



Environmental Statement

Stratford 2020

SCHAEFFLER

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Message from the shareholders



Maria-Elisabeth Schaeffler-Thumann | Georg F. W. Schaeffler

adies and gentlemen,

Schaeffler, which is based in Herzogenaurach (Germany), is a leading technology company and supplier to the automotive sector and around 60 further industrial sectors. The listed family-owned company has around 87,700 employees worldwide who, with their expertise, reliability, and commitment, lay the foundations for the company's success.

The highest quality, outstanding technology, and strong innovative ability represent the basis for the Schaeffler Group's lasting success. Sustainable management is a success factor for both the company and for our established corporate culture, which we as family shareholders represent.

For this reason, the consideration of ecological and social criteria has been an integral part of our corporate guidelines for many years.

In particular, the Schaeffler Group made a commitment to comply with a standardized, worldwide environmental management system that fulfills the highest requirements more than 20 years ago. This system has been continuously developed and now includes the topics of environmental protection, health protection, and occupational safety, which the company implements in a consistent manner.

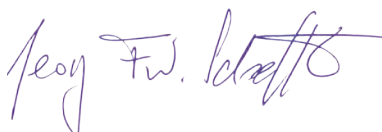
All manufacturing locations have been validated according to the stringent EMAS regulations and certified according to ISO 14001 and ISO 45001 with regard to occupational safety. In the field of environmental protection, Schaeffler is playing a leading role on an international level and received an award from the European EMAS Commission in 2015.

We are delighted that the 2020 environmental statement documents the successful connection between cost-effectiveness, environmental protection, and social factors inside and outside the company.

Yours,



Maria-Elisabeth Schaeffler-Thumann



Georg F. W. Schaeffler

Introduction by the Chief Executive Officer



Klaus Rosenfeld

Ladies and gentlemen,

The world is moving. And it is clearly getting faster by the day. Ongoing climate change, increasing urbanization, globalization, and digitalization will all permanently influence and change the ways in which we live and work.

These are changes that we want to play an active part in shaping. Our “Mobility for tomorrow” strategy was put in place in order to allow us to achieve this goal. Based on the four megatrends listed above, Schaeffler is focusing on four areas across divisions and regional borders: “Eco-Friendly Drives”, “Urban Mobility”, “Interurban Mobility”, and “Energy Chain”. As a globally active automotive and industrial supplier, we provide our customers with products, system solutions, and services that help to make our world cleaner, safer and smarter.

Within the Schaeffler Group too, however, sustainable management along the entire value-added chain and social responsibility are integral parts of the corporate culture that we practice. We place great emphasis on combining economic success with acting responsibly towards our customers, the environment, and our employees. We provide a safe working environment for our employees in addition to active health protection measures and services. This has its key points firmly anchored in our corporate code of conduct.

Group-wide governance guarantees that our guidelines and high standards in the fields of environmental protection, health protection, and occupational safety apply at every Schaeffler location around the world. Every one of the Schaeffler Group’s manufacturing locations works with environmental management systems according to EMAS or ISO 14001. We are always working to further develop these, and we prioritize Europe’s stringent EMAS standard as the basis wherever possible. We do not differentiate between our plants in Germany and those in other countries in Europe, the USA, or Asia; after all, we believe there is only one environment – one that is global and worth protecting. When it comes to fulfilling high environmental and social standards, we also actively involve our suppliers.

As a global family-owned company, we are joined by four central values – sustainable, innovative, excellent, and passionate – and these are the expression of our responsibility towards the environment and our customers and employees, as well as towards future generations. Our aim is to keep continuously developing Schaeffler by not losing sight of our vision, which makes a future worth living possible.



Klaus Rosenfeld
Chief Executive Officer, Schaeffler AG

The Schaeffler Group

The Schaeffler Group is a global automotive and industrial supplier. Top quality, outstanding technology, and exceptionally innovative spirit form the basis for the continued success of the company. The Schaeffler Group identifies key trends early on, invests in researching and developing new forward-looking products, and sets new standards in technology. Extensive systems know-how enables the Schaeffler Group to offer comprehensive solutions that are tailored to customer and market requirements. By delivering high-precision components and systems in engine, transmission, and chassis applications, as well as rolling and plain bearing solutions for a large number of industrial applications, the Schaeffler Group is shaping “Mobility for tomorrow” to a significant degree. The company already offers innovative products for hybrid and electric vehicles today.

With its approximately 87,700 employees, the Schaeffler Group is one of the leading global technology companies. With around 170 locations worldwide, 70 plants in 22 countries, 20 research and development centers, and a close sales and service network, the Schaeffler Group ensures proximity to its customers. Based on cross-divisional and cross-national

cooperation, this creates a high degree of flexibility for solving new customer requirements and the opportunity to anticipate developing trends at an early stage. As a global development partner and supplier, Schaeffler maintains stable long-term relationships with its customers and suppliers. In addition to Schaeffler AG, a publicly listed stock corporation incorporated under German law with its registered office in Herzogenaurach that acts as the group’s lead company, the Schaeffler Group includes 152 domestic and foreign subsidiaries as at December 31, 2019.

Strategy “Mobility for tomorrow”

“As a leader in technology, we combine a passion for innovation with the highest standards of quality to shape the future of mobility – for a world that will be cleaner, safer, and smarter.” This is the vision of the Schaeffler Group. To live up to this claim, Schaeffler adopted its strategy “Mobility for tomorrow” in 2016.

Mission

“Guided by the values of a global family business, we work closely together with our customers as true partners to deliver a compelling value proposition through our best-in-class expertise in manufacturing technology and systems know-how. In doing so, we contribute to the success of our customers, the advancement of our employees, and the prosperity of our society.”

Vision

“As a leader in technology, we combine a passion for innovation with the highest standards of quality to shape the future of mobility – for a world that will be cleaner, safer, and smarter.”



Under this strategy, the Schaeffler Group concentrates on 4 focus areas: Eco-friendly drives, urban mobility, interurban mobility, and energy chain. These 4 focus areas are based on four megatrends that will influence the business of the Schaeffler Group in the future: Climate change, urbanization, globalization, and digitalization.



Eco-friendly drives



Urban mobility



Interurban mobility



Energy chain

On this basis, the Schaeffler Group’s Board of Managing Directors developed 8 strategic pillars in cooperation with the Supervisory Board and senior management worldwide. These pillars define the company’s scope for strategic action for the next few years and form the basis for the continuous further development of the Schaeffler Group. The “Agenda 4 plus One” excellence program ensures that the strategy is executed; it comprises 16 strategic initiatives that have significance worldwide and have been selected from a variety of initiatives.

Divisions

- 1**

We want to be the preferred technology partner for our customers.
- 2**

We are an Automotive and Industrial supplier.
- 3**

We are a global company with a local presence throughout the world.
- 4**

We produce components and systems.
- 5**

We view E-Mobility, Industry 4.0 and Digitalization as key opportunities for the future.
- 6**

We strive for the highest possible quality, efficiency and delivery performance.
- 7**

We want to be an attractive employer.
- 8**

We live by the values of a global family business.

Automotive

The Schaeffler Group has divided its business activities into the two divisions Automotive and Industrial. As a partner to the automotive sector, the Schaeffler Group leads the field when it comes to developing and manufacturing groundbreaking components and systems for engines, transmissions, and chassis, for both vehicles with drive trains based on the internal combustion engine and hybrid and electric vehicles. The Automotive division business is organized into the business divisions (BD) Engine Systems, Transmission Systems, Chassis Systems, and Automotive Aftermarket.

The Automotive division's main products include clutch systems, transmission components, torsion dampers, valve train systems, camshaft phasing units, electric drives, and bearing solutions in transmissions and chassis. The Schaeffler Group's precision products and systems are key to helping make engines use less fuel and comply with increasingly strict emission requirements. At the same time, they also extend engine and transmission life and increase driving comfort and dynamics.

Its comprehensive technical expertise for the entire drive train is what sets apart Schaeffler Automotive, one of the leading automotive suppliers worldwide. As future consumption and emissions targets can only be fully met by electrifying the drive train, the Schaeffler Group offers solutions for the entire range of electrification types – from hybrid through to fully electric drive systems.

A comprehensive Aftermarket portfolio rounds out the business of the Automotive division.

The product range covers applications in clutch and release systems, engine and transmission applications, and chassis applications. In addition, Schaeffler Automotive Aftermarket offers a comprehensive variety of services such as practice-oriented training courses, advice provided by the Schaeffler repair hotline or the group's online garage portal, as well as the development of specialized tools.

Efficient Future Mobility concept vehicles show technological solutions for regional requirements. The Efficient Future Mobility China concept vehicle is shown here.





The bearings and related products manufactured by the Industrial division are used, for example, in wind turbines.

