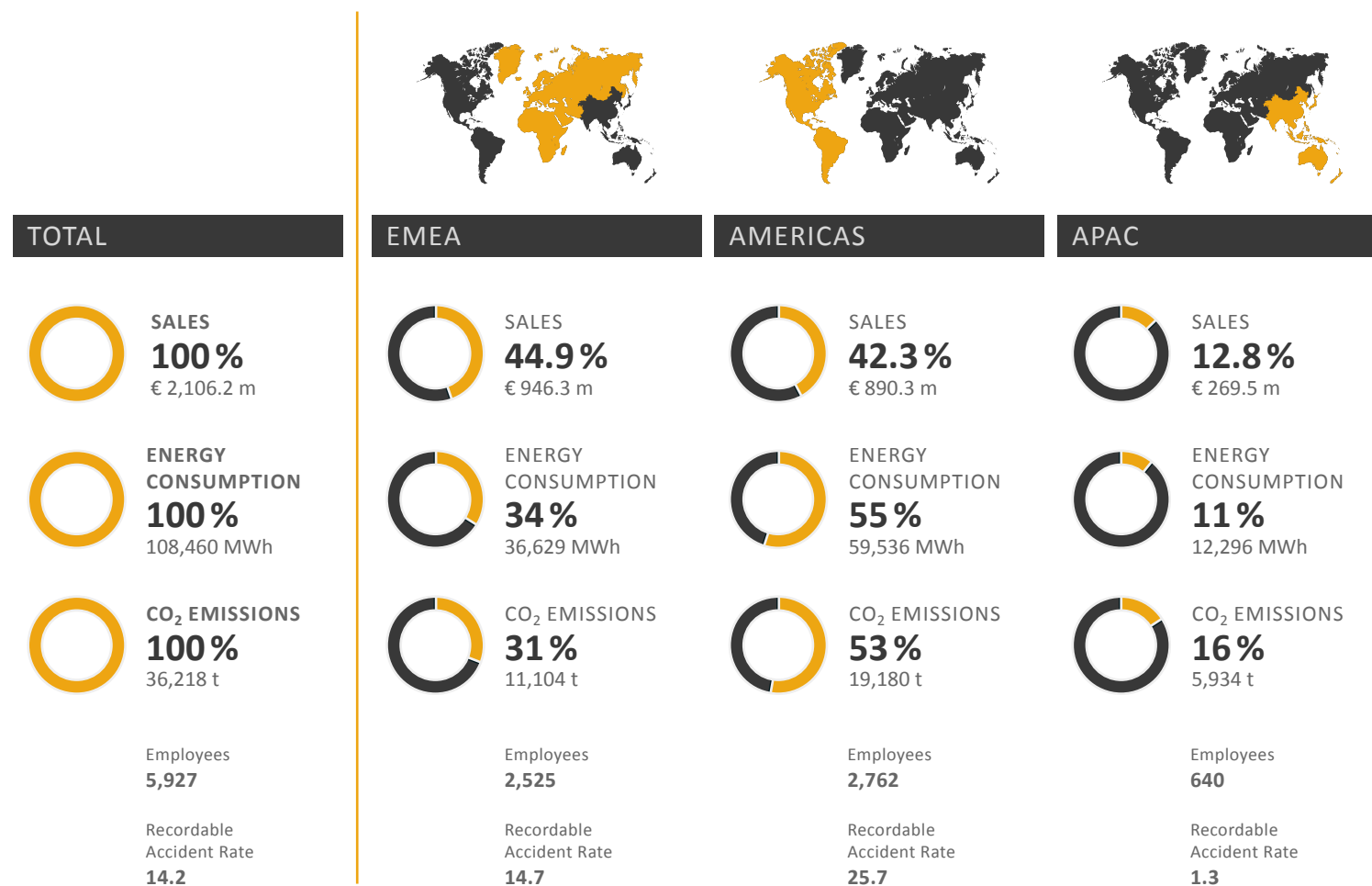


Sustainability Report 2023

stronger together one global partner

ESG KEY PERFORMANCE INDICATORS



Data and KPI calculations of SAF-HOLLAND take the integration of Haldex in 2023 into account.

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FOREWORD FROM THE CHAIRMAN OF THE MANAGEMENT BOARD

GRI 2-22



Alexander Geis
Chairman of the Management Board

DEAR READERS,

In 2023, the world was again dramatically impacted by multiple crisis and uncertainty such as the war in the Ukraine, supply chain bottlenecks, inflation as well as energy shortages and resulting price increases.

Despite all this, we believe sustainability and climate protection are key to drive the necessary economic transformation and we explore every opportunity to reduce SAF-HOLLAND's CO₂ footprint.

SAF-HOLLAND managed to perform significantly better than expected, both operationally and financially, in 2023, and made strong progress in integrating ESG (Environmental, Social, Governance) across the overall strategy, processes, organization and systems.

Our aim is to develop sustainable products and solutions in a responsible manner. In doing so, we use technology and innovations to achieve added value and reduce the CO₂ impact for our customers. At the same time, this enables us to safeguard our financial performance. For us, sustainable entrepreneurship and profitable growth go hand in hand.

Therefore, we continue investing heavily in initiatives to save energy, decarbonize, maximize generation of solar energy on the roofs of our buildings, increase efficiency, improve our products, and ensure resilience in our supply chains while adhering to relevant regulatory compliance requirements.

After our landmark acquisition of Haldex in 2022, followed by the full consolidation into the SAF-HOLLAND Group in February 2023 and two separate ESG Reports for 2022, we are proud to issue the first combined ESG Report. We also managed to integrate Haldex' operations and its sustainability organization.

In 2023, we focused on meeting regulatory requirements relating to CSRD/ESRS (Corporate Sustainability Reporting Directive / European Sustainability Reporting Standards) and the EU Taxonomy, improving our performance in reducing our CO₂ emissions and optimizing the ESG organization's core team and relevant enabling functions. We continuously worked to meet compliance requirements and create value from our ESG initiatives. In terms of our five strategic focus topics, we especially concentrated on those highlighted in bold:

- **1. Net zero emissions no later than 2050**
- 2. Sustainable products and innovation for our customers
- 3. Sustainable operational excellence in the value chain
- **4. Attractive employer**
- **5. Effective governance**

To mention a few of our initiatives, we

- completed and/or started major investments in renewables energies/solar systems across our production sites in Germany, China, India and Mexico
- published the Code of Conduct for suppliers and the Anti-Corruption Policy
- commenced the CSRD/ESRS and EU Taxonomy “dry run” reviews with our external auditor
- made improvements to diversity, work-life balance, talent management and corporate health management programs
- rolled-out our energy management system further to other production sites across the globe
- rolled-out global ESG online training to 1,985 SAF-HOLLAND employees with a participation rate of nearly 85%
- onboarded additional ESG resources to manage internal and external projects / requirements
- enhanced the existing whistleblowing system
- started implementing the ESG software Envoria to drive efficiency in ESG reporting, analysis and governance
- updated travel & car policies
- began ESG integration into our respective Risk Management and Internal Control Systems
- defined tasks and responsibilities to meet CBAM (Carbon Border Adjustment Mechanism) reporting requirements

This report highlights the most relevant of these activities along with our goals for 2024 and beyond.

We continue to provide our customers with products that reduce CO₂ emissions. Our SAF TRAKe and SAF TRAKr electric axles are particularly worth noting. We started series production of the TRAKr axle in 2022. The axle uses recuperation to convert the kinetic energy of the semitrailer into electrical energy. This energy is temporarily stored in a battery and can then be used to operate auxiliary equipment such as pumps and cooling systems in the trailer. This reduces the fuel required as well as the auxiliary equipment’s noise in operation. Our aim with these axles is to enable customers to operate their truck and trailer combination with both low noise and emissions, particularly in last-mile delivery traffic, when goods are being delivered in city centers.

Also noteworthy is our TIRE PILOT I.Q. system, which prevents punctures and ensures fuel-efficient operation of the vehicle by controlling the tire pressure level and communicating pressure loss to the driver/fleet management system. The system will be available to our customers in early 2024.

For more information on other SAF-HOLLAND products, including our remanufacturing business contributing to sustainability, please refer to subsequent chapters.

SAF-HOLLAND’s business activities are governed by the Group-wide Code of Conduct and the recently published Code of Conduct for Suppliers.

We are happy to recognize that our sustainability efforts are also appreciated by external stakeholders. In addition, we repeatedly performed very well on the Sustainalytics Rating as “Low Risk.”

All enabling functions such as Investor Relations, Finance, HR, Purchasing, Operations, IT, Risk Management and Compliance with ESG touchpoints have been aligned and the dots were successfully connected.

Next to the ESG Steering Committee, we also collaborated closely with our Supervisory Board for alignment and review of our ESG actions and plans.

I would like to thank all our colleagues who helped to make progress during last year’s journey “from ambition to action.”

I hope you enjoy the 2023 Sustainability Report and thank you for your ongoing interest in SAF-HOLLAND along with our ESG activities and achievements.

Sincerely yours,

Alexander Geis
CEO

THE MANAGEMENT BOARD OF SAF-HOLLAND SE



From left to right:

Alexander Geis

Chairman of the Management Board and
Chief Executive Officer

Frank Lorenz-Dietz

Member of the Management Board and
Chief Financial Officer

ABOUT THIS REPORT

GRI 2-1, 2-2, 2-3, 2-4, 2-5

The information in this report generally relates to the scope of consolidation of SAF-HOLLAND SE as the Group's holding company. The Swedish company Haldex AB was included in the scope of consolidation for the first time with effect from February 21, 2023, following antitrust clearance by the Polish antitrust authorities. In cases where key figures or statements relate to specific locations only, will be referenced this in the chapters. This report was prepared with reference to the GRI Standards 2021. The material topics are unchanged from the previous year. In tables, some figures may not add up to the totals shown due to rounding differences.

This Sustainability Report contains the non-financial Group declaration of SAF-HOLLAND SE in accordance with the CSR Directive Implementation Act (CSR-RUG) and Sections 315b and 315c in conjunction with Section 289c of the German Commercial Code (HGB). The report covers fiscal year 2023, which corresponds to the 2023 calendar year.

SAF-HOLLAND has been a signatory of the UNGC since 2019 and is committed to respecting the ten principles in the areas of human rights, labor standards, corruption prevention, the environment and the climate.

The annual Sustainability Report is published in German and English on the SAF-HOLLAND website at [Sustainability Report | SAF-HOLLAND \(safholland.com\)](#).

The editorial deadline for the Sustainability Report 2023 was March 14, 2024. This report will be published at the same time as the Annual Report 2023.

EXTERNAL REVIEW

This report has not been audited by an external body. In preparation for the reporting and auditing requirements of the Corporate Sustainability Reporting Directive (CSRD), which will apply from fiscal year 2024 on, the Management Board and Supervisory Board took the necessary steps in 2023.

For more information about the Company, please visit [SAF-HOLLAND \(safholland.com\)](#) or read the Annual Report.

WE SUPPORT



SAF-HOLLAND AT A GLANCE

GRI 2-1, 2-6

The SAF-HOLLAND Group is a leading international manufacturer of chassis-related assemblies and components for trailers, trucks and buses.

The portfolio includes axle and suspension systems for trailers, fifth wheels for trucks and coupling systems for trucks, semi-trailers and trailers as well as brake and EBS systems, which are marketed under various brands. For key products, the company ranks among the top 3 in the global market.

The acquisition of Haldex AB has created the world's first system supplier that can offer customers integrated solutions for air disc brakes, electric vehicles and complete wheel ends from a single source. This enables customers to reduce the scope of their supply chains and their dependence on external suppliers. Customers also benefit from the harmonization and integration of mechatronics and axles/suspensions, predictive maintenance functions and the combination of telematics and electronic braking systems for trailers. Furthermore, the merging of the regional sales networks has created additional cross-selling opportunities, leading to higher sales for the combined Group.

With its product range, the company focuses primarily on optimizing the total cost of ownership of the truck-trailer combination. All recurring and non-recurring costs as well as direct and indirect costs of an investment are taken into account.

With the acquisition of Haldex AB, the SAF-HOLLAND Group is in a position to actively drive forward the transformation of the industry and address megatrends such as electrification, digitalization and automated driving with intelligent system solutions. This includes integrated mechatronic offerings as well as new technologies such as e-axles with intelligent braking energy recovery and automated driving programs.

SAF-HOLLAND'S product brands



Trailer Axles and
Suspension Systems



Coupling and
Lifting Technologies



Brake Systems and Air
Suspension Solutions¹



Suspensions
and Components
for Commercial
Vehicles



Suspensions
for Trucks
and
Buses



V. ORLANDI

Coupling
and
Lifting
Technologies



Trailer
Axles and
Suspensions
Systems

¹ Haldex became a product brand of SAF-HOLLAND on February 21, 2023.

In fiscal year 2023, SAF-HOLLAND generated Group sales of EUR 2.106.2 million, exceeding the previous year's figure by 34.6%. Adjusted EBIT amounted to EUR 202.1 million (previous year: EUR 124.6 million), and the adjusted EBIT margin was 9.6% (previous year: 8.0%). Detailed information on the company's sales and earnings performance can be found in the 2023 Annual Report in the "Earnings, Asset and Financial Position" section on pages 57 to 69.

The Group parent company of the SAF-HOLLAND Group is SAF-HOLLAND SE, a stock corporation under European law with its registered office in Bessenbach, Germany. Further information on the company's corporate governance can be found on page 18 of the 2023 Annual Report and in the Corporate Governance Statement, which can be found on the company's website at [safholland.com](https://www.safholland.com). [Corporate Governance Statement | SAF-HOLLAND \(safholland.com\)](#).

An overview of all SAF-HOLLAND SE Group companies can be found in the SAF-HOLLAND SE 2023 Annual Report page 49.

At the end of 2023, the SAF-HOLLAND Group had 25 production sites worldwide. There are also smaller assembly sites. An overview of the company's international production network can be found on page 5 of the 2023 Annual Report.

The large research and development centers are located in MIRA (UK), Bessenbach (Germany), Landskrona (Sweden), Muskegon (USA), Kansas City (USA) and Suzhou (China). The smaller R&D units in the regions ensure that the demanded products in the respective markets can be offered.

Most of the SAF-HOLLAND products, especially axles, suspensions and brake systems, contain a large number of parts and components. In addition to cast and stamped products, forged parts are among the largest product groups. These are purchased parts such as clutch plates, brake calipers, wheel hubs, brake discs, stub axles and axle tubes. Due to the large number of raw materials and finished products, the supply chain is correspondingly complex. It comprises 5,165 direct suppliers for production materials. These products mainly come from Europe (56.3%), Americas (32.5%) and Asia (11.2%). All suppliers in turn have sub-suppliers, partly for raw materials, parts and components. Detailed information on the topic of ☺ "Supply chain management and human rights" can be found on page 68 of this report.

GOVERNING BODIES AND ESG ORGANIZATION

GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-15, 2-17, 2-20, 2-28, 2-29

SAF-HOLLAND SE is a company legally formed as a European company (Societas Europaea, SE). As an SE headquartered in Germany, SAF-HOLLAND SE is subject to European and German SE regulations as well as German stock corporation law. As a company listed in Germany, the corporate governance of SAF-HOLLAND SE follows the German Corporate Governance Code in its currently applicable version. For further information on the company's corporate governance, please refer to page 18 of the Annual Report, the Corporate Governance Declaration, which is available on the company website at [🔗 Corporate Governance Statement | SAF-HOLLAND \(safholland.com\)](#) and the Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG), which is also available on the company website at [🔗 Declaration of Compliance | SAF-HOLLAND \(safholland.com\)](#).

The high importance attached to a sustainable company development is also reflected in the structure of remuneration for the Management Board. For example, 25% of the short-term variable remuneration (STI) of the members of the Management Board depends on the achievement of non-financial targets. The corresponding targets are set by the Supervisory Board, taking into account the key sustainability issues to be particularly influenced by the respective departments. Details of the remuneration system are set out in the remuneration report. This is available at [🔗 Remuneration Report | SAF-HOLLAND \(safholland.com\)](#).

In order to effectively pursue non-financial goals, there are also individual targets and bonus agreements with the management level below the Management Board. This second level consists of executives at SAF-HOLLAND SE

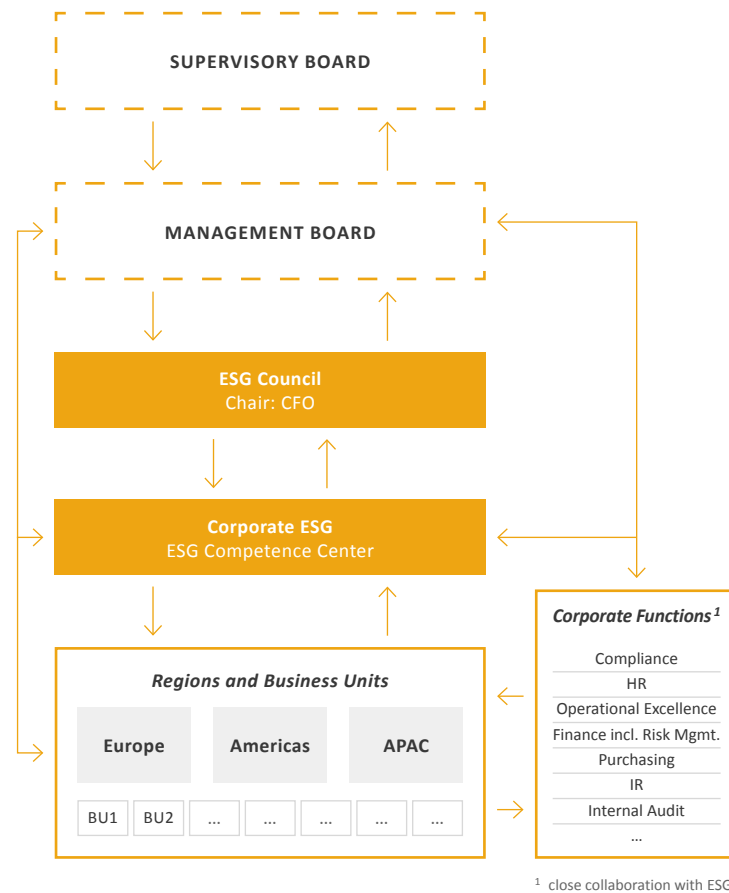
who have the titles "Senior Vice President," "Vice President" or "Director." This management level currently includes 11 persons, two of whom are women.

In the 2023 reporting year, SAF-HOLLAND enhanced its ESG organization by appointing a global ESG Lead, a senior ESG Manager and two Junior ESG project managers who constitute the Corporate ESG function. The global ESG Lead reports to the CFO.

Corporate ESG executes the ESG strategy and hence translates the SAF-HOLLAND ambition into action. This corporate function collaborates closely with other enabling functions relevant to ESG such as HR, Compliance & Legal, Finance, Investor Relations, Operational Excellence, Trade Compliance, Risk Management, Internal Audit and Purchasing. These functions feature experts with certain ESG skills to help make joint projects a success.

Next to being the ESG Competence Center, the Corporate ESG also ensures effective coordination and interaction with corresponding counterparts across the regions EMEA, Americas and APAC and respective legal entities to ensure that the strategic goals are cascaded to all countries in which the company operates.

The enhancement of the ESG organization has been driven by the successful integration of the former Haldex ESG function.

SAF-HOLLAND ESG organization

In the reporting year, the ESG Council consisted of the two Management Board members and the three Executive Committee members and was responsible for the ESG strategy creation along with ambitions and milestones as well as its integration into the corporate strategy, ESG project monitoring and approval processes.

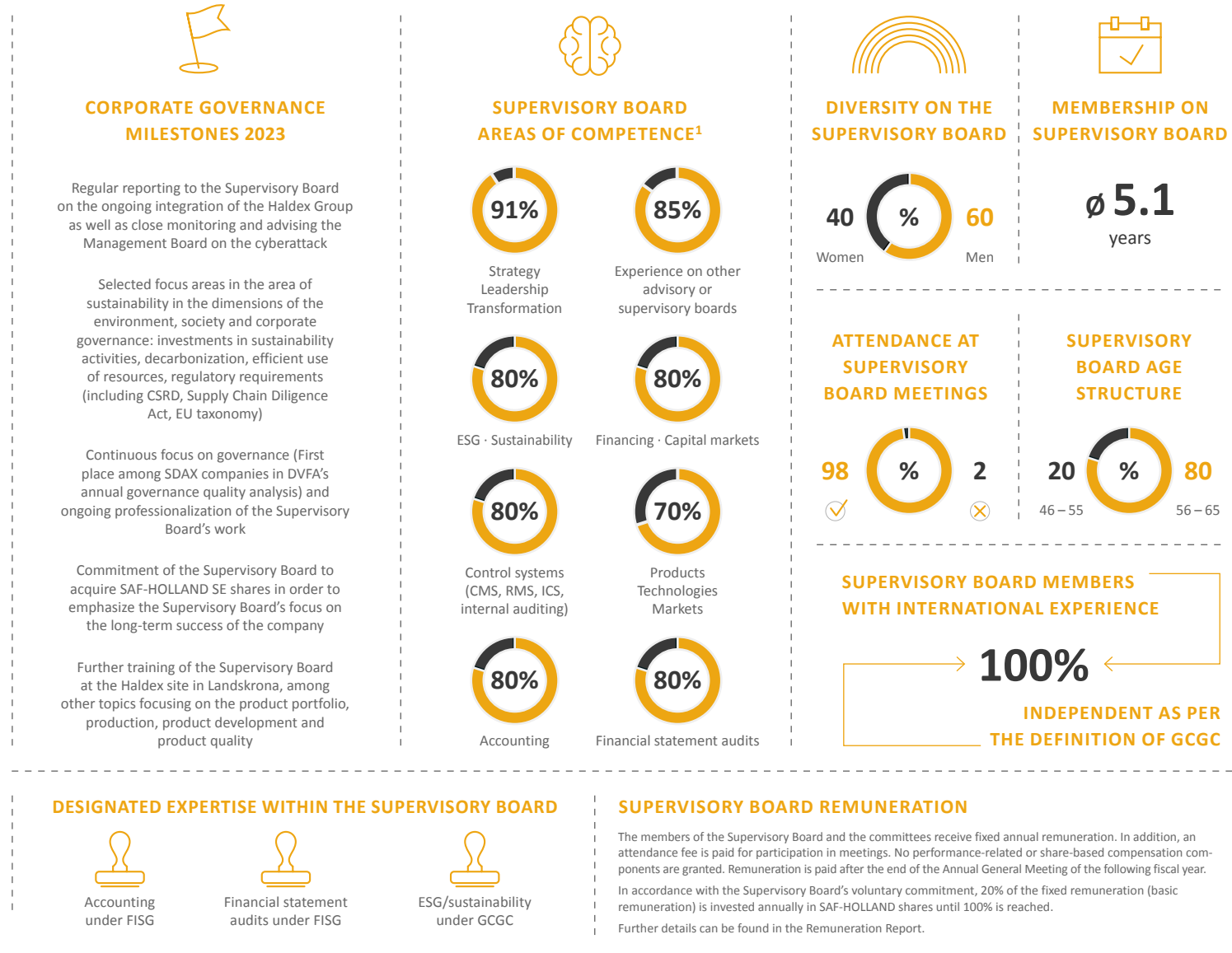
The ESG Council acted as the Steering Committee for the CSRD/ESRS and EU Taxonomy dry run project in 2023. The dry run was supported by a so-called Eligibility Council to facilitate the EU Taxonomy eligibility analysis and external consultants, who reported to the CFO and ESG Lead.

The Council is in charge of designing appropriate governance structures for ESG, including policies, roles, responsibilities, and principles.

Corporate ESG reports status updates to the ESG Council, Management Board and Supervisory Board during their respective regular meetings. Next to this, the global heads of HR, Compliance & Legal and Operational Excellence report to the CFO and the ESG Lead on the progress of various ESG projects.

In addition, the ESG Lead reports to the CFO in regular Jour Fixes and on an ad-hoc basis.

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



¹ Competence based on self-assessment.

SUSTAINABILITY STRATEGY AND MANAGEMENT

ESG remains a key element of SAF-HOLLAND's corporate DNA and is firmly anchored in its business activities and conduct. SAF-HOLLAND believes ESG needs to be integrated into all elements of decision-making, organization, and processes.

In the 2022 ESG Report, the company outlined its corporate strategy 2025, the 2022 management focus and how they align their ESG strategy and the key ESG action fields.

With last year's report, SAF-HOLLAND published the related ESG strategy in particular and set strategic focus topics.

This year, SAF-HOLLAND focused on meeting regulatory requirements relating to the CSRD/ESRS and the EU Taxonomy, improving the performance in reducing CO₂ emissions and optimizing the ESG organization's core team, by onboarding new team members and relevant enabling functions.

SAF-HOLLAND also managed to integrate the Haldex ESG organization and set up an ESG team, which is closely aligned with other ESG enabling functions such as HR, Compliance & Legal, Finance, Purchasing, Trade Compliance, Investor Relations and Operational Excellence to name a few.

Overview strategy 2025



In terms of standard ESG reporting, SAF-HOLLAND reviews and informs on ESG related projects, risks and opportunities through Management Board (which also serves as the ESG Steering Committee) and Supervisory Board meetings. Next to this, SAF-HOLLAND's CFO chairs 6-weekly meetings with the global leads for HR, Operational Excellence, Compliance & Legal and the ESG for a progress report on project activities, milestones and responsibilities related to the five strategic focus topics, which are highlighted below.

Within the five strategic focus topics, SAF-HOLLAND especially concentrated on the following in 2023 to implement its ESG strategy:

- Net zero emissions no later than 2050 **(E)**
- Attractive employer **(S)** and
- Effective governance **(G)**

SAF-HOLLAND's key activities and achievements in these focus areas are the following for 2023:

NET ZERO EMISSIONS NO LATER THAN 2050 (E)

- Conducting a thorough cost-benefit analysis on the current state of solar, forklifts, LED, energy monitoring, e-mobility, waste, compressed air, etc.
- Based on the previously mentioned analysis, allocation of large investments in renewable energies/solar systems across the production sites in Germany, India and Mexico, that were completed or started in 2023.
- Global roll-out of the energy management system provides production sites with smart meters to efficiently monitor consumption in real time and deduce energy saving actions.
- Initiation of improvements to reduce CO₂ emissions at multiple sites.
- Updates to travel & car policies to help reduce CO₂ emissions.

ATTRACTIVE EMPLOYER (S)

- Roll-out of global ESG online training in two waves to all white-collar employees. The training was offered to 1,985 employees, nearly 85% of whom participated and completed a short test at the end.
- Improvements to diversity, work-life balance, talent management and company health management programs.
- Expanding volunteer days in all countries.
- Donation projects.
- Integration of ESG criteria into STIs and LTIs at management level
- Onboarding of ESG resources.

EFFECTIVE GOVERNANCE (G)

- Conducting a dry run for a CSRD materiality assessment flanked by a review of the external auditor, PwC.
- EU Taxonomy reporting progress (inclusion of all environmental objectives, creation of a reporting guideline and data collection template) flanked by a review by the external auditor PwC.
- Publication of the Code of conduct for suppliers and anti-corruption policy.
- Updated Human Rights policy and UK modern slavery statement.
- Initiation of the ESG software implementation Envoria, which includes modules on KPI reporting (ESRS), carbon accounting (CO₂ emissions) and EU Taxonomy.
- Enhancement of the existing whistleblowing system.
- Creation of a new Compliance & Legal SharePoint site including all guidelines/policies with access for the entire SAF-HOLLAND Group.
- Finalization of the 2023 Sustainability rating with a "low risk" result.
- Initiation of ESG integration into the Risk Management and Internal Control Systems.
- Organizational structure and planning for CBAM.

The following provides an overview of the United Nations Sustainable Development Goals (SDGs) which are relevant for the company:



SDG 3: Good health and well-being



SDG 4: Quality education



SDG 7: Affordable and clean energy



SDG 8: Decent work and economic growth



SDG 9: Industry, innovation and infrastructure



SDG 12: Responsible consumption and production



SDG 13: Climate action

The following topics are to be addressed in 2024 (non-exhaustive):

- CSRD/ESRS and EU Taxonomy reporting compliance, incl. climate risk assessment (3rd party).
- Design of a decarbonization strategy blueprint.
- Increase global renewable energy ratio.
- Completion of the energy management system roll-out and increased energy savings.
- ESG software Envoria roll-out.
- Comply with German and EU (CSDDD) supply chain laws.
- Roll-out Supply Chain DD tool (Osapiens, Envoria or other).
- CBAM readiness & reporting.
- Intermediate steps towards SBTi (Science Based Targets initiative): right.based.on.science or other 3rd party with relevant expertise.
- Roll-in of warehouse and distribution centers into Scope 1 & 2 calculation.
- Scope 3 calculation and target setting.
- Introduction of the EcoVadis rating and integration with monitoring requirements of suppliers regarding human rights and pollution.
- Improve overall ESG Governance regarding roles and responsibilities across various central functions, regions and legal entities.
- Further ESG integration in ICS (Internal Control System) and RMS (Risk Management System).
- Enhance the target operating model for ESG in terms of the various reporting processes.
- Roll-out of ESG training to blue-collar workers.

INTEGRATED MANAGEMENT SYSTEMS

GRI 301-1, 302-1, 302-4, 303-3, 303-4, 303-5, 305-1, 305-2, 305-5, 305-6, 305-7, 306-3, 306-4, 306-5, 403-1, 403-8, 416-1

The implementation of management systems under internationally recognized standards enables SAF-HOLLAND to meet stakeholder requirements and implement policies to help meet quality standards in different management areas.

SAF-HOLLAND applies management systems for occupational health and safety, quality, the environment and energy. Within the framework of these systems, policies, objectives, resources to operate related processes, and mechanisms are defined to evaluate and improve performance. These systems constitute the basis for the standardized operation of the production plants of the entire Group.

The ISO 9001 quality management standard and the quality management system for the automotive industry IATF 16949 are among the most important standards for the organization. With the implementation of ISO 14001 for environmental management, ISO 45001 for occupational health and safety and ISO 50001 for energy management, the company is also strengthening sustainability objectives such as resource efficiency, employee safety and the reduction of environmental and health impacts in all business processes.

To evaluate the continuous improvement made in SAF-HOLLAND's corporate processes, the management systems are periodically audited by independent and accredited certification companies. At the end of 2023, 73% of facilities (previous year: 67%) were certified according to the environmental standard ISO 14001. The Bessenbach plants and the site in Nashik are certified according to the occupational health and safety standard ISO 45001.

The management systems and ISO certifications are part of the due diligence processes within the company and help establish standards and generate synergy effects. The implementation of the various management systems is essential to meet regulatory requirements, satisfy customer demands, address business opportunities and improve the performance of the different processes.

SAF-HOLLAND's sustainability performance was positively assessed by Sustainalytics in October 2023, obtaining a "low risk" rating and "strong" risk management.

As part of the Sustainalytics rating report, it was commented that in terms of product quality, SAF-HOLLAND has obtained relevant quality certification for the majority of its operations and has implemented an adequate product safety program. The company addresses business ethics risks through a strong dedicated program that includes ethical risk assessments and specific operating guidelines.

In 2023, the company decided to start the implementation of the Envoria ESG software, which covers multiple standards and legal requirements. The software will help collect, analyze, monitor and report sustainability data and also facilitate decision-making to meet sustainability goals.

Certifications according to external standards [%] ^{1, 2}

	2021	2022	2023
Certified according to quality management standards (ISO 9001, IATF 16949)	74	86	85
Certified according to ISO 14001 (environment)	64	67	73
Certified according to ISO 45001 (occupational health and safety)	38	35	22
Certified according to ISO 50001 (energy)	38	33	19

¹ In % of business activity measured by number of employees.

² 2023 includes data from Haldex. 7% of Haldex employees were part of Haldex sites certified in ISO 45001. There were no Haldex sites certified in ISO 50001.

CSRD DOUBLE MATERIALITY ANALYSIS AND MATERIAL TOPICS

GRI 2-4, 2-29, 3-1, 3-2

The European Corporate Sustainability Reporting Directive (CSRD), which came into effect on January 5, 2023, has been developed to modernize and standardize companies' ESG (Environment, Social, Governance) disclosures. Subsequently, in July of the preceding year, a delegated regulation was issued, officially adopting the European Sustainability Reporting Standards (ESRS), consisting of 2 overarching and 10 topical standards, the latter of which cover several different topics along the ESG dimensions.

As a listed company, SAF-HOLLAND is obliged to report according to the CSRD starting with fiscal year 2024. This obligation does not require SAF-HOLLAND to report on all of the 10 mentioned topical standards, however, but is specifically limited to topics that are "material" to SAF-HOLLAND. Therefore, in order to fully comply with the CSRD from 2025 onwards, the company will conduct a "Double Materiality Analysis," in which all topical standards and the related sub-topics (as well as sub-subtopics) will be analyzed. Following the ESRS guidance, this means the evaluation will be performed according to the impact that SAF-HOLLAND has within that topic (the so-called inside-out perspective), as well as the financial risks and opportunities for SAF-HOLLAND resulting from that topic (the so-called outside-in perspective). The exact methodology is further explained in the paragraph below.

PROCESS AND METHODOLOGY

To be prepared for the complete adoption of the CSRD for the reporting on fiscal year 2024, SAF-HOLLAND conducted a dry run in 2023, which involved the participation of more than 30 participants and subject matter experts,

respectively, from across the regions, enabling functions and management during a total of 17 workshops.

As a starting point, SAF-HOLLAND developed a long list of every relevant topic, collected from the SAF-HOLLAND and Haldex Annual Reports for 2022. These topics were amended by the relevant SASB (Sustainability Accounting Standards Board) industry recommendations, as well as a detailed peer-review of selected competitors.

The entire process was accompanied by external consultants with industry as well as ESG expertise, who also helped to create the 2022 Annual Report for SAF-HOLLAND, to ensure a maximum amount of consistency throughout the years. Said longlist was subsequently presented to the ESG Steering Committee, consisting solely of upper management employees, who further determined the most relevant topics for the company specifically. Afterwards, those topics were mapped against and amended by the ESRS topical standards at the most specific level possible (sub-subtopic level), to ensure full regulatory compliance.

This resulted in a total of 17 different topical workshops, in which the S1 standard "Own Workforce" has been subdivided into its sub-topics to ensure the necessary granularity. Additionally, the three topics "Data," "Digital Transformation" & "Innovation" have been added to fully capture the complete complexity of the SAF-HOLLAND business model, even beyond the requirements of the ESRS. The whole list of workshops, including the sub-topics addressed is as follows:

Double materiality analysis – workshop topics

Overarching Topic/Workshops	Sub-topics
01 E1 – Climate Change	Climate Change Adaptation, Climate Change Mitigation, Energy
02 E2 – Pollution	Pollution of air; Pollution of water; Pollution of soil; Pollution of living organisms and food resources; Substances of concern; Substances of very high concern; Microplastics
03 E3 – Water & Marine Resources	Water, Marine Resources
04 E4 – Biodiversity	Direct impact drivers of biodiversity loss; Impacts on the state of species; Impacts on the extent and condition of ecosystems; Impacts and dependencies on ecosystem services
05 E5 – Circular Economy	Resources inflows, including resource use; Resource outflows related to products and services; Waste
06 S1 – Own Workforce	Working Conditions
07 S1 – Own Workforce	Health & Safety
08 S1 – Own Workforce	Diversity
09 S1 – Own Workforce	Trainings
10 S1 – Own Workforce	Other work-related rights
11 S2 – Value Chain Workers	Working conditions; Equal treatment and opportunities for all; Other work-related rights
12 S3 – Affected Communities	Communities' economic, social and cultural rights; Communities' civil and political rights; Rights of indigenous peoples
13 S4 – Consumers & End-Users	Information-related impacts for consumers and/or end-users; Personal safety of consumers and/or end-users; Social inclusion of consumers and/or end-users
14 G1 – Business Conduct	Corporate culture; Protection of whistle-blowers; Animal welfare; Political engagement; Management of relationships with suppliers including payment practices; Corruption and bribery
15 Data	Data security, Data protection, Data manipulation
16 Digital Transformation	Digital adoption, Digital efficiency, Digital investments
17 Innovation	Product development, Customer satisfaction, Customer safety

In order to ensure a comprehensive assessment, the workshop participants were familiarized with the ESRS methodology in advance. This enabled them to best evaluate the topics based on their company or topic-specific knowledge, taking external stakeholder perspectives into account.

The results of the workshops were then discussed with external industry and ESG specialists again to avoid self-serving biases and inconsistencies.

LIST OF MATERIAL TOPICS

The current Sustainability Report still represents the same topics as determined in 2022 and with reference to the GRI Standards (2021 version). The material topics rated as “high priority” topics are:

1. Product quality and safety
2. Compliance and business ethics
3. Education and training
4. Occupational safety and health protection
5. Working conditions
6. Energy

In addition to reporting on the high priority topics, the company continues to voluntarily report on the following sustainability topics that were of medium priority in 2022, and additionally includes remanufacturing:

- Emissions
- Product innovation
- Partnerships and stakeholder relationships
- Supply chain management and human rights
- Data protection and data security
- Diversity and equal opportunity
- Social commitment
- Digitalization
- Waste and recycling
- Remanufacturing
- Water use and withdrawal

In the following paragraphs, the results of the CSRD workshops have been integrated on a qualitative level to provide a full picture of the ESG-related impacts, risks and opportunities related to SAF-HOLLAND. In order to avoid inconsistencies due to potential methodological changes in the following reporting year, the quantitative assessment is not included in this report. Therefore, this Sustainability Report primarily covers many topics from SAF-HOLLAND's and Haldex's previous non-financial report, amended by new insights gained from the aforementioned workshops. The Sustainability Report 2024 to be published in 2025 will incorporate the changes resulting from the ESRS in full detail.

CLIMATE CHANGE

As a producing company in the automotive supply sector, SAF-HOLLAND is fully aware of the impact of emissions on the broader environment. These emissions are categorized into Scope 1, 2 and 3 emissions, all of which reflect different categories of SAF-HOLLAND greenhouse gas emissions.

In addition to the reduction of emissions along the three scopes, SAF-HOLLAND also recognizes that there are material business opportunities related to climate change mitigation. These do not only include significant positive environmental impacts by reducing the emissions for the utilization phase of the products, but also material financial opportunities. Those opportunities result from the ongoing ambitions of the automotive industry to reduce emissions resulting from the production and utilization of vehicles, which leads to the prioritization of low-carbon solutions. This in turn will likely lead to an increase in demand for recuperation systems, which feed back energy to the system within the braking process, hence reducing total tail-pipe emissions.

In addition to energy from a climate mitigation point of view (Scope 1 and 2), the company also separately analyzes energy from a financial perspective to ensure cost-effective and reliable operations. Analyzed through this perspective, the main drivers of financial success are energy efficiency, as well as ensuring stable energy prices for operations.

In terms of energy efficiency, SAF-HOLLAND made substantial progress towards establishing a comprehensive database on energy data by continuing to install smart-meters in the operating facilities all around the world. This further improves the monitoring of the site-related electricity and gas consumption, which unlocks improvements in energy efficiency by highlighting the power consumption even outside operating hours with an integrated load curve.

In addition to energy efficiency, the stability of energy prices is a topic that has been identified within the dry run of the CSRD Double Materiality Analysis. The goal is to optimally utilize renewable energies like solar and wind within the company energy mix, which traditionally offer more stable prices and thereby reduce the volatility of operations overall. This opportunity will be further specified in the next report, with the first official CSRD double materiality analysis.

CIRCULAR ECONOMY

Following the merger of SAF-HOLLAND and Haldex, the circular economy emerges as a pivotal material topic. Specifically, a heightened focus on the management and reduction of resource inflows promises significant enhancements in SAF-HOLLAND's environmental footprint while concurrently unlocking financial opportunities.

The growing importance of this topic is underscored by the escalating scarcity of raw materials, potentially leading to a substantial increase in material costs in the coming years. Notably, the acquisition of Haldex, coupled with its aftermarket and remanufacturing business, has already resulted in substantial savings of thousands of tons of steel. This conserves raw materials and reduces carbon emissions. An increased deliberate emphasis on the remanufacturing business could unlock further business opportunities due to the aforementioned projections regarding an increased scarcity of raw materials.

SAF-HOLLAND-specific goals and contributions to the circular economy will be shared in the next non-financial report, in concert with the official CSRD double materiality analysis.

OWN WORKFORCE – HEALTH AND SAFETY

At SAF-HOLLAND, the health and safety of its employees are paramount considerations in the operational strategy. The following insights should reflect an excerpt of considerations that will be further amended in the next non-financial report, in alignment with the CSRD.

First and foremost, given the nature of the machinery and production methods, the company recognizes that workplace accidents can have severe negative consequences. SAF-HOLLAND takes proactive measures to mitigate this risk by implementing rigorous training programs and introducing safeguards. The company strives to reduce the accident rate, emphasizing a culture of prevention and continuous improvement in the safety protocols.

In addition, physical, and mental health issues arising from the workplace can significantly impact employee wellness. SAF-HOLLAND addresses this risk through a multifaceted approach. The company employs continuous monitoring, comprehensive training programs, and the integration of ergonomic solutions to create a workspace that minimizes the risk of illnesses. SAF-HOLLAND also provides technical aids and psychological assistance as needed, ensuring that employees have the support needed to maintain optimal well-being.

Beyond risk mitigation, SAF-HOLLAND recognizes the positive impact that a supportive work environment can have on the overall health and morale of the workforce. By fostering a culture that values and prioritizes employee well-being, the company aims to create an environment that not only protects against risks but also enhances the quality of life for its employees. This

culture is enacted not only through company guidelines and policies, but also through tailored initiatives that prioritize the well-being, motivation, and satisfaction of the employees. This commitment to occupational health and safety not only increases employee satisfaction and thereby motivation and productivity, but also further improves the retention of valuable talent, which ultimately leads to an increase in cost reductions related to recruitment and training.

OWN WORKFORCE – TRAINING AND SKILL DEVELOPMENT

Recognizing the potential pitfalls of inadequate training, SAF-HOLLAND places a strong emphasis on providing comprehensive training programs. The absence of such opportunities can lead to a lack of professional development, resulting in employee dissatisfaction and disengagement. This dissatisfaction, if left unaddressed, can contribute to higher turnover rates, subsequently increasing recruitment and training costs. To counteract this risk, SAF-HOLLAND is dedicated to offering diverse and impactful training opportunities that cater to the evolving needs of the workforce. Of course, providing training opportunities is not merely a risk mitigation strategy but also a pathway to enhancing workforce satisfaction and productivity. These training opportunities ultimately lead to a skilled and adaptable workforce, justifying the company's commitment to increasing relevant education and transferring company-specific knowledge through heightened productivity and efficiency.

In addition to broad advantages like these, a lack of training can also result in a growing gap between the skills employees possess and the skills demanded by an increasingly complex work environment, coined by fast technological developments and uncertainty, which demand constant innovation. Therefore, a focus on skill development is a necessity for building a creative and adaptive workforce that is capable of coping with challenging circumstances.

INNOVATION AND DIGITAL TRANSFORMATION

Beyond the required ESRS standards, the conducted dry run also captured additional material topics in the form of innovation and digital transformation. The following paragraphs include excerpts from the most important risks and opportunities discussed during the workshops.

Digital technologies contribute to an enhancement of employee engagement. This can be done by eliminating repetitive tasks and thereby creating a more dynamic and fulfilling work environment. This shift, reducing stress and promoting overall well-being, serves as a catalyst for increased motivation and morale. As employees experience a more positive work atmosphere, the company anticipates a subsequent boost in overall productivity. That being said, SAF-HOLLAND also recognizes that there are risks associated with the adoption of digital technologies. Particularly the automation of process raises concerns about job displacement, particularly for roles with lower qualifications. SAF-HOLLAND recognizes the importance of addressing

these concerns to maintain a positive and motivated workforce. To counteract job loss impacts, the company is committed to providing support mechanisms, such as training initiatives and clear communication, to alleviate feelings of uncertainty and uphold employee morale during the digital transition. Digitalization and training in addition can release internal resources for tasks and positions with limited availability of skilled people in the external job market what makes the company more robust in case of fluctuation.

Training initiatives such as these can also contribute to a more creative and adaptable workforce, fostering innovation, which is a mandatory requirement for SAF-HOLLAND to meet customer needs and preferences. Possible examples include but are not limited to the improvement of fuel efficiency and the reduction of particle emissions. These innovations not only align with environmental sustainability but also position SAF-HOLLAND as a forward-thinking industry leader committed to meeting evolving customer expectations.

ENVIRONMENT

GRI 2-24, 2-27, 3-3, 301-1, 302-1, 302-4, 303-3, 303-4, 303-5, 305-1, 305-2, 305-5, 305-6, 305-7, 306-3, 306-4, 306-5, 404-1

For SAF-HOLLAND, environmental protection through prevention, risk reduction and the responsible use of natural resources are core elements of its operating philosophy. The company therefore relies on efficient processes and closed material cycles, which create both ecological and economic added value along the entire value chain.

The Management Board is responsible for Group-wide activities relating to corporate environmental protection. Employees in the operations department are responsible for ensuring that the legal requirements and internal standards are met locally. Regional environmental experts and environmental management officers also initiate and monitor the local implementation of requirements. They also support the employees in collecting environmental data and implementing specific measures.

Of the 5,914 employees in total (previous year 3,366) who work for SAF-HOLLAND, 73% (previous year 67%) work at sites that have obtained environmental certification. Environmental certifications successfully target proper management, control and continuous improvement in the area of environmental protection. In the reporting year, environmental data was collected for all production sites in the EMEA, Americas and APAC regions. In 2023, no reportable incidents relating to non-compliance with environmental laws were recorded at SAF-HOLLAND.

The company's employees receive frequent training on environmental topics, in particular at the German locations, all employees take part in mandatory training on environmental protection topics once each year via an e-learning management system. Successful participation in the training is monitored and documented using examination questions. 1,100 people took part in this training in the reporting year.

To meet the legally prescribed operator obligations required of SAF-HOLLAND due to the relevant environmental, energy and occupational safety laws, a software-based compliance management system is used at the German sites. This enables recording and evaluation of the obligations arising from laws and regulations in a structured manner and initiation and control of targeted measures. Using statistical evaluations, the officers from the Health, Safety and Environmental departments are in the position to provide information on implementation status and the measures' effectiveness to the Management Board.

ENERGY

GRI 3-3, 302-1, 404-1

DESCRIPTION OF APPROACHES FOLLOWED

SAF-HOLLAND business activities require energy consumption for its various processes and non-renewable energy constitutes one of the elements associated with climate change. The risks of climate change for humans and nature require intensively addressing its causes and therefore seeking renewable sources of energy and reductions in energy consumption.

The responsible managers from the Health, Safety, and Environment areas from the EMEA, APAC and the Americas regions define actions to reduce energy consumption. The German sites have an energy management officer exclusively responsible for energy. Energy consumption at the Group's production sites is recorded to help derive appropriate reduction measures.

The sites in Bessenbach, Germany, are certified in accordance with the energy management standard ISO 50001. Those sites have achieved the goal of reducing energy use per production unit by a total of 4% by 2023 (baseline year 2018). By 2026, the goal is to save 3.6% in energy per reference unit compared to the 2022 baseline year.

At the German sites, the base of 44 metering points remained the same in the reporting year but will be increased as needed. Site related electricity and gas consumption is monitored and analyzed using a software-based monitoring system. For this purpose, consumption values are imported in real time from production and building technology.

Employees take part once a year in energy management training provided by the integrated e-learning management system. The training is obligatory and tests employees' level of knowledge using integrated exam questions.

Employees who fail to pass the test are required to repeat the training. If a participant fails the training three times, their supervisor is informed so that additional support can be provided. During the reporting year, a total of 721 employees took part in energy management training courses.

IMPACTS ON THE ECONOMY, THE ENVIRONMENT AND PEOPLE, INCLUDING IMPACTS ON HUMAN RIGHTS

The following topics were identified as **negative impacts**:

CURRENT IMPACTS:

- High energy costs for consumers and companies
- Rising cost of living with unchanged salary
- Increased demand for renewable energy solutions results in elevated acquisition costs for consumers and businesses

POTENTIAL IMPACTS:

- According to estimates, fossil energy and, consequently, renewable energy will become scarcer and more expensive. As a result, the costs for consumers and companies will remain high in the future and could even increase further.

The **positive impacts and opportunities** are the following:

CURRENT IMPACTS:

- Short-term measures to save energy by companies and private individuals make a positive contribution to environmental and climate protection
- Investments to further reduce energy consumption and supply will become economical in the medium term

POTENTIAL IMPACTS:

- Investments in renewable power generation increase independence and open additional revenue sources by feeding electricity into the public grid
- Increased use of renewable energies reduces CO₂ emissions

MEASURES, EFFECTIVENESS AND PROGRESS

In order to be able to react even more quickly to unusually high energy consumption, measurement of gas and electricity consumption at the production sites is carried out monthly. The most important energy source throughout the Group was electricity, with a share of 53% (previous year: 56%); gas accounted for 42% (previous year: 41%).

Energy consumption by region [%]

	2021	2022	2023
EMEA	38	44	34
Americas	54	47	55
APAC	8	9	11

Energy consumption by type [MWh]

Emission type	EMEA			Americas			APAC			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Natural gas	15,485	13,772	14,379	24,875	11,557	29,486	2,072	1,747	1,637	42,432	27,076	45,502
Liquid fuels	553	372	308	92	138	243	330	46	785	975	556	1,337
LPGs	0	0	0	3	0	2,183	0	155	174	3	155	2,357
Electricity	14,473	13,858	20,283	20,111	18,965	27,623	4,315	4,227	9,664	38,899	37,050	57,570
District heating	1,011	934	1,659	0	0	0	0	40	35	1,011	974	1,693
Total	31,522	28,935	36,629	45,081	30,660	59,536	6,717	6,216	12,296	83,320	65,811	108,460

Energy consumption by type [GJ]

Emission type	EMEA			Americas			APAC			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Natural gas	55,746	49,578	51,764	89,550	41,605	106,151	7,459	6,289	5,894	152,755	97,472	163,809
Liquid fuels	1,991	1,339	1,110	331	497	875	1,188	167	2,827	3,510	2,003	4,812
LPGs	0	0	0	11	0	7,859	0	558	627	11	558	8,486
Electricity	52,103	49,888	73,018	72,400	68,274	99,443	15,534	15,218	34,790	140,036	133,380	207,251
District heating	3,640	3,361	5,971	0	0	0	0	146	125	3,640	3,507	6,096
Total	113,479	104,166	131,863	162,292	110,376	214,328	24,181	22,378	44,264	299,952	236,920	390,455

In 2023, SAF-HOLLAND's total energy consumption amounted to 108,460 megawatt hours (previous year: 65,811 megawatt hours). The integration of Haldex contributed 23,294 megawatts hours to the total energy consumed in 2023; nevertheless, the megawatts hours average per million EUR of revenue of 2021 and 2022 was 54.4 and the result of 2023 was 51.5 megawatt hours per million EUR, representing a reduction of 5.4% in megawatt hours per revenue unit.

EMEA implemented actions helped to reduce natural gas consumption in 2023. Bessenbach locations lowered the temperature values on the premises, used KTL (cathodic dip painting) residual heat for water heating, replaced electric radiant heaters with radiant heaters, renewed ring burners and insulated heating pipes. The site in Düzce ensured on time maintenance and control, insulated open areas, renewed radiant board and installed thermostats and timers (to consume gas in determined times and determined temperatures). The Orlandi site in Italy changed the degrees of the temperatures at both sites.

Projects implemented by several sites helped to reduce electricity consumption. Bessenbach locations continued the implementation of LED technology. Monterrey, Sao Jose dos Campos and Suzhou eliminated air leakages of some outdated process equipment such as compressors. The Nashik plant implemented several improvements like provision of VFD (variable frequency drives) for some production equipment, air dryers and compressors, installation of HVLS (high-volume low-speed) fans and a lighting upgrade to LED.

ENERGY MANAGEMENT SOFTWARE

In 2023, SAF-HOLLAND initiated the global expansion of its established energy management system, which has proven to be successful in Germany over the past several years. This strategic move marks a significant milestone in SAF-HOLLAND's commitment to sustainability and operational efficiency.

The pilot project entails equipping select production sites worldwide with advanced meters, measuring electricity and gas consumption of major consumers. The data collected is transmitted to the organization's servers through sophisticated communication protocols. Leveraging its energy management monitoring software, SAF-HOLLAND can efficiently retrieve and interpret this data, creating a robust and comprehensive database of high quality.

This database empowers the company to make informed investment decisions and facilitates streamlined monitoring for any potential machinery defects. Besides, it displays real-time energy consumption and supports the organization in identifying more opportunities and measures for further energy conservation. SAF-HOLLAND's dedication to exceeding global standards is evident as it aligns with the stringent EU regulations on a company-wide basis, surpassing the legal requirements in many other countries that production sites are located in.

This initiative not only positions SAF-HOLLAND as a pioneer in the industry, but also showcases its commitment to environmental responsibility. As SAF-HOLLAND moves forward, the implementation of its energy management system at several sites in EMEA and APAC during 2023 sets the stage for the company's ambitious plans in 2024 – extending its usage also to the sites in the Americas. Through these proactive measures, SAF-HOLLAND leads the way to a greener, more sustainable future, reinforcing its dedication to excellence on a global scale.

SOLAR PROJECTS

SAF-HOLLAND's investments in solar energy projects across various locations not only underscore the company's dedication to renewable energy but have yielded tangible benefits as well.

INDIA (NASHIK AND PUNE)

In India, two solar energy projects have been implemented in Nashik and Pune. The Nashik project, completed in July of 2023, has a capacity of 255 MWh, and is expected to save 201 tons of CO₂ annually. This accomplishment aligns with SAF-HOLLAND strategic goals and reinforces its pledge to contribute meaningfully to global carbon reduction efforts. In Pune, the implementation of a solar capacity of 840 MWh has resulted in an estimated CO₂ savings of 322 tons per year, constituting 58% of the total required capacity for that particular site.

MEXICO (PIEDRAS NEGRAS)

In Mexico, SAF-HOLLAND is implementing a robust solar energy project at the new site in Piedras Negras with a capacity of 500 MWh, projected to contribute yearly CO₂ savings of 218 tons upon completion.

GERMANY (BESSENBACH)

At its headquarters in Bessenbach, Germany, SAF-HOLLAND will complete an ambitious project with a solar capacity of 1,936 MWh in 2024. This initiative will set a precedent for its other locations, promising significant CO₂ savings of approximately 1,130 tons. The notable reduction in carbon dioxide emissions is a significant step toward mitigating the environmental impact of traditional energy sources. This commitment is part of its broader sustainability agenda aimed at fostering eco-friendly business practices.

SAF-HOLLAND, as part of its commitment to reduce its carbon footprint, aims to expand its solar project investments to additional locations in the future.

EMISSIONS

GRI 3-3, 201-2, 305-1, 305-2

Greenhouse gas emissions [t CO₂e]

Emission Type	EMEA			Americas			APAC			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Direct emissions of greenhouse gases (Scope 1)	4,509	4,068	2,896	7,063	3,276	5,857	715	567	537	12,287	7,911	9,290
Total indirect emissions of greenhouse gases according to the location-based method GHG Protocol (Scope 2)	8,173	6,828	8,208	7,729	6,905	13,323	4,641	3,946	5,396	20,543	17,679	26,927
Total greenhouse gas emissions	12,682	10,896	11,104	14,792	10,181	19,180	5,356	4,513	5,934	32,830	25,590	36,218

As part of the evaluation of the environmental impact, SAF-HOLLAND measures greenhouse gas emissions (GHG emissions) Group-wide. Direct emissions to air (Scope 1) arise from the combustion of fossil fuels, particularly natural gas. Indirect emissions (scope 2) include all emissions associated with purchased energy (electricity and district heating). Further indirect emissions (scope 3) occur in the upstream and downstream processes of the business activities. As the company's life cycle assessment shows, this occurs primarily in the use of products.

The production sites determine their Scope 1 emissions on the basis of the energy sources used and their specific emission factors. Emissions of nitrous oxide (N₂O), methane (CH₄) and partly fluorinated hydrocarbons (HFC) are also included in the calculation. They are converted into CO₂ equivalents (CO₂e) according to their greenhouse potential.

Scope 2 emissions are calculated using the location-based method of the GHG Protocol. For this purpose, the emission factors from the ESG software

Envoria were used. In 2024, Scope 3 emissions will be measured in the categories relevant to SAF-HOLLAND.

In the reporting year, emissions amounted 36,218 metric tons of CO₂e. The addition of Haldex locations contributed to the increase in the total amount of emissions compared to 2021 and 2022; however, comparing the average of metric tons of CO₂e emissions per million EUR of revenue of 2021 and 2022, the result was 21.3 and the result of 2023 was 17.2 metric tons of CO₂e per million EUR, representing a reduction of 19.4% in CO₂e emissions per revenue unit.

Medium-term targets for reducing CO₂ emissions are set for the EMEA region. In the period from fiscal year 2023 to fiscal year 2027, the aim is to reduce the metric tons of CO₂ emissions by a total of 10%.

FROM TRANSITORY RISKS TO TRANSITORY OPPORTUNITIES

Transitory climate change risks relate to changes in the legal framework and tighter restrictions at a national or transnational level. Such changes include the increasing efforts of legislators to introduce CO₂ pricing. Through its membership in associations, networks and task forces, SAF-HOLLAND attempts to obtain information about regulatory plans at an early stage and to recognize any indications of changes in due time. This helps to keep cost- and price-relevant transitory risks of climate change at a low level. At the same time, SAF-HOLLAND wants to make institutional investors, who are important for the access to long-term capital, aware of the company's responsible approach to climate risks. With this aim in mind, the option to provide energy from renewable sources was analyzed, evaluated in greater depth during the reporting year and several solar projects were started to be implemented. Additionally, updates were made to the company's travel and car policies to help reduce CO₂ emissions.

In addition to the risks, however, SAF-HOLLAND also recognizes new business opportunities in connection with climate change. For example, there is the opportunity to position the company as a systems partner of a newly emerging green transport industry. Specifically, growing market opportunities are expected in connection with 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 digitalization and electrification as key fields of action.

DECARBONIZATION STRATEGY

As part of the SAF-HOLLAND ESG strategy, one of five strategic focus topics is to achieve net zero emissions no later than 2050.

This requires a substantial reduction of the so-called Scope 1, 2 and 3 emissions. In terms of Scope 1 and 2, SAF-HOLLAND aims to heavily increase the use of renewable energy sources across all its locations over the next couple of years. Key decarbonization technology topics include energy efficiency, green electricity, green thermal and carbon removal.

Based on this objective, SAF-HOLLAND decided to define a Decarbonization Strategy Blueprint/Template ("Net Zero Factory") for one of the company's key production sites in Bessenbach, Germany, as a first step.

Different potential vendors were identified and contacted to introduce their respective solutions. Based on their presentations and proposals, criteria such as price vs. deliverables, reputation, references, proprietary tools (e.g. scenario analysis), proposed project team, international footprint, maturity of offerings and roadmap were analyzed. In 2024, one of the suppliers will support the set-up of a decarbonization strategy blueprint.

The project will start in Q1/2024. After the decarbonization strategy design, the second step will be implementation in Bessenbach. Subsequently, the strategy will be rolled-out across the entire Group based on the designed blueprint.

WATER USE AND WITHDRAWAL

GRI 3-3, 303-1, 303-3

SAF-HOLLAND's production processes are in general not water-intensive. The coating processes are the only processes that require larger amounts of water. At some locations, these processes take place internally, at others, they are outsourced. Water is also used in cooling and cleaning processes.

The water is taken from the public drinking water system. As a matter of principle, SAF-HOLLAND uses the resource of water economically and has implemented solutions for the reuse of the water to the extent the infrastructure allows and as far as economically reasonable.

Water use by region

in m ³	2021	2022	2023
EMEA	22,479	19,279	23,270
Americas	28,909	24,477	32,112
APAC	37,220	21,135	38,717
Total	88,608	64,891	94,099
in %			
EMEA	25	30	25
Americas	33	37	34
APAC	42	33	41

In 2023, SAF-HOLLAND took 94,099 cubic meters (previous year: 64,891 cubic meters) of water from public water systems. The consolidation of the Haldex locations in 2023 increased the total amount of water compared to 2021 and 2022. However, in relation to the revenues of the company generated in recent years, the use of water is showing a reduction; the average of cubic meters of water use per million EUR of revenue in 2021 and 2022 is 56.3 and the result of 2023 is 44.7 cubic meters per million EUR, representing a reduction of 20.6% in water use per revenue unit.

Actions were taken by the SAF-HOLLAND locations to reduce water consumption. At the Alvorada site, for instance, a wastewater treatment plant was installed to reuse 441 m³ of water per month. At York in Pune, water is recycled for gardening, rain harvesting water is drained to the ground resulting in an increased ground water level. The Nashik site implemented a water management system, and the digital meters help to identify issues and opportunities to reduce water consumption.

When disposing of wastewater, SAF-HOLLAND complies with the locally applicable legal regulations. Even where this is not required, the company always feeds industrial wastewater to a wastewater treatment plant.

As a matter of principle, water pollution control facilities must be operated in a manner that ensures that there is no risk of contamination of the bodies of water or soil. In case of any leakage of liquids or unintentional contamination, however, this is remedied without delay.

WASTE AND RECYCLING

GRI 3-3, 306-1, 306-2, 306-3, 306-4, 306-5

A major part of SAF-HOLLAND's waste is generated during production, with metal as the most significant waste material in the form of metal chips and scrap. Waste is also generated in the form of wood and plastic from packaging. In the reporting year, the company's total waste volume was 19,538 metric tons (previous year: 11,182 metric tons).

Total waste volume [t]

	2021	2022	2023
EMEA	5,822	4,950	6,949
Americas	9,130	5,878	10,122
APAC	644	354	2,466
Total	15,596	11,182	19,538

Hazardous waste by region [%]

	2021	2022	2023
EMEA	4.2	3.7	11.9
Americas	4.3	4.0	3.4
APAC	7.3	0.2	6.1
Total	4.8	3.8	6.8

Waste disposal by type [%]

	EMEA			Americas			APAC		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Recycling	93	93	73	85	71	77	62	45	88
Incineration	3	5	24	2	4	1	34	0	2
Landfill	4	2	3	13	26	23	5	55	10

The integration of Haldex contributed 7,336 metric tons to the total waste in 2023; however, comparing the average of metric tons of waste per million EUR of revenue of 2021 and 2022, the result was 9.8 and the result of 2023 was 9.3 metric tons per million EUR, representing a reduction of 5.6% in waste per revenue unit.

Most of the waste generated can be easily recycled due to the reusability of the materials. Collection and transport of the various waste materials are organized and managed by regional waste management companies. This process fully complies with the legal requirements. The company sites measure waste to identify opportunities for reduction. The aim is also to increase the recycling rate to a level where production-related waste no longer needs to be landfilled.

All auxiliary and operating materials used in production are subject to a comprehensive approval process and checked for possible substitution by less hazardous substances or mixtures before being introduced. A hazardous substance can only be used in production once it has been approved by an environmental, occupational safety and hazardous substances officer. This helps prevent risks to the environment and employees.

During the reporting year, actions were executed by the production sites to reduce waste. Hence Szentlőrinc focused on decreasing waste by reducing the scrap ratio with engineering and product failure analysis in collaboration with the operational areas and suppliers. The Monterrey site reduced contaminated rags waste by 15% in 2023 compared to 2022. In addition, the Suzhou site recycled MT caliper packaging and reduced packaging waste. A few projects to reduce waste were implemented at York in Pune: wooden pallets, boxes, corrugated boxes from suppliers are recycled for internal usage, metal pallets were introduced to avoid wooden waste and paint sludge was reduced to up to 40% per axle by using a new paint booth.

REMANUFACTURING

GRI 301-2, 305-3

The SAF-HOLLAND facilities located in Marion, North Carolina, Columbia, South Carolina, and Little Rock, Arkansas, USA, specialize in the remanufacturing of heavy-duty brake parts, such as air compressors, brake shoes, water pumps, air dryers, and air disc brakes among other parts. The sites offer more than 2,000 remanufactured SKUs with an average mass recovery of 80%. All sites follow the process as set forth in the ANSI Std RIC001.2:

“Remanufacturing is a comprehensive and rigorous industrial process by which a previously sold, leased, used, worn, remanufactured or non-functional product or part is returned to a Like-new, Same-as-when-new, or Better-than-when-new condition, from both a quality and performance perspective, through a controlled, reproducible and sustainable process. Remanufacturing can help enable the transition to a circular and low carbon economy.”

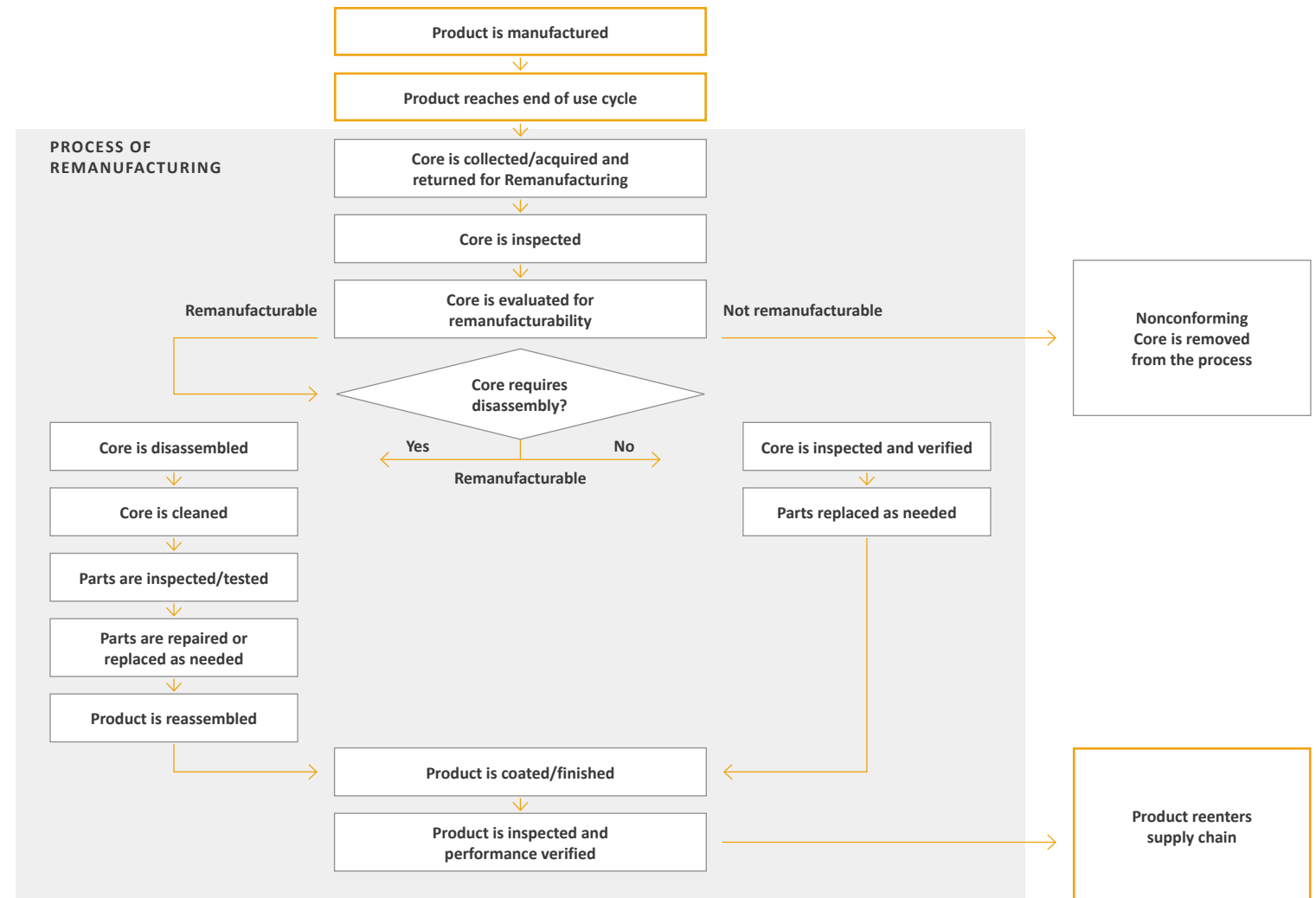
SAF-HOLLAND is a major contributor in the HD remanufacturing industry and an advocate for a more robust circular economy. For over 40 years, the sites have contributed to the circular economy and company representatives are heavily involved in the Remanufacturing Industries Council, which

is the main proponent of advocating, educating, and collaborating on the advancement of the remanufacturing industry. The circular economy can be at the forefront in carbon neutrality with remanufacturing sitting at the top. In remanufacturing, the goal is to bring components and parts back to a Like New condition, which prevents excessive mining, processing, water consumption and other environmental impacts.

In 2023, the remanufacturing operations saved more than 10,000 tons of materials:

- Iron: 9,825 tons
- Aluminum: 28 tons
- Wood/paper: 765 tons
- Filter media: 44 tons

Remanufacturing reduces the consumption of natural resources, energy, and ultimately the emission of greenhouse gases. All this while providing SAF-HOLLAND customers with a high-quality product that is warranted to the equivalent to the OE at a lower price.

Example of flow map for the process of remanufacturing

PRODUCT INNOVATIONS

For years, the automotive industry has been working on alternative drive concepts in response to climate change and the growing desire for individual mobility. The commercial vehicle industry is also focusing on related research and development. New legal requirements and the increasing automation of transport processes present the industry with major challenges – but also with opportunities in the areas of decarbonization and digitalization.

SAF-HOLLAND is actively involved in realizing these trends. Thanks to their long-established experience in the trailer and truck industry, SAF-HOLLAND partners and customers can also count on the company's support in the area of alternative drive concepts.

During product development, the company continuously strives to combine quality and durability with efficiency and advances in environmental and climate protection.

EMISSIONS REDUCTIONS

With SAF-HOLLAND's SAF TRAKr and SAF TRAKe electric axles, the goal is to contribute to reducing CO₂ emissions of vehicles and increase safety. SAF-HOLLAND's TrailerMaster trailer telematics solutions offer a connectivity solution for the trailer and semitrailer via a mobile network connection that can be used to continuously monitor the vehicle's status. The telematics' optional brake performance monitoring improves vehicle safety by continuously monitoring the actual brake performance.

SAF TRAKr and SAF TRAKe, two expansion stages of electrified trailer axles, need to meet several requirements by converting the vehicle's kinetic energy into electricity during braking (recuperation). The technology reduces the fuel consumption of the entire vehicle combination and, in turn, the CO₂ emissions and operating costs of the semitrailer in question. It also helps reduce local emissions caused by road transport (including, but not limited to nitrogen oxides and noise).

The electrified axle TRAKr can be used to operate auxiliary equipment such as cooling units, pumps, sliding floors or lifting equipment and cranes. The SAF TRAKe also uses the stored energy to support the main drive of the tractor unit in situations with demanding road conditions or increased demand for drive power. Both products require little installation space and are designed according to SAF-HOLLAND's standardized product and modular system.

SAF-HOLLAND is working very closely with its strategic partners on testing e-axes. The common objective is to gather knowledge for further product development and, after launching the SAF TRAKr and the SAF TRAKe, get them on the road as quickly, safely and reliably as possible.

The product portfolio also includes the Air Disc Brake developed by Haldex, which has a high market share in the trailer segment in Europe. The focus for the development of the Air Disc Brake lies in weight reduction, process improvements and particle emission reduction. This includes the friction pair i. e. pads and disc.

The new generation of EBS, the EB+4.0, further improves vehicle safety as it brings parking brake control into electronic management and offers a new modular and customizable approach to customer-specific functions. As a multi-voltage platform that can be used as both ABS and EBS with significant weight reduction and a lower estimated CO₂ footprint of up to 30% compared to the previous generation, this new platform is aligned with market needs.

SAFETY AND SERVICE LIFE INCREASED, COSTS REDUCED, DOWNTIMES AVOIDED

Next to conserving resources, testing the use of critical materials, energy efficiency in manufacturing and operational use, the company's innovation work in 2023 also focused on safety, quality, operating costs and product lifetime.

Together with colleagues from the Digital Team, the development engineers are steadily working on digitizing products and making systems easier to use, more safe and more efficient. The focus is on sensor-based solutions for monitoring the wheel end as well as other conditions and wear data of other chassis components, such as brakes. These solutions enable drivers to take precautionary action and save the fleet operators unnecessary maintenance work. In this way, the products help improve road safety and increase the resource efficiency of transport processes.

Since 2021, European customers have been using the “I.Q. PORTAL” (I.Q. = Intelligent Quality) as a one-stop source online to find important aftersales information, such as product data and images and PDF documents for identifying and ordering spare parts or filing a complaint. The portal enables them to reliably identify which new or additional components are suited for their products and order them as required. This saves unnecessary returns, which reduces costs and the use of resources.

SAFE AND RESOURCE-SAVING PRODUCT USE THROUGH SUPPORTING E-LEARNING PLATFORM

To ensure the safe and resource-saving use of SAF-HOLLAND products, it is also important to make customers and drivers aware of the products' potential. Through the introduction of an e-learning platform for aftermarket customers in Europe and webinars for American customers, the company allied the foundation in 2020 for allowing the continued exchange of know-how. In addition, the company offers its own employees the option to use the LinkedIn e-learning tool, which can be used as an additional training platform to supplement the current internal training courses executed by the relevant departments.

The new “smart axle” equipped with sensors helps customers to keep the chassis of their trucks and trailers in roadworthy condition at all times. As a result, it increases safety, lowers operating and maintenance costs, and reduces the use of resources. Among other functions, the “smart axle” monitors wheel bearing condition, brake wear and tire pressure and transmits

this data to drivers and fleet operators. It can also determine the load condition over the entire axle load of the trailer. The solution continuously measures the status of the vehicle's monitored components and can provide real-time information to drivers and fleet operators, which can prevent vehicle downtime. It can also be used as the basis for predictive maintenance, which will be possible in the future.

PREPARING FOR AUTONOMOUS DRIVING

The data collected by these solutions can also be used for autonomous driving systems. This makes it possible to diagnose faults and maintain the system without a driver, for example. With only a few sensors in the right place, there are a variety of possible applications to increase the value creation for customers. The interaction of the axle and EBS plays a particularly important role in this respect to jointly develop new functions.

The new regulation of the United Nations Economic Commission for Europe (UNECE): ECE R 141 specifying type approvals for tire pressure monitoring systems was postponed from 2022 to 2024. The regulation requires tire pressure to be continuously monitored and corrected when possible and the corresponding information to be transmitted to the driver in the cab. To meet these requirements, SAF-HOLLAND is further developing its “SAF TIRE PILOT” system, which continuously monitors and optimally adjusts tire pressure. The system helps reduce local emissions, such as abraded fine dust particles, by keeping tire pressure within the optimal range. In this way, unnecessary tire wear is prevented and rolling resistance is minimized, thereby reducing the vehicle's energy consumption.

During the reporting year, SAF-HOLLAND invested 2.1% of total sales in research and development (previous year: 1.5%). This increase in research and development share in 2023 partially results out of the integration of Haldex which has driven historically a higher research and development share. In absolute terms, expenditures amounted to EUR 43.2 million (previous year: EUR 23.3 million), hence 86.1% more was invested in research and development than in the previous year. In the areas of development, design and testing, the company employed 287 people worldwide in 2023 (previous year: 188 employees).

EU TAXONOMY REPORTING

CONSOLIDATED DISCLOSURES PURSUANT TO ART. 8 TAXONOMY REGULATION

The Taxonomy Regulation is a key component of the European Commission's action plan to redirect capital flows towards a more sustainable economy.

It represents an important step towards achieving carbon neutrality by 2050 in line with EU goals as the Taxonomy is a classification system for environmentally sustainable ("Taxonomy-aligned") economic activities.

In the following section, SAF-HOLLAND as a non-financial parent undertaking presents the share of the Group turnover, capital expenditure (CapEx) and operating expenditure (OpEx) for the reporting period 2023, which are associated with Taxonomy-eligible economic activities related to the six environmental objectives. Those objectives are:

1. climate change mitigation (CCM),
2. climate change adaptation (CCA),
3. sustainable use and protection of water and marine resources (WTR),
4. transition to a circular economy (CE),
5. pollution prevention and control (PPC), and
6. protection and restoration of biodiversity and ecosystems (BIO).

Taxonomy-eligible economic activity means an economic activity that is described in the delegated acts supplementing the Taxonomy Regulation (i.e. the Climate Delegated Act and the Environmental Delegated Act as of

now) irrespective of whether that economic activity meets any or all of the technical screening criteria laid down in those delegated acts. As of 2023, non-financial undertakings must report on the Taxonomy-eligible economic activities related to all six environmental objectives. An activity that is not described in the delegated acts supplementing the Taxonomy Regulation is referred to as a Taxonomy-non-eligible economic activity.

Taxonomy-aligned economic activity means an economic activity that complies with all of the following requirements:

- a. the economic activity contributes substantially to one or more of the environmental objectives;
- b. it does not significantly harm any of the environmental objectives;
- c. it is carried out in compliance with the minimum safeguards; and
- d. it complies with technical screening criteria in the delegated acts supplementing the Taxonomy Regulation (i.e. Climate Delegated Act and Environmental Delegated Act as of now).

In 2023, non-financial undertakings have to report on taxonomy-aligned economic activities, which are related to the first two (climate-related) environmental objectives. For the remaining four environmental objectives, SAF-HOLLAND will be reporting information on the taxonomy-alignment of its economic activities from the annual period 2024.

TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES

SAF-HOLLAND has examined the relevant activities of the Group and identified the following taxonomy-eligible economic activities in accordance

with the different annexes of the Climate Delegated Act (environmental objectives 1 and 2) and of the Environmental Delegated Act (environmental objectives 3 to 6).

Environmental objective 1: Climate change mitigation (CCM)

Activity name	Activity number	Description
		Manufacture of technologies aimed at substantial greenhouse gas emission reductions in other sectors of the economy.
		SAF-HOLLAND produces the following products for which production processes are classified as the economic activity 3.6:
		— Electrified axles TRAKE and TRAKr,
		— Air Disc Brake (ADB),
		— Electric Brake System (EBS) and
		— Electromechanical Brake (EMB).
Manufacture of other low carbon technologies	CCM 3.6	
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	Construction, extension and operation of water collection, treatment and supply systems. — e.g. collection of rainwater, treatment of water for industrial purposes, distribution of water through mains.
Construction, extension and operation of waste treatment of wastewater collection and treatment	CCM 5.3	Construction, extension and operation of centralized wastewater systems including collection (sewer network) and treatment. — e.g. sewerage; wastewater collection tanks in some facilities, construction of other civil engineering projects.
Collection and transport of non-hazardous waste in source segregated fractions ²	CCM 5.5	Separate collection and transport of non-hazardous waste in single or comingled fractions aimed at preparing for reuse or recycling. — e.g. collection of non-hazardous waste (metal, plastic, wood, paper, etc.), usually to be sent and sold to other companies to be reused or recycled.
Operation of personal mobility devices, cycle logistics	CCM 6.4	Selling, purchasing, financing, leasing, renting and operation of personal mobility or transport devices where the propulsion comes from the physical activity of the user, from a zero-emissions motor, or a mix of zero-emissions motor and physical activity. This includes the provision of freight transport services by (cargo) bicycles. — e.g. renting, leasing, purchasing or operation of transport devices like bicycles and electric bikes.
Transport by motorbikes, passenger cars and commercial vehicles	CCM 6.5	Purchase, financing, renting, leasing and operation of vehicles designated as category M1, N1, as per the relevant EU legislation, or L (2- and 3-wheel vehicles and quadricycles). — e.g. renting and leasing of cars and light motor vehicles; service vehicles, company vehicles, employee transport. Leasing, renting, purchasing or operation of electric cars.
Freight transport services by road	CCM 6.6	Purchase, financing, leasing, rental and operation of vehicles designated as category N1, N2 or N3 falling under the scope of EURO VI, step E or its successor, for freight transport services by road. — e.g. freight transport by road; postal activities under universal service obligation; renting and leasing of trucks.

Environmental objective 1: Climate change mitigation (CCM)

Activity name	Activity number	Description
Construction of new buildings ^{1,3}	CCM 7.1	Development of building projects for residential and non-residential buildings by bringing together financial, technical and physical means to realize the building projects for later sale as well as the construction of complete residential or non-residential buildings, on own account for sale or on a fee or contract basis.
Renovation of existing buildings	CCM 7.2 ⁴	Construction and civil engineering works or preparation thereof. — e.g. renovation of existing buildings (expansion, modernization), specialized construction activities.
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	Individual renovation measures consisting of installation, maintenance or repair of energy efficiency equipment. — e.g. addition of insulation, replacement of existing windows & doors, Replace obsolete lighting in LED, installation, replacement, maintenance and repair of heating, ventilation and air-conditioning (HVAC) and water heating systems.
Installation, maintenance and repair of charging stations of electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings. — e.g. installation, maintenance or repair of charging stations for electric and hybrid vehicles.
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings. — e.g. installation, maintenance and repair of zoned thermostats, smart thermostat systems and sensing equipment, including motion and day light control, automation and control systems, building energy management systems, lighting control systems and energy management systems, smart meters, façade and roofing elements with a solar shading or solar control function.
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	Installation, maintenance and repair of renewable energy technologies, on-site. — e.g. installation, maintenance and repair of solar photovoltaic systems, solar hot water panels, heat pumps, wind turbines, thermal or electric energy storage units, solar transpired collectors and the ancillary technical equipment, heat exchanger/recovery systems.
Acquisition and ownership of buildings ¹	CCM 7.7	Buying real estate and exercising ownership of that real estate. — e.g. buying industrial buildings, exercising the ownership of buildings (check buildings used and recorded in fixed assets).

Environmental objective 2: Climate change adaptation (CCA)

Activity name	Activity number	Description
Emergency services	CCA 14.1	Emergency services activities including different types, such as disaster response coordination or emergency health services (as completely listed in the Climate Delegated Act). — e.g. activities of safety committees and first aid responders established in the different locations of the Group.
Flood risk prevention and protection infrastructure	CCA 14.2	The activity refers to structural measures (e.g. dykes, river embankments) and non-structural measures (e.g. flood awareness raising campaigns) aiming at prevention and protection of people, ecosystems, cultural heritage and infrastructure against floods (as completely listed and specified in the Climate Delegated Act). — e.g. construction of water projects, constructions for prevention and protection of people, ecosystems, cultural heritage and infrastructure against floods.

Environmental objective 3: Sustainable use and protection of water and marine resources (WTR)

Activity name	Activity number	Description
Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems	WTR 1.1	The economic activity manufactures, installs, or provides associated services for leakage control technologies that enable leakage reduction and prevention in water supply systems (WSSs). — e.g. water collection, treatment and leakage control systems to enable leakage reduction.

Environmental objective 4: Transition to a circular economy (CE)

Activity name	Activity number	Description
Production of alternative water resources for purposes other than human consumption	CE 2.2	Construction, extension, operation and renewal of facilities for producing reclaimed water, facilities for harvesting rain and storm water and facilities for collection and treatment of grey water. These alternative water resources are used to replace water from abstraction or from the drinking water supply systems and can be used for aquifer recharge, irrigation, industrial reuse, recreation and any other municipal use. — e.g. construction of other civil engineering projects, Sewerage. According to a survey, water reuse eligible for Alvorada, Querétaro, Pune (York), Yangzhou and Melton.
Collection and transport of non-hazardous and hazardous waste ²	CE 2.3	Separate collection and transport of non-hazardous and hazardous waste aimed at preparing for re-use or recycling, including the construction, operation and upgrade of facilities involved in the collection and transport of such waste, such as civic amenity centres and waste transfer stations, as a means for material recovery.
Construction of new buildings ³	CE 3.1	The development of construction projects for residential and non-residential buildings by combining financial, technical, and physical means with a view to sell the building upon delivery or at a later date, as well as the construction of complete residential or non-residential buildings, on own account for sale or on a fee or contract basis.
Renovation of existing buildings ⁴	CE 3.2	Construction and civil engineering works or preparation thereof.
Provision of IT/OT data-driven solutions	CE 4.1	The activity manufactures, develops, installs, deploys, maintains, repairs or provides professional services, including technical consulting for design or monitoring of e.g. software and information technology used for collecting data from equipment or products, tracking materials, lifecycle assessment, eco-design of the products or supplier management (as completely listed in the Environmental Delegated Act). — e.g. computer programming, consultancy and related activities, information service activities for remote monitoring and predictive maintenance, lifecycle assessments, eco-design of products.
Repair, refurbishment and remanufacturing	CE 5.1	Repair, refurbishment and remanufacturing of goods that have been used for their intended purpose before by a customer (physical person or legal person). — e.g. Friction business in Americas (Marion, Little Rock and Columbia) remanufactures goods that have been used for their intended purpose before by a customer.
Sale of spare parts	CE 5.2	Preparation for re-use of products and components at the end of life. — e.g. the sale of spare parts is part of the SAF-HOLLAND business model.

Environmental objective 5: Pollution prevention and control (PPC)

Activity name	Activity number	Description
Collection and transport of hazardous waste	PPC 2.1	<p>Separate collection and transport of hazardous waste prior to treatment, material recovery or disposal, including the construction, operation and upgrade of facilities involved in the collection and transport of such waste, such as hazardous waste transfer stations, as a means for appropriate treatment.</p> <p>— e.g. collection of hazardous waste, hazardous waste is handled in the manufacturing sites for some processes (painting, machining, cleaning substances, etc.).</p>
Remediation of contaminated sites and areas	PPC 2.4	<p>The activity includes e.g. decontamination of soils, industrial plants, surface water (after accidental pollution), cleaning up oil spills, material abatement of hazardous substances, clean-up after disasters from natural hazards like flooding (as completely listed in the Environmental Delegated Act).</p> <p>— e.g. incident driven activity (cases like cleaning of paint spills).</p>

¹ As per the FAQs for the EU Taxonomy (C/2023/267, No. 107), SAF-HOLLAND decided to include construction activities related to buildings owned by SAF-HOLLAND in economic activity CCM 7.7. This means that such activities are not reported under economic activity CCM 7.1.

² There is an identity between economic activity CE 2.3 and economic activity CCM 5.5. SAF-HOLLAND materiality assessment in accordance with ESRS 1 indicated that the topic climate change is, due to the impacts, risks and opportunities attached, far more relevant to SAF-HOLLAND than the topic transition to the circular economy. For this reason, the company attributed the financial data of the corresponding economic activity exclusively to the environmental objective 1 under the EU Taxonomy (climate change mitigation), which results in reporting the relevant financial data under economic activity CCM 5.5 instead of economic activity CE 2.3.

³ There is an identity between economic activity CE 3.1 and economic activity CCM 7.1. SAF-HOLLAND materiality assessment in accordance with ESRS 1 indicated that the topic climate change is, due to the impacts, risks and opportunities attached, far more relevant to SAF-HOLLAND than the topic transition to the circular economy. For this reason, the company attributed the financial data of the corresponding economic activity exclusively to the environmental objective 1 under the EU Taxonomy (climate change mitigation), which results in reporting the relevant financial data under economic activity CCM 7.1 instead of economic activity 3.1. See footnote 1 on the relationship between the economic activities CCM 7.1 and CCM 7.7.

⁴ There is an identity between economic activity CE 3.2 and economic activity CCM 7.2. SAF-HOLLAND materiality assessment in accordance with ESRS 1 indicated that the topic climate change is, due to the impacts, risks and opportunities attached, far more relevant to SAF-HOLLAND than the topic transition to the circular economy. For this reason, the company attributed the financial data of the corresponding economic activity exclusively to the environmental objective 1 under the EU Taxonomy (climate change mitigation), which results in reporting the relevant financial data under economic activity CCM 7.2 instead of economic activity CE 3.2.

SAF-HOLLAND did not identify any activities that meet the description of the economic activities listed in Annex IV of the Environmental Delegated Act (environmental objective 6: Protection and restoration of biodiversity and ecosystems (BIO)).

SCOPE OF THE TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES

SAF-HOLLAND decided to focus the EU Taxonomy reporting on a selected group of 17 subsidiaries of the Group for the reporting year 2023. Hence, SAF-HOLLAND included the financial data of most of the production sites and of the biggest distribution center of the Group in terms of sales. The selected subsidiaries at the end of 2023 employed 83% of the total number of employees of the company. The subsidiaries included are:

Selected subsidiaries for the EU Taxonomy reporting

BU code	Entity	Type	Country
E.1101	SAF-HOLLAND GmbH	Production	Germany
E.1111	SAF-HOLLAND Polska Sp.z.o.o	Distribution	Poland
E.1121	SAF-HOLLAND do Brasil	Production	Brazil
E.1124	SAF-HOLLAND (YZ) Vehicle Parts Co., Ltd.	Production	China
E.1128	SAF-HOLLAND Otomotiv Sanayi	Production	Turkey
E.1202	SAF-HOLLAND Inc.	Production	USA
E.1208	SAF-HOLLAND Canada Ltd.	Production	Canada
E.1209	SAF-HOLLAND (Aust) Pty. Ltd.	Production	Australia
E.1215	SAF-HOLLAND International de Mexico	Production	Mexico
E.1304	York Transport Equipment (India) Pte. Ltd.	Production	India
E.1602	Haldex AB	Production	Sweden
E.1613	Haldex Brake Products Corp.	Production	USA
E.1615	Haldex Products de Mexico	Production	Mexico
E.1619	Haldex Hungary Kft.	Production	Hungary
E.1626	Haldex Vehicle Products Co. Ltd.	Production	China
E.1628	Haldex India Ltd.	Production	India
E.1630	Haldex do Brasil	Production	Brazil

RELEVANT JUDGEMENT ON THE TAXONOMY-ELIGIBILITY OF THE ECONOMIC ACTIVITIES

Economic activity CCM 3.18 under the Climate Delegated Act, Annex I

In 2023, a new economic activity was added to the Climate Delegated Act, Annex I. This economic activity 3.18 “Manufacture of automotive and mobility components” is generally relevant for SAF-HOLLAND as the Group produces different automotive components (see above). However, for fiscal year 2023, the company has not finally analyzed its products and production processes against economic activity 3.18 and therefore the taxonomy reporting does not include economic activity 3.18. The reason is that the description of this economic activity contains numerous significant adoption and interpretative issues that, as of the end of the year 2023, were not yet resolved. SAF-HOLLAND expects these issues to be resolved in 2024, e.g. by the publication of additional guidance of the EU Commission, to be able to report eligibility against economic activity 3.18 for the next reporting period.

Economic activity CCM 3.6 under the Climate Delegated Act, Annex I

The description of economic activity 3.6 “Manufacture of other low carbon technologies” includes the notion of manufacture of technologies aimed at substantial greenhouse gas emission reductions in other sectors of the economy. SAF-HOLLAND conducted an eligibility analysis of some of its products in order to assess whether a reduction in GHG emissions is attributable to their use. Consequently, the company has classified the production processes of the following products of the Group as economic activity 3.6: electrified axles TRAKe and TRAKr, Air Disc Brake (ADB), Electric Brake System (EBS) as well as Electromechanical Brake (EMB). Other products of the portfolio were classified as taxonomy-non-eligible under this economic activity.

Core business activities and external turnover

With a view to the revenue-generating economic activities, SAF-HOLLAND as a manufacturer of automotive components assessed the business by its contribution to provide climate neutral and low carbon technologies. Therefore, with a view to the environmental objective of climate change mitigation, the production processes reported under economic activity 3.6 represent the company's core business activities. Moreover, for the environmental objective of transition to a circular economy (CE) repair, refurbishment and remanufacturing (CE 5.1) and the sale of spare parts (CE 5.2) were identified as eligible core business activities of the Group.

Underlying activities, such as acquisition/construction of new buildings (for the production sites), are subsumed under the company's core activities, as they only support the main activities. Such activities underlying core business activities are not reported as separate taxonomy-eligible activities but are deemed an integral part of the company's core activities. However, such activities (e.g. acquisition/construction of new buildings) are reported as separate Taxonomy-eligible activities if they, considering the relevant circumstances, do not support production processes (e.g. a building used for administrative purposes only).

TAXONOMY-NON-ELIGIBLE ECONOMIC ACTIVITIES

SAF-HOLLAND manufactures certain products that have been excluded from classifying them under economic activity 3.6, although they also contribute to reducing greenhouse gas emissions in other sectors. The reason for classifying such products and the related production processes as taxonomy non-eligible is that either the reductions of greenhouse gas emissions in other sectors are not sufficient to be deemed "substantial" (e.g. reduction of approx. 2%) or the data quality to evidence the emission reduction and its causal relationship with the product is not sufficiently reliable (yet). This reasoning

applies to products like weight-reduced axles and TirePilot (an axle-based tire pressure control), which in principle contribute to emission reductions. Furthermore, there is also a group of products for which no analysis has been conducted in detail because they are clearly EU Taxonomy non-eligible.

TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

Since fiscal year 2022, SAF-HOLLAND must report its taxonomy-aligned economic activities, which are related to the first two environmental objectives (climate change mitigation and climate change adaptation) for the economic activities that were identified to be taxonomy-eligible (see above for fiscal year 2023). As for the current annual period (2023), these economic activities were assessed not to be taxonomy-aligned. This is because, for the time being, the company does not fully comply with the minimum safeguard requirements and has not yet carried out a robust climate risk and vulnerability analysis (DNSH criterion under climate change mitigation).

As for the economic activities that relate to the environmental objectives 3 to 6 (see above), no reporting of taxonomy-alignment is required for the current annual period.

KPIS AND ACCOUNTING POLICIES

The key performance indicators ("KPIs") within the EU Taxonomy include the turnover KPI, the CapEx KPI and the OpEx KPI. For the reporting period 2023, the KPIs must be disclosed with regard to taxonomy-aligned, taxonomy-eligible and taxonomy non-eligible economic activities (Art. 10 (2) of the Art. 8 Delegated Act). The specification of the KPIs is determined in accordance with Annex I of the Art. 8 Delegated Act. As the company does not disclose any taxonomy-aligned turnover, CapEx or OpEx (no taxonomy-aligned economic activities as yet, see above), in the following, SAF-HOLLAND describes its accounting policies in this regard for taxonomy-eligible KPIs in accordance with the legal requirements.

TURNOVER KPI

Definition

The share of taxonomy-eligible economic activities in total turnover has been calculated as the part of net turnover derived from products and services associated with taxonomy-eligible economic activities (numerator) divided by the total net turnover (denominator), in each case for the Group's fiscal year from 01/01/2023 to 12/31/2023.

The denominator of the turnover KPI is represented by the consolidated net turnover in accordance with IAS 1.82(a) (please find the company net turnover reported as "sales" as the first line item of the Consolidated Statement of Comprehensive Income in the IFRS Consolidated Financial Statements on page 106 of the SAF-HOLLAND Annual Report 2023). For further details on the company accounting policies regarding consolidated net turnover, please see page 127 following and Note 5.1 of the SAF-HOLLAND Annual Report 2023.

The numerator of the (eligible) turnover KPI is defined as the net turnover derived from products and services associated with taxonomy-eligible economic activities, e.g. from the products classified under economic activity CCM 3.6 or CE 5.2 (see above).

As the information on turnover was available in the SAF-HOLLAND IT systems on the level of each individual product identified as linked to eligible economic activities, no allocations were needed to determine the amount of eligible turnover. Also, because of the structure of the economic activities identified and their relation to the environmental objectives, the company did not identify any allocation needs or double counting issues, since the turnover-generating economic activities either exclusively relate to environmental objective 1 (climate change mitigation) or to environmental objective 4 (transition to the circular economy).

CAPEX KPI

Definition

The CapEx KPI is defined as taxonomy-eligible CapEx (numerator) divided by the company's total CapEx (denominator).

Total CapEx consists of additions to tangible and intangible fixed assets during the fiscal year before depreciation, amortization and any re-measurements, including those resulting from revaluations and impairments, as well as excluding changes in fair value. It includes acquisitions of tangible fixed assets (IAS 16), intangible fixed assets (IAS 38) and right-of-use assets (IFRS 16), as SAF-HOLLAND does not own investment properties (IAS 40) or biological assets (IAS 41). Additions resulting from business combinations are also included. Additions to goodwill are not included in CapEx, as goodwill is not defined as an intangible asset in accordance with IAS 38. For further details on the company's accounting policies regarding CapEx, see sections "Intangible assets," "Property, plant and equipment" and "Leases" in the chapter "Summary of key accounting policies" on pages 117 to 119 of the SAF-HOLLAND Annual Report 2023.

The numerator consists of the following categories of taxonomy-eligible CapEx:

- a. CapEx related to assets or processes that are associated with taxonomy-eligible economic activities ("category a"):

SAF-HOLLAND considers that assets and processes are associated with taxonomy-eligible economic activities when they are components within an economic activity. Consequently, all CapEx invested, in machinery for an eligible production process or related buildings, for example, are considered in the numerator of the CapEx KPI.

Due to the challenges that came with the integration of Haldex AB (acquired as of February 21 2023, see SAF-HOLLAND Annual Report 2023, page 130 following) the relevant assets (property plant and equipment, intangible assets and rights of use) that were subject to this business combination and to the consequential initial consolidation in the IFRS consolidated financial statements of SAF-HOLLAND for the financial year 2023 were not attributed to the eligible economic activities of the SAF-HOLLAND group. Hence, the corresponding additions (from business combination) within the EU Taxonomy reporting do not form part of eligible CapEx, (numerator of the CapEx KPI) while they are considered in the total CapEx (denominator of the CapEx KPI). However, additions of the relevant assets that applied to the Haldex entities subject to the analysis (see listing above), that occurred after the Haldex integration were considered in calculating eligible CapEx for the SAF-HOLLAND group in the financial year 2023.

- b. CapEx that are part of a “CapEx plan” to upgrade a taxonomy-eligible economic activity to become taxonomy-aligned or to expand a taxonomy-aligned economic activity require an assessment of taxonomy-alignment of the activities (“category b”).

The company has not prepared a CapEx plan in the sense of the EU taxonomy. Hence, the numerator of SAF-HOLLAND’s CapEx KPI does not contain any amounts relating to CapEx category b.

- c. CapEx related to the purchase of output from Taxonomy-eligible economic activities and individual measures enabling certain target activities (usually non-eligible activities) to become low-carbon or to lead to greenhouse gas reductions (“category c”). The corresponding amounts are considered as taxonomy-eligible CapEx when the purchased output/ individual measure meets the description of its respective (eligible) economic activity.

SAF-HOLLAND has not identified, in the current fiscal year, any amounts under this CapEx category that would not at the same time meet the criteria of category a. Therefore, the numerator does not include any amounts relating to CapEx category c.

The total CapEx can be reconciled to the Consolidated Financial Statements. Please see the corresponding tables on changes in intangible assets, property, plant and equipment and in right-of-use assets on the pages 144 and 148 in the SAF-HOLLAND Annual Report 2023; the relevant amounts are reported under the two-line items (movement types) “Additions” and “Additions from initial consolidation.”

Allocation keys

Where both taxonomy-eligible and taxonomy-non-eligible economic activities relate to capital expenditures, the taxonomy-eligible portion of CapEx is determined on the basis of appropriate allocation measures depending on the specific situation (e.g. occupancy of an asset by activities or number of output units produced). CapEx related to different eligible economic activities likewise was allocated using appropriate allocation measures; however, this necessity only applied to rare circumstances.

Double counting in the allocation in the numerator of CapEx KPI

As SAF-HOLLAND does not yet have an established CapEx plan (CapEx category b, see above) and did not specifically identify CapEx category c (see above), the numerator only includes amounts that relate to CapEx category a. Hence, no individual amounts of capital expenditure were considered multiple times (under multiple categories) within the numerator and therefore double counting was avoided. Furthermore, individual incidents, where the risk of double counting was identified in the data collection process, were discussed and resolved on an individual basis to avoid double counting in the information generated.

OPEX KPI

Definition

The OpEx KPI is defined as taxonomy-eligible OpEx (numerator) divided by the total OpEx (denominator). Total OpEx consists of direct non-capitalized costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, training costs and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment. This includes:

- Research and development expenditure recognized as an expense during the reporting period in the statement of profit or loss and other comprehensive income. In line with the company's Consolidated Financial Statements (IAS 38.126), this includes all non-capitalized expenditure that is directly attributable to research or development activities.
- The volume of non-capitalized leases was determined in accordance with IFRS 16 and includes expenses for short-term leases and low-value leases. Even though low-value leases are not explicitly mentioned in the Art. 8 Delegated Act, the company has interpreted the legislation as to include these leases.
- Maintenance and repair and other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment were determined based on the maintenance and repair costs. The related cost items can be found in various line items in the statement of profit or loss and other comprehensive income, including production costs (maintenance in operations). This also includes building renovation measures. In general, this includes staff costs, costs for services, and material costs for daily servicing as well as for regular and unplanned maintenance and repair measures. These costs are either attributed or allocated to PP&E.

- Direct costs for training and other human resources adaptation needs are also included in the denominator.

The following expenditures relating to the day-to-day operation of property, plant and equipment were, among others not meeting the aforementioned criteria, not included in the denominator of the OpEx KPI: raw materials, cost of employees operating the machine, electricity or fluids that are necessary to operate property, plant and equipment.

With regard to the numerator, it refers to the corresponding information on the CapEx KPI (see above).

With regard to the use of allocation keys, reference is made to the corresponding statements on the CapEx KPI.

In addition, the company has applied allocation keys on personnel costs, according to which the proportion of hours spent by people that related to maintenance of assets was applied to the total personnel costs. The corresponding portions were subject to estimates carried out by production leadership personnel.

SAF-HOLLAND has also included the non-capitalized personnel costs related to research and development. Other production personnel costs are not included in the operating expenditure in the sense of the Taxonomy.

Double counting in the allocation in the numerator of OpEx KPI

The measures to avoid double counting within the OpEx KPI are similar as with the CapEx KPI (see above). In addition, relevant financial accounts were clearly identified and mapped to different categories of OpEx.

MATERIALITY ANALYSIS

SAF-HOLLAND has decided to apply materiality thresholds while calculating taxonomy-eligible turnover, CapEx and OpEx. As a result of this approach, eligible economic activities below the thresholds were reported as non-eligible. A threshold of 0.1% was adopted for the EU Taxonomy KPIs.

Reporting an economic activity as taxonomy-eligible implies that the activity meets at least one of the following conditions:

- Turnover: Report economic activities when the % of turnover is greater than 0.1% of the consolidated net turnover.
- CapEx: Report economic activities when the % of CapEx is greater than 0.1% of the company total CapEx.
- OpEx: Report economic activities when the % of OpEx is greater than 0.1% of the EU taxonomy total OpEx.

REASONS FOR THE CHANGES IN TURNOVER, CAPEX AND OPEX KPIS IN THE YEAR 2023 AND COMPATIVE ANALYSIS

For the annual reporting period 2022, SAF-HOLLAND identified some of its economic activities as eligible under the environmental objective climate change adaptation. In December 2022, the EU Commission issued a new edition of frequently asked questions ("Commission FAQs") that clarified how the eligibility analysis for this environmental objective differs from climate change mitigation.

In preparing the 2022 EU Taxonomy reporting, SAF-HOLLAND was no longer able to consider this publication. In the current reporting period 2023, the company has considered the respective clarifications and concluded that only two economic activities can be classified as Taxonomy-eligible under environmental objective 2 (climate change adaptation).

Furthermore, the Environmental Delegated Act was issued by the EU Commission in 2023 and included additional economic activities. The corresponding analysis resulted in additional economic activities of SAF-HOLLAND being identified as taxonomy-eligible. The corresponding financial measures for these additional economic activities had an impact on the Taxonomy KPIs.

Also, in 2023, SAF-HOLLAND made a substantial acquisition and purchased 100% of the shares in Haldex AB. This acquisition (fully consolidated from February 21, 2023) had a material impact on the composition of the Group and its economic activities. This in turn led to substantial changes in the Taxonomy KPIs when compared to fiscal year 2022 of the Group.

The comparative analysis of the 2023 Taxonomy information with the prior year information is as follows:

Proportion of turnover from products or services associated with Taxonomy-eligible economic activities – disclosure covering year 2023

(1) Financial year 2023	(2) Year	(3) Code 1	(4) Turnover	(5) Proportion of Turnover, year 2023	Substantial Contribution Criteria					DNSH criteria ("Does Not Significantly Harm")							(18) Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022	(19) Category enabling activity	(20) Category transactional activity
					(6) Climate Change Mitigation	(7) Climate Change Adaptation	(8) Water	(9) Pollution	(10) Circular Economy	(11) Biodiversity	(12) Climate Change Mitigation	(13) Climate Change Adaptation	(14) Water	(15) Pollution	(16) Circular Economy	(17) Biodiversity			
			[EUR]	[%]	[%]	[%]	[%]	[%]	[%]	[%]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	[%]	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1.)			–	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.0		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)²																			
Manufacture of other low carbon technologies	CCM 3.6		78,262,188	3.7	EL	N/EL	N/EL	N/EL	N/EL	N/EL							0.01		
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5		215,736	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL							n/a		
Repair, refurbishment and remanufacturing	CE 5.1		41,280,592	2.0	N/EL	N/EL	N/EL	N/EL	EL	N/EL							n/a		
Sale of spare parts	CE 5.2		388,792,513	18.5	N/EL	N/EL	N/EL	N/EL	EL	N/EL							n/a		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)			508,551,029	24.1	3.7	0.0	0.0	0.0	20.4	0.0							0.01		
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)			508,551,029	24.1	3.7	0.0	0.0	0.0	20.4	0.0							0.01		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities			1,597,618,551	75.9															
Total			2,106,169,580	100.0															

¹ The Code constitutes the abbreviation of the relevant objective to which the economic activity is for, as well as the Section number of the activity in the relevant Annex covering the objective, i.e.:

- Climate Change Mitigation: CCM
- Climate Change Adaptation: CCA
- Water and Marine Resources: WTR
- Circular Economy: CE
- Pollution Prevention and Control: PPC
- Biodiversity and ecosystems: BIO

For example, the Activity “Manufacture of other low carbon technologies” would have the Code: CCM 3.6.

Where activities are eligible for more than one objective, the codes for all objectives should be indicated.

For example, if the operator reports that the activity “Construction of new buildings” is eligible for climate change mitigation and circular economy, the code would be: CCM 7.1 / CE 3.1.

² EL – Taxonomy eligible activity for the relevant objective

N/EL – Taxonomy non-eligible activity for the relevant objective

Proportion of CapEx from products or services associated with Taxonomy-eligible economic activities – disclosure covering year 2023

(1) Economic Activities	Financial year 2023		Year		Substantial Contribution Criteria					DNSH criteria ("Does Not Significantly Harm")							(18) Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2022 ³	(19) Category enabling activity	(20) Category transactional activity
	(2) Code 1	(3) CapEx	(4) Proportion of CapEx, year 2023	(5) Climate Change Mitigation	(6) Climate Change Adaptation	(7) Water	(8) Pollution	(9) Circular Economy	(10) Biodiversity	(11) Climate Change Mitigation	(12) Climate Change Adaptation	(13) Water	(14) Pollution	(15) Circular Economy	(16) Biodiversity	(17) Minimum Safeguards			
		[EUR]	[%]	[%]	[%]	[%]	[%]	[%]	[%]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	[%]	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		–	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.0		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)²																			
Manufacture of other low carbon technologies	CCM 3.6	16,155,467	4.3	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3.68		
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5	5,826	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n/a		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	242,753	0.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.24		
Freight transport services by road	CCM 6.6	-	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n/a		
Renovation of existing buildings	CCM 7.2	4,497,604	1.2	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3.60		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	1,485,864	0.4	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.54		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	2,361,673	0.6	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.13		
Acquisition and ownership of buildings	CCM 7.7	14,569,236	3.9	EL	N/EL	N/EL	N/EL	N/EL	N/EL								12.45		
Repair, refurbishment and remanufacturing	CE 5.1	60,794	0.0	N/EL	N/EL	N/EL	N/EL	EL	N/EL								n/a		
Sale of spare parts	CE 5.2	4,793,632	1.3	N/EL	N/EL	N/EL	N/EL	EL	N/EL								n/a		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		44,172,848	11.7	10.45	0.00	0.00	0.00	1.29	0.00								20.64		
A. CapEx of Taxonomy-eligible activities (A.1 + A.2)		44,172,848	11.7	10.45	0.00	0.00	0.00	1.29	0.0								20.64		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		332,117,228	88.3																
Total		376,290,076	100.0																

¹ The Code constitutes the abbreviation of the relevant objective to which the economic activity is for, as well as the Section number of the activity in the relevant Annex covering the objective, i.e.:

- Climate Change Mitigation: CCM
- Climate Change Adaptation: CCA
- Water and Marine Resources: WTR
- Circular Economy: CE
- Pollution Prevention and Control: PPC
- Biodiversity and ecosystems: BIO

For example, the Activity "Manufacture of other low carbon technologies" would have the Code: CCM 3.6.

Where activities are eligible for more than one objective, the codes for all objectives should be indicated.

For example, if the operator reports that the activity "Construction of new buildings" is eligible for climate change mitigation and circular economy, the code would be: CCM 7.1. / CE 3.1.

² EL – Taxonomy eligible activity for the relevant objective
N/EL – Taxonomy non-eligible activity for the relevant objective

³ The value reported in A. CapEx of Taxonomy eligible activities (A.1+A.2) for 2022 differs from the value reported in the 2022 Sustainability Report because in this table, the list of eligible economic activities was selected after the application of materiality thresholds.

Proportion of OpEx from products or services associated with Taxonomy-eligible economic activities – disclosure covering year 2023

(1) Economic Activities	Financial year 2023		Year		Substantial Contribution Criteria					DNSH criteria ("Does Not Significantly Harm")							(18) Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2022 ³	(19) Category enabling activity	(20) Category transactional activity
	(2) Code 1	(3) OpEx	(4) Proportion of OpEx, year 2023	(5) Climate Change Mitigation	(6) Climate Change Adaptation	(7) Water	(8) Pollution	(9) Circular Economy	(10) Biodiversity	(11) Climate Change Mitigation	(12) Climate Change Adaptation	(13) Water	(14) Pollution	(15) Circular Economy	(16) Biodiversity	(17) Minimum Safeguards			
		[EUR]	[%]	[%]	[%]	[%]	[%]	[%]	[%]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	[%]	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		–	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.0		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)²																			
Manufacture of other low carbon technologies	CCM 3.6	12,056,578	16.5	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n/a		
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5	333,217	0.5	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.01		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	445,238	0.6	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.04		
Freight transport services by road	CCM 6.6	2,852,539	3.9	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n/a		
Renovation of existing buildings	CCM 7.2	1,306,952	1.8	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.33		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	441,553	0.6	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.86		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	–	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n/a		
Acquisition and ownership of buildings	CCM 7.7	14,012,611	19.2	EL	N/EL	N/EL	N/EL	N/EL	N/EL								10.03		
Repair, refurbishment and remanufacturing	CE 5.1	2,624,627	3.6	N/EL	N/EL	N/EL	N/EL	EL	N/EL								n/a		
Sale of spare parts	CE 5.2	290,965	0.4	N/EL	N/EL	N/EL	N/EL	EL	N/EL								n/a		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		34,364,281	47.0	43.01	0.00	0.00	0.00	3.99	0.00								11.27		
A. OpEx of Taxonomy-eligible activities (A.1 + A.2)		34,364,281	47.0	43.01	0.00	0.00	0.00	3.99	0.00								11.27		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		38,755,500	53.0																
Total		73,119,781	100.0																

¹ The Code constitutes the abbreviation of the relevant objective to which the economic activity is for, as well as the Section number of the activity in the relevant Annex covering the objective, i.e.:

- Climate Change Mitigation: CCM
- Climate Change Adaptation: CCA
- Water and Marine Resources: WTR
- Circular Economy: CE
- Pollution Prevention and Control: PPC
- Biodiversity and ecosystems: BIO

For example, the Activity "Manufacture of other low carbon technologies" would have the Code: CCM 3.6.

Where activities are eligible for more than one objective, the codes for all objectives should be indicated.

For example, if the operator reports that the activity "Construction of new buildings" is eligible for climate change mitigation and circular economy, the code would be: CCM 7.1. / CE 3.1

² EL – Taxonomy eligible activity for the relevant objective

N/EL – Taxonomy non-eligible activity for the relevant objective

³ The value reported in A. OpEx of Taxonomy eligible activities (A.1+A.2) for 2022 differs from the value reported in the 2022 Sustainability Report because in this table, the list of eligible economic activities was selected after the application of materiality thresholds.

TURNOVER BREAKDOWN**Level: economic activity**

Activity		Revenue from ...		
Name	Code	OEM	Aftermarket	Total turnover from an economic activity
Manufacture of other low carbon technologies	CCM 3.6	78,262,188		78,262,188
Collection and transport of non-hazardous waste in single or comingled fractions	CCM 5.5	215,736		215,736
Repair, refurbishment and remanufacturing	CE 5.1	41,280,592		41,280,592
Sale of spare parts	CE 5.2		388,792,513	388,792,513
Total turnover from ...		119,758,516	388,792,513	508,551,029

CAPEX BREAKDOWN**Level: economic activity**

Activity		Additions to ...				Total CapEx from an economic activity
		PPE	Intangible assets		Rights of use	
Name	Code	acquired or produced	internally generated	individually acquired	individually acquired	
Manufacture of other low carbon technologies	CCM 3.6	14,518,783	1,636,684			16,155,467
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5	5,826				5,826
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	77,241			165,512	242,753
Freight transport services by road	CCM 6.6					–
Renovation of existing buildings	CCM 7.2	2,595,096			1,902,507	4,497,604
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	1,422,072			63,791	1,485,864
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	2,361,673				2,361,673
Acquisition and ownership of buildings	CCM 7.7	7,140,621		817,293	6,611,322	14,569,236
Repair, refurbishment and remanufacturing	CE 5.1	60,794				60,794
Sale of spare parts	CE 5.2	744,181			4,049,452	4,793,632
Total CapEx from ...		28,926,287	1,636,684	817,293	12,792,584	44,172,848

OPEX BREAKDOWN

Level: economic activity

Activity		Direct non-capitalized costs relating to ...				Total OpEx from an economic activity
Name	Code	Research and development	Short-term lease	Maintenance and repair ¹	Training	
Manufacture of other low carbon technologies	CCM 3.6	4,870,772	4,219,254	2,942,335	24,216	12,056,578
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5			333,217		333,217
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5		439,874	5,364		445,238
Freight transport services by road	CCM 6.6			2,852,539		2,852,539
Renovation of existing buildings	CCM 7.2			1,306,952		1,306,952
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3			441,553		441,553
Installation, maintenance and repair of renewable energy technologies	CCM 7.6					—
Acquisition and ownership of buildings	CCM 7.7		1,055,427	12,957,184		14,012,611
Repair, refurbishment and remanufacturing	CE 5.1		780,210	1,844,417		2,624,627
Sale of spare parts	CE 5.2			290,965		290,965
Total OpEx from ...		4,870,772	6,494,764	22,974,528	24,216	34,364,281

¹ Maintenance and repair includes building renovation and day to day servicing of assets of PPE as well.

SOCIAL

EMPLOYEES

GRI 2-7, 2-8

Demographic change and the associated shortage of skilled workers as well as digitization all pose major challenges for technology-driven companies such as SAF-HOLLAND. To meet these challenges, HR focuses their efforts primarily on the personal development of its high-performing workforce as well as benefit programs to ensure employee satisfaction and retention in the highly competitive work environment.

SAF-HOLLAND is an attractive employer for the following reasons:

- Employee satisfaction surveys
- Professional qualifications, training and education
- Talent management
- Work-life balance, working conditions and fringe benefits

SAF-HOLLAND teaches interconnected working techniques to new employees, offers talented young individuals solid training and makes the workplace attractive to ensure that qualified staff are motivated to stay with SAF-HOLLAND. Therefore, LinkedIn Learning is one of the most important trainings platforms the employees can benefit from. To train the managers in the important area of ESG and be in line with all relevant regulations, SAF-HOLLAND has also conducted special ESG training. SAF-HOLLAND achieves this by promoting diversity and equal opportunity, creating favorable working conditions and assuming social responsibility. Furthermore, the company offers attractive working conditions and various health and benefit programs. SAF-HOLLAND makes it a priority to recruit skilled and experienced managers and professionals with the help of the strong company brand and culture, which is built on the corporate values SAF-HOLLAND lives by: innovative ideas and solutions, a strong sense of responsibility, reliability, respectful interaction, and the safety of the company's employees and stakeholders.

Employees by employment status, region and gender

	EMEA			Americas			APAC			Total		
	Women	Men	EMEA total	Women	Men	Americas total	Women	Men	APAC total	Women	Men	Grand total
Permanent	473	1,736	2,209	553	1,870	2,423	105	517	622	1,131	4,123	5,254
Temporary			73			57			543			673
Total			2,282			2,480			1,165			5,927

SAF-HOLLAND employees are entitled to a safe, inclusive and respectful work environment. SAF-HOLLAND also sees it as the company's duty to establish a healthy work culture and ensure that all employees feel comfortable at their workplaces. To establish this in a binding framework, SAF-HOLLAND published a Culture Code in 2020 that is binding for all employees. It explains the core values and objectives, defines what the company means by responsible, ethical conduct, and clarifies the relevant health and safety aspects. SAF-HOLLAND's Human Rights Policy and Code of Conduct are integral parts of the Culture Code. In addition, SAF-HOLLAND published a Diversity and Anti-Discrimination Policy that applies to all employees of the SAF-HOLLAND Group.

Due to the integration of Haldex, SAF-HOLLAND aligned the company culture, diversity programs and cultural behavior as well as the values to act as one company. This alignment is not only limited to the cultural aspects, but also includes the company's strategies and processes for the future, successful cooperation of both companies.

As of the December 31, 2023, reporting date, SAF-HOLLAND employed **5,254** (previous year: 3,366) **permanent employees** worldwide, of which 78.5% (previous year: 84.8%) were male and 21.5% (previous year: 15.2%) female. In addition, 673 (previous year: 402) temporary and agency workers were employed mainly in manufacturing.

Employees by employment type

	Women	Men	Total
Part-time	64	18	82
Full-time	1,067	4,105	5,172
Total	1,131	4,123	5,254

The share of part-time employees accounted for 1.5% of the active workforce (previous year: 1.9%) as of December 31, 2023.

Employees by age

	EMEA	Americas	APAC	Total
< 30 years	393	472	166	1,031
30 – 50 years	1,148	1,248	398	2,794
> 50 years	668	703	58	1,429
Total	2,209	2,423	622	5,254

Employees by category and gender

	Women	Men	Total
Middle/senior management	20	132	152
Salaried employees/industrial workers	1,111	3,991	5,102
Total	1,130	4,123	5,254
Trainees	5	44	49
Work-study students	1	0	1

MATERIAL TOPICS (HIGH PRIORITY)

OCCUPATIONAL SAFETY AND HEALTH PROTECTION

GRI 2-29, 3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-9

DESCRIPTION OF APPROACH

Through the SAF-HOLLAND Culture Code, the company is committed to ensuring that all employees are able to work competently and responsibly so that they do not endanger their own health and safety or that of others. At the same time, SAF-HOLLAND complies with all applicable legal health and safety requirements and current industry standards.

SAF-HOLLAND has set out the basic requirements for sites regarding the safety and health of the SAF-HOLLAND workforce in the Operational Excellence Roadmap introduced in 2020. It distinguishes between five phases in the realization of the requirements at site level, starting with phase "0," to the high performance phase and ending at the level of excellence. Regular audits are conducted to check whether the requirements were met. The company uses the results of the audits to define further measures for the development of the safety precautions. The continuous improvement and ergonomic redesign of workspaces are also part of this permanent process.

SAF-HOLLAND holds the various management levels as well as all employees accountable for the implementation of occupational health and safety. Strategic responsibility lies with the Management Board. Operating responsibility lies with the designated occupational safety experts and professionals, the Human Resources department for health protection, and all employees at the company's sites worldwide.

In 2019, the "Basic Requirements for the Occupational Safety Infrastructure" (BROSI) campaign was introduced to prevent occupational accidents and has been a part of the SAF-HOLLAND occupational safety and health concept.

Audits are carried out to determine the occupational safety and health protection status at each plant and to derive measures for improvement. Internal standard requirements have also been defined for this purpose and go beyond the local legal requirements. The requirements concern, among other topics, safety on roadways and walkways, internal plant traffic and incident activities. All production sites are required to comply with the BROSI standards. The implementation of these standards is assured through routine audits. If a requirement is not met, this leads to an immediate failure of the audit, requiring corrective measures to be taken.

The use of hazardous substances often plays an important role in the manufacturing industry, and this is also the case at SAF-HOLLAND. In order to protect SAF-HOLLAND employees and the environment, the company has established an internal process for the sourcing and use of these substances and mixtures. SAF-HOLLAND has safety precautions in place at all locations. These include providing safety barriers to minimize environmental risk and protect employees, which is another way that SAF-HOLLAND's own safety standards exceed the legal requirements. Process descriptions specify how hazardous substances should be handled when there are no alternatives. In addition, operational hazardous substances are required to be reduced or replaced by less hazardous substances based on regular reviews. To achieve further improvements here, SAF-HOLLAND's intention for the future is to transfer the management of the hazardous substances' usage into a professional software. The goal is an efficient and legally secure classification of hazardous substances while simultaneously monitoring the limit values or ingredients. The use of hazardous substances or mixtures of hazardous substances without a valid safety data sheet according to international standards are rejected.

SAF-HOLLAND relies on site-specific health promotion measures to increase the performance and motivation of its employees. At the American and German SAF-HOLLAND plants, for example, gymnastics are offered before and after the start of the shift. SAF-HOLLAND occupational health services include free preventive medical check-ups for employees at Chinese, US and German sites.

GERMAN LOCATIONS

At SAF-HOLLAND German locations, safety officers are deployed in the production areas to identify accident hazards at an early stage and eliminate them locally to ensure that safety standards are met. In quarterly meetings, the central occupational safety committee discusses occupational safety topics in detail and reviews best practice solutions that can be rolled-out to other sites.

IMPACTS ON THE ECONOMY, THE ENVIRONMENT AND PEOPLE, INCLUDING IMPACTS ON HUMAN RIGHTS

Within the materiality analysis, the following topics were identified as potential **negative impacts**:

CURRENT IMPACTS:

- Minor injuries (cuts or similar) of employees
- Health effects on employees from years of physical labor
- Employee illnesses due to polluted air in the production halls, due to welding work, for example
- Working in unsafe situations or areas

POTENTIAL IMPACTS:

If the topic is neglected:

- Serious accidents due to non-compliance with standards

Within the materiality analysis, the following topics were identified as **positive impacts**:

CURRENT IMPACTS:

The topic of health is also becoming increasingly important for employees. SAF-HOLLAND raises people's awareness and promotes health through:

- Regular occupational health care
- Regular training and audits
- Introduction of ergonomics assessments
- Processes for improving occupational safety
- Reducing the load by housing new machines

POTENTIAL IMPACTS:

- Automation of heavy physical activities to further protect people's physical health
- Improved performance, efficiency, quality
- SAF-HOLLAND is seen as a safety-conscious company
- The company's reputation is further strengthened

By using BROSI, SAF-HOLLAND is pursuing "Vision Zero," which means the company is aiming to prevent occupational accidents from the outset and to continuously reduce the number of workplace accidents. A further goal is to continue to raise awareness among employees.

NON-FINANCIAL RISKS

Internal audits, inspections and risk assessments all help to ensure that the guidelines and standards are effectively implemented in SAF-HOLLAND work processes. Based on the RAR (Risk Assessment Report), external audit results, and relevant key figures, SAF-HOLLAND identifies occupational safety risks, assesses them, and groups them according to risk categories.

The survey of non-financial risks did not reveal any reportable risks.

APPROACH AND MEASURES

To achieve SAF-HOLLAND's goals, the company is improving accident prevention systems, implementing global internal safety standards and intensifying SAF-HOLLAND's analysis of occupational accidents. SAF-HOLLAND implemented the following measures in fiscal year 2023:

- On-site analysis meetings to record the cause of accidents and determine measures to prevent future accidents
- Regular standards-based evaluations of SAF-HOLLAND machines and equipment in terms of operational and machine safety followed by improvements when necessary
- Training and safety instructions in the area of hazardous substance management, including mandatory participation in SAF-HOLLAND annual training on occupational safety and hazardous substance management for all employees; individual training takes place at in-person events or as online seminars
- Expansion of BROSI to include specific occupational safety aspects; implementation of 5 S measures, such as the marking of pedestrian walkways at the production plants
- Gradual retrofitting of forklifts at all plants with warning lights and AI-supported camera systems when reversing to prevent dangerous accidents involving forklifts

GERMAN LOCATIONS

For the area of occupational health and safety, an annual training course is held for all employees to further raise awareness of the topic and draw attention to innovations. During the reporting year, 1,034 people took part in this training.

To maintain employee performance and motivation, SAF-HOLLAND focuses on measures to promote good health. This includes subsidizing the purchase of reading glasses for VDU work and providing industrial employees with personalized hearing protection. In production areas, SAF-HOLLAND also uses lifting devices and tools to facilitate the lifting and lowering of production parts. The company is also continuously improving the workspaces in administrative buildings. SAF-HOLLAND inspected workspaces in the reporting year, as in previous years, and redesigned them accordingly to accommodate the specific needs and limitations of the employees concerned.

SAF-HOLLAND continued to carry out campaigns at German locations to promote good health. A total of 75 individual measures were carried out in the areas of nutrition, exercise, stress management, relaxation and addiction. In the reporting year, an "exercise break" was offered twice a week via the MS Teams online conferencing tool.

EFFECTIVENESS AND PROGRESS

SAF-HOLLAND routinely reviews how well goals, standards and guidelines have been implemented and the effectiveness of measures using specific accident indicators. During the reporting year, SAF-HOLLAND recorded 39 less occupational accidents globally compared to the previous year, with the number shrinking to 104 occupational accidents globally (previous year: 143 occupational accidents), resulting in at least one day of absence or not returning to the same workplace at the same day.

Key figures for occupational safety

	EMEA			Americas			APAC		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Recordable accidents (number of occupational accidents with at least one lost day)	35	41	38	53	97	63	5	5	3
Recordable accident rate RAR (number of occupational accidents with at least one lost day per 1 million working hours)	21.1	34.8	14.7	22.3	42.8	25.7	4.1	4.8	1.3
Fatalities (work-related deaths)	0	0	0	0	0	0	0	0	0

STAKEHOLDER INVOLVEMENT AND INFLUENCE ON EFFECTIVENESS

In the area of occupational safety and health protection, SAF-HOLLAND involves local communities and cities, for example, the company cooperates with the Bavarian and Baden-Württemberg state governments, the police, the commercial supervisory office and the employers' liability insurance association. SAF-HOLLAND does this at the company's own initiative within the scope of regular gatherings, for example, with the Wood and Metal Workers Trade Association ("Berufsgenossenschaft Holz und Metall") and the commercial supervisory authorities in the cities of Aschaffenburg and Konstanz. For certain projects, such as new buildings, SAF-HOLLAND informs the stakeholders affected and listens to their concerns and involves them when necessary.

TRAINING AND EDUCATION

GRI 3-3, 404-2, 404-3

DESCRIPTION OF APPROACH

SAF-HOLLAND complies with all legal requirements and develops suitable programs for employee training and continuing education.

SAF-HOLLAND creates individual development opportunities for the professional success of individual employees. A culture of continuous learning is to be established by strengthening digital learning opportunities. The company is expanding LinkedIn Learning also for the Haldex Employees.

The following are the programs SAF-HOLLAND offered during the reporting year for all employees:

PERFORMANCE FEEDBACK PROCESS

The SAF-HOLLAND performance feedback process provides an opportunity for a meaningful two-way exchange regarding performance, support, developmental/training needs, and targets. To complete it successfully, both the appraiser and the appraisee need to enter the process with a mindset of continual improvement and prepare for an open and honest dialogue regarding performance and development.

PERSONNEL DEVELOPMENT DISCUSSION (PDD)

SAF-HOLLAND's established Personnel Development Discussion (PDD) process strives to ensure that knowledge is developed, transferred effectively and that employees, especially key performers, remain with the company for the

long-term. Managers use the PDD to exchange information about employees in the departments, assess individual performance, identify talent and, where appropriate, discuss measures for further development.

For this process, SAF-HOLLAND distinguishes between region and position.

For so-called "director positions" and all other positions higher up in the hierarchy, there is a global process. Here, a profile is drawn up with the Senior Vice President Human Resources, the Management Board and the respective managers or department heads for each person. At the German locations and Haldex locations, this process is carried out for all salaried employees.

CONNECTING THE FUTURE (GER) AND STARS PROGRAM (US)

At the locations in Germany and the US, SAF-HOLLAND launched two new programs in 2022 – "Connecting the Future" in Germany and "Stars" in the US. SAF-HOLLAND continued the programs in 2023. Due to cultural differences, different names are used for the training courses. The company also introduced a new junior staff development program to further develop business and technical skills. This gives employees the opportunity to increase their knowledge in their specific area, while promoting a sense of belonging and identification with the company. It also encourages an entrepreneurial spirit as well as the development of new interests and capabilities.

LEADERSHIP DEVELOPMENT PROGRAM (GERMANY AND THE US)

SAF-HOLLAND continued the Leadership Development Program (LDP) in the reporting year, through which the company provides individual support to young talent. Part of the LDP is a twelve-month advanced training program that aims to prepare young people for the growing demands placed on managers. The advanced training takes place in practical learning units. The LDP consists of a kick-off event, external and internal training courses, and feedback meetings. In external training, professional and leadership skills are taught in areas such as employee motivation, interviewing and communication, conflict resolution, time and personal management, labor law and fundamentals of the German Works Council Constitution Act, as well as managers as personnel developers.

MENTORING PROGRAM (GERMANY AND THE US)

A mentoring program for junior staff was launched in 2022 for the first time at locations in Germany and the US. People in Vice President and Director positions were selected as mentors. Within the PDD process, individuals were selected who demonstrated high potential or who had just started a new job.

The following are the training that SAF-HOLLAND offers for employees:

- Product Training for SAF & Haldex
- ESG Training for Management Level and all White-Collar Workers globally
- Development Language Skills: Expanding English Language Course (SAF)
- Cyberattack › Training Courses IT Security (SoSafe) (Were also previously offered but intensified due to the cyberattack (SAF))

ADVANCED TRAINING MEASURES

Each year, a Group-wide training budget is set out and approved by the Management Board. The training budget is managed on a decentralized basis by the respective regional HR managers and drawn on as required.

TRAINING AND WORK-STUDY PROGRAMS (GERMANY)

Training at SAF-HOLLAND is valuable for the company as well as for the young people who participate. Good training programs enable the company to develop skilled employees who SAF-HOLLAND want to motivate to stay with the company for the long term. SAF-HOLLAND also provides them with an opportunity to explore the company to find the position that suits them best.

Since 2020, SAF-HOLLAND has offered a professional training program to qualify as a machine and plant operator (m/f/d) in the assembly area. This program was again well received in the reporting year. Since 2020, SAF-HOLLAND has also been offering the option to complete a work-study program focused on international technical project management at SAF-HOLLAND's main location in Bessenbach.

In the reporting year, 49 young men and women held training positions to become industrial mechanics, machine and plant operators, industrial clerks and, starting in 2022, mechatronics technicians. In 2023, after successfully completing their German Chamber of Industry and Commerce (IHK) examinations, SAF-HOLLAND again offered all of the trainees (100%) permanent positions.

Number of trainees

	2021								2022								2023								Total
	Women				Men				Women				Men				Women				Men				
	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th	
	year	year	year	year	year	year	year	year	year	year	year	year	year	year	year	year	year	year	year	year	year	year	year	year	
Electrical operations technician						1									1									1	3
IT specialist					1										1										2
Industrial mechanic		2	2		9	9	9	6			2	2	8	8	9	9	1			2	10	8	8	7	111
Machine and systems operator													2									2			4
Mechatronics engineer																									0
Technical product design			1	3									1			1						1			7
Industrial clerk		3	1		2		4				3		3	1			2				1	3	1		24
Total	0	5	4	3	12	10	13	6	0	0	5	2	14	9	11	10	3	0	0	2	11	14	9	8	151

In the reporting year, the quality of the training and the accomplishments of the young employees were recognized again by the German Chamber of Industry and Commerce (IHK).

SAF-HOLLAND set up a mobile learning program for trainees in 2020. SAF-HOLLAND supported them by providing laptops and tablets starting with the first year of their program. This gave them the opportunity to work without paper and use digital collaboration tools right from the start. Recruitment tests have also been digitized for prospective trainee applicants.

IMPACTS ON THE ECONOMY, THE ENVIRONMENT AND PEOPLE, INCLUDING IMPACTS ON HUMAN RIGHTS

Within the materiality analysis, the following topics were identified as **negative impacts**:

CURRENT IMPACTS:

- High turnover in the Americas region is leading to a higher workload for existing employees and a negative impact on the corporate culture (region-dependent)

POTENTIAL IMPACTS:

If the topic is neglected:

- Absence of know-how
- Demotivation
- Lack of prospects for young people and employees, with negative impacts also for the location's local community

Within the materiality analysis, the following topics were identified as **positive impacts** and potential impacts:

CURRENT IMPACTS:

- Low fluctuation (depending on the region)
- Positive contribution to the location communities
- Further development of permanent staff and active management of rapid change in the working world
- Digitization of advanced training measures and reduction of travel activities
- Chamber of Commerce and Industry ("IHK")-certified training company at the German sites
- Own training workshop facility in Germany

POTENTIAL IMPACTS:

- Employee loyalty to the Company
- Low fluctuation (depending on region)

SAF-HOLLAND's goal is to counteract the shortage of skilled workers and attract specialists and young talent to the company. SAF-HOLLAND works to retain professionals for the long term by offering needs-based, future-oriented training and development programs.

APPROACH AND MEASURES

The topics of talent management and succession planning are growing in importance. SAF-HOLLAND therefore embarked on restructuring its Human Resources department at its headquarters in Bessenbach in October 2022. Since then, one full-time employee has been in charge of the Group's strategy and program development for training and development.

In the reporting year, SAF-HOLLAND focused on the topics of diversity and operational excellence. Generally, SAF-HOLLAND offers all employees access to online training via a LinkedIn Learning platform.

SAF-HOLLAND founded an ESG-Team in 2023. The team consists of two Junior Project Managers, a Senior Manager from the former Haldex team with deep knowledge of ESG topics and in addition with support by an external consultant. Starting in 2024, