

EU taxonomy reporting

Ⓢ > Articles 3 and 9 of Taxonomy Regulation (EU) 2020/852 (Taxonomy) require the Schaeffler Group to disclose sales, capital expenditure (CapEx), and operating expenditure (OpEx) related to environmentally sustainable economic activities. To enable comparison of companies, the Taxonomy Regulation prescribes a classification system for environmentally sustainable activities. Based on this system, the company's internal economic activities are classified according to their environmental sustainability. The classification system is broken down into six 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

Economic activities that have the potential to contribute to one of the environmental objectives are referred to as taxonomy-eligible. Those taxonomy-eligible activities that are actually environmentally sustainable are referred to as taxonomy-aligned. Taxonomy alignment requires fulfillment of the following three criteria sets:

1. Substantial contribution to one of the six environmental objectives
2. No significant harm respective other five environmental targets (Do no significant harm, DNSH)
3. Compliance with minimum social and governance requirements (minimum safeguards)

For the 2022 reporting year, taxonomy eligibility and, for the first time, taxonomy alignment must be reported for the first two environmental objectives. The Schaeffler Group refrains from voluntarily reporting on the other four environmental targets. < Ⓢ

General assumptions

Ⓢ > As part of the taxonomy implementation process, materiality thresholds were defined to consider individual economic activities. These were defined in such a way that they have no material influence on the reporting. To prevent different economic activities from being counted twice, a gradual process with the corresponding control procedures was developed. In addition to taxonomy eligibility and substantial contribution, specific DNSH criteria were also assessed on economic activity level by experts. The criteria outlined in Appendixes A, B, C, and D relating to Annex I of the Delegated Regulation (EU) 2021/2139 as well as the requirements for minimum safeguards were assessed centrally. < Ⓢ

DNSH assessment

Ⓢ > The Schaeffler Group fulfills the DNSH criteria of the appendixes for all taxonomy-relevant activities. As prescribed by Appendix A, a robust climate risk and vulnerability evaluation was conducted for all relevant locations, during which specific climate risks could be ruled out. All the relevant climate risks were then assessed in detail and addressed as part of the risk management for each of these locations. Based on the criteria addressed in the EMAS certification as well as internal guidelines, all the relevant locations were evaluated for the potential risk of environmental degradation related to water scarcity and compromised water quality as outlined in Appendix B. There is no foreseeable environmental harm with the identified risks at present. No substances specified in Appendix C are manufactured, placed on the market or used in taxonomy-relevant activities, thus there is no significant harm as specified in Appendix C. For Appendix D, it has been determined that none of the relevant locations are situated in or near biodiversity-sensitive areas, with local regulations being verified as part of the existing EMAS validation. A limit of 500 meters was defined for this purpose. The other DNSH criteria were assessed on an economic activity. < Ⓢ

Assessment of minimum safeguards

Ⓢ > The assessment of minimum safeguards focused on human rights, anti-corruption, fair competition, and taxation in accordance with the recommendations made by the Platform on Sustainable Finance, and assessed the relevant elements of the value chain, including direct and indirect suppliers, own operations, customers, and other business partners.

The Schaeffler Group is guided by the six-step due diligence process recommended by the OECD Guidelines for Multinational Enterprises, which are also in line with the UN Guiding Principles on Business and Human Rights. The six steps include:

1. Embed responsible business conduct (RBC) into policies and management systems,
2. Identify and assess actual and potential adverse impacts associated with the enterprise's operations, products or services,
3. Cease, prevent and mitigate adverse impacts,
4. Track implementation and results,
5. Communicate how impacts are addressed, and
6. Provide for or cooperate in remediation when appropriate.

These six steps are covered by the compliance management systems in accordance with IDW PS 980.

The requirements for minimum safeguards are communicated both within own operations and to all business partners, including suppliers, by way of publicly available documents such as the Schaeffler Code of Conduct and the Schaeffler Group Corporate Supplier Code of Conduct. Additional measures that build on these requirements such as risk analyses, preventive, and control measures are carried out regularly. In addition, control measures such as regular checks on the subject of working hours are currently being implemented. Potential violations in any of the areas can be reported through the Schaeffler Group's whistleblowing system.

