

Sustainability Report 2021

SAF-HOLLAND SE

# BY YOUR SIDE MILE FOR MILE

**SAF**Holland  
Group

## KEY FIGURES

### GRI 201-1

#### Results of operations

in EUR thousands		
	Q1-Q4/2021	Q1-Q4/2020
Sales	1,246,583	959,519
Adjusted gross profit	216,738	178,831
Adjusted gross profit margin in %	17.4	18.6
Adjusted EBITDA	132,105	98,126
Adjusted EBITDA margin in %	10.6	10.2
Adjusted EBIT	93,128	58,799
Adjusted EBIT margin in %	7.5	6.1
Adjusted result for the period with non-controlling interests	61,281	34,494
Adjusted result for the period without non-controlling interests	61,222	34,113

#### Net assets

in EUR thousands		
	12/31/2021	12/31/2020
Balance sheet total	1,014,267	920,486
Equity	371,070	300,463
Equity ratio in %	36.6	32.6

#### Financial position

in EUR thousands		
	Q1-Q4/2021	Q1-Q4/2020
Operating free cash flow	16,123	114,247
Investments in fixed assets and intangible assets	-23,528	-23,675
Net debt	198,039	196,701

#### Yield

in %		
	Q1-Q4/2021	Q1-Q4/2020
Return on capital employed (ROCE)	15.7	11.1

#### Employees

	12/31/2021	12/31/2020
Employees	3,572	3,369

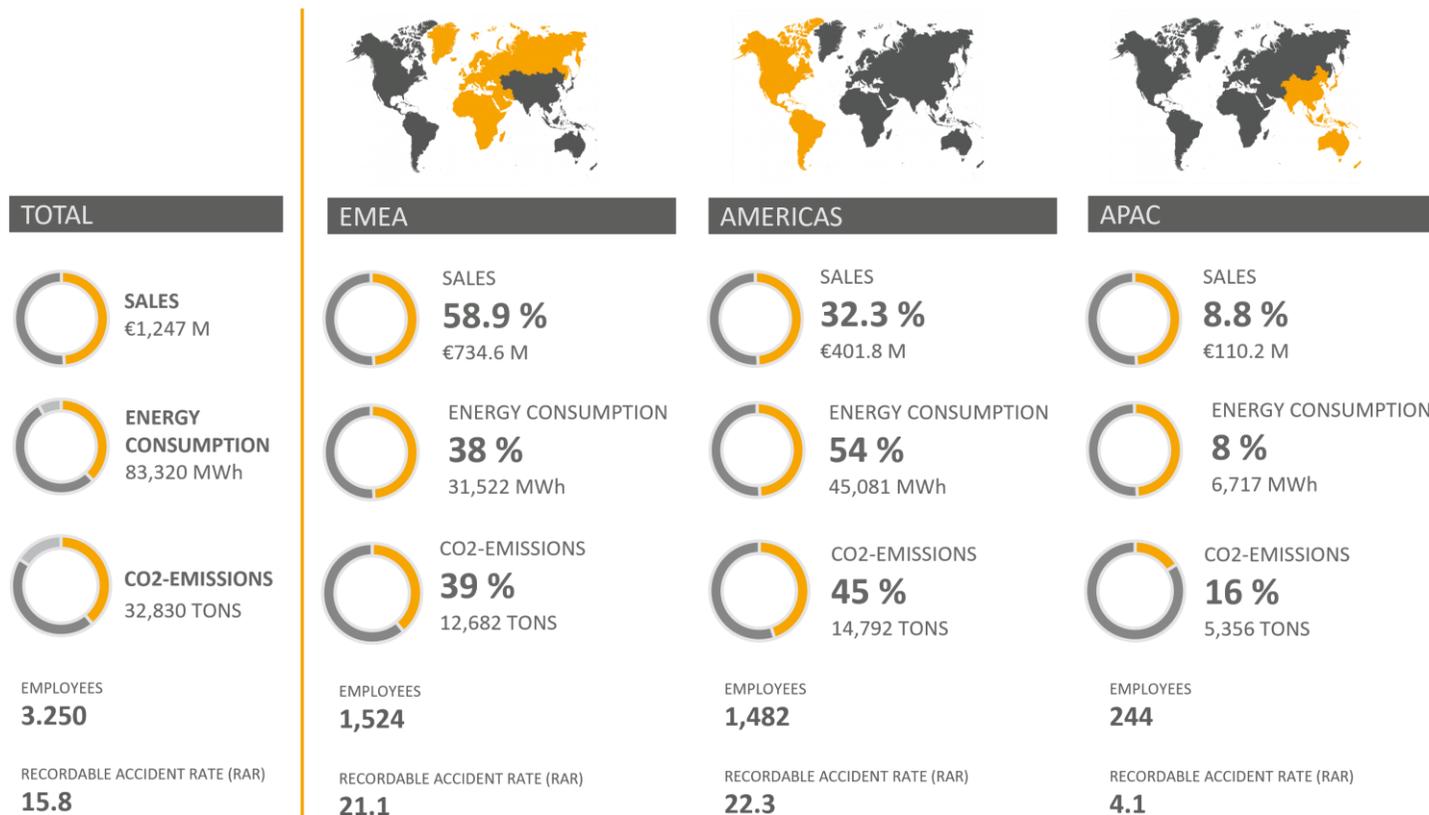
All figures shown are rounded. Minor discrepancies may arise from additions of these amounts.

Operating free cash flow = Net cash flow from operating activities less net cash flow from investing activities (purchase of PP&E and intangible assets less proceeds from sales of PP&E).

ROCE = Adjusted EBIT / (total equity + financial liabilities (excl. refinancing costs, incl. lease liabilities) + pension and other similar benefits - cash and cash equivalents).

Employees at the reporting date = Active employees and temporary workers.

## ESG KEY PERFORMANCE INDICATORS



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## FOREWORD FROM THE CHAIRMAN OF THE MANAGEMENT BOARD

GRI 102-14



**Alexander Geis**  
Chairman of the Management Board

### DEAR READERS,

The year 2021 was once again heavily affected by the COVID-19 pandemic. Our focus was therefore once again placed on protecting the health of our employees, customers and suppliers. The internal operating measures to defend against the spread of COVID-19 were implemented at all locations worldwide with an extensive packet of measures. These include setting up test centres, providing self-tests and masks as well as offering vaccinations on the premises.

In addition, we enabled mobile working for our employees. Work can be performed while underway or from any other place via a mobile end-user device (smartphone, tablet, laptop). The results are very encouraging and will be considered by SAF-HOLLAND in future working place models.

In addition to the COVID-19 pandemic, the further development of our sustainability strategy was placed high on our management agenda in the year 2021. After intensive discussions and a whole-day workshop, two main areas of focus crystallised for our future sustainability strategy. We would like to position ourselves globally as an employer of choice and establish and implement trend-setting standards for CO<sub>2</sub> emissions and the circular economy by 2030. In this regard, we will orient ourselves closely to the corresponding United Nations Sustainable Development Goals. We have drawn up detailed action plans for both fields of focus with which we can meet the requirements of the Paris Agreement by 2030.

In the course of developing the strategy, we also examined the requirements of our most important stakeholders with the aid of a materiality analysis. These will be considered accordingly during the goal definition process that is scheduled for this year.

I can also report some pleasing news in terms of our products. We will commence with the series production of our recuperation axle, SAF TRAKr in the middle of the current year. It uses recuperation to convert the kinetic energy of the vehicle into electrical energy. This energy is stored in a lithium-ion battery and used to power the trailer auxiliaries, such as pumps or cooling systems. Using recuperation as an additional source of generating

power saves fuel and, at the same time, reduces noise and exhaust emissions of the semi-trailer.

Our work on sustainability is confirmed by our external ratings and positive assessments. Just some examples:

- SAF-HOLLAND obtained an AA rating on a scale of AAA to CCC during its first MSCI Environmental, Social and Governance Rating.
- During its initial rating, the rating agency Sustainalytics gave SAF-HOLLAND a rating of 13.4 (low risk) on a scale of 0 to 40+ putting it among the Top-10 in the Auto Parts segment of the agency's analytical universe.

You can find everything else on sustainability at SAF-HOLLAND in the following report. I hope you enjoy reading this informative and interesting report.

Yours,

Alexander Geis  
Chairman of the Management Board

## ABOUT THIS REPORT

### GRI 102-50, 102-52, 102-54

We have oriented this report on the standards issued by the international Global Reporting Initiative (GRI). This report has been prepared in accordance with the GRI Standards: Core option.

This report pertains to the 2021 financial year, which corresponds to the 2021 calendar year. It also includes the Communication on Progress in connection with participation in the United Nations Global Compact (UNGC). A corresponding chapter reference to the ten universal principles can be found in the UNGC index. SAF-HOLLAND has been a signatory of the UNGC since 2018 and is committed to respecting the ten principles in the areas of human rights, labour standards, environment and climate as well as corruption prevention.

We refrain from using multiple gender-specific references in the report to improve readability. This should not be construed as a value judgment. All mention is therefore to be understood as gender-neutral.

Rounding differences may arise from the addition of individual figures.

The editorial deadline was March 15, 2022.

The annual Sustainability Report is published in German and English on the SAF-HOLLAND website at the following link [🔗 https://safholland.com/de](https://safholland.com/de). Our next Sustainability Report for the 2022 financial year will be published in the spring of 2023.

More information about the company can be found at [🔗 https://safholland.com/de](https://safholland.com/de) and in the Annual Report.



## CORPORATE GOVERNANCE

### THE SAF-HOLLAND GROUP AT A GLANCE

GRI 102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-10, 201-1, 201/103

✓ | SAF-HOLLAND SE, based in Bessenbach, Germany, is one of the world's leading manufacturers and suppliers of chassis-related assemblies and components primarily for trailers, but also for trucks, and buses.

The Company concentrates on the key issues facing its customers: optimising the total cost of ownership – i.e. considering all non-recurring and recurring direct and indirect costs of an investment – and, to an increasing degree, digitalisation, electrification and sustainability.

With its light-weight solutions, SAF-HOLLAND enables weight-savings and therefore makes a contribution towards lowering the CO<sub>2</sub> emissions of truck and trailer combinations. With the innovation campaign “SMART STEEL – ENGINEER. BUILD. CONNECT” – SAF-HOLLAND combines mechanics with sensors and electronics and drives the digital networking of commercial vehicles and logistics chains. With regard to electrification, series production of electric trailer axles is scheduled for the end of the first quarter of 2022.

Our product portfolio includes axles and suspension systems for trailers, fifth wheels for trucks as well as kingpins and landing gear for trailers. They are sold under the original equipment brands SAF, Holland, Neway, KLL, and V.Orlandi, as well as under the aftermarket brands SAF-HOLLAND Original Parts, SAUER QUALITY PARTS and GOLD LINE QUALITY PARTS.

### SAF-HOLLAND's Product Brands



Trailer axles and suspension systems



Towing and lifting technology



Suspensions for vocational trucks and buses



Air suspensions for trucks, buses, axles and suspension systems for trailers



Smart trailer management



Cuppling systems for trucks, semi-trailers, trailers and special applications



Trailer axles and suspension systems



SAF-HOLLAND ORIGINAL PARTS  
Aftermarket brand for premium products



SAUER QUALITY PARTS AND GOLD LINE QUALITY PARTS  
Aftermarket brands for quality products



At the end of the year 2021, SAF-HOLLAND was operating a total of 22 production and assembly plants on six continents. In addition to its plants in North America, Europe, India, Brazil and China, SAF-HOLLAND also has assembly locations in South Africa, Mexico, Singapore, Thailand, Australia and the United Arab Emirates. For us, sustainable production means working in an environmentally friendly manner in a way that conserves resources and minimises waste. This objective also guides us during our development work, which is primarily concentrated at the locations in Bessenbach (Germany), Muskegon (USA) and Yangzhou (China).



In Europe and North America, SAF-HOLLAND is among the top three producers in the two product segments of trailer axles and fifth wheels. In Europe, SAF-HOLLAND is the market leader for trailer axles and suspension systems. Moreover, in North America, SAF-HOLLAND occupies a leading position in fifth wheels, landing gear and kingpins.

SAF-HOLLAND generated approximately 60% of Group sales in financial year 2021 in business with trailer manufacturers (trailer OEMs). The specifications for axles and suspension systems are primarily determined by the fleet managers, who are the end customers. By maintaining direct contact with these end customers and maintaining constant exchange, SAF-HOLLAND ensures that it always has the right solutions for ever-changing customer requirements. Business with truck OEMs accounted for roughly 13% of Group sales in the financial year 2021.

Apart from the original equipment business, another key component of the company's business model is the aftermarket business, which accounted for approximately 28% of Group sales in 2021. SAF-HOLLAND serves its customers via a global network of roughly 12,000 spare parts and service stations, dealers and workshops. The guaranteed, rapid supply of spare parts is one of the criteria sought by fleet operators when selecting suppliers, making it a barrier to entry for potential competitors at the same time. Because demand in the aftermarket business trails that of the original equipment business, cyclical fluctuations can be cushioned, thereby contributing significantly to the resilience of SAF-HOLLAND's business model.

In the financial year 2021 SAF-HOLLAND generated Group sales of EUR 1,247 million and outperformed the figure for the previous year by roughly 29.9%. Adjusted EBIT came to EUR 93.1 million (previous year: EUR 58.8 million). The adjusted EBIT margin came to 7.5% (previous year: 6.1%) |

## THE MANAGEMENT BOARD OF SAF-HOLLAND SE

GRI 102-18



Alexander Geis  
CEO



Inka Koljonen  
CFO (until January 31, 2022)



Dr. André Philipp  
COO

## EU TAXONOMY

### GRI 201-2

✓ | The European Union presented the European Green Deal in December 2019. The concept includes the goal of reducing the net greenhouse gas emissions of the European Union to zero by the year 2050. A central element of the EU Green Deal is the EU Taxonomy, a classification system used to define “environmentally sustainable” economic activity. The goal is to classify economic activities EU-wide in terms of their contribution to the six defined environmental objectives in order to establish sustainable financial products on this basis: (1) Climate change mitigation, (2) Climate change adaptation (3) The sustainable use and protection of water and marine resources (4) The transition to a circular economy (5) Pollution prevention and control and (6) The protection and restoration of biodiversity and ecosystems.

In an extensive project, the EU has analysed the activities of the economy on their greenhouse gas emissions. The analysis covered activities that cause the majority of greenhouse gas emissions into the environment. In the process, around 70 activities were identified as "taxonomy-eligible" economic activities. Of the 70 activities only 17 are related to the typical production of physical goods. The other activities include the energy industry, utilities, transport, agriculture/forestry, transport, agriculture/forestry, real estate and the information sector.

In the sense of the Taxonomy regulation, economic activities are “ecologically sustainable” when they, firstly, contribute substantially to mitigating climate change or climate change adaptation. Secondly, the economic activities may do no significant harm (DNSH) to reaching the other EU environmental objectives. Both must be proven by compliance with certain criteria (technical screening criteria). At the same time minimum standards for occupational safety and human rights must be complied with (minimum safeguards).

Mandatory disclosures required by the EU Taxonomy regulation include disclosures on sales turnover, operating expenses (OpEx) and investments (CapEx) associated with ecologically sustainable activities, based on the EU Taxonomy regulation. However, in the year of first-time application, only

the respective proportions in taxonomy eligibility are to be reported. The test for conformity is omitted for reasons of simplification.

We have set up a steering group for the group-wide introduction of the taxonomy requirements. Based on the current requirements of the EU taxonomy, it determined the proportions of taxonomy-eligible sales, OpEx and CapEx with the involvement of the relevant departments.

### TAXONOMIE-ELIGIBLE SALES

Production of axles, fifth wheels or the other components manufactured by SAF-HOLLAND is not currently included directly or indirectly in the EU list of taxonomy-eligible activities. In this regard, SAF-HOLLAND cannot generate any taxonomy-eligible sales. The share of taxonomy-eligible sales of SAF-HOLLAND is 0.

Upon the start of series production of our electric axles SAF TRAKr and SAF TRAKe in the second half of 2022, we will examine to what extent the criteria of “enabler”, in the sense of reducing CO<sub>2</sub> emissions, is met to qualify for Taxonomy eligibility. Moreover, there will be a need to check whether these activities also meet the assessment criteria for taxonomy-aligned activities (substantial contribution to the ecological targets, do no significant harm to the other ecological targets, compliance with minimum social safeguards).

