

SCHAEFFLER

We pioneer motion

2023 | **SUSTAINABILITY REPORT**



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NAVIGATION HELP & FURTHER INFORMATION FOR THE SUSTAINABILITY REPORT

In the report On the internet On the microsite

> < Information required by the CSR Directive Implementation Act Sections 289, 315 of the German Commercial Code



FURTHER INFORMATION IN OUR ANNUAL REPORT

[Download PDF](#)

Introduction by the Chief Executive Officer

Introduction by the Chief Executive Officer



Schaeffler is characterized
by its innovative strength
and technological expertise,
which allows us
to align sustainability
with efficiency.

Klaus Rosenfeld

Chief Executive Officer of Schaeffler AG



Introduction by the Chief Executive Officer

Ladies and gentlemen,

It takes innovation to make the world more sustainable. Global challenges such as climate change, resource scarcity, poverty, and demographic change require new and innovative technologies. We need solutions that will help protect our natural resources, secure competitiveness, and maintain quality of life and prosperity.

Within the Schaeffler Group, sustainability and innovation have been a firmly established part of our corporate culture for years. Schaeffler is a leading global provider of technologies that determine and enable motion in various ways, and a company characterized by innovative strength and technological expertise. As a result, we provide our customers with sustainable solutions for the mobility and energy systems of the future. Our spectrum ranges from electric mobility and renewable energy production to the production and use of hydrogen.

The planned merger with Vitesco Technologies Group AG gave us the opportunity to announce an important strategic step last year to make the Schaeffler Group even more future-oriented. Together, we want to create a Motion Technology Company that builds on the existing strengths of both companies.

Sustainability is and remains an integral part of our corporate strategy. It is particularly important to us to understand and shape sustainability as a comprehensive and overarching topic. We assume environmental and social responsibility along the entire value chain. That is why we have defined ten action fields which cover all three ESG dimensions – environmental, social, and corporate governance – taking into account the company's core areas of focus and the requirements of our external stakeholders. These action fields were further substantiated in the 2023 reporting year. This also includes defining key figures and targets as part of our remuneration system.

Our efforts to implement our comprehensive sustainability strategy are currently focused on seven key ESG targets. These include climate-neutral production as of 2030, a climate-neutral supply chain as of 2040, and an average reduction of 10 percent annually in the Lost Time Injury Rate (LTIR) by 2024. These targets may be ambitious, but achievable. It is important for us to exchange ideas with independent experts outside the company and to obtain their assessment of our progress. In this respect, the review of our climate targets by the Science Based Targets initiative (SBTi) has encouraged us to continue on our chosen course. The SBTi has classified our targets as scientifically founded. These targets are further supported by a clearly defined path – inspired by our Climate Action Plan – to reduce greenhouse gas emissions. After all, we plan to do our part to achieve the targets of the Paris Agreement. When it comes to our production and product portfolio, we at Schaeffler are committed to these targets as well as to the ten principles of the United Nations Global Compact.

To further integrate sustainability into our corporate and leadership culture, we have incorporated ESG targets into the remuneration system for the Managing Directors and management. After all, we can only achieve our ambitious targets if we at Schaeffler continue to increase our awareness of sustainable operations and continuously expand and improve our expertise in the area of sustainability. We understand that our sustainability goals can only be achieved together with strong partners. I am especially thankful to all our customers and suppliers as well as our employees who support us on our journey. Their willingness to break new ground, continuously improve and see fresh momentum for innovation is essential when it comes to shaping the sustainable transformation.

Like innovation, sustainability is closely linked to transparency. Transparency is the basis for credible and responsible communication and a decisive prerequisite for understanding and communicating the environmental, social, and economic impact of our actions. Transparency creates trust, promotes dialog, and supports the necessary ongoing improvements in the area of sustainability. This is why we publish our sustainability report and communicate our progress. We are guided by our management principles of “Transparency, Trust, and Teamwork.”

On behalf of the entire Executive Board, I hope you enjoy reading this report and would like to thank you for your interest in our sustainability activities.

Yours sincerely,



Klaus Rosenfeld
Chief Executive Officer

Focus on: Rooted in innovation



How Schaeffler makes progress sustainable and innovative

In addition to this online PDF of the Schaeffler Group's Sustainability Report, the company also provides additional information on its interactive microsite. It provides a look at exciting topics such as how to make a sustainable transformation successful, how far the company has progressed in the implementation of its sustainability strategy, and how important a strong network is for a successful strategy.



More information can be found on the microsite at:
www.schaeffler-sustainability-report.com/2023

approx. **83,400**

employees contribute to the success of the sustainability strategy



About the report

Ⓢ > This Sustainability Report was approved by the Board of Managing Directors of Schaeffler AG and refers to Schaeffler AG and its material subsidiaries (also referred to as the “Schaeffler Group”). It contains the combined separate non-financial report of Schaeffler AG and is publicly accessible on the company website and a dedicated microsite. The Sustainability Report 2023 was published on March 5, 2024.

This reporting is conducted with reference to the Global Reporting Initiative (GRI) standards from 2021. The Sustainability Report also takes into account the United Nations Sustainable Development Goals (SDGs) as well as the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). The report structure incorporates the ten action fields of the Schaeffler sustainability strategy, grouped by the dimensions of environment, social, and governance.

This report is available in German and English. In case of discrepancies, the German version is binding. < Ⓢ

🖥 The Schaeffler Group website is available at: [Schaeffler Group](#)

🖥 The Sustainability Report 2023 microsite is available at: [Schaeffler Sustainability Report 2023](#)

🖥 The online GRI index is available at: [GRI index 2023](#)

🖥 The contribution to the Sustainable Development Goals is available at: [Sustainable Development Goals](#)

📖 More information on the TCFD index can be found on [page 73](#).

Reportable material topics

Ⓢ > The results of the materiality analysis conducted in the reporting year form the basis for the combined separate non-financial report of Schaeffler AG. The requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) were incorporated as a form of guidance for the assessment methodology. For the Sustainability Report 2023, topics were viewed as material if they were essential for understanding the course of business, business results, and the company’s situation, and if they had a significant impact from an inside-out perspective (“impact materiality”). This fulfills the requirements of the Commercial Code (Sections 289c to 289e in conjunction with 315c). The framework applied is the Global Reporting Initiative (GRI) standards from 2021. < Ⓢ

📖 More information on the results of the materiality analysis can be found on [page 17](#).

Guidelines for data collection and presentation

Ⓢ > The reporting period corresponds to the 2023 fiscal year, from January 1 to December 31, 2023. All of the relevant data provided by the editorial deadline on February 20, 2024, was taken into account.

When preparing the report, it is necessary in some instances to make appropriate estimates/projections, which are documented internally, to present the complete reporting 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. Comments are provided for deviations greater than 5%. Differences may occur due to commercial rounding of amounts and percentages. < Ⓢ

Environmental and energy data

Ⓢ > Key data on greenhouse gas emissions, energy consumption, freshwater withdrawal, waste generation, and recycling rates in the field of environment and energy include the 72 plants described in the EnEHS management manual as well as material R&D sites, and the warehouse in Kitzingen. Coverage of plants with certifications based on the ISO 14001, ISO 50001, and ISO 45001 standards as well as entries in the EMAS location register can be found in the report. Accordingly, the environmental and energy data presented do not include Ewellix plants, as these are not yet integrated into the scope of the EnEHS management manual. In comparison to the key figures reported for the Schaeffler Group, consumptions at Ewellix plants do not have a significant impact on the values indicated.

A detailed description about how greenhouse gas emissions are calculated can be found in the report. Any information about carbon emissions in this report refers to CO₂ equivalents (CO₂e).

The reporting date for key figures relating to environmental and energy data is generally December 31, 2023. Comments are provided for any deviations. < Ⓢ

📖 More information on the coverage rate of certifications can be found on [page 25](#).

📖 More information on calculating greenhouse gas emissions can be found on [page 20](#) et seq.

About the report

Employee data

Ⓢ > Key employee data include all material Schaeffler AG subsidiaries in Germany and abroad (also referred as the “Schaeffler Group”). If the details and representations of concepts pertain to other entities, this is pointed out accordingly.

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 in all of the key figures, which is indicated accordingly. The reporting date for key figures relating to employees is generally December 31, 2023. Comments are provided for any deviations. < Ⓢ

EU Taxonomy reporting

Ⓢ > The Sustainability Report 2023 contains a separate section with the information to be published in conjunction with Article 8 of EU Taxonomy Regulation 2020/852 in accordance with Article 5 (2) of Delegated Regulation 2023/2486.

Key data referring to EU Taxonomy reporting comply with the Schaeffler Group scope of consolidation used for financial reporting. < Ⓢ

📖 More information on EU Taxonomy reporting can be found on [page 57](#) et seq.

Combined separate non-financial report

Ⓢ > In this Sustainability Report, Schaeffler AG discloses the required non-financial information for the 2023 fiscal year for both the Schaeffler Group and Schaeffler AG in accordance with Sections 289, 315 of the German Commercial Code. The company exercises the option, in accordance with Section 315b (3), to produce a combined separate non-financial report (also referred as “NFR”) apart from the group management report. The NFR was thereby combined with the separate non-financial report of the parent company in accordance with Section 315b (1) (2) and integrated into the Sustainability Report. The corresponding passages are marked with Ⓢ > < Ⓢ. References to information outside of these icons are to be understood as additional information. These are not mandatory components of the NFR. In accordance with Section 289d HGB, Schaeffler AG uses the 2021 universal standards of the Global Reporting Initiative (GRI) in the option “with reference to” in order to prepare the non-financial declaration.

The combined separate non-financial report for the 2023 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 of the German Commercial Code for the purpose of obtaining limited assurance (as part of a 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). < Ⓢ

📖 More information on the Limited Assurance Report of the Independent Auditor can be found on [page 69](#) et seq.

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 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.

Forward-looking statements and targets do not take the planned merger with Vitesco Technologies Group AG into account. < Ⓢ

Editorial notes and references

This report contains references to the Annual Report and other online information, provided this is necessary for understanding.

The following symbols indicate additional information when reading:

📖 Further information in the report

💻 Further information on the internet

🌐 Further information on the microsite:
www.schaeffler-sustainability-report.com/2023

About the report

Contact

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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, a sustainable company vision, and awareness of the social and environmental concerns of its own business are traditionally closely interlinked in the Schaeffler Group. Just like innovation, excellence, and passion, sustainability is anchored in the Schaeffler Group's corporate culture, which is why sustainability is a central component of the Schaeffler Roadmap 2025. The sustainability strategy features ten material action fields associated with the dimensions environment, social, and governance. These action fields describe relevant topics such as climate neutrality. Dialog with stakeholders aims to promote the exchange of ideas and a shared understanding of sustainability in order to develop effective solutions.



Fundamental information about the Schaeffler Group

1.1 Fundamental information about the Schaeffler Group

At a glance

- The Schaeffler Group offers innovative product solutions in the Automotive Technologies, Automotive Aftermarket, and Industrial divisions
- Around 83,400 employees work together across divisions and countries at more than 200 locations worldwide

Business activities and organizational structure

➤ The Schaeffler Group is a Motion Technology Company determined to drive forward and bring to market groundbreaking technologies. Employing a workforce of 83,400, the Schaeffler Group develops and manufactures components and systems for powertrains and chassis as well as rolling and plain bearing solutions for a large number of industrial applications. Additionally, the company renders services in these areas and 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. The corporate headquarters of the Schaeffler Group are located in Herzogenaurach. The Automotive Technologies division is headquartered in Buehl. The headquarters of the Automotive Aftermarket division are located in Frankfurt. The Industrial division is located in Schweinfurt.

The planned business combination with Vitesco Technologies Group AG is one of the key steps in this transformation. It is aimed at broadening the Schaeffler Group's business and technology portfolio, particularly in the area of electric mobility, and organizing it into four focused divisions going forward. < Ⓢ

Revenue of the Schaeffler Group

in € millions

	2023	2022	2021
Revenue, total	16,313	15,809	13,852
Of which Automotive Technologies ^{1) 2)}	9,772	9,498	8,436
Of which the business division E-Mobility ^{1) 2)}	1,312	1,346	1,038
Of which Automotive Aftermarket ^{1) 2)}	2,253	2,040	1,848
Of which Industrial ¹⁾	4,288	4,271	3,568

¹⁾ Prior year values according to the segment structure indicated in 2023. Rounding differences are possible.

²⁾ The 2022 value has been adjusted.

➤ More information on the organizational and management structure as well as on the legal structure of the Group can be found on [page 2](#) et seq. of the Annual Report 2023.

Production network and locations

➤ The companies in the regions and countries represent the Schaeffler Group locally, and their proximity to the customer supports the company's growth. The company has a worldwide presence with more than 200 locations, 82 production facilities, 20 research and development centers, as well as a tight-knit sales and service network. A global production network, the 82 plants with approximately 64,000 employees form the operational core, managed based on uniform, cross-divisional principles. The global production system and the manufacturing technologies are key to the company's success.

The global production system and manufacturing technologies are continually enhanced in order to safeguard the future competitive ability of the Schaeffler Group. < Ⓢ

➤ More information on the sustainability certifications and environmental declarations of the individual locations can be found in the [online report](#).

➤ More information on the production network and locations can be found on [page 17](#) et seq. of the Annual Report 2023.

Group strategy

➤ Further developed in 2020 to continue the Schaeffler Group's transformation with a forward-looking, targeted approach, the Group strategy pursues the vision of being the automotive and industrial supplier of choice that boasts innovation, agility, and efficiency. Digitalization and sustainability were also identified as essential topics for success. The "Roadmap 2025" provides a summary of the Schaeffler Group's holistic strategic focus based on a conceptual framework containing three material 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 sustainable value

The Schaeffler Group has refined its corporate profile within the strategic framework. It now positions itself as a Motion Technology Company. The term "motion" serves as the connecting element for the six newly defined product families.

Fundamental information about the Schaeffler Group

“Guide motion” comprises bearing and linear guides. “Transmit motion” refers to transmission and engine components. “Generate motion” represents the actuators. “Drive motion” consists of electric motors and electric drives. “Energize motion” describes hydrogen bipolar plates and stacks. Finally, “Sustain motion” stands for repair and maintenance solutions. This builds on the claim “We pioneer motion” that has been in place since 2020. The Schaeffler Group sees its mission in offering innovative products and services across the wide spectrum of motion technology. This mission is supported by the Schaeffler Group’s diversified positioning. < (P)

Strategy 2025

(P) > Five central future trends had a major influence on the development of the “Strategy 2025”: (1) sustainability & climate change, (2) new mobility & electrified powertrain, (3) autonomous production, (4) data economy & digitalization, and (5) demographic change. On this basis, the Schaeffler Group defined five focus areas that form the contextual framework for potential growth initiatives and establish strategic investment fields. These focus areas should support efficient, long-term use of resources and are designed to ensure that the range of products and services covers all three divisions. < (P)

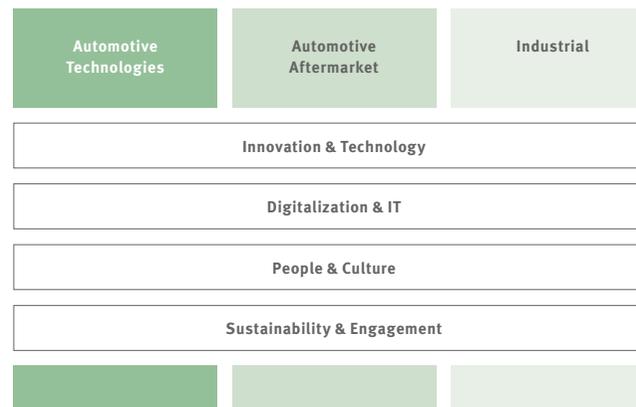
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central future trends had a major influence on the development of the “Strategy 2025”

Execution Program 2025

(P) > The “Strategy 2025” is implemented through the “Execution Program 2025”, which is broken down into three divisional (vertical) and four cross-divisional (horizontal) subprograms. These are set up to achieve the defined strategic priorities: innovation, agility, and efficiency. Bundling all relevant divisional and cross-divisional “Roadmap 2025” activities in the “Execution Program 2025” will not only drive the Schaeffler Group’s transformation but also promote cross-divisional synergies and increase efficiency and thus profit.

Divisional and cross-divisional subprograms



The “Sustainability & Engagement” subprogram is dedicated to establishing environmental and social responsibility in the company’s value chain as a central success factor for sustainable management. The Schaeffler Group views sustainability as a comprehensive and overarching topic, which is why the subprogram is also structured along the dimensions environment, social, and governance (ESG). In this way, all of the activities necessary for achieving the defined ESG targets are bundled and accordingly managed, which in turn enables a consistent implementation of the sustainability strategy.

Within the three ESG dimensions, the overarching “Finance & IT” element helps to develop internal and external sustainability reporting and to establish the required infrastructure and data quality, while the “People” element helps qualify and further train the team in individual sustainability aspects.

By establishing sustainability topics as a key component of the Execution Program, potential dependencies on and interactions with other strategic topics and subprograms can be identified and addressed early on. < (P)

Mid-term Targets 2025

(P) > The third component of the “Roadmap 2025” are the “Mid-term Targets 2025” adopted in 2020 that the company intended to attain by 2025. They sustained the overarching objective of sustainable value creation and expressed the planned result of the company’s strategy and the execution program in quantitative terms. < (P)

(P) Information on the “Roadmap 2025” can be found on [page 9](#) et seq. of the Annual Report 2023.

1.2 Sustainability strategy

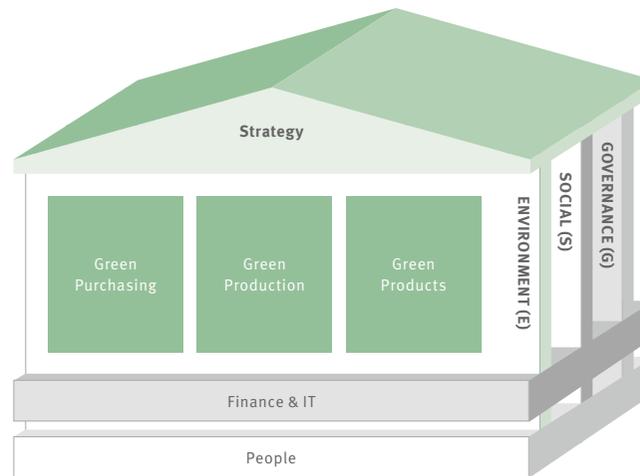
At a glance

- The Schaeffler Group further defined its ten action fields in 2023
- A company-wide ESG policy was adopted as a form of binding action guidelines for all sustainability activities

Strategic framework

Ⓟ > For the Schaeffler Group, sustainable company success means assuming not only economic but also environmental and social responsibility throughout the entire value chain. The “Sustainability & Engagement” subprogram forms the framework for implementing the sustainability strategy and achieving sustainability targets. It is divided into six overarching sustainability initiatives in an effort to promote the Schaeffler Group’s sustainable transformation according to topic: (1) Strategy, (2) Green Purchasing, (3) Green Production, (4) Green Products, (5) Finance & IT, and (6) People. The “Green Purchasing”, “Green Production”, and “Green Products” initiatives place a key focus on the value chain as a whole and encompass projects that, among other things, pursue specific decarbonization activities in the supply chain, in production, and in the product portfolio. The overarching “Strategy”, “Finance & IT”, and “People” initiatives form the foundation of data and qualifications for the sustainability transformation. < Ⓟ

Strategic framework for the sustainability strategy



Action fields

Ⓟ > The Schaeffler Group defined ten action fields for the implementation of its sustainability strategy, which are allocated to the three dimensions environment, social, and governance (ESG). These action fields were further defined in the 2023 reporting year.

In addition, comprehensive measures such as those for managing and empowering the organization have been identified and partially implemented. For instance, a company-wide ESG policy was developed as a form of binding action guideline for all of the sustainability activities at the company and was adopted by the Schaeffler Group Executive Board. The ESG policy is now available to all employees on the Schaeffler intranet. < Ⓟ

Action fields of the Schaeffler Group

ENVIRONMENT



- 1 Climate neutrality
- 2 Resource efficiency
- 3 Circularity
- 4 Green products

SOCIAL



- 5 Diversity, employees, and people development
- 6 Occupational health and safety
- 7 Responsibility in society and the supply chain
- 8 Product safety and integrity

GOVERNANCE



- 9 Corporate governance
- 10 Business integrity

1.3 Sustainability targets

At a glance

- The Schaeffler Group is focusing on seven ESG targets based on the ten action fields
- ESG targets are taken into account in both short- and long-term remuneration for all eligible employees

Schaeffler ESG targets

Ⓢ > To implement its sustainability strategy, the company is focusing on seven Schaeffler ESG targets based on the ten action fields, which are presented in the following table.

Additional targets will be derived to cover all ten action fields in the future. The targets established thus far have been formulated in compliance with the United Nations' 17 Sustainable Development Goals (SDGs).¹

To achieve the overarching goals of “climate-neutral production” by 2030 and “climate-neutral supply chain” by 2040, the company established two sub-targets, which have been validated by the Science Based Targets initiative (SBTi). The Schaeffler Group aims to reduce emissions resulting from input and raw materials in the supply chain by 25 % until 2030 compared to 2019. The Scope 3 upstream categories taken into account are 3.1 Purchased goods and services, 3.3 Fuel- and energy-related activities, and 3.4 Upstream transportation and distribution. For its own production (Scope 1 and 2), the company plans to eliminate 90 % of climate-related production emissions by 2030 compared to 2019.

Schaeffler ESG targets

Action field	Key indicator	Target	SDG	Target year	Base year	Status reporting year	Status base year	Chapter reference
Climate neutrality	Climate-neutral supply chain	Climate-neutral supply chain (Scope 3 upstream) by 2040 ¹⁾	12, 13	2040	N/A	6,707 thous. tCO ₂ e (Prior year: 6,599 thous. tCO ₂ e)	N/A	Green Purchasing
	Climate-neutral production	Climate-neutral production (Scope 1 and 2) by 2030 ¹⁾	12, 13	2030	N/A	375 thous. tCO ₂ e (Prior year: 493 thous. tCO ₂ e)	N/A	Green Production
	Energy efficiency	100 GWh accumulated annual efficiency gains through implementation of energy efficiency measures by 2024	12, 13	2024	2020	97.1 GWh ²⁾ (Prior year: 64.2 GWh) ²⁾	0 GWh	Green Production
	Renewable energy	100 % of purchased power from renewable sources by 2024	7, 13	2024	N/A	87.6% ³⁾ (Prior year: 76.5%)	N/A	Green Purchasing
Resource efficiency and environmental protection	Freshwater withdrawal	20 % reduction of freshwater withdrawal by 2030	6	2030	2019	5,035 thous. m ³ (Prior year: 5,501 thous. m ³)	5,784 Thous. m ³	Water management
Occupational health and safety	Employee safety	10 % average annual reduction of accident rate (LTIR) by 2024	3	2024	2018	2.7 ⁴⁾ (Prior year: 3.0)	6.2 (LTIR)	Occupational safety standards
Diversity, employees, & people development	Diversity in top management	Increase in the share of women in top management to 20 % by 2025	5	2025	N/A	16.0% (Prior year: 15.0%)	N/A	Diversity and equal opportunity

¹⁾ Efforts to achieve these targets focus on reduction measures; unavoidable emissions are counterbalanced.

