeffler" and "Sustainability requirements for suppliers".

In 2021, SAQ campaigns targeting Schaeffler suppliers were able to achieve a completion rate of 68.6 % (prior year: 30.9%). As part of the ongoing improvement efforts, individual results were selected to assess risks and potential in the area of sustainability as well as promote long-term development of the business relationship together. < ☞

Consistent risk analysis

☞ > A variety of sources such as established supplier certifications are analyzed for the purpose of risk assessment. Depending on the situation, the Sustainability department also covers human rights in its internal risk reporting. When establishing new business relationships, the Schaeffler Group conducts defined Supplier Initial Assessments.

In preparation for the Directive on Corporate Sustainability Due Diligence, the Schaeffler Group has developed a holistic approach to risk assessment in accordance with the OECD guidelines to fulfill its due diligence obligations in supply chains.

Other preparations were also underway at the company in 2021, with the aim of analyzing human rights risks in the supply chain and systematically preventing them. In addition to environmental and social aspects, a pilot project also assessed country- and sector-specific human rights risks associated with the suppliers active in 2020/21.

Moreover, the company identified various measures to be undertaken as countermeasures and to further develop suppliers. The criteria used are regularly reviewed, so that they can be adapted on the basis of evolving focus areas. < (P)


Consistent risk minimization

(P) > The Schaeffler Group works consistently on identifying potential risks in the supply chain early on through Supplier Initial Assessments conducted before business begins. 133 new suppliers were assessed in the year under review, with some of the assessments conducted online due to coronavirus measures.

The company pursues the risk-based approach with risk analysis for existing, direct suppliers and also takes the whistleblowing system into account for indirect suppliers. Depending on the situation, the results of the risk analysis are verified through additional local audits conducted by third parties.

Potential violations of the Schaeffler Group standards can be reported using the global compliance whistleblowing system. By referring to the system in the revised Schaeffler Group Supplier Code of Conduct, the possibility of using this system is also explicitly communicated to the employees of suppliers.

No serious incidents with negative environmental or social impacts in the supply chain were identified in the year under review. < (P)

 **The Schaeffler Group Supplier Code of Conduct is available at:** [Schaeffler Group Supplier Code of Conduct](#)

4.2 Material compliance

AT A GLANCE

- Processes to ensure the responsible procurement of minerals from conflict and high-risk areas are continuously improved and expanded
- The Initiative for Responsible Mining Assurance (IRMA) was joined


Comprehensive material requirements

(P) > The Schaeffler Group aims to comply with all relevant guidelines for the materials and substances used as well as to consider these when selecting suppliers. Therefore, the Material Compliance department works closely with the Purchasing department responsible for production materials. Legislation, public standards, and customer requirements relevant to the Schaeffler Group are regularly assessed, and criteria are developed for consideration when selecting suppliers. The material requirements also apply to chemical substances, purchased parts, and packaging and materials in manufacturing processes and products.

Important criteria and key regulatory frameworks for both supplier selection and the orders themselves are outlined in the Schaeffler standards on “Prohibited and declarable substances”. This was updated at the end of 2020, communicated to suppliers, and training was offered. Suppliers are required to inform the company as soon as more recent information is available than that already reported to the Schaeffler Group. Relevant regulations include “Registration, Evaluation, Authorisation and Restriction of Chemicals” (REACH), “Restriction of Certain Hazardous Substances” (RoHS), the EU Directive on End-of-Life Vehicles (ELV), the EU Directive on Persistent Organic Pollutants (POP), the chemical regulation, and the Dodd–Frank Act.

The Schaeffler Group primarily uses the automotive industry’s International Material Data System (IMDS) for declaring substances. This system is required for labeling the substances in purchased products and their materials.

In addition, the SCIP¹⁾ database of the European Chemicals Agency (ECHA) has been used to declare substances of very high concern (SVHC) since 2021. < (P)

 **More information on the comprehensive material requirements is available at:** [Prohibited and declarable substances](#)

1) SCIP – Substances of Concern in articles as such or in complex objects (products).

HIGHLIGHT

Reinforcing standards through partnerships

Already a member of the Responsible Minerals Initiative (RMI), the Schaeffler Group also joined the IRMA in the reporting year – an initiative to introduce a standard that applies to all raw materials in the industrial mining sector. This standard was developed as part of an intensive multistakeholder process. By joining the initiative, the Schaeffler Group is most interested in reinforcing its use of the standard and improving effects in the early life cycle phases.

Responsible procurement

➤ In addition to the appropriate use of hazardous substances, the responsible procurement of raw materials such as tin, tungsten, tantalum, and gold is an important topic for the Schaeffler Group, as their extraction contributes to financing armed conflicts or human rights violations in some countries. The company uses the Reasonable Country of Origin Inquiries (RCOI) procedure to ascertain from which regions subtier suppliers source components with critical materials, and, where appropriate, initiate targeted supply chain actions.

Compared to the previous year, the response rate²⁾ of the suppliers surveyed fell slightly to 82.8%³⁾ (prior year: 87.5%⁴⁾). The lower response rate is due to the fact that a higher number of suppliers was surveyed. 99.7%³⁾ of the smelters reported in the pre-supply chain are certified by the Responsible Minerals Initiative (RMI) or are not located in risk areas as defined in the RCOI.

The corresponding conflict minerals report is provided to customers upon request. With cobalt incorporated into the conflict minerals report in 2020, the Schaeffler Group examined its supply chains with a focus on the conflict mineral mica in 2021 and prepared its first internal Mica Report at the end of 2021.

Based on the Material Change Report⁵⁾, the company defined a list of materials with high priority. The Schaeffler Group has also developed a Critical Raw Materials (CRM) Policy, which will be shared with relevant suppliers through mid-2022.

Material compliance

	2021	2020	2019
Response rate of surveyed suppliers on the use of conflict minerals ¹⁾	82.8	87.5	90.0
Coverage rate of certified smelters in the supply chain ²⁾	99.7	100	100

1) Response rate of suppliers surveyed on the use of conflict minerals as defined by the Responsible Minerals Initiative. 2021 value checked in interim status in December 2021. 2020 figure adjusted compared to Sustainability Report 2020 in accordance with the regular survey period. Regular survey period from March to February of the following year.

2) Smelters that are certified by the Responsible Minerals Initiative or are not located in risk areas as defined in the RCOI. 2021 value checked in interim status in December 2021. Regular survey period from March to February of the following year.



Schaeffler Group Conflict Minerals Policy is available at:
[Schaeffler Group Conflict Minerals Policy](#)

2) Response rate of relevant suppliers surveyed on the use of conflict minerals as defined by the Responsible Minerals Initiative.

3) 2021 value checked in interim status in December 2021.

4) Survey period from March to February of the following year.

5) Published as part of the Drive Sustainability initiative of the original equipment manufacturers (OEM).

5



Employees and society

The employees of the Schaeffler Group are one of the most important pillars of its success. Their expertise, skills, dedication, and ingenuity ensure the continuous development of the company. In mutual interest, the Schaeffler Group supports the professional development of its workforce, from apprentices to specialists and managers. It also promotes effective occupational health and safety as well as diversity. In addition, the company offers fair, performance-oriented payment and retirement plans and helps to achieve work-life balance through flexible working time models. The various departments update the HR management division on a regular basis. In addition, the Schaeffler Group is committed to societal well-being in the areas surrounding its numerous sites according to the “global company with local presence throughout the world” principle.

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The Schaeffler Group’s commitment to its employees and society contributes in many ways to achieving the Sustainable Development Goals (SDGs). This applies to “Good Health and Well-Being” (SDG 3) in particular. The Schaeffler Group has therefore set itself the occupational safety target of reducing the annual accident rate by an average of 10%. The company also promotes equal opportunity and training and is socially active in an effort to strengthen “Quality Education” (SDG 4) and “Gender Equality” (SDG 5).



5.1 Attractive workplace

AT A GLANCE

- The Schaeffler Group protects and supports work-life balance with targeted measures
- The company is continuously working to ensure a safe and balanced working environment

Work-life balance

Ⓢ > As a global family business, the Schaeffler Group makes every effort to achieve the best work-life balance possible through family-friendly arrangements. This includes jobsharing models, which are permitted on an individual basis following consultation with a manager. In close coordination, a full-time position is split between two people, who then share the responsibilities. And to accommodate individual circumstances such as caring for family members, the company enables all employees in Germany to reduce their working hours with an income adjustment.