Industrial

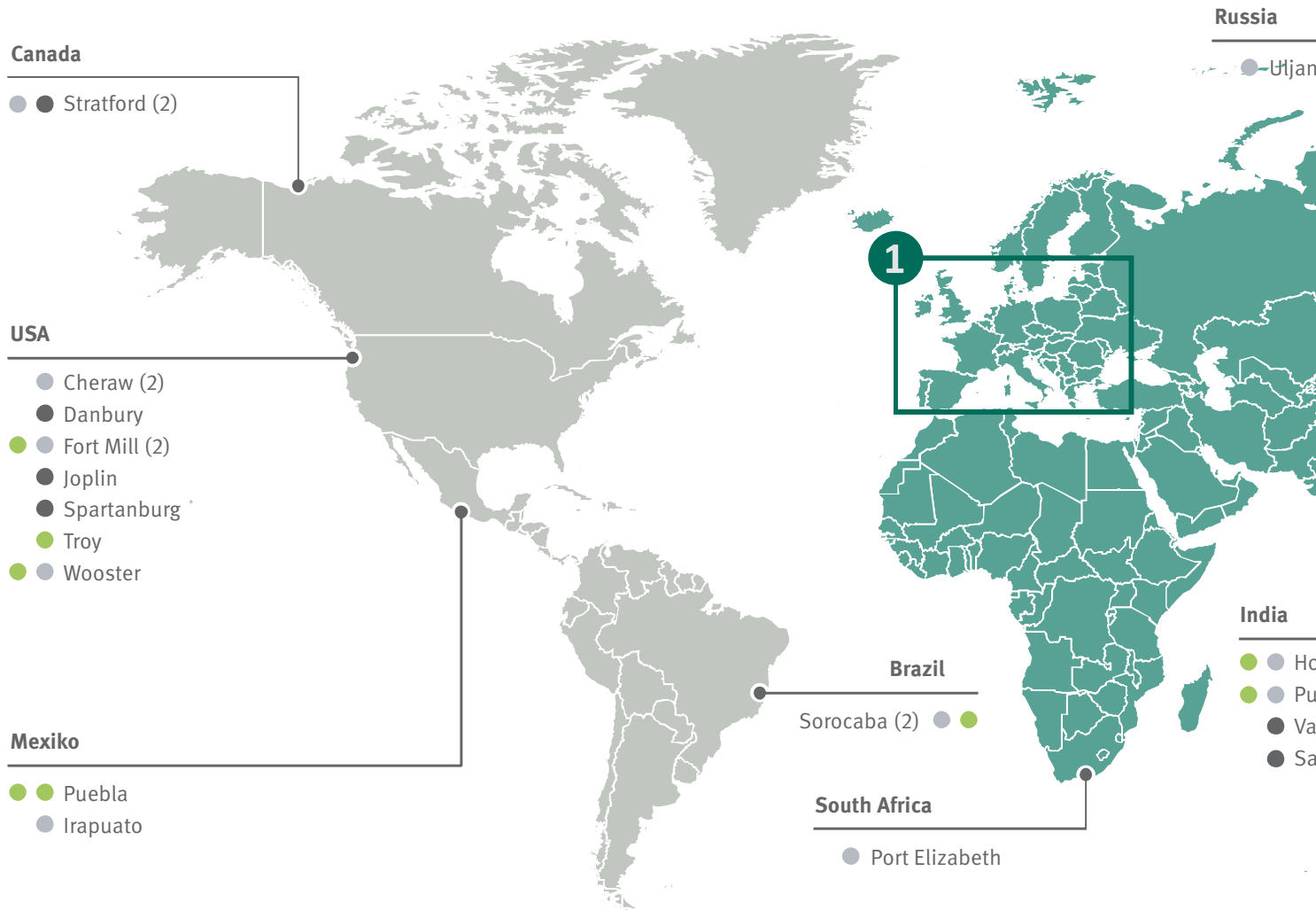
The Industrial division is primarily managed based on regions due to its wide customer and business structure. On this basis, the Europe, Americas, Greater China, and Asia/Pacific regions operate as profit centers responsible for the Industrial business in their respective markets. Within the regions, the Industrial business is grouped into eight sectors: (1) wind, (2) raw materials, (3) aerospace, (4) rail, (5) offroad, (6) two wheelers, (7) power transmission, and (8) industrial automation. Sales to distributors (Industrial Distribution) round out the Industrial division's regional business.

The Industrial division's product spectrum includes rolling and plain bearings, linear technology, maintenance products, monitoring systems, and direct drive technology. The Industrial division offers a broad portfolio of bearing solutions, ranging from high-speed and high-precision bearings with small diameters to large-size bearings over three meters in diameter. Components are increasingly being integrated in system solutions, some of which are designed as mechatronic systems with datagenerating sensors.

With its rolling bearing, linear technology, and direct drive solutions, the Schaeffler Group offers comprehensive technological and application engineering expertise for complete systems from one source that are precisely matched to one another. The focus is increasingly on smart products and on connecting components. One example is the "Machine Tool 4.0", whose sensor-equipped components measure and report vibrations, forces and temperatures at all relevant bearing positions.

The majority of rolling bearings is supplied by the "Bearing & Components Technologies" (BCT) unit as an internal supplier. The bearings and related products are used in applications in drive technology, production machinery, and wind turbines, as well as in heavy industries. In the aerospace sector, the Schaeffler Group is a leading manufacturer of high-precision bearings for jet and helicopter engines as well as for space travel applications.

Customer – Plants and F&E centers worldwide

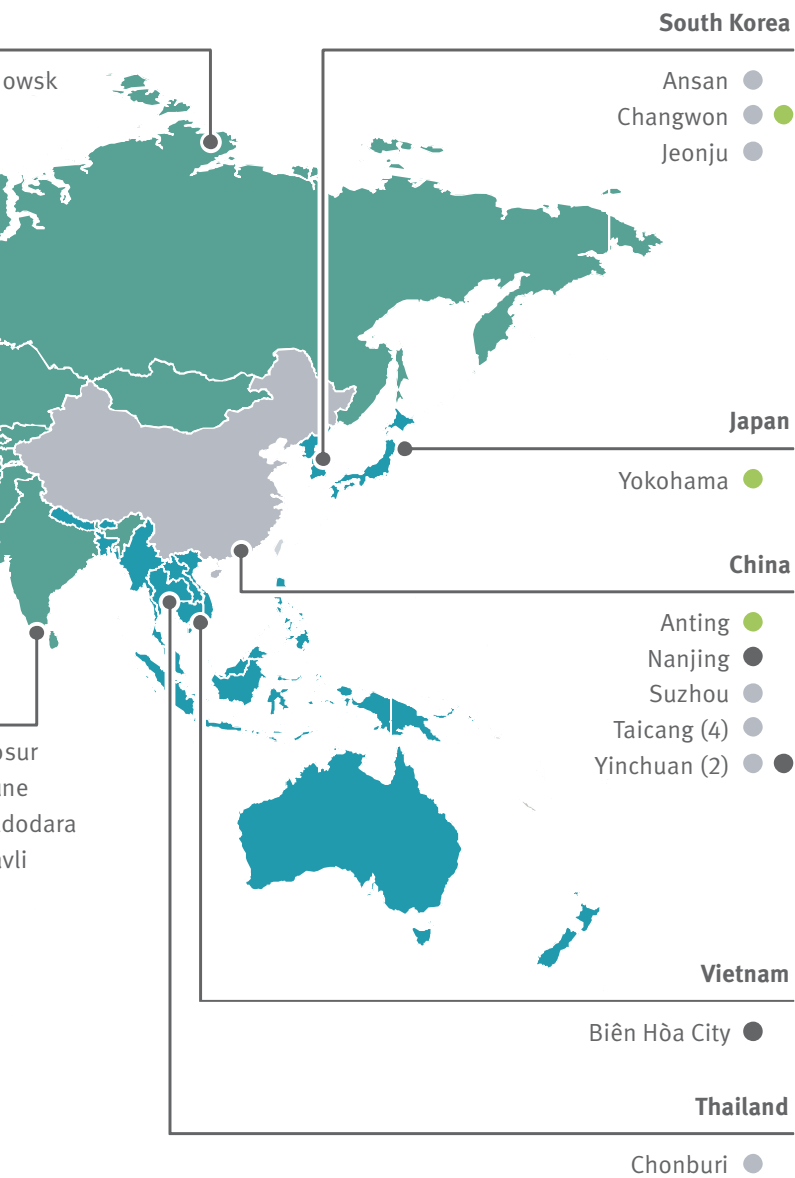


Regions ¹	Europe ■	America ■	China ■	Asia/Pazific ■
● F&E-centers	12	5	1	2
Plants	16	14	8	5
● Automotive	33	10	6	4
● Industrial	13	4	2	1

¹ The regions represent the regional structure of Schaeffler Group

* 2 Plants Automotive, 1 Plant Industrial

Number of plants in brackets



1 In Europe

Germany

- Bühl
- Eltmann
- Erlangen
- Gunzenhausen
- Hamm/Sieg
- Herzogenaurach
- Hirschaid
- Höchststadt (2)
- Homburg (3)*
- Ingolstadt
- Kaltennordheim
- Lahr
- Luckenwalde
- Morbach
- Nuernberg
- Schweinfurt (2)
- Steinhagen
- Suhl
- Unna
- Wuppertal

Austria

- Berndorf-St. Veit

France

- Calais
- Chevilly
- Haguenau (2)

United Kingdom

- Llanelli
- Plymouth
- Sheffield

Italy

- Momo

Portugal

- Caldas da Rainha

Spain

- Elgoibar

Hungary

- Debrecen
- Szombathely

Romania

- Braşov

Slovakia

- Kysucké Nové Mesto
- Skalica

Czech Republic

- Lanškroun
- Svitavy

Environmental Protection Worldwide



Manufacturing location at Schaeffler Bühl

At all manufacturing locations

Since the mid-1990s, Schaeffler has been developing an environmental management system of which it has every reason to be proud today: Virtually all of the company's manufacturing locations are certified according to ISO 14001 and the even more stringent EMAS regulations. New locations generally follow suit within three years.

Leading role in the application of EMAS

The total number of EMAS-registered manufacturing locations, particularly outside the European Union, means that Schaeffler is playing a significant leading role. Schaeffler was the first organization to apply EMAS outside the EU, thus laying the foundation for the registration of locations in third countries that subsequently became possible with EMAS III (also referred to as "EMAS Global").

Numerous awards

Schaeffler's commitment here has already garnered special awards on numerous occasions, including the Bavarian Environmental Medal, the "Ökoglobe", and the Ford Motor Company's "Recognition of Achievement, Environmental Leadership", which it has also won three times in a row. Schaeffler won the EMAS Award for Germany and Europe in 2005 and, in 2015, also received an honorary award during the European EMAS Awards ceremony.

Sharing experiences

Schaeffler shares its experience and expertise in this field with interested groups in numerous different ways – for example, it is a member of the Environmental Verification Committee, leads the EMAS Review working group, creates various EMAS reference documents, carries out research studies, receives visits from universities and expert groups, holds regional meetings with EMAS clubs, and takes part in numerous conferences and workshops relating to EMAS and environmental management.

