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Policy Statement

STATEMENT ON RESPECT FOR HUMAN RIGHTS

**Governance Framework
Schaeffler Gruppe**

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Responsible member of the Executive Board: Chief Executive Officer

Policy Owner: Group Chief Compliance Officer

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1 **Foreword by the** **Board of Directors**

Schaeffler¹ is a globally operating family business with a strong value base. Integrity, fairness, and mutual respect when doing business have always been Schaeffler's top priority and an integral part of our DNA.

For Schaeffler's board of directors, respect for human rights is a fundamental element of responsible corporate governance. Schaeffler pursues the goal of adequately meeting human rights and environment related due diligence obligations and respecting the rights of affected parties. This includes, precluding and minimizing human rights and environment related risks or preventing, stopping, or repairing the violation of human rights or environment-related obligations. By creating suitable structures, we want to implement our requirements into our own business area and our value chains. To fulfil our responsibilities and to achieve our goals, we have developed this Human Rights Statement that particularly complements our Corporate Code of Conduct as well as our Supplier Code of Conduct. We align our actions with the holistic and strategic approach to the respect for human rights outlined below.

This Human Rights Statement is key part of Schaeffler's Human Rights Strategy. It is up to all of us to put the measures of this policy statement, which we have anchored in our Human Rights Strategy, into practice.

Many thanks for your support!

¹ "Schaeffler" or "Schaeffler Group" means Schaeffler AG and all companies in which Schaeffler AG directly or indirectly holds a majority interest. This Human Rights Statement will be issued by the Board of Directors of Schaeffler AG as group parent company as well as by Schaeffler Technologies AG & Co. KG and Schaeffler Automotive Bühl GmbH & Co. KG, as controlled group companies.

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Our Commitment to the Respect for Human Rights

2.1 Our values and self-commitment

We are convinced that social responsibility is the basis for long-term entrepreneurial success. We commit ourselves to respecting human rights along our value chain and to working towards the implementation of these rights in our global supply chains.

We commit ourselves to respecting, in particular the following international standards:

- United Nations Universal Declaration of Human Rights
- United Nations International Covenant on Civil and Political Rights
- United Nations International Covenant on Economic, Social and Cultural Rights
- 5 Fundamental Principles and Rights at Work (ILO- core labour standards)
- United Nations Guiding Principles on Business and Human Rights
- 10 Principles of the UN Global Compact
- Environmental standards in form of Minamata Convention, Stockholm Convention on Persistent Organic Pollutants and Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal

We commit ourselves to perceiving our responsibility, preventing and identifying negative impacts of our business activities on human rights as well as stopping and minimizing them, where possible.

2.2 Our expectations












We expect our employees to respect human rights in their daily work and when dealing with affected parties. In the same way, we address these expectations to our business partners and therefore expect them to also commit to establishing suitable due diligence processes and to pass on these expectations to their own business partners.

3 Relevant Human Rights topics and potentially affected groups of people

By means of our worldwide risk analyses, we identify human rights and environment related risks or violations² that may arise from our business activities or those of our business partners.

We see risks primarily, to varying regional and local extents, in the following areas:

3.1 Priority Human Rights Topics in our own Business Area

Human Rights Topic		Reason for Prioritization	
	Discrimination ³		(Potential) Violations of internal guidelines
			Missing awareness of the human rights topic in the own business area
	Health and Safety at Work, particularly Working Hours ³		(Potential) Violations of applicable law
			Missing control processes
	Freedom of Association ³		(Potential) Violations of internal guidelines
	Forced Labour and Child Labour ³		Missing awareness of the human rights topic in the own business area
			Missing control processes

Top priority is currently given to the discrimination topic and decreases towards the end of the list.