The company complies with relevant legal provisions on parental leave, which is complemented by regional programs that, e. g., allow employees to work from home after their parental leave. 2021 saw the end of a pilot project in Germany that offered external mentoring to help parents in leadership positions return to work after their parental leave. In the future, the mentoring program will also be offered to employees without leadership responsibilities.

Depending on their requirements, older employees have the option to shorten or extend their employment. Since early retirement is often associated with a decrease in subsequent retirement income, the Schaeffler Group can increase payment into retirement with collective bargaining agreements in Germany, thus minimizing reductions in income upon retirement. < Ⓢ

Remuneration

Ⓢ > The Schaeffler Group makes every effort to ensure fair wages for all employees. Wages are structured in a way to acquire and hold on to talented individuals and reward good performance.

Since rules differ around the world, remuneration is structured on a country-by-country basis. Just about every Schaeffler location has either collective agreements or payment systems that have been agreed on with the Works Councils through a company agreement. Each location also observes the legally guaranteed minimum wage in the respective labor markets as well as principles such as equal pay. The Schaeffler Group uses a job assessment system to enable comparison of the individual countries. As established in the Code of Conduct,

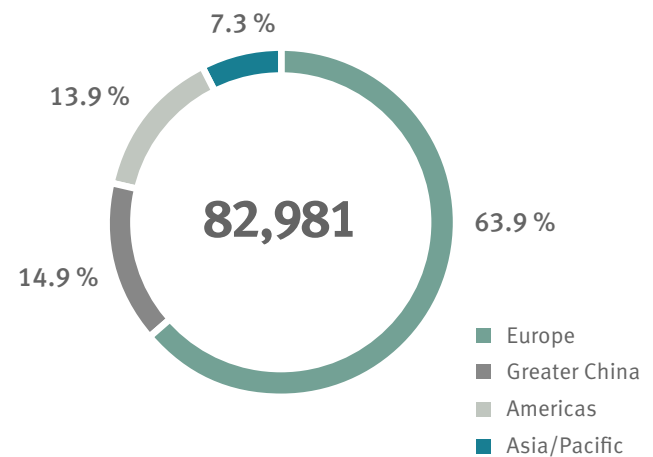
the company is dedicated to ensuring an unprejudiced working environment that appreciates everyone. Varying pay for the same work is primarily the result of different levels of relevant experience, expertise, and performance. < Ⓢ

Considering the workforce’s interests

Ⓢ > The Schaeffler Group respects the right of its employees to freedom of association and to negotiate collective bargaining agreements, which is also firmly established in the Code of Conduct. Since collective bargaining agreements are subject to country-specific provisions, these are negotiated locally. When working with the employee representatives, the company pursues constructive interaction based on trust. Apart from this, it always allows its employees to express their interests directly.

The Schaeffler Group is interested in working with advocacy groups to shape the fundamental transformation taking place in the industry and identify balanced solutions. The company’s approach to any necessary job cuts is as socially compatible as possible, implementing rules on partial retirement and severance agreements with the understanding of both parties. Internal relocation and normal fluctuation are also used. < Ⓢ

Distribution of employees by region¹⁾



1) The regions represent the regional structure of the Schaeffler Group.

5.2 Employee advancement and development

AT A GLANCE

- Internal talents are systematically identified and supported based on employee dialogue
- External talents are increasingly recruited through active sourcing and subsequently promoted

Attracting and developing talents

Ⓢ > The Schaeffler Group's sustainability activities are an important factor for winning over potential employees. The company also relies on target group-oriented formats in employer branding and marketing for vocational training. Concrete measures include, e.g.:

- Participation in (virtual) information days and events
- Collaboration with schools, universities, student bodies and associations, and organizations
- Many years of activity as the primary sponsor of Formula Student Germany

Just like employer branding, the company also views recruiting as a key component for future success despite a challenging labor market. The Talent Attraction initiative promotes both aspects globally in order to ensure the Schaeffler Group's competitiveness.

The company increasingly relies on active sourcing in Germany as a more targeted approach to contacting and acquiring the desired talent, with Schaeffler recruiters interacting with talent directly in the market. Active sourcing was introduced in Germany in 2020 and professionalized and expanded in 2021. To develop the sourcing strategies worldwide, the company will increasingly expand its focus outside of Germany as well.

The recruiting process is constantly changing and adapting to the latest developments. In fact, more and more interviews will be held in a digital format even after the coronavirus.

Using SAP Success Factors, a new talent management process was introduced worldwide in early 2021 to systematically advance newly hired and internally developed talents. Employees themselves are responsible for organizing their tasks, shaping their development and their career in line with the "Drive your Career" philosophy. This approach takes into account the needs of young talents as well as the demands of the modern working world.

The newly established Performance & Goal Management process is more transparent for employees and aims to foster their individual performance and ongoing development. Managers and employees agree on individual goals, which are not relevant for the bonus, and discuss behavior, the necessary functional skills, and development measures that are relevant for both the current position and the potential next step in their career.

Annual Career & Succession Discussions are also held on this basis and provide an opportunity to discuss potential next career and development steps for young talents as well as succession planning for key positions in the company. < Ⓢ

HIGHLIGHT

Schaeffler Academy restructured


With its Execution Program of the Roadmap 2025, the Schaeffler Group is looking to respond to the technological transformation head-on and has therefore expanded its existing range for employees with the Future Qualification initiative, which is part of the "People & Culture" subprogram.

The Schaeffler Academy repositioned itself accordingly last year. Inspired by the slogan "Knowledge for Pioneers", and based on the three pillars of educational development, training development, and learning systems and tools, the new organization pursues the strategy of establishing itself as a business partner in operational training and education as well as turning the company into a learning organization.

High-quality training opportunities

Ⓢ > To maintain and continuously develop the high quality of training in the Schaeffler Group, global standards and conditions need to be established and expanded. For example, a cross-regional communication and meeting structure has been introduced to promote engaging and regular exchange on topics related to training and education. Future-oriented learning methods and a tailored mix of vocational training and degree programs have also been implemented, incorporating all of the regions.

In the year under review, the company employed 2,643 apprentices¹⁾ (prior year: 2,724) at 48 locations in 16 countries worldwide. The opportunity to use augmented reality concepts in the form of virtual welding simulators and to build their own 3D printers prepares them for new challenges. Fields of study were also incorporated into the learning portfolio taking the company's technological developments into account – e.g., in the areas of Cyber Security and Robotics. < (P)

 **More information on modern learning environments and trainee programs is available in the [online report](#).**

Apprentices, students, and trainees¹⁾

	2021	2020	2019
Apprentices, total ²⁾	2,643	2,724	3,078
Of which students, total ³⁾	394	491	–
Trainees, total	52	50	76

1) Unless otherwise indicated, the workforce figures refer to the reporting date of December 31, 2021.

2) People with academic or non-academic qualifications.

3) Dual students, master's degree students and "Two in One" students. The "Two in One" study program combines a bachelor's degree with vocational training. Due to a change in the collection methods, there are no global data for 2019. The difference from the prior year is the result of improved data quality.

Empowering trainers

(P) > Well-qualified young professionals require well-qualified trainers. While the coronavirus pandemic has changed the nature of training, it has also revealed that the modular qualification program can still provide trainers with what they need to offer training even during a pandemic. To further optimize digital and hybrid learning support, the modules of the prior qualification program have been revised and translated into a blended learning format. Even the trainers themselves can see the benefits of combining classroom learning scenarios and individual online learning. A training manual has also been developed in collaboration with the various regions and serves as a guideline for activities, areas of expertise, and learning paths for trainers. < (P)

Training employees independent of time and place

(P) > Over the years, the Schaeffler Academy has developed a variety of Fit4 qualification programs in order to support the required re- and upskilling of employees. They consist of modular training options with defined learning paths that consider the target groups' different backgrounds and areas of experience. While Fit4Mechatronics targets development and application engineers, the Fit4Production program is directed at production employees.

1) Includes people with academic and non-academic qualifications.

2) Relating to employees.