Standards on Environmental Protection and Occupational Safety

ISO 14001

ISO 14001 is an international, private standard for environmental management systems. It was published in 1996. Similar to the quality standard ISO 9001, also ISO 14001 is built on the Plan-Do-Check-Act cycle for the continuous improvement of systems. That cycle was developed by William Deming in the 1930s years. Like all ISO standards the current ISO 14001 chapters follow the so called high level structure. Important contents are amongst others the preparation of an environmental policy, the assessment of environmental impacts, the definition of responsibilities and the preparation of an environmental program, document control and conducting audits. Many bigger companies, especially from the automotive sector, require that their suppliers are certified according to this standard by an accredited certifier. Because of this it is wide spread.

EMAS

EMAS stands for environmental management and audit scheme. The basis of the system is a European regulation, which was published in 1993. However the participation is voluntary. EMAS requires a system according to ISO 14001 and additionally compliance with environmental law and the preparation of a comprehensive environmental statement. Both has to be checked and confirmed by a licensed or accredited environmental verifier. EMAS is the superior and more ambitious of both systems. It is focusing on performance, transparency and credibility and is mainly implemented within the European Union.



OHSAS 18001

OHSAS 18001 is based on a British standard for occupational health and safety management systems. It exists since 1999 and has much in common with ISO 14001 or ISO 9001. One main element is the preparation of risk assessments. Since 2016 a draft of an ISO 45001 is available, that will replace OHSAS 18001 within the next years.

ISO 45001

ISO 45001 is the new worldwide standard for the design of management systems for safety and health at work (OH&S) that has been in force since 2018. ISO 45001 describes the requirements for SGA management systems and provides instructions for their implementation. It replaces the previous OHSAS 18001 and is based on the high-level structure of ISO 9001, ISO 14001 or ISO 50001 in terms of content and structure.

The transition from OHSAS 18001 to the new ISO 45001 is subject to a transitional period until 11 March 2021.

ISO 50001

ISO 50001 is a relatively young standard for energy management systems. The structure and contents is similar to those of ISO 9001, ISO 14001 and ISO 45001. Especially because of tax incentives the number of ISO 50001 certifications has increased significantly in many countries during the last years.

Schaeffler Environmental, Health and Safety Policy

Environmental protection, occupational health, and occupational safety (EHS) are part of our management principles. We help ensure the continuity and success of our company by creating and sustaining a work environment that is safe, healthy, and conducive to performance and by actively protecting the environment. The following principles apply to all areas of our company. We are committed to taking responsibility for our employees, society, and future generations.

Efficient Occupational Health and Safety and Environmental Protection Management

We actively use a global occupational health and safety and environmental management system that is undergoing continuous improvement and provide our employees with a fulfilling and fruitful life until retirement age. We elaborate forward-looking holistic concepts, structures, and processes that we implement in collaboration with our contractual partners. We carry out regular checks across all areas to determine the extent to which these measures have been implemented and to monitor the success of our management system.

Safe, Employee-Friendly Workplaces

We are convinced that all occupational accidents and illnesses can be avoided. Motivated employees and managers help us achieve our goal of a zero-accident workplace.

When it comes to protection, our employees and contractors have equal priority. When designing work centers and procedures, we take into account the latest trends and developments and place special emphasis on ergonomic design.

Reliable Actions

We are committed to observing all legislation and specifications regarding work safety and environmental protection. We act in a responsible manner in accordance with our own regulations, which, in many cases, go beyond existing legal requirements. We configure, purchase, operate, and maintain machines and facilities in such a way as to minimize potential hazards, risks, and operational disturbances. Our technology is based on the latest state of the art.

Minimum Environmental Impact and Environmentally-Friendly Products

Regardless of the activities we are carrying out, we endeavor to minimize environmental impact by taking suitable measures in advance. We consume raw materials and energy sparingly and make every effort to minimize waste, waste water, noise, and other emissions. We manufacture environmentally-friendly products taking into account the entire product lifecycle.

Responsible Employees

We hold regular information and training sessions to ensure that our employees and business partners have the expertise and knowledge to carry out their work safely in a health-promoting manner and with the minimum of environmental impact in all areas of the company.

Preventive Measures

We preserve and promote the physical and psychological health of our employees. We take comprehensive preventive measures to protect our employees and prevent damage to the environment. Comprehensive and effective emergency measures are in place at all locations to ensure that our employees and visitors are treated properly in the event of injury.

Open Communication

We conduct an intensive and trusted dialog with interested parties. We provide information about our work safety and environmental protection measures as well as the impact each of our locations has on the environment.

Chief Executive Officer, Schaeffler AG
Klaus Rosenfeld

Environmental Communication

The company's SCHAEFFLERCONNECT provides comprehensive information: contact persons, databases, a waste guide and much more. This information is made available to all employees worldwide.

Company newsletters and notices are also used to inform employees.

Regular Conferences

Environmental protection conferences held every year allow participants to exchange information and coordinate goals and actions. These conferences last several days and are attended by the environmental protection coordinators from all locations.

Since environmental protection conferences were first introduced, cooperation and coordination (e. g. for planning environmentally relevant facilities) between all locations have improved tremendously.

Global Regulations: Plant Standards and Procedures

All actions relevant for the environment, such as the approval of indirect materials or the specification of substances prohibited for use in products and packaging, are regulated globally by special plant standards. In this way, Schaeffler ensures that hazardous materials are used only if there are no other alternatives.

The relevant departments are informed in a timely manner about the use of such materials, and the required action is taken. This means that our customers can be sure that products supplied by Schaeffler contain only approved materials.

Safety rules and regulations also apply to contractors working in Schaeffler plants. A document detailing all safety-related requirements has been prepared for contractors working on the plant premises. Contractors may not enter the premises to perform their work unless they have agreed in writing to comply with these requirements.

Regular Internal and External Audits

The level and progress of the company's environmental protection are also monitored by regular internal audits at all manufacturing sites as well as external audits by an independent environmental verifier. These audits are planned and coordinated at company headquarters and carried out by the Schaeffler auditor pool. The Schaeffler Group's internal environmental auditors participate in multi-day training courses for auditors on a regular basis.

All locations receive an audit report that includes details of the current status and recommendations for improvement.

Due dates and responsibilities are defined for all relevant measures.



European EMAS Award 2015

Schaeffler receives an honorary award for environmental protection

In May 2015, Schaeffler received an honorary award from the European Commission for its leading role in the application of EMAS during the European EMAS Awards ceremony. Schaeffler had registered its first location in China in accordance with EMAS, and has more manufacturing locations on the register than any other company, particularly outside of the EU.

The award was presented by Kestutis Sadauskas, director of the European Commission's Green Economy section, during the ceremony in Barcelona, and received on behalf of Schaeffler.

Prior to this, Schaeffler had won the national preliminary selection in the "major companies" category.

The European EMAS Award was first announced in 2005 and even at the start was presented to Schaeffler at both the national and European level.

EMAS, which stands for European Eco-Management and Audit Scheme, is a management system designed to help organizations improve their environmental performance and communicate their results. EMAS is chiefly characterized by its performance, credibility, and transparency, and is considered to be the premier environmental management system.



Environmentally Friendly Products

Environmental pollution and the depletion of resources can largely be attributed to the increased consumption of products. We must change our way of thinking and insist on environmentally friendly products that use fewer resources and minimize the strain on the environment. Our “Integrated Product Policy (IPP)” addresses this idea and aims to promote environmentally friendly products.

Schaeffler – Always One Step Ahead

This isn't a new idea for Schaeffler; we have embraced this idea for many years. We accepted the challenge to design environmentally friendly products a long time ago. What is new is the methods and tools used to achieve this goal. How can we utilize previously untapped potential to improve the ecobalance of a product over its entire lifecycle?

New Inroads

One way to make environmentally friendly products is to increase the efficiency of the material and energy used, thus reducing environmental impacts. We continuously evaluate and design all material and energy flows, from the time they enter the company to the time they leave as products or residual materials.

Comprehensive Data Management

The company's own environmental data coordinator handles inputs and outputs of material and energy flows for all processes and products at the respective plant. Material flow analyses help further integrate environmental management into the company's corporate units, such as Logistics, Manufacturing and Financial Controlling. Existing processes and technologies are questioned thoroughly, and additional opportunities for improving processes are recognized and put into practice.

Information Networks

Environmental impacts occur even when resources are extracted. To make products even more environmentally friendly, Schaeffler stays in close contact with its suppliers and customers. A shared network is used to record and analyze environmental information along the entire product chain. The insights gained allow new solutions to be recognized for environmentally friendly products and sustainable development.

Recycling

We try to ensure that manufactured components are recycled at the end of a vehicle's service life. This is why LuK and INA are founding members of the Partslife recycling system.

Environmental Statement 2020



Schaeffler Canada Inc., Stratford, ON

It is our commitment at Schaeffler Canada Inc. to support and implement methods that protect the environment that we work and live in. By continuing to work to the ISO 14001, OHSAS 18001, ISO 50001 and EMAS standards, we are confident that our growth into the future will be done in concert with our surroundings.

As a supplier of products that reduce the need to consume energy, we have understood the benefits of these goals for many years. We continue to strive to reduce our requirements on resources to manufacture our products to minimize the environmental impact. We have accomplished this through ever improving operating efficiencies, waste reduction, participation in recycling programs and energy conservation techniques. The process starts at the design and development stage and goes right through the organization to our customers' use of our products.

We continue to evaluate new technologies developed by suppliers to improve our use of the world's limited resources. As a result, we will continue to invest in our facility to ensure that these improvements are attained in our operations.

This approach will not only ensure that our environmental goals are exceeded as an organization but are an inseparable part of meeting our financial objectives as well.

A handwritten signature in black ink, appearing to read 'RR' or similar initials.

Rick Roes
Plant Manager
Schaeffler Canada Inc. Automotive

Introducing Stratford, ON, CA and Schaeffler Canada Inc.