²⁾ Externally verified annual energy efficiency potential (cumulative) since 2020.

³⁾ In the reporting year, energy attribute certificates for renewable energies were purchased for 83.5 % of electricity consumption, with an additional 2.7 % purchased in January 2024. All of the energy attribute certificates used were produced in 2023.

⁴⁾ The 2023 figure does not include Ewellix, which was acquired in 2023. The Ewellix LTIR is 5.7 and was calculated according to a different definition. As at December 31, 2023, the Schaeffler Group had 82,119 employees (excluding Ewellix), and Ewellix had 1,243 employees.

¹ Source: [UN Global Compact](#).

Sustainability targets

The targeted greenhouse gas emissions submitted for target validation were 1,043 thousand metric tons of CO₂e for Scope 1 and Scope 2 (market-based) and 6,138 thousand metric tons of CO₂e for Scope 3 for the base year of 2019. These values were determined in accordance with the required methods of the Science Based Targets initiative (SBTi) when targets were submitted for validation. With adjusted methods that differ from those of the target validation year, the values for the base year of 2019 were updated in the reporting year. They were 986 thousand metric tons of CO₂e for Scope 1 and Scope 2 (market-based) and 6,528 thousand metric tons of CO₂e for Scope 3.

The SBTi has validated these targets as compliant with the criteria and recommendations of the SBTi and thus in line with the latest climate science for fulfilling the Paris Agreement. The STBi is a joint initiative of the global non-profit environmental organizations CDP, United Nations Global Compact, World Resources Institute (WRI), and World Wide Fund for Nature (WWF). The initiative was launched in 2015 to support companies define emissions reduction targets based on climate science and the targets of the Paris Agreement.

The company has also defined another target that combines the topics of decarbonization and energy security. The target stipulates that 10 % of the electricity demand worldwide be covered by self-generated renewable energy by 2025 and a total of 25 % by 2030.

 More information on the topic of self-generated renewable energies can be found on [page 25](#).

Through its “Sustainability & Engagement” subprogram, the Schaeffler Group invests in measures that, for example, promote its 2030 and 2040 climate targets. Measures include the purchase of low-emission materials and services, energy efficiency measures, a fuel switch, and expansion of renewable energies.

The latter is reflected in the EU taxonomy reporting, in CapEx-relevant activity 7.6. The Schaeffler Group will continue to invest in decarbonization measures such as photovoltaic systems and energy-optimized production processes in the future. < 

 More information on EU Taxonomy reporting can be found on [page 57](#) et seq.

Relevance of Schaeffler ESG targets for remuneration

 > Selected targets are incorporated into the remuneration system for Managing Directors, the top management, and employees to further incentivize the achievement of the ESG targets set by the company. ESG targets are reflected in the Short-Term Bonus (STB) and the Long-Term Bonus (LTB) of all eligible employee groups.

Non-financial targets (especially ESG targets) have a defined total weighting of 20 % in the STB. ESG targets for the STB are defined annually on the basis of the Schaeffler ESG targets, ensuring that remuneration reflects different ESG dimensions while also sustaining sufficient continuity in remuneration-relevant targets.

A climate neutrality-related target has been incorporated into the LTB with a weighting of 25 %. One or more targets are defined for every LTB tranche and contribute to achieving climate neutrality in the Schaeffler Group by 2040.

In the first step, the Supervisory Board defines remuneration targets for the Board of Managing Directors, which then passes these targets on to other management levels and employees in the Schaeffler Group.

The following Schaeffler ESG targets were defined for the STB 2023:

- Implementation of water-related measures in 2023 that will lead to an annual reduction in freshwater withdrawal of 150,000 m³
- Reduction of the Lost Time Injury Rate (LTIR²) to 2.6 for 2023

For the 2023 fiscal year, Board of Managing Directors of Schaeffler AG defined a special energy efficiency target for the STB of the management below the Board of Managing Directors as well as for employees. This target is based on the Schaeffler Group’s ESG strategy and takes into account the growing importance of energy savings in the company’s business success. It is based on the implementation of energy efficiency measures in 2020, 2021, and 2022, which achieved a cumulative annual energy savings potential of 64.2 GWh.

In the reporting year, a target to reduce the Scope 1 and Scope 2 emissions by 2025 was set for the LTB. Scope 1 refers to the Schaeffler Group’s direct emissions resulting from fuel combustion (defined as natural gas, heating oil, propane, and methanol as primary emission sources) in stationary systems. Scope 2 refers to the Schaeffler Group’s indirect emissions resulting from the consumption of electricity and district heating. < 

 Remuneration system for the Board of Managing Directors of Schaeffler AG and Supervisory Board: [Schaeffler AG remuneration system](#)

 More information on freshwater withdrawal can be found on [page 26](#) et seq.

 More information on occupational health and safety can be found on [page 40](#) et seq.

 More information on the topic of CO₂e emissions can be found on [page 20](#) et seq.

² Measurement of Lost Time Injury Rate, LTIR = occupational accidents from one lost day per 1 million hours worked. Employees, including temporary staff, trainees in apprenticeship, and interns.

1.4 Sustainability organization

At a glance

- The Chief Executive Officer’s function is responsible for sustainability
- A global sustainability network helps to implement the “Sustainability & Engagement” subprogram

Sustainability management

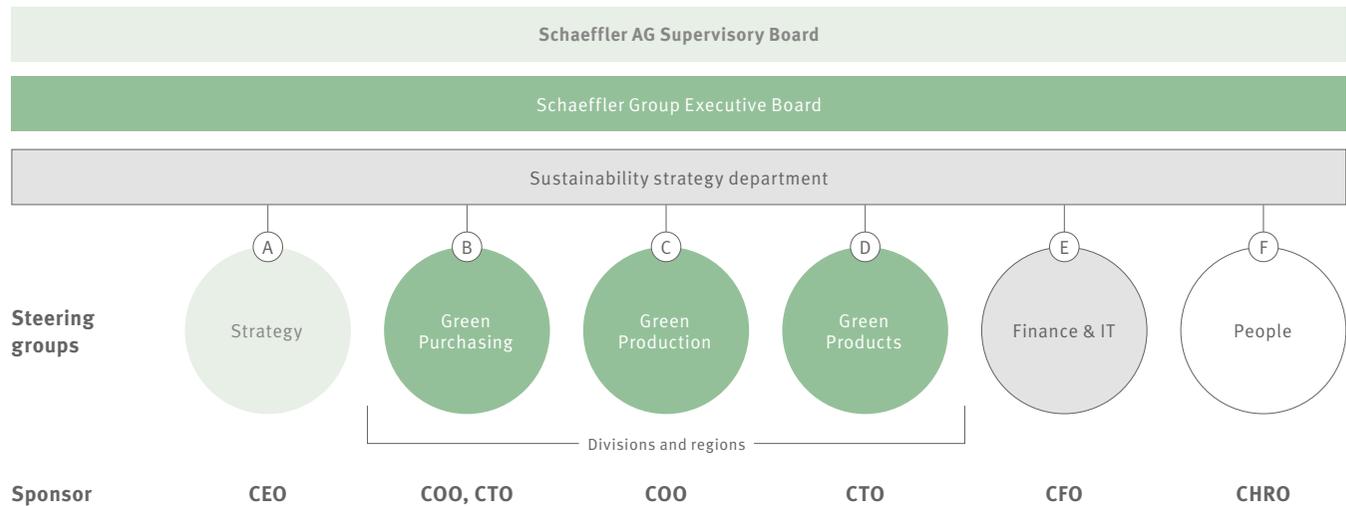
Ⓟ > The Executive Board consists of the eight Managing Directors of Schaeffler AG and the four regional CEOs and serves as the central decision-making body when it comes to sustainability. The Chief Executive Officer’s function is responsible for sustainability. The Supervisory Board is tasked with monitoring fundamental decisions relating to the sustainability strategy and its implementation. The Executive Board is supported by topic-specific steering groups, which share information on a monthly basis, assess implementation progress, and prepare discussions for the Executive Board.

Steering groups are managed according to topic by sponsors defined at the Board of Managing Directors level and coordinated by the sustainability strategy department, which reports to the Chief Executive Officer. The company’s global sustainability network does preparatory content-related work for the steering groups and consists of representatives of all the divisions, functions, and regions in accordance with Schaeffler Group’s organizational structure.

This approach shall ensure the integration of the appropriate departments into the “Sustainability & Engagement” subprogram as part of the “Roadmap 2025” as well as efficient, targeted implementation. < Ⓟ

Ⓟ More information on the expertise profiles of the members of the Schaeffler AG Supervisory Board can be found on [page 54](#) et seq. of the Annual Report 2023.

Steering groups



1.5 Stakeholder management and materiality analysis

At a glance

- The Schaeffler Group maintains regular communication with its stakeholders through a variety of formats
- In 2023, the company conducted a materiality analysis with reference to the requirements of the Corporate Sustainability Reporting Directive (CSRD)

Stakeholders and memberships

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.

This includes, for example, the development of a consistent standard for measurement and monetary assessment of the environmental and social impacts of companies as part of the Schaeffler Group's membership in the Value Balancing Alliance.

In addition to customers, employees, suppliers, investors, and analysts, the most important stakeholders also include non-governmental organizations (NGOs), education and science, associations, as well as politics and authorities. Stakeholders are not only incorporated into the process of defining material topics but also encouraged to exchange ideas. Formats such as customer workshops, industry dialog, and professional exchange with universities were used in the reporting year.

The Schaeffler Group has been a member of the UN Global Compact since 2020 and is committed to its ten principles of corporate sustainability. By joining the newly founded UN Global Compact Netzwerk Deutschland e. V., the Schaeffler Group reinforced its commitment in 2023.

Additional focus is placed on exchange in multi-stakeholder formats such as automotive industry dialog through the National Action Plan (NAP) for the economy and human rights. Working with industry representatives, trade unions, NGOs, and other stakeholders, the Schaeffler Group is regularly involved in industry dialog initiatives, for example, the development of indicators for measuring the effectiveness of human rights due diligence measures and analyzing certifications for critical raw materials in the context of human rights due diligence requirements in the supply chain.

Material stakeholders and selected dialog formats

Stakeholders	Dialog formats
Customers	Workshops and bilateral talks, industry initiatives and multi-stakeholder formats, trade fairs, answering customer requests
Employees	General information events, employee development meetings, different training formats, employee surveys, idea management, internal communication formats (e.g., Schaeffler Connect)
Suppliers and service providers	Exchange at the Schaeffler stakeholder dialog, automotive industry dialog, supplier meetings, and other communication formats (including supplier calls, supplier landing page)
Investors, analysts, and banks	Conferences, bilateral talks, roadshows, answering requests, quarterly publications, annual general meeting
NGOs	Exchange at stakeholder dialogs, multi-stakeholder formats, answering inquiries
Education and science	Conceptual and operational collaboration with universities, mentoring programs for students, collaborative research projects, implementation of joint and funded projects
Industry associations	Participation in working groups, development of positions
Politics and authorities	Bilateral talks, organization of information events, participation in forums and events

 List of memberships in important initiatives and associations:
Selected memberships of the Schaeffler Group

Results of the materiality analysis

Ⓟ > The Schaeffler Group conducted a materiality analysis in the 2023 reporting year. The requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS³) were used as guidance for the assessment methods, with both inside-out and outside-in perspectives analyzed.

For the inside-out perspective, the company's actual and potential positive and negative effects (impact materiality) on people and the environment were examined. For the outside-in perspective, the financial materiality analysis for 2023 assessed the sustainability risks associated with the company's financial situation.

The presented approach ensured at a minimum the inclusion of the aspects defined as material in Article 315c (1) in conjunction with 289c (3) of the German Commercial Code.

In preparation for the assessment workshops, potentially relevant sustainability topics were identified in phase 1 – for example, on the basis of the materiality topics previously identified for the Schaeffler Group, topics from the European Sustainability Reporting Standards (ESRS), customer requirements, as well as ESG ratings and rankings. In phase 2, the impacts of the Schaeffler Group and its activities on these topics were identified and evaluated in workshops with relevant experts based on the ESRS criteria: scale, scope, remediability, and likelihood.

Experts from relevant departments such as sustainability strategy, compliance, human resources, supplier management, environment, occupational health and safety, and energy management were selected to participate in these workshops.

In the third step, the results were discussed with representatives of the three divisions – Automotive Technologies, Industrial, and Automotive Aftermarket – as well as with representatives of the four Schaeffler regions to ensure that regional and division-specific topics are taken into account. The results were also shared and discussed with selected external stakeholders such as customers, scientists, and investors.

The Schaeffler Group's Executive Board then confirmed the results of the materiality analysis. The topics identified in the last materiality analysis in 2022 can be allocated to the new material topics in 2023. Unlike in the 2022 materiality analysis, the topic

of customer satisfaction is not considered material according to the new assessment logic, which is with reference to the ESRS requirements. Nonetheless, the satisfaction of its customers is extremely important to the Schaeffler Group. Customer surveys are conducted annually to analyze customer interests, which are then taken into account when making strategic decisions.

A comprehensive materiality analysis in accordance with the CSRD will be completed for the Schaeffler Group's 2024 sustainability reporting. < Ⓟ

📖 More information on material topics in the NFR index can be found on [page 72](#).

Results of the materiality analysis

ENVIRONMENT



Environmental concerns

- Climate change
- Water
- Circularity

SOCIAL



Employee matters

- Working conditions
- Non-discrimination and equal opportunity
- Occupational health and safety

Human rights

- Employees in the value chain
- Affected communities

Social matters

- Product quality and safety

GOVERNANCE



Compliance

- Corporate culture
- Whistleblower protection
- Corruption and bribery
- Data privacy, information, and IT security

³ The European Sustainability Reporting Standards (ESRS) are to be applied as of the 2024 business year.

Ratings and rankings

Ⓢ > The Schaeffler Group further improved its sustainability ratings and rankings in the reporting year through a consistent implementation of the sustainability strategy.

The company secured a **CDP climate rating** of “A” (prior year: “A”) in the reporting year, among other things, due to the implementation of the sustainability strategy through the Climate Action Plan. The SBTi’s validation of the Schaeffler Group’s climate neutrality targets in 2022 also had a positive effect.

The company also achieved a **CDP water rating** of “A-” (prior year: “A”). Potential for optimization was identified, for example, in the topic of water risk management.

With 79 out of 100 points, the Schaeffler Group once again achieved Platinum status in the **EcoVadis** rating (prior year: Platinum status with 76 points), thus positioning the company in the top 1 % of the peer group (Manufacture of parts and accessories for motor vehicles) for the third year in a row. Improvements were made particularly in the area of environment.

Due to its continuous commitment, the Schaeffler Group increased its score in the **S&P Global ESG rating** 2023 to 55 (prior year: 54). Significant improvements were made particularly in the areas of Innovation Management, Product Quality & Recall Management, and Talent Attraction & Retention.

With a score of 10.4 (prior year: 9.4) in the **Morningstar Sustainability ESG risk rating**, the Schaeffler Group was allocated to the “low risk” category. While the company did not perform as well as it did the prior year in the categories “Lobbying & Political Expenses”, “Board Independence”, and “Carbon Intensity”, it did improve in the areas of “Eco-Design” and “Renewable Energy Programmes”. < Ⓢ

“A”-rating

achieved in the CDP climate rating in the reporting year

The Schaeffler Group’s rating results

Rating	Rating scale	Current rating	Prior 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-”	“A”
 2023	0 to 100 points, whereby 0 is the worst value and 100 the best.	79/100 points and Platinum status	76/100 points and Platinum status
 S&P Global	0 to 100 points, whereby 0 is the worst value and 100 the best.	55/100 points ¹⁾	54/100 points
 SUSTAINALYTICS ²⁾	Five risk categories: negligible (0–10), low (10–20), medium (20–30), high (30–40), severe (40+)	10.4 “low risk”-core framework ³⁾	9.4 “negligible risk”-core framework

¹⁾ The number of points refers to the score in the S&P Global Corporate Sustainability Assessment 2023, published on 02/16/2024.

²⁾ Copyright ©2024 Morningstar Sustainability. All rights reserved. More information is available at: Sustainability.

³⁾ This rating refers to the score in the Morningstar Sustainability ESG Risk Assessment of November 2023.

2

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2.3 Circularity	28
2.4 Green products	31

ENVIRONMENT

The Schaeffler Group aims to minimize the environmental impact of its business activities as the basis of its future company success, which is why the company primarily focuses on potential impacts on the climate and climate change in its sustainability strategy. Purchased raw materials and products shall be climate-neutral by 2040, and own production shall be climate-neutral as of 2030. Efforts to achieve these targets focus on reduction measures, unavoidable emissions are counterbalanced. The Schaeffler Group supplies products and technologies that make motion and mobility more eco-friendly and efficient. As a leading technology company, the Schaeffler Group continuously strives to further optimize its internal processes and conserve resources. It has therefore developed a Climate Action Plan that prescribes the framework for planning and implementing the necessary climate action measures.



2.1 Climate neutrality

SDGs



At a glance

- The Climate Action Plan forms the foundation for the Schaeffler Group's climate action measures
- The Schaeffler Group's 2030 climate targets to reduce Scope 1, Scope 2, and Scope 3 emissions have been validated by the Science Based Targets initiative (SBTi)

Determination of greenhouse gas emissions

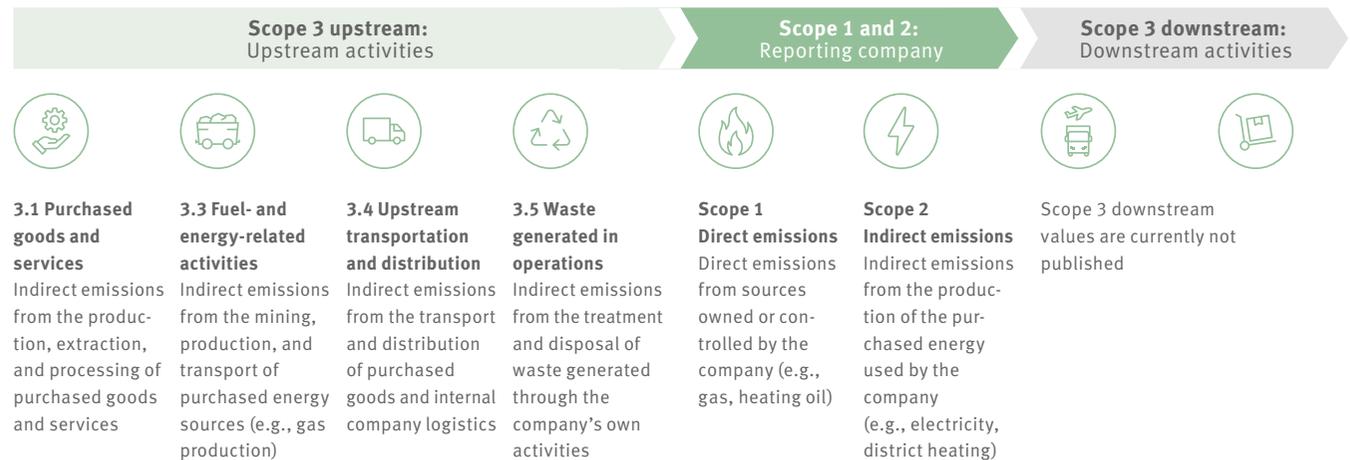
☞ Climate change is one of the world's most pressing challenges, which is why the Schaeffler Group is making every effort to significantly reduce its climate impact. The Greenhouse Gas (GHG) Protocol forms the foundation for the company's CO₂e reporting. The Schaeffler Group's overarching target is climate-neutral production (Scope 1 and 2) by 2030 and a climate-neutral supply chain (Scope 3 upstream) by 2040. For the company, climate-neutral means reducing the impact of its operations on the climate to an absolute minimum and counterbalancing any remaining emissions. Efforts to achieve these targets focus on reduction measures, unavoidable emissions are counterbalanced. The form and scope of these measures have not yet been defined in detail.

The climate neutrality targets were adopted by the Executive Board in 2021. The Schaeffler Group currently includes four Scope 3 upstream categories in its reporting.

The greenhouse gas emissions of **Scope 3.1** "Purchased goods and services" include all upstream (cradle-to-gate) emissions resulting from the production of goods and services purchased or acquired by the Schaeffler Group in the reporting year. An external service provider calculates Scope 3.1 greenhouse gas

Overview of the GHG emissions of the Schaeffler Group

The Schaeffler Group's greenhouse gas emissions included in accordance with the Greenhouse Gas Protocol in the reporting year:



emissions by multiplying the physical or monetary volume of purchased goods and services by the sector- and country-specific emission factors – using the input-output tables of the OECD ICIO, Exiobase, and BEA.

The greenhouse gas emissions of **Scope 3.3** "Fuel- and energy-related activities" include the greenhouse gas emissions associated with the production of fuels and energy that are purchased and consumed by the Schaeffler Group in the reporting year and are not yet included in Scope 1 or Scope 2. This includes the extraction, production, and transport of fuels used by the company either directly or indirectly through the generation of electricity, steam, heating, and cooling, as well as transmission and distribution losses.

Scope 3.3 greenhouse gas emissions are calculated by multiplying consumption data specified in accordance with the generation technology by the emission factors of DEFRA (2023), the VDA (2022), and the German Federal Environmental Agency (2023).

The greenhouse gas emissions of **Scope 3.4** "Upstream transportation and distribution" include emissions resulting from the transport and distribution of products purchased in the reporting year between the Schaeffler Group's direct suppliers (Tier 1) and its locations using vehicles that the Schaeffler Group does not own or operate. This also takes into account the transport and distribution services purchased by the company in the reporting year, including inbound and outbound logistics as well as transport and distribution between internal locations using vehicles

Climate neutrality

that the Schaeffler Group does not own or operate. This includes the emissions associated with third-party operation of storage and transshipment facilities. Scope 3.4 greenhouse gas emissions for transport services are calculated by determining the mass, distance, and statistically used transport mode for each transport based on the specific emission factor using ecoTransIT. The emissions associated with the operation of third-party warehouses are calculated and added on the basis of a “spend-based approach” and thereby using the methods of Scope 3.1 calculations based on the monetary volume of the services purchased.

The greenhouse gas emissions of **Scope 3.5** “Waste generated in operations” includes greenhouse gas emissions associated with the disposal and treatment of waste generated through the Schaeffler Group’s own or controlled activities in the reporting year. Scope 3.5 greenhouse gas emissions are calculated by multiplying the volumes of certain waste types – taking into account the waste treatment process – by the specific emission factors of DEFRA (2023). Waste treatment processes were broken down in greater detail in the reporting year, increasing the precision of emission factor allocation.

Scope 1 and Scope 2 (market-based) greenhouse gas emissions are calculated using supplier-specific primary data as well as the data of the VDA (2022), DEFRA (2022), and the ProBas database of the German Federal Environmental Agency. The emission sources natural gas/LPG, heating oil, propane, methanol, and refrigerant leaks are included in Scope 1, and the purchase of electricity and district heating/steam in Scope 2.

Measures that focus on the product use phase, in particular, are essential for reducing **Scope 3 downstream** emissions. The company has established the corresponding working groups to further develop Scope 3 downstream calculation in the future. Corresponding figures are not published at present.