Due to the coronavirus pandemic, a majority of the classroom training sessions were translated into virtual formats. The dedicated Learning Management System (LMS) used at the company is available in 53 countries, achieving a coverage rate of 99.8%²⁾ (prior year: 99.8%) of the total workforce.

A total of 250 online training courses were available to employees worldwide (prior year: 193). 4,553 people (prior year: 7,351) also took part in classroom training sessions in Germany in the year under review. Compulsory classroom training sessions were held in accordance with applicable hygiene measures < (P)

HIGHLIGHT

Digital platform CareerXperience is online

In addition to external career platforms, the company has also been using its in-house digital career platform CareerXperience since 2021 to present itself as an innovative employer and training company. Anyone who is interested can learn about careers, technologies, job openings, and training opportunities in a virtual tour as well as explore a Schaeffler training center. They are supported digitally along the way by experienced employees and apprentices, who explain the various elements and stations. Special functions include the live chat with HR staff and the option to register for events and presentations directly via the career platform.

 **More information is available at: [CareerXperience](#)**

Qualification and training¹⁾

	2021	2020	2019
Online training courses, total	250	193	134
Average number of hours of training and education per employee ²⁾	8.2	–	–
Participants in e-learning courses, Germany ³⁾	169,795	136,307	35,780
Participants in classroom training sessions, Germany	4,553	7,351	27,906

1) Unless otherwise indicated, the workforce figures refer to the reporting date of December 31, 2021.

2) Figure first calculated for 2021.

3) Increased use of e-learning offers due to the coronavirus pandemic and compulsory online training courses increase the number of participants.

Sustainability training

☞ The Schaeffler Group's ambitions can only be fulfilled successfully if all employees are aware of the relevance of sustainability and actively support implementation, which is why the online Sustainability Roadmap training course was developed in 2021 with a focus on the following aspects:

- The Schaeffler Climate Program
- Sustainable supply chains, with a focus on the Supplier Code of Conduct
- Tasks and targets in occupational health and safety
- Sustainability management and non-financial reporting
- Stakeholder dialogue for a better understanding of stakeholders and what they demand of the company

This training is required for all Schaeffler Group employees³⁾ who have access to the Schaeffler Academy training portal. Available in Germany since the end of February 2021 and worldwide since the end of May 2021, the training was successfully completed by more than 42,100 employees in the year under review. ☞

Developing leaders

☞ The Schaeffler Leadership Essentials describe the behavior managers across all levels should exemplify in daily collaboration. After introducing the guidelines, the following HR tools were adapted accordingly in the year under review:

- Performance & Goals Management
- Hiring process
- Upward and global 360° feedback
- All executive training courses

The Leadership Essentials are now joined by the "Employee Essentials", which were developed in collaboration with employees and managers in different regions beginning in 2019 and were integrated into additional HR processes such as Performance & Goals Management in 2021.

In support of the company transformation, regional leadership programs for the senior management were revised and standardized on a global basis, with the "Regional Leadership Excellence Program" implemented in three of the four regions.

Inspired by the principle of "Empowering Leaders", the new "Center for Leadership Excellence" bundles all the qualification options associated with leadership behavior and expertise. Examples include online training courses such as the Rapid Learning Nuggets, i.e. a diverse selection of brief learning

videos, and the "Leadership Campus Talk" event series, which combines a keynote with subsequent discussion with the participating managers. The bimonthly event has already reached more than 1,000 participants around the world. ☞

5.3 Occupational health and safety

AT A GLANCE

- German plants receive the 2021 Corporate Health Award for their innovative, integrative, and participatory approach
- The "Safe Work@Schaeffler" project was launched in the reporting year to raise awareness of occupational safety

Actively promoting health

☞ The Schaeffler Group's employees play a key role in the company's success and are therefore its most important asset, which is why the working environment should be safe and healthy for all employees. At the same time, the working world is dominated by fundamental technological up-heavals, growing competition around the world, and demographic change, ultimately leading to an aging workforce with increasing musculoskeletal complaints.

In addition to the Schaeffler Group's Corporate Health Management (CHM), regional SEHS coordinators are planning relevant projects. In addition, local CHM coordinators are also organizing measures at all Schaeffler locations.

To ensure the physical and mental well-being of all its employees, the Schaeffler Group's occupational health and safety relies first and foremost on preventive, tailored, target group-oriented, and health-promoting measures, which include medical checkups, online courses, and virtual training offered both during and outside of working hours. The measures target general workplace stress, e.g., shift-specific challenges, psychological demands, as well as workplace ergonomics, and are aimed at promoting healthy behavior.

CHM guidelines have been developed to ensure consistent quality at all locations and serve as a foundation for the CHM coordinators. CHM is based on the framework guidelines of the Luxembourg Declaration on Workplace Health Promotion in the European Union. ☞

³⁾ Exception: temporary workers and groups of people without access to a computer.

In 2021, the Sustainable Sites initiative focused on improving employee retention, satisfaction, and health on a local basis.

Reducing stress at the workplace

Ⓢ > Schaeffler health management takes target group requirements and current issues into account to effectively reduce workplace stress and implement consistent standards.

As part of the “Active Back Pit Stop” (“Boxenstopp Rücken aktiv”) program, regular corrective training courses were continued in close proximity to the workplace in the year under review. Experts teach the exercises to selected employees, who then act as multipliers, ensuring the exercises can be used over the long term.

Absences increased in 2021 due to psychological stress resulting from pandemic-related uncertainty and social distancing, among other things. The Schaeffler Group increasingly responded with online training courses on the topic of “mental health at the workplace” and by informing employees of internal and external counseling options. The Employee Assistance Program (EAP) has promoted employee mental health in Greater China since 2020, offering professional counseling for a variety of problems. The program is always growing and in 2021 was expanded to include family members as well as an app that offers advice on issues such as nutrition and health. Over a period of around two years, more than 8,000 employees took advantage of the EAP, which enjoys a satisfaction rate of over 95%.

In 2021, the Sustainable Sites initiative focused on improving employee retention, satisfaction, and health on a local basis. Health centers were also set up and expanded at several locations and offer space for training courses, therapy, and sports classes. The successful Health & Ergo Scout project forms the core of the services, providing employees with preventive support locally and helping others return to work after an absence. < Ⓢ

HIGHLIGHT

German plants receive the 2021 Corporate Health Award

During the award ceremony, the Group’s Corporate Health Management was praised for being innovative, integrative, and participatory, due in large part to its implementation of the Schaeffler Health Coach as well as long-standing services such as the “Active Back Pit Stop” program and the Schaeffler Health & Ergo Scout. The jury and advisory board were most impressed with the long-term effectiveness and continuous development.

Consistently high occupational safety standards worldwide

Ⓢ > In order to comply with legal requirements and to further develop internal processes and standards for occupational health and safety, the Schaeffler Group uses a comprehensive Energy, Environment, Health & Safety (EnEHS) management system. This takes a variety of factors into account, including international occupational safety standards, and is audited Group-wide in accordance with ISO 45001. Audits that could not be conducted on-site in 2021 were carried out digitally, with local interaction reduced to a minimum.

The coverage rate⁴⁾ according to ISO 45001 is 100% (prior year: 99.7%) and has an impact not only on the company’s own workforce, but also, e.g., on service providers that work at a Schaeffler location.

100%

of all production sites are ISO 45001 certified⁴⁾

According to the EnEHS management system, all managers and employees are required to comply with occupational safety regulations. They are also obliged to report unsafe situations or hazards to their supervisors. Potential dangers are identified using task and workplace-related risk assessments and evaluated to determine whether countermeasures need to be established. Managers are advised by specialists in occupational safety at the respective production sites when carrying out their responsibilities.

⁴⁾ Relating to employees on the production sites.

The results of the discussions are reviewed regularly with the relevant members of the Executive Board. If necessary, further action will be taken. This ensures the ongoing development of the EnEHS management system.


The Schaeffler Group is committed to reducing occupational accidents annually by an average of 10 % until 2024. The accident rate (LTIR)⁵⁾ was reduced to 3.9 (prior year: 4.6) during the reporting period, dropping by at least 10 % for the fifth year in a row. The “Safe Work@Schaeffler” project was initiated to achieve this strategic target. The idea is to raise awareness of occupational safety among all employees and managers. Human error resulting from inattentiveness, e. g., is responsible for around 70 % of all work accidents. Observing coronavirus measures, the project kicked off at five pilot locations in Germany in the year under review and will be rolled out at additional locations next year.