Stratford is geographically, economically, and technologically well located in Southwestern Ontario, Canada. Stratford is close to Highway 401; Canada's main and largest ground transport artery. It is also within an hour's drive of two international airports as well as ~125 km from Toronto Pearson International Airport, the largest and busiest airport in Canada by passengers and flights. Stratford is renowned around the world as the home of the Stratford Shakespeare Festival, which began in 1953. Over 500,000 visitors a year witness unsurpassed repertory theatre by world-famous directors and actors.

Stratford's rich 190 years of history has been consciously maintained and cultivated, as can be seen from the abundance of Victorian architecture throughout the City. The downtown brims with restaurants and quaint boutiques that have characterized Stratford as "a shopping paradise". Stratford boasts the largest park area per capita of any city in Canada with thousands of annuals planted in many flowerbeds throughout the city. There is also a Chefs School and University of Waterloo campus for the School of Interaction Design and Business (Digital Media) located in Stratford. Residents enjoy a wide variety of recreational facilities and support several amateur and minor league sports teams involving over 8,000 athletes.

Schaeffler Canada Inc. – Facility Description

Schaeffler Canada currently owns 126,177 m² of land with 70,659 m² of the property occupied by the production facility (39,020 m²), outbuildings and paved surfaces. This property is located in an industrial / commercial land use area. Schaeffler Canada Inc. was established at the current location in 1954 and has since grown in both size and product range.

Schaeffler Canada is an integrated manufacturing facility producing finished automotive bearings. It is located in a mixed-use area surrounded by other industrial and commercial buildings and bounded on the north side by Ontario St. and on the south side by Douro St. The facility was formerly known as FAG Bearings Ltd. from 1954 to 2001 when INA purchased FAG Bearings. Our facility has had a rich history in the community and in Canada.

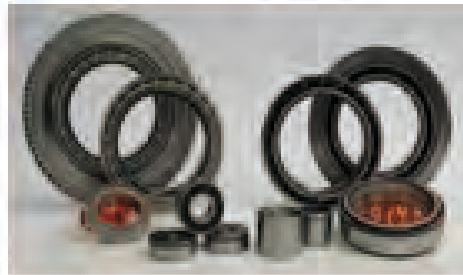
Schaeffler Canada employed a total of 350 active employees at the end of 2019. This population consists of 264 hourly employees, 66 salary staff, 16 Student Interns and 4 Apprentices with the workforce being a mix of highly skilled production workers, Administrative Professionals, Certified Tradespersons and Engineers. (There are also 23 inactive employees at Schaeffler Canada Inc.) The majority of employees live in Stratford, however Schaeffler Canada does draw employees from other local major cities such as Kitchener, Waterloo and London. These cities are home to prestigious educational institutions such as the University of Western Ontario (London, ON) and the University of Waterloo, both having strong engineering programs.

Our Products

As a component of broadening our customer base, our facilities continuously search for product applications that may lie outside of the automotive sector or improvements within our traditional product line designs. The technology developed by our engineering team that was originally intended for use in the automotive and aerospace industries has also proven to be beneficial in other applications. Design features such as low friction components have shown improvements in both energy efficiency and service life longevity. Schaeffler has the capability to design and manufacture for non-standard size ranges for unique applications where engineering is required for both our present and future customers.

Schaeffler Canada has also introduced plastic injection machines to our product line up. These machines have allowed us to manufacture Idler and Strut components within our facility. Not only does this allow us to oversee production of Idler and Strut assemblies from the injection moulding process, but it also eliminates the need for redundant transportation of components. This has a positive environmental impact as it translates into the reduction of vehicle emissions from the freight process.

Schaeffler Canada continues to reduce the environmental impact of shipping our components by insourcing various heat treatment processes such as carburizing, and various grinding processes.



Our Processes

Incoming Raw Materials

The raw materials used for our products are supplied by very select steel suppliers. This stock material consists of steel forgings for the machining and production of rings, rollers, and cages. We no longer receive steel bar or tube material as all rough turning and ACME lathing has been outsourced to other facilities.

Raw Material Quality Control

Upon the raw material's arrival, the materials are inspected as required to ensure conformity to the standards defined for their purpose. This inspection consists of dimensional checks and laboratory analysis.

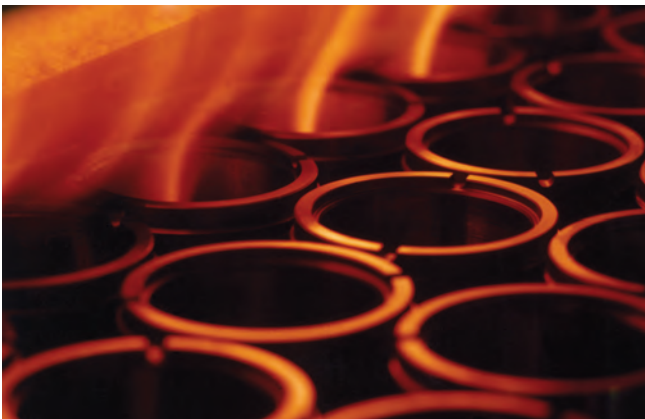
Soft Machining

This operation is carried out on various types of machines such as automatic multispindle turning machines and CNC machines. During this phase, material is removed to meet dimensional specifications. Material that is removed is captured for recycling wherever possible.

Side and Outer Diameter (OD) Grinding

Side and OD grinding is carried out on the external diameter and side faces to ensure the squareness of parts prior to completion of the remaining production processes. Water-based coolant is used in these processes to aid with heat and dirt removal.

Heat Treating



Most of our products are heat treated in order to obtain a degree of hardness to meet engineering requirements. Parts are heated at high temperatures in one of our heat treating machines such as continuous belt furnaces or induction hardening machines. Heat treatment of our bearings includes hardening, tempering, annealing, stress relieving and carburizing. This is carried out in a variety of methods including induction and continuous belt furnaces.

Grinding

Grinding is carried out on the external diameter, side faces, bores and raceways of many components. The grinding operations ensure the dimensional accuracy, and the shape and roughness tolerances required by the application.

Honing

The grinding machines are linked to multi-stage honing machines using conveyors. The bearing raceways are finished in the honing process to further improve the surface finish of the bearings to meet engineering requirements.



Inspection

To ensure product conformity, inspection of blueprint requirements is carried out both at First Piece Inspection, to verify machine set-up, and at the end of component production to verify final acceptance. Geometric features such as surface finish, roundness, position, straightness and parallelism are measured on various specialized and highly precise measuring equipment by skilled inspectors.

Washing of Parts

Throughout the process, parts and components are washed in various washing systems and processes using various petroleum-based solutions in order to clean the parts as they progress between different machining and assembly processes.

Injection Moulding

We have several horizontal injection moulding presses that produce plastic components for pulley tensioner assemblies that are manufactured inhouse. One of the processes involves moulding plastic around a bearing to create a pulley.



Assembly

At the assembly stage, the various components are assembled with all the auxiliary parts (balls/rollers, cages). Once the part has been assembled, these parts may then be lubricated by injecting a defined quantity of grease, which helps ensure proper lubrication of the bearing. To protect the internal elements of the bearing from foreign particles and to prevent grease from escaping, seals may be placed on one or both sides. During the assembly phase, operational inspections of the bearings are made which may consist of measuring the weight, radial or axial clearance, height, runout and noise. Following the assembly process a visual inspection is conducted; parts are then packed and shipped as per the customer's requirements.

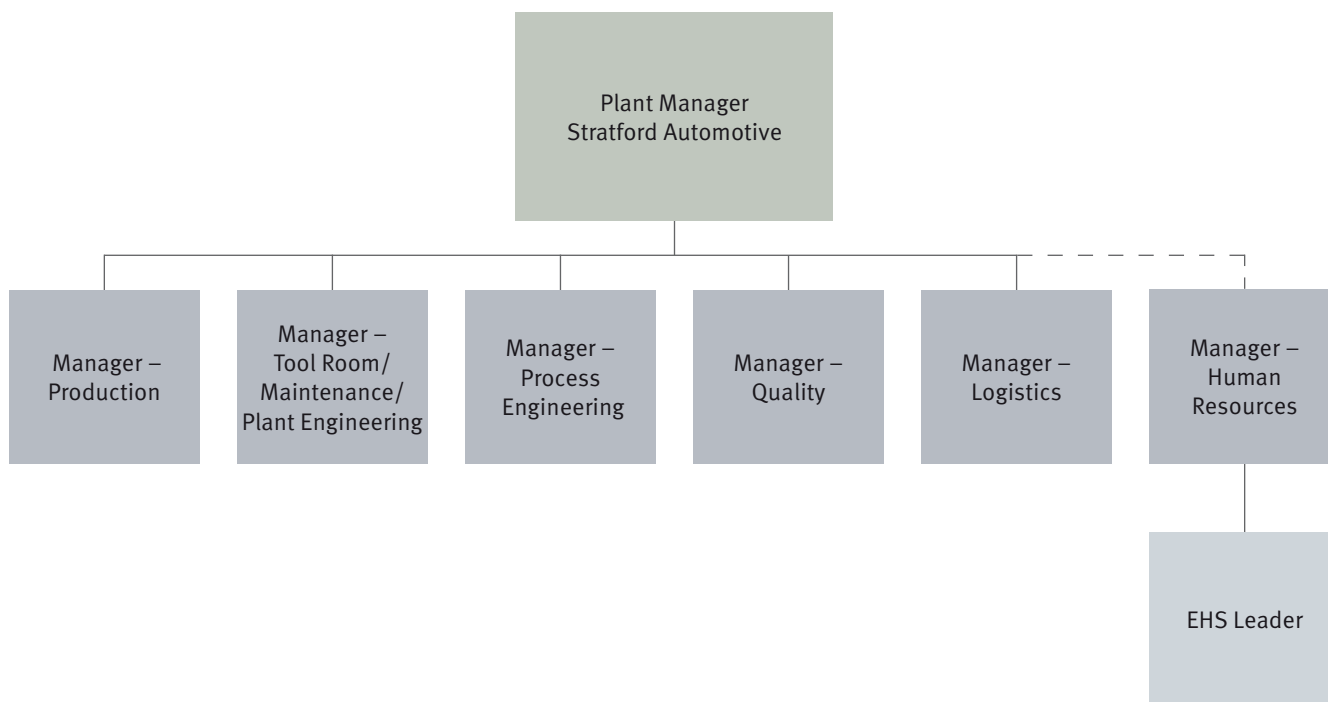
MOVE

The MOVE initiative is strong throughout Schaeffler Canada and our production processes. MOVE is a Schaeffler initiative to implement Lean and the concept of “Zero Defects” across the entire Schaeffler organization. The program is based on 4 principles: Employees taking personal responsibility, the elimination of waste, error free processes, and synchronization with our customers. Through formal workshops and daily employee engagement, the program measures and drives improvements in safety, quality, and the efficient use of resources with the ultimate goal of improved product quality, cost, and delivery.