Greenhouse gas emissions, totalin thous. t CO₂e

	2023	2022	2021	Base year 2019
Greenhouse gas emissions, total ^{1) 2) 3)}	7,082	7,092	6,898	7,545
Of which upstream greenhouse gas emissions, total ^{3) 4)}	6,707	6,599	6,199	6,559
Of which greenhouse gas emissions (Scope 3.1) – purchased goods and services ^{3) 4)}	6,163	6,027	5,666	5,859
Of which greenhouse gas emissions (Scope 3.3) – fuel- and energy-related emissions ^{1) 3)}	139	148	201	291
Of which greenhouse gas emissions (Scope 3.4) – transport and distribution (upstream) ^{3) 4) 5)}	374	394	309	378
Of which greenhouse gas emissions (Scope 3.5) – waste generated in operations ^{1) 3) 4)}	31	30	23	31
Of which own greenhouse gas emissions (Scope 1 + Scope 2 market-based) ^{1) 2) 3)}	375	493	699	986
Of which greenhouse gas emissions (Scope 1) ^{1) 3)}	179	189	207	203
Of which greenhouse gas emissions (Scope 2 market-based) ^{1) 2) 3) 6)}	196	304	492	783

¹⁾ The 2022 value has been adjusted.

²⁾ This reduction is primarily due to the purchase of 100% renewable electricity in the Schaeffler Group’s Europe, Greater China, and Americas regions.

³⁾ 2019, 2022, and 2023 values reported in CO₂ equivalents.

⁴⁾ The 2022 and 2019 values have been adjusted in accordance with the new method of calculation.

⁵⁾ Value includes storage and transshipment facilities operated by external service providers as of 2023.

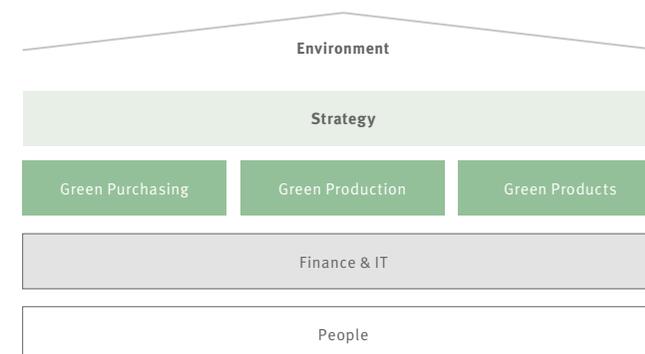
⁶⁾ Supplier-specific emission factors were used to determine Scope 2 (market-based). 



More information on Green Purchasing and Green Production can be found on [page 22](#).

Climate Action Plan

 > A comprehensive Climate Action Plan was developed in 2022 that forms the basis for the development and implementation of necessary climate action measures such as greenhouse gas reduction. The Climate Action Plan consists of six key elements: (1) Strategy, (2) Green Purchasing, (3) Green Production, (4) Green Products, (5) Finance & IT, and (6) People. Each of the six elements is allocated to one or more members of the Board of Managing Directors and features specific implementation measures. < 

Climate Action Plan

Climate neutrality

Strategy

➤ The Climate Action Plan consists of specific targets and measures to promote an emissions reduction path that is consistent with the 1.5-degree target of the Paris Agreement and achieves climate neutrality in the Schaeffler Group by 2040. One of the key tasks will be to incorporate additional non-financial figures into group management alongside the financial figures. The planned establishment of sustainability criteria in key business processes such as product development, purchasing, and investment form the core of the strategy element, as do company-wide modeling of emissions projections, identification of the financial implications of the emissions reduction path, and the definition and monitoring of internal annual ambition levels. < Ⓢ

Green Purchasing

➤ The “Green Purchasing” element primarily refers to the purchase of low-emission materials and services. In the case of steel, aluminum, plastic, electronic components, and logistics, important levers were identified that, due to the product portfolio, play a key role in decarbonization. On this basis, the Schaeffler Group is further developing its purchasing strategy and promoting active dialog with existing and future suppliers for the purchase of CO₂e-reduced materials and services – for example, in the area of steel for rolling bearings.

In the reporting year, emissions values were calculated for all of the raw materials and other materials purchased, with potential for reduction identified in certain areas – all in an effort to achieve a climate-neutral supply chain by 2040 and reduce

emissions by at least 25 % by 2030 in comparison with the base year 2019.

Greenhouse gas emissions Scope 3 upstream

in thous. t CO₂e

	2023	2022	2021	Base year 2019
Of which greenhouse gas emissions (Scope 3.1) – purchased goods and services ^{1) 2)}	6,163	6,027	5,666	5,859
Of which greenhouse gas emissions (Scope 3.3) – fuel- and energy-related emissions ^{1) 3)}	139	148	201	291
Of which greenhouse gas emissions (Scope 3.4) – transport and distribution (upstream) ^{1) 2) 4)}	374	394	309	378
Of which greenhouse gas emissions (Scope 3.5) – waste generated in operations ^{1) 2)}	31	30	23	31

¹⁾ 2019, 2022, and 2023 values reported in CO₂ equivalents.

²⁾ The 2022 and 2019 values have been adjusted in accordance with the new method of calculation.

³⁾ The 2022 value has been adjusted.

⁴⁾ The 2019, 2022, and 2023 values include storage and transshipment facilities operated by external service providers.

The Scope 3 greenhouse gas emissions (GHG) of the four reported categories rose by 1.6 % to 6,707 thousand metric tons of CO₂e compared to the prior year due in large part to the proportionately dominant Scope 3.1 and Scope 3.5 GHG, which increased by 2.3 % and 3.3 % respectively. Scope 3.3 GHG decreased by 6.1 % as a result of increased use of renewable energy. Route and capacity optimization and reduced airfreight led to a drop of 5.1 % in Scope 3.4.

Due to its large carbon footprint, the procurement of steel is an important topic for the Schaeffler Group in its efforts to further

develop sustainability in purchasing. Green hydrogen can make the steel production process climate-neutral over the long term. Over the short to medium term, however, other measures will be necessary to reduce Scope 3 upstream emissions. Due to the large volume of steel used in the Schaeffler Group’s products, the company conducted careful analysis of the primary influential factors relevant for using steel. The strategies for decarbonizing steel production are therefore evaluated on a regular basis, after which recommended courses of action for combining short, medium, and long-term measures will be developed.

The company is having discussions with suppliers to monitor and explain specific steps for reducing production-related CO₂e emissions. Among other things, the suppliers with the highest emissions were encouraged to disclose environmental information through the CDP Supply Chain program. Concepts are also being developed that take into account efforts to achieve a circular economy and increase the use of green energy. In this regard, the sustainability target agreements represent an important tool for defining the way in which targets are achieved for environmental performance indicators.

Measures include the Green Steel Activation program, which is open to new technologies and examines the multiple influential variables of steel production and finishing. At the end of 2021, the Schaeffler Group agreed to procure 100,000 metric tons of nearly carbon-free, hydrogen-produced steel annually from the Swedish start-up H2 Green Steel, beginning in 2027. The first batches should be procured in 2026. In 2023, the Schaeffler Group further intensified this collaboration and increased its equity interest in H2 Green Steel to EUR 100 million. The Schaeffler Group is also working closely with other steel suppliers to develop a decarbonization strategy. In the 2023 reporting year, the first batches of the required quantities of steel were switched to the CO₂e-reduced production route based on scrap and electric arc

Climate neutrality

furnace. These collaborations are an important step in making the company's supply chain climate-neutral by 2040.

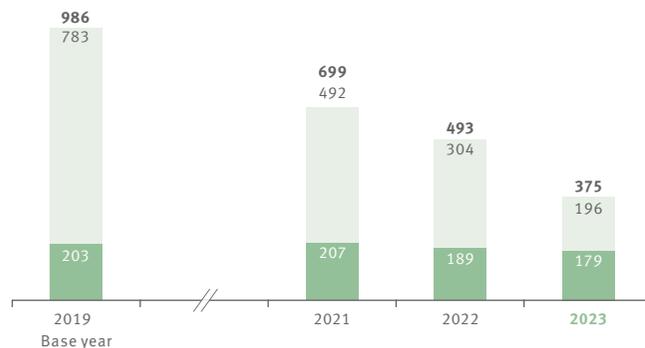
Since 2023, 100% of electricity purchased at all European, Chinese, and American plants has come from renewable sources.¹ The plants in the Asia/Pacific region will follow in 2024 to meet the target of ensuring that 100% of purchased electricity is sourced from renewable energy sources by 2024. < (P)

Green Production

(P) > **Decarbonizing production** (Scope 1 and 2) will primarily require a switch to more energy-efficient production processes as well as the use of renewable energy produced on-site and purchased. The Schaeffler Group plans to cover its demand for purchased electricity entirely with renewable energies by 2024.

Own Scope 1 and 2 greenhouse gas emissions (market-based)

in thous. t CO₂e



■ Scope 1^{1) 2)} ■ Scope 2 (market-based)^{1) 2) 3) 4)}

¹⁾ The 2022 value has been adjusted.

²⁾ 2019, 2022, and 2023 values reported in CO₂ equivalents.

³⁾ This reduction is primarily due to the purchase of 100% renewable electricity in the Schaeffler Group's Europe, Greater China, and Americas regions.

⁴⁾ Supplier-specific emission factors were used to determine Scope 2 (market-based).

As a result of ongoing improvement in energy efficiency and the increased share of renewable energies, the Schaeffler Group's production-related CO₂e emissions fell by around 24% from 493² thousand metric tons of CO₂e to 375 thousand metric tons of CO₂e compared to the prior year. Specific measures were developed for all gas-heated production and infrastructure facilities, which include replacing natural gas with electricity for heating the hardening furnaces.

All of these measures were compiled according to their cost efficiency in a global Schaeffler decarbonization roadmap for 2030. In the next step, each plant's contribution to reduce CO₂e can be derived and defined from this roadmap. In the following years, the Schaeffler Group plans to continue implementing and optimizing this path of reduction.

The Schaeffler Group's energy management is in the process of defining minimum CO₂e reduction targets for all plants, with the aim of increasing **energy efficiency**. The plants themselves are also responsible for setting their own targets, with implementation and developments in energy consumption assessed in internal and external Energy, Environment, Health & 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 sys-

tem based on the ISO 50001 standard, which achieved a coverage rate³ of 100% again in 2023 (prior year: 100%). < (P)

(P) More information on the topic of energy and environmental management can be found on [page 25](#) et seq.

Green Products

(P) > The foundation for decarbonizing the Schaeffler Group's product portfolio is being developed in the "Green Products" element. To this end, in the 2023 reporting year products were grouped according to carbon footprint, and a representative product assigned to each group, thus making it possible to assess just about the entire product portfolio. As part of a pilot project, the data thus compiled were graphically prepared following initial analysis and now serve as a foundation for systematically developing roadmaps for efficient decarbonization of the product portfolio. The results reveal reduction potential, the necessary material quantities, and the underlying production measures. < (P)

Finance & IT

(P) > In the "Finance & IT" element, the Schaeffler Group is interested in further optimizing internal and external sustainability reporting and consistent models for sustainability data as well as developing a suitable IT infrastructure. The 2023 reporting year focused, in part, on driving the ESRS requirements as part of the new CSRD reporting as of the 2024 business year as well as assessing the definitions of relevant key figures. In addition, the existing ESG IT infrastructure was analyzed to enable migration from a variety of systems into a single system, in which the

¹ In the reporting year, energy attribute certificates for green electricity were purchased for 83.5% of all electricity consumption, with another 2.7% purchased in January 2024. All of the energy attribute certificates used were produced in 2023.

² The 2022 value has been adjusted.

³ Relating to plant employees.

Climate neutrality

development of the necessary sustainability management models plays a central role. Most importantly, this includes further developing the methods for collecting and preparing company- and product-related emissions data in the system. < 

People

 > The measures for achieving a defined emissions reduction path represent a major challenge for companies and require a high degree of employee commitment, which is why the Schaeffler Group is implementing the corresponding training and information campaigns to better familiarize all employees with sustainable behavior. Numerous ideas and suggestions were submitted during the Climate Action Days in 2022. To mark the anniversary in 2023, the company hosted regional events to present its progress in the area of climate neutrality as well as examples of how individual employee ideas can be implemented.

In addition, climate aspects were integrated into the company car guideline in the 2023 reporting year, so that the Schaeffler Group can further promote alternative drives in company cars. < 

 More information on steering groups can be found on [page 15](#).

 More information on diversity, employees, and people development can be found on [page 36](#) et seq.

Climate Emission Model

 > The Schaeffler “Climate Emission Model” is a strategic tool for integrating business and climate planning. The model simulates the Schaeffler Group’s greenhouse gas emissions up to 2030 based on the data of the last business year and strategic business planning. The model takes into account the Scopes (1, 2, and 3) monitored by the climate targets and differentiates between the sources of greenhouse gas emissions according to region and material or energy source. The Schaeffler Group can therefore compare developments in greenhouse gas emissions with the Schaeffler climate targets and, on this basis, develop detailed measures for reducing the greenhouse gas emissions associated with energy sources and materials. < 

 More information on calculating greenhouse gas emissions can be found on [page 20](#) et seq.

2.2 Resource efficiency and environmental protection

SDGs



At a glance

- The Schaeffler Group maintains an Energy, Environment, Health & Safety (EnEHS) management system to manage its energy and environmental operations
- Freshwater withdrawal was reduced by around 9% in the reporting year

Energy and environmental management

® > To manage its energy and environmental operations across the company, the Schaeffler Group maintains an EnEHS (Energy, Environment, Health & Safety) management system based on the energy and environmental standards ISO 50001 for energy management and ISO 14001 for environmental management. Internal and external audits are conducted on a regular basis to continuously improve energy management and further optimize environmental performance. This also includes measures designed to prevent waste, increase recycling, and protect biodiversity.

Environmental and energy topics in the Schaeffler Group are managed through a matrix organization. Local environmental protection and energy coordinators, regional coordinators, and experts from the strategic departments discuss these topics together on a regular basis. 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 Board of Managing Directors of Schaeffler AG.

Local EHS and energy coordinators conduct regular management reviews with site management at least once a year, providing an opportunity to discuss and document issues such as potential new targets and the status of current projects. These are also accompanied by regular opportunity and risk analyses. To ensure a consistent focus on environmental and energy management, all EHS and energy coordinators exchange information on a regular basis.

The Schaeffler Group established the EMAS environmental management system worldwide more than 25 years ago. This system is used to continuously improve environmental performance and evaluated by experts. One of the EMAS key indicators is, for example, biodiversity. To determine a key figure in the management system, the company collects extensive area data at the locations and describes specific biodiversity requirements. Definitions and criteria for collecting biodiversity data are incorporated into the EnEHS manual, which describes the underlying management systems (EMAS, ISO 14001, ISO 45001, and ISO 50001). The updated manual was approved in 2023. Implementation has begun at the locations.

Plants with energy and environmental management systems

in percentage

	2023	2022	2021
Coverage rate for EMAS certification ¹⁾	100	99.2	98.5
Coverage rate for ISO 14001 certification ¹⁾	100	100	100
Coverage rate for ISO 50001 certification ¹⁾	100	100	100

¹⁾ Relating to plant employees.

In 2020, the Schaeffler Group began bundling all relevant resources in a single **energy efficiency program** with an interdisciplinary team on a local, regional, divisional, and corporate level. The aim is to identify and implement energy efficiency measures between 2020 and 2024 that will result in annual energy savings of 100 GWh as of 2025. A total of 380 energy efficiency measures were implemented and externally verified between 2020 and 2023 and will lead to cumulative annual savings of at least 97.1 GWh as of 2024. These measures include, for example, reducing the operating temperature of cleaning processes, improving heat insulation of production and infrastructure facilities as well as optimizing the generation, distribution, and use of compressed air.

The demand for electrical energy will continue to increase in the coming years. **Self-generated** renewable energy will therefore be expanded to complement the existing energy efficiency program at Schaeffler locations – for example, with photovoltaic (PV) systems. PV systems with a capacity of 8.0 MWp were installed in 2023, thus increasing the total PV system capacity in the Schaeffler Group to 20.2 MWp.

Resource efficiency and environmental protection

Electricity consumption

in GWh

	2023	2022	2021
Electricity consumption, total ^{1) 2)}	2,241	2,274	–
Of which conventionally produced electricity (external procurement) ^{1) 2)}	271	525	–
Of which conventionally self-generated electricity (by combined heat and power plants) ¹⁾	27	29	–
Of which renewable energy (external procurement) ^{1) 2)}	1,941	1,718	–
Of which self-generated renewable energy (company-owned photovoltaic systems) ^{1) 3)}	2	2	–

¹⁾ Figure first reported in 2022.²⁾ The 2022 value has been adjusted.³⁾ Value includes PV systems operated by the Schaeffler Group. The amount of electricity generated by PV systems that are operated by third parties (China) totaled 3 GWh in 2022 and 9 GWh in 2023.

Location-specific supply concepts were promoted in the reporting year and now complement the off-site⁴ **Power Purchase Agreements** (PPAs) concluded in 2022, which shall cover around 20% of external electricity supply in Germany as of 2024. For example, a local partner will build a new photovoltaic system near the plant in Herzogenaurach, which will be connected directly to the site grid (near-site). The Schaeffler Group guarantees the purchase of around 12,600 MWh of electricity annually from the near-site PPA for 15 years. That alone can cover around 17% of the Herzogenaurach location's external electricity supply. The system should be operational by the end of 2024. In the reporting year, the Greater China region also launched two new photovoltaic systems, which were built on the Schaeffler plant grounds (on-site) by an external partner as part of a long-term Power Purchase Agreement.

There is also a focus on retrofitting existing systems that provide process and infrastructure heat for use with renewable energy.

The company has defined a highly efficient **fuel switch** for all process and infrastructure heating systems, which served as the foundation for developing a Scope 1 decarbonization roadmap. In the future, all new investments will also need to be assessed during the approval process to determine their impact on CO₂e emissions.

Energy consumption

in GWh

	2023	2022	2021
Energy consumption, total ^{1) 2)}	3,125	3,228	3,369
Of which electricity ^{1) 3)}	2,215	2,246	2,244
Of which natural gas/LPG ^{1) 2)}	725	795	923
Of which heating oil ²⁾	1	3	6
Of which propane ¹⁾	56	55	53
Of which methanol ¹⁾	81	82	86
Of which district heating	47	48	57

¹⁾ The 2022 value has been adjusted.²⁾ Reduction is due in part to the energy efficiency measures implemented and fuel switch measures.³⁾ External electricity purchased and photovoltaic electricity generated in-house. Combined heat and power (CHP) electricity is recorded via gas consumption.

The Schaeffler Group's energy consumption decreased by around 3.2% compared to the prior year, thanks in large part to the 8.8% reduction in natural gas/LPG consumption. In addition, initial measures were undertaken in the fuel switch program and hardening lines were switched from natural gas to electricity in 2023. The Schaeffler Group only uses heating oil in emergency situations to heat buildings and halls. However, this was not necessary in the reporting year due to the improvement in the natural gas supply. < (P)

Water management

(P) > Schaeffler locations use water primarily for sanitation, cooling, and industrial applications. The Schaeffler Group has voluntarily set itself the target to reduce its freshwater withdrawal by 20% by 2030 compared to 2019. 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.

Freshwater withdrawalin thous. m³

	2023	2022	2021	Base year 2019
Freshwater withdrawal, total ¹⁾	5,035	5,501	5,618	5,784
Of which surface water	97	165	159	–
Of which groundwater ¹⁾	2,096	2,254	2,209	–
Of which water from third parties ¹⁾	2,842	3,083	3,250	–

¹⁾ The 2022 value has been adjusted.

A total of 5,035 thousand m³ (prior year: 5,501 thousand m³)⁵ of freshwater was withdrawn in the reporting year, which represents a decrease of around 9%. This information is based on the amount of water withdrawal indicated on invoices as well as direct measurements. The drop in freshwater withdrawal is, in part, the result of the water-saving measures implemented.

⁴ Purchase of electricity from renewable systems without direct reference to a specific Schaeffler location.⁵ The 2022 value has been adjusted.

Resource efficiency and environmental protection

Since 2022, the Schaeffler Group has bundled all relevant resources in a single program dedicated to reducing the use of freshwater with a global interdisciplinary team. The aim is to identify and implement water-saving measures between 2022 and 2030 in order to reduce the use of freshwater by 20 % by 2030 when compared to 2019.

A total of 27 water-saving measures were implemented and externally verified in 2023 and will lead to annual savings of at least 265 thousand m³ as of 2024. For example, evaporation systems were installed to reduce the amount of wastewater and to reuse condensation for other processes. The measures also included optimization of production systems and processes such as returning treated cooling tower water to the cycle.

No seawater or produced water is withdrawn. No water is lost in the manufacture of Schaeffler products, as withdrawn water is either reused internally or directed to third parties after treatment. Water quality is measured internally and externally on a regular basis, and any necessary measures thus identified are implemented accordingly.

All locations with industrial wastewater and large volumes of wastewater – which can occur as a result of electroplating or needle production – are equipped with a variety of systems that enable a range of processes from treatment to nearly 100 % recycling. A variety of technologies are used for this purpose, including evaporation technology, membrane filtration, ion exchange systems, and chemical and physical treatment processes. Where this is not possible, wastewater is treated in accordance with applicable guidelines and discharged into the public sewer system.

Facilities that pose a risk to natural bodies of water must be operated in such a way that there is no fear of contaminating the 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, inspections are conducted on-site under expert supervision and in coordination with local authorities. Additional measures are defined based on the assessment results. < 



The Schaeffler Group's current CDP water rating is available at: [CDP water rating](#)

approx. **265** thousand m³

will be saved from 2024 as a result of 27 water-saving measures implemented in 2023

Circularity

2.3 Circularity

SDGs



At a glance

- The Schaeffler Group’s goal is to optimize the use of resources beginning in the product’s design phase
- The Refuse, Rethink, and Reduce strategies were incorporated into the Green Products initiative in 2023

Strategic framework

Ⓟ The Schaeffler Group pursues a variety of measures such as circularity strategies to minimize CO₂e emissions – for example, by optimizing product design to reduce the use of resources in production. These follow the fundamental idea of using raw materials, components, and products repeatedly and for as long as possible. Where economically feasible, the Schaeffler Group is making an effort to exploit the potential of material efficiency, reduce its use of critical and rare raw materials, extend the service life of its products, and enable product repair. The Schaeffler plants pursue the usual waste hierarchy in their own production: avoid, reuse, recycle, recover energy, and disposal. Scrap waste, such as iron, aluminum, and copper, is also directly reused in production or nearly 100% recycled.

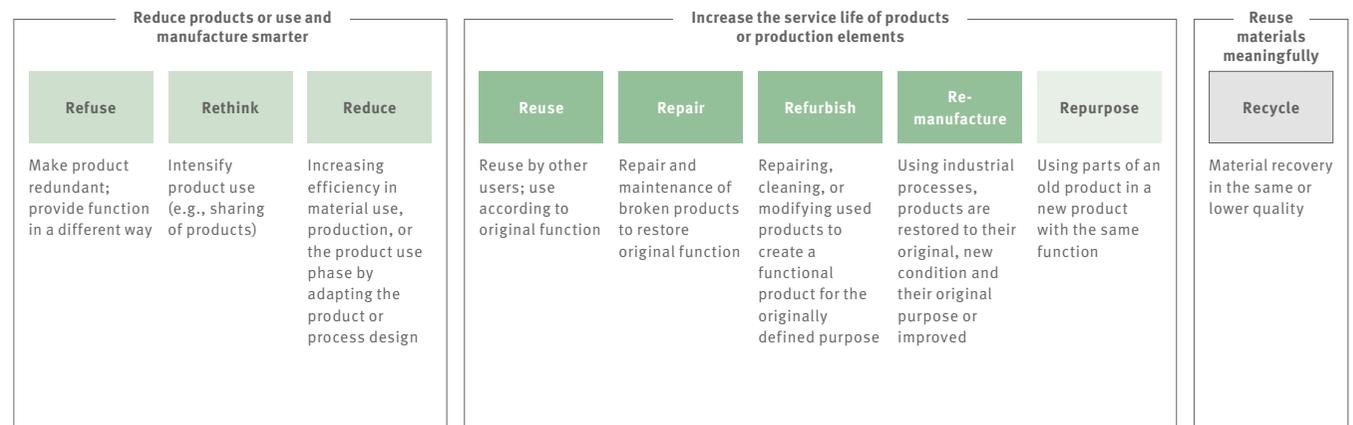
The Executive Board is regularly informed about progress in the area of circularity through the “Sustainability & Engagement” sub-program. The topic is further supported by the Central Technologies and Corporate Development & Sustainability Strategy departments.

The Schaeffler Group’s circular economy strategy is based on the “R-Strategies” and is continuously optimized. The “Refuse”, “Rethink”, and “Reduce” strategies were further incorporated into the Green Products initiative in the reporting year and are pursued in a variety of projects. In addition, ongoing and additional divisional projects reinforce implementation of the “Reuse”, “Repair”, “Refurbish”, “Remanufacture”, and “Recycle” strategies defined as a focus in 2022. Material utilization in production was also further improved, and material flows analyzed in greater depth for the purpose of optimizing scrap utilization. Unlike in the prior year, R-Strategy energy recovery (combustion) was excluded in accordance with the guidelines recommended in the EU Taxonomy. Through the circularity strategy, the company has increased its focus on the potential of retaining materials in the cycle rather than recovering heat from combustion.

The Schaeffler Group’s activities cover eight R-Strategies:

- Refuse
- Rethink
- Reduce
- Reuse
- Repair
- Refurbish
- Remanufacture
- Recycle⁶

Circular economy framework



⁶ The topic of recycling affects Schaeffler products (recyclable) and, for example, scrap waste that Schaeffler plants pass on to external service providers for recycling.

Circularity

The Schaeffler Group is also looking at reusing products and materials, which offers a wide range of opportunities for new business models. Examples in the area of services include predictive maintenance with OPTIME in the Lifetime Solutions unit as well as the remanufacture of bearings for aerospace and rail applications.

Steel is the most important resource for the Schaeffler Group, followed by aluminum and plastics, and is primarily used as warm and cold rolling stock, rod and pipe materials, and rough-turned rings. Aluminum is usually used as cast aluminum in housings, while plastics are found in a variety of products such as electrical insulation layers, seals, and rolling bearing cages. Magnets are another important component and are primarily processed for use in motors but also for use in sensors. The resulting material flows have an impact on the environment due to the use of resources, the production waste generated, and treatment at the end of the product use phase. The Schaeffler Group relies on a variety of opportunities to use secondary raw materials and thus reduces the environmental impact and geographic dependencies associated with the use of resources.

On a product level, life cycle assessments can be used to determine the impact of recycling activities or secondary materials on the carbon footprint. In a variety of projects, the Schaeffler Group aims to use materials with a high percentage of secondary materials as well as adapt product design to promote circularity, which should ensure the best possible recycling rate at the end of the use phase. < (P)

 More information on waste management can be found on [page 29](#).

 More information on life cycle assessments can be found on [page 31](#).

Material compliance and hazardous substance management

(P) > Like materials, substances used in production also have a major impact on the recyclability of Schaeffler Group products.

To implement its circular economy strategy, the Schaeffler Group has set a goal of observing all relevant guidelines for the materials and substances used and taking these into account when selecting suppliers. Relevant guidelines refers to legislation, public standards, and customer requirements, which are regularly assessed. Material requirements also apply to substances, purchased parts, and packaging as well as to materials used in manufacturing processes and products. To achieve this aim, the Material Compliance department works closely with the Purchasing department responsible for production materials.

Important criteria and relevant regulatory frameworks for both supplier selection and orders are outlined in the Schaeffler Group's "Prohibited and declarable substances" standard, which is regularly updated and provided to suppliers – most recently in early 2023. In addition to internal training courses on purchasing, suppliers will also find a range of training courses accessible on the Schaeffler Group website.

All Schaeffler Group activities associated with the use of substances are considered in accordance with forward-looking, environmentally conscious behavior. Processes established for this purpose assess and document information about the substances and compositions of the purchased parts and materials used.

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 SCIP⁷ database of the European Chemicals Agency (ECHA) has been used to declare substances of very high concern (SVHC) since 2021.

The company has its own registration system for documenting the substances used in Schaeffler products and their production. Substances can therefore be traced at any time with tracking.

Material Compliance provides support in the form of information about the "Sunset Dates"⁸ of substances as well as systems for declaring materials. < (P)

Waste management

(P) > The Schaeffler Group's products are primarily made from steel and only contain trace amounts of harmful substances. They can therefore be melted down into crude steel at the end of their service life.

At all locations that generate more than 25 metric tons of non-hazardous waste or two metric tons of hazardous waste per year, a waste coordinator must be appointed regardless of legal provisions.

⁷ The electronic database of the European Chemicals Agency, which contains information about substances of very high concern in complex objects such as products.

⁸ The date from which a chemical substance is no longer permitted or only permitted in limited quantities.

Circularity

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 (Energy, Environment, Health and Safety) manual. The type and frequency of assessment are dependent on whether the service provider disposes of hazardous waste, scrap, or non-hazardous waste.

The Schaeffler Group aims to avoid waste wherever possible. If waste cannot be further reduced, it should be sent for approved recycling. A total of eight locations have achieved 100% recycling status so far by sending waste to be recycled in accordance with applicable law. The Schaeffler Group's 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. Categorization for hazardous and non-hazardous waste, for example, corresponds to the definitions prescribed by the countries in question.

100%

recycling status achieved by eight locations

Amount of waste generated by the Schaeffler Group

in thousand t

	2023	2022	2021
Waste generation, total ^{1) 2)}	731	741	173
Of which non-hazardous waste ¹⁾	657	665	89
Of which hazardous waste ¹⁾	74	75	84
Of which waste for recycling ¹⁾	689	697	125
Of which waste for disposal ¹⁾	42	44	48
Of which scrap and metals ³⁾	589	545	–

¹⁾ The 2022 value has been adjusted.

²⁾ Value includes metals and scrap for the first time in 2022.

³⁾ Values reported for the first time in 2022.

The total waste generated in the reporting year was 731 thousand metric tons (prior year: 741 thousand metric tons) and was therefore around 1.3% lower than in the prior year. This drop is largely due to the reduction measures implemented with a focus on non-hazardous waste. < (F)

2.4 Green products

At a glance

- The Schaeffler Group offers innovative product solutions in the areas of Automotive Technologies, Industrial, and Automotive Aftermarket
- Sustainability aspects are considered during the product development phase

Ⓢ > The Schaeffler Group defines green products as products that are responsible for less CO₂ emissions than their substitutes throughout the entire life cycle – i.e., production, transport, use, and disposal, or use of potential circular economy concepts. The results of the life cycle assessment are integrated into the product development process – for example, product design and material selection – in an effort to develop products with an improved carbon footprint. < Ⓢ

Product carbon footprint

Ⓢ > The Schaeffler Group conducts life cycle assessments (LCAs) to measure the environmental impact of its products throughout their entire life cycle. Internal guidelines, based on the ISO 14040 and ISO 14044 standards, regulate the development, processing, and reporting of LCAs throughout the entire life cycle. These methods were certified by TÜV Rheinland. The LCAs serve as a key tool for determining the sustainability performance of products, with a particular focus on the product carbon footprint (PCF). LCAs also include analysis of the supply chain and processes and therefore enable identification of suitable reduction measures for the PCF of Schaeffler products.

When conducting LCAs, the Schaeffler Group usually uses the system limited to the cradle-to-gate approach (primarily material and production). In special cases, aspects of the cradle-to-grave (plus use phase) or cradle-to-cradle (plus circular economy) approaches are also taken into account.

In addition to the certified methods, the Schaeffler Group has also been using additional tools to calculate the PCF throughout the development process. A tool used for cost-value analysis is currently being expanded to include a calculating metric for the PCF, combined with corresponding databases, and validated by TÜV SÜD. This should eventually make it possible to efficiently prepare calculations for a whole host of products and thus integrate them into the product development process. The central database contains the emission factors associated with the materials used, including the primary data of suppliers and the secondary data of established databases. Based on these data, all Schaeffler series products are currently being evaluated in terms of their PCFs to determine which of them should be prioritized for decarbonization. To accelerate this product-specific reduction of CO₂ emissions, a platform is being developed that combines the materials used in the products with all available reduction measures and thus makes it possible to identify the best possible optimization scenarios. Since autumn 2023, it has also been possible to calculate the PCF for bearing production with a product configurator for rolling bearings.

In addition, training courses on the topic of “Design for Environment” are being offered to familiarize employees with the opportunities provided by sustainable product development in particular. < Ⓢ

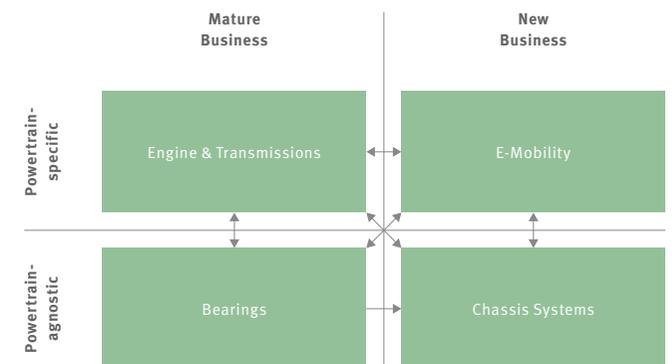
SDGs



Automotive Technologies

Ⓢ > The Automotive Technologies division partners with the global automotive industry for passenger cars and commercial vehicles to develop and manufacture components and systems for all-electric and hybrid powertrains, fuel cell powertrain, internal combustion engines, and chassis systems. The division also offers a wide range of bearings. The Automotive Technologies division manages its business based on the four business divisions (BDs) E-Mobility, Engine & Transmission Systems, Bearings, and Chassis Systems, which in turn comprise several business units. < Ⓢ

Automotive Technologies division



Green products

E-Mobility

☞ > The Schaeffler Group is broadly positioned for electric mobility and develops and produces mechanical, mechatronic, and electronic components and systems for the electrification of powertrains in passenger cars and commercial vehicles. The offering encompasses solutions for hybrid vehicles, all-electric vehicles, and vehicles with a fuel cell powertrain. The product portfolio ranges from electric motors, electric axle transmissions, electric axle drives, power electronics, hybrid modules, electro-mechanical and hydraulic actuators, and thermal management solutions to complete electric axle systems that form a compact unit of transmission, electric motor, power electronics, and thermal management. The Schaeffler Group works with customers to develop individual bipolar plates and components for fuel cell systems. Since the beginning of 2024, the Schaeffler Group has been producing bipolar plates in the joint venture Innoplate, established in partnership with Symbio in Haguenau, France. < ☞

Engine & Transmission Systems

☞ > The Schaeffler Group is also working on consumption-optimized internal combustion engines and solutions for hybrid powertrains to minimize emissions as far as possible. The company uses an extensive modular kit of technologies and products that, depending on customer requirements, can be combined to maximize efficiency. For example, the combination of electric cam phasers and the eRocker system for highly variable valve control increases the efficiency of engine and transmission. In hybrid drives, this reduces CO₂ by around 10% without compromising engine performance.

In addition to making other improvements in production, the Schaeffler Group has also introduced new stamping and hardening processes. The goal is to reduce weight and thus CO₂ emissions. < ☞

Bearings

☞ > Innovative bearing solutions play a key role in sustainable mobility by making powertrains and chassis systems more energy-efficient. In electrified vehicles, in particular, every bit of energy saved translates into increased range. Vehicle developers are therefore looking closely at every bearing location as they seek to optimize friction performance and enhance value for the customer. The Schaeffler Group's transmission bearings for electric vehicles are specifically designed for the high rotational speeds of electric-drive transmission input shafts and therefore provide optimal load accommodation.

Compared to a standard double-row ball bearing, the Schaeffler Group's TriFinity triple-row wheel bearing for electric cars not only transfers greater axle loads but also offers a longer service life. < ☞

Chassis Systems

☞ > The Schaeffler Group has developed extensive expertise in chassis systems in recent years and, instead of offering individual components, offers complete steering systems – for example, with mechatronic rear-wheel steering. This steering system not only improves handling in city traffic but also enhances lane-change stability and makes the vehicle easier to park.

In the area of steer-by-wire technology, the Schaeffler Group launched an electrohydraulic power steering system designed for front wheel steering in commercial vehicles for series production in 2023. This system will initially support Level 2 automation and subsequently higher-level autonomous driving functions. < ☞

☞ More information on the Automotive Technologies division can be found on [page 5](#) et seq. of the Annual Report 2023.

Automotive Aftermarket

☞ > The Automotive Aftermarket division is responsible for the Schaeffler Group's worldwide automotive spare parts business and supplies innovative repair solutions in original-equipment quality. The company is thus helping to increase the service life of vehicles.

Factors such as the growing number of vehicles and increasing system complexity are boosting the demand for repair, which makes expanded and new repair options and services necessary for workshops.

The portfolio offers an extensive selection of repair solutions and individual components for all vehicle classes, with a focus on expanding the range for full hybrids, plug-in hybrids, and all-electric vehicles. The spare parts program encompasses a comprehensive portfolio of kits and components for all key systems and products in hybrid vehicles.

E-Mobility solutions are introduced in the aftermarket in close collaboration with the Automotive Technologies division. Trends such as electric and increasingly automated transmissions, autonomous driving, and the circular economy have an influence on how vehicles will be used and serviced in the future.

Thanks to the Schaeffler E-Axle RepSystem-G, workshops can properly repair the latest generation of electric drives in battery- and hybrid-powered vehicles. Repairing the drive unit is around 20% as expensive as replacing it entirely. < ☞

☞ More information on the Automotive Aftermarket division can be found on [page 6](#) et seq. of the Annual Report 2023.

Green products

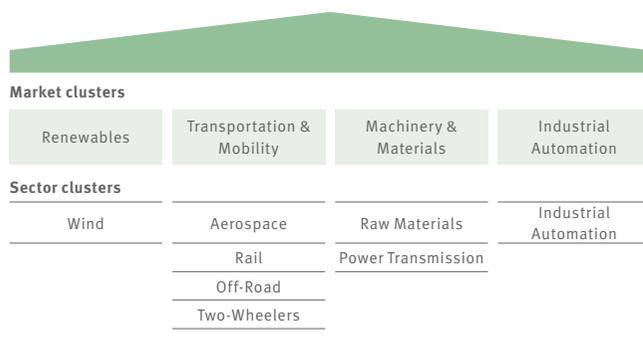
Industrial

Ⓢ > The Industrial division develops and manufactures precision components, both rotative and linear bearing solutions, drive technology components and systems, and service solutions such as sensor-based condition monitoring systems for a large number of industrial applications.

Through the divisional subprogram of the Roadmap 2025, the Industrial division is focusing on growth and expansion of the core business, the scaling of the service business, and development of new business fields in growing markets. Global production and overhead structures as well as sales and delivery processes are regularly assessed and, if necessary, revised along the way.

The product and service range is divided into four market clusters: Renewables, Transportation & Mobility, Machinery & Materials, and Industrial Automation. Products are sold directly to end customers or through machine and plant manufacturers, trade partners, or service providers. < Ⓢ

Industrial division customer and product portfolio



Renewables

Ⓢ > As a partner of the energy industry, the Schaeffler Group supplies key components for the expansion of renewable energy production. Efficient and high-performance bearing solutions increase energy production and the level of efficiency.

The Schaeffler Group's large tapered roller bearings have undergone slip-free induction⁹ hardening for some years now, with the heat required for material hardening generated by a coil. The heat is produced directly in the workpiece itself and therefore does not need to be transmitted via convection, radiation, or thermal conduction. This approach offers a much better carbon footprint when using renewable energy. The example with a tapered roller bearing reveals that CO₂-reduced steel, higher material utilization, and induction hardening can reduce the PCF by 70 % to 1.5 kg of CO₂ per kilogram of bearing. < Ⓢ

Transportation & Mobility

Ⓢ > The Transportation & Mobility market cluster represents a range of solutions that the Schaeffler Group offers the aerospace, rail, off-road, and two-wheeler sector clusters. For rail transport, the Schaeffler Group develops and produces new product solutions with optimized functions, high energy efficiency, an extended service life, and longer maintenance intervals.

Two-row tapered roller bearing units, or TAROL units, are generally used for high-speed rail applications and have been further optimized for friction by the Schaeffler Group using the "OptiKit" BearinX tool. Compared to existing high-speed bearings, they can reduce frictional torque by 20 % in industry-specific test runs. Company calculations reveal that, based on a high-speed train with 80 integrated bearings and a mileage of one million km, CO₂ emissions can be reduced by around 50 metric tons. < Ⓢ

Machinery & Materials

Ⓢ > In the Machinery & Materials market cluster, the Schaeffler Group is continuously working to develop solutions for optimizing friction and extending the service life of rolling bearings, which also includes the remanufacturing of rolling bearings. Remanufacturing bearings rather than producing new ones can reduce CO₂ emissions by up to 90 %.

The Schaeffler Group offers other options for reducing CO₂ when it comes to producing new bearings. By introducing changes to the production process for rolling mill bearings, the company can utilize the case hardening steel Mancrodur, which requires less energy to produce and offers a better PCF.

The Schaeffler Group is further reducing CO₂ in the area of service – for example, with augmented reality, as assembly, servicing, and maintenance can now be conducted virtually rather than on-site. < Ⓢ

up to **90 %**

of CO₂ emissions can be eliminated by remanufacturing bearings rather than producing new ones

⁹ The heat required for material hardening is generated by a coil that produces eddy currents locally in the workpiece. The heat is produced directly in the workpiece itself and therefore does not need to be transmitted via convection, radiation, or thermal conduction.

Green products

Industrial Automation

📄 > As a development partner in the sectors of medical technology, machine tools, robotics, foods, packaging, and general industrial machinery, the Schaeffler Group is interested in increasing efficiency. In addition, the Industrial Automation department is increasing its focus on highly efficient, electromechanical actuators to replace older technologies based on hydraulics, thereby doubling drive energy efficiency in many applications.

In the growing robotics business, which the Schaeffler Group strengthened with its acquisition of Melior Motion in 2022, the company has an innovative drive concept for robotic applications in the form of PSC drives. Compared to cycloidal drives, the PSC product range offers more than 5% higher efficiency and therefore minimizes energy consumption, allowing customers to use smaller drive motors, which in turn offers additional CO₂ reduction potential. < 📄

📄 More information on the Industrial division can be found on [page 7](#) et seq. of the Annual Report 2023.

Cross-divisional approach to hydrogen

📄 > The Schaeffler Group views hydrogen as a promising, renewable source of energy and raw material that is universal and suitable for storage and global transportation. Green hydrogen can also be used across all sectors, as it can supply different industry sectors and bring them together. Examples of the various applications include uses as an electricity-based, industrial raw material for the steel and chemical industry, a stationary supply of electricity, and hydrogen-based electric mobility for road, rail, sea, and air.

The Schaeffler Group uses the opportunities provided by green hydrogen technology to develop its own products as well as decarbonize both the company and the supply chain. These activities are bundled at the hydrogen competence center in Herzogenaurach and managed by the internal “Schaeffler Hydrogen Council”. Made up of leading specialists and members of the Board of Managing Directors of Schaeffler AG, the Council discusses the program’s progress on a quarterly basis and develops measures accordingly.

The Schaeffler Group’s cross-divisional approach is based on production expertise and further development of fuel cells and electrolyzers. With the industrialized production of these core technologies for green hydrogen, the Schaeffler Group aims to help expand availability and make it more cost-efficient. In addition, the company is preparing to use green hydrogen as a replacement for fossil fuels in internal production. For that reason, the Schaeffler Group is developing production capacities for green hydrogen at the Herzogenaurach and Schweinfurt locations, which also use their own electrolysis technology. < 📄

Fuel cells

📄 > The Schaeffler Group firmly believes that hydrogen will play a key role in the sustainable mobility of the future, which is why the company relies on the fuel cell powertrain and efficient industrialization of the required technology. Collaboration in the “Innoplate” joint venture is an important step on this journey. The partnership aims to produce bipolar plates, which are key components of fuel cells, in large numbers in the future.

Currently under construction in Haguenau, France, the joint facility is expected to produce 4 million bipolar plates annually as of early 2024 and around 50 million plates a year by 2030. The Schaeffler Group is contributing to industrialization and series production with two of its most important technologies: high-precision forming and punching technology as well as innovative coating processes with internally developed coating recipes that address the specific requirements of fuel cells.

The Central Technology department is responsible for developing new material and coating solutions. < 📄

Electrolyzers

📄 > At the end of 2023, the Schaeffler Group received a test bench suitable for testing products with electrical power of several hundred kW. The test bench will be commissioned in 2024 and accelerate the development of new electrolysis products at the Herzogenaurach hydrogen competence center, eliminating a variety of obstacles such as the need to wait on external partners. Larger, scalable stack platforms for the megawatt range can also be tested. < 📄

📄 Information on the topic of research and development can be found on [page 15](#) et seq. of the Annual Report 2023.

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SOCIAL

Schaeffler Group employees make a significant contribution to the company's success. Their expertise, skills, dedication, and ingenuity are key to the continuous development and success of the company. The Schaeffler Group therefore supports the professional and personal development of its workforce. In addition, the company offers fair, performance-oriented payment and company pensions and helps to achieve work-life balance for its employees through flexible working time models. The Schaeffler Group ensures and continuously improves the quality of its products and processes by applying globally recognized norms and standards. This also includes dealing responsibly with social and ecological aspects in the supply chain. In the reporting year, the company further expanded its Human Rights Compliance Management System in view of systematic risk identification and reporting.



Diversity, employees, and people development

3.1 Diversity, employees, and people development

SDGs



At a glance

- The share of women in top management increased to 16.0% in the reporting year
- The Schaeffler Group actively promotes the further development of its employees

Workforce at a glance

☞ The Schaeffler Group is transitioning towards an emission-free and connected future. This change affects not only products, technologies, and business models but also the entire workforce and the corporate culture: Work processes and structures are changing equally fundamentally as tasks, job profiles, and collaboration within the Schaeffler Group. Schaeffler employees around the world contribute their commitment, skills, and ideas to help the Schaeffler Group master this change. This transformation is an opportunity for sustainable success for the company and its employees. The aim is to make the necessary changes for employees in a forward-looking and socially responsible manner.

The Schaeffler Group continuously invests in the qualifications of its own employees and at the same time recruits new employees with the skills required in the future. To attract and retain employees in the long term, the Schaeffler Group aims to foster an attractive and sustainable working environment that supports flexible forms of work. The company also promotes a management culture that aims to create a diverse, healthy, and safe working environment.