HIGHLIGHT

Occupational health during the coronavirus pandemic

With its coronavirus vaccination campaign, the Schaeffler Group played a key role in ensuring the health of employees and their families around the world. For example, the company set up vaccination centers at larger locations like Herzogenaurach and Schweinfurt and has managed to vaccinate around 22,000 employees in Europe since June 2021.

Having set up a production line for medical masks in 2020, the company commissioned a line for FFP2 masks in 2021. The plants fully cover the Schaeffler Group’s demand for protective masks.

An accident map was also created to identify location, time, and task-related focus areas at the plant. In addition, plant-specific measures were developed based on four safety assessments. Within this context, 47 safety awareness training courses, including coaching, were carried out. < 

 **More information on Schaeffler crisis management is available on [page 24](#).**


The aim of the project “Safe Work@Schaeffler” is to raise awareness of occupational safety among all employees and managers.

5.4 Diversity and equal opportunity

AT A GLANCE

- International collaboration reinforced and further expanded
- Managers are trained and enabled to implement diversity and inclusion measures in their area of responsibility

Strategically promoting diversity

 > The Schaeffler Group values multicultural experiences and diversity, and views these as the global organization’s strengths, which is why the company aims to create a working environment that embraces inclusion and is free from discrimination, intimidation, and harassment. The company employs people from 126 nations. The aim is to firmly establish diversity management at the company, make it more visible, and reinforce the issue’s importance on a management level.

126

nations represented in the workforce

In order to underline its commitment, the company signed the “Charta der Vielfalt” (Diversity Charter) in 2008 and has been an active member of this association since 2018. The Schaeffler Group works closely with the association and the member companies and regularly exchanges information with them.

The primary purpose of the Schaeffler Group’s diversity management is to prevent discrimination, for which the Code of Conduct serves as a central policy.

⁵⁾ Measurement: Lost Time Injury Rate, LTIR = occupational accidents from one lost day per 1 million hours worked. Employees, including temporary staff, apprentices, and interns.

The department is closely connected to other relevant business divisions such as the complaints office for cases of discrimination, the Sustainability department, and Health Management. Training courses called for by the General Act on Equal Treatment are also offered for managers and employees in Germany.

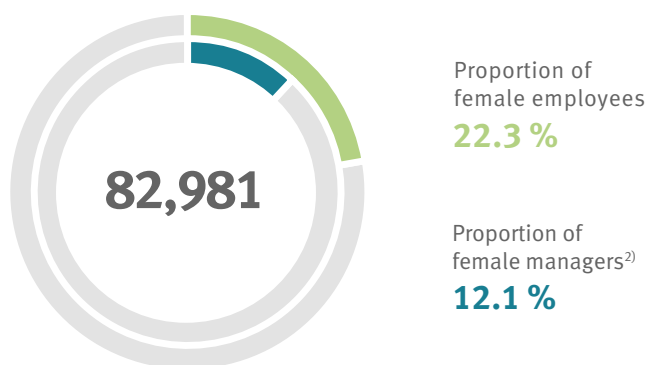
To promote diversity and inclusion, the Schaeffler Group has established a Diversity Council consisting of members of the Schaeffler Group Executive Board as well as top level managers. In addition, a regional Diversity Council was founded in Asia/Pacific in 2020 and in Greater China in 2021. The regional Diversity Councils primarily address the local requirements of employees. There is also a global network that allows managers across all regions to converse on a monthly basis. Measures therefore comply with requirements and promote a consistent understanding of goals.

In 2020, the members of the global Diversity Council took part in a pilot training course on diversity and inclusion. The course was rolled out in three regions in 2021 for managers of both levels below the Schaeffler AG Executive Board and for all plant managers. The launch in the Americas region and expansion to the next management level is planned for 2022. < (P)

Gender diversity

(P) > There are targeted mentoring programs for female students and in E-Mobility to promote diversity at the company, with a particular focus on gender diversity. The Schaeffler Group has been supporting female students in science, technology, engineering, and mathematics (STEM) with a mentoring program since May 2021. Around 40 female students are accompanied by voluntary mentors at the company for a period of one year. Regular exchange as well as workshops and events give them an insight into company practices. Additional measures included participation in the Diversity Challenge of “Charta der Vielfalt e.V.” and in the Emerging Leaders Program in collaboration with INSEAD.

Percentage of women in the Schaeffler Group¹⁾



1) Unless otherwise indicated, the workforce figures refer to the reporting date of December 31, 2021.

2) Managers are defined as employees in a supervisory function.

As of June 30, 2017, target ratios for the proportion of women were set within Schaeffler AG. These are 8% of women on the first and 12% of women on the second management level below the Executive Board. The aim was to achieve these targets by June 30, 2022. The targets were achieved in 2020 and 2021.

In 2021, the proportion of women in the entire Schaeffler Group was 22.3% (prior year: 22.0%) and the proportion of female managers⁶⁾ was 12.1% (prior year: 11.8%). The company is in the process of establishing its medium-term target to increase the proportion of women, including the top management levels of the Schaeffler Group. This goal will be adopted and published in 2022. < (P)

5.5 Social responsibility

AT A GLANCE

- Donations and sponsorships are managed under separate guidelines throughout the Group
- The Schaeffler Foundation was established on the occasion of the Schaeffler Group's 75th anniversary

Focusing on the common good

The company donates to those organizations and initiatives in particular that work towards the common good, are nonprofit, and operate in compliance with the Schaeffler Group's Code of Conduct (CoC). Donations of around EUR 2.1 m (prior year: EUR 3.4 m) were made in 2021. The drop in donations is primarily due to the decline in COVID-19 donations made in the second year of the coronavirus pandemic, which totaled EUR 0.3 m (prior year: EUR 1.6 m). The Compliance department monitors donations and sponsorships. Sponsorship funds are used systematically in accordance with a Group-wide policy, and measures are controlled by an associated global management system. In the reporting period, a total of 398 CSR projects were implemented worldwide.

CSR activities of the Schaeffler Group

Education and scientific research are key factors for success in the Schaeffler Group's business model. The company is therefore active in education and science through strategic partnerships and collaborations.

6) Managers are defined as employees in a supervisory function.

Again in 2021, the Schaeffler Group was involved in projects organized by the founding and innovation platform Futury, which works with partners such as Deutsche Bank, Werte-Stiftung, Bain & Company, and Handelsblatt. Launched in 2020, the “Mission IV: Work – Be Next” project primarily aims to develop sustainable, value-based innovation for the work of the future based on concrete ESG aspects that take the SDGs into account. Of the more than 1,000 applications submitted throughout Europe, 20 talented individuals were selected. Following completion of the mission, another partnership was initiated with the PlanCo team, and a prototype tested at the location in Herzogenaurach, resulting in an app that intensifies social exchange among employees at a plant.

The Schaeffler Group also supported Futury’s “Mission VI: Energy – Be Empowered” project. By the end of August, five international teams of talented youngsters had developed a variety of ideas and concepts related to the energy transition. The Schaeffler Group especially supported the teams Endeema, Reevolta, Aquack, in the Mission VI program. Endeema worked on an app designed to optimize energy management at companies and incorporate production planning. The aim is to increase peak performance in electricity consumption and the percentage of green energy. With a focus on remaining service life, Reevolta is working on concepts for monitoring batteries in the field of micro mobility and thus using them more effectively. With team Aquack, ideas and solutions have been validated for using duckweed to filter impurities from industrial wastewater and generating energy from biomass in the process.

The Schaeffler Group is also dedicated to topics beyond education and science, such as supporting people in need or in difficult living conditions, which required a special level of commitment due to the coronavirus pandemic in 2021.

In China, the Schaeffler Group and its employees donated around EUR 780,000 to a fund dedicated to fighting COVID-19. These funds were used to provide masks and food to people who work and live in regions affected by the pandemic. The “Clean Hands” project also financed sanitation initiatives at 158 elementary schools and day care centers in 2020 and 2021.