The word "move" is rendered in a large, lowercase, 3D sans-serif font. The letters are white with a grey drop shadow. The text is positioned over a series of four horizontal brush strokes in yellow, green, and red, which are slightly blurred and angled upwards from left to right. The overall effect is dynamic and energetic.

EHS Organization at Site

The Stratford campus has one Environmental Health & Safety (EHS) Leader who provides EHS support to all functions at the automotive site and also provides oversight and support to the EHS Coordinator at the Aerospace facility in Stratford. The EHS Leader reports to the Director EHS Americas and at the plant level also reports to the Director of Human Resources. The EHS Leader assumes the role of Occupational Health and Safety Coordinator, Ergonomics Coordinator and Environmental Protection Coordinator. There are also personnel on site who have been assigned the roles of Fire Protection Coordinator, Waste Coordinator and Energy Coordinator. All of these Coordinators work together to support the EHS function within the plant. There is also a Joint Health & Safety Committee made up of both worker and management personnel that meets monthly to discuss health & safety issues and perform hazard inspections.



Changes at the Location

Schaeffler Canada continues to support and build on our corporate initiative for continuous improvement called MOVE. We continue the process of carrying out renovations and improvements to our facility, machines, products, safety and our environmental footprint.

Most office and bathroom renovation projects at the plant were completed in 2018. 2019 did not see as many building improvements implemented. Some building improvement activities from 2019 included additional production floor painting throughout the facility, improved signage and painting on the building exterior to meet Schaeffler standards and continued relamping of production facility with LED overhead lighting to replace fluorescent lights (approximately 85% complete).

No new products were added in 2019, but over the last few years Schaeffler Canada has added new products such as the tandem bearing as well as design variations for mechanical and hydraulic tensioner assemblies.

Volumes remained steady in most key segments for Schaeffler Canada and our employees. This includes tandem ball bearings, wheel bearings, pulleys & tensioners as well as transmission transfer gear and strut bearings.

In 2019 several new pieces of production equipment were installed in our facility to support existing production and products. These included: one (1) new Honer, one (1) new Washer (OWC), one (1) new Collaborative Robot, one (1) new Spline Gauge Machine, one (1) new Greaser / Sealer machine, and one (1) new Manual Strut Cell. This new equipment will help support and improve ergonomics, productivity and quality both in production and our support departments.

In 2019, the remaining ACME lathe machines were removed from the facility

Schaeffler Canada is always looking for new technology and best practices to improve our safety, productivity, and environmental performance. Some examples implemented at our plant include the new collaborative robots that load parts from trays / dunnage onto flexlink to be fed into the machine, while working in very close proximity to other workers. This improves productivity while reducing ergonomic risk factors related to manual handling of each part. In 2019 we also installed sprinkler systems in our warehouse racking systems to further enhance fire safety.

Legal Requirements

Legal requirements are checked and reviewed at least annually. Any non-conformances found are corrected immediately and proper notification is provided to the appropriate governing authority. During the reporting period all relevant limits were in compliance.

With regarding to hazardous waste generation, all shipments were found to be in compliance with the regulation. There were no abnormalities or errors found. All waste streams were registered with the Hazardous Waste Information System (HWIN) prior to shipment. There are no additional maintenance or reporting requirements for the hazardous waste generators permit.

The amended Environmental Compliance Approval (ECA) for 801 Ontario St. was issued on September 29, 2014. The approval has conditions related to maintenance, noise, records and complaints. During the application process a third party engineer was retained to complete an Emissions Summary & Dispersion Modeling Report and Acoustic Assessment. The reports were generated using provincial standards. The report and subsequent applications indicated that all emissions at the point of impingement would be below provincial limits while equipment is in good working condition. The report and application also indicated that the acoustic impact during regular operations would not be expected to negatively impact the facility surroundings (including sensitive receptors). To ensure compliance, the facility maintains and preventative maintenance program and conducts regular inspections to ensure proper operation of its equipment. There is an annual submission required by the authorities for the sustainment of the Environmental Compliance Approval for the 801 Ontario St. ECA. This annual submission notes any changes to the site's air or noise emissions during the previous year and requires that an updated Emission Summary and Dispersion Modelling Table also be provided. In 2019, there were no incidents at either facility which required notification to the Ministry of Environment, Parks and Conservation.

The following permits are required at the site,

- a. Ontario Waste Generator Permit –
801 Ontario St. – ON0221700
- b. Environmental Compliance Approval –
801 Ontario St. – 8153-8XPJWW
- c. Permit to Take Water – 801 Ontario St. – 8111-APCNH4

The site is not required to hold any permits related to wastewater discharge.

Environmental Impacts

All environmental aspects of Schaeffler Canada are reviewed annually and ranked regarding their transportation, storage, use and disposal. The impact during start up, normal operation, shut down or emergency situations is considered. Normal operations receive their scoring based on potential damage to the environment, the level of concern from stakeholders and the public and from the resulting cost to the business. Emergency scenario scoring is based on the potential impact from a fire and explosion, a spill, and an equipment failure; these individual impact scores are then combined for the emergency scenario impact. The normal operation and emergency scenario scores are then both reviewed to determine if an aspect meets the internal definition for a significant impact.

Environmental Aspect	Additional Description	Activity	Environmental Impact (A-G)	Environmental Impact Value (1-3)	Stakeholder Impact Value (1-3)	Assets Impact Value (1-3)	Impact Value Normal Operation (1-18)	Significant Aspect (yes/no)
MWF - WATER BASED	(Syntilo / Dasco 2357 / MSA-HSF 440CA)	Transportation	B	2	2	1	4	NO
MWF - WATER BASED	(Syntilo / Dasco 2357 / MSA-HSF 440CA)	Storage	B	2	2	1	4	NO
MWF - WATER BASED	(Syntilo / Dasco 2357 / MSA-HSF 440CA)	Use/Mists	A,F	2	2	1	4	NO
MWF - WATER BASED	(Syntilo / Dasco 2357 / MSA-HSF 440CA)	Disposal/Storage	C	2	2	1	4	NO

Legal requirements and permitted limits

Schaeffler Canada Inc. is subject to multiple layers of environmental law. This includes federal law such as the Canadian Environmental Protection Act, 1999 and the Transportation of Dangerous Goods Act, 1992. The Province of Ontario also has legal requirements such as the Ontario Water Resources Act, Toxics Reduction Act and Environmental Protection Act. There are also local bylaws regarding sewer use (Stratford Bylaw 65-70) and noise control among others (113-79).

Emissions

Schaeffler Canada Inc. maintains compliance with the Environmental Protection Act and O. Reg. 419/05 by applying for an Environmental Compliance Approval (ECA) permit for the specific air and noise emissions that it emits from the facility. Current approvals from the Ministry of Environment, Conservation and Parks (MOECP) are maintained at the site and details are available through the public website of the MOECP.

Water protection

All substances that pose a risk of water pollution are stored inside of the facility away from access points to the sanitary or storm sewer systems. There are four underground storage tanks on site for the storage of honing oil and wash fluids. These double-walled tanks undergo regular vacuum seal and leak detection testing to ensure tank integrity and full containment of all fluids. Wastewater generated at the facility is treated to remove contaminants prior to discharging to sanitary.

Well Water Usage

Schaeffler Canada currently operates a well water system in compliance with a permit granted by the MOECP. A new well was installed in 2017 and a new water-taking permit was issued by the MOECP at that time. This well water is used throughout the manufacturing and central production support systems. This water is treated as required based on the application in which it is used. The quantity of water removed from the well is monitored on a regular basis and reported to the Management Team and to the MOECP annually.

Waste management

Schaeffler Canada manages our waste through several contractors and vendors. The use of items that end up as waste are reduced when possible. If this is not possible, reuse or recycling is investigated. A recent example of this is the recycling of swarf material which began in the fall of 2019 as a trial. It has proven successful and is now significantly improving our recycling and landfill diversion rates.

Polluted area cleanup operations

If areas of the facility were to become contaminated they would be cleaned up and waste soil handled appropriately via approved waste receivers. We have had no spillage or need for remediation at our site.

Usage of natural resources and raw materials

Schaeffler Canada is continually working to reduce our consumption of our world's natural resources which are necessary for our business. Wood, water, ore and oil are all natural resources that we rely on heavily for manufacturing, packaging and supplying our product to our customer base. We continue working to reduce our consumption of cardboard by using re-usable totes and dunnage for shipping our product to any of our outsourced production processes. We also return the collapsible wooden crates back to the supplier for re-use. Our recent ISO 50001 Certification has resulted in a significant reduction in the amount of energy we consume to produce our parts. This has also led us to being one of the most efficient Schaeffler operations in the Americas when measured by kWh/\$ Value Added.

Usage of chemicals and substances as well as semi-finished products and purchased parts

Our use of semi-finished parts is significant due to our reliance on forgings to begin our manufacturing process. However, this reliance on forgings minimizes the total amount of material required to produce our parts as the forging shape can better be controlled and contoured to our finish shape. Our purchased parts consist primarily of cages and steel balls. We also purchase a significant amount of resin for our injection moulding process. We also purchase coolants and wash fluids for use in our drilling, grinding, honing and washer equipment.

