Schaeffler Group Supplier Code of Conduct

Transparency, Trust, and Teamwork
Dear suppliers,

The Schaeffler Group is a listed family company with a strong set of fundamental values that were established by the company’s founders. As well as constantly striving for success, the core principle of the Schaeffler Group’s corporate culture is the readiness and ability to challenge ourselves, to try new things, and in doing so to maintain a long-term perspective. Striving for success means striving to achieve the highest possible quality and to create first-class technology while observing sustainable principles. We have consolidated these aspects to create our four core values: sustainable, innovative, excellent, and passionate.

Supplier management now has to fulfill more than just the requirements of a globally interconnected world. Modern technologies require raw materials, which frequently come from critical regions of the world. Climate change and the increasing scarcity of resources are also affecting our supply chains.

The Schaeffler Group is responding to these challenges by taking account of sustainability aspects in its procurement and supplier management. For the Schaeffler Group, sustainable procurement is a core issue. This applies to both the responsible handling of critical materials and to human rights and ecological and social standards.

The values at the core of our supply chain requirements are based on internationally recognized standards and principles that we have anchored in the Schaeffler Group Supplier Code of Conduct.

These core principles correspond to national and international laws, principles, and conventions such as the principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the applicable conventions of the International Labor Organization (ILO).

We strengthen these values by means of a suitable system of monitoring and auditing in addition to active communication with you as suppliers, and we expect your support in the downstream supply chain.

Only by working together can we master the challenges of the future.

Yours,

Andreas Schick
Chief Operating Officer (COO)
Schaeffler AG
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INTEGRITY, FAIRNESS, AND MUTUAL RESPECT ARE THE CORNERSTONES WITHIN THE SCHAEFFLER GROUP UPON WHICH OUR ACTIONS ARE BASED. SCHAEFFLER LIVES UP TO ITS CORPORATE RESPONSIBILITY AND THEREBY CREATES THE PREREQUISITES FOR THE COMPANY’S SUSTAINED SUCCESS.

This supplier Code of Conduct was approved by the Executive Board of Schaeffler AG with the full support of the Schaeffler family. The Code of Conduct emphasizes the importance that Schaeffler places on responsible business relationships.

The supplier Code of Conduct describes the values and principles of conduct that are expected of all suppliers, their employees, and the supply chain.

These values and principles of conduct represent a mandatory basis for Schaeffler’s collaboration with its suppliers.

Schaeffler therefore expects you as a supplier to feel responsible for observing this supplier Code of Conduct and to support all of your employees and suppliers in also observing it.

Scope of application

This Code of Conduct applies to all natural or legal persons who sell or provide products, processes, or services to the Schaeffler Group (Schaeffler AG and all companies in which Schaeffler AG directly or indirectly has a majority interest), either directly or via third parties, e.g., affiliated companies, distribution partners, subcontractors, and agents (hereinafter referred to as “suppliers”).

1 The term “Schaeffler” refers to the Schaeffler Group, i.e., Schaeffler AG and all Group companies in which Schaeffler AG directly or indirectly holds a majority stake.
1 Fundamental Principles and Conduct Regulations

1.1 Integrity
Integrity means that all of Schaeffler’s business practices conform to the company’s values and principles of conduct at all times. Schaeffler also expects its suppliers to adhere to the applicable laws and to observe the values and principles of conduct that are additionally defined here.

Schaeffler only maintains long-term business relationships with third parties whose business practices conform to the values and principles of conduct specified in this Code of Conduct and thus safeguard the company and its employees against criminal or other forms of liability.

1.2 Transparency, trust, and cooperation
Schaeffler is a fair and reliable partner. Schaeffler and its employees therefore act transparently towards you as a supplier. After all, transparency generates trust, and trust is the foundation of successful cooperation in a supplier network. We also expect the same of you.

Responsible collaboration requires actions and decisions that are transparent and comprehensible. Only then will they meet with the required level of acceptance. When it comes to collaboration, transparency also means that issues are addressed openly and people deal honestly with each other.

1.3 Handling of risks
Schaeffler cautiously takes calculated business risks in order to implement its corporate strategy and realize the associated benefits. As a general rule, business success requires opportunities to be exploited and the associated risks identified early, assessed, and managed.

Due to the complex supplier network of which you as a supplier (together with your sub-suppliers) are a part, the analysis and assessment of supply chains plays an essential part here.