The human resources strategy comprises four core elements: (1) Active Sourcing and Recruiting, (2) Talent Management, (3) Training and Learning, and (4) Health, Safety, and Environmental Protection. There are also two overarching action fields: (1) Diversity and (2) Digitalization. The respective departments regularly report on key developments to the Human Resources Board department.

Schaeffler Group employees

	2023	2022	2021
Employees, total	83,362	82,773	82,981
Of which female ¹⁾	19,107	–	–
Of which male ¹⁾	64,255	–	–

¹⁾ Figure was first reported in 2023 reporting year.

In the reporting year, the Schaeffler Group employed 83,362 (prior year: 82,773) employees as at December 31, 2023. The average length of service of employees in 2023 was 12.4 years (prior year: 12.2). The average age of employees was 41.1 years (prior year: 40.9).

Distribution of employees by region ¹⁾

in percentage



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

Attractive working conditions

☞ As a global family business, the Schaeffler Group makes every effort to achieve the best work-life balance possible. All Schaeffler regions create conditions for working from anywhere. The formal regulations are specified by the applicable regional or local guidelines and laws. In Germany, the Schaeffler Group, as part of the “Future of Work” program, follows the approach of enabling the design of hybrid working models depending on work tasks, business requirements, and personal preferences. The respective managers are responsible for implementing the hybrid working models.

All managers and employees have access to a “Future of Work” guide with suggestions and tips for implementation. In addition, all employees have access to a workshop concept for developing a team working model. This includes, for example, job-sharing models, which can be achieved by individual coordination with a manager. In close cooperation, 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 models. Regional programs complement these requirements, for example, allowing employees to work from home after their parental leave. A mentoring program for returning to work after parental leave is provided for managers and, after coordination, also for employees without management responsibility.

Diversity, employees, and people development

Older employees have the option of reducing their working hours as part of partial retirement and also leaving the employment relationship early. 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. < (P)

Remuneration

(P) > The Schaeffler Group aims for fair wages for all employees. Wages are structured in a way to acquire and retain 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 functions of the individual countries. This system guarantees non-discriminatory determination of pay based on functions in the respective local markets. As established in the Code of Conduct, the company advocates an unprejudiced working environment that appreciates everyone. Varying pay for essentially the same work is primarily the result of different levels of relevant experience, expertise, and performance. Examples of selective, performance-related pay components in Germany are the collectively agreed performance appraisal or the variable pay system in the non-tariff sector. A profit-sharing model is being used in the Greater China region. < (P)

(P) More information on the pay relevance of Schaeffler's ESG targets can be found on [page 14](#).

around **97%**

of employees in Germany are covered by collective bargaining agreements

Consideration of employee interests

(P) > All employees have the opportunity to address their concerns directly. The company also works with employee representatives in a constructive interaction based on trust.

The Schaeffler Group respects the right of its employees to freedom of association and collective bargaining, which is also firmly established in the Code of Conduct. Because collective bargaining agreements are subject to country-specific provisions, these are negotiated locally. Collective bargaining agreements in Germany cover 97.1% (prior year: 97.2%) of employees. This also includes the management of the Schaeffler Group.

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 both parties. Internal relocation and normal fluctuation are also used as instruments.

Employee feedback is crucial to successfully and sustainably transform the company. To increase employee engagement and identify potential for improvement, the Schaeffler Group conducts employee surveys approximately every 18 months. The 2023 online survey was available to employees¹ in over 50 countries and 23 languages. Topics such as belonging and equal opportunities, leadership, collaboration, and communication were the focus. The survey also included questions on the perception of the Schaeffler brand and the digitalization of the workplace. Internal and external benchmarks are used in the evaluation. Overall, the results confirm a high level of employee satisfaction and a high degree of identification with the company. The Schaeffler Group communicates specific findings from the survey within the company. Global and local measures are recorded centrally and should subsequently help implement the identified potential for improvement.

¹ External employees, temporary workers, working students, and trainees were not included.

Diversity, employees, and people development

In addition, employees' experiences, for example, during the onboarding phase or when leaving the company, are recorded. In this context, surveys of employees who are leaving the company were piloted. These automated surveys are to be successively expanded and supplemented, for example, by new employee surveys during onboarding.

A 360 feedback tool is available to employees² and managers to promote individual development and obtain feedback on leadership and collaboration. Moderated workshops also allow for feedback from the team to the manager. < (P)

Diversity and equal opportunity

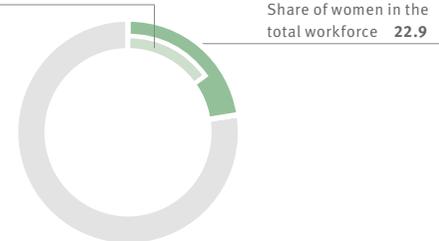
(P) > The Schaeffler Group values multicultural experiences and diversity of its employees and considers these the global organization's strengths. The differences and uniqueness of all employees promote innovation and make the company more competitive in the future. That is why the company strives to create a working environment without discrimination, intimidation, and harassment. Using various global measures, the company promotes equality and inclusion and aims to ensure that all employees feel valued and empowered to contribute their experience and ideas.

The Diversity and Inclusion strategy is based on the pillars of commitment, awareness, and transparency. It aims to firmly anchor diversity management in the company, make it more visible and reinforce issues of importance at all levels, especially at the management level. Among others, the aim is to achieve the target quota of 20% for women at the first two levels below the Board of Managing Directors by the end of 2025. In the reporting year, the ratio increased to 16.0% (prior year: 15.0%). This is because women are given greater consideration in succession planning, especially at the level directly below the Board of Managing Directors.

Proportion of women at Schaeffler Group

in percentage

Proportion of women in top management 16.0



There are targeted mentoring programs for female students and internal female talent, for example, on E-Mobility or in STEM³ subjects, to promote gender diversity within the company. Regular exchanges, workshops, and events give them valuable insights into the company's practices. In addition to these internal programs, cooperation with external companies and associations also aims to support women in building cross-industry networks and to enable their advancement to management positions. < (P)

Promotion and development

(P) > The accompanying Performance & Goal Management process is transparent for employees, designed to promote their individual performance and ongoing development. Managers and employees agree on individual goals and discuss behavior as well as the functional expertise required for a career within the Schaeffler Group. Development measures are discussed that are relevant both for the current position as well as for the potential next career step.

Annual Career & Succession Discussions are also held based on this. In these, the next career steps and early succession for key positions in the company are discussed.

The new Strategic Workforce Planning & Top Talent Management division was created this year to better align global talent management with different target groups within the company. In the future, it will translate the Group-wide strategy into the workforce-related priorities and implement a framework that will enable solid succession planning for defined key positions at L1 and L2 management level. It is also intended to promote the appointment of top talent to key positions. < (P)

² External employees, temporary workers, working students, and trainees are not included.

³ STEM is an umbrella term and stands for science, technology, engineering, and mathematics.

Diversity, employees, and people development

Employee training

☞ For the Schaeffler Group to successfully transform, the qualification of its own employees and a culture of lifelong learning are essential. The Schaeffler Academy organized retraining and training courses for employees as global qualification programs, such as Fit4Production, Fit4Digital, and Fit4Mechatronics. They include modular training courses with defined learning paths considering the different backgrounds of the respective target groups.

To implement the Schaeffler Group's sustainability strategy, it is important that all employees are aware of the relevant interconnections and actively participate in them. Since 2022, employees have the opportunity to learn more about climate change mitigation through voluntary online training, among other things. The climate training was completed by 2,566 (prior year: 1,627) employees in the reporting year.

446

web-based training courses are offered worldwide by Schaeffler Academy Germany

Overall, 446 online training courses were available to employees worldwide in the reporting year (prior year: 360). The average number of training and development hours per employee came to 8.0 hours in the reporting year (prior year: 7.4 hours). Employees have access to e-learning courses and classroom training sessions in the Learning Management System (LMS). In the reporting year, there were 102,943 participations (prior year: 93,724) in e-learning courses and 64,414 participations (prior year: 7,291) in classroom training sessions. The figures are reported on a global level starting in the 2023 reporting year. The increased participation in e-learning courses is due in part to the growing range of training courses. Mandatory training is excluded from the figures in order to increase voluntary learning in the company.

Qualification and training¹⁾

	2023	2022	2021
Web-based training courses offered, total ²⁾	446	360	250
Average number of hours of training and education per employee ³⁾	8.0	7.4	8.2
Of which male ³⁾	8.0	7.3	8.2
Of which female ³⁾	8.2	7.6	8.0
Total participation in e-learning courses ^{3) 4)}	102,943	93,724	169,795
Total participation in classroom training sessions ^{3) 4) 5)}	64,414	7,291	4,553

¹⁾ Key figures excl. Ewellix.

²⁾ Offered worldwide by the Schaeffler Academy Germany.

³⁾ Value starting in 2023 without mandatory training.

⁴⁾ Includes the global learning activities documented in the Learning Management System (LMS) for the first time as of 2023.

⁵⁾ Key figure collected worldwide for the first time in 2023.

Leadership training

☞ The Schaeffler Group's Leadership Essentials describe the behavior managers should exemplify across all levels in daily collaboration. The following human resources tools were adapted for this:

- Performance & Goal Management
- Hiring process
- Upward and global 360° feedback
- Programs and training for the continuous development of managers at local, regional, or global level

The flagship program is the Global Leadership Excellence Program, which was launched as a pilot program in 2022 and successfully continued in 2023. Each year, up to 30 managers selected from the top two management levels globally have the opportunity to engage in topics related to strategy, leadership, and sustainable value creation as part of the program. The core of the program consists of three modules that take place in the USA, Singapore, and Berlin. These are accompanied by virtual training sessions and management coaching. Two groups have already successfully completed their program; a third group started their learning journey with the kick-off in September 2023. < ☞

☞ The Schaeffler Group's Leadership Essentials are available at: [Our principles for good leadership](#)

3.2 Occupational health and safety

SDGs



At a glance

- The Lost Time Injury Rate (LTIR) was reduced again by around 10% to 2.7
- The “Safe Work@Schaeffler” project was launched at four additional locations in 2023 to raise awareness of occupational safety

Health promotion

Ⓢ > The working world is dominated by fundamental technological upheavals, growing competition worldwide, global climate and environmental influences, and demographic change. The Schaeffler Group therefore greatly values maintaining a healthy and safe working environment for all employees. Regional EHS coordinators are planning relevant projects in addition to the Schaeffler Group’s corporate health management (CHM). In addition, CHM officers organize corresponding measures at Schaeffler plants.⁴ The Schaeffler Group’s CHM is based on the framework guidelines of the Luxembourg Declaration on Workplace Health Promotion of the European Union.

In addition, sustainable projects in the areas of sustainable behavior, health promotion, and employee safety are being promoted as part of the “Sustainability & Engagement” sub-program in the associated “People” initiative. In an effort to promote the physical and mental wellbeing 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. These include preventive medical check-ups, online courses, and virtual training sessions that take place during and outside working hours.

The measures are intended to reduce general workplace stress, such as shift-specific challenges, psychological demands, and inadequate workplace ergonomics, and are aimed at promoting healthy behavior. The effectiveness of the measures is analyzed and evaluated locally through a management review. < Ⓢ

Reducing stress in the workplace

Ⓢ > Schaeffler’s health management considers the needs of employees in order to reduce stress in the workplace and implement consistent standards.

The focus is on raising awareness of occupational health and safety issues, among other things. For example, a global Health and Safety Day was held for the first time in 2023, which was carried out in all regions with online and face-to-face events. This first Global Health and Safety Day was dedicated to “Hearing and Noise”.

The Schaeffler Group also increasingly offers online training on “Mental health in the workplace” as well as internal and external counseling options for employees and managers. A global Mental Health Day was also held in 2023 under the slogan “Speak and be heard” with a wide range of online presentations and online workshops. Employees were able to take part in the events voluntarily during their working hours. < Ⓢ

Globally consistent occupational safety standards

Ⓢ > 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 and 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.

The coverage rate⁵ according to the ISO 45001 standard was 100% in the reporting year (prior year: 100%). The occupational safety standards impact not only the company’s own workforce but also, for example, service providers who work at a Schaeffler location.

According to the EnEHS management system, all executives and employees are required to comply with the occupational safety regulations. They are also obliged to report unsafe situations or hazards to their supervisors.

⁴ According to the scope of the Schaeffler Group EnEHS Management manual and valid certification rules.

⁵ Relating to plant employees.

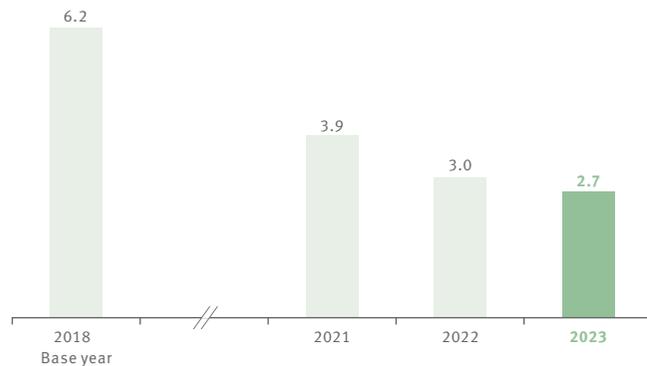
Occupational health and safety

Potential dangers are identified using activity and workplace-related risk assessments and evaluated to determine whether countermeasures need to be established. Managers are advised by occupational safety employees on how to fulfill their responsibilities in the respective production plants. The results relating to occupational safety are regularly discussed with the relevant Managing Directors of Schaeffler AG. If necessary, further action will be taken. In this way, the EnEHS management system is continuously developed.

The Schaeffler Group is committed to reducing the frequency of occupational accidents by an average of 10% annually by 2024. In the reporting period, the Lost Time Injury Rate (LTIR) was reduced to 2.7⁶ (prior year: 3.0), a decrease of around 10% compared to the prior year. The average annual reduction compared to the 2018 LTIR value is therefore still over 10%.

Development of work accident rate

LTIR



The majority of all work accidents were caused by human error such as inattentiveness. The “Safe Work@Schaeffler” project was optimized further to achieve the Schaeffler ESG target. The aim of the project is to raise the necessary awareness of occupational safety among all employees and executives. The project was launched at four additional locations in the 2023 reporting year. As a result, plant-specific measures were developed and again 82 (prior year: 82) safety awareness training sessions, including coaching, were held.

82

safety awareness training courses, including coaching, were offered in 2023

For the 2023 Short-Term Bonus, the target was set to reduce the LTIR to 2.6. At 2.7, the remuneration-related target was missed by 0.1. However, this figure continues the positive trend of reducing the accident rate by at least 10% annually since 2018. < (P)

⁶ Measurement of Lost Time Injury Rate, LTIR = occupational accidents from one lost day per 1 million hours worked. The 2023 figure does not include Ewellix, which was acquired in 2023. The Ewellix LTIR is 5.7 and was calculated according to a different definition. As at December 31, 2023, the Schaeffler Group had 82,119 employees (excluding Ewellix), and Ewellix had 1,243 employees.

3.3 Responsibility in society and the supply chain

SDGs



At a glance

- In 2023, the company published a statement on respect for human rights
- The Schaeffler Group values the responsible procurement of raw materials

Human rights

☞ As a global family business with a strong foundation in its values, respect for human rights is an indispensable part of corporate responsibility and corporate culture. The company also expects the same of its business partners. For this reason, the Schaeffler Group is committed to the UN Guiding Principles on Business and Human Rights, the principles of the UN Global Compact, the general human rights declaration, the initial eight conventions of the International Labour Organization (ILO), and more. It is also committed to complying with the international conventions on civil, political, economic, social, and cultural rights of the United Nations.

This focus of these values has also been anchored in the Code of Conduct. A policy and a statement on respect for human rights were developed and published on the Schaeffler intranet in 2023. The statement on respect for human rights can also be found on the Group website.

The company plans to develop the existing Supplier Code of Conduct into a Business Partner Code of Conduct in 2024. When drafting the Business Partner Code of Conduct, the focus is on relevant human rights topics. This involves not only compliance with the respective local legal provisions but also orientation towards the above-mentioned global frameworks. < ☞

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

☞ The statement on respect for human rights is available at: [Statement on respect for human rights](#)

☞ > Based on the existing management approach for human rights due diligence, the Schaeffler Group is expanding the Schaeffler Human Rights Compliance Management System (HRCMS) according to IDW AsS 980.

Human Rights Compliance Management System



Three key **objectives** were defined for the HRCMS in the reporting year. In addition to complying with applicable legal requirements, such as the Supply Chain Due Diligence Act (LkSG), the HRCMS focuses on fulfilling the voluntary commitments established in the Code of Conduct and supporting the fulfillment of customer requirements.

Since 2022, the company performs a risk analysis at least once a year, during which the most important human rights issues are assessed. The 2023 **risk** analysis focused on customers as well as indirect and direct suppliers from sectors for which there were increased human rights risks according to independent research reports. In the reporting year, the company extended the Human Rights Risk Assessment (HRRRA) in its own business area to all areas covered by the LkSG. This includes the following issues: discrimination, human trafficking, forced labor and modern slavery, living wages, maximum working hours, freedom of association and collective bargaining, child labor, use of security forces, land rights and indigenous populations, occupational health and safety, and the use of hazardous substances. This helps us identify and assess potential or actual risks to compliance with human rights in the company's own business area. The methodology initially includes identifying country- and sector-specific human rights risks. Building on this, a detailed, site-specific risk analysis is performed. Based on the priority risks identified – discrimination, freedom of association, and the use of security forces – preventive measures were defined and introduced for the Schaeffler Group, for example, online training for employees, to prevent potential violations and reduce human rights-related risks.

Responsibility in society and the supply chain

The **program** also includes a complaint mechanism: Both employees and third parties can report potential human rights violations via the Schaeffler Group's global whistleblowing system. In addition to various similar reporting channels, an electronic system is available in 20 languages and provides whistleblowers with a confidential, encrypted, and secure form of communication. Whistleblowing notifications can generally be provided in all languages. Notifications are reviewed by a team of responsible departments and specialists in internal investigation from the compliance function, if possible with the involvement of the whistleblower. This procedure for processing the information is defined by corresponding rules of procedure. Corrective measures to eliminate and remediate are initiated if a violation is confirmed. Relating to the Schaeffler Group's business partners, the company reserves the right to respond appropriately, from requesting that the violation be remedied immediately to taking legal action and terminating the business relationship. A total of 2 reports of discrimination were confirmed in the 2023 reporting year. Action was taken to remedy human rights violations for a total of 8 (prior year: 3) confirmed cases, including 6 incidents reported during prior years. The individual cases confirmed in the reporting period were all related to discrimination or harassment. As required by the LkSG, a description of the whistleblowing system – with a particular focus on information about process accessibility, responsibilities, and implementation – is publicly available. < (P)

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

(P) > The Schaeffler Group strives for an effective HRCMS that defines the operational and **organizational** structure, clear roles and responsibilities, as well as processes and procedures. Human rights issues are dealt with on an interdisciplinary basis and in close coordination between the various functions in all regions. The Purchasing function is primarily responsible for the supply chain, while the Human Resources function is responsible for the own business area. The Compliance function, which reports to the CEO, is responsible for the comprehensive coordination and organizational anchoring of governance responsibility for compliance with human rights.

The Schaeffler Group routinely reports on the status of the HRCMS and current issues related to human rights. Additional comprehensive **communication** measures were planned and implemented in the reporting year, such as training courses to raise employee awareness of human rights and inform them about the relevant internal regulations. Employees and executives have access to basic human rights training on the learning platform since mid-2023.

External stakeholders are regularly informed through the Sustainability Report and have been involved through regular consultations since 2022. These are intended to involve interest groups more closely in the HRCMS processes and to identify potential for improvement and development. Parts of the HRCMS, such as the performance of a risk assessment, were extended to certain customers and business partners in the reporting year that are relevant in the scope of the EU Taxonomy.

The UK Modern Slavery Act also requires companies to report annually on their commitment to protecting human rights along their value chain. Schaeffler (UK) Ltd. published a corresponding statement. < (P)

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

(P) > The **effectiveness** of the measures and processes taken, including the whistleblowing system, is reviewed regularly and on an ad hoc basis using predefined effectiveness criteria for individual cases. When designing measures and processes to address prioritized human rights issues or confirmed incidents, it is regularly defined in advance which objectives are to be achieved by the measures or processes. < (P)

Sustainability in the supply chain

(P) > The challenges and standards to be fulfilled regarding sustainability in the supply chain increased in the reporting year, not only due to the company's focus but also due to growing legal and customer requirements. The complexity of the topic requires coordinated and consistently planned procedures.

Starting in January 2023, the "Human rights in the supply network" training was defined as mandatory for Schaeffler employees in the purchasing function. A free training offer on human rights due diligence is available to suppliers via a known external provider. < (P)

 Purchasing & Supplier Management of the Schaeffler Group at: [Purchasing & Supplier Management](#)

Responsibility in society and the supply chain

Ⓟ > In the 2023 reporting year, the Schaeffler Group focused on the requirements of the German Supply Chain Due Diligence Act (LkSG). As a key element of these requirements, the Schaeffler Group conducted a risk analysis of all direct suppliers. This is used to determine the individual risk potential of the direct supplier. This includes all suppliers that have had revenue with the Schaeffler Group in the past 24 months. Risks are identified for each procurement or service category and measures on human rights processes already implemented by the supplier are considered. In addition, the Schaeffler Group conducted corresponding ad hoc risk analyses in cases where substantiated knowledge of a potential incident at indirect business partners was obtained. This made it possible to assess and minimize potential risks for those affected. Potential risks were identified by external service providers using statistical analyses.

In 2023, a process for addressing and tracking measures for high-risk suppliers was rolled out. The process followed a defined escalation path to eliminate potential supplier risks in a targeted and consistent manner. A sustainability team at the Shared Service Center in Wrocław (Poland) follows the tracking of measures according to the risk analysis to implementation.

The activities include the use of standardized surveys (self-assessment questionnaires, SAQs) from the Drive Sustainability Initiative, which can be shared with other customers free of charge by the supplier. In the reporting year, additional relevant suppliers received questionnaires as a result of the risk analysis. The Schaeffler Group Supplier Code of Conduct remains an important element in communication and transfer of requirements, in addition to other contractual components.

Stakeholders and affected groups are involved in the annual stakeholder dialog, to which supplier representatives are invited.

In the 2023 reporting year, the company's commitment as a founding member of the Responsible Supply Chain Initiative (RSCI)⁷ increased by planning social audits at relevant high-risk suppliers with some already performed. Suppliers also have the opportunity to share the results with other customers to avoid duplicate audits.

Further measures and development of internal systems and analyses consider the requirements of the LkSG, among other things, in the annual review of the risk analysis or ad hoc analyses if there are relevant changes in business activities.

The human rights due diligence of indirect suppliers was also conducted in selected regions under consideration of the corresponding sanction requirements. < Ⓟ

Ⓞ More information on the risk analysis at: [Statement on respect of human rights](#)

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

Critical raw materials

Ⓟ > Responsible sourcing of raw materials such as tin, tungsten, tantalum, and gold is an important issue for the Schaeffler Group, as the sale of these can be used to finance armed conflicts and contribute to human rights violations in some countries.

The company uses the Reasonable Country of Origin Inquiries (RCOI) procedure to ascertain from which regions sub-tier suppliers source components with critical materials, and, where appropriate, initiate targeted supply chain actions. The company's approach corresponds to the OECD Due Diligence Five Steps Framework. As a final step, the company reserves the right to issue "New business on hold" to suspicious suppliers.