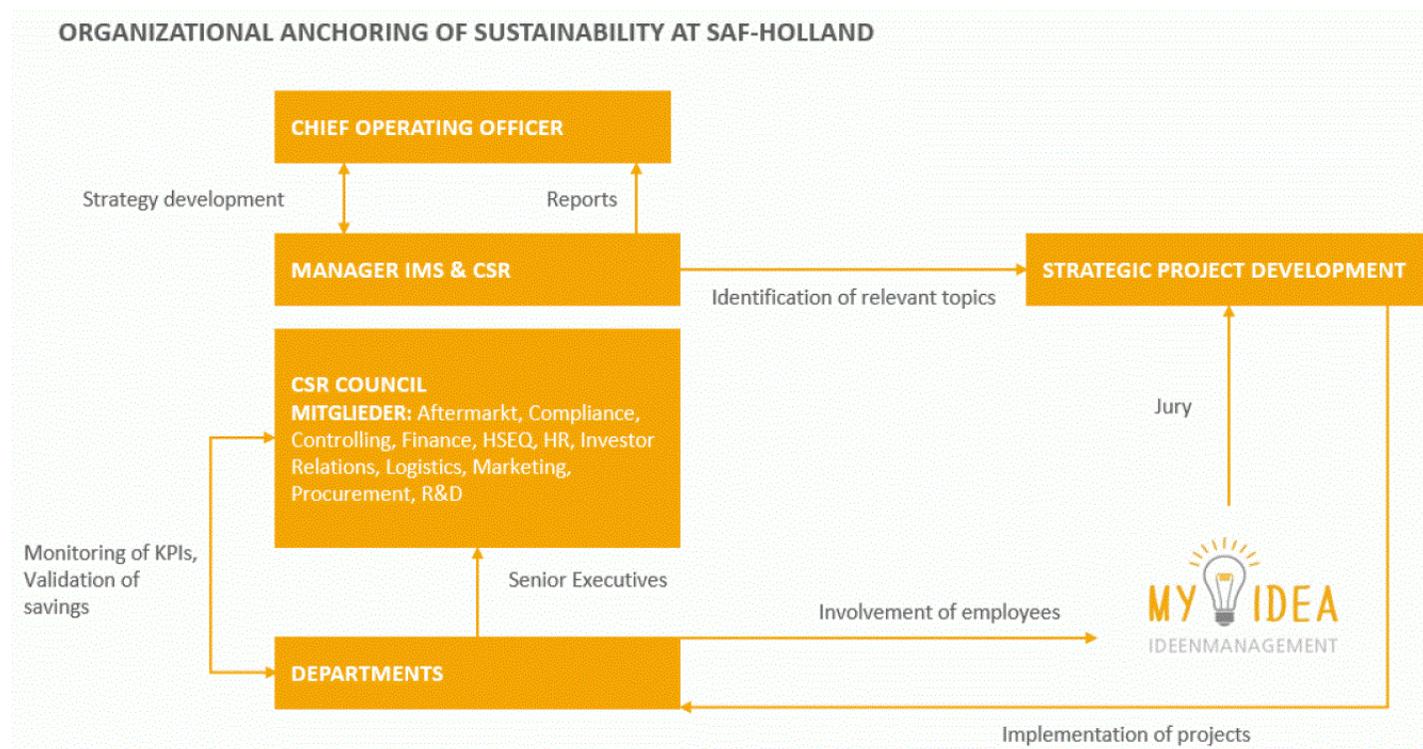
### TAXONOMY-ELIGIBLE OPEX AND CAPEX

OpEx at SAF-HOLLAND comprises the operating income and expenses, including repairs and maintenance and general administrative expenses. In the financial year 2021 taxonomy-eligible OpEx at SAF-HOLLAND amounted to 0%.

CapEx includes additions to property, plant and equipment in a given financial year. In 2021 taxonomy-eligible CapEx of SAF-HOLLAND amounted to 0.5%. We have invested in the reduction of energy

consumption at our sites in Germany and the USA as well as in the further electrification of our vehicle fleet in Germany. It can be assumed that only a certain share of the taxonomy-eligible CapEx will also be taxonomy-aligned in the future. |

## SUSTAINABILITY STRATEGY AND MANAGEMENT



### CORE PROCESSES

GRI 102-18, GRI 102-19

✓ | The SAF-HOLLAND Group continuously refines and develops its sustainability management under the leadership of the Corporate Social Responsibility Council (CSR Council) founded in 2018. A set of strategic guidelines creates the necessary framework. Among other things, these contain requirements for CSR reporting and, in particular, for integrating the issue of sustainability into general business processes. The CSR Council further intensified these integrative measures in the reporting year. To this end, the Council, which is composed of internal experts and managers from all relevant departments of the Company, regularly discusses key sustainability issues. |

### STAKEHOLDER DIALOG

GRI 102-40, 102-42, 102-43, 102-44

For our entrepreneurial success we consider it essential that we swap notes with all stakeholders who (could) material influence our business activities. To ensure that SAF-HOLLAND can address the relevant stakeholders in a targeted fashion, it performed a comprehensive analysis in 2021 to identify the relevant groups and their key concerns. The following table shows the results which we continue to consider valid after conducting an internal review. We communicate with the stakeholders listed there via numerous channels in order to understand their expectations and address these and identify any material sustainability issues as early as possible.

**Relevant stakeholders**

Stakeholder	Essential topics	Platform
Customer	Product quality and safety	Trade fairs
	Ecological vehicle concepts	Customer surveys
	Digitization & Innovations	Visits to customers
Employees	Occupational Safety & Health	Employee survey
	Training & Personnel Development	Employee app
	Diversity & equal opportunities	Employee surveys
	Digitization & Innovation	Internal media
	Circular economy	Ideas Management
Suppliers	Product quality and safety	Supplier discussions and audits
	Supply chain	Audits
	CO <sub>2</sub> emissions & renewable energies	Conferences and symposia
	Digitization & Innovation	Trade fairs
Networks and associations	Ecological vehicle concepts	Meetings and committees
		Participation in forums and webinars
Media	Ecological vehicle concepts	Press releases
	Digitization & Innovation	Press releases
Capital Market	Ecological vehicle concepts	Investor conferences
	Business Ethics	Bilateral talks
	Digitization & Innovation	Press releases
Local stakeholders	CO <sub>2</sub> emissions & renewable energies	Evaluations
	Occupational Safety & Health	Factory tours
	Circular economy	Evaluations
Politics and authorities	Ecological vehicle concepts	Cooperation with associations
	Training & Personnel Development	Site visits
	Supply chain	Press releases
	Circular economy	Statistical evaluations
NGOS	CO <sub>2</sub> emissions & renewable energies	Round table events
	Business Ethics	Web-based meetings

**DERIVING MATERIALITY****GRI 102-46, 102-47**

The sustainability topics relevant to our company were identified in 2021 by means of a materiality analysis. This was based on internal and external workshops – at both regional and global level – at which the CSR Council, the management and the Supervisory Board were directly involved. When

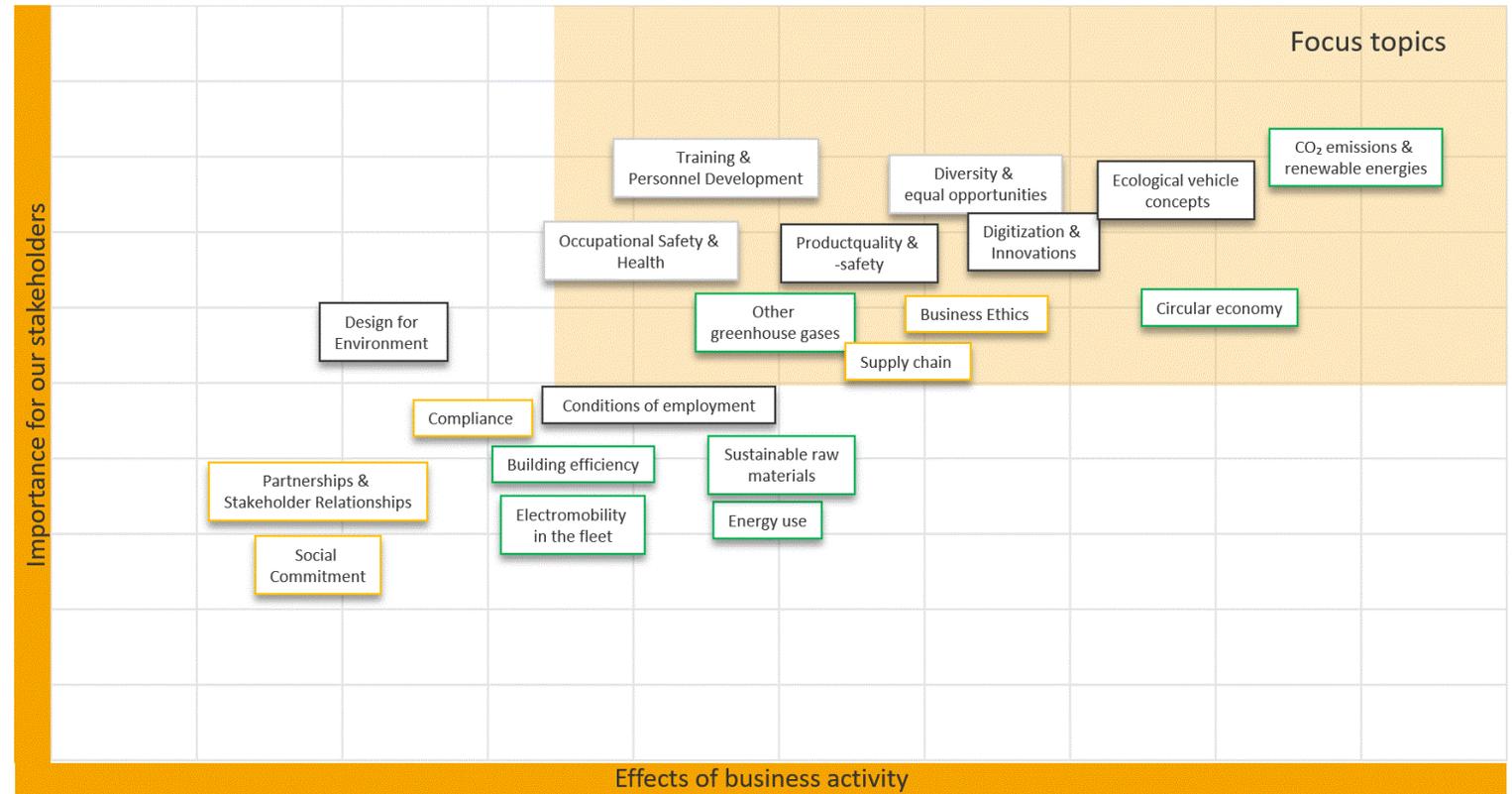
it comes to selecting the issues, SAF-HOLLAND also orients itself towards the requirements of the Global Reporting Initiative (GRI).

The objective of the materiality analysis was to identify those aspects that are particularly relevant for both our stakeholders and our business. Consequently, we have linked external and internal expectations to each other using a materiality matrix. The most relevant issues are placed in the

upper right quadrant. This integrated presentation provides us with a decision-making basis for the future development of the sustainability strategy.

Taking the materiality matrix as a starting point, SAF-HOLLAND developed a comprehensive sustainability matrix in the reporting year that is in agreement with the requirements of European law.

For the period until 2030 it concentrates on the two main fields of activity of climate protection and social issues. We set a number of goals for ourselves in the reporting year and drew up action plans. Moreover, we initiated the first analyses, which we will pursue in 2022.



## THE MAIN TOPICS AND THEIR RELATION TO THE VALUE CHAIN

GRI 102-46, 102-47

Segment	Essential topics	Operational processes			
		Supply chain	Product	Society	
Governance	Partnerships & Stakeholder Relationships	X	X	X	X
	Business ethics and employment conditions	X	X		X
	Compliance	X	X	X	X
	Product safety and product responsibility		X	X	X
Environmental	Sustainability in the supply chain	X	X	X	X
	CO <sub>2</sub> emissions & renewable energies	X	X	X	X
	Ecological vehicle concepts			X	
	Circular economy		X		
	Design for Environment			X	
	Other greenhouse gases		X	X	
	Building efficiency		X		
	Sustainable raw materials	X			
	Electromobility in the vehicle fleet		X		
	Diversity and equal opportunities				X
Social	Occupational safety & health protection	X	X		X
	Training and personnel development		X		X

## CORPORATE GOVERNANCE AND COMPLIANCE

### GRI 103-1, 103-2, 102-16

Integrity and compliance are fundamental elements of our corporate governance and our Compliance Management System. We are aware of our social responsibility and in our dealings with employees, creditors, customers and other business partners conduct ourselves with integrity, reliability and in compliance with the laws and regulations. Guided by our ethical principles we seek to lead the global business community as a role model and in this way create trust in our businesses and our corporate leadership.

Moreover, our goal is to create an open corporate culture in which employees and business partners can address potential risks and breaches of compliance in a trusting and confidential environment. This helps us to counter any risks at an early stage and thoroughly clarify and remedy any irregularities.

SAF-HOLLAND SE publishes its Declaration of Compliance with the German Corporate Governance Code online at <https://safholland.com/de>

The company's corporate governance system consists of a management board as the management body and a supervisory board as the supervisory body.

More information on the Corporate Governance of SAF-HOLLAND can be found in the Annual Report 2021.

### SUSTAINABILITY AND THE ROLE OF THE SUPERVISORY BOARD AT SAF-HOLLAND

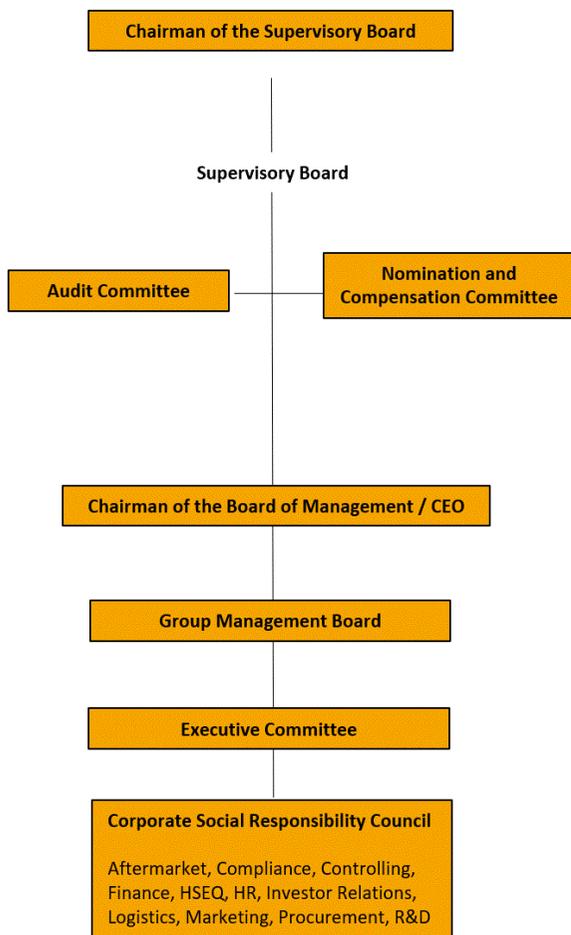
#### GRI 102-15, 102-26, 102-29, 102-30, 102-31

✓ | Investor focus on sustainability has grown steadily in recent years. Legislators are also trying to promote sustainable investment strategies

with corporate disclosure requirements. This results in increased due diligence obligations, especially for listed companies: The Supervisory Board must actively address this issue and develop a solid understanding of environment, social and governance (ESG) issues. Its role is to identify, assess, and disclose ESG risks and to gain insight into how SAF-HOLLAND integrates sustainability into its strategy, risk management, and business operations. Specifically, it involves such things as assessing the company's market situation and understanding disruptive trends such as the electrification of drive systems, also against the backdrop of environmental and social concerns. To this end, the Supervisory Board examines the expectations and needs of SAF-HOLLAND's stakeholders and includes these in its considerations of the Group's strategic orientation. The focus is on governance issues, environmental aspects, occupational health and safety, and social concerns.

Rigorous attention to ESG risks enables the Management Board and Supervisory Board alike to assess overall resource needs and allocate budgets appropriately to tasks. An important area of responsibility in the area of governance is the strengthening of the company's compliance culture. |

## SUSTAINABILITY AS AN INTEGRAL COMPONENT OF THE BODIES OF SAF-HOLLAND



### CORPORATE GOVERNANCE MILESTONES 2021:

- Independent evaluation of the quality of the audit of the financial statements at the level of the Group as well as the national companies
- Updating the competence profile of the Supervisory Board
- Revision of the Executive Board compensation system and report
- External review of Executive Board and Supervisory Board compensation with regard to its market conformity
- Addressing the legal changes from ARUG II and FISG including effects on the Executive Board and Supervisory Board
- Further training of the Supervisory Board in the area of ESG
- Implementation of strategy workshops with the Executive Board
- Continued professionalization of the work of the Supervisory Board

### SUPERVISORY BOARD MEMBERSHIP

**4,9**  
YEARS

### COMPETENCIES IN THE SUPERVISORY BOARD (EXPERTS 100%)

Products / Technologies / Markets



Strategy / Leadership / Transformation



Board experience (Management & Supervisory Board)



Risikomanagement / Compliance



Accounting



Financing / Capital Market



Final exam



ESG



### DIVERSITY ON THE SUPERVISORY BOARD



### ATTENDANCE RATE AT MEETINGS OF THE SUPERVISORY BOARD



### AGE STRUCTURE ON THE SUPERVISORY BOARD



### INTERNATIONAL PROFESSIONAL EXPERIENCE ON THE SUPERVISORY BOARD



### SUPERVISORY BOARD COMPENSATION

The members of the Supervisory Board receive fixed annual compensation, which is paid after the end of the respective fiscal year. In addition, an attendance fee is paid for participation in meetings. No performance-related or share-based compensation components are granted.