The Schaeffler Group also got involved in Sorocaba, Brazil, to limit the effects of the coronavirus pandemic, donating ventilators, masks, gloves, and protective clothing to different hospitals. 250,000 FFP2 masks from in-house production in China were also distributed in Sorocaba. In addition, support was provided for the renovation of the basic health care unit with over 47,000 patients in the Jardim Rodrigo district. The work included renewing the electrical equipment and floors, replacing windows and doors, as well as repairing the roof.

In India, the Schaeffler Group’s location in Pune organized an extensive initiative to develop the community surrounding the Talegaon site. The program focused on improving the quality of education and the entire ecosystem of 29 villages with a variety of initiatives, including a mobile science laboratory, setup of libraries at public schools, the awarding of sports scholarships to pupils, and the provision of clean drinking water and solar-powered lighting at schools. The project is carried out by the Deepak Foundation.

HIGHLIGHT

Establishment of the Schaeffler Foundation

On the occasion of the Schaeffler Group’s 75th anniversary, Schaeffler AG and IHO Holding established the Schaeffler Foundation in an effort to underline the company’s and family shareholders’ social responsibility – and coordinate the associated activities. The Schaeffler Foundation will initially receive an endowment of EUR 3 million, which will be increased annually with additional contributions. Existing activities such as the Schaeffler FAG Foundation will also be incorporated. The Foundation will be globally active and focus on three areas in particular: 1. Climate and environmental protection, 2. Research and science, and 3. Education, qualification, and equal opportunity.

6

Appendix



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6.1 About the report

The Schaeffler Group publishes an annual sustainability report. The last sustainability report was published in March 2021. The current reporting period corresponds to the business year that runs from January 1, 2021, to December 31, 2021. The editorial deadline for this report was February 22, 2022. The sustainability report including the combined separate non-financial report is publicly available on the company's website. The sustainability report was written up by order of the Executive Board of the Schaeffler Group. The Board reviewed and released the report content.

Combined separate non-financial report


In this report, the Schaeffler Group discloses the required non-financial information for the 2021 fiscal year in accordance with Sections 289, 315 of the German Commercial Code (HGB) (in accordance with the CSR Directive Implementation Act). The company exercises the option, in accordance with Section 315b (3) HGB, to produce a combined separate nonfinancial report (GNFK) apart from the Group management report. The separate non-financial report was thereby combined with the separate non-financial report of the parent company in accordance with Section 315b (1) (2) HGB and integrated into the sustainability report. The corresponding passages are marked with  > < . References to information outside of this icon are to be understood as additional information; these are not mandatory components of the GNFK.

The combined separate non-financial report for the 2021 fiscal year for the Schaeffler Group and Schaeffler AG was reviewed by the Supervisory Board of Schaeffler AG and by the accounting firm KPMG AG on behalf of the Supervisory Board with respect to the legally required information in accordance with Sections 315b, 315c in conjunction with 289b to 289e HGB for the purpose of obtaining limited assurance engagement. This follows the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board (IAASB).

GNFK index

The GNFK includes a description of concepts and due diligence processes and their results for the five non-financial aspects "environmental concerns", "employee matters", "social matters", "respect for human rights", and "compliance". Thirteen material topics that were previously determined as part of the materiality analysis are reported in detail. The following index provides an overview of the pages of the sustainability report on which this information is available.

	Pages in the Sustainability Report 2021
Environmental concerns	
Innovative mobility solutions	25–29, 31
Innovative solutions for the industry and energy sector	29–30
Environment and climate protection	35–40
Employee matters	
Employee advancement and development	47
Occupational health and safety	49–51
Diversity and equal opportunity	51–52
Attractive workplace	46
Social matters	
Product quality and safety	31–32
Customer satisfaction	33
Long-term, profitable growth	12–24
Human rights	
Social and ecological standards in the value chain	22–23, 42
Compliance	
Corporate compliance	19–21
Information security	21–22

 **Further information on the Independent Auditor's Report on reviewing the combined separate non-financial report for the purpose of obtaining limited assurance engagement is available on [page 63 et seq.](#)**

GRI content index

The Schaeffler Group's sustainability reporting is conducted in accordance with the Global Reporting Initiative (GRI) standards (Core option). The interactive index, which is available online, shows the indicators that the company addresses in the report and leads users to the report pages containing this information. The Schaeffler Group is committed to the ten principles of the UN Global Compact in the areas of human rights, occupational standards, environmental protection, and anti-corruption measures. The GRI content index therefore also indicates which GRI indicators simultaneously cover one or more of the UN Global Compact principles. Reference will also be made to the company's respective contribution to the United Nations Sustainable Development Goals (SDGs).



More information on the interactive GRI Index is available in the [online report](#).

Guidelines for data collection and presentation

The following guidelines on the key figures and data points are valid for the entire report unless otherwise stated: This report includes all major domestic and foreign subsidiaries that are directly or indirectly controlled by Schaeffler AG. The companies are included from the date on which the Schaeffler Group gains control until the date control is lost. If the details and representations of concepts pertain to other entities, this is pointed out accordingly. The survey period is from January 1, 2021, to December 31, 2021.

When preparing the report, it is necessary in some instances to make appropriate estimates/projections, which are documented internally, to present the complete survey period. Actual values may differ from these estimates and will be corrected in the following year's reporting. Methodical and structural changes are corrected in principle. Additional comments are provided for deviations greater than five percent. Differences may occur due to commercial rounding of amounts and percentages. Contrary to the above-mentioned principles, the cutoff deadline for key figures and employee relationships is generally December 31, 2021. The persons referred to as employees in this report are members of the internally defined "workforce" category. Temporary staff, apprentices, trainees, and contract workers as well as inactive employees are not included.

The Scope of key figure consolidation for greenhouse gas emissions, total energy consumption, freshwater withdrawal, waste generation, and recycling rates in the field of environment refers to the production sites defined as essential in the EnEHS management manual. The majority of these production sites already have ISO 14001, ISO 50001, ISO 45001, and EMAS site registrations; the reporting date was December 31, 2021.

Forward-looking statements

This document contains forward-looking statements that reflect management's current views with respect to future events. Such statements are subject to risks and uncertainties that are beyond the Schaeffler Group's ability to control or estimate precisely, such as future market and economic conditions, the behavior of other market participants, the ability to successfully integrate acquired businesses and achieve anticipated synergies, and the actions of government regulators. If any of these cases or other risks and uncertainties occur, or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements.

The Schaeffler Group does not intend or assume any obligation to update any forward-looking statements to reflect events or circumstances after the date of this report.

Editorial notes

The Schaeffler Group's sustainability report is available in German and English. In case of discrepancies, the German version is binding.

The company accepts questions and comments about responsible corporate management in the Schaeffler Group via the e-mail address sustainability@schaeffler.com.

6.2 Key figures on sustainability

Financial and non-financial key figures for measuring sustainability performance are presented below. Unless indicated otherwise, the information refers to the Schaeffler Group. The reference period covers the business years from 2019 to 2021.

In the course of preparing the combined separate non-financial report of the Schaeffler Group, selected qualitative and quantitative details were submitted to an external business audit taking into consideration the revised International Standard

on Assurance Engagements (ISAE 3000) for the purpose of obtaining a limited assurance engagement with respect to the information required by law as per Sections 315b and 315c in conjunction with Sections 289c to 289e HGB. Key figures audited in this context are marked with a ✓. Key figures marked with ✓✓ were taken from the consolidated financial statements or the combined management report. The figures are generally rounded, which can lead to slight deviations in the calculation of sums.

Strategy and management

		2021	2020	2019	Change (2020/2021)	Assessment
Employees trained in face-to-face training and workshops on the topic of compliance ¹⁾	Number	3,033	3,233	8,091	-6.2 %	✓
Employees trained online on the topic of compliance ²⁾	Number	19,980	34,879	6,461	-42.7 %	✓
Completion rate of compulsory online compliance training courses ^{2) 3)}	%	95.1	94.6	98.2	0.5 %-pts.	✓
Percentage of taxonomy-eligible / non-taxonomy-eligible turnover ⁴⁾	%	5 / 95	–	–	– %-pts.	✓
Taxonomy-eligible capital expenditures / non-taxonomy-eligible capital expenditures ⁴⁾	%	25 / 75	–	–	– %-pts.	✓
Taxonomy-eligible operating expenditures / non-taxonomy-eligible operating expenditures ⁴⁾	%	3 / 97	–	–	– %-pts.	✓

1) The 2020 value has been adjusted.

