

Press and IR Release

## **Schaeffler publishes Sustainability Report 2023**

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- Sustainability strategy with ten actionable areas along the three ESG dimensions
- Decarbonization as the main environmental challenge
- Product development as key to sustainable technological transformation
- Social responsibility and values-based corporate governance

Sustainability is extremely important to Schaeffler. With the publication of the Sustainability Report 2023, the company is not only creating transparency for its stakeholders but also highlighting its progress. As Schaeffler CEO Klaus Rosenfeld comments: "Sustainability is an integral part of our corporate strategy. Schaeffler has always been known for its innovative strength and technological expertise – building on this, we want to bridge the gap between sustainability and cost efficiency. We have set ourselves ambitious targets. Despite all the progress we have made in recent years, we are aware that we still have a fair way to go."

### **Sustainability strategy with clear targets along the three ESG dimensions**

Sustainability is viewed as a holistic and overarching issue by the Schaeffler Group and one for which it assumes both ecological and social responsibility along the entire value-added chain. This includes the definition of ten actionable areas for the implementation of its sustainability strategy, which are assigned to the three areas of Environment, Social, and Governance (ESG). These actionable areas were further substantiated in the 2023 reporting year.

As part of the Roadmap 2025, "Sustainability & Engagement" is the subprogram under which Schaeffler will ensure the consistent implementation of its sustainability strategy and the achievement of its sustainability goals. The holistic subprogram was re-instigated in 2023 and the Climate Action Plan, which was devised in 2022 and details specific measures for reducing CO<sub>2</sub>e emissions, was integrated as a key component. The result is a strong network that will deliver on implementing the sustainability strategy and ensure that the subprogram is firmly anchored in the functions, divisions, and regions of the company.

Schaeffler is currently focusing its attention on seven key ESG goals in the implementation of the sustainability strategy, which relate to various actionable

areas such as climate neutrality, efficient use of resources, environmental protection, and occupational health and safety. For example, Schaeffler aims to achieve climate neutrality across production and its supply chain by 2030 and 2040, respectively – the sub-targets that contribute to the goal of climate-neutral production have been classified as scientifically compliant by the Science Based Targets initiative (SBTi).

Selected target KPIs have been incorporated into the annual remuneration of board members, management, and employees in a bid to promote the achievement of ESG goals, with the implementation of measures in 2023, which will lead to an annual reduction in freshwater consumption of 150,000 cubic meters, being among those relevant to short-term remuneration in the reporting year. In fact, the Schaeffler Group succeeded in reducing its freshwater consumption by around nine percent in the reporting year, with 27 water-saving measures implemented and verified externally in 2023 now set to account for minimum annual savings of 265,000 cubic meters from 2024.

The consistent implementation of the sustainability strategy in the environmental area was also rewarded with good scores in sustainability ratings and rankings in the reporting year. Schaeffler was awarded an “A” score in the climate change category for 2023 by the global non-profit environmental organization CDP for its commitment to corporate transparency and performance, and received a score of “A-” in the water category. In the EcoVadis sustainability rating, Schaeffler improved its score to achieve a total of 79 out of 100 points, earning itself Platinum status once again and a repeat ranking in the top one percent in its peer group in 2023.

### **Decarbonization as the main environmental challenge**

Climate change is a key challenge of our time and can only be tackled collectively. Sustainable supply chains (Scope 3 upstream) and the purchase of low-emission materials and services are an important aspect of this for Schaeffler. Andreas Schick, Chief Operating Officer at Schaeffler: “Through close and trusting partnerships with our suppliers, we have already achieved initial successes and set the right course. Transparency and dialog with our suppliers are now crucial to mastering the challenges ahead of us together and achieving our goal of a climate-neutral supply chain in 2040.”