Further details can be found in the compensation report.

<p>The <b>Compliance &amp; Legal department</b> serves as the central contact and point of contact for compliance issues. The aim of our Compliance department is to establish and continuously improve preventive measures within the business processes as well as the early identification and clarification of potential violations of our Code of Conduct.</p>	<p>We have established a <b>Compliance Committee</b> responsible for clarifying indications of any compliance violations. The committee includes permanent representatives from the following departments: Compliance &amp; Legal, Human Resources and Corporate Audit Services. Depending on the nature and extent of the incident, the Compliance Committee may include representatives of other departments as guests if this appears necessary at its own discretion. Particularly in the case of serious and urgent incidents, the CFO may also be called in.</p>
<p>The <b>Board of Management</b> is responsible for ensuring compliance with legal requirements and the company's internal policies and works to ensure that these are also observed by the subsidiaries. The Management Board informs the Supervisory Board regularly, promptly and comprehensively about all issues of strategy, planning, business development, risk situation, risk management and compliance that are relevant to the company. It addresses any deviations <u>in the course of</u> business from the plans and targets drawn up, stating the reasons.</p>	<p>The <b>Corporate Audit Services department</b> reviews the structure and effectiveness of compliance measures through regular audits.</p>

### COMPLIANCE CULTURE AND OBJECTIVES

GRI 102-16, 205/103, 206/103

✓ | In order to meet the diverse compliance requirements worldwide, we appointed Compliance Ambassadors for each of the three regions (EMEA, Americas and APAC) in the financial year 2021 in addition to the Compliance department at corporate level. They are positioned at the head of each of the three regional organisations and are authorised to conduct compliance measures at their own discretion, as well as conduct employee training and issue the corresponding policies. They are integrated in the regional implementation of the Compliance Management System and are a vital link to the corporate compliance organisation.

The central compliance department reports directly to the Chief Financial Officer of SAF-HOLLAND SE. Together they define the global compliance objectives of the Group and oversee and steer their implementation.

The Compliance Ambassadors are expected to report to the compliance department at regular intervals. This also includes any pending legal disputes, which are recorded on a standard form. |

## COMPONENTS OF THE COMPLIANCE MANAGEMENT SYSTEM

### GRI 103-2

✓ | Central issues addressed by the Compliance Management System are antitrust law and fair trade, export controls, money laundering and privacy. In each of these cases we must act both preventively as well as repressively.

A key pillar of the Compliance Management System is the Code of Conduct, which is based on the following corporate values:

- We are innovative, we set ourselves the highest standards and solve challenges together with our customers
- We are cost conscious and entrepreneurial
- We are reliable, courageous and efficiency-oriented
- We show mutual respect
- We give top priority to health and safety in the workplace
- We work as a team and communicate with openness and mutual estimation
- Compliance with laws and regulations is a matter of course for us. |

## CODE OF CONDUCT

### GRI 103-2, 102-16

✓ | The business success of our company materially depends on compliance with laws and regulations as well as ethical principles. The Code of Conduct of SAF-HOLLAND SE defines the framework within which the employees of the company must remain in order to comply with both legal and internal requirements. The code will be revised on an ongoing basis to reflect the latest corporate and legal requirements.

The Code of Conduct sets out key elements, such as respecting human rights, equal opportunities, transparency and a clear stance on discrimination, bribery and corruption. Among other principles, our Code of Conduct includes the obligation to comply with fair trade and antitrust laws, the law on insider trading as well as compliance with regulations on

the protection of confidential information and intellectual property, and regulations on product safety and quality, health, safety and environment as well as data protection.

The Code of Conduct is available to the public in eleven languages via the following link: 🌐 <https://safholland.com/de>. |

## POLICIES

### GRI 103-2

✓ | Specific policies have been developed which implement the requirements laid out in the Code of Conduct and these will be successively introduced at the companies of the Group. Among other matters, they govern the handling of grants and invitations from business partners, authorities and auditing bodies. They ban any form of bribery, blackmail or corruption and prohibit accepting, giving or offering any unlawful grants or gratuities.

Our employees receive regular or ad hoc training on the corresponding policies via our internal communication channels. This occurs at least once annually. |

## COMPLIANCE TRAINING

### GRI 103-2

✓ | The company conducts systematic training on compliance issues. In the financial year 2021 a total of 1,100 employees were asked to participate in the training sessions. Of this total, 630 employees completed the module “What does compliance mean?” and 385 employees the module “Signing policy”. Moreover, training was given on the signing policy and the issues of corruption and bribery.

New employees receive extensive training on compliance issues as part of the onboarding process. They also receive the Code of Conduct in the form of an employee handbook that was introduced in the reporting year.

In the year 2021 SAF-HOLLAND drew up comprehensive guidance on fair trade and antitrust law for the first time. Corresponding training was drawn up for its introduction. At the beginning of 2022 the first employees from the relevant departments were called on to undertake the mandatory training. |

## COMPLAINTS MECHANISM AND WHISTLEBLOWER SYSTEM

GRI 103, 102-17

✓ | Our employees and also third parties have the ability to report any breaches of the law or the internal rules and regulations that they become aware of. In this way, they help us to identify any compliance breaches at an early stage or to prevent them. They can lodge any reports via the publicly accessible whistleblower system, which is available on the website of SAF-HOLLAND. Whistleblowers can choose whether they wish to remain anonymous or not in the course of lodging the report and during any subsequent investigation. In addition, our employees may directly contact their respective supervisors or the compliance department to report any incidents. All reports are handled discreetly and addressed by the small circle of the Compliance Committee.

Link to the official whistleblower system:

🔗 <https://safholland.com/de>.

We investigate all reports and initiate any countermeasures that are needed. |

## REPORTING

GRI 103-2

✓ | There is regular and comprehensive reporting on the current status of compliance measures and compliance incidents in place at all levels of the Group. |

## RISK ANALYSIS

GRI 103-3

An analysis of risks is regularly conducted within the framework of the Group-wide risk management system. This also serves to identify our compliance risks in detail and tailor the existing Compliance Management System to the current risk position.

Environmental risks are assessed annually in the form of an analysis of environmental aspects. This involves making a risk analysis of the inputs and outputs affecting the company on the basis of the EMAS certification requirements with regard to their quantity and the legal requirements. Significant environmental aspects are addressed by the corresponding measures and reassessed after the measures have been initiated.

## RISK MANAGEMENT AT SAF-HOLLAND

GRI 102-11

As an international supplier to the commercial vehicle industry, SAF-HOLLAND is faced with a range of opportunities and risks that arise from the Group's business activities, its business strategy and its market environment. On the basis of a systematic management of opportunities and risks, the company pursues the goal of identifying opportunities and risks as early as possible, assessing them appropriately and taking suitable action to mitigate or avoid risks and exploit opportunities.

## ORGANISATION OF RISK MANAGEMENT AND RESPONSIBILITIES

GRI 103-2

✓ | The risk management of SAF-HOLLAND comprises all of its activities for the systematic management of risks. In this regard, risks are identified and analysed at an early stage using a uniform system, from which measures are derived to optimise the risk position. Risk management is a central element of Group-wide corporate governance.

The Management Board of SAF-HOLLAND SE bears the responsibility for installing an effective risk management system. Anchoring risk management within the Group's controlling organisation allows the risk management system to be integrated in a holistic fashion in the planning and reporting process. The main focus when using risk management instruments lies on assessing any possible deviation in the key performance indicator of EBITDA (earnings before interest, taxes, depreciation and amortisation of the Group).

The primary responsibility for risks as well as risk identification and risk management along the value chain lies with the heads of the operating units and the central departments. The corporate risk manager at headquarters is responsible for defining and refining the processes and coordinating their execution. The risk manager draws up the quarterly risk reports and coordinates the findings on the ability of the company to bear risk. The corporate risk manager is also the addressee for event-driven risk reports and forwards these to the Management Board without delay.

The Supervisory Board is responsible for monitoring the effectiveness of the risk management system. In addition, compliance by the Group entities and the Group's departments with the Group's internal risk management policies is integrated in the regular activities of the internal audit. |

### PROCESS OF COMPANY-WIDE RISK MANAGEMENT

GRI 102-3, 103-3

✓ | The risk management process of SAF-HOLLAND comprises the core elements of risk identification, risk assessment and risk management and monitoring. The risk management process is fully reflected in an integrated software solution. In this tool, the risk owners record the risks that have been identified and assesses these. Thereafter, the software is used to review and approve the risks at the next level of the hierarchy and, depending on the risk category, escalate them for approval by the heads of the respective functions at corporate level. The process of risk identification, assessment and management is accompanied by continuous monitoring and communication of the reported risks by the risk officers.

Risks are identified by the risk owners and risk managers at regional or Group level at the end of each quarter. It is their duty to regularly test whether all risks have been recorded. The quarterly risk inventory process is initiated by the corporate risk manager.

During the risk assessment, the identified risks are assessed using a systematic assessment process and quantified in terms of their financial impact and probability of occurrence.

Within the framework of risk management, suitable risk mitigation measures are worked out and initiated and their implementation tracked. These primarily include the strategy to avoid, reduce or hedge against risks. The latter involves drawing up measures that minimise the financial impact or likelihood of occurrence of the risks. The risks are managed in accordance with the principles of risk management, which are laid out in the Group's risk management policy.

The Group-wide identification and assessment of risks is reported to the Management Board on a quarterly basis, broken down by main risk category and region. In addition, any risks identified during a quarter that are expected to have a substantial impact on the earnings of one of the Group's business units are reported to the Management Board on an ad hoc basis and communicated to the Supervisory Board if necessary.

In order to analyse the overall risk position of SAF-HOLLAND and initiate suitable countermeasures, individual risks at the local business units, the business segments and the Group as a whole are aggregated into a risk inventory. The consolidated group for risk reporting purposes corresponds to the consolidated group used for the consolidated financial statements. This allows individual risks to be aggregated into risk categories. In addition to facilitating individual risk management, this aggregation also allows trends to be identified and managed, thus allowing the risk factors for certain risk categories to be influenced and reduced. Unless stated otherwise, the risk assessment applies to all three regional segments. |

### ANTI-CORRUPTION/BRIBERY

GRI 102-12, 205-2, 205/103, 206/103

✓ | The quality of our products and services is our most compelling argument. This is the reason why our business partners choose to enter into or continue a business relationship with us every day. Granting any individual employees and representatives of other companies an inducement to choose us over the competition independently of the quality of our products and services is a breach of the principle of fair trade and the law and damages the trust of our business partners in our company.

We therefore condemn any form of bribery, blackmail or corruption. Accepting, granting or even offering any kind of illegal inducement is strictly prohibited. This applies toward companies in the private sector, private individuals, officials, auditors and other organisational units. The term inducement includes gifts of any kind as well as invitations to events or business dinners. Our internal guideline on dealing with such benefits is the authoritative policy for assessing the conformity of any inducements.

SAF-HOLLAND is a signatory of the UN Global Compact. The company is committed to the ten universal principles set out in the Compact. This also applies with regard to the prevention of corruption.

The extensively revised “Guideline on Gifts and Invitations” was put into force in the reporting year by a resolution of the Management Board. The guideline is binding for all employees and bodies of the SAF-HOLLAND Group and is available in German, English, French and Chinese.

All of our employees are trained at regular intervals and on an ad hoc basis on the “Guideline on Gifts and Invitations” via our internal communication channels. This occurs at least once annually. In the reporting year a total of 1,100 employees were asked to participate in the training sessions. Of this total, 385 employees successfully completed the “Corruption” module and 392 employees the “Gifts and inducements” module. |

## DATA PROTECTION AND DATA SECURITY

### GRI 418/103, 418-1

The highest standards for data protection and data security foster the long-term trust of our stakeholders. In all of the regions we operate we endeavour to meet the most stringent requirements to offer our customers data security and protection. By integrating the “Compliance and Data Protection” management process and the IT guidelines on “General Data Security” in our process management manual, we have created a foundation for effective data protection at all German locations.

Overall responsibility for data protection and data security as well as compliance with the legal requirements arising from the European General Data Protection Regulation (EU GDPR) lies with the Management Board. The board is supported by a Data Privacy Officer who advises it on implementing any data protection requirements. This officer is assigned to the Internal Audit department and reports directly to the CFO on all relevant aspects. The Data Privacy Officer draws up a closing report each year that records the nature and scope of the activities and any particular incidents. We are also preparing a framework with the aim of clearly defining and uniformly communicating the data protection requirements and how personal data should be handled. It will initially be launched as a pilot project at all German locations and will then be rolled out in various languages throughout Europe. In order to identify potential for improvement in data privacy and data security on site, the Data Privacy Officer also participates in internal quality audits at the German locations.

New employees and business partners are obliged to comply with the legal requirements arising from the EU GDPR by means of supplementary contractual agreements. As in 2020, a key focus of our work in the area of data protection in the financial year 2021 lay on intensifying employee training at the European subsidiaries and sales companies. In 2021 training on the topic of data protection was given to 669 employees in Germany via the learning management system. At the remaining European locations we provide annual training specifically to those employees who are involved in the processing of personal data.

In terms of data security, the IT department conducted a data security audit of our internal network as well as a data security audit of the websites and webshop.

In the financial year 2021 three incidents came to the attention of SAF-HOLLAND that threatened data security. In all these cases the corresponding countermeasures were initiated without delay and concluded successfully. The group of people affected, which consisted of both internal employees and external third parties who received a phishing mail and whose email receipt was disrupted, were identified in a very short space of time and informed as a precautionary measure.



### MANAGEMENT APPROACH

GRI 102-12, 412/103

✓ | The SAF-HOLLAND Group is committed to respecting human rights on the basis of the United Nations Guiding Principles on Business and Human Rights (UNGPs). These principles demand that we systematically identify the impact of our own business activity on human rights and avoid, mitigate or, if required, compensate any negative consequences of our business activity. We are committed to complying with various national action plans and laws on human rights due diligence, in particular the “National Action Plan (NAP) Business and Human Rights”. Moreover, SAF-HOLLAND is a signatory to the UN Global Compact and acknowledges the universal principles on human rights. SAF-HOLLAND acknowledges the right to clean water as a human right and pays particular attention to protecting water as a resource (see the section on “Environmental efficiency in production” on [page 40](#)). |

### HUMAN RIGHTS POLICY STATEMENT

GRI 102-16, 412/103, 407/103, 408/103

✓ | We pursue an integrated approach that extends to our own processes and those of our supply chain, which we continually refine in order to align ourselves with the UN Guiding Principles on Business and Human Rights. SAF-HOLLAND drew up and published its first “Human Rights Policy” in September 2019. This corporate policy supplements the principles laid out in our Code of Conduct in terms of observing human rights and specifies our existing obligations in more detail. It creates clarity about processes and procedures to ensure that human rights are respected and protected within the Group. The concepts are considered in our business activities and implemented along the entire value chain. The policy statement is available to the public in eleven languages via the following link: <https://safholland.com/de>. |

## DECLARATION ON MODERN SLAVERY AND HUMAN TRAFFICKING

GRI 409/103

✓ | Due to the fact that SAF-HOLLAND also operates in the United Kingdom, we have also incorporated the UK Modern Slavery Act 2015 within the sphere of our human rights duties. At the beginning of 2020 SAF-HOLLAND published its first declaration on modern slavery. This reflects our commitment to all efforts to abolish all forms of modern slavery within our sphere of influence and lays down the measures to ensure that no slavery and no human trafficking occurs in our business activities and along our supply chain. The declaration is available via the following link: <https://safholland.com/de>.

## MEASURES TO IDENTIFY ANY ACTUAL OR POTENTIAL IMPACTS ON HUMAN RIGHTS

GRI 407-1, 408-1, 409-1, 412-1, 412/103

✓ | Our due diligence processes allow us to track the effectiveness and compliance with our human rights obligations and also to identify, prevent and mitigate any human rights-related risks, human rights impacts or violations of human rights. Potential risks of child labour and forced labour at our locations are fundamental elements of our audits. We do not see increased risks of child or forced labour and threats to the right to freedom of association and collective bargaining at any of the SAF-HOLLAND Group locations.