⁷ The Responsible Supply Chain Initiative (RSCI) e.V. is a sustainability initiative under the auspices of the VDA and consists of a group of companies and organizations from the automotive industry. The RSCI supports its members in creating transparency along global supply chains and establishing sustainability using a specially developed assessment standard.

Responsibility in society and the supply chain

The annual survey of certified smelting plants is performed using templates from the Responsible Minerals Initiative (RMI). Compared to the prior year, the response rate⁸ of the direct suppliers surveyed, including information regarding their suppliers, on the use of conflict minerals increased to 88.6%⁹ (prior year: 87.4%)¹⁰ in the reporting year. In 2023, 92.5%⁹ (prior year: 96.3%) of the smelting plants reported from the upstream supply chain are certified by the RMI or are not located in the risk areas defined by the RCOI. Though it continues to be high, the coverage rate of certified smelting plants is falling again due in part to an increase in military and economic conflicts. The Schaeffler Group's Conflict Minerals Report summarizes the findings and is provided to customers on request. A report on the materials cobalt and mica is also available.

Transparency across the supply chain

in percentage

	2023	2022	2021
Response rate of surveyed suppliers on the use of conflict minerals ¹⁾	88.6	87.4	87.5
Coverage rate of certified smelters in the supply chain ²⁾	92.5	96.3	99.7

¹⁾ Response rate of suppliers surveyed on the use of conflict minerals as defined under the Responsible Minerals Initiative. 2023 value checked in interim status in December 2023. 2022 figure adjusted compared to Sustainability Report 2022 in accordance with the regular survey period. Regular survey period from March to February of the following year.

²⁾ Smelters certified by the Responsible Minerals Initiative or not located in risk areas as defined in the RCOI. 2023 value checked in interim status in December 2023. Regular survey period from March to February of the following year.

Furthermore, the Schaeffler Group has been a member of the Initiative for Responsible Mining Assurance (IRMA) since 2021, which focuses on threats to indigenous communities in addition to general priorities such as avoiding negative environmental impacts and human rights violations in connection with mining processes, transportation and trade of critical raw materials, and direct or indirect support for armed groups or private security forces.

Based on the Material Change Report¹¹, the Schaeffler Group defined a list of materials with high priority. All relevant suppliers were contacted in accordance with the OECD guidelines. Following efforts for raising awareness in the supply chain in 2022, the aim in the reporting year was to increase the feedback rate, supported by more in-depth education of suppliers in the area of critical raw materials. Results were provided to customers on request. The company also developed and published a guideline for critical raw materials in 2022. < 



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

⁸ Response rate of relevant suppliers surveyed on the use of conflict minerals as defined under the Responsible Minerals Initiative.

⁹ 2023 value checked in interim status in December 2023.

¹⁰ Survey period from March to February of the following year.

¹¹ Published as part of the Drive Sustainability initiative of the original equipment manufacturers (OEM).

3.4 Product safety and integrity



At a glance

- Product integrity is at the center of the company to ensure the safety and integrity of Schaeffler products
- So far, 20 initiatives have been defined for the SHAPE quality program and will be implemented by 2025

Product quality

☞ The company improves the quality of its products and processes with a variety of tools: All Schaeffler Group plants¹² have certified management systems in accordance with globally recognized quality standards and regulations. The company, among other things, has successfully implemented the requirements of the following certification-relevant standards in all Schaeffler plants concerned worldwide:

- IATF 16949:2016 quality management system, automotive industry standard
- ISO 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 system, 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 internal and external audits.

To continue to meet the Schaeffler Group's high quality standards, the company follows the SHAPE quality program. Within this scope, 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

So far, 20 initiatives have been defined for SHAPE, which should be successively completed by 2025. Potential through digitalization is used and implemented in a targeted manner. One of the initiatives is the introduction of a CAQ system,¹³ which is expected to be rolled out in all plants by 2028. SHAPE is an integral part of the Execution Program 2025 and is represented in the three cross-divisional sub-programs RACE, SCALE, and VALUE. SHAPE also supports the achievement of targets in two cross-divisional sub-programs (Digitalization & IT and Innovation & Technology). Together with the Execution Program, SHAPE is scheduled for completion in 2025. ☞

Technical compliance

☞ Product integrity is a key element in meeting regulatory and societal expectations regarding the safety and conformity of Schaeffler products. For this, the Schaeffler Group uses a Technical Compliance Management System (TCMS) with standardized and auditable processes according to a comprehensive risk-based approach. The TCMS includes management systems for integrated product safety, functional safety, and product cybersecurity. The latter aims in particular to minimize technical risks due to the increasing connectivity of products. The Technical Compliance team is represented at a national and international level in committees on product safety, functional safety, and product cybersecurity management systems.

With the integration of these management systems into the "Technical Compliance" organization in 2022, the comprehensive safety and conformity assessment of products and services was continuously improved in line with the company values.

The Schaeffler Group identifies potential hazards that may arise from products as part of the product development process. The company assesses potential risks and implements suitable technical and procedural measures to minimize risks according to the current state of knowledge and technology. Potential risks posed by products that may have a negative impact during use are managed based on established product and market observation procedures.

¹² According to the scope of the Schaeffler Group's management manual and valid certification rules.

¹³ A Computer Aided Quality (CAQ) system maps the operational implementation of all quality management processes as well as interfaces to planning and control systems.

Product safety and integrity

The integrated product safety management system is also intended to adequately implement compliance with the new European Regulation (EU) 2023/988 of the European Parliament and of the Council of May 10, 2023, on general product safety. The Chinese Decree of Administrative Regulations No. 75 and No. 76 on Monitoring the Implementation of Primary Responsibility for Quality and Safety in the Distribution of Industrial Products, issued in April 2023 by the State Administration for Market Supervision and Administration, is to be implemented by the Schaeffler Group's Product Safety and Conformity Representatives (PSCR) network. These PSCRs are continuously trained in combined online and face-to-face training. This training includes defining and justifying functional or characteristic safety objectives for new products or applications. Information on new or amended reporting obligations required by the authorities and relating to unsafe products in circulation are also included in the PSCR training.

In the reporting year, product liability cases¹⁴ were avoided through the standard company processes and the integrated product safety management system.

A primary goal of the Schaeffler Group is brand protection and fighting product piracy in an effort to further increase the high level of product safety for its customers and other stakeholders. The brand protection strategy aims, among other things, to force counterfeits out of the market worldwide – especially on civil and criminal-law measures. The company is also focused on increasing market participant awareness and knowledge about this topic. In addition, the Schaeffler Group supports its authorized resellers with training courses, authentication offers, and in-house trade fairs. In the context of product monitoring, these measures also serve to minimize product liability risk for counterfeit products. < (P)

¹⁴ Product liability cases (pursuant to product liability law) are claims by end users against the Schaeffler Group for compensation for damage that occurred at the end user's location as a result of a safety-related product defect.

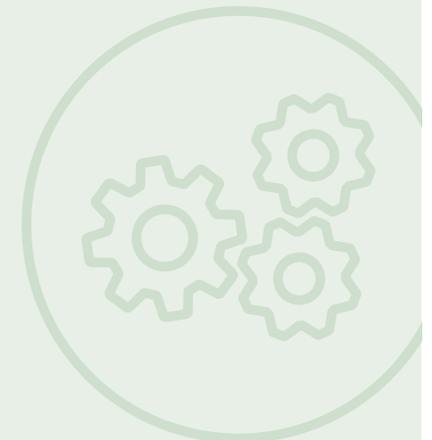
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GOVERNANCE

Business integrity in the Schaeffler Group is a high priority. Business activities must always be in line with the values of Sustainable, Innovative, Excellent, and Passionate. Clear responsibilities, defined rules, and transparent processes are key pillars of the Schaeffler Group's success. The company has therefore established a company-wide compliance management system to ensure that it acts in accordance with its values and standards. The tasks of the governance functions also include monitoring and control of relevant business risks and compliance with corporate due diligence obligations. The Schaeffler Group's risk management system allows it to identify opportunities and risks early on and manage them in accordance with its risk strategy. Information and cybersecurity measures are designed to protect confidential information from illegal access or misuse.



4.1 Corporate governance

At a glance

- The Board of Managing Directors acts in the interests of the company to achieve sustainable value creation
- The Governance, Risk & Compliance Committee (GRCC) began its work at the start of 2023

Governance structure

☞ The Schaeffler Group is managed by the Board of Managing Directors of Schaeffler AG. In addition to the Chief Executive Officer (Group CEO), the members of the Board of Managing Directors are part of this board. It aligns its actions and decisions with the interests of the company, i.e., considering the interests of shareholders, employees, and other interest groups (stakeholders) associated with the company to achieve the goal of sustainable value creation. The members of the Board of Managing Directors conduct business in accordance with the law, the Articles of Association, and internal regulations. In doing so, they must observe the reservation of consent set out in the Supervisory Board's internal regulations. The Board of Managing Directors has direct responsibility for managing the company, defines the objectives and strategic direction, coordinates these with the Supervisory Board, manages the implementation of the corporate strategy, and regularly discusses the status of implementation with the Supervisory Board. The Chief Executive Officer (Group CEO) coordinates the management of the company and the Schaeffler Group. The Board of Managing Directors of Schaeffler AG consists of eight members. The proportion of female employees in the reporting year remained unchanged at 12.5%.

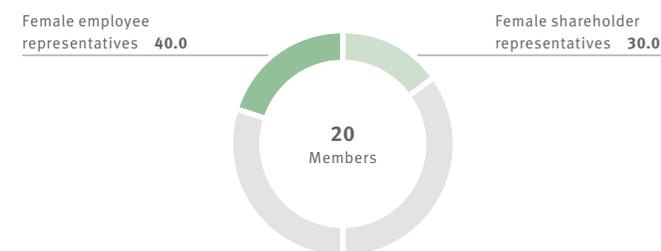
In addition to the divisions and functions, the matrix organization includes the regions Europe, Americas, Greater China, and Asia/Pacific, each of which is headed by a regional CEO. The regional CEOs report directly to the Chief Executive Officer. The regional CEOs and the Board of Managing Directors form the Executive Board of the Schaeffler Group. The management structure thus reflects the organizational structure.

The task of the Supervisory Board is to advise and monitor the Board of Managing Directors in its management of the company. The Board of Managing Directors must involve the Supervisory Board in decisions critical to the company. For this purpose, the internal regulations govern for the Supervisory Board which legal transactions and measures of the Board of Managing Directors require the approval of the Supervisory Board or the Executive Committee. The Supervisory Board performs its activities according to the statutory provisions, the Articles of Association, and the internal regulations. For the Supervisory Board the internal regulations govern its organization and work.

The Chairman of the Supervisory Board coordinates the work of the Supervisory Board, which is made up of 20 members. Of these, ten members are appointed by resolution of the Annual General Meeting and ten members are elected by the employees according to the provisions of the Co-Determination Act. The term of the shareholder representatives on the Supervisory Board ends at the conclusion of the 2024 Annual General Meeting. The term of the employee representatives ends with the conclusion of the 2025 Annual General Meeting.

Schaeffler AG Supervisory Board

in percentage



As at December 31, 2023, 90% (prior year: 80%) of the shareholder representatives on the Supervisory Board were elected independently. Maria-Elisabeth Schaeffler-Thumann resigned from the Schaeffler AG Supervisory Board on April 20, 2023. The number of independent members of the Supervisory Board has increased with the appointment of Katherina Reiche. The proportion of female members on Schaeffler AG's Supervisory Board remained unchanged at 35% during the year, consisting of four female employee representatives and three female shareholder representatives. < ☞

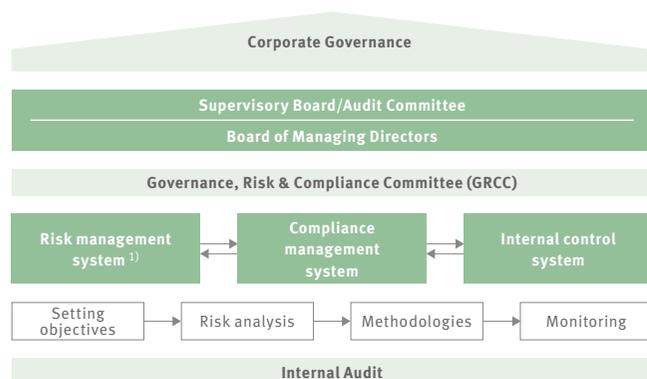
☞ More information on the expertise profiles of the shareholder representatives of Schaeffler AG can be found on [page 54](#) et seq. of the Annual Report 2023.

☞ More information on the company's executive bodies can be found on [page 74](#) et seq. of the Annual Report 2023.

Corporate governance

➤ The Governance, Risk & Compliance Committee (GRCC) is an important part of governance, which began its work at the beginning of 2023 under the supervision of the CEO and CFO. The GRCC provides an overview of the completeness of coverage of relevant governance, risk, and compliance management requirements. It oversees their appropriate, effective, and consistent implementation and coordinates the integrated reporting on this. The GRCC also aims to promote a holistic view of significant risks for the company.

Schaeffler Group governance structure



¹⁾ With Financial Risk Committee.

The GRCC is supported by the Group Compliance and Risk Council (GCRC). It increases transparency in internal structures, organization, and responsibilities. The Group Chief Compliance Officer of the Schaeffler Group chairs the GCRC, which is made up of those responsible for the relevant governance functions (including compliance, legal, risk management, internal control system, and internal audit). The GCRC is tasked with supporting the Board of Managing Directors in its organizational duties regarding compliance and risk management. The main objectives of the GCRC are to define and delineate responsibilities and interactions and to avoid redundancies. It is also expected to create a consistent and complete view of the risk situation in the divisions, functions, and regions based on a standardized method of assessment and prioritization. Another goal of the GCRC is to develop and monitor risk reduction measures. The Compliance & Risk Working Group provides operational support to the GCRC. This is made up of staff representatives from the functions represented on the GCRC. < ➤

➤ More information on the governance structure can be found on [page 71](#) et seq. of the Annual Report 2023.

➤ More information on the governance of sustainability issues can be found starting on [page 15](#) et seq.

Risk management

➤ The Schaeffler Group deliberately takes calculated business risks to achieve its corporate objectives and thus implement its corporate strategy and utilize 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, finances, or income. The Executive Board has set a threshold of EUR 5 million. Risks that are identified and assessed to be above this are included in the risk inventory. This includes risks related to the Schaeffler Group's business operations, business relationships, or products and services. Climate risks are also part of the risk management system.

With the integration of the non-financial ESG risks into the top-down risk assessment process of the Schaeffler Group's risk management system, the non-financial risk impact of the five reportable aspects in accordance with Section 289c HGB – in addition to the evaluation of their financial risk impact – is assessed using a similar assessment logic. The risk survey showed that there were no reportable risks in the 2023 reporting year in accordance with CSR-RUG (Section 289c (3) HGB).

As proactive risk management, the Energy, Environment, Health and Safety (EnEHS) management system also serves to identify and avoid systematic risks and potential negative impacts of the Schaeffler Group on the environment and occupational health and safety at an early stage. < ➤

➤ More information on the Schaeffler Group's opportunity and risk reporting can be found on [page 42](#) et seq. of the Annual Report 2023.

Opportunities and risks as a result of climate change

☞ > In addition to analyzing the above non-financial ESG risks, the Schaeffler Group is also continuously developing the analysis of climate-related opportunities and risks in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The company analyzes various physical risks in the scope of climate scenarios. For the analysis, the Schaeffler Group selected the “Sustainable Development Scenario” of the International Energy Agency as the optimistic and the “RCP 8.5” from the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) as the pessimistic physical climate scenario. The parameters, assumptions, and analysis methods contained therein remained unchanged. The results then served as the basis for developing scenario-specific action plans with climate-relevant objectives.

Climate-related risks are included in the Schaeffler Group’s risk management system. Climate-related risks can be identified in all risk categories as strategic, operational, legal or financial. “Strategic” includes risks that relate to a changed market situation (e.g., the transition to e-mobility). “Legal” includes, for example, risks in connection with current and future climate-related regulations. “Operational” includes, for example, acute physical risks that lead to production downtime. The assessed risks and opportunities are updated in the risk management tool within a predefined structure designed to ensure standardized documentation. A qualitative assessment is provided if the amount of damage cannot be determined in monetary terms, for example, the reputational damage is assessed qualitatively according to its relevance to the public interest (low, medium, high).

Risks as a result of climate change

Regulations	Carbon prices or taxes could lead to rising costs for energy, transportation services, or raw materials – and thus to rising production costs.
Market	Various mechanical components will no longer be needed in the future. Future demand is considered regarding OEMs, for example, in part using scenario analyses.
Technology	The switch to lower-emission technologies requires the increased development and manufacture of products and system solutions, such as for the electrification of the powertrain.
Legal conditions	Despite increasing global regulations, the Schaeffler Group is currently not directly affected by climate-related laws and regulations in most cases. The Schaeffler Group continues to closely monitor regulatory developments through the relevant departments.
Reputation	Increased awareness of various aspects of climate change also leads to higher stakeholder expectations, e.g., for improved carbon efficiency or neutrality. Unfulfilled expectations potentially lead to reputational damage impacting share prices, profits and balance sheets, as well as potentially less measurable impacts such as continued brand deterioration.
Acute and chronic physical climate risks	Increased severity and frequency of extreme weather events such as hurricanes and floods can have an impact on operations or the supply chain. Chronic physical risks are particularly relevant regarding areas of high water stress in India, Mexico, China, and Romania. Other plants in Germany, South Africa, Spain, and the USA are expected to be under high water stress over the next decade. For the Schaeffler Group, this results in an increased need for adaptation (investments), new regulations, and technological changes, for example for water usage or recycling.

The risk response includes all measures that mitigate the effects of the risk. These include risk avoidance (the risk is eliminated by avoiding risk-bearing transactions or processes), risk mitigation (the extent of damage or probability of occurrence is reduced through suitable measures), risk transfer (the risk is transferred to another risk carrier), and risk acceptance (which means that all risks that are not mitigated, prevented, or transferred to another risk carrier must be tolerated as business risks).

The global demand for renewable energy is growing as part of global climate change and as a result of climate policy. The Schaeffler Group supports the expansion of renewable energy production with the necessary components and solutions. With innovative bearing solutions for wind turbines in particular, the Schaeffler Group helps to make wind turbines more reliable and reduce the costs of renewable energy production. Opportunities for the product portfolio or regarding the Schaeffler Group’s employees are explained in the respective chapters. < ☞



More information on all TCFD requirements can be found at: [Schaeffler CDP climate report](#)

4.2 Business integrity



At a glance

- The Schaeffler Group relies on compliance management systems in its corporate governance structure
- The company introduced a refresher course of the basic training course “Integrity & Security@Schaeffler” in 2023

Compliance

Ⓟ Integrity and compliance are significant cornerstones of the Schaeffler Group’s manner of conducting business and are established in the Code of Conduct. The corporate culture is promoted by the values and principles of the Code of Conduct, which must be observed by the members of the Executive Board of the Schaeffler Group, executives, and employees. The Schaeffler Group expects all employees to feel responsible for compliance with the Code of Conduct and to support others in complying with it. Employees must therefore confirm compliance with the Code of Conduct electronically as part of the “Integrity & Security@Schaeffler” training. The relevant guidelines are part of the training and are also available on the intranet. The Schaeffler Group also expects its business partners to comply with the values and principles of the Code of Conduct.

To uphold its values and standards, the Schaeffler Group maintains compliance management systems (CMSs) within the framework of the overarching corporate governance structure, as well as a compliance organization that incorporates the entire Schaeffler Group.

Management of the compliance organization is the responsibility of the Group Chief Compliance Officer of the Schaeffler Group, who reports directly to the Chief Executive Officer. The Group Chief Compliance Officer also has a reporting line to the Chairman of the Supervisory Board and reports regularly to the chair of the audit committee.

The Board of Managing Directors delegated responsibility to the Group Chief Compliance Officer for ensuring a consistent approach to the implementation of all compliance requirements in line with accepted industry (ISO 27001) and auditing standards (IDW AsS 980). With this transfer of methodological expertise for different management systems, the Schaeffler Group pursues a holistic approach in its governance structure.

The compliance management system is based on the seven core elements of IDW AsS 980: compliance culture, compliance objectives, compliance risks, compliance program, compliance organization, communication, as well as compliance monitoring and improvement.

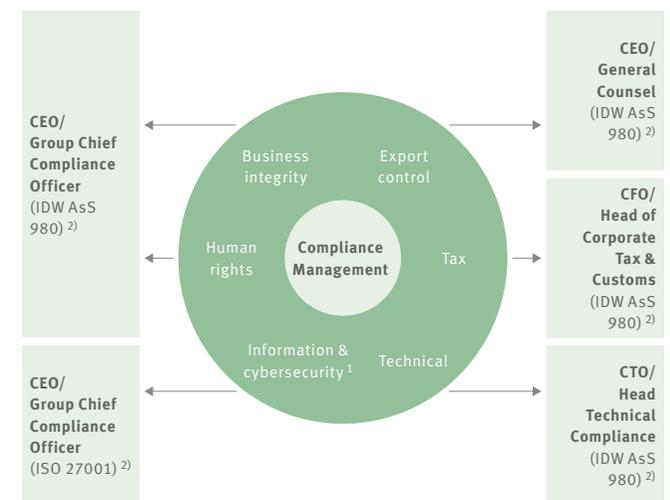
The Human Rights CMS serves not only to ensure compliance with statutory due diligence (in particular the German Supply Chain Due Diligence Act) but also to respect human rights, which are underlined by various voluntary commitments of the Schaeffler Group.

📖 More information on the Human Rights CMS can be found on [page 42](#).

The Export Control CMS serves to ensure that Schaeffler Group business dealings with third parties do not violate economic embargoes, trade regulations, import and export control requirements, or requirements to prevent the financing of terrorism.

The Business Integrity CMS includes, in particular, the control and monitoring of the necessary activities for the prevention or early detection of legal violations with regard to corruption, money laundering, competition and antitrust law, and business crime violations. It also supports active risk control and has a protective function for both the Schaeffler Group and its employees. In 2022, an interdependent auditing company confirmed the appropriateness, implementation, and effectiveness of the Business Integrity CMS in accordance with the IDW AsS 980 standard for auditing compliance management systems. The audit of the compliance management system in the areas of anti-corruption, antitrust law, and prevention of business crime violations covered the entire Schaeffler Group. Ⓟ

Compliance management focal points



¹⁾ Including data privacy in accordance with ISO 27701.

²⁾ Aligned with assurance/industry standards.

Business integrity

Ⓢ > The confirmation of the appropriateness and implementation of the Tax CMS and the Export Control CMS by independent auditing firms took place in 2020 and 2021, respectively. An audit of the effectiveness of the Tax CMS in accordance with IDW AsS 980 began in the reporting year, with results expected in 2024. The start of such an effectiveness test in accordance with IDW AsS 980 is also planned for the Export Control CMS in 2024 and for the Technical CMS in 2025.

To prevent corruption and bribery, benefits may only be granted or accepted under certain conditions. Benefits include gifts, hospitality, participation in events, and the assumption of travel and accommodation costs for business partners or third parties. Contributions to persons in official positions are only permitted to a very limited extent. Conflicts of interest must be avoided. Existing conflicts of interest must be disclosed to the leadership and resolved.