2) Employees, including temporary office staff, apprentices, interns, and people working on a thesis.

3) Does not include those employees who were absent over a longer period of time during the year or for whom the deadline to complete the compulsory training courses had not yet passed by the end of the year.

4) Key figure calculated for the first time in 2021 as part of EU taxonomy reporting.

Customers and products

		2021	2020	2019	Change (2020/2021)	Assessment
Revenue, total	EUR millions	13,852	12,589	14,427	10.0 %	✓✓
Of which Automotive Technologies ¹⁾	EUR millions	8,436	7,816	9,044	7.9 %	✓✓
Of which the business division E-Mobility ¹⁾	EUR millions	1,245	1,047	681	18.9 %	✓✓
Of which Industrial ¹⁾	EUR millions	3,568	3,132	3,535	13.9 %	✓✓
Of which Automotive Aftermarket ¹⁾	EUR millions	1,848	1,642	1,848	12.6 %	✓✓
Schaeffler Group value added before special items	EUR millions	475	2	284	> 100 %	✓✓
Research and development (R&D) expenses	EUR millions	748	684	849	9.4 %	✓✓
R&D ratio	%	5.4	5.4	5.9	0.0 %-pts.	✓✓
R&D employees ²⁾	FTE	7,093	7,095	7,444	0.0 %	✓
R&D centers	Number	20	20	20	0.0 %	✓✓
Internal inventions reported	Number	2,761	2,291	3,298	20.5 %	✓✓
Patent applications ³⁾	Number	1,784	1,907	2,385	-6.4 %	✓

Customers and products continuation

		2021	2020	2019	Change (2020/2021)	Assessment
Awards for customer satisfaction/product quality	Number	75	72	66	4.2%	✓
Coverage rate of quality management systems ⁴⁾	%	100	100	100	0.0%-pts.	✓

1) Previous year's figures according to the segment structure reported in 2021. Rounding differences are possible.

2) Workforce values are provided as a full-time equivalent (FTE) at the end of the year; reporting date December 31, 2021. The 2020 value has been adjusted.

3) Patent applications concern first filings in Germany. The DPMA adapted the counting method in 2020, which is why the 2020 value differs from that of the Sustainability Report 2020.

4) According to the Scope of the Schaeffler Group's management manual and valid certification rules.

Environment and energy¹⁾

		2021	2020	2019	Change (2020/2021)	Assessment
Coverage rate for EMAS certification ²⁾	%	98.5	98.6	98.1	-0.1%-pts.	✓
Coverage rate for ISO 14001 certification ²⁾	%	100	99.5	98.8	0.5%-pts.	✓
Coverage rate for ISO 50001 certification ²⁾	%	100	99.3	98.0	0.7%-pts.	✓
Total energy consumption ^{3) 4) 18)}	GWh	3,412	3,045	3,290	12.1%	✓
Of which electricity consumption ^{4) 5) 18)}	GWh	2,242	2,078	2,316	7.9%	✓
Of which renewable energy (external procurement) ⁶⁾	GWh	1,523	–	–	–%	✓
Of which self-generated conventional energy (CHP) ⁶⁾	GWh	46	–	–	–%	✓
Of which natural gas/LPG consumption ^{4) 7) 18)}	GWh	925	830	872	11.4%	✓
Of which fuel oil consumption ¹⁸⁾	GWh	6	6	7	0.0%	✓
Of which propane consumption ^{4) 7) 18)}	GWh	52	45	–	15.6%	✓
Of which district heating consumption ^{4) 18)}	GWh	57	49	48	16.3%	✓
Of which methanol ⁶⁾	GWh	84	–	–	–%	✓
Greenhouse gas emissions, total ^{8) 10) 12) 18)}	Thous. t CO ₂	7,080	6,278	–	12.8%	✓
Own greenhouse gas emissions, total (Scope 1 + 2 market-based) ^{8) 9) 18)}	Thous. t CO ₂	703	744	1,026	-5.5%	✓
Greenhouse gas emissions (Scope 1) ^{8) 18)}	Thous. t CO ₂	207	180	191	15.0%	✓
Greenhouse gas emissions (Scope 2 market-based) ^{9) 10) 18)}	Thous. t CO ₂	496	564	835	-12.1%	✓
Greenhouse gas emissions (Scope 2 location-based) ⁸⁾	Thous. t CO ₂	1,169	1,078	1,180	8.4%	✓
Greenhouse gas emissions (Scope 3.1): purchased goods and services ^{11) 12)}	Thous. t CO ₂	5,666	4,945	–	14.6%	✓
Greenhouse gas emissions (Scope 3.3): fuel- and energy-related emissions ^{12) 13)}	Thous. t CO ₂	202	211	–	-4.3%	✓
Greenhouse gas emissions (Scope 3.4): transport and distribution (upstream) ^{11) 12) 14)}	Thous. t CO ₂	473	343	–	37.9%	✓
Greenhouse gas emissions (Scope 3.5): waste treatment and disposal ^{11) 12)}	Thous. t CO ₂	36	35	–	2.9%	✓
Nitrogen oxides (NO _x) ¹⁵⁾	t	110	83	90	32.5%	
Sulfur dioxide (SO ₂)	t	3	3	3	0.0%	
Fine particles ¹⁵⁾	kg	166	119	135	39.5%	
Water withdrawal, total ^{4) 16) 18)}	Thous. m ³	5,632	5,034	5,784	11.9%	✓
Of which surface water ⁶⁾	Thous. m ³	159	–	–	–%	✓
Of which groundwater ⁶⁾	Thous. m ³	2,228	–	–	–%	✓
Of which water from third-parties ⁶⁾	Thous. m ³	3,245	–	–	–%	✓

Environment and energy¹⁾ continuation

		2021	2020	2019	Change (2020/2021)	Assessment
Water withdrawal (in water risk areas), total ⁶⁾	Thous. m ³	676	–	–	–%	✓
Of which surface water ⁶⁾	Thous. m ³	0	–	–	–%	✓
Of which groundwater ⁶⁾	Thous. m ³	285	–	–	–%	✓
Of which water from third-parties ⁶⁾	Thous. m ³	391	–	–	–%	✓
Amount of waste, total ^{6) 17)}	Thous. t	171	–	–	–%	✓
Of which hazardous waste ^{6) 17)}	Thous. t	85	–	–	–%	✓
Of which non-hazardous waste ^{6) 17)}	Thous. t	86	–	–	–%	✓
Of which waste for disposal ^{6) 17)}	Thous. t	49	–	–	–%	✓
Of which waste for recycling ^{6) 17)}	Thous. t	122	–	–	–%	✓
Scrap and metals, total ⁶⁾	Thous. t	563	–	–	–%	✓
Recycling rate, total ^{6) 17)}	%	72	–	–	–%pts.	✓

- The key environmental indicators of emissions and energy and water consumption are mainly based on the consumption of the 75 plants in 22 countries. The calculation is based on certification in accordance with ISO 14001, ISO 50001, and ISO 45001, and entry in the EMAS site registry; reporting date December 31, 2021.
- Relating to employees on the production sites.
- Energy sources included in 2021: electricity (incl. self-generated renewable and conventional energy), natural gas, heating oil, propane, district heating, and methanol. 2020 and 2019 values excl. methanol.
- Increase primarily due to the impact of the coronavirus pandemic and the resulting rise in production capacity compared to 2020.
- Only external electricity purchases, as combined heat and power (CHP) electricity is recorded via gas consumption. Incl. photovoltaic electricity generated internally as of 2020.
- Figure first reported in 2021.
- LPG consumption reported together with natural gas as of 2021.
- The calculation of greenhouse gas emissions is based on the emission factors of the VDA (2017) and the ProBas database of the German Federal Environmental Agency. Emission sources covered: Scope 1 (natural gas, fuel oil, propane, methanol) and Scope 2 (electricity, district heating). 2020 and 2019 values excl. methanol. The emission factors for natural gas were adjusted for the locations that supply and invoice natural gas based on calorific value.
- Supplier-specific emission factors were used to determine Scope 2 (market-based).
- The reduction is significantly influenced by the purchase of 100% green electricity in Europe as well as the plants in Nanjing (China) and Anting (China).
- Scope 3.1, Scope 3.4, and Scope 3.5 greenhouse gas emissions are calculated based on a recognized input-output model that uses the method of multiregional input-output calculation and quality-assured data from international environmental, resource, and social statistics (OECD, BEA, World Bank indicators, and EXIOBASE). Calculation is based on Schaeffler's purchasing volume in 2021 and takes additional steel-specific factors into account.