Maintenance

Proper maintenance of equipment is critical to safety and the environment. Permits and approvals from the MOECP are conditional on the regular maintenance of the exhaust systems for the facility. Work orders and regularly scheduled preventative maintenance are all tracked through various systems and historical records are maintained for work that has been completed.

Transportation and logistics

Due to the location of the facility and the flexibility provided by road transportation, all incoming and outgoing products are shipped via truck. This is most commonly a 53' trailer pulled by a truck but occasionally smaller vehicles are used as well.

Impacts on biodiversity

Of the 126,177 m² of property owned at the Schaeffler Canada Inc. location 70,659 m² has been sealed with buildings and parking lots. The majority of the remaining land is grass-covered and used as sporting fields.

Indirect Environmental Impacts

Products and packaging

Schaeffler Canada contributes to energy savings worldwide for our customers, since bearings reduce energy and friction. This means less use of natural resources such as fossil fuels.

The majority of Schaeffler products can be recycled, once they have reached the end of their service life since they are made of steel. In fact, the raw material (steel) purchase to manufacture our products already contains a relatively high recycled steel content. Smaller volume products made of plastic can be recycled at the end of their life however; a greater degree of processing may be required.

Employee transportation

Employees utilize various forms of transportation to get to work including local public transit, personal vehicles and motorcycles, bicycles and walking. Some employees even brave the Canadian winter and bicycle to work year round.

Environmental performance of contractors, sub contractors and suppliers

Contractors and sub-contractors are expected, and required to meet all internal requirements for both safety and the environment at Schaeffler Canada Inc. All contractors and any sub-contractors they employ must review and sign off on the Schaeffler Contractor Health & Safety Package that outlines expectations and requirements while on site. They must provide evidence of adequate liability insurance coverage, and they must also complete a hazard analysis checklist for the work they'll be performing. In addition, all contractors and visitors are now required to watch a Contractor and Visitor Health & Safety video prior to entering the facility. This is required once annually at their first site visit. The video covers all of Schaeffler's key health, safety and security rules and requirements for the Stratford campus.

Environmental impacts out of purchasing processes

The saying goes "We are only borrowing this world from our children who will live and survive beyond our decisions." This statement provides us our responsibility to our environment; and our intentions can only be demonstrated and proven through our actions. Purchasing at Schaeffler Canada adheres to the Schaeffler Environmental Policy.

Key Indicators according EMAS III

Stratford

Database	Absolute			Relative*			
	2017	2018	2019	2017	2018	2019	
Input							
Water	[gal]	34,515	29,841	24,640	904	909	819 [gal / Mio \$]
Electricity from external supply	[kWh]	22,329,060	21,900,241	20,990,164	585,159	667,701	698,230 [kWh / Mio \$]
» Percentage of renewable energy (only from external supply)	[%]	36	36	34			
» Amount of electricity from renewable energy (external supply)	[kWh]	8,038,461	7,884,086	7,136,655	210,657	240,372	237,398 [kWh / Mio \$]
» Amount of electricity generated inhouse (conventional)	[kWh]	0	0	0	0	0	0 [kWh / Mio \$]
» Amount of electricity generated inhouse from renewable energy	[kWh]	0	0	0	0	0	0 [kWh / Mio \$]
Electricity Σ	[kWh]	22,329,060	21,900,241	20,990,164	585,159	667,701	698,230 [kWh / Mio \$]
» Percentage of renewable energy with regard to overall consumption	[%]	36	36	34			
Natural gas	[kWh]	8,053,212	9,470,646	10,937,702	211,043	288,744	363,838 [kWh / Mio \$]
» Amount from renewable energy	[kWh]	0	0	0	0	0	0 [kWh / Mio \$]
» Percentage of renewable energy	[%]	0	0	0			
Light fuel oil	[gal]	0	0	0	0	0	0 [gal / Mio \$]
» Amount from renewable energy	[gal]	0	0	0	0	0	0 [gal / Mio \$]
» Percentage of renewable energy	[%]	0	0	0			
Fuels for internal logistics							
■ Diesel	[gal]	0	0	0	0	0	0 [gal / Mio \$]
» Amount from renewable energy	[gal]	0	0	0	0	0	0 [gal / Mio \$]
» Percentage of renewable energy	[%]	0	0	0			
■ Gasoline	[gal]	0	0	0	0	0	0 [gal / Mio \$]
» Amount from renewable energy	[gal]	0	0	0	0	0	0 [gal / Mio \$]
» Percentage of renewable energy	[%]	0	0	0			
District heating	[kWh]	0	0	0	0	0	0 [kWh / Mio \$]
» Amount from renewable energy	[kWh]	0	0	0	0	0	0 [kWh / Mio \$]
» Percentage of renewable energy	[%]	0	0	0			
Propane / LPG	[lbs]	18,385	15,946	9,058	481	486	301 [lbs / Mio \$]
Methanol	[lbs]	0	0	0	0	0	0 [lbs / Mio \$]
Energy input Σ	[kWh]	30,618,999	31,576,209	32,044,497	802,406	962,705	1,065,948 [kWh / Mio \$]
» Amount of renewable energy with regard to total energy input	[kWh]	8,038,461	7,884,086	7,136,655	210,657	240,372	237,398 [kWh / Mio \$]
» Percentage of renewable energy with regard to total energy input	[%]	26.25	24.97	22.27			

Database	Absolute			Relative*			
	2017	2018	2019	2017	2018	2019	
Emulsion concentrates	[lbs]	64,710	63,347	45,157	1,695	1,931	1,502 [lbs / Mio \$]
Processing oils	[lbs]	233,429	228,351	153,474	6,117	6,962	5,105 [lbs / Mio \$]
Solvent - VOC	[lbs]	13,521	18,650	7,454	354	568	247 [lbs / Mio \$]
Solvent - non VOC	[lbs]	2,300	2,100	0	60.2	64.0	0 [lbs / Mio \$]
Metal raw materials	[lbs]	297	151	0	7.78	4.6	0 [lbs / Mio \$]
Metal semi finished products (external supply)	[lbs]	6,069	4,818	4,460	159	146	148 [lbs / Mio \$]
Other raw materials	[lbs]	661,796	613,654	596,425	17,343	18,709	19,839 [lbs / Mio \$]
<i>Output</i>							
Waste Σ	[lbs]	3,465	3,229	2,966	90.8	98.4	98.6 [lbs / Mio \$]
non hazardous waste Σ	[lbs]	1,159	1,036	1,169	30.3	31.5	38.9 [lbs / Mio \$]
	[%]	60.8	46.3	58.6			
hazardous waste Σ	[lbs]	746	1,200	826	19.5	36.6	27.4 [lbs / Mio \$]
	[%]	39.2	53.7	41.4			
Scrap (ferrous + non-ferrous) Σ	[lbs]	1,560	993	969	40.8	30.2	32.2 [lbs / Mio \$]
»Waste for recycling (without Scrap)	[lbs]	985	901	1,014	25.8	27.4	33.7 [lbs / Mio \$]
	[%]	51.7	40.3	50.8			
»Waste for disposal/ removal	[lbs]	920	1,335	983	24.1	40.7	32.7 [lbs / Mio \$]
	[%]	48.3	59.7	49.2			
CO₂-equivalents Σ	[lbs]	2,069	2,457	2,738	54.2	74.9	91.0 [lbs / Mio \$]
» CO ₂ -emissions from combustion processes at this site	[lbs]	1,687	1,964	2,236	44.2	59.8	74.3 [lbs / Mio \$]
» CO ₂ -emissions from electricity obtained from external sources	[lbs]	334	492	472	8.77	15.0	15.7 [lbs / Mio \$]
» CO ₂ -emission factor per kWh electricity obtained from external sources	[lbs / kWh]	15.0	22.5	22.5			
» CO ₂ -emissions from district heating obtained from external sources	[lbs]	0	0	0	0	0	0 [lbs / Mio \$]
» CO ₂ -equivalent from the refrigerant agent amount refilled due to leakages	[lbs]	46,965	336	29,361	1,230	10.2	976 [lbs / Mio \$]
SO₂- emissions from combustion processes at the site	[lbs]	14.4	17.0	19.6	0.379	0.519	0.654 [lbs / Mio \$]
NO_x-emissions from combustion processes at the site	[lbs]	751	866	972	19.7	26.4	32.3 [lbs / Mio \$]
Particulate matter emissions Σ	[lbs]	1	1.14	1.25	0.0264	0.0348	0.0415 [lbs / Mio \$]
» from combustion processes at the site	[lbs]	1	1.14	1.25	0.0264	0.0348	0.0415 [lbs / Mio \$]
» from production an other processes	[lbs]	0	0	0	0	0	0 [lbs / Mio \$]
VOC-emissions	[lbs]	840	756	880	22.0	23.0	29.2 [lbs / Mio \$]

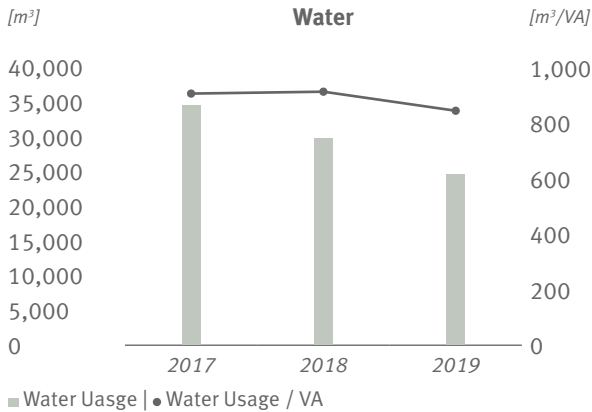
* In relation to added value

Sources for evaluation of emission factors are the ProBas data bank (<http://www.probas.umweltbundesamt.de> - status: September 22nd, 2011) as well as the GEMIS 4.8 data bank (<http://www.oeko.de/service/gemis/>).