3.2 Priority Human Rights topics in our Supply Chains

The following human rights topics are, depending on the respective product group, in the countries and in the branch in which we or our suppliers operate, the most essential on an abstract level:

Human Rights Topic		Reason for Prioritization	
	Health and Safety at Work		General risks due to complex supply chains
	Freedom of Association ³		




² Within the meaning of the Act on Corporate Due Diligence Obligations for the Prevention of Human Rights Violations in Supply Chains.

³ These terms are explained in the glossary of this Human Rights Statement.

The business models in which our suppliers regularly operate do not allow us to rule out that e.g., health hazards are possible due to substances used, working time exceeded or employee fatigue. Furthermore, the disadvantage of trade union members or the country-specific suppression of strikes are the focus of our preventive and remedial measures along the supply chain.

3.3 Potentially affected groups of people

In our efforts to respect human rights, the focus is on the following groups of people:

 <p>Our employees at national and international locations</p>	 <p>Employees of our companies in the direct and indirect value chain</p>	 <p>Other right holders such as local communities and indigenous people</p>
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We acknowledge that within these groups of people there are, in turn, vulnerable groups who are exceedingly worthy of protection, due to their special position.

4 Our approach to the implementation of Human Rights and environment-related due diligence obligations

For us, respect for human rights is an ongoing commitment which we continuously develop into a holistic Human Rights Compliance Management System, depending on changing contextual conditions, type of business activity and the enterprise's size and structure. Therefore, we have anchored human rights-related due diligence processes as an integral part of our organization and in the relationships with our business partners to ensure respect for human rights. Regarding environmental risks, Schaeffler relies on existing and proven management processes.

5 Risk Management and Responsibilities

In the context of our Human Rights Compliance Management System, we at Schaeffler have defined clear responsibilities for the awareness of and adherence to our human rights and environment-related due diligence processes.⁴

The Board of Directors takes responsibility for the respect for human rights in the own business area as well as in the value chain. It determines respective topic-specific responsibilities within the organization.

The responsibility for the operational implementation of human rights and environment-related due diligence obligations lies with the respective competent department.⁵

⁴ For the future it is aimed at a certification for the Human Rights Management System according to IDW PS 980.

⁵ The Compliance Function is entrusted with the higher-level management of the due diligence processes and their monitoring. The department Purchasing Sustainability is responsible for the risk management in the supplier network. The department Environment Health & Safety takes the responsibility for the due diligence processes in its own business area. Further departments are involved in the operational implementation of the human rights strategy and the corresponding activities.

To be able to always come to informed strategic and operational decisions, we rely on a regular and appropriate internal reporting on human rights-relevant results of our risk analyses, as well as on indications from our grievance mechanism and on information about the effectiveness of our remedial and preventive measures.

6 Risk Analyses

Within the scope of our due diligence obligations, we focus on topics that have been considered as potential risks. By utilizing criteria, such as the expected severity of a violation and its probability of occurrence, we prioritize them. We systematically identify and assess the relevant human rights topics and potentially affected groups of people with the help of branch and country risks and with a well-established Human Rights Compliance Management System. The mentioned risk analyses are performed once a year as well as on an ad hoc⁶ basis.

As part of the risk analyses, regarding our **own business area**, we examine the human rights-related topics considered significant at our locations. Concrete human rights-related risks are identified per determined vulnerable group with the involvement of responsible and appropriately qualified employees, the regional risk assessors. The results of the risk analysis lead to a measure plan that is tested for status of implementation and effectiveness in regular intervals.

For our **supply chain**, we have systematically expanded our corporate risk and supplier management with processes and measures for the respect of human rights. Thereby, we determine the individual risk position of the direct supplier. Here we take all suppliers into account who have had turnover with Schaeffler in the past 24 months. We identify risks per procurement or service category and regard the measures and processes for the respect of human rights that the supplier has already implemented.

In the event that we gain substantiated knowledge of a potential incident involving indirect business partners, we additionally conduct corresponding ad hoc risk analyses.