As part of the human rights compliance management system (HRCMS), a human rights risk assessment (HRRRA) was conducted to evaluate the minimum safeguards for human rights. One aspect of this HRRRA was the evaluation of the severity of potential or actual irregularities regarding maximum working hours and their impact on the human rights of entitled persons. The severity was evaluated in accordance with relevant recommendations such as the OECD Guidelines for Multinational Enterprises, estimating the scale, the scope, and the potential for remediation. The assessment did not result in any violations of the criteria outlined in Article 18 of the EU Taxonomy Regulation or the Platform on Sustainable Finance's report on minimum safeguards.



More information on human rights can be found on [page 47 et seq.](#)



More information on compliance can be found on [page 58 et seq.](#)



More information on taxes can be found on [page 58 et seq.](#)

The assessment of the DNSH and minimum safeguards requirements outside Europe does not differ from the assessment within Europe. < (P)

Assessment economic activity level

(P) > The Schaeffler Group's cross-divisional, interdisciplinary project team identified relevant economic activities exclusively for the "climate change mitigation" objective. The assessment of the Schaeffler Group's business activities revealed that only wind and hydrogen activities are relevant for taxonomy reporting. A large percentage of the Schaeffler Group's products are built into the customer's end products, which can be classified as economic activity 3.3 Manufacture of low-carbon technologies for transport. In accordance with the EU taxonomy, these activities are not disclosed, as only the manufacturers of the end products themselves can report turnover under this economic activity. Because sustainable mobility is so important to the Schaeffler Group and because the Schaeffler Group's technical solutions installed in taxonomy-aligned motor vehicles, locomotives, and two-wheelers play a key role in climate protection, the company welcomes the European Commission's announcement to address key components in further revisions of the Climate Delegated Act.

The Schaeffler Group is doing its part to expand the use of renewable energies by manufacturing components for wind power. All wind business is therefore taxonomy-eligible for all three key performance indicators (KPIs) under **3.1 Manufacture of renewable energy technologies** and also fulfills the substantial contribution criteria as well as the DNSH criteria for the circular economy, which also makes it taxonomy-aligned.

Related to economic activity **3.2 Manufacture of equipment for the production and use of hydrogen**, the Schaeffler Group pursues two different business activities: stack solutions and services for electrolyzers to produce hydrogen as well as components for fuel cell vehicles. The Schaeffler Group has refrained from disclosing a CapEx plan and therefore from reporting under 3.2.

Material CapEx was also identified in the company's internal infrastructure in connection with the vehicle fleet, buildings, renewable energies, and IT. In accordance with the taxonomy regulations, additions to the vehicle fleet were evaluated as CapEx associated with economic activity **6.5 Transport by motorbikes, passenger cars, and light commercial vehicles**.

It was possible to evaluate the substantial contribution criteria, but due to data availability on tire, not all the requirements outlined in DNSH could be evaluated. As a result, only taxonomy eligibility can be reported.

Real estate-related investments in the reporting year mainly fall into **7.2 Renovation of existing buildings** and **7.7 Acquisition and ownership of buildings**. CapEx related to 7.7 almost exclusively relates to the construction of new buildings for the company's own use and real estate-related leases. Taxonomy-alignment of each individual construction project with a CapEx above € 250,000 was assessed by comparing the building features to the technical evaluation criteria cited in sector 7. Due to the scope of substantial contribution criteria and specific DNSH criteria, only a part of these activities are classified as taxonomy-aligned.

To expand use of renewable energies, investments were made in photovoltaic projects, which are to be classified under economic activities **4.1 Electricity generation using solar photovoltaic technology** and **7.6 Installation, maintenance and repair of renewable energy technologies**. These investments are entirely taxonomy-aligned.

The Schaeffler Group also made investments that are connected to data centers and therefore taxonomy-eligible in accordance with economic activity **8.1 Data processing, hosting, and related activities**. But because they do not fulfill the substantial contribution criteria, this CapEx is not taxonomy-aligned. Taxonomy alignment is the goal.

As the amount of OpEx spent on the economic activities described in the Delegated Regulation (EU) 2022/1214, in this case the maintenance of cogeneration plants, is insignificant, reporting according to Appendix XII of the Delegated Regulation (EU) 2021/2178 does not apply.

Taxonomy key indicators

	Taxonomy-aligned	Taxonomy-eligible but not aligned	Taxonomy-eligible	Taxonomy non-eligible
Turnover	4.9%	0.0%	4.9%	95.1%
CapEx	13.5%	16.6%	30.1%	69.9%
OpEx	3.0%	0.0%	3.0%	97.0%

The share of the Schaeffler Group's taxonomy-eligible turnover is 4.9% and thus remains largely unchanged compared to the prior year. It falls primarily within the wind sector cluster of the Industrial division and can be classified as economic activity 3.1 Manufacture of renewable energy technologies. Calculation is based on the allocation of turnover to relevant customers. Turnover in the Group's consolidated statement of income for the 2022 reporting year forms the basis for this relative disclosure. The share of the Schaeffler Group's taxonomy-aligned turnover is 4.9%.

The share of the Schaeffler Group's taxonomy-eligible **CapEx** is 30.1% and includes investment associated with the wind business as well as investments in the areas of real estate, renewable energies, vehicle fleet, and IT. Because production capacities in the wind sector were expanded significantly the year before, the associated taxonomy-eligible investments were higher in 2021 than in 2022. Capital expenditure for real estate was higher in 2022 due to a larger volume of construction projects and this year's initial reporting of leases. The basis for the relative disclosures is the sum of the key figures "additions to intangible assets", "additions to rights of use from leases", and "additions to property, plant and equipment" as of 31/12/2022, applying the definition from the EU Taxonomy Regulation. The share of the Schaeffler Group's taxonomy-aligned CapEx is 13.5%. This difference results from the fact that the technical screening criteria were not fully met for the vehicle fleet and buildings. CapEx KPIs are calculated on the basis of evaluation of individual investments by experts as well as an allocation model for investments directly associated with taxonomy-relevant turnover based on turnover KPIs.

The share of taxonomy-eligible **OpEx** is 3.0% and is associated with technologies for renewable energies. Any changes compared to the previous year are not material. The basis for this relative disclosure, applying the definition from the EU Taxonomy Regulation, is the "research and development costs" from the Group's consolidated statement of income for the 2022 reporting year plus the maintenance costs associated with the Schaeffler Group's production plants, including the costs associated with daily maintenance of property, plant and equipment, less the non-relevant costs contained therein using the definition of the EU taxonomy regulation. The share of the Schaeffler Group's taxonomy-aligned OpEx is also 3.0%. OpEx KPIs are calculated on the basis of evaluation of individual projects by experts as well as an allocation model for projects directly associated with taxonomy-relevant turnover based on turnover KPIs.

No further information is provided because no comparison can be made to the previous year's alignment KPIs. < (P)

🔍 > Turnover

Economic Activities (1)	Codes (2)	Absolute Turnover € millions (3)	Proportion of turnover (4)	Substantial contribution criteria						DNSH criteria (11–16)						Minimum safeguards (17)	Taxonomy aligned proportion of turnover			Category	
				CM ¹⁾ (5)	CA ²⁾ (6)	WM ³⁾ (7)	CE ⁴⁾ (8)	PO ⁵⁾ (9)	BE ⁶⁾ (10)	CM ¹⁾ (11)	CA ²⁾ (12)	WM ³⁾ (13)	CE ⁴⁾ (14)	PO ⁵⁾ (15)	BE ⁶⁾ (16)		Year N (18)	Year N-1 (19)	enabling activity (20)		transitional activity (21)
A. Taxonomy-Eligible Activities (%)																					
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
Manufacture of renewable energy technologies	3.1	769	4.9%	100%	0.0%	0.0%	0.0%	0.0%	0.0%			Y	Y	Y	Y	Y	Y	4.9%		E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		769	4.9%	100%	0.0%	0.0%	0.0%	0.0%	0.0%									4.9%			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
Turnover of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0.0%																		
Total (A.1 + A.2)		769	4.9%																		
B. Taxonomy-Non-Eligible Activities																					
Turnover of Taxonomy-Non-Eligible Activities (B)		15,040	95.1%																		
Total A+B		15,809	100%																		
1) CM Climate Change mitigation		2) CA Climate Change adaptation		3) WM Water and marine resources						4) CE Circular economy						5) PO Pollution			6) BE Biodiversity and ecosystems		