At Schaeffler, the decarbonization of production (scope 1 and 2) is largely based on the use of renewable energies, increasing energy efficiency, and retrofitting plants to use renewable energies. For this reason, the internal generation of renewable energies is being developed at sites across the Schaeffler Group as an extension to the existing energy efficiency program. Since 2023, 100 percent of the electricity

purchased at almost every plant in Europe, Greater China, and the Americas has come from renewable sources, with the plants in the Asia/Pacific region set to follow suit in 2024.

Through continuous improvements in energy efficiency, the Schaeffler Group has seen a reduction in production-related greenhouse gases of around 24 percent compared with the previous year, resulting in a decrease from 493,000 tons CO<sub>2</sub>e to 375,000 tons CO<sub>2</sub>e.

### **Product development as key to sustainable technological transformation**

The Schaeffler Group strives to continuously improve the CO<sub>2</sub> values of its products during product development, for example in the product design and material selection stages. "Sustainability and innovative strength are firmly rooted in the Schaeffler Group's DNA. This is the only way for us to overcome the challenges of tomorrow and pave the way to a sustainable and ecofriendly future," says Uwe Wagner, Chief Technology Officer at Schaeffler. For example, Schaeffler succeeded in further improving the CO<sub>2</sub> efficiency of electric motors in the reporting year and is continually working on solutions to optimize friction and extend the service life of rolling bearings.

Schaeffler also aims to use raw materials, components, and products that are as durable and reusable as possible in a bid to maintain a circular economy by using the potential offered in terms of material efficiency, the reduced use of critical or rare raw materials, and the long life or reparability of products wherever economically possible. The Automotive Aftermarket division's portfolio includes a wide range of repair solutions and individual components for all vehicle classes, thereby helping to extend the service life of vehicles.

### **Social responsibility and values-based corporate governance**

The measures for achieving the climate goals also require a high level of commitment from employees. Schaeffler supports employees in this endeavor by implementing training and awareness campaigns. Continuous improvements in health and safety are regarded as paramount by the company. Schaeffler organized a global Health & Safety Day for all employees for the first time in 2023. The professional and personal development of its workforce is also high on Schaeffler's agenda, with the company investing extensively in further education to ensure a transformation that is both forward-looking and geared toward objectives.

For the Schaeffler Group, respect for human rights is an indispensable part of the corporate culture. With this in mind, the company's Human Rights Compliance Management System is currently being expanded, and a human rights guideline

and policy statement on compliance with human rights will be published in the reporting year.

Responsible and value-based corporate governance is also part of the corporate culture, with the Schaeffler Group relying on a modern Compliance Management System to maintain company-wide values and standards and, of course, maintaining a Compliance organization which spans the entire Schaeffler Group. In addition, a Governance, Risk & Compliance Committee chaired by the CEO and CFO was established in the reporting year and risk management and the internal control system were combined in a single management function.

The Schaeffler Group's Sustainability Report provides information on the company's key areas of focus in 2023 and on developments in key figures and objectives within the Schaeffler Group. The report is available in digital format and can be accessed via the company's microsite: [www.schaeffler-sustainability-report.com/2023](http://www.schaeffler-sustainability-report.com/2023)

Find here press photos of the management board members:

[www.schaeffler.com/en/group/executive-board/](http://www.schaeffler.com/en/group/executive-board/)

#### *Forward-looking statements and projections*

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Schaeffler Group – We pioneer motion The Schaeffler Group has been driving forward groundbreaking inventions and developments in the field of motion technology for over 75 years. With innovative technologies, products, and services for electric mobility, CO<sub>2</sub>-efficient drives, chassis solutions, Industry 4.0, digitalization, and renewable energies, the company is a reliable partner for making motion more efficient, intelligent, and sustainable – over the entire life cycle. The Motion Technology Company

manufactures high-precision components and systems for drive train and chassis applications as well as rolling and plain bearing solutions for a large number of industrial applications. The Schaeffler Group generated sales of EUR 16.3 billion in 2023. With around 84,000 employees, Schaeffler is one of the world's largest family-owned companies and one of Germany's most innovative companies.

Sustainability Report 2023 - Image Schaeffler

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