SAF-HOLLAND endeavours to continuously improve its risk identification and management processes. In future we will conduct an initial human rights risk assessment and a gap analysis in order to identify any gaps in our processes, prioritise measures at high-risk locations and work towards reinforcing the internal processes.

## MEASURES TO AVOID POTENTIAL HUMAN RIGHTS IMPACTS AND TRACK THE EFFECTIVENESS OF THESE MEASURES

GRI 412-2

✓ | We would like to raise the awareness of all employees of the contents of our Code of Conduct. For this reason, training to instill an actively lived compliance culture within the organisation is of critical significance. Upon ratification of our Human Rights Policy and the revised Code of Conduct in the reporting year, training sessions are available that are obligatory for all employees.

## COMPLAINTS MECHANISM

✓ | In order to uncover potential violations of the law and internal regulations, not only can employees lodge a report with their direct supervisor, but they can also contact the Compliance & Legal Affairs department or communicate issues anonymously via the whistleblower system without revealing any information about the sender. We expressly encourage employees and business partners to communicate any suspicions or violations they notice. All contact options are listed on our corporate website at the following link: <https://safholland.com/de>.

## REPORTING

GRI 102-52

We are committed to regularly reporting on the progress made throughout our organisation with regard to human rights and observe the basic principle of transparency. Each year we publish our Sustainability Report in which we communicate the measures taken to implement our commitment to human rights and the progress we have made. The Sustainability Report from SAF-HOLLAND can be accessed via the following link: <https://safholland.com/de>.

## SUPPLY CHAIN

### SUSTAINABLE SOURCING STRATEGY

GRI 204/103, 308/103, 308-1, 403-7, 414/103, 414-1

✓ | The SAF-HOLLAND Group has set itself the goal of making its entire supply chain more sustainable. We consider sustainable economic activity to be a great opportunity, both for us as well as for our suppliers. By transforming the supply chain accordingly, we will secure the profitability of our organisation for the long term by reducing supply risks, enhancing the high quality of our products and services and by improving our own business processes further. An important lever in this regard is responsible supplier management. We intend to use this to make the value chain more transparent and encourage our business partners to comply with globally recognised environmental and social standards. Steering this process is a strategic task of the Management Board. For this reason, the responsibilities of the Chief Executive Officer (CEO) were expanded in the reporting year to include the function of Chief Procurement Officer (CPO).

At the beginning of each business relationship we lay the foundation for a sustainable management of the supply chain by carrying out a progressive supplier qualification process: In a first step, we require the respective supplier to provide a self-assessment and submit a standardised questionnaire for this purpose. Among other items, this also contains questions on the sustainability of the supplier's business activities and serves as a basis for the second step of the selection process: a systematic review of the supplier. In 2021 we began reviewing the plausibility of the self-assessments on the basis of publicly accessible information. We intend to intensify the research we conducted in this regard in the coming years. Providers who present us with information that proves erroneous upon review are excluded from the bidding process. In a third step, we classify the remaining providers by risk categories and consider this when awarding the contract.

We also place an obligation upon our existing suppliers: to this end we use a code of conduct that is binding upon our suppliers. In this code we have clearly formulated our position on key sustainability aspects. The code of conduct is reviewed annually and modified as required. In the reporting year it was forwarded to all suppliers with an annual turnover of more than EUR 50,000 with a request attached to formally accept it. In the EMEA

region, all of our suppliers returned their acknowledgment. As a result, our procurement officers have a clear idea of how our suppliers handle the topics of "respect for human dignity", "banning child and forced labour", "treating employees and business partners with dignity", "combating corruption and bribery" as well as "fair trade" and "protection of intellectual property". Any breaches of the code are met with the corresponding sanctions or termination of the business relationship, if necessary.

We carefully monitor whether and to what extent our suppliers comply with the sustainability standards laid out in the code of conduct. In the reporting year we conducted audits at 20 strategic suppliers throughout the Group. No breaches were identified. The auditors did not find any negative environmental impacts, use of child or forced labour, or violations of the right to freedom of association and collective bargaining.

In the reporting year – against the backdrop of the COVID-19 pandemic – we conducted remote audits of our suppliers. In this audit format, we use virtual communication and control tools, allowing us to evaluate existing and new suppliers without having to travel long distances. In the year 2020 we adapted our already integrated audit process to the new requirements and tested it on the first system suppliers where the situation on site was already known from initial audits. With the new technology, we are well equipped to conduct effective audits in the future, regardless of travel restrictions, and minimise travel-related health risks for our employees without incurring additional costs. As a resource-saving and energy-saving alternative, the remote audit also contributes to environmental and climate protection. |

### PROTECTING HUMAN RIGHTS IN THE SUPPLY CHAIN OF SAF-HOLLAND

GRI 407/103, 408/103, 409/103, 412/103

✔ | Compliance with human rights and minimum social standards all along complex global value chains is a complicated task that is increasingly being focused on by the public and the lawmakers. The goal of the SAF-HOLLAND Group is to install the necessary safeguards to prevent any breaches of the corresponding rules and regulations within its value chains. The Management Board assumes the final responsibility for this, thereby fulfilling its human rights due diligence obligations. With regard to the Supply Chain Act passed by the government in June 2021, we are already integrating the corresponding guiding principles in our procurement processes. These are based on the “National Action Plan Implementation of the UN Guiding Principles on Business and Human Rights”, issued by the German government at the end of 2016. In September 2020 we adopted a Human Rights Policy. This policy includes a requirement that our human rights standards are also observed by our suppliers and business partners.

In addition to embedding human rights due diligence within our company, such as in our procurement organisation, we have set up a process to identify human rights risks in our supply chain management. For instance, in 2020 we introduced a risk-based approach towards the sourcing of production materials. We have used this in recent years to recategorise and restructure our pool of suppliers. On this basis, we identified all those suppliers through to the year 2021 that are located in potentially at-risk countries, supply a high volume of upstream products or services, or are not substitutable. We plan to extend our audit activities for this group of suppliers. Moreover, we intend to identify – also with regard to the new Supply Chain Act – any specific risks to human rights in our supply chain by performing detailed variance analyses and using the resulting knowledge to reduce these risks further still. |

### SOURCING GOODS AND SERVICES

GRI 102-9

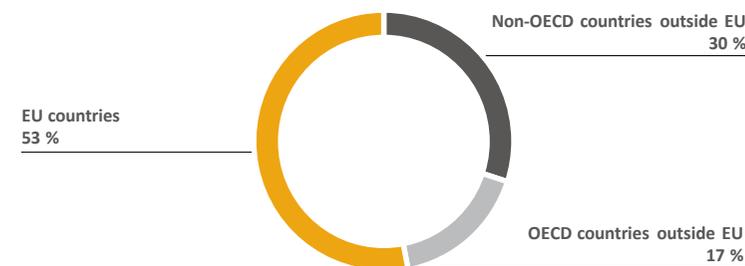
Our company sources upstream products and services from 3,395 suppliers in 42 countries. The total volume of purchased goods and services came to EUR 760 million in the reporting year. Of this total, 53.4% (previous year: 50%) was accounted for by suppliers based in EU countries and 29.6% (previous year: 11%) by suppliers based in OECD countries outside of the EU. The remaining 17% (previous year: 39%) originated from suppliers domiciled in non-OECD countries outside the EU. In light of the tight supply situation for vital upstream products we plan to revise our supplier strategy in 2022. In this context, regional sources will also be given greater weight.

GRI 102-9

#### Number of suppliers in the regions

	2020	2021
EMEA	1,134	1,309
Americas	1,062	1,799
APAC	148	287

#### Overview of the purchasing structures at SAF-HOLLAND





## CLIMATE STRATEGY AND CO<sub>2</sub> MANAGEMENT

### FROM LIFE CYCLE ASSESSMENT TO THE STRATEGY PROCESS

GRI 305/103

The rapidly growing environmental and social challenges necessitate a clear perspective for the coming years. SAF-HOLLAND therefore approaches the topic of climate protection methodically. The point of departure was to draw up a life cycle assessment that considered all the environmental and climate impacts during the life cycle of a trio axle unit, which harmonises the vibrations of three axles.

This life cycle assessment performed on the basis of the “Intradrum S9-4218” example showed, among other things, that fuel consumption and CO<sub>2</sub> emissions can be significantly reduced during vehicle operation by reducing weight and bearing friction. We have since used the data to advance our SAF-HOLLAND product world. More information can be found in the chapter on product innovations. To further evaluate environmental impacts we measure our greenhouse gas emissions (GHG emissions) across the entire Group. We also analyse the climate-related physical and

transitory risks and opportunities associated with the transformation to a low-carbon economy. |

### GREENHOUSE GASES

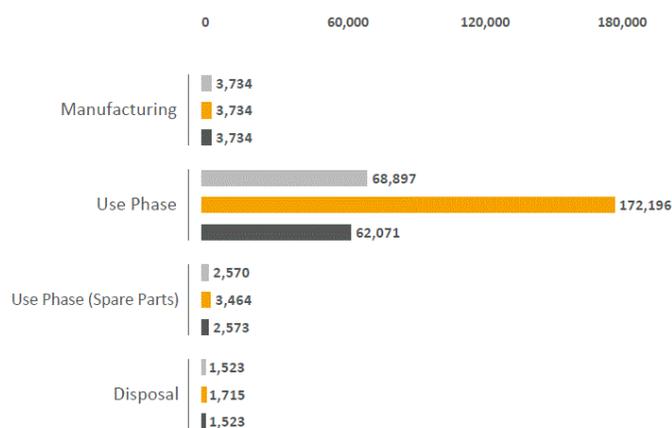
GRI 305/103, 305-1, 305-2

✓ | Group-wide we measure our CO<sub>2</sub> emissions on the basis of the internationally recognised greenhouse gas (GHG) protocol. This standard makes a distinction between three categories of emissions. Direct airborne emissions (Scope 1) are generated by our locations by burning fossil fuels, primarily natural gas. Indirect emissions (Scope 2) are all the emissions associated with purchased energy (e.g. electricity). Other indirect emissions (Scope 3) arise in connection with the upstream or downstream processes of our business. As the life cycle assessment shows, this happens primarily during the use of our products.

The production locations measure their Scope 1 emissions based on the energy sources used and their specific emission factors. Emissions of nitrous oxide (N<sub>2</sub>O), methane (CH<sub>4</sub>) and partly fluorinated hydrocarbons (HFCs) are also included in the calculation. They are converted into CO<sub>2</sub> equivalents (CO<sub>2</sub>e) according to their potential to add to global warming.

#### Environmental Impact Assessment

in kg CO<sub>2</sub> equivalents



— Long-distance traffic with a mileage of 120,000 kilometers per year (standard scenario)

— Long-distance traffic with a mileage of 300,000 kilometers per year

— Construction site operations with a mileage of 80,000 kilometers per year

### GRI 305-1, 305-2

#### Greenhouse gas emissions [t CO<sub>2</sub>-Eq]

Emission Type	Americas	APAC	EMEA	Total
Direct emissions of greenhouse gases (Scope 1)	7,063	715	4,509	12,288
Indirect emissions of greenhouse gases according to the locationbased method GHG Protocol) (Scope 2)	7,729	4,641	8,173	20,543
<b>Total greenhouse gas emissions</b>	<b>14,792</b>	<b>5,356</b>	<b>12,682</b>	<b>32,830</b>



### Greenhouse gas emissions 2021 compared to 2020

Emission Type	Americas	APAC	EMEA	Total
Scope 1	+4%	-1%	+22%	+10%
Scope 2	-24%	+23%	+12%	-3%
Total	-13%	+19%	+15%	+1%

We calculate our Scope 2 emissions with the help of the location-based method of the GHG protocol. For this purpose we draw on the country-specific emission factor from the ecoinvent 3.8 database. In future we also plan to capture Scope 3 emissions in the categories that are relevant for SAF-HOLLAND. |

### AVOIDING AND REDUCING GHG EMISSIONS: MEASURES

#### GRI 102-12, 305-5

In order to keep our GHG emissions as low as possible we have developed regional-specific action plans throughout the entire Group and communicated these at the various levels of the organisation. In addition to the continuous development of our products, focus has been placed on restructuring our plant and machinery. We plan to identify the machines that will have the greatest impact on the environment, health and manufacturing activities over the next ten years and initiate the corresponding countermeasures. In this way we will reduce both noise and particulate emissions but also GHG emissions from our production facilities.

### OTHER IMPORTANT DIRECT EMISSIONS

#### 2021: GRI 305-7

As a manufacturing entity, SAF-HOLLAND must also monitor any emissions of other substances with an impact on health or the environment, in addition to CO<sub>2</sub> emissions. We therefore examine the volume of hazardous gases and particulates that are emitted – especially from burning fossil fuels used to heat buildings or provide thermal energy for coating processes.

Since 2019 we have also measured other direct airborne emissions at Scope-1 level, as listed in the following table. Once again, we use the ecoinvent 3.8 database for this purpose. A total of 73 substances were included in the calculation of hazardous air pollutants (HAP).

In addition, we also consider immissions (ambient emissions) already in the environment. These are assessed within the scope of analysing environmental aspects (see page xx) in the chapter on compliance.

### ANALYSIS OF CLIMATE-RELEVANT RISKS LEADS STRATEGY PROCESS

#### GRI 201/103, 201-2

✓ | Climate change bears both physical and transitory risks for our supply chains and company locations – in other words those that arise from changes in climate policies and regulations. For the future of our customers and the success of our own business, it is important that we identify the resulting risks and counter them with ambitious climate protection goals and measures. Correspondingly, we consider both of these risk categories when developing our climate strategy and the associated instruments. |

### RISK MANAGEMENT AND STRATEGIC PLANNING

✓ | SAF-HOLLAND has established a multi-stage process to manage the risks associated with climate change that can arise anywhere along the entire value chain. It extends from the identification, analysis and assessment to the management and control of risks.

In order to identify climate risks, we permanently monitor our business processes and the immediate business environment. During the ensuing analytical phase, we systematically examine the causes and immediate impacts of the risks we have identified on the organisation. During the subsequent quantitative assessment the exposure associated with the respective risk is identified and put into relation with the associated likelihood of occurrence. We apply different time periods depending on the risk. The risk owners at SAF-HOLLAND consider the quantitative results of this assessment when planning future business activities and setting the strategic alignment of the company. Technical, financial, behavioural or structural countermeasures are taken to address the specific risk, depending on whether the risk can or must be contained, minimised, transferred to third parties (insurance companies) or continued to be accepted. We systematically assess the effectiveness of the measures after a suitable period. |



### PHYSICAL RISKS OF CLIMATE CHANGE IN THE SUPPLY CHAIN OF SAF-HOLLAND

✓ | In the course of global warming, extreme weather events, such as floods, storms, hailstorms, heat waves and forest fires are becoming ever more frequent and intensive. Events such as these therefore constitute the most significant physical risks of climate change for our international operations.

The strategic purchases department identifies and assesses the physical risks that we have to take into account for critical product components sourced from our upstream supply chain. The company's objective is to cushion these risks in the best way possible via logistics, such as using forward-looking warehousing or by finding alternative delivery routes. In addition, we avoid extreme weather-related disruptions to our processes, such as failure or a delay in deliveries or a combination of multiple climate-related sourcing difficulties, using our multi-supplier strategy. Furthermore, we endeavour to obtain more detailed information from our suppliers in order to ensure optimum supply performance. |

### PHYSICAL RISKS OF CLIMATE CHANGE AT THE LEVEL OF OUR OWN PRODUCTION LOCATIONS

✓ | SAF-HOLLAND not only has to expect increasing risks from more violent and increasingly frequent extreme weather events affecting its suppliers, it also has to consider its own operating locations. Interruptions to production, damage to buildings and the associated delays or disruptions in shipping out goods could impair our business activities and affect the working conditions of our employees.

SAF-HOLLAND is planning to make a comprehensive location-related analysis of each of its production locations to ensure that climate-related risks are managed adequately. In addition, we intend to define strategic, technological and organisational strategies and measures to enable us to directly and effectively counter any events affecting our plants and logistics chain. |

### FROM TRANSITIONAL RISKS TO TRANSITIONAL OPPORTUNITIES

✓ | Transitional climate change risks relate in particular to changes in the legal framework and tighter limits at national or transnational level. These include, for example, the increasing efforts undertaken by legislators to introduce CO<sub>2</sub> pricing. Relying on its membership in various industry

associations, networks and working groups, SAF-HOLLAND attempts to obtain information of such legislative plans – and to identify any signs of change – at a very early stage. In this way, we can keep the cost- and price-related transitional risks of climate change low. At the same time, we would like to draw the attention of institutional investors, who are vital to our long-term procurement of capital, to our responsible approach to climate risks. To this end, sourcing power from renewable sources was analysed and assessed in depth at the Bessenbach plant during the reporting year.