To prevent money laundering and terrorist financing, cash transactions in excess of EUR 10,000 are prohibited. Financial transactions that could provide grounds for suspicion of money laundering or terrorist financing must be reported.

The Schaeffler Group also introduced various compliance processes to support employees in complying with internal and legal requirements. These include, for example, the regulation of compliance with antitrust and competition law, which regulates, among other things, interaction with competitors (horizontal) and suppliers, customers, and dealers (vertical). Especially among competitors, regulations containing core restrictions prohibit price fixing, agreements on conditions and quantities, quantity restrictions, as well as sales area and customer allocations agreements. A digital Competitor Contacts and Associations Register¹

promotes internal transparency and thus supports the approval process for competitor contacts. The antitrust policy also defines unacceptable, coordinated behavior in various scenarios, for example, 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 issues regulated by antitrust and competition law.

Beyond this, the Schaeffler Group has group-specific compliance regulations on donations and compliance checks of business partners. Accordingly, no donations may be made to political parties, their representatives, politicians and elected officials or candidates for political office, or to individuals. 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 – for example, dealers, sales agents, and consultants – must also undergo an in-depth business partner assessment. < Ⓢ

Compliance training

Ⓢ > The Schaeffler Group uses a systematic and target group-specific training program to provide its employees and managers with the necessary understanding of compliance and to raise their awareness of compliance risks in their everyday business.

They are familiarized with the Schaeffler Group's Code of Conduct and the relevant Group policies in online and face-to-face training sessions. The training courses are continuously developed and adapted to the employees' areas of responsibility. In accordance with the risk-based approach, the training courses covered topics such as integrity, the new Schaeffler Group Code of Conduct, competition and antitrust law, and anti-corruption and export control compliance.

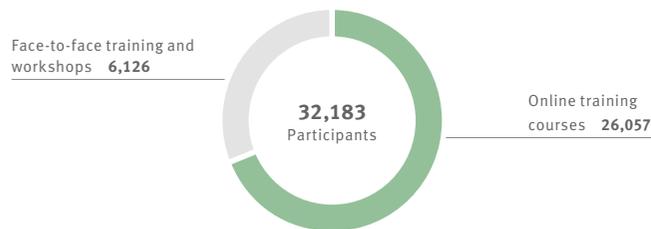
The Schaeffler Group established the “Horizon Next” integrity workshop in the Europe region to anchor value-based compliance within the organization. It aims to promote awareness of integrity by encouraging participants to reflect on their internal value system with the aid of interactive case studies.

Online training courses contribute to a fundamental understanding of compliance issues at all levels of the company. They also refer to the whistleblowing system and its handling. The training courses are continuously developed and tailored to the workforce's profile. In addition to the basic training course “Integrity & Security@Schaeffler”, additional online advanced courses are available on the topics of preventing corruption and observing antitrust and competition law. 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. In the reporting year, a refresher course on “Integrity & Security@Schaeffler” was rolled out, which must be completed annually by executives and employees.

¹ The Competitor Contacts and Associations Register, CARE, is a database containing information on trade associations and their potential competition law risks.

Business integrity

Participants in compliance training



A total of 26,057 people² (prior year: 9,926) took part in online training courses on compliance in the reporting period. One of the reasons for this increase is the required training course “Refreshing Integrity & Security @Schaeffler”. 96.3%³ (prior year: 95.6%) of invitations to mandatory online compliance training courses were accepted in 2023. This compliance rate in the reporting period therefore exceeded the targeted level of 95%. This 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. Furthermore, 6,126 employees (prior year: 4,476) were trained in face-to-face courses and workshops. This increase is the result of the easing of coronavirus protection measures, particularly in the Greater China region. Both the face-to-face and online training courses on compliance focus on business integrity. < (F)

Due diligence and whistleblowing system

(F) > As a part of the central competence team for compliance, the “Forensics & Investigations” department is responsible for the independent investigation of alleged violations. The Internal Audit department also conducts annual process-specific checks in Schaeffler companies as part of governance audits using a risk-based approach. This applies in particular to the approval process for competitor contacts and donations as well as compliance training.

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. In addition to various similar reporting channels, information on potential violations, in particular illegal business practices, can also be submitted using the globally accessible whistleblowing system. It is available in 20 languages and allows whistleblowers to communicate confidentially, encrypted and securely. Information can generally be provided in all languages.

The reporting channels and the procedure for investigating reports are defined in the rules of procedure for the whistleblowing system. It also determines the measures for protection of whistleblowers. As part of the implementation of the Supply Chain Due Diligence Act, the reportable topics were adjusted.

The organizational structure enables an independent and comprehensive investigation of any compliance violations. In the event of violations, all appropriate and legally permissible measures are taken, up to the extraordinary termination of employment relationships. Retaliation against employees or external persons who express concerns or provide information about misconduct within the company is prohibited and itself represents a serious violation of the Schaeffler Group’s Code of Conduct.

The Group Chief Compliance Officer reports quarterly to the Board of Managing Directors of Schaeffler AG on potential compliance violations, which were submitted to the Forensics & Investigations department. Reporting includes the number and, if applicable, details of indications of potential misconduct, compliance investigations performed, and issues in which misconduct was identified. In the event of significant compliance investigations, ad hoc reports are also submitted to the Board of Managing Directors. Issues are particularly significant if the Schaeffler Group is threatened with fines or in the event of official investigations.

The Compliance & Corporate Security and Mergers & Acquisitions (M&A) departments cooperate on all M&A projects. In addition to the initial compliance review of the transaction partners, the Compliance & Corporate Security department is responsible for performing compliance and corporate security M&A due diligence and votes on the M&A resolution proposals. The Compliance & Corporate Security department is also responsible for the implementation of management systems for compliance, information and cybersecurity, data privacy, and a site security concept following an acquisition. < (F)

(F) The Schaeffler Group’s whistleblowing system is available at: [Whistleblowing System Schaeffler Group](#)

² Employees, including temporary office staff, trainees in apprenticeship, trainees, 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 mandatory training courses had not yet passed by the end of the year.

Data Privacy, Information, and IT Security

Ⓢ > Protecting personal rights is a high priority for the Schaeffler Group and is therefore part of the Code of Conduct. Data belonging to business partners and employees is processed 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 in this. This officer is assigned to the Compliance & Corporate Security division and thus to the Chief Executive Officer's division. The Schaeffler Group has an IT security by design process that is based on national and international standards. This takes IT security into account even during the early phase of system and application development. Protective measures are integrated into the process and monitored on the basis of the corresponding protection requirements.

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. These measures are continuously optimized. They are based on the ISO/IEC 27001 standard, take national and industry-specific regulations into account and, where necessary, fulfill the VDA-ISA standard within the framework of Trusted Information Security Assessment Exchange (TISAX).

These are some of the topics reinforced by the Information & Cybersecurity program in the reporting year:

- Implementation of global phishing simulations
- Development of Silver Rules ⁴ for the use of Generative Artificial Intelligence in the company
- Preparatory measures for new legal provisions on information security
- Implementation of technical measures in the IT and OT environment to continuously increase cyber resilience
- Intensification of awareness measures and training on information security
- Further development of the information security management system (ISMS) < Ⓢ

⁴ Silver Rules represent principles of specific application areas, such as generative AI.

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FURTHER INFORMATION



5.1 EU Taxonomy reporting

Ⓢ > Articles 3 and 9 of the Taxonomy Regulation (EU) 2020/852 (Taxonomy) require Schaeffler AG to disclose turnover, capital expenditure (CapEx), and operating expenditure (OpEx) related to environmentally sustainable economic activities for the Schaeffler Group. To enable comparison of companies, the Taxonomy Regulation prescribes a classification system for environmentally sustainable activities. Based on the 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 to the other five environmental objectives (Do no significant harm, DNSH)
3. Compliance with minimum social and governance requirements (minimum safeguards)

For the 2023 reporting year, taxonomy eligibility and alignment are to be reported for the first two environmental objectives and, for the first time, taxonomy eligibility for the other four environmental objectives. The Schaeffler Group refrains from voluntarily reporting on the taxonomy alignment of new economic activities in all six environmental objectives. < Ⓢ

General assumptions

Ⓢ > As part of the EU 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 an 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 assessment 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, internal guidelines, and the measures undertaken to minimize risk, 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. The results do not reveal significant harm as specified in Appendix B. The taxonomy-relevant activities fulfill the requirements outlined in Appendix C, 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 the basis of the economic activity. < Ⓢ

Assessment of minimum safeguards

Ⓢ > The assessment of minimum safeguards focused on human rights, anti-corruption, fair competition, and taxation with reference to the recommendations made by the Platform on Sustainable Finance, and examined 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

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4. Track implementation and results

5. Communicate how impacts are addressed

6. Provide for or cooperate in remediation when appropriate

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

The requirements for minimum safeguards are communicated both internally and to all business partners, including direct and indirect 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 and preventive and control measures are carried out regularly. Potential violations in any of the areas can be reported through the Schaeffler Group's whistleblowing system.

The Board of Managing Directors of Schaeffler AG 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 directly or indirectly 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". An audit of the effectiveness of the Tax CMS was launched in accordance with IDW AsS 980 in the reporting year, with results expected in 2024.

The Schaeffler Group did not have any convictions in any of these four areas in the reporting year, which indicates that the existing management systems are effective.

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



More information on the topic of human rights can be found on [page 42](#) et seq.



More information on the topic of compliance, including anti-corruption and fair competition, can be found on [page 52](#) et seq.

Economic activity assessment

(P) > The Schaeffler Group's cross-divisional, interdisciplinary project team identified several relevant economic activities. According to the Schaeffler Group, these are largely connected to the objective of climate change mitigation, which is why the assessment was conducted with a particular focus on this environmental objective, even if these economic activities are also associated with other environmental objectives.

The assessment of the Schaeffler Group's business activities revealed that only wind and hydrogen activities are relevant. Due to these new economic activities, areas of the Automotive Technologies and Automotive Aftermarket divisions as well as the rail, two-wheeler, and aerospace sector clusters are considered for taxonomy reporting for the first time.

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 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, i.e., for use of hydrogen. The Schaeffler Group has refrained from disclosing a CapEx plan and therefore from reporting under 3.2.

The economic activity **3.18 Manufacture of automotive and mobility components** includes both automotive and two-wheeler activities. The description of the economic activity from which taxonomy eligibility is derived is interpreted in such a way that the technical evaluation criteria are also to be applied to it. The activities identified as taxonomy-eligible take into account the components contained in the list provided in the Delegated Regulation (EU) 2023/2485 from June 27, 2023. This also encompasses chassis parts used exclusively in electric vehicles as well as parts for emission-free two-wheelers. These activities also fulfill the specific DNSH criteria for circularity and pollution prevention and control.

The description of the economic activity **3.19 Manufacture of rail rolling stock constituents** is also interpreted in such a way that the technical evaluation criteria are to be applied to taxonomy eligibility. All non-diesel rail activities (including bimode vehicles) fulfill the specific DNSH criteria for circularity and pollution prevention and control and are therefore taxonomy-eligible.

The Schaeffler Group also produces components that fulfill the criteria for taxonomy eligibility in the economic activity **3.21 Manufacturing of aircraft**.

Material CapEx was also identified in the company's internal infrastructure in connection with the vehicle fleet, buildings, renewable energies, and IT.

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In accordance with the taxonomy regulation, 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, 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 associated with 7.7 almost exclusively relates to the construction of new buildings for the company's own use and real estate-related leases. The taxonomy alignment of each individual construction project with a CapEx above EUR 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 is classified as taxonomy-aligned.

Investments in energy efficiency measures for lighting and for ventilation and air conditioning systems were allocated to the economic activity **7.3 Installation, maintenance and repair of energy efficiency equipment**. Taxonomy alignment is only verified for these inside Europe, as the technical evaluation criteria are based on European regulations.

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

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

2023 Taxonomy key indicators

in percentage

	Taxonomy-aligned	Taxonomy-eligible but not aligned	Taxonomy-eligible	Taxonomy-non-eligible
Turnover	3.8	5.7	9.5	90.5
CapEx	12.9	24.6	37.5	62.5
OpEx	2.3	17.2	19.6	80.4

The share of the Schaeffler Group's taxonomy-eligible **turnover** is 9.5% and falls within both Automotive divisions (ATECH & AAM), as well as the Industrial division's wind, rail, aerospace, and two-wheeler sector clusters. Taxonomy-eligible turnover can be allocated to the economic activities **3.1 Manufacture of renewable energy technologies**, **3.18 Manufacture of automotive and mobility components**, **3.19 Manufacture of rail rolling stock constituents**, and **3.21 Manufacturing of aircraft**. Material differences to the prior year are the result of the new economic activities associated with the environmental objective climate change mitigation. Calculation is based on allocating turnover to relevant customers. The share of the Schaeffler Group's taxonomy-aligned turnover is 3.8%. The deviation from taxonomy eligibility is due to the fact that taxonomy alignment does not need to be reported for the new economic activities in the first reporting year. For the company's wind business, the drop in the turnover KPI compared to the prior year is the result of the weak market environment, especially in China. The basis for these relative disclosures is the key figure revenue from the Group's consolidated statement of income for the 2023 reporting year. All of the Schaeffler Group's turnover are income from contracts with customers.

The share of the Schaeffler Group's taxonomy-eligible **CapEx** is 37.5% and includes investment associated with the core business activities automotive, wind, rail, aerospace, and two-wheelers as well as investments in the areas of real estate, renewable energies, vehicle fleet, and IT. Material differences to the prior year are the result of the new economic activities. Deviations from the prior year are the result of increased investment in renewable energy locally (economic activity 7.6) as well as more construction of new buildings and fewer renovations. The prior year also saw higher investment in the economic activity **8.1 Data processing, hosting, and related activities**, which was immaterial in 2023, and a single investment under economic activity **4.1 Electricity generation using solar photovoltaic technology**. The share of the Schaeffler Group's taxonomy-aligned CapEx is 12.9%. This difference is the result of the fact that the technical evaluation criteria were not fully met for the vehicle fleet and buildings and is due to the fact that taxonomy alignment does not need to be reported for the new economic activities in the first reporting year. CapEx KPIs are calculated on the basis of evaluation of individual investments by experts. 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 December 31, 2023, applying the definition from the EU Taxonomy Regulation. The total scope of taxonomy-aligned CapEx is the result of additions associated with property, plant and equipment, none of which fall within CapEx category B or are the result of company mergers.

The share of taxonomy-eligible **OpEx** is 19.6% and is associated with automotive, wind, rail, aerospace, and two-wheeler activities. Material differences to the prior year are the result of the new economic activities. The share of the Schaeffler Group's taxonomy-aligned OpEx is 2.3%. The deviation from taxonomy eligibility is due to the fact that taxonomy alignment does not need to be reported for the new economic activities in the first reporting year. 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. The reduction in taxonomy-aligned OpEx KPIs

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compared to the prior year is also the result of the allocation model and the drop in wind business. The basis for these relative disclosures, applying the definition from the EU Taxonomy Regulation, is the “research and development costs” from the Group’s consolidated statement of income for the 2023 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.

The scope of taxonomy-aligned OpEx under economic activity 3.1 is EUR 16 million in research and development expenses and EUR 11 million of expenditure for maintenance and repair. None of the taxonomy-aligned OpEx falls under the categories of building renovation measures, short-term lease, or any other direct expenditure relating to the day-to-day servicing of assets of property, plant and equipment, or is connected to CapEx plans.

Quantitative breakdown of the CapEx numerator

in € millions

	CCM ¹⁾ 3.1	CCM 7.6	CCM 7.7	Total
Additions to property, plant and equipment ²⁾	28	10	91	129
CapEx taxonomy-aligned, total	28	10	91	129
Of which resulting from business combination	–	–	–	–
Of which expenses incurred in conjunction with taxonomy-aligned economic activities	28	10	91	129
Of which expenses incurred within the framework of a CapEx plan ²⁾	–	–	–	–

¹⁾ CCM Climate change mitigation²⁾ None of the taxonomy-aligned CapEx is associated with intangible assets, investment properties, or capitalized right-of-use assets.

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 > Turnover

Economic activities	Code	Turnover in € millions	Proportion of turnover Year N	Substantial contribution criteria						DNSH criteria ("No significant harm")						Minimum safeguards	Proportion of taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) turnover, year N-1		Enabling activities	Transitional activities
				CCM ¹⁾	CCA ²⁾	WTR ³⁾	PPC ⁴⁾	CE ⁵⁾	BIO ⁶⁾	CCM ¹⁾	CCA ²⁾	WTR ³⁾	PPC ⁴⁾	CE ⁵⁾	BIO ⁶⁾					
A. Taxonomy-eligible activities																				
A.1. Environmentally sustainable activities (taxonomy-aligned)																				
Manufacture of renewable energy technologies	CCM 3.1	624	3.8%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	4.9%	E		
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		624	3.8%	100%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	4.9%			
Of which enabling		624	3.8%	100%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	4.9%	E		
Of which transitional		0	0.0%														0.0%		T	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																				
Manufacture of automotive and mobility components	CCM 3.18	430	2.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n. a.			
Manufacture of rail rolling stock constituents	CCM 3.19	239	1.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n. a.			
Manufacturing of aircraft	CCM 3.21	257	1.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n. a.			
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		926	5.7%	100%	0.0%	0.0%	0.0%	0.0%	0.0%								n. a.			
A. Turnover of taxonomy-eligible activities (A1+A2)		1,551	9.5%	100%	0.0%	0.0%	0.0%	0.0%	0.0%								4.9%			
B. Taxonomy-non-eligible activities																				
Turnover of Taxonomy-non-eligible activities		14,762	90.5%																	
Total		16,313	100%																	

¹⁾ CCM Climate change mitigation

²⁾ CCA Climate change adaptation

³⁾ WTR Water and marine resources

⁴⁾ PPC Pollution prevention and control

⁵⁾ CE Circular economy

⁶⁾ BIO Biodiversity and ecosystems

Y Yes, taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective

E Enabling activity

N/EL Taxonomy-non-eligible activity for the relevant objective

N No, taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective

T Transitional activity

EL Taxonomy-eligible activity for the relevant objective

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Economic activities	Code	CapEx in € millions	Proportion of CapEx Year N	Substantial contribution criteria						DNSH criteria ("No significant harm")						Minimum safeguards	Proportion of taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) CapEx, year N-1	Category	
				CCM ¹⁾	CCA ²⁾	WTR ³⁾	PPC ⁴⁾	CE ⁵⁾	BIO ⁶⁾	CCM ¹⁾	CCA ²⁾	WTR ³⁾	PPC ⁴⁾	CE ⁵⁾	BIO ⁶⁾			Enabling activities	Transitional activities
A. Taxonomy-eligible activities																			
A.1. CapEx of environmentally sustainable activities (taxonomy-aligned)																			
Manufacture of renewable energy technologies (CapEx A)	CCM 3.1	28	2.8%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2.6%	E	
Installation, maintenance and repair of energy efficiency equipment (CapEx C)	CCM 7.3	1	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	n. a.	E	
Installation, maintenance and repair of renewable energy technologies (CapEx C)	CCM 7.6	10	1.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.7%	E	
Acquisition and ownership of buildings (CapEx A)	CCM 7.7	91	9.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	7.5% ⁷⁾		
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		130	12.9%	100%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	10.8%		
Of which enabling		39	3.9%	100%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	3.3%	E	
Of which transitional		0	0.0%														0.0%	T	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
Manufacture of automotive and mobility components (CapEx A)	CCM 3.18	114	11.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n. a.		
Manufacture of rail rolling stock constituents (CapEx A)	CCM 3.19	8	0.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n. a.		
Manufacturing of aircraft (CapEx A)	CCM 3.21	11	1.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n. a.		
Transport by motorbikes, passenger cars and light commercial vehicles (CapEx A)	CCM 6.5	34	3.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.3%		
Renovation of existing buildings (CapEx A)	CCM 7.2/ CE 3.2	12	1.2%	EL	N/EL	N/EL	N/EL	N	N/EL								3.6%		
Installation, maintenance and repair of energy efficiency equipment (CapEx C)	CCM 7.3	5	0.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n. a.		
Acquisition and ownership of buildings (CapEx A)	CCM 7.7	63	6.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								10.1%		
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		248	24.6%	100%	0.0%	0.0%	0.0%	0.0%	0.0%								16.0%		
A. CapEx of taxonomy-eligible activities (A1+A2)		377	37.5%	100%	0.0%	0.0%	0.0%	0.0%	0.0%								26.8%		
B. Taxonomy-non-eligible activities																			
CapEx of Taxonomy-non-eligible activities		629	62.5%																
Total		1,006	100%																

1) CCM Climate change mitigation

2) CCA Climate change adaptation

3) WTR Water and marine resources

4) PPC Pollution prevention and control

5) CE Circular economy

6) BIO Biodiversity and ecosystems

⁷⁾ Adjusted by 1.3% due to revaluation. As assets under construction result in additions to property construction phase over several years, the valuation must be carried out several times, which must be carried out several times, which can lead to changes in prior estimates.

Y Yes, taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective
N No, taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective

E Enabling activity
T Transitional activity

N/EL Taxonomy-non-eligible activity for the relevant objective
EL Taxonomy-eligible activity for the relevant objective

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 > OpEx

Economic activities	Code	OpEx in € millions	Proportion of OpEx Year N	Substantial contribution criteria						DNSH criteria ("No significant harm")						Minimum safeguards	Proportion of taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) OpEx, year N-1		Category	
				CCM ¹⁾	CCA ²⁾	WTR ³⁾	PPC ⁴⁾	CE ⁵⁾	BIO ⁶⁾	CCM ¹⁾	CCA ²⁾	WTR ³⁾	PPC ⁴⁾	CE ⁵⁾	BIO ⁶⁾		Enabling activities	Transitional activities		
A. Taxonomy-eligible activities																				
A.1. Environmentally sustainable activities (taxonomy-aligned)																				
Manufacture of renewable energy technologies (OpEx A)	CCM 3.1	27	2.3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	3.0%	E		
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		27	2.3%	100%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	3.0%			
Of which enabling		27	2.3%	100%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	3.0%	E		
Of which transitional		0	0.0%	0.0%													0.0%		T	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																				
Manufacture of automotive and mobility components (OpEx A)	CCM 3.18	179	15.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n. a.			
Manufacture of rail rolling stock constituents (OpEx A)	CCM 3.19	10	0.9%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n. a.			
Manufacture of aircraft (OpEx A)	CCM 3.21	9	0.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n. a.			
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		197	17.2%	100%	0.0%	0.0%	0.0%	0.0%	0.0%								n. a.			
A. OpEx of taxonomy-eligible activities (A1+A2)		224	19.6%	100%	0.0%	0.0%	0.0%	0.0%	0.0%								3.0%			
B. Taxonomy-non-eligible activities																				
OpEx of taxonomy-non-eligible activities		920	80.4%																	
Total		1,144	100%																	

¹⁾ CCM Climate change mitigation

²⁾ CCA Climate change adaptation

³⁾ WTR Water and marine resources

⁴⁾ PPC Pollution prevention and control

⁵⁾ CE Circular economy

⁶⁾ BIO Biodiversity and ecosystems

Y Yes, taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective

E Enabling activity

N/EL Taxonomy-non-eligible activity for the relevant objective

N No, taxonomy-eligible but taxonomy-aligned activity with the relevant environmental objective

T Transitional activity

EL Taxonomy-eligible activity for the relevant objective

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Ⓟ > Reporting the scope of taxonomy eligibility and alignment in accordance with environmental objective

in percentage

	Proportion of turnover/total turnover		Proportion of CapEx/total CapEx		Proportion of OpEx/total OpEx	
	Aligned per objective	Eligible per objective	Aligned per objective	Eligible per objective	Aligned per objective	Eligible per objective
CCM	3.8	9.5	12.9	37.5	2.3	19.6
CCA	0.0	0.0	0.0	0.0	0.0	0.0
WTR	0.0	0.0	0.0	0.0	0.0	0.0
CE	0.0	0.0	0.0	1.2	0.0	0.0
PPC	0.0	0.0	0.0	0.0	0.0	0.0
BIO	0.0	0.0	0.0	0.0	0.0	0.0

CCM Climate change mitigation**CCA** Climate change adaptation**WTR** Water and marine resources**CE** Circular economy**PPC** Pollution prevention and control**BIO** Biodiversity and ecosystems

5.2 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 2021 to 2023.