The supplier’s management system is oriented towards social, ecological, and economic aspects, taking particular account of the “UN Guiding Principles on Business and Human Rights,” the ten principles of the “UN Global Compact,” and the “OECD Guidelines for Multinational Enterprises.”

To this end, we expect your active participation and support with regard to the definition and categorization of risks. This particularly applies to the acceptance and implementation of the methods used, e.g., self-disclosure and on-site inspections (by commissioned third parties if required).

Schaeffler reserves the right to review the implementation of these measures. The implementation of the necessary precautions must be ensured by means of a suitable monitoring or management system.
1.4 Respect for human rights

Respect for human rights is an integral part of Schaeffler’s corporate social responsibility.

As a supplier to Schaeffler, you should also be committed to the United Nations’ international code of human rights, the “UN Guiding Principles on Business and Human Rights,” the ten principles of the “UN Global Compact,” and the internationally recognized standards of the International Labor Organization (ILO).

Schaeffler expects its employees to respect the dignity and personal rights of all individuals as well as all parties with whom they are associated through activities, business relationships, and products. Schaeffler expects you to actively work to prevent infringements of human rights and to eliminate these as part of a human rights due diligence process.

1.5 Compliance with applicable laws

Schaeffler respects and observes all valid and applicable local, national, and international laws and regulations. Adherence to these laws and regulations is the basis for Schaeffler’s long-term economic success. Corresponding infringements can cause significant harm and have serious consequences both for the company and for employees, business partners, and other stakeholders.

Schaeffler does not tolerate any violations, and expects its suppliers to adhere to the valid, applicable laws, official regulations, and rules in equal measure.

1.6 Avoiding conflicts of interest

Schaeffler expects integrity from all of its suppliers.

1.7 Handling company assets with due care

If any items of Schaeffler property are placed at your disposal in your capacity as a supplier, e.g., machines or operating materials, information technology, software, data, or intellectual property, you are obliged to handle these in a careful and responsible manner and to protect them against unauthorized access.

1.8 Proper accounting and financial reporting

Schaeffler expects its suppliers to observe the principles of proper accounting and (if applicable) financial reporting at all times.

1.9 Proper conduct in public

Schaeffler expects its suppliers to refrain from making any statements or comments about Schaeffler (either publicly or on social media) and from using Schaeffler logos for their own purposes without approval from Schaeffler’s Corporate Communications department.
2.1 Fair competition
Schaeffler stands for fair and unbiased competition. Virtually all countries have laws and regulations prohibiting agreements, arrangements, and coordinated actions between competitors, suppliers, consumers, and distributors that may inhibit or be intended to inhibit competition. The same applies to the misuse of market influence by unilateral action. Schaeffler expects its suppliers to refrain from participating in practices that are in violation of competition and antitrust laws and to ensure that this expectation is also fulfilled throughout the supply chain.

2.2 Anti-corruption measures
Schaeffler does not tolerate corruption in any form. All conduct by suppliers that may give the impression of business decisions being influenced in an impermissible manner is forbidden.

Gifts, invitations, and other benefits
Benefits from suppliers, such as gifts, invitations, or other privileges, are only permissible if they are appropriate and transparent.

Schaeffler expects you as a supplier to refrain from granting or accepting benefits of any kind whatsoever for the purpose of exerting an influence. The granting of benefits to public officials, government officials, or representatives of these persons for the purpose of unlawfully promoting business will not be tolerated. The same applies to facilitation payments and to indirect benefits, e.g., via other third parties.

Schaeffler therefore expects strict adherence to the valid anti-corruption laws in the countries in which business collaboration takes place.

Donations and sponsoring
Schaeffler recommends that its suppliers refrain from making donations to political parties or their representatives, politicians, members of parliament, candidates for political office, or individual persons.

Sponsoring activities with a connection or a reference to business relationships with Schaeffler must be approved by Schaeffler’s Corporate Communications department.

2.3 Prevention of money laundering and the funding of terrorism
Schaeffler expects its suppliers to fulfill their legal responsibilities to combat money laundering and the funding of terrorism, and to neither participate in nor permit activities connected with money laundering and the funding of terrorism.

2.4 Export control and sanctions law
National and international laws and directives regulate import, export, trade, brokering, and financing transactions, the rendering of services, and the forwarding of goods (material goods, software, and technology). Schaeffler expects its suppliers to ensure, by means of suitable processes, that business transactions and activities with both third parties and with the Schaeffler Group do not contravene export control and sanctions law and to immediately provide any verifications and information that may be required.