7 Prevention

We derive suitable measures from the conducted risk analyses as well as from publicly available reports, the grievance mechanism, or audits. With the help of these measures, affected groups of people shall be protected and adverse human rights and environment-related impacts and risks shall be avoided, stopped, or minimized. Especially by taking the following preventive standard measures⁷, we ensure the respect for human rights in the own business area and our supply chain:

Due to our Corporate Code of Conduct and associated trainings, we raise the necessary awareness of respecting the human rights at our locations. This is supported by internal guidelines such as the Human Rights Compliance Policy as well as a Sustainable Procurement Policy.⁸

⁶ We conduct risk analyses in the supply chain and in the own business area on an ad hoc basis e.g., in the case of changed country risks, reported information from the grievance mechanism and public reports from authorities and non-governmental organizations. The same applies to the introduction of new products, projects, or new business fields.

⁷ List not concluding.

⁸ Within the scope of the risk assessment of our suppliers, we pursue a zero-tolerance limit. That means, maintaining a business relationship with identified high-risk suppliers requires a special permit or a risk elimination.

Through our Supplier Code of Conduct, our suppliers accept our ethical and legal principles. In this context, they confirm that they pass over these requirements in their value chain, and they agree with the implementation of risk-oriented preventive measure. We provide all suppliers with training courses free of charge on human rights-related due diligence obligations. At identified high-risk suppliers, we conduct structured audits according to the standard of the Responsible Supply Chain Initiative, in order to derive further, individual measures.

We also take into account, findings from sectoral dialogues or those from our daily business activities when deriving measures, insofar as they relate to human rights.⁹ Moreover, we have developed individual measures for the prioritized human rights topics which we exemplarily list below:

	Freedom of Association ¹⁰	<ul style="list-style-type: none"> • Cooperation with the respective employee representative bodies • Individual communication measures at the locations, with regard to the guarantee of freedom of association
	Health and Safety at Work, particularly Working Hours ¹⁰	<ul style="list-style-type: none"> • Alignment of employer practices with the ILO-Core Labour Standards, as well as creation of transparency on local laws and on actual working hours
	Protection against Discrimination ¹⁰	<ul style="list-style-type: none"> • Diversity & Inclusion Strategy to promote equality among our employees • Target ratios for the proportion of woman employees in top management
	Prohibition of Forced Labour and Child Labour ¹⁰	<ul style="list-style-type: none"> • Policy against Human Trafficking with therein defined, granular measures

As part of our self-commitment, we additionally take the following measures. These are listed below as examples:

- Collectively agreed remuneration regulations or comparable remuneration systems
- Transparency on actual local demand for reasonable maintenance
- Various internal guidelines e.g., on Human Resources and Environment, Health & Safety
- [Conflict Minerals Policy](#) and [Critical Raw Materials Policy](#)
- Material Compliance Management System

⁹ For the future, we plan to involve right holders (such as employees and/or local communities) as well as human rights experts actively and systematically in regular exchanges, to further develop our strategy to promote the human rights.

¹⁰ These terms are explained in the glossary of this Human Rights Statement.