In the course of preparing the Schaeffler AG combined separate non-financial report for 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 Section 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. Unless otherwise indicated, the figures refer to the reporting date of December 31, 2023.

Strategy and management

		2023	2022	2021	Change to prior year	Assessment
Revenue, total	€ millions	16,313	15,809	13,852	3.2%	✓✓
Of which Automotive Technologies ^{1) 2)}	€ millions	9,772	9,498	8,436	2.9%	✓✓
Of which the business division E-Mobility ^{1) 2)}	€ millions	1,312	1,346	1,038	-2.5%	✓✓
Of which Automotive Aftermarket ^{1) 2)}	€ millions	2,253	2,040	1,848	10.4%	✓✓
Of which Industrial ¹⁾	€ millions	4,288	4,271	3,568	0.4%	✓✓

¹⁾ Prior year values according to the segment structure indicated in 2023. Rounding differences are possible.

²⁾ The 2022 value has been adjusted.

Environment

		2023	2022	2021	Change to prior year	Assessment
Climate neutrality						
Coverage rate for EMAS certification ¹⁾	%	100	99.2	98.5	0.8% pp	✓
Coverage rate for ISO 14001 certification ¹⁾	%	100	100	100	0.0% pp	✓
Coverage rate for ISO 50001 certification ¹⁾	%	100	100	100	0.0% pp	✓

		2023	2022	2021	Change to prior year	Assessment
Electricity consumption, total ^{2) 3)}	GWh	2,241	2,274	–	-1.5%	✓
Of which conventionally produced electricity (external procurement) ^{2) 3)}	GWh	271	525	–	-48.4%	✓
Of which conventionally self-generated electricity (by combined heat and power plants) ²⁾	GWh	27	29	–	-6.9%	✓
Of which renewable energy (external procurement) ^{2) 3)}	GWh	1,941	1,718	–	13.0%	✓
Of which self-generated renewable energy (company-owned photovoltaic systems) ^{2) 4)}	GWh	2	2	–	0.0%	✓
Coverage rate of purchased renewable energy ⁵⁾	%	87.6	76.5	–	11.1% pp	✓
Energy efficiency savings (cumulative) ⁶⁾	GWh	97.1	64.2	46.8	51.2%	✓
Energy efficiency savings – implemented and externally verified measures	Number	107	69	104	55.1%	✓
Energy consumption, total ^{3) 7)}	GWh	3,125	3,228	3,369	-3.2%	✓
Of which electricity ^{3) 8)}	GWh	2,215	2,246	2,244	-1.4%	✓
Of which natural gas/LPG ^{3) 7)}	GWh	725	795	923	-8.8%	✓
Of which heating oil ⁷⁾	GWh	1	3	6	-66.7%	✓
Of which propane ³⁾	GWh	56	55	53	1.8%	✓
Of which district heating	GWh	47	48	57	-2.1%	✓
Of which methanol ³⁾	GWh	81	82	86	-1.2%	✓

Key figures on sustainability

Environment continued

		2023	2022	2021	Change to prior year	Assessment
Greenhouse gas emissions, total ^{3) 9) 10)}	Thous. t CO ₂ e	7,082	7,092	6,898	-0.1 %	✓
Of which upstream greenhouse gas emissions, total ^{10) 11)}	Thous. t CO ₂ e	6,707	6,599	6,199	1.6 %	✓
Of which greenhouse gas emissions (Scope 3.1) – purchased goods and services ^{10) 11)}	Thous. t CO ₂ e	6,163	6,027	5,666	2.3 %	✓
Of which greenhouse gas emissions (Scope 3.3) – fuel- and energy-related emissions ^{3) 10)}	Thous. t CO ₂ e	139	148	201	-6.1 %	✓
Of which greenhouse gas emissions (Scope 3.4) – transport and distribution (upstream) ^{10) 11) 12)}	Thous. t CO ₂ e	374	394	309	-5.1 %	✓
Of which greenhouse gas emissions (Scope 3.5) – waste treatment and disposal ^{3) 10) 11)}	Thous. t CO ₂ e	31	30	23	3.3 %	✓
Of which internal greenhouse gas emissions (Scope 1 + Scope 2 market-based) ^{3) 9) 10)}	Thous. t CO ₂ e	375	493	699	-23.9 %	✓
Of which greenhouse gas emissions (Scope 1) ^{3) 10)}	Thous. t CO ₂ e	179	189	207	-5.3 %	✓
Of which greenhouse gas emissions (Scope 2 market-based) ^{3) 9) 10) 13)}	Thous. t CO ₂ e	196	304	492	-35.5 %	✓
Greenhouse gas emissions (Scope 2 location-based) ^{3) 10)}	Thous. t CO ₂ e	1,055	1,083	1,170	-2.6 %	✓
Nitrogen oxides (NO _x) ^{3) 14)}	t	76	82	81	-7.3 %	
Sulfur dioxide (SO ₂)	t	1	2	3	-50.0 %	
Fine particles ^{3) 14)}	kg	117	135	166	-13.3 %	
Circularity						
Waste generation, total ^{3) 15)}	Thous. t	731	741	173	-1.3 %	✓
Of which hazardous waste ³⁾	Thous. t	74	75	84	-1.3 %	✓
Of which non-hazardous waste ³⁾	Thous. t	657	665	89	-1.2 %	✓
Of which waste for disposal ³⁾	Thous. t	42	44	48	-4.5 %	✓
Of which waste for recycling ³⁾	Thous. t	689	697	125	-1.1 %	✓
Of which metals and scrap ²⁾	Thous. t	589	545	–	8.1 %	✓
Recycling rate, total ¹⁵⁾	%	94.0	94.0	72.0	0.0 % pp	✓
Waste intensity ^{2) 3) 15) 16)}	Thous. t/€ millions	0.04	0.05	–	-20.0 %	✓

		2023	2022	2021	Change to prior year	Assessment
Resource efficiency and environmental protection						
Freshwater withdrawal, total ³⁾	Thous. m ³	5,035	5,501	5,618	-8.5 %	✓
Of which surface water	Thous. m ³	97	165	159	-41.2 %	✓
Of which groundwater ³⁾	Thous. m ³	2,096	2,254	2,209	-7.0 %	✓
Of which water from third parties ³⁾	Thous. m ³	2,842	3,083	3,250	-7.8 %	✓
Freshwater withdrawal (in water risk areas), total ³⁾	Thous. m ³	695	681	740	2.1 %	✓
Of which surface water	Thous. m ³	–	–	–	–	✓
Of which groundwater ³⁾	Thous. m ³	276	288	285	-4.2 %	✓
Of which water from third parties ³⁾	Thous. m ³	419	394	455	6.3 %	✓
Freshwater intensity ^{3) 17)}	Thous. m ³ /€ millions	0.3	0.3	0.4	0.0 %	✓
Consumption of freshwater – annual savings resulting from water saving measures implemented	Thous. m ³	265	193	–	37.3 %	✓
Consumption of freshwater – implemented and externally verified measures	Number	27	29	–	-6.9 %	✓
Green products						
Green sales ^{2) 18)}	%	3.8	4.9	–	-1.1 % pp	✓

1) Relating to plant employees.

2) Figure first reported in 2022.

3) The 2022 value has been adjusted.

4) Value includes PV systems operated by the Schaeffler Group. The amount of electricity generated by PV systems that are operated by third parties (China) amounted to 3 GWh in 2022 and 9 GWh in 2023.

5) In the reporting year, energy attribute certificates for renewable energies were purchased for 83.5 % of all electricity consumption, with an additional 2.7 % purchased in January 2024. All of the energy attribute certificates used were produced in 2023.

6) Externally verified annual energy efficiency potential (cumulative).

7) Reduction is due in part to the energy efficiency measures implemented and fuel switch measures.

8) External electricity purchased and solar energy generated on-site. Combined heat and power (CHP) electricity is recorded via gas consumption.

9) This reduction is primarily due to the purchase of 100 % renewable electricity in the Schaeffler Group's Europe, Greater China, and Americas regions.

10) 2019, 2022, and 2023 values reported in CO₂ equivalents.

11) The prior year value has been adjusted in accordance with the new method of calculation.

12) Value includes storage and transshipment facilities operated by external service providers as of 2023.

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

14) Reduction due to a drop in consumption of natural gas, heating oil, and district heating.

15) Value includes metals and scrap as of 2022.

16) Waste in thousand t per € 1 m in sales.

17) Freshwater used in thousand m³ per € 1 m in sales.

18) Corresponds to the share of taxonomy-aligned turnover in comparison with the Schaeffler Group's total turnover.

Key figures on sustainability

Social

		2023	2022	2021	Change to prior year	Assessment
Diversity, employees, and people development						
Employees, total	Number	83,362	82,773	82,981	0.7%	✓✓
Of which female ¹⁾	Number	19,107	–	–	–	✓
Of which male ¹⁾	Number	64,255	–	–	–	✓
Of which employees in Europe ²⁾	Number	51,153	51,871	53,006	-1.4%	✓
Of which employees in Americas ²⁾	Number	12,095	11,657	11,599	3.8%	✓
Of which employees in Greater China ²⁾	Number	13,031	12,874	12,337	1.2%	✓
Of which employees in Asia/Pacific ²⁾	Number	7,083	6,371	6,039	11.2%	✓
Of which in the age group < 30 years	Number	12,800	12,946	13,138	-1.1%	
Of which in the age group 30 – 50 years ³⁾	Number	51,388	50,954	60,415	0.9%	
Of which in the age group > 50 years ³⁾	Number	19,174	18,873	9,428	1.6%	
Average age ²⁾	Years	41.1	40.9	40.8	0.5%	✓
Permanent employees	%	87.8	87.4	88.5	0.4 % pp	
Part-time ratio, Germany	%	7.7	6.9	6.8	0.8 % pp	
New employees, total	Number	6,658	7,581	7,677	-12.2%	
Of which female	Number	1,848	2,096	2,135	-11.8%	
Of which male ¹⁾	Number	4,810	–	–	–	
Of which in the age group < 30 years	Number	3,164	3,407	3,603	-7.1%	
Of which in the age group 30 – 50 years ³⁾	Number	3,100	3,746	3,936	-17.2%	
Of which in the age group > 50 years ³⁾	Number	394	428	138	-7.9%	
Average tenure ²⁾	Years	12.4	12.2	12.2	1.6%	✓
Labor turnover rate ⁴⁾	%	4.5	5.1	4.6	-0.6 % pp	
Employees leaving, total	Number	7,986	8,563	8,890	-6.7%	
Of which female	Number	1,933	2,100	2,174	-8.0%	
Of which male ¹⁾	Number	6,053	–	–	–	
Of which in the age group < 30 years	Number	2,209	2,294	2,326	-3.7%	
Of which in the age group 30 – 50 years ³⁾	Number	3,773	4,266	4,650	-11.6%	
Of which in the age group > 50 years ³⁾	Number	2,004	2,003	1,914	0.0%	

		2023	2022	2021	Change to prior year	Assessment
Employees covered by collective bargaining agreements, Germany	%	97.1	97.2	98.0	-0.1 % pp	
Men/women on parental leave, Germany	Number	324	370	375	-12.4%	
Management positions (top management) ⁵⁾	Number	705	698	–	1.0%	✓
Of which female ¹⁾	Number	113	–	–	–	✓
Of which male ¹⁾	Number	592	–	–	–	✓
Of which female ⁵⁾	%	16.0	15.0	–	1.0 % pp	✓
Of which male ¹⁾	%	84.0	–	–	-% pp	✓
Proportion of female employees, total	%	22.9	22.6	22.3	0.3 % pp	
Proportion of severely disabled employees, Germany	%	5.7	5.5	5.5	0.2 % pp	
Nationalities, total	Number	130	132	126	-1.5%	✓
Web-based training courses, total ^{6) 7)}	Number	446	360	250	23.9%	✓
Participations in e-learning courses, total ^{6) 8) 9) 10)}	Number	102,943	93,724	169,795	9.8%	✓
Participations in classroom training sessions, total ^{6) 8) 9) 11)}	Number	64,414	7,291	4,553	783.5%	✓
Average number of hours of training and education per employee ^{6) 8)}	Number	8.0	7.4	8.2	8.1%	✓
Of which female ^{6) 8)}	Number	8.2	7.6	8.0	7.9%	
Of which male ^{6) 8)}	Number	8.0	7.3	8.2	9.6%	
Coverage rate of Learning Management System ⁶⁾	%	100	100	100	0.1 % pp	
Occupational health and safety						
Coverage rate for ISO 45001 ¹²⁾	%	100	100	100	0.0 % pp	✓
Employee safety (LTIR) ¹³⁾	LTIR	2.7	3.0	3.9	-10.0%	✓

Key figures on sustainability

Social continued

		2023	2022	2021	Change to prior year	Assessment
Responsibility in society and the supply chain						
Confirmed cases of human rights violations ¹⁴⁾	Number	8	3	4	166.7%	✓
Response rate of surveyed suppliers on the use of conflict minerals ¹⁵⁾	%	88.6	87.4	87.5	1.2 % pp	✓
Coverage rate of certified smelters in the supply chain ¹⁶⁾	%	92.5	96.3	99.7	-3.8 % pp	✓
Product safety and integrity						
Coverage rate of quality management systems ¹⁷⁾	%	100	100	100	0.0 % pp	✓
Awards for customer satisfaction/product quality	Number	76	67	75.0	13.4 %	✓

¹⁾ Figure first reported in 2023.²⁾ Figure in assessment scope since 2022.³⁾ Change from prior year due to changes in age groups.⁴⁾ Initiated by employees; related to the average number of employees from 1/1/2023 to 12/31/2023.⁵⁾ Figure first reported in 2022.⁶⁾ Figure excludes Ewellix.⁷⁾ Offered worldwide by Schaeffler Academy Germany.⁸⁾ Value starting in 2023 without mandatory training.⁹⁾ Includes the global learning activities documented in the Learning Management System (LMS) for the first time as of 2023.¹⁰⁾ Increase due to an expanded range of globally accessible e-learning offers.¹¹⁾ Key figure collected worldwide for the first time in 2023.¹²⁾ Relating to plant employees.¹³⁾ Measurement of Lost Time Injury Rate, LTIR = occupational accidents from one lost day per 1 million hours worked. Employees, including temporary staff, trainees in apprenticeship, and interns. The 2023 figure does not include Ewellix, which was acquired in 2023. The Ewellix LTIR is 5.7 and was calculated according to a different definition. As at December 31, 2023, the Schaeffler Group had 82,119 employees (excluding Ewellix), and Ewellix had 1,243 employees.¹⁴⁾ The cases confirmed in the reporting year were all related to discrimination and harassment. Six of the eight cases were reported prior to 2023 – the violation was confirmed in the reporting year.¹⁵⁾ Response rate of suppliers surveyed on the use of conflict minerals as defined under the Responsible Minerals Initiative. 2023 value checked in interim status in December 2023. 2022 figure adjusted compared to Sustainability Report 2022 in accordance with the regular survey period. Regular survey period from March to February of the following year.¹⁶⁾ Smelters certified by the Responsible Minerals Initiative or not located in risk areas as defined in the RCOI. 2023 value checked in interim status in December 2023. Regular survey period from March to February of the following year.¹⁷⁾ According to the scope of the Schaeffler Group's management manual and valid certification rules.

Governance

		2023	2022	2021	Change to prior year	Assessment
Corporate governance						
Proportion of women on the Supervisory Board ^{1) 2)}	%	35.0	35.0	–	0.0 % pp	✓
Of which female employee representatives ^{1) 2)}	%	40.0	40.0	–	0.0 % pp	✓
Of which female shareholder representatives ^{1) 2)}	%	30.0	30.0	30	0.0 % pp	✓
Proportion of independent shareholder representatives on the Supervisory Board ¹⁾	%	90.0	80.0	–	10.0 % pp	✓
Proportion of female representatives on the Board of Managing Directors ³⁾	%	12.5	–	–	–	✓
Business integrity						
Employees trained in face-to-face training and workshops on the topic of compliance ⁴⁾	Number	6,126	4,476	3,033	36.9 %	✓
Employees trained online on the topic of compliance ^{4) 5)}	Number	26,057	9,926	19,980	162.5 %	✓
Completion rate of compulsory online compliance training courses ^{5) 7)}	%	96.3	95.6	95.1	0.7 % pp	✓

¹⁾ Figure first reported in 2022.²⁾ The Schaeffler AG Supervisory Board consists of ten employee representatives and ten shareholder representatives.³⁾ Figure first reported in 2023.⁴⁾ The increase over the prior year particularly in the Greater China region is primarily the result of the easing of coronavirus protection measures.⁵⁾ Employees, including temporary office staff, trainees in apprenticeship, interns, and people working on a thesis.⁶⁾ Increase from prior year in particular through the mandatory training "Refreshing Integrity & Security @ Schaeffler".⁷⁾ Does not include 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.

5.3 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 a limited assurance engagement on the non-financial report of Schaeffler AG, Herzogenaurach (further “Schaeffler AG” or “Company”) and on the non-financial report 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, 2023. The parts of the combined separate non-financial report are integrated in the Company’s Sustainability Report and marked accordingly.

Responsibilities of Management

The legal representatives of the Company are responsible for the preparation of the combined separate non-financial report in accordance with §§ 315c in conjunction with 289c to 289e HGB and with Article 8 of REGULATION (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020, on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the “EU Taxonomy Regulation”) and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the delegated acts adopted thereunder as set out in section “EU Taxonomy reporting” of the combined separate non-financial report.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the group that are reasonable in the circumstances. Furthermore, the legal representatives are responsible for such internal control as they consider necessary to enable the preparation of a combined separate non-financial report that is free from material misreport, whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the legal representatives have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section “EU Taxonomy reporting” of the combined separate non-financial report. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

Independence and Quality Assurance of the Assurance Practitioner’s firm

We have complied with the independence and quality assurance requirements set out in the national legal provisions and professional pronouncements, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QMS 1 (09.2022)).

Responsibility of the Assurance Practitioner

Our responsibility is to express a conclusion with limited assurance on the combined separate non-financial report based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): “Assurance Engagements other than Audits or Reviews of Historical Financial Information” issued by the IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the company’s combined separate non-financial report for the period from January 1 to December 31, 2023, are not prepared, in all material respects, in accordance with Sections 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the company’s legal representatives disclosed in section “EU Taxonomy reporting” of the combined separate non-financial report. We do not, however, issue a separate conclusion for each disclosure.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the assurance practitioner.

¹ Our engagement applied to the German version of the combined separate non-financial report 2023. This text is a translation of the Independent Assurance Report issued in German, whereas the German text is authoritative.

Limited Assurance Report of the Independent Auditor

In the course of our assurance engagement we have, among other things, performed the following assurance procedures and other activities:

- 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
- Inquiries of personnel who are responsible on group-level to obtain an understanding of the procedures used to identify relevant economic activities according to the EU Taxonomy Regulation
- 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
- 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
- Evaluation of the design and the implementation of systems and processes for the collection, processing, and monitoring of disclosures on turnover, capital expenditure, and operating expenditure for the taxonomy-eligible and taxonomy-aligned economic activities
- 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 Schweinfurt (Germany), Sorocaba (Brazil), and Nanjing (China)
- Evaluation of the process for the identification of taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the combined separate non-financial report
- Assessment of the overall presentation of the disclosures

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the legal representatives of the company are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Opinion

Based on the assurance 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, 2023, has not been prepared, in all material respects, in accordance with Sections 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the legal representatives of the company as disclosed in section "EU Taxonomy reporting" of the combined separate non-financial report.

Restriction of Use/General Engagement Terms

This assurance report is solely addressed to the Supervisory Board of Schaeffler AG, Herzogenaurach.

Our assignment for the Supervisory Board of Schaeffler AG, Herzogenaurach, and professional liability is governed by the General Engagement Terms for Wirtschaftsprüfer (German Public Auditors) and Wirtschaftsprüfungsgesellschaften (German Public Audit Firms) (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 having taken note of provisions of the General Engagement Terms (including the limitation of our liability for negligence to EUR 4 million as stipulated in No. 9) and accepts the validity of the attached General Engagement Terms with respect to us.

Nuremberg, February 21, 2024

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Schieler
Wirtschaftsprüfer
[German Public Auditor]

Edelmann
Wirtschaftsprüferin
[German Public Auditor]

APPENDIX

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NFR index

The combined separate non-financial report (NFR) 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 previously identified through 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 2023
Environmental concerns	
Climate change	20 – 27
Water	26 – 27
Circularity	28 – 30
Employee matters	
Working conditions	36 – 41
Non-discrimination and equal opportunity	38
Occupational health and safety	40 – 41
Social matters	
Product quality and safety	46 – 47
Human rights	
Employees in the value chain	42 – 45
Affected communities	42 – 45
Compliance	
Corporate culture	49 – 50
Whistleblower protection	42 – 43, 54 – 55
Corruption and bribery	52 – 54
Data privacy, information, and IT security	55

GRI index

The Schaeffler Group’s sustainability reporting is conducted in reference to the Global Reporting Initiative (GRI) standards. The interactive index, which is available online, shows the indicators that the company addresses in the report and provides clickable reference 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 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 can be found on the microsite at: www.schaeffler-sustainability-report.com/2023



Additional 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 69](#).

TCFD index

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 2023 reference
Governance Disclosure of the organization's governance around climate-related risks and opportunities	A. Board of Managing Director's oversight of climate-related risks and opportunities B. Management's role in assessing and managing climate-related risks and opportunities	C1.1b C1.2
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 B. Impact of climate-related risks on the organization's businesses, strategy, and financial planning C. Resilience of the organizational strategy	C2.1, C2.1a, C2.2, C2.3, C2.3a, C2.4, C2.4a C2.1.b, C2.3, C2.3a, C2.4, C2.4a, C3.1 C3.1
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 B. Organization's processes for managing climate-related risks C. Integration of processes for identifying, assessing, and managing climate-related risks into the organization's overall risk management	C2.2, C2.2a C2.2 C2.2
Metrics & Targets Disclosure of 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 B. Disclosure of Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions C. Targets used by the organization to manage climate-related risks and opportunities	C4.1, C4.2 C6.1, C6.3, C6.5 C4.1, C4.1a, C4.2, C.4.2a, C.4.2b, C4.2c



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

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