2.5 Taxes and customs
Schaeffler expects its suppliers to adhere to the valid taxation laws and customs regulations.

2.6 Product safety and conformity
The primary objective of product safety at Schaeffler is to safeguard people’s health and safety. Every effort is made to ensure the conformity of all processes, products, and services while observing the guidelines and regulations applicable at the time of these being put into circulation, particularly the legal product safety regulations regarding development, manufacture, use, and characteristics. In this context, Schaeffler considers the current state of knowledge and technological state of the art as well as the end users’ justified safety expectations throughout the entire life cycle. Schaeffler expects the same of its suppliers.
3 HANDLING OF INFORMATION

3.1 Protection of information relevant to the company
Schaeffler expects its suppliers to protect information against misuse, loss, destruction, and manipulation.

3.2 Protection of personal data
Schaeffler expects its suppliers to protect and respect personal rights. Adherence to the applicable regulations and laws, particularly in the handling of personal data, must be ensured by means of suitable measures.

3.3 IT security
Data that are processed in IT systems must be protected in the best way possible and at least sufficiently to meet legal requirements.

3.4 Insider information
Insider information, i.e., specific information that, should it become publicly known, could significantly influence the price of listed securities, must be treated as strictly confidential. Suppliers who have such insider information at their disposal may not use this information for the purpose of trading with securities or other financial instruments. They are also not authorized to pass on insider information to third parties or to utilize it for the purpose of making recommendations regarding the buying or selling of securities or other financial instruments.
4.1 Fair working conditions and employee development

Schaeffler expects its suppliers (particularly hirers who loan employees to perform work) to adhere to the minimum wages that are legally guaranteed on the respective labor markets as well as the respective valid labor laws and regulations, particularly with regard to working times. Employees must in no way be made to bear the cost of recruitment fees.

The use of misleading or deceptive practices when recruiting employees is forbidden. It is forbidden to provide false information regarding working conditions, including salaries and additional benefits, the working location, living conditions, the level of hazard that the work involves, or accommodation and the associated costs (if the employer or intermediary provides or arranges accommodation).

Work contract documentation must be in writing, contain a detailed description that is comprehensible in the future employee's native language, and be available in good time (at least five days) before any activities that are related to the assumption of work.

Employees' identity documents must not be withheld, manipulated, or destroyed.

Any accommodation provided must fulfill at least the standard of the respective country.

Suppliers should also develop the employees in accordance with their individual abilities and their professional and personal interests. Ideally, the company's interests and the employee's individual requirements should be reconciled.

4.2 Diversity and the principle of equal treatment

Schaeffler expects its suppliers to create a working environment that is free from prejudice, discrimination, intimidation, and harassment and in which employees are valued. Every employee should feel appreciated, regardless of their age, gender, gender identity, ethnic background, nationality, religion, or world view and irrespective of disabilities and sexual orientation.

4.3 Compatibility of work and family

Schaeffler expects its suppliers to promote the best-possible compatibility of family and career by making family-friendly agreements.

4.4 Rejection of forced and child labor

Schaeffler strictly rejects all forms of child labor, forced/compulsory labor, modern slavery, involuntary or exploitative prison labor, human trafficking, and other forms of exploitation in its own business activities. Schaeffler expressly requires the same from its suppliers and their supply chain. In particular, serious forms of human trafficking that involve the recruitment, transport, movement, accommodation, or reception of persons through the use of violence, coercion, abduction, deception, subterfuge, abuse of power or weakness, or the granting of payments or benefits to a person who has control over the victim are strictly prohibited.

Schaeffler strictly prohibits all of its suppliers from utilizing forced labor or participating in serious forms of human trafficking as defined above, including the procuration of commercial sexual services.

Schaeffler expects its suppliers to implement effective measures to prevent human trafficking as described in the Schaeffler Human Trafficking Policy and to regularly monitor their effectiveness.

4.5 Dialog with employees and employee representatives

Schaeffler expects its suppliers to respect employees' right to freedom of association and assembly and to grant them the right to collective bargaining for the purpose of regulating working conditions. All employees should have the opportunity to address their issues and concerns at any time.
5.1 Acting with sustainability in mind

Sustainability is firmly anchored within Schaeffler’s values and conduct. The sustainable generation of added value is based on unity between economic, ecological, and social responsibility – both with regard to products and their production and to the associated processes, services, and the supply chain. Schaeffler therefore understands sustainable action as a cross-sectional issue that can be viewed holistically.

Schaeffler expects its suppliers to observe all of the applicable local/regional and international regulations on human rights and health and safety as well as environmental protection laws as a basis with regard to all products, processes, and services, and also to actively strive for and promote sustainable corporate governance. Early prevention, e.g., by using renewable energies and minimizing impact and waste, must be at the center of suppliers’ activities.

The corresponding qualified certifications are expected for the purpose of verification.

Topics of particular focus include the handling of so-called conflict minerals and generally critical minerals and materials for which the supply chain is the key to greater responsibility and diligence and additional requirements are therefore made in terms of transparency and collaboration.

The supplier is committed to observing the regulations regarding prohibited and declarable substances, e.g., the ELV directive, RoHS, and REACH, and to providing the corresponding verifications.

5.2 Environmental and climate protection

Schaeffler expects its suppliers to actively assume responsibility for reducing air pollution, energy and water consumption, and the generation of waste including wastewater, creating value-adding cycles, and reducing greenhouse gases, for example. This equally applies to production, administration, and trade. Every type of illegal treatment/disposal of waste is prohibited.

For the verification and further development of these topics and KPIs, it is recommended that suppliers participate in the appropriate initiatives and obtain suitable ratings (e.g., CDP/Carbon Disclosure Project).

5.3 Occupational health and safety

Schaeffler expects its suppliers to adopt a policy of zero tolerance with regard to human rights violations. This includes providing direct employees and employees in the supply chain with a suitable working environment by means of the corresponding diligence and observance of legal requirements, stipulations, and recommendations and/or requesting this working environment in the supply chain.

The implementation of the necessary precautions must be ensured by means of a suitable monitoring or management system. Particular care should be taken in the case of young employees.

Suppliers are expected to observe the necessary (and if applicable regional) laws and requirements in an appropriate manner and to compare these to an internal risk assessment in order to ensure that a proper working environment is provided. This also includes the provision, wherever necessary, of suitable personal protective equipment (PPE) and emergency plans as well as the execution of emergency drills.
6.1 Reporting of all types of misconduct

Improper behavior of any kind will be actively addressed at Schaeffler. Both employees and external agents are encouraged to speak up freely and without fear of repressive measures. Repressive measures against suppliers who speak out in good faith are prohibited.

The following whistleblowing system is available to you as a supplier and to your employees:

6.2 Local contact persons

You can also contact the Compliance and Corporate Security department directly.

**Germany:**

Compliance & Corporate Security
Industriestrasse 1 – 3
91074 Herzogenaurach
compliance@schaeffler.com

Schaeffler AG
Industriestrasse 1 – 3
91074 Herzogenaurach
Germany
www.schaeffler.com
6.3 Whistleblowing system

Notifications about violations, specifically illegal business practices or potential human rights violations, can be made at any time using the Schaeffler Group’s whistleblowing system. This system is available in a number of languages and allows anonymous, confidential, specially encrypted, secure communication with the investigation team in Schaeffler’s Compliance and Corporate Security department.

The whistleblowing system can be reached by the following means:

Post
Schaeffler AG
Forensics and Investigations
Industriestrasse 1 – 3
91074 Herzogenaurach

24/7 telephone hotline
+49 30 12095120
(German, English, French)
Availability by phone in other languages:
Spanish  +1 213 2791017
Portuguese +55 21 20182964
Chinese    +86 10 85233042

E-mail
investigations@schaeffler.com

Online reporting channel
https://www.bkms-system.net/schaeffler

Schaeffler will vigorously investigate any leads regarding misconduct in accordance with the principle of proportionality. Every lead will be followed up. Depending on the result, a comprehensible decision is made as to what consequences are suitable, necessary, and commensurate.

Contact
If you have any content-related questions, please contact Purchasing & Supplier Management Sustainability.

Germany:
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www.schaeffler.com

Acknowledgment of the Schaeffler Supplier Code of Conduct

As a Schaeffler supplier, we act according to the ethical and legal principles defined in this supplier Code of Conduct (SCoC). These requirements are also cascaded by us within our supply chain.

We hereby acknowledge the Schaeffler Supplier Code of Conduct and confirm that we will comply with the aforementioned principles and requirements of the Schaeffler Supplier Code of Conduct by applying an internal, equivalent Code of Conduct within our company.

Date / supplier signature and stamp or digital signature / authentication