Input

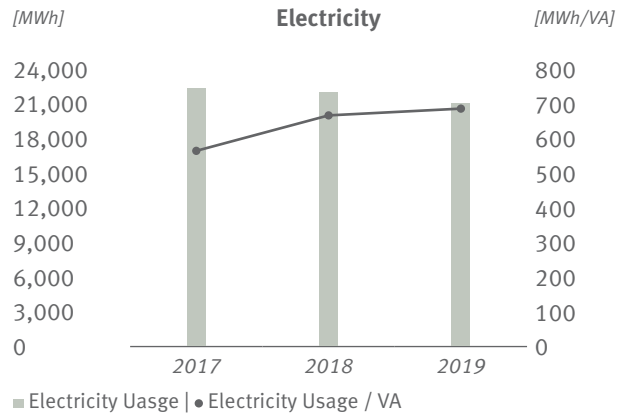
Water

Schaeffler Canada Inc. in Stratford, ON uses water in many production processes including grinding, heat treating and turning, and the water is supplied both by an on-site well and the City of Stratford’s water system. A new well was installed in 2017. Water consumption in 2019 was 17.4% less than 2018 and 28.6% less than 2017. The reduction from 2017 to 2018 was a result of the new well casing providing better water quality, as well as a more accurate meter being installed. The decrease from 2018 to 2019 was a result of lower production requirements.



Electricity and information on installed capacity Including percentage from renewable energy

Electricity is the primary source of energy for almost all production processes at Schaeffler Canada Inc. Total electricity usage in 2019 decreased by 4% from 2018 levels, which represents a 6% decrease when compared to 2017 levels. This reduction is due to additional energy projects being implemented and also due to a slight reduction in production levels. Electricity per value add did increase by 4.6% in 2019 from the previous year was 16.2% higher than 2017 usage.



Percentage of electricity generated in-house from renewable energy

At the present time, Schaeffler Canada Inc. does not generate electricity in-house.

Percentage of renewable energy with regard to overall consumption

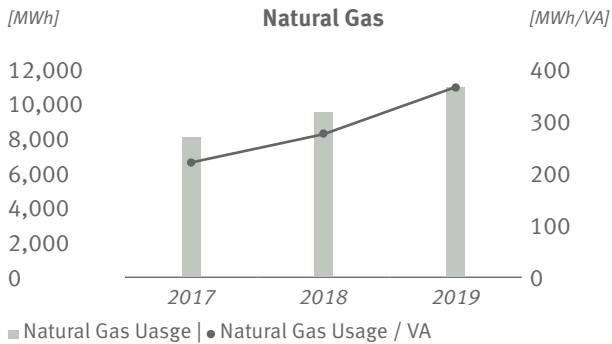
34% of the energy used by Schaeffler Canada Inc. in 2019 came from renewable energy sources.

Renewable energy

The energy supply mix in Ontario is highly dependent on renewable hydroelectric power. The largest single source of hydroelectric power in the province are the paired Sir Adam Beck stations at Niagara Falls. However, there are also large numbers of hydroelectric stations throughout the northern parts of the province. Hydroelectric power makes up approximately 21% of the entire electricity supply; wind power (12%) is the other renewable energy source that makes up a significant portion of the electricity supply. Solar power and biofuel each make up less than 1% of the energy supply.

Natural gas

Natural gas is used at Schaeffler Canada Inc. primarily for building heating. Consumption is higher during the cold winter months. 2019 natural gas consumption was 15% higher than 2018 and 36% more than 2017 usage. The main reason for this is that the winter months in 2019 were colder for longer periods of time than in 2018 which in turn were colder than 2017. This means that more natural gas was consumed for comfort heating purposes than in the previous years.



Heating oil

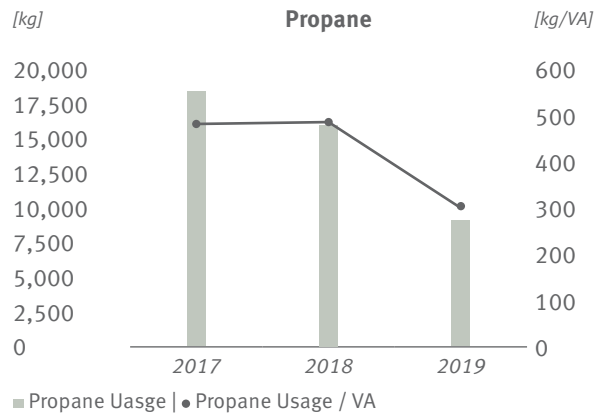
Schaeffler Canada Inc. does not use heating oil to heat its facility.

District heating

Schaeffler Canada Inc. does not utilize any district heating from external sources.

Propane / LPG

Propane is used at Schaeffler Inc. primarily as a fuel for the forklifts used in the shipping / receiving area of the facility. Overall usage declined for the third year in a row, dropping 43% from 2018 and just over 50% from 2017 usage. The main reason for the reduction in propane use is because of the shift away from propane-powered lift trucks to electric tuggers when delivering components and finished goods to and from production lines.



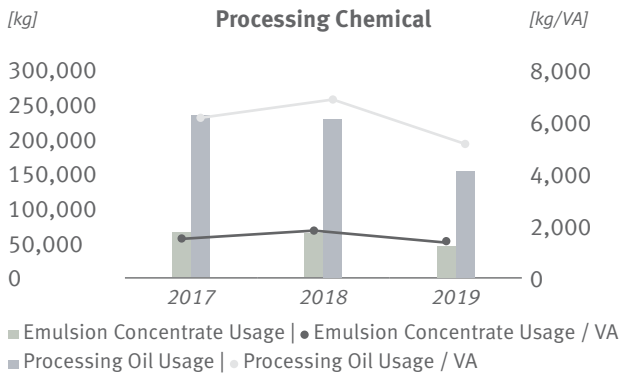
Methanol

Schaeffler does not use methanol for production purposes at its facility.

Cooling Lubricants

Emulsion Concentrates

Many production processes including grinding, turning and drilling utilize coolants which include emulsion concentrates or processing oils. Processing oil usage is three times higher than that of emulsion concentrates at Schaeffler Canada Inc. Emulsion Concentrate usage decreased by 29% from 2018 to 2019 after virtually no change between 2017 and 2018. The cause for this decrease in 2019 was a reduction in production levels at the facility.

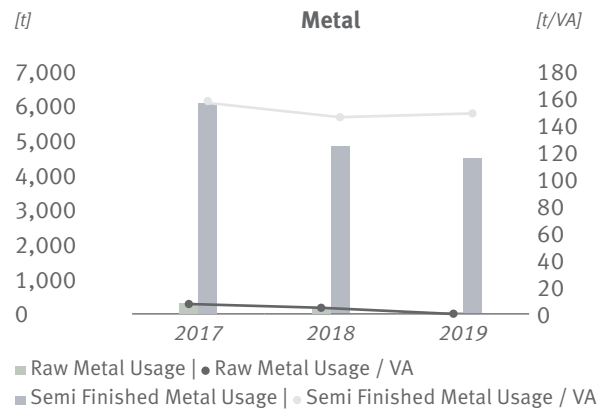


Processing oils

Processing oils are used for grinding and honing at Schaeffler Canada Inc. In some cases, these oils are vegetable oil-based products. The determination of which solvents are considered volatile organic compounds has been completed based on Schaeffler Canada Inc.'s National Pollutant Release Inventory (NPRI) reporting requirements. In 2019, Schaeffler Canada used 153,474 kg of processing oils. 2019 usage of processing oils decreased by 33% from 2018 after remaining virtually unchanged from 2017 to 2018. The main cause for this decrease was a reduction in production levels at the facility.

Metal raw materials

Bearing components manufactured at Schaeffler Canada are made primarily of metal. Strut and pulley components are a mix of metal and plastic materials. Raw metal usage in 2019 was eliminated. The main reason for this was because all ACME lathe machines were removed from the facility in mid 2018, so bar stock is no longer required.



Semi-finished products

Semi-finished metal usage decreased by 7.4% from 2018 and decreased by 26.5% from 2017 levels, continuing a downward trend over the past 3 years. This is due to an evolving product mix at the Stratford AT plant involving an increase in tensioner assembly manufacturing and the transfer of some machining operations from the Stratford AT facility.

Other raw materials

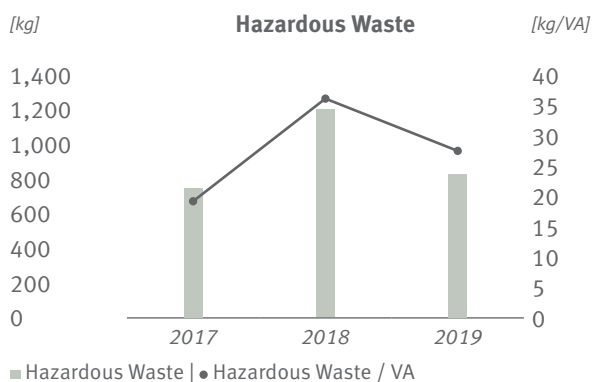
Schaeffler Canada used 596 t of other raw materials in 2019. This represents a 2.8% decrease from 2018. This total consisted entirely of plastic resin used in our Injection Moulding process.

Output

Hazardous Waste

The total for hazardous waste includes all hazardous waste streams as per Ontario legislation as well as grinding swarf/ sludge waste and waste emulsion (oily water). Total hazardous waste output in 2019 was 31% lower than 2018 and the hazardous waste per value add saw a 25% reduction in that period. This decrease was due to two factors: 1) a significant reduction in the amount of oily sludge / waste water generated and sent for disposal; and 2) a new swarf recycling program introduced in the fall of 2019 resulting in significant diversion of swarf from landfill.

Grinding swarf was the largest waste stream making up 70.6% of all hazardous waste generated at Schaeffler Canada. In 2019 a large portion of the swarf generated was sent for landfill disposal, although a new recycling initiative will help to divert a large portion of the swarf from landfill moving forward. The next two largest waste streams are oily water (e.g. wastewater from floor cleaning) and waste nitriding salts (from our quenching process in the Heat Treat Department). Oily water makes up 20.7% of the total hazardous waste generated on site.



Non-hazardous waste

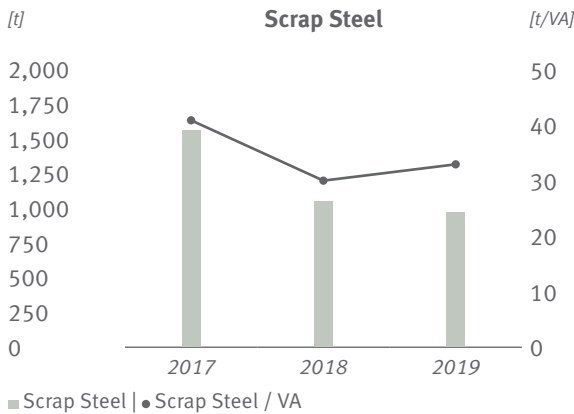
Non-hazardous waste consists of all solid non-hazardous waste that goes to landfill as well as any materials that are recycled. This increased by 10% in 2019 compared to 2018. The main reasons for this were that landfilled waste increased by 15.6% in 2019 as compared to 2018, and swarf recycling was included for the first time in this total in 2019 (making up 3.8% of the overall total). Of note, cardboard and wood recycling totals both decreased in 2019.

Our top three non-hazardous waste streams are wood (41.5%), cardboard (28.4%) and landfilled waste (13.4%). All wood and cardboard is recycled, whereas the landfilled waste is non-recyclable, non-hazardous material that is sent to the municipal landfill.



Scrap and metals

Steel is the largest recycling program at the facility. Scrap steel is made up of machine parts and components that are no longer needed as well as all steel chips, shavings and some swarf from turning and grinding operations at the facility. Despite lower production volumes in 2019, scrap steel output remained virtually the same as in 2018, decreasing by only 2%. This was due primarily to the new grinding swarf recycling program introduced in late 2019. In total, 2019 scrap steel recycling levels were 68% lower than in 2016, due primarily to the removal of some machining equipment in previous years.



Emissions

CO₂ emissions from combustion processes at this site

The burning of natural gas onsite resulted in 2,738 metric tons of CO₂ emissions in 2019. This represents an of more than 13.8% from the 2,457 metric tons released in the previous year.

CO₂ emissions from electricity obtained from external sources

In Ontario during 2019, the generation grid created 22.5 g of CO₂/kWh generated. This low number is due to the fact that approximately 92% of our energy comes from wind, hydroelectric or nuclear sources.

CO₂ emissions from district heating obtained from external sources

The Schaeffler Canada facility in Stratford does not obtain district heating from external sources.

SO₂ emissions from combustion processes at the site

The burning of natural gas onsite resulted in 19.6 kg of SO₂ emissions in 2019. This represents a 15% increase from the previous year.

NO_x emissions from combustion processes at the site

The burning of natural gas onsite resulted in 972 kg of NO_x emissions in 2019. This is a 12% increase over the previous year.

CO₂ equivalent from the coolant amounts refilled due to leaks

29.36 t CO₂ equivalent of coolant was refilled due to leaks in our refrigerant systems in 2016. The primary refrigerants in use at Schaeffler Canada are R22, R134A and R410a. As per the Montreal Protocol, Canada is phasing out the use of R22 and other HCFCs. Manufacture, sale and import of all HCFCs will be prohibited for use as a refrigerant after January 1, 2020. This has implications for Schaeffler Canada due to the usage in some of our systems.

CH₄, N₂O, PFC_s, SF₆ as CO₂ equivalents

Schaeffler Canada Inc. does not utilize any production processes that would contribute methane, nitrous oxide, perfluorocarbons or sulfur hexafluoride to the atmosphere. Therefore, the calculation of CO₂ equivalents for these compounds has not been included.

Dust Particulate Matter

Schaeffler Canada does utilize sandblasting as a part of our production process. However, the process is performed in contained units with dust collectors; these dust collectors reuse the particles that are large enough to be reintroduced for use to minimize waste generation. There were no external particulate emissions from combustion or production processes at our site.

Goals and Programs

Numerous environmental protection actions have been implemented at this location since the last complete environmental statement. Many small steps have helped to achieve your environmental goals, not all of which can be documented here. The list below includes only those actions that were published in the last environmental statement.

<i>Environmental Goals</i>	<i>Environmental Programme</i>	<i>Completed</i>	<i>Actions</i>
Energy Reduction	» Integrate control for well water pumping system in Hall B into Building Management System (BMS) and reduce PSI. Calculated savings of 61,000 kwh annually	✓	» Completed in 2019
Energy Reduction	» Install Variable Frequency Drives (VFD's) on all Engineered Air Units in Hall B to reduce energy consumption. Calculated savings of 93,000 kwh annually.	⚠	» Deferred to 2020
Waste Reduction / Recycling	» Increase landfill diversion rate by 10%. 2018 rate was 69%. Conduct Waste Audit to measure results.	✓	» Landfill diversion rate improved by 6.9%.
Waste Reduction / Recycling	» Implement Glove Recycling Program	/	» Not completed.

✓ Goal achieved. ⚠ Goal was partly achieved. / Goal not achieved.

Improvements not included in annual target planning

While not noted as targets or goals in past statements, in the past year Schaeffler Canada has implemented some additional environmental initiatives that have further reduced the facility's environmental footprint. In particular, several energy reduction projects have been implemented or initiated. These include:

- Continued Production Floor Painting throughout the facility
- Building renovations completed (painting, signage) to meet Schaeffler standards.
- Continued relamping of production facility with LED overhead lighting to replace fluorescent lights (approximately 85% complete).
- Reduced water consumption by 28.6% since 2017, partly due to the installation of a new well (better waste quality) and a new water meter (more accurate consumption readings).
- Reduction in the usage of emulsion concentrates by 29% in 2019.

Planning

Setting specific and realistic goals is the only way to protect the environment in the long run. Environmental programs must include actions that can be implemented. We have selected the most important actions for the next three years. Responsibilities for implementing these actions have been clearly defined. The successful completion of environmental programs further relieves the environment within the specified time.

<i>Environmental Goals</i>	<i>Environmental Programme</i>	<i>Responsible</i>	<i>Completion</i>
Waste Reduction / Recycling	<ul style="list-style-type: none"> » Increase landfill diversion rate by 5%. 2019 rate was 66%. » Improve worker awareness for recycling programs » Identify additional materials that can be recycled and diverted from landfill » Conduct Waste Audit to measure results. 	EHS Leader	Target Completion date: Dec 31, 2020
Energy Reduction	<ul style="list-style-type: none"> » Install Variable Frequency Drives (VFD's) on all Engineered Air Units in Hall B to reduce energy consumption. » Calculated savings of 93,000 kwh annually. 	Electrical Leader	Target Completion date: Dec 31, 2020
Energy Reduction	<ul style="list-style-type: none"> » Implement enhanced Demand Control for the endothermic generator in Hall D. » Calculated savings of \$40,000 annually. 	Electrical Leader	Target Completion date: Dec 31, 2020
Waste Reduction / Recycling	<ul style="list-style-type: none"> » Divert swarf waste from landfill. Divert at least 50% of all swarf waste from landfill. » Swarf consists of metallic particles and abrasive fragments. » Successful small-scale trial in 2019. Goal is to broaden the scale of this to include swarf waste from more sources within the facility. 	Facilities Leader / EHS Leader	Target Completion date: Dec 31, 2020

Validation and Responsibilities

Verifier's declaration:

Dipl.-Phys. R. Mirz, with EMAS environmental verifier registration number DE-V-0260, accredited or licensed for the scope 28.15 NACE Code, declares to have verified the site

Schaeffler Canada Inc. | 801 Ontario St. | Stratford, ON

as indicated in the environmental statement of the a. m. organization and confirms that the site meets all requirements of Regulation (EC) No 1221/2009 of the European Parliament and of the Council of 25th November 2009 on the voluntary participation by organizations in a community eco-management and audit scheme (EMAS) and of the Regulation (EU) 2017/1505 from 28th August 2017 (amendments of annexes I, II and III of the Regulation (EC) No. 1221/2009).

By signing this declaration, I declare that

- » the verification and validation has been carried out in full compliance with the requirements of Regulation (EC) No 1221/2009 and the Regulation (EU) 2017/1505.
- » the outcome of the verification and validation confirms that there is no evidence of non-compliance with applicable legal requirements relating to the environment.
- » the data and information of the „environmental statement“ of the site reflect a reliable, credible and correct image of all the sites activities, within the scope mentioned in the environmental statement.

This document is not equivalent to EMAS registration. EMAS registration can only be granted by a Competent Body under Regulation (EC) Nr. 1221/2009. This document shall not be used as a stand-alone piece of public communication.

Done at Schaeffler Canada Inc.



Dipl.-Phys. R. Mirz
Environmental Verifier



Responsible for environmental protection at the Schaeffler Canada Inc. location:


Rick Roes
Plant Manager



Responsible for environmental statement at the Schaeffler Canada Inc. location:


Stu Schellenberger
Environmental Protection Coordinator



The next consolidated (entire) Environmental Statement will be published in April 2022 at the latest.


In the years between, an annual update of the Environmental Statement will be compiled for validation by the environmental verifier.

Questions about environmental Protection at the site Schaeffler Canada Inc.:

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The structure and contents of this report correspond to the requirements stated in Annex IV of Regulation (EC) No. 1221 / 2009 of the European Parliament and the Council dated November 25, 2009 regarding the voluntary participation of organizations in the eco-management and audit scheme (EMAS).

Moreover, the report contains information about issues pertaining to occupational safety, plant security and fire protection as well as general information on social benefits provided by the company and this location.

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