- Figure first reported in 2020.
- Not contained in Scope 1 or 2. Scope 3.3 greenhouse gas emissions are calculated based on the emission factors of Defra (2022) and the emission factors of the German Federal Environmental Agency (2021, emission values of renewable energy sources). Upstream chain emissions and T&D losses are calculated based on the emission sources considered for Scope 1 (natural gas, fuel oil, propane, methanol) and Scope 2 (electricity, district heating). The correction to the previous year's emissions results from a methodology adjustment to calculate the WTT factor for energy sources in the emission factor sources used (Defra and UBA), to more appropriately account for indirect emissions.
- The increase in emissions compared to the previous year is due in particular to the massive disruptions in the global supply chains as a result of the coronavirus pandemic. Due to the disparate availability in the sea freight sector, increased use was made of special air freight transports in order to avoid interruptions to production processes in the Schaeffler Group or at its customers. The 2021 figure is based on a current projection.
- Increase due to higher consumption of natural gas, heating oil, and district heating.
- Seawater or produced water is not withdrawn. No water is wasted in the manufacture of Schaeffler products, as water withdrawn is either reused internally or directed to third parties after treatment.
- Excluding metals and scrap.
- The 2020 value has been adjusted.

Suppliers and materials

		2021	2020	2019	Change (2020/2021)	Assessment
Suppliers reviewed in initial assessments ¹⁾	Number	133	64	86	> 100%	✓
Percentage of the purchasing volume of production material suppliers with SAQs ²⁾	%	68.6	30.9	–	37.7%-pts.	✓
Response rate of surveyed suppliers on the use of conflict minerals ³⁾	%	82.8	87.5	90.0	-4.7%-pts.	✓
Coverage rate of certified smelters in the supply chain ⁴⁾	%	99.7	100.0	100.0	-0.3%-pts.	✓
Confirmed cases of human rights violations ⁵⁾	Number	4	6	0	-33.3%	✓

- Completed in 2021.
- Figure first calculated for 2020.
- Response rate of suppliers surveyed on the use of conflict minerals as defined by the Responsible Minerals Initiative. 2021 value checked in interim status in December 2021. 2020 figure adjusted compared to Sustainability Report 2020 in accordance with the regular survey period. Lower response rate in 2020 due to a higher number of suppliers surveyed. Regular survey period from March to February of the following year.

- Smelters certified by the Responsible Minerals Initiative or not located in risk areas as defined in the RCOI. 2021 value checked in interim status in December 2021. Regular survey period from March to February of the following year.
- Violations of the prohibition on forced labor, child labor, and cases of discrimination by racial/ethnic origin, color, or gender. The cases confirmed in the reporting period were all related to discrimination or harassment.

Employees and society¹⁾

		2021	2020	2019	Change (2020/2021)	Assessment
Employees, total	Number	82,981	83,297	87,748	-0.4%	✓✓
Of which in Europe	Number	53,006	53,865	60,155	-1.6%	
Of which in the Americas	Number	11,599	11,785	12,264	-1.6%	
Of which in Greater China	Number	12,337	11,787	12,182	4.7%	
Of which in Asia/Pacific	Number	6,039	5,860	3,147	3.1%	
Labor turnover rate ²⁾	%	4.6	2.9	4.4	1.7%-pts.	
New employees, total	Number	7,677	3,574	4,644	> 100%	
Of which women	Number	2,135	1,000	1,412	> 100%	
Of which in the age category < 30 years	Number	3,603	1,600	2,128	> 100%	
Of which in the age category 30–55 years	Number	3,936	1,897	2,390	> 100%	
Of which in the age category > 55 years	Number	138	77	126	79.2%	
Employees leaving, total	Number	8,890	8,227	9,277	8.1%	
Of which women	Number	2,174	1,993	2,233	9.1%	
Of which in the age category < 30 years	Number	2,326	1,946	3,102	19.5%	
Of which in the age category 30–55 years	Number	4,650	3,917	4,731	18.7%	
Of which in the age category > 55 years	Number	1,914	2,364	1,444	-19.0%	
Average age	Years	40.8	40.8	40.5	0.0%	
Age structure/distribution < 30 years	Number	13,138	13,474	15,877	-2.5%	
Age structure/distribution 30–55 years	Number	60,415	60,404	61,603	0.0%	
Age structure/distribution > 55 years	Number	9,428	9,419	10,268	0.1%	
Average tenure	Years	12.2	12.3	11.9	-0.8%	
Employees covered by collective bargaining agreements, Germany	%	98.0	95.1	95.0	2.9%-pts.	
Permanent employees	%	88.5	92.2	91.5	-3.7%-pts.	✓
Part-time ratio, Germany	%	6.8	7.0	7.1	-0.2%-pts.	✓
Men/women on parental leave, Germany	Number	375	367	426	2.2%	
Management positions ³⁾	Number	8,405	8,475	8,755	-0.8%	
Proportion of female managers, total ³⁾	%	12.1	11.8	11.5	0.3%-pts.	✓
Proportion in Europe ³⁾	%	10.1	9.7	9.0	0.4%-pts.	
Proportion in the Americas ³⁾	%	16.6	16.6	16.2	0.0%-pts.	
Proportion in Greater China ³⁾	%	18.6	19.4	18.6	-0.8%-pts.	
Proportion in Asia/Pacific ³⁾	%	9.3	7.7	13.8	1.6%-pts.	
Proportion of female employees, total	%	22.3	22.0	22.1	0.3%-pts.	✓
Proportion in Europe	%	21.5	21.0	20.3	0.5%-pts.	
Proportion in the Americas	%	25.9	26.2	25.9	-0.3%-pts.	
Proportion in Greater China	%	28.0	28.6	29.0	-0.6%-pts.	
Proportion in Asia/Pacific	%	10.2	9.8	15.0	0.4%-pts.	

Employees and society¹⁾ continuation

		2021	2020	2019	Change (2020/2021)	Assessment
Proportion of severely disabled employees, Germany ⁴⁾	%	5.5	5.6	5.9	-0.1 %-pts.	
Nationalities, total	Number	126	129	125	-2.3%	✓
Apprentices, total ⁵⁾	Number	2,643	2,724	3,078	-3.0%	✓
Of which students, total ⁶⁾	Number	394	491	–	-19.8%	
Trainees, total	Number	52	50	76	4.0%	
Online training courses, total	Number	250	193	134	29.5%	✓
Participants in e-learning courses, Germany ⁷⁾	Number	169,795	136,307	35,780	24.6%	✓
Participants in classroom training sessions, Germany ⁸⁾	Number	4,553	7,351	27,906	-38.1%	✓
Average number of hours of training and education per employee ⁹⁾	Number	8.2	–	–	–%	
Of which male ⁹⁾	Number	8.2	–	–	–%	
Of which female ⁹⁾	Number	8.0	–	–	–%	
Coverage rate for Learning Management System ¹⁰⁾	%	99.8	99.8	93.0	0.0 %-pts.	✓
Ideas submitted	Number	34,287	31,283	41,018	9.6%	
Accident rate (LTIR) ¹¹⁾	LTIR	3.9	4.6	5.2	-15.2%	✓
Coverage rate for ISO 45001 ¹²⁾	%	100	99.7	99.0	0.3 %-pts.	✓
Donations	EUR millions	2.1	3.4	1.6	-38.2%	

1) Unless otherwise indicated, the employee figures refer to the reporting date of December 31, 2021.

2) Initiated by employees; related to the average number of employees from January 1, 2021 to December 31, 2021.

3) Managers are defined as employees in a supervisory function.