In addition to the risks, however, SAF-HOLLAND also recognises new business opportunities in connection with climate change. For example, there is an opportunity to raise the company's profile as a system partner of a newly forming green transport industry. Specifically, we expect growing market opportunities to arise from the sustainability criteria for product evaluation propagated by the EU. In this context, the company has identified fuel-saving weight reductions through lightweight construction as well as digitalisation and electrification as key fields of action. The following section on “product innovations for an efficient and safer goods transport sector” addresses this aspect in more detail.

Generally, we intend to use the current discussion on climate-related risks to further systematise operative risk management, revise it accordingly, and make it more transparent for external third parties. |

## PRODUCT INNOVATIONS FOR SAFE AND EFFICIENT TRANSPORT OF GOODS

For years, the automotive industry has been working on alternative drive concepts in response to climate change and the increasing need for individual mobility. The commercial vehicle industry is also setting corresponding research and development priorities. New legal requirements and the increasing automation of transport processes present them with major challenges, but also offer opportunities in the areas of decarbonisation and digitalisation. SAF-HOLLAND is actively involved in implementing these trends. Thanks to our many years of experience in the truck and trailer industry, our partners and customers can also rely on our support in the field of alternative drive concepts. Not only do we help reduce emissions – such as CO<sub>2</sub> or NO<sub>x</sub> – and operating costs, we also create a foundation for greater safety and increased vehicle connectivity.

Our development team and the “Digital Team” are constantly working on the digitalisation of our products and on making it easier for our customers to use our systems safely and efficiently. The focus here is on sensor-based solutions for monitoring the wheel bearing condition as well as other operating data and the wear and tear of other chassis components. They enable the driver to take precautionary action and save the fleet operator unnecessary maintenance. In this way, our products help to increase road safety and the resource efficiency of transport processes.

Since Q2 2021, our customers have been able to obtain important aftersales information from one online site, the new “I.Q. PORTAL” (I.Q. = Intelligent Quality), such as data, images and pdf-files that are useful for ordering spare parts or lodging a customer complaint. In this way they can confidently select which new or additional components match their products and order them as needed. This saves unnecessary returns, cuts costs and reduces the consumption of resources.

To ensure the safe and resource-conserving use of our products, it is important to make customers and drivers aware of their potential. With an e-learning platform for our aftermarket customers in Europe and webinars for our US customers, we created a basis for this in 2020 that allows notes

to still be swapped even in times of COVID-19. We also enable our own employees to use the “LinkedIn” e-learning tool. This serves as an additional training platform that complements the existing internal training courses from the respective departments.

In the reporting year, we invested around 1.6% of our sales in research and development (previous year: 2.3%). In absolute terms, expenses were EUR 20.2 million (previous year: 22.3%), around 9.4% lower than in the previous year. In 2021 we employed 168 people worldwide in the fields of development, design and testing (previous year: 166 employees).

As in previous years, our innovation management in 2021 was again primarily concerned with the task of implementing customer requirements and adapting forward-looking and high-quality products to meet market needs. In addition to resource conservation, testing the use of critical materials and fostering energy efficiency, safety, quality and endurance were also at the forefront of our innovation work.

### GUARANTEEING PRODUCT SAFETY AND QUALITY

GRI 416/103, 416-2

#### MANAGEMENT APPROACH

✓ | In the fields of electrification, digitalisation and automation, we have developed our own standards on the basis of the latest guidelines and functional safety standards – such as ISO 26262 for electrical and electronic systems in road vehicles. In this way, we are able to guarantee our customers innovative and safe products. The position of Functional Safety Manager, which was created in 2020, creates a link between the rising quality and safety requirements and the development work that is more focused on customers and the market. The Functional Safety Manager works closely with the regional development teams to bundle global technical requirements and develop a suitable safety strategy for product development and beyond.

Responsibility for our products is always at the very centre of our activities. During the continuous quality review it was found that the effectiveness of



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES

the stabilising damper for self-steering axles could be weakened or lose its functionality altogether. As a result we decided in close consultation with the Federal Motor Transport Authority to perform a coordinated field programme that is managed under the internal code, SI-376-190521-01. As a result, one of our products violated the legal safety standards during the reporting year. |

#### QUALITY TESTING ALONG THE VALUE CHAIN

✓ | In order to drive our integrated quality management system forward, we relaunched the Quick Response Quality Control (QRQC) standard in 2020 and introduced it as an analytical tool at our production plants worldwide, refining it further in the reporting year. Within the framework of our OpEx roadmap, all executives received intensive training in QRQC. With this tool we not only ensure uniform processes for internal problem solving, but also rapid and effective solutions for our customers.

We strive to steadily reduce the number of complaints and pursue a 0-defect strategy to this end, which also includes preventive measures. For example, all products are subjected to multi-level quality assurance processes that start in the development phase already. This includes failure mode and effects analyses (Design-FMEA, Process-FMEA), virtual simulations, calculations and numerical optimisations (e.g. finite element methods, multibody simulations, topology optimisation) which we used as a foundation to develop systems that are as robust as possible. Finally, prototypes and series parts are subject to extensive physical examination – from testing components on test stations through to experiments on complete vehicles running on test tracks. In addition we apply processes and methods in accordance with generally-accepted functional safety standards to our products in the fields of electrification, digitalisation and automation, including HARA (Hazard Analysis and Risk Assessment) and safety concepts and confirmation measures.

Our production plants operate within the parameters of internationally-recognised quality management, environmental and occupational safety standards. In addition, we use special technologies to further enhance the quality of the products we manufacture. For example, since 2020 we have used camera systems for identification checks for a specific product group at our German plant. As a result, we can differentiate between apparently identical parts using the configured contour data sets and minimise assembly errors.

In addition, we are working together with our suppliers on a QR code tracking system for complex components. This should ensure a uniform inspection standard for incoming goods. In the event of a customer complaint, delivery groups can be quickly separated, blocked and analysed. |

#### CONTRIBUTION OF THE SAF-HOLLAND PRODUCT UNIVERSE TO ENHANCED FUEL EFFICIENCY

##### GRI 302-5

✓ | When developing our products we pay constant attention to quality and longevity while simultaneously combining efficiency and progress in environmental and climate protection. As an example, we developed two electrified axles in the reporting period, the SAF TRAKr and the SAF TRAKe, which meet a number of these requirements due to their ability to recuperate kinetic energy during braking and convert it into electricity. This reduces fuel consumption and, consequently, CO<sub>2</sub> emissions and the operating expenses of the respective semi-trailer. Moreover, the technology contributes to reducing local emissions caused by road transport (e.g. NOx and noise).

Peripheral equipment such as lighting and air conditioning systems can be powered via the electrified axles. SAF TRAKe can also be used to provide traction assistance to the primary drive of the tractor unit, in challenging road conditions, for instance. Both products need very little space and are designed in keeping with the standardised modular product system applied by SAF-HOLLAND. The tests performed on the e-axles in the reporting year have shown that the e-axles offer fuel-savings of up to 25% in comparison to non-electrified axles. Further tests should be completed by the end of 2022.

SAF-HOLLAND is working intensively with strategic partners on testing recuperating e-axles. The common goal is to quickly gather as much knowledge as possible to use it to advance development of the products and get the e-axles on the road as quickly, safely and reliably as possible. Due to the positive results to date, we were able to commence pre-series production and deliver the first recuperative e-axles to selected customers in Q4 2021. Their experience from using the systems in daily operation were extremely useful: After considering these results in the subsequent development of the series, we can now design the products to make them more robust and reliable.

The new SAF-HOLLAND “SMART AXLE” axle is equipped with sensors that help our customers to keep the chassis of their trucks and trailers in road-worthy condition at all times, thus providing additional safety, reducing operating and maintenance costs, and lowering resource consumption. To do this, it monitors the condition of the wheel bearings, the wear of brake components and tire pressure, among other things, and transmits the data to drivers and fleet operators. In addition, it measures the load over the entire axle load of the trailer. The system continuously senses the condition of the vehicle components it monitors and can inform the driver and fleet operator of these in real time. This monitoring can prevent vehicle downtime. It can also be used as a basis for predictive maintenance in future. The data collected by these systems can also be used for autonomous driving systems. As an example, they enable fault diagnosis and maintenance of the systems without the need for a driver.

By placing a few sensors in the right places, a wide range of applications can be derived to increase added-value for the customer. Contrary to our planning, the new package of sensors and telematics could not be brought to market in 2021 already, primarily due to the supply bottleneck in semiconductors. Currently, the time schedule and functions in customer projects for series launch are being revised to take account of the availability of parts and the functions required by customers.

From 2022 the “New provisions concerning the approval of vehicles with regard to their tire pressure monitoring systems” issued by the Economic Commission for Europe of the United Nations (UN/ECE) R 141 come into force. These demand that tire pressure is monitored continuously and corrected where possible with the corresponding information communicated to the driver. To meet these new requirements, SAF-HOLLAND has developed its “SAF TIRE PILOT” system, which continuously monitors tire pressure and adjusts it to the optimum level. Moreover, the system helps to reduce local emissions, such as particulates, by keeping the tire pressure within a set range. At the same time it helps to avoid unnecessary wear of tires and minimise rolling resistance. |

## MEMBERSHIP IN ASSOCIATIONS AND INITIATIVES

### GRI 102-12, 102-13

SAF-HOLLAND is actively involved in various networks, associations and

initiatives in the regions. Together, we discuss key topics and develop practical approaches.

ABNT	Brazilian Association of Technical Standardization
ACT	American Commercial Trucking
ANFIR	Brazilian Association of Trailers and Parts Builders
ANP	DIN Standards Practice Committee
ARAI	The Automotive Research Association of India
ARAI-HTC	Homologation & Technology Centre Chakan
ARTSA	Australian Road Transport Suppliers Association
ATA	American Trucking Association
ATA/ITC	Australian Trucking Association
BVL	Federal Logistics Association
CLEPA	European Association of Automotive Suppliers
DAI	Deutsches Aktieninstitut e.V.
DIRK	German Investor Relations Association
DVM	German Association for Materials Research and Testing e.V.
FAT	Automotive Research Association
FMCSA	Federal Motor Carriers Safety Administration
FTR	Freight Transportation Research Association
HDAD	Heavy Duty Aftermarket Distributors
HVIA	Heavy Vehicle Industry Australia
ITC	Industry Technical Council
LTA	Land Transport Authority - Singapore
LTAT	The Land Transport Association of Thailand McKay & Company
NBTA	National Bulk Tanker Association
NTDA	National Trailer Dealers Association
NTEA	National Truck Equipment Association
NTTA	National Tank Trailer Association
NTTC	National Tank Truck Carriers Association
TCA	Truckload Carriers Association
TMC	The Maintenance Council
TTMA	Truck Trailer Manufacturer Association
VDA	Automotive Industry Association
VDI	Association of German Engineers
VTA	Victorian Transport Association
ZENTEC	Center for Technology, Business Creation and Cooperation Ltd.

## INTEGRATED MANAGEMENT SYSTEMS FOR OCCUPATIONAL HEALTH AND SAFETY, QUALITY, ENVIRONMENT AND ENERGY

### GRI 403-1,403-8,416-1

✓ | As part of the management systems we use, we define targets, performance indicators, measures and responsibilities and use them to control our internal business processes. In this way, we create a company-wide standard that forms the global basis for the operation of our production sites. The internationally recognised ISO 9001 standard for quality management and the automotive standard IATF 16949 are among our standards. By establishing the standards ISO 14001 for environmental management, ISO 50001 for energy management and ISO 45001 for occupational health and safety, we also aim to anchor the sustainability goals, such as resource conservation or reducing our environmental footprint and health risks in our corporate activities.

Germany. In the coming years we plan to keep evaluating this in order to derive measures, continuously improve the system and roll it out internationally. Our locations should profit from the synergies afforded by applying uniform standards. |

### GRI 403-1, 403-8

#### Certifications according to external standards, in %<sup>1</sup>

	2021
Certified according to quality management standards (ISO 9001, IATF 16949)	74
Certified according to ISO 14001 (environment)	64
Certified according to ISO 45001 (occupational health and safety)	38
Certified according to ISO 50001 (energy)	38

<sup>1</sup> In % of business activity measured by number of employees.

In order to be able to evaluate the progress of standardisation within our company, we have ourselves certified at regular intervals by independent auditing companies. At year-end 2021, all of our sites in Germany, India and Thailand, as well as 75% of our American sites, are certified according to the ISO 14001 environmental standard. In addition, all German locations were successfully certified in accordance with the ISO 45001 occupational health and safety standard during the reporting year. As a result, approximately 1,100 employees are examined and monitored each year by internal and external auditors within the framework of the safety management process we have implemented. As a result, we have added to the integrated, standards-based management structure in place in

## ENVIRONMENTAL EFFICIENCY IN OPERATIONS

### MANAGEMENT APPROACH

GRI 102-11,

✓ | Preventive and hazard-reducing environmental protection and the conservation of natural resources are core elements of SAF-HOLLAND's operating philosophy. For this reason we focus on efficient processes and closed material cycles. By doing so we create both ecological and economic added-value along the entire value chain.

The Chief Operating Officer (COO) is responsible for all operating measures undertaken throughout the Group to protect the environment. The local owners in the operations department are responsible for ensuring that the legal requirements and the internal standards are met. Regional environmental management officers also initiate and monitor local implementation of the requirements. They also support our employees in collecting environmental data and implementing specific measures. Once a year, each employee receives mandatory training on environmental protection and environmental management via our e-learning management system. Successful attendance at these courses is monitored and documented by means of examination questions. In the reporting year a total of 736 employees completed the training sessions.

We apply a software-based compliance management system at our German locations to address the legal obligations that SAF-HOLLAND must comply with as an operator under the relevant environmental, energy, and occupational safety laws. This will allow us to systematically catalog the obligations arising from laws and regulations, assess them and take targeted action to manage our compliance. With the aid of statistical analyses the Health, Safety and Environmental officers can inform the Management Board at any time about the status of implementation and the effectiveness of the measures.

In sum, 77% (previous year: 77%) of our production locations had obtained environmental certification. To ensure continuous improvement in terms of our environmental impact, the environmental and energy team holds quarterly meetings to discuss any potential for improvement and to generate synergies. These serve as the basis for environmental projects and are substantiated by the corresponding measures. |

### ENERGY CONSUMPTION

GRI 302/103, 302-1, 302-4

✓ | Ongoing climate change and the associated risks to people and nature require us to take a close look at the causes. Energy generation and use remains the most important source of greenhouse gas emissions for an industrial company like SAF-HOLLAND. As an energy-intensive company, we are therefore committed to energy efficiency and sustainable energy generation as well as procurement. We want to reduce the emissions produced by our operating processes by using more energy-efficient production technologies, such as heat recovery systems for compressed air generators, and by applying a holistic energy management system.

Our locations in Bessenbach, Aschaffenburg and Singen are certified under the energy management standard, DIN EN ISO 50001. At these locations we are pursuing the goal of reducing energy use per unit output by a total of four per cent by 2023 (base year 2018). We have temporarily suspended the goal of increasing the share of renewable energies in our purchases of electricity for our production locations due to budgetary reasons arising from the COVID-19 pandemic. In 2022 we will revise the framework conditions for converting our German locations to source electricity from renewable sources.

In the year 2021 the total energy consumption of SAF-HOLLAND came to 83,320 MWh (previous year: 81,157 MWh). The most important form of energy for the Group as a whole was natural gas, which accounted for a share of 50.9% (previous year: 48.6%). Electricity consumption accounted for another 46.7% (previous year: 49.6%).

At our German locations, we analyse and monitor our electricity and gas consumption using a software-based monitoring system. For this purpose, consumption data is imported in real time from production and building technology. Integrated load curve analysis reports power consumption even outside operating hours and enables us to switch off systems that are not currently required or to transfer them to standby mode. The monitoring system helps us to identify and exploit potential energy and business savings and realise improvements. We intend to expand this system in the coming years.

**Global energy consumption [MWh]**

	2020	2021
EMEA	26,742	31,522
Americas	46,836	45,081
APAC	7,579	6,717
<b>Gesamt</b>	<b>81,157</b>	<b>83,320</b>

**Share of Global energy consumption [%]**

	2020	2021
EMEA	33	38
Americas	58	54
APAC	9	8

To further expand our analytical capabilities, ten new measuring points were installed at our main German production plant in the reporting year. This increases our inventory to 44 measuring points. Our meter infrastructure will also be expanded to obtain an even more comprehensive database on energy use at the highest possible resolution.