Y Yes
E Enabling activity

€ > CapEx

Economic Activities (1)	Codes (2)	Absolute CapEx € millions (3)	Proportion of CapEx (4)	Substantial contribution criteria						DNSH criteria (11–16)						Taxonomy aligned proportion of CapEx			Category	
				CM ¹⁾ (5)	CA ²⁾ (6)	WM ³⁾ (7)	CE ⁴⁾ (8)	PO ⁵⁾ (9)	BE ⁶⁾ (10)	CM ¹⁾ (11)	CA ²⁾ (12)	WM ³⁾ (13)	CE ⁴⁾ (14)	PO ⁵⁾ (15)	BE ⁶⁾ (16)	Minimum safeguards (17)	Year N (18)	Year N-1 (19)	enabling activity (20)	transitional activity (21)
A. Taxonomy-Eligible Activities (%)																				
A.1. Environmentally sustainable activities (Taxonomy aligned)																				
Manufacture of renewable energy technologies	3.1	24	2.6%	100%	0.0%	0.0%	0.0%	0.0%	0.0%		Y	Y	Y	Y	Y	Y	2.6%		E	
Electricity generation using solar photovoltaic technology	4.1	14	1.5%	100%	0.0%	0.0%	0.0%	0.0%	0.0%		Y		Y		Y	Y	1.5%			
Installation, maintenance and repair of renewable energy technologies	7.6	6	0.7%								Y					Y	0.7%		E	
Installation, maintenance and repair of energy efficiency equipment	7.7	81	8.8%	100%	0.0%	0.0%	0.0%	0.0%	0.0%		Y					Y	8.8%			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		124	13.5%	100%	0.0%	0.0%	0.0%	0.0%	0.0%								13.5%			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	21	2.3%																	
Renovation of existing buildings	7.2	33	3.6%																	
Installation, maintenance and repair of energy efficiency equipment	7.7	93	10.1%																	
Data processing, hosting and related activities	8.1	5	0.6%																	
CapEx of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		152	16.6%																	
Total (A.1 + A.2)		276	30.1%																	
B. Taxonomy-Non-Eligible Activities																				
CapEx of Taxonomy-Non-Eligible Activities (B)		643	69.9%																	
Total A+B		919	100%																	

1) CM Climate Change mitigation

2) CA Climate Change adaptation

3) WM Water and marine resources

4) CE Circular economy

5) PO Pollution

6) BE Biodiversity and ecosystems

Y Yes

E Enabling activity

Ⓢ > OpEx

Economic Activities (1)	Codes (2)	Absolute OpEx € millions (3)	Proportion of OpEx (4)	Substantial contribution criteria						DNSH criteria (11–16)						Minimum safeguards (17)	Taxonomy aligned proportion of OpEx		Category	
				CM ¹⁾ (5)	CA ²⁾ (6)	WM ³⁾ (7)	CE ⁴⁾ (8)	PO ⁵⁾ (9)	BE ⁶⁾ (10)	CM ¹⁾ (11)	CA ²⁾ (12)	WM ³⁾ (13)	CE ⁴⁾ (14)	PO ⁵⁾ (15)	BE ⁶⁾ (16)		Year N (18)	Year N-1 (19)	enabling activity (20)	transitional activity (21)
A. Taxonomy-Eligible Activities (%)																				
A.1. Environmentally sustainable activities (Taxonomy aligned)																				
Manufacture of renewable energy technologies	3.1	34	3.0%	100%	0.0%	0.0%	0.0%	0.0%	0.0%			Y	Y	Y	Y	Y	Y	3.0%		E
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		34	3.0%	100%	0.0%	0.0%	0.0%	0.0%	0.0%									3.0%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
OpEx of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0.0%																	
Total (A.1 + A.2)		34	3.0%																	
B. Taxonomy-Non-Eligible Activities																				
OpEx of Taxonomy-Non-Eligible Activities (B)		1,093	97.0%																	
Total A+B		1,128	100%																	

1) **CM** Climate Change mitigation 2) **CA** Climate Change adaptation 3) **WM** Water and marine resources 4) **CE** Circular economy 5) **PO** Pollution 6) **BE** Biodiversity and ecosystems

Y Yes
E Enabling activity