4) Schaeffler Group Germany, without temporary workers.

5) People with academic or non-academic qualifications.

6) Dual students, master's degree students and "Two in One" students. The "Two in One" study program combines a bachelor's degree with vocational training. The significant difference from the previous year is the result of improved data quality.

7) Increased use of e-learning offers due to the coronavirus pandemic and compulsory online training courses increase the number of participants.

8) Decrease primarily due to the impact of the coronavirus pandemic and the resulting budget cuts.

9) Figure was first reported in 2021.

10) Relating to employees, total.

11) Measurement of Lost Time Injury Rate, LTIR = occupational accidents from one lost day per 1 million hours worked. Employees, including temporary staff, apprentices, and interns.

12) Relating to employees on the production sites.

6.3 TCFD index

The requirements of the Task Force on Climate-related Financial Disclosures (TCFD) apply to the following areas: Governance, Strategy, Risk Management, and Metrics & Targets. The aim of TCFD-compliant reporting is to properly report on the risks and

opportunities of climate change and thus strengthen the stability of the financial market. Since the CDP climate questionnaire incorporates most of the TCFD requirements, the Schaeffler Group already reports on the following information:

TCFD core elements	Required information	CDP questionnaire 2021 reference
Governance Disclosure of the organization’s governance around climate-related risks and opportunities	A. Executive Board’s oversight of climate-related risks and opportunities	C1.1b
	B. Management’s role in assessing and managing climate-related risks and opportunities	C1.2, C1.2a
Strategy Disclosure of the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material	A. Description of climate-related opportunities and risks	C2.1, C2.1a, C2.2, C2.3, C2.3a, C2.4, C2.4a
	B. Impact of climate-related risks on the organization’s businesses, strategy, and financial planning	C2.3, C2.3a, C2.4, C2.4a, C3.1
	C. Resilience of the organizational strategy	C3.1b
Risk Management Disclosure of how the organization identifies, assesses, and manages climate-related risks	A. Organization’s processes for identifying and assessing climate-related risks	C2.2, C2.2a
	B. Organization’s processes for managing climate-related risks	C2.2
	C. Integration of processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management	C2.2
Metrics & Targets Disclosure the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	A. Metrics used by the organization to assess climate-related risks and opportunities	C4.1, C4.2, C9.1
	B. Disclosure of Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions	C6.1, C6.3, C6.5
	C. Targets used by the organization to manage climate-related risks and opportunities	C4.1, C4.1a, C4.2

 **Answers and results of the Schaeffler Group CDP questionnaire at:**
[CDP Schaeffler Group](#)

6.4 Limited Assurance Report of the Independent Auditor regarding the combined separate non-financial report¹⁾

To the Supervisory Board of Schaeffler AG, Herzogenaurach

We have performed an independent limited assurance engagement on the non-financial statement of Schaeffler AG, Herzogenaurach (further “Schaeffler AG or Company”) and on the non-financial statement of the parent company that is combined with it, as well as the chapter “Organizational structure and business activities” of the group management report (further “combined separate non-financial report”) for the period from January 1 to December 31, 2021.

Management’s Responsibility

The legal representatives of the Company are responsible for the preparation of the combined separate non-financial report in accordance with §§ 315b, 315c in conjunction with 289b to 289e HGB and with Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (further “EU Taxonomy Regulation”) and the supplementing Delegated Acts as well as the interpretation of the wordings and terms contained in the EU Taxonomy Regulation and in the supplementing Delegated Acts by the Company as disclosed in Section “Targets and legal conditions” of the combined separate non-financial report.

This responsibility of the legal representatives includes the selection and application of appropriate methods to prepare the combined separate non-financial report and the use of assumptions and estimates for individual disclosures which are reasonable under the given circumstances. Furthermore, the legal representatives are responsible for the internal controls they deem necessary for the preparation of the combined separate non-financial report that is free of – intended or unintended – material misstatements.

The EU Taxonomy Regulation and the supplementing Delegated Acts contain wordings and terms that are still subject to substantial uncertainties regarding their interpretation and for which not all clarifications have been published yet. Therefore, the legal representatives have included a description of their interpretation in Section “Targets and legal conditions” of the combined separate non-financial report. They are responsible for its tenability.

Due to the innate risk of diverging interpretations of vague legal concepts, the legal conformity of these interpretations is subject to uncertainty.

Practitioner’s Responsibility

It is our responsibility to express a conclusion on the combined separate non-financial report based on our work performed within a limited assurance engagement.

We conducted our work in the form of a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): “Assurance Engagements other than Audits or Reviews of Historical Financial Information”, published by IAASB. Accordingly, we have to plan and perform the assurance engagement in such a way that we obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the combined separate non-financial report of the Company for the period from January 1 to December 31, 2021 has not been prepared, in all material respects, in accordance with §§ 315b and 315c in conjunction with 289b to 289e HGB and with the EU Taxonomy Regulation and the supplementing Delegated Acts as well as the interpretation of the wordings and terms contained in the EU Taxonomy Regulation and in the supplementing Delegated Acts by the legal representatives as disclosed in Section “Targets and legal conditions” of the combined separate non-financial report. We do not, however, issue a separate conclusion for each disclosure. As the assurance procedures performed in a limited assurance engagement are less comprehensive than in a reasonable assurance engagement, the level of assurance obtained is substantially lower. The choice of assurance procedures is subject to the auditor’s own judgement.

Within the Scope of our engagement we performed, amongst others, the following procedures:

- Inquiries of group-level personnel who are responsible for the materiality analysis in order to understand the processes for determining material topics and respective reporting boundaries for Schaeffler AG
- A risk analysis, including media research, to identify relevant information on Schaeffler AG’s sustainability performance in the reporting period
- Evaluation of the design and the implementation of systems and processes for the collection, processing, and monitoring of disclosures, including data consolidation, on environmental, employee, and social matters, respect for human rights, and anti-corruption and bribery matters

¹⁾ Our engagement applied to the German version of the combined separate non-financial report 2021. This text is a translation of the Independent Assurance Report issued in German, whereas the German text is authoritative.

- Inquiries of group-level personnel who are responsible for determining disclosures on concepts, due diligence processes, results and risks, performing internal control functions and consolidating disclosures
- Inspection of selected internal and external documents
- Analytical procedures for the evaluation of data and of the trends of quantitative disclosures as reported at group level by all sites
- Evaluation of local data collection, validation and reporting processes as well as the reliability of reported data based on a sample of the sites in Puebla (Mexico), Lahr (Germany) and Bien Hoa City (Vietnam)
- Assessment of the overall presentation of the disclosures
- Evaluation of the process for the identification of taxonomy-eligible economic activities and the corresponding disclosures in the combined separate non-financial report

The legal representatives have to interpret vague legal concepts in order to be able to compile the relevant disclosures according to Article 8 of the EU Taxonomy Regulation. Due to the innate risk of diverging interpretations of vague legal concepts, the legal conformity of these interpretations and, correspondingly, our assurance thereof are subject to uncertainty.

In our opinion, we obtained sufficient and appropriate evidence for reaching a conclusion for the assurance engagement.

Independence and Quality Assurance on the Part of the Auditing Firm

In performing this engagement, we applied the legal provisions and professional pronouncements regarding independence and quality assurance, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the combined separate non-financial report of Schaeffler AG for the period from January 1 to December 31, 2021 has not been prepared, in all material respects, in accordance with §§ 315b and 315c in conjunction with 289b to 289e HGB and with the EU Taxonomy Regulation and the supplementing Delegated Acts as well as the interpretation disclosed in Section “Targets and legal conditions” of the combined separate non-financial report.

Restriction of Use/General Engagement Terms

This assurance report is issued for purposes of the Supervisory Board of Schaeffler AG, Herzogenaurach, only. We assume no responsibility with regard to any third parties.

Our assignment for the Supervisory Board of Schaeffler AG, Herzogenaurach, and professional liability as described above was governed by the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf). By reading and using the information contained in this assurance report, each recipient confirms notice of the provisions contained therein including the limitation of our liability as stipulated in No. 9 and accepts the validity of the General Engagement Terms with respect to us.

Munich, February 23, 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

Koeplin
Wirtschaftsprüfer

ppa. Edelmann