The new equipment at our production plant in Yangzhou (China), which opened in 2019, will enable us to reduce our energy consumption by 15% annually compared with the Chinese technologies used previously. New air compressors, which are equipped with heat recovery and provide hot water for the sanitary rooms, enable us to achieve energy savings of as much as 35% compared to conventional compressed air technology. We now operate the drying systems in the paint shop with infrared and can thus generate heat precisely where it is needed. This shortens throughput times and reduces gas consumption in Yangzhou by 25%. Applying these and other measures, we have built a plant in Yangzhou that is considered a pioneer of technological progress for the region.

Once a year, all our German employees are trained in the topic of energy management via the integrated learning management system. Training is mandatory; the employee knowledge level is assessed via built-in exam questions. If an employee fails to pass the exam, the course must be

repeated. If an employee fails the training three times, their supervisor is informed to initiate further assistance. In the reporting year a total of 536 employees completed the German energy management training session. |

**OTHER SIGNIFICANT DIRECT AIRBORNE EMISSIONS****GRI 305/103**

✓ | As a manufacturing company, in addition to emissions with greenhouse potential, emissions of substances with other effects that are harmful to the environment and health must also be considered by SAF-HOLLAND. Consequently, the company monitors the volume of such gases and particulates released into the air. These emissions result primarily from the combustion of fossil fuels to produce the heat needed for coating processes and to heat buildings.

**GRI 305-6, 305-7****Other important direct emissions to air [t/a]**

	EMEA	Americas	APAC	Total
CO	2.8	3.1	0.8	6.7
HAP	0.3	0.3	0	0.6
N <sub>2</sub> O	0	0.1	0	0.1
NMVOG	1.6	1.7	0.3	3.6
NO <sub>x</sub>	4.4	4.7	1.6	10.7
PM	0.9	1.6	0.4	2.9
SO <sub>x</sub>	3	3.4	0.5	6.9
ODS (t CFC-11-Eq)	0.00105	0.00105	0.00105	0.00315

Since 2019 the direct airborne emissions listed in the table have been calculated at company level (Scope 1). The ecoinvent 3.8 database was also used for the calculation. A total of 73 substances were included in the calculation of hazardous air pollutants (HAP). In addition, not only emissions and greenhouse potentials are considered, but also environmental impacts (immissions). These are to be evaluated as part of SAF-HOLLAND's environmental management in future. |

## WATER USE AND WITHDRAWAL

### GRI 303-2

✓ | The production processes of SAF-HOLLAND generally need little water. Only the coating processes require larger amounts of water. At some locations coating is performed inhouse. At other locations it is outsourced. In addition water is used for cooling and washing processes.

The water is taken from the public water supply. As a matter of principle, SAF-HOLLAND uses water sparingly as a resource and has implemented solutions for the reuse of the water used, as far as possible with its infrastructure yet remaining economically reasonable.

#### Water consumption [m<sup>3</sup>]

	2020	2021
EMEA	18,707	22,479
Americas	25,158	28,909
APAC	29,391	37,220
<b>Gesamt</b>	<b>73,256</b>	<b>88,608</b>

#### Water consumption [%]

	2020	2021
EMEA	26	25
Americas	34	33
APAC	40	42

In the year 2021 SAF-HOLLAND drew 88,608 m<sup>3</sup> (previous year: 73,256 m<sup>3</sup>) from municipal water supplies. The APAC and EMEA regions use proportionately the least water. At the Yangzhou location, attention was paid to using water-saving processes right from the planning phase. At this location we recover around 30% of our process water by recirculating it. In addition, we have installed large collection tanks that can hold up to 25,000 litres of used water. This can be used to irrigate our green areas, such as our green roof or the park located on the company premises.

In terms of waste water treatment, we orient ourselves on the locally applicable laws. Even where this is not required, we always feed our industrial wastewater to a wastewater treatment plant.

When it comes to water protection, the relevant plant and equipment must be operated in such a manner that there is no risk of contaminating soil or water. Should a leakage of hazardous fluids or unintended contamination nevertheless occur, this is remedied immediately. As a preventive measure, we intend to conduct emergency drills in 2022 which will raise the level of water protection at our production locations. |

**WASTE AND RECYCLING**

GRI 306/103, 306-1, 306-2, 306-3

**Waste rate by type of disposal [%]**

	EMEA		Amerika		APAC	
	2020	2021	2020	2021	2020	2021
Recycling	95.6	92.5	67.6	84.9	49.2	61.7
Utilization	0.9	3.4	0.7	2.3	31.7	33.6
Landfill	3.5	4.1	31.7	12.8	19.1	4.7

✓ | Most of our waste is generated in production. The most significant fraction of waste is scrap metal in the form of shavings and cuttings. In addition, waste packaging is also generated, in the form of wood and plastic. In the reporting year, our total waste volume came to 15,649 tons (previous year: 9,149 tons). Most of the waste we generate is suitable for recycling, due to the materials used. Collecting and transporting the various waste fractions is organised and managed by regional waste management companies. This approach fully complies with the legal requirements. The goal is to increase the ratio of recycled materials to the point that no production-related waste needs to be put into landfills. As a first step, a ratio of 98% is targeted in Europe, measured on all waste fractions.

**Total waste volume [t]**

	2020	2021
EMEA	4,400	5,822
Americas	4,134	9,130
APAC	615	644
<b>Totalt</b>	<b>9,149</b>	<b>15,596</b>

**Share of hazardous waste [%]**

	2020	2021
EMEA	2.2	4.2
Americas	6.2	4.3
APAC	5.9	7.3
<b>Total</b>	<b>4.8</b>	<b>5.3</b>

In the reporting year, we focused on further reducing the share of landfill and hazardous waste in the total waste volume. To this end, we worked intensively on reducing hazardous substances in our production. All auxiliary and operating materials used in our production are subject to an extensive approval process and are checked for possible substitution by less hazardous substances or mixtures before they are introduced. A hazardous substance may not be used in production until it has been approved by environmental, occupational safety and hazardous substances officers. Averting risks to the environment and employees plays an equally important role for us.

In the long term, we also see particular potential for processing our metal waste. Our plan to use metal briquette presses has also been suspended for the interim for budgetary reasons. This technology will allow us to significantly raise the value of scrap metal and reduce the share of lubricants consumed. In light of the rise in commodity prices induced by the pandemic, the use of this technology will be reviewed again within the framework of the coming financial planning.

## **BIODIVERSITY**

### **GRI 304/103**

When constructing new buildings or remodeling existing ones, we always strive to include green spaces or compensatory areas that serve to preserve biodiversity. At the Bessenbach site, beehives and an insect hotel specially built by employees were installed for the first time to counteract the loss of biodiversity. |



## EMPLOYEES

### GRI 102-8

#### Employees by employment status, region and gender

	EMEA		Americas		APAC		Total
	Female	Male	Female	Male	Female	Male	
Permanent	197	1,184	225	1,257	35	206	3,104
Temporary	17	126	0	0	2	1	146
<b>Total</b>	<b>214</b>	<b>1,310</b>	<b>225</b>	<b>1,257</b>	<b>37</b>	<b>207</b>	<b>3,250</b>
<b>Total region</b>	<b>1,524</b>		<b>1,482</b>		<b>244</b>		

### MANAGEMENT APPROACH

#### GRI 102-16

✓ | Demographic change, the associated shortage of skilled workers, and digitalisation pose major challenges for technology-driven companies such as SAF-HOLLAND. To counteract this, we are concentrating our HR work primarily on the personal development of our high-performing workforce. We provide our employees with new, networked working techniques, offer young talent a good apprenticeship and make our workplaces attractive to ensure that our qualified staff are happy to stay with us. Among other measures, we will attain this goal by standing up for diversity and equal opportunities, good working conditions and social responsibility. In addition, we actively recruit well trained professionals and managers. We trust in the appeal of our reputation and the corporate values, which we live and breathe: inventive spirit and cost awareness, as well as reliability, respect, teamwork, communication and honesty.

Our employees have a right to a safe integrative workplace that is imbued with an air of respect. We also consider it our duty to establish a healthy working culture and to ensure that our employees feel comfortable at work. To create a binding framework for this, we published a Culture Code in 2020 that is binding for all employees. This explains our basic values and objectives, specifies what we understand as responsible and ethical conduct, and clarifies relevant health and safety aspects. Our Human Rights Policy and Code of Conduct are integral parts of the Culture Code.

This is our commitment to operate to the highest standards of business and personal conduct. We constantly strive to lead the way in our interactions with all employees, customers, suppliers and investors.

Our Code of Conduct underpins our business ethics and provides clear guidelines on how we should behave and what we should expect from each other.

The Code of Culture is a reference tool and therefore relevant to every employee at every SAF-HOLLAND location. It covers our corporate documents, such as our Code of Conduct and our Human Rights Policy, and also addresses compliance requirements and behavioural expectations across our business.

The Culture Code is a valuable resource for all employees, especially those new to our company, as well as everyone who works with us. Going forward, this document will be made available to all new hires and will serve as a supplement to existing orientation documents for existing employees.

Healthy, open and targeted communication among employees and between superiors and employees is very important for our company. In this regard, targeted measures were undertaken at our German locations in the reporting year to establish communication corners and new areas for breaks/staff rooms. These improve the working atmosphere, increase

employee satisfaction and motivation, and make the company more efficient overall. |

## OUR WORKFORCE

### GRI 102-8

✓ | As of December 31, 2021 SAF-HOLLAND employed 3,250 people worldwide (previous year: 3,269 employees) of whom 85.3% (previous year: 85.7%) were male and 14.7% (previous year: 14.3%) were female. In addition, 444 (previous year: 267) hired temps were employed. |

### GRI 102-8

#### Distribution of employees according to employment type and gender

	Female	Male	Total
Part-time	45	20	65
Full-time	431	2,754	3,185
<b>Total</b>	<b>476</b>	<b>2,774</b>	<b>3,250</b>

The share of employees with limited-term employment agreements in our company came to 4.5% as of December 31, 2021 (previous year: 2.5%). At the end of 2021, 2.0% were employed part-time (previous year: 2.1%).

### GRI 405-1

#### Employees by age group in the regions

	< 30 years	30-49 years	≥ 50 years	Total
EMEA	191	814	444	1,449
Americas	244	707	485	1,436
APAC	25	185	34	244
<b>Total</b>	<b>460</b>	<b>1,706</b>	<b>963</b>	<b>3,129</b>

## DIVERSITY AND EQUAL OPPORTUNITY

### GRI 405/103

✓ | Ensuring equal opportunities and promoting diversity are core tasks of human resources work at SAF-HOLLAND. We value the diversity of our workforce and believe it is key to our success. Our approach is clear: Every employee is a valued member of our organisation and has equal access to resources and opportunities regardless of age, gender, nationality, ethnicity, sexual identity, educational background, religion, world view or disability. The different backgrounds and cultures that our employees bring with them foster the overall intellectual agility and inventiveness of our teams and thus the innovative powers of our company.

To promote diversity in our company, we launched the “Diversity and Equal Opportunity” global campaign in 2020. Within the context of this campaign, extensive surveys were conducted among the workforce in order to identify where there is still potential for improvement with regard to equal treatment and to derive the necessary measures in response. A global Diversity Council was established in 2021. At the end of the reporting period, the Council comprised 13 members of upper and middle management from all three regions and had convened three meetings by then. The council discussed pending projects and the expectations of its individual members. Regional meetings are scheduled for the coming year in addition in order to address the expectations of our employees in the various regions and to consult on specific local measures.

The proportion of women within the workforce came to 14.6% in 2021 (previous year: 14.3%). At mid and top management level, the share of women came to 11.2% (previous year: 6.1%).

With the help of the “Diversity and Equal Opportunity” campaign we intend to keep expanding the proportion of women in the workforce. We intend to use the results of the survey in the year 2022 to initiate additional measures with which we intend to raise the share of women in the workforce. With two women on the five-member Supervisory Board – corresponding to female representation of 40% – we have surpassed the legally required ratio of 30%.

**GRI 405-1**

**Employees by employee category and gender**

Employee category	Female	Male	Total
Middle/upper management	10	89	99
Salaried employees/commercial employees	466	2,685	3,151
<b>Total</b>	<b>476</b>	<b>2,774</b>	<b>3,250</b>
Trainee	7	45	52
Students	5	12	17

In the reporting year SAF-HOLLAND was awarded with a prize for affording top career opportunities for women in 2021 (“Top Karrierechancen für Frauen 2021”).

**TRAINING AND PERSONNEL DEVELOPMENT**

**GRI 404/103, 404-2**

✓ | The shortage of skilled labour also requires great effort at SAF-HOLLAND to attract specialists and young talent to the company, to train and develop them in a needs and future-oriented manner as well as to bind them to the company for the long term.

An apprenticeship at SAF-HOLLAND is valuable for both the company as well as for the young people involved: we train up precisely those skilled workers who we want to retain in our company over the long term. At the same time, this gives them the opportunity to grow into the company and find their position within it. In 2021, SAF-HOLLAND employed 52 trainees and 17 dual-track cooperative university students.

Since 2020 we have offered a special apprenticeship for the position of machine and plant operator – which received a good response in the reporting year. Likewise since 2020 the main plant in Bessenbach has offered the possibility of doing a dual track degree with a cooperative university in international technical project management. From 2022 we will also offer an apprenticeship in mechatronics and university studies course majoring in sustainability management with intensive practice in the company.

The quality of our apprenticeships and the achievements of our young employees were again recognised by the Chamber of Industry and Commerce in the reporting year.

**OUR APPRENTICESHIPS**

- Industrial mechanic
- Industrial business administration
- IT specialist for system integration
- Electronics technician for operating technology
- Technical product designer

Due to COVID-19, a mobile learning programme was established for our apprentices in 2020. In the reporting year, this meant that they were once again networked with the training supervisors and other trainees at all times and were able to keep learning what they needed despite the corona protection requirements. To support them in this endeavour, apprentices are equipped with laptops or tablets from the first year of their apprenticeship. In this way they learn how to work without paper and use digital collaboration tools from the very beginning. Starting in the reporting year, preparation for their third-year exams is also conducted digitally.

In addition to the apprenticeships that we offer, we also strive to keep our employees always up-to-date by offering them diverse training offerings and thus retain them in the organisation. For instance, we offer our employees foreign language courses to enhance communication between countries and regions. Furthermore, independently of the COVID-19 pandemic, we have also begun to make increasing use of e-learning platforms to teach the contents of learning courses. In the reporting year we provided the first internal and external training sessions via online

platforms as well as a number of training videos. We have also digitalised the application tests for apprenticeship candidates.

As in the previous year, we continued our Leadership Development Programme (LDP) aimed at training up junior management talent. One component of the LDP is a 12-month training programme in which we prepare up-and-coming talent to cope with the rising demands that a management position entails. Advanced training takes the form of practice-oriented learning units. In detail, the LDP consists of a kick-off event, external and internal training sessions, and feedback meetings. Within the framework of external training, we transfer professional and leadership skills in the fields of motivating employees, conducting talks, communication, conflict resolution, time management, self-management and labour law, fundamentals of the German Works Council Constitution Act (BetrVG) and managers as personnel trainers. Internally we conduct on-the-job and departmental training. In conclusion, the participants of the programme have the opportunity to swap notes with the members of the Management Board and discuss their ideas for the future at an evening meeting around the fire.

Outside of the LDP, we convened webinars in the reporting year on work-related psychology and organisational psychology for executives. We also bolster the team spirit among the workforce by offering company sports activities, which we will continue into 2022.

A leadership manual for executives was introduced at the German and Asian locations in 2021. This contains practical tips for new executives and explains the duties incumbent upon them. We plan to roll out the manual in stages to our American locations in 2022. In addition to the manual, an onboarding programme has been set up by HR for new executives. |

## WORKING CONDITIONS AND SOCIAL RESPONSIBILITY

GRI 102-41, 102-43, 401-2, 406-1

✓ | An attractive and open working environment, fair remuneration, and respectful interaction with one another are among the most important objectives of our HR work. Consequently, SAF-HOLLAND does not tolerate any form of bullying, teasing, harassment or discrimination in the workplace or in work-related activities. No cases of discrimination were reported to us in the reporting year.

In Germany and the USA, the interests of our employees are represented by trade unions and works councils. We also grant our employees in other countries the right to free association and collectively bargaining. Worldwide, 1,971% of the workforce was employed under collective bargaining groups or covered by company agreements in the reporting year.

In addition, we also offered fringe benefits once again in the year 2021, most of which are available to salaried staff. For example, SAF-HOLLAND supports its employees at all locations worldwide with collectively agreed contributions to private pension plans. Moreover, from the age of 61, employees can reduce their working hours with the support of SAF-HOLLAND. We also offer our employees attractive packages of special benefits. For example, rebates are available within the framework of the Corporate Benefit Programme and in the form of cooperations with retailers and specialist stores.