<p>8 Remediation</p>	<p>In the event that we, as an enterprise, have directly caused the violation of human rights in the own domestic business area, we will work toward the redesign of our activities or processes, to remedy the violation. In exceptional cases, we analyze the extent to which a pause in business activities can end the violation or the concrete risk.</p> <p>After investigating as per our grievance mechanism, we sanction employee behavior that is not aligned with human rights. In the case that our business activities contribute to actual human rights violations or that we are indirectly associated with the violations, we will try for an appropriate remediation and a prompt reparation by the responsible authorities. Regarding our business partners, we reserve reasonable reaction options, from requesting an immediate violation remediation, to taking legal actions or ultimately terminating the business relationship. In any case, we work towards the reparation of the violation.</p>
<p>9 Grievance Mechanism</p>	<p>An appropriate and effective grievance management allows to effectively prevent, and remedy adverse human rights-related impacts caused by our company and our business activities. Both employees and those affected persons outside the company have the opportunity to submit information about potential human rights violations through the Schaeffler Group's global whistleblower system. We provide an electronic reporting system in 20 different languages. However, reports can be submitted in all languages and through various channels.</p> <p>We follow up on all reports submitted and plausible suspicions of potential human rights violations in accordance with a reporting and investigation process that is defined in the guideline Whistleblowing System. The confidentiality of reports and the anonymity of whistleblowers will be respected.</p>
<p>10 Effectiveness Control</p>	<p>We review the effectiveness of our measures and processes, including our grievance mechanism, regularly and on an ad hoc basis with the help of effectiveness criteria that are predefined for individual cases. In the course of the measure and process design for addressing prioritized human rights topics or confirmed incidents, we in advance regularly define the objectives which are to be achieved by use of the measures and processes. To review the effectiveness, and with that the actual achievement of the predefined objectives, we specify key performance indicators. We ensure the effectiveness control by gathering information on the definition of key performance indicators and by involving relevant stakeholders. In the event that measures, or processes turn out to be ineffective, we adjust them and adapt the effectiveness logic, where necessary.</p>
<p>11 Documenting and Reporting</p>	<p>In our annual Sustainability Report, we inform the public about our human rights and environment-related due diligence processes and their effectiveness. Specifically on the topics of forced labour and modern forms of slavery in our supply chains and in our own business area, we publicize the Schaeffler Modern Slavery Statement once a year.</p> <p>Furthermore, as of the financial year 2023, we annually report to the German Federal Office for Economic Affairs and Export Control. This is based on the continuous internal documentation of the fulfilment of our due diligence obligations.</p>

12 About this Policy Statement

We have developed this Human Rights Statement in dialogue with the competent departments at Schaeffler, external experts and with the Schaeffler Economic Committee. The approval of this Human Rights Statement is made by the Board of Directors. We will review the statement, in accordance with the principles of continuous improvement and further development, annually as well as on an ad hoc basis and initiate an update if we observe changed human rights-related situations.

It is not possible to deduce any individual or third-party rights from this policy statement. The Human Rights Statement has no retroactive effect and enters into force on June 26, 2023.

Glossary

In the Human Rights Statement, certain established terms were utilized. These are to be understood as follows:

Working hours: Existence of a human rights-related risk due to a lack of measures to prevent excessive physical and mental fatigue. An inappropriate work organization in terms of working hours and rest breaks is exemplarily cited as a cause.

Discrimination: Discrimination in employment on the grounds of national and ethnic origin, social origin, health status, disability, sexual orientation, age, gender, political opinion, religion and belief or other categories.

Child Labour: Employment of a child under the minimum age required by national law of the country in which the person is working and anyway, under the age of 15 as well as employment of children under the age of 18 with activities that, by type or circumstances, are likely to harm the life, health, or morals of children.

Freedom of Association: Right to form and join a trade union as well as guarantee for trade unions to freely operate which includes e.g., a right to strike and the right to collective bargaining.

Forced Labour: Performance of activities not performed voluntarily.

Contact	With regard to the respect for human rights, Schaeffler has set up diverse contact options. The following channels are available for all affected groups of people.	
For content-related questions as well as comments on the Human Rights Statement:	By e-mail	humanrights@schaeffler.com
	By post	Schaeffler AG Compliance & Corporate Security Industriestraße 1–3 91074 Herzogenaurach Germany
	Personal	Group Chief Compliance Officer Compliance & Corporate Security Industriestraße 1–3 91074 Herzogenaurach Germany compliance@schaeffler.com
For information on violations of the Schaeffler Human Rights Statement:	Electronic Whistle-Blowing-System	www.bkms-system.net/schaeffler
	By e-mail	investigations@schaeffler.com
	Schaeffler employees can also report the information to all colleagues of the Compliance-Organization and their supervisors.	
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