At SAF-HOLLAND, we fully support maternity protection and parental leave within the framework of the statutory regulations. Pregnant women were offered the opportunity of performing all their work remotely as a special safeguard in the reporting year. In this way, we intend to ensure effective protection for mothers and their children during the pandemic. In addition, we offer parental leave to all parents, regardless of gender.

We place great store on a feedback culture and promote open and constructive dialogue with our employees. A key component of this exchange is our regular global employee survey. This offers us starting points to make further improvements to our working conditions and employee satisfaction. In addition, annual performance reviews are conducted and documented by all managers to promote communication

specific to the department and to address any problems or desires expressed by the employees.

Moreover, we nurture the commitment of our employees and actively involve them in the development of the organisation by fostering ideas management. Our internal software-based platform “My Idea” offers every employee the opportunity to submit suggestions for improving and shaping sustainable products, processes and services. All ideas submitted will be evaluated by a committee and implemented if the feedback is positive. Any ideas that get implemented and show a measurable monetary benefit, are rewarded with a financial bonus. In 2021 a total of 268 ideas were submitted by employees and of these, 71 ideas were put into practice.

In order to improve the internal communication with our employees across all levels of the hierarchy, we introduced an employee app in the reporting year. It covers all the departments of SAF-HOLLAND GmbH at the German locations and informs the workforce about the issues which interest them. These include, for example, offers relating to the Corporate Benefit Programme, available dates for health checks, and information about departing employees and new recruits. Internal job advertisements, the latest business figures and training offers are also communicated in this way. The platform was very warmly received by our employees and will be expanded steadily in the year 2022.

In future we intend to equip all new recruits of SAF-HOLLAND with all the materials and information they need within the framework of a uniform onboarding programme. A test run of the programme was assessed very positively in 2021. Its global roll-out is scheduled for 2022. |

## OCCUPATIONAL HEALTH AND SAFETY

GRI 403/103, 403-2, 403-3, 403-5, 403-6

### MANAGEMENT APPROACH

✓ | Through our Culture Code, we are committed to ensuring that all employees are able to work competently and responsibly so that neither their own safety or health nor that of others is put at risk. At the same time, we comply with all applicable health and safety regulations and current industry standards.

With “Vision Zero”, we have set ourselves the goal of preventing occupational accidents from the outset. To achieve the goal, we are improving our accident prevention systems, implementing global internal safety standards and intensifying the analysis of occupational accidents. To this end, we have defined the basic requirements of our locations with regard to the health and safety of our workforce in our “Operational Excellence Roadmap,” that we introduced in 2020. This makes a distinction between five phases of realising the requirements at the level of the respective location: from “0” at the start, over the high performance phase through to excellence. Whether these requirements are met is reviewed in the course of regular audits. We use the results to define measures aimed at developing our health and safety procedures.

We hold the various levels of management and employees themselves accountable for the implementation of occupational health and safety. Strategic responsibility lies with the Chief Operating Officer (COO). Operational responsibility lies with the occupational safety specialists appointed for this purpose, the human resources department for health protection, and all employees at our locations worldwide.

The deployment of safety officers in the manufacturing areas of our locations is intended to identify accident hazards at an early stage and ensure that safety standards are implemented locally. At the quarterly meetings of the central occupational safety committee attended by representatives from the global locations, occupational safety topics are discussed in detail and best-practice solutions from the individual locations are discussed so that they can be used elsewhere for accident prevention. |

### IDENTIFICATION AND MEASUREMENT OF RISKS

✓ | We use internal audits to ensure that our guidelines and standards are effectively implemented in our work processes. The Management Board is informed of the number and type of work-related accidents at SAF-HOLLAND in the form of a monthly Risk Assessment Report (RAR). Based on the RAR, the results from the internal audits and relevant key figures, we identify risks to occupational safety, assess them and group them into risk categories.



In order to investigate the causes of accidents and prevent a repeat, interviews were also held once again this year with accident victims as part of a panel discussion. These conversations were recorded and discussed in the meetings of the occupational safety committee in order to initiate appropriate countermeasures, e.g. awareness-raising measures, where suitable. |

#### HEALTH AND SAFETY INDICATORS

✓ | Accident statistics are determined on a regular basis in order to assess how well our objectives, standards and guidelines have been implemented and how effective our measures are. In the reporting year, SAF-HOLLAND recorded 93 occupational accidents globally with at least one day of lost-time. The number of occupational accidents has risen to 43 on account of making the transition from LTI (lost-time incidents) to RA (reported accidents). As a result, accidents are reported from the first day of lost time and not only after three-days of lost time.

#### GRI 403-9

##### Key figures for occupational safety

	EMEA	Americas	APAC
Recordable accidents (number of occupational accidents with at least one day lost)	35	53	5
Recordable accident rate RAR (number of occupational accidents with at least one lost day per 1 million working hours)	21.1	22.3	4.1
Fatalities (work-related deaths)	0	0	0

To reduce the number of accidents, we are planning corresponding adjustments to personal protective equipment and plant-specific changes. |

#### RAISING THE AWARENESS OF EMPLOYEES, COMMUNICATION AND TRAINING

✓ | We regularly conduct training courses and safety briefings to make employees more aware of the dangers and rule out possible sources of accidents. Successful participation in our annual occupational safety and hazardous materials management training is mandatory for all employees. Training is provided via our integrated e-learning management system. Specific instruction is provided in face-to-face sessions or, where not otherwise possible, via online conferencing.

With the objective of raising the awareness of production managers about occupational safety issues, we offered a more in-depth course on “Duties when assessing risks” in the reporting year. In addition, we regularly instructed our employees on the latest safety risks in connection with the storage, handling and disposal of hazardous substances.

To keep our managers and health and safety officers up to date, we held a greater number of webinars on current developments in occupational health and safety in 2021, also on account of the COVID-19 pandemic. Communication on occupational health and safety issues is supplemented by safety notices hung up in the various departments and handing out trade journals covering the respective issues in the areas concerned. |

#### CAMPAIGNS

✓ | To realise further improvements in occupational safety, we launched the “Basic Requirements for the Occupational Safety Infrastructure (BROSI)” prevention campaign in 2019 and have continued this through ever since. Internal standards were defined within the framework of this campaign, including standards that go beyond local legal requirements. The requirements address items such as safety on roads and walkways, as well as internal traffic and incident activities specific to the respective location. All of our production locations are obliged to consistently comply with the BROSI standards. Their implementation is surveyed during regular audits. If a point cannot be fulfilled, this immediately leads to the location failing the audit. In this case, corrective action needs to be initiated.



For 2022 we plan to supplement BROSI by adding other specific occupational health and safety aspects to identify additional sources of danger and prevent accidents more effectively. |

#### **SUBSTITUTION OF HAZARDOUS SUBSTANCES**

✓ | The use of hazardous substances frequently plays an important role in manufacturing industries and this is also true of SAF-HOLLAND. We have established an internal process for sourcing and using these substances and mixtures to protect our employees and the environment. This process not only implements the legal requirements but also our own safety standards. The corresponding process definition states that purchase of a hazardous substance that has not been used to date should generally be avoided. Moreover, hazardous substances used in operations should be reduced by conducting regular reviews or by substituting them with less hazardous substances. Responsibility for this review lies with the officer in charge of the respective process. These officers can refer to the comprehensive catalogue of hazardous substances to see the current classification and permitted uses for each substance. The use of hazardous substances or mixtures of hazardous substances without a currently valid safety data sheet based on international standards is generally rejected. We define measures for the safe handling of the respective substance on the basis of the results of the review and pursue these rigorously in practice. |

#### **HEALTH**

✓ | To increase the performance and motivation of our employees, we rely on a system of global health management. Among other things, we subsidise the cost of VDU workstation spectacles and provide our industrial employees with personalised hearing protection. We also use lifting devices and tools in our production areas to help employees lift or lower production parts. The workstations in the office buildings are also being continuously improved. For example, we equip our offices with modern height-adjustable desks that allow an easy switch from sitting to standing and back again. This investment pays off, as reducing the time spent sitting at work prevents back problems, enhances employee performance, ability to concentrate and motivation and minimises lost time.

Employees of our German locations are granted the opportunity of having a preventive health check or being vaccinated as part of our occupational health offering. Generally we offer a large number of appointments with our external works doctor, spread over the year. In the reporting year we also enabled COVID-19 vaccinations for all our employees in Germany, in addition. We established our own vaccination centre for this purpose under the management of the works doctor. The voluntary vaccinations were accepted by roughly 480 employees. We plan to offer extensive vaccination campaigns to our employees for the first and booster shots again in 2022.

We have also set up a reintegration programme for employees who were off work for an extended period due to ill health to ease their reentry. In this regard, we inspected a large number of workstations during the reporting year and redesigned them to meet the specific requirements or physical restrictions of the employees concerned. This process is to be taken further in subsequent years.

Furthermore, we are also planning health-promoting campaigns at our German locations. In total, 156 individual campaigns were taken in 2021 in the fields of nutrition, physical exercise, stress management and relaxation as well as addiction. A good example in the reporting year is the “exercise break” conducted twice a week online via MS Teams. This consists of a moderated exercise session with relaxation and stretching exercises that are tailored to the peculiarities of office work. The exercises are demonstrated by trainers engaged especially for the task and can be copied by our employees directly in front of their computer. The exercise breaks are recorded to show them to our employees in production to allow them to do them at their discretion. In addition, we have an extensive health management programme in place in cooperation with BKK Akzo, which we intend to keep expanding in 2022. |



## SOCIAL COMMITMENT

### MANAGEMENT APPROACH

#### GRI 413/103

✓ | SAF-HOLLAND sees itself as part of society and takes responsibility for those people who need special support. The focus of our social commitment is on selected site-specific projects that are primarily dedicated to local concerns. SAF-HOLLAND supports these projects with donations in cash or in kind and also promotes the voluntary work of its employees.

The selection of projects as well as the determination of the type and scope of project support is carried out by local CSR officers and the site management. The main source of ideas are the employees, each of whom has the opportunity to propose projects for support. |

### SOCIAL PROJECTS AROUND OUR SITES

#### GRI 413-1

✓ | In the year 2021 SAF-HOLLAND assisted with the construction of a new skater park at the main location in Bessenbach. This created a new leisure time opportunity for young people at the fairground in the suburb of Straßbessenbach. At the end of the donation campaign, a sum of EUR 1,500 was handed over to the local mayor.

In addition, we conducted our annual Christmas donation campaign among the employees of the Bessenbach location. This year the donations were collected for out-patient services of the Children's and Young Persons' Hospice of Aschaffenburg. In sum, EUR 10,822 was raised for the families affected and handed over to the voluntary workers.

We also offer our employees in Bessenbach many other opportunities to get personally involved: Every year, we organise our Volunteer Days, where they can get actively involved in charitable projects and provide support in their local communities. They can choose between different social topics or get involved within our company. Two options were offered in the reporting year. Assisting the daily duties of the sheltered workshops in Hösbach or assisting the "wild horses" project in Aschaffenburg, where employees could do maintenance work on the stables and help collect waste.

For the World NGO Day on February 27, our Spanish colleagues decided in favour of cooperation with the Arrels Foundation in the reporting year. This non-governmental organisation has looked after the homeless in Barcelona for more than 30 years. This activity clearly strengthened the team spirit, particularly with regard to insights earned about the hard life the homeless lead.

In the USA we set up a university scholarship programme for family members of our employees, whose hard work and dedication has proven their commitment towards realising their educational and professional goals. The students must meet certain criteria defined by the management and are selected by the Center for Scholarship Administration (CSA), an independent organisation composed of members of the community, including people with connections to education. The selection was made on the basis of the following criteria: grades, an essay, financial hardship and extracurricular activities. The six prizewinners receive a one-year scholarship of USD 2,500 to a university of their choice.

As in previous years, we assigned two per cent of the annual net profit generated by the Indian subsidiary, York, to Corporate Social Responsibility measures within the framework of the Companies Act 2013.

In addition, the York team supported the following initiatives during the reporting year:

- Donations for an ambulance for the Lokmanya Hospital & Health Center (Primary Health Center – Navlakh Umbre Village)
- Construction of a playground for a nearby village school (Zila Parishad School – Karanj Vahire)
- Renovation of a nearby orphanage (Shikshangram Shelter for Children)



### Overview of projects we support in the EMEA region

Country/Initiative	Project description
<b>Germany</b>	
Rounding down for charity	Employees of SAF-HOLLAND GmbH round their salaries down to the nearest euro. This resulted in an amount of EUR 1,671.98 being donated to the charity fund of the Aschaffenburg Children's Clinic in 2021.
Assistance for the construction of a skater park	Donation of EUR 1,500 for the local construction of leisure time activities in the form of a skater park for young people.
"Notinsel" – child refuges	This project was supported by the establishment of a station in Bessenbach where children can find aid and support.
Volunteering Day	Employees at the location in Bessenbach were given the opportunity to contribute a day's labour for volunteer work in various projects to be performed during working hours.
Support for workshops for the disabled	Apprentices assist adults, most of whom have intellectual disabilities, in the workshops of "Lebenshilfe Werkstätten e.V. Schmerlenbach".
Aschaffenburg Children's and Young Persons' Hospice	A sum of EUR 10,822.79 was donated to the Aschaffenburg Children's and Young Persons' Hospice as the result of the Christmas donation campaign.
Together for biodiversity	Installation of bee houses and bug hotels made by employees on the plant premises.
World NGO Day	Support given to the homeless in the form of team events held in cooperation with the Arrels Foundation.



### Overview of projects we support in the Americas region

Country/Initiative	Project description
<b>Canada</b>	
Christmas Food and Gift Drive	Employees collected food and toy donations for needy families in the region.
United Way Fundraising Event	Annual fundraiser for United Way. In sum, USD 14,064 was donated by the company and its employees.
Smile Cookies	Company donation to the VON Sakura House charity. All employees received a smile cookie.
Turkeys and hams	A number of turkeys and hams were donated to the Salvation Army.
<b>USA</b>	
Donations were made to support the repair and maintenance of classrooms.	SAF-HOLLAND Mexico donated USD 1,425 to a community support centre for the education of children and parents on issues such as schooling, health, hygiene, nutrition, addiction prevention and sport.
T-Shirt Kids Heart	SAF-HOLLAND Mexico donated USD 355.17 to support children with cancer.
Kits for the homeless	Employees volunteered to put together kits of hygiene articles to be distributed to the homeless.
Donations of food	SAF-HOLLAND Brazil supported citizens with food donations.
College Scholarship Programme	In the US, six scholarships were awarded worth USD 15,000.
St. Joseph orphanage	Fund-raising campaign for the St. Joseph orphanage The company contributed USD 1,000.00 and the employees another USD 1,625.
United Way Day of Caring	The employees put in one day's voluntary work to clean up a local creek.
United Way Fundraising	Employee donations of USD 7,229 were made to the United Way welfare organisation.
Donations for teaching materials	Donations of USD 500 were made to the Warrenton School to purchase teaching materials.
Love Inc. Fund Raiser	Silent auction to raise funds for the local food bank. A total of USD 1,536 was donated.

### Overview of projects we support in the APAC region

Country/Initiative	Project description
<b>Australia</b>	
Hope St.	Hope St. provides long-term emergency housing for displaced youth who are unable to live at home for a variety of reasons including abuse, caregiver addiction, caregiver incarceration, etc. SAF-HOLLAND offers sponsorships for underprivileged young adults valued at AUD 1,200 per year.
<b>India</b>	
Prime Minister's National Relief Fund (PMNRF)	Participation in a fund established by the government to which any citizen or any organisation can pay a contribution. The funds are used for people who are acutely affected by natural disasters.
Food donations from employees	Our service workers distributed food packages to transporters and truck drivers in different areas.

The wide range of projects can be primarily attributed to the high social commitment of our employees. We would like to thank all involved for their great personal contribution towards the success of the projects. |

# GRI-INHALTSINDEX

## GRI 102-55

GRI standard and disclosures		Commentary	Page	Principles of the UN Global Compact
<b>GRI 102: General Disclosures 2016</b>				
<b>1. Organizational profile</b>				
102-1	Name of the organization		8	
102-2	Activities, brands, products and services		8 ff.	
102-3	Location of headquarters		8, 23	
102-4	Location of operations		9	
102-5	Ownership and legal form		8	
102-6	Markets served		8	
102-7	Scale of the organization		8 ff.	
102-8	Information on employees and other workers		43 f.	
102-9	Supply chain		29	
102-10	Significant changes to the organization and its supply chain		8, 38	
102-11	Precautionary principle or approach		22	Principle 7
102-12	External initiatives		23 f., 26, 31, 36	
102-13	Membership of associations		36	
<b>2. Strategy</b>				
102-14	Statement from senior decision-maker		5 f.	
<b>3. Ethics and integrity</b>				
102-16	Values, principles, standards and norms of behavior		18, 20 f., 26, 43	
102-17	Mechanisms for advice and concerns about ethics		22	
<b>4. Governance</b>				
102-18	Governance structure		11, 14	
<b>5. Stakeholder engagement</b>				
102-40	List of stakeholder groups		14 f.	
102-41	Collective bargaining agreements		46 f.	Principle 3
102-42	Identifying and selecting stakeholders		14 f.	
102-43	Approach to stakeholder engagement		14 ff., 46 f.	
102-44	Key topics and concerns raised		14 f.	
<b>6. Reporting practice</b>				
102-45	Entities included in the consolidated financial statements		siehe Lagebericht, Konzernabschluss	
102-46	Defining report content and topic boundaries		15 ff.	

GRI standard and disclosures		Commentary	Page	Principles of the UN Global Compact
102-47	List of material topics		15 ff.	
102-50	Reporting period		7	
102-51	Date of most recent report	The Sustainability Report 2020 was published on March 10, 2021.		
102-52	Reporting cycle		7, 27	
102-53	Contact point for questions regarding the report		62	
102-54	Claims of reporting in accordance with the GRI standards		58	
102-55	GRI Content Index		55-57	
102-56	External assurance	The published report is not audited by external auditors.		
<b>Material topics</b>				
<b>GRI 201: Economic Performance 2016</b>				
103	Management approach disclosures*		8, 31	
201-1	Direct economic value generated and distributed		2, 10	
201-2	Finanzielle Folgen des Klimawandels für die Organisation und andere mit dem Klimawandel verbundene Risiken und Chancen		12 f., 31	
<b>GRI 204: Procurement Practices 2016</b>				
103	Management approach disclosures*		28	
204-1	Proportion of spending on local suppliers	Information on expenses for local suppliers could be relevant to the competition and are therefore not reported.		
<b>GRI 205: Anti-corruption 2016</b>				
103	Management approach disclosures*		20 f., 23 f.	Principle 10
205-2	Communication and training about anti-corruption policies and procedures		23 f.	
205-3	Confirmed incidents of corruption and actions taken		23 f.	
<b>GRI 206: Anti-Competitive Behavior 2016</b>				
103	Management approach disclosures*		20 ff.	
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	There was no such litigation in the reporting period.		
<b>GRI 302: Energy 2016</b>				
103	Management approach disclosures*		38 ff.	Principle 7, 8
302-1	Energy consumption within the organization		38 f.	
302-4	Reduction of energy consumption		38 f.	
302-5	Reductions in energy requirements of products and services		34 f.	Principle 9
<b>GRI 303: Water and Effluents 2018</b>				
103	Management approach disclosures*		40	

GRI standard and disclosures		Commentary	Page	Principles of the UN Global Compact
303-1	Interactions with water as a shared resource		40	Principle 7
303-2	Management of water discharge-related impacts		40	
303-3	Water withdrawal		40	
<b>GRI 305: Emissions 2016</b>				
103	Management approach disclosures*		30, 39	Principle 7
305-1	Direct (Scope 1) GHG emissions		30	
305-2	Energy indirect (Scope 2) GHG emissions		30	
305-5	Reduction of GHG emissions		31	Principle 9
305-7	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions		31, 39 f.	
<b>GRI 306: Effluents and Waste 2020</b>				
103	Management approach disclosures*		41 f.	Principle 7
306-2	Waste by type and disposal method		41 f.	
306-3	Angefallener Abfall		41 f.	
<b>GRI 308: Supplier Environmental Assessment 2016</b>				
103	Management approach disclosures*		28	Principle 8
308-1	New suppliers that were screened using environmental criteria		28	
<b>GRI 401: Employment 2016</b>				
103	Management approach disclosures*		46	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		46	
<b>GRI 403: Occupational Health and Safety 2018</b>				
103	Management approach disclosures*		47 ff.	
403-1	Occupational health and safety management system	At locations with certified occupational safety management systems, this applies to all employees, who are salaried employees.	37	
403-2	Hazard identification, risk assessment, and incident investigation		47 ff.	
403-3	Occupational health services		47 ff.	
403-4	Worker participation, consultation and communication on occupational health and safety		48	
403-5	Worker training on occupational health and safety		47 ff.	
403-6	Promotion of worker health		47 ff.	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Suppliers and business partners of SAF-HOLLAND, who enter the premises obtain separate instruction on safety procedures.	28	
403-8	Workers covered by an occupational health and safety management system		37	

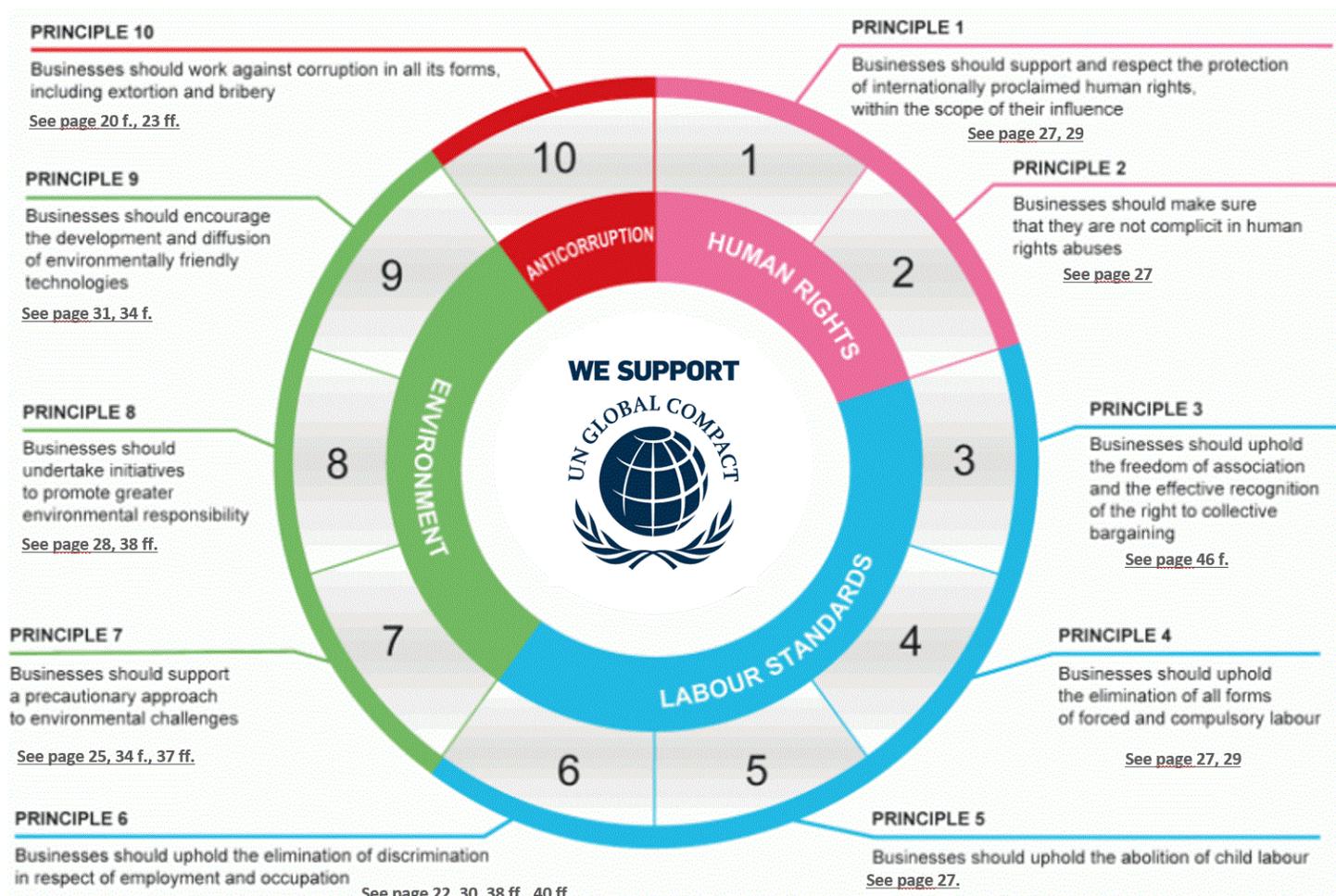
GRI standard and disclosures		Commentary	Page	Principles of the UN Global Compact
403-9	Work-related injuries		48	
<b>GRI 404: Training and Education 2016</b>				
103	Management approach disclosures*		45 f.	
404-2	Programs for upgrading employee skills and transition assistance programs		45 f.	
<b>GRI 405: Diversity and Equal Opportunity 2016</b>				
103	Management approach disclosures*	More information on the diversity of SAF-HOLLAND can be found in the Group management report.	44 f.	
405-1	Diversity of governance bodies and employees		45	
<b>GRI 406: Non-discrimination 2016</b>				
103	Management approach disclosures*		48 f.	
406-1	Incidents of discrimination and corrective actions taken		46 f.	Principle 6
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>				
103	Management approach disclosures*		26, 29	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	A new process for identifying supply-side risks has been established. No results were available for the reporting period.	27	
<b>GRI 408: Child Labor 2016</b>				
103	Management approach disclosures*		26, 29	
408-1	Operations and suppliers at significant risk for incidents of child labor	A new process for identifying supply-side risks has been established. No results were available for the reporting period.	27	Principle 5
<b>GRI 409: Forced or Compulsory Labor 2016</b>				
103	Management approach disclosures*		27, 29	Principle 4
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	A new process for identifying supply-side risks has been established. No results were available for the reporting period.	27	
<b>GRI 412: Human Rights Assessment 2016</b>				
103	Management approach disclosures*		26, 27, 29	Principle 1
412-1	Operations that have been subject to human rights reviews or impact assessments		27	Principle 2
412-2	Employee training on human rights policies or procedures		27	
<b>GRI 413: Local Communities 2016</b>				
103	Management approach disclosures*		50 ff.	
413-1	Operations with local community engagement, impact assessments and development programs		50 ff.	
<b>GRI 414: Supplier Social Assessment 2016</b>				
103	Management approach disclosures*			28

GRI standard and disclosures		Commentary	Page	Principles of the UN Global Compact
414-1	New suppliers that were screened using social criteria		28	
<b>GRI 415: Public Policy 2016</b>				
103	Management approach disclosures*	On principle, SAF-HOLLAND does not support any political party or politically motivated organizations, nor any individual politicians.		
415-1	Political contributions	On principle, SAF-HOLLAND does not support any political party or politically motivated organizations, nor any individual politicians.		
<b>GRI 416: Customer Health and Safety 2016</b>				
103	Management approach disclosures*		33 f.	
416-1	Assessment of the health and safety impacts of product and service categories		33 f., 37	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		33 f.	
<b>GRI 418: Customer Privacy 2016</b>				
103	Management approach disclosures*		25	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		25	

\* Based on the GRI 103: Management Approach 2016 standard, which includes GRI 103-1, GRI 103-2 and GRI 103-3 (explanation of the material issue and its boundary, components and assessment of the management approach).

# UNGC-INDEX

## THE 10 PRINCIPLES OF THE UN GLOBAL COMPACT



## SDG-INDEX

The following index presents SAF-HOLLAND's activities in the context of the United Nations Sustainable Development Goals (SDGs). To determine the SDGs relevant for the company, the "SDG Action Manager" was used (Link: [🔗 https://app.bimpactassessment.net/get-started/partner/ungc](https://app.bimpactassessment.net/get-started/partner/ungc)).

SDG	CHAPTER IN THE SAF-HOLLAND SUSTAINABILITY REPORT	PAGE	SDG	CHAPTER IN THE SAF-HOLLAND SUSTAINABILITY REPORT	PAGE
<b>3</b> GOOD HEALTH AND WELL-BEING 	Employees / Occupational safety and health	43 ff.	<b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE 	Product innovations for efficient and safe goods transport	33 ff.
<b>4</b> QUALITY EDUCATION 	Social commitment	50 ff.	<b>11</b> SUSTAINABLE CITIES AND COMMUNITIES 	Product innovations for efficient and safe goods transport	33 ff..
<b>8</b> DECENT WORK AND ECONOMIC GROWTH 	Key figures, corporate managemen	3, 8	<b>13</b> CLIMATE ACTION 	Climate strategy and CO <sub>2</sub> management	30 ff.

## TCFD-INDEX

In this Sustainability Report, we have for the first time established a reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). With this, we would like to disclose SAF HOLLAND's handling of climate-related risks and opportunities in a comprehensible manner. An overview of the contents on this topic can be found in the

following index to the TCFD recommendations. The index contains references to thematically relevant passages in the annual or sustainability report within the core areas recommended by the TCFD: corporate governance, strategy, risk management as well as key figures and targets.

	CORPORATE GOVERNANCE	STRATEGY	RISIKOMANAGEMENT	KEY FIGURES AND TARGETS
REQUIREMENTS OF THE TCFD	The organizational structure of the company with regard to climate-relevant risks and opportunities	The current and potential impact of climate-related risks and opportunities on business operations, strategy, and financial planning	The processes for identifying, assessing and managing climate-related risks	The key figures and targets used to assess and manage relevant climate-related risks and opportunities
CHAPTER IN SAF-HOLLAND ANNUAL REPORT	N.A.	Business model, goals and strategies, research and development	N.A.	N.A.
CHAPTER IN THE SAF-HOLLAND SUSTAINABILITY REPORT	Corporate governance and compliance, sustainability strategy	Product innovations for efficient and safe freight transport, environmental efficiency in operational processes	Sustainability Strategy	Sustainability strategy, environmental efficiency in operational processes

## NON-FINANCIAL STATEMENT

The Sustainability Report contains the separate Consolidated Non-Financial Statement (NFS) of the SAF-HOLLAND Group in accordance with Sections 315b, 315c in conjunction with Sections 289b to 289e HGB. In preparing it, we have used the GRI standards of the Global Reporting Initiative (GRI) as a basis.

The relevant aspects were identified based on the results of the updated materiality analysis. A list of the aspects within the meaning of the CSR Directive Implementation Act (CSR-RUG) for the disclosure of non-financial and diversity-related information and corresponding references to the chapters in the Sustainability Report can be found in the following table.

NFS-relevant aspects are marked in the document with the symbol .

SAF-HOLLAND has not become aware of any significant risks with a very likely serious negative impact on the aspects mentioned in the law that are linked to our business activities, our business relationships, our products and services. Non-financial risks are addressed by the Group's risk management. More information can be found in the risks and opportunities sections of the Annual Report and in the section on corporate governance and compliance.

Segment	Essential topics	Relevant according to HGB	Chapter in the SA
Governance	Partnerships & Stakeholder Relationships	Other concerns	Corporate Governance and Compliance
	Business ethics and employment conditions	Combating corruption and bribery, respect for human rights	Corporate Governance and Compliance
	Compliance	Combating corruption and bribery, respect for human rights	Corporate Governance and Compliance
	Product safety and product responsibility	Environmental concerns	Product innovations
	Sustainability in the supply chain	Environmental concerns, respect for human rights	Supply chain
Environmental	CO2 emissions & renewable energies	Environmental concerns	Climate strategy and CO2 management
	Ecological vehicle concepts	Environmental concerns	Product innovations
	Circular economy	Environmental concerns	Environmental efficiency in operational processes
	Design for Environment	Environmental concerns	Product innovations
	Other greenhouse gases	Environmental concerns	Environmental efficiency in operational processes
	Building efficiency	Environmental concerns	Environmental efficiency in operational processes
	Sustainable raw materials	Environmental concerns	Supply chain
Social	Electromobility in the vehicle fleet	Environmental concerns	Environmental efficiency in operational processes
	Diversity and equal opportunities	Social issues	Employees
	Occupational safety & health protection	Employee matters	Employees
	Training and personnel development	Employee matters	Employees

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SAF-HOLLAND SE

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D-63856 Bessenbach

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GRI 102-53

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Produced inhouse using firesys.

### DISCLAIMER

The annual report is also available in German. In cases of doubt, the German version shall prevail. The key figures in the report have been rounded in accordance with standard commercial practice. In individual cases, rounding may result in values in this report not adding up exactly to the totals given and percentages not being derived from the values shown. This report contains certain statements that are neither reported financial results nor other historical information. This report contains forward-looking statements. Such forward-looking statements are based on certain assumptions, expectations and forecasts made at the time of publication of this report. Consequently, they are inherently subject to risks and uncertainties. Moreover, the actual events could diverge significantly from the events described in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the ability of SAF-HOLLAND SE to control or estimate precisely, such as future market conditions and economic developments, the behaviour of other market participants, the achievement of anticipated synergies, and legal and political decisions. Readers are cautioned that these forward-looking statements only apply as of the date of this publication. Likewise, SAF-HOLLAND SE does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of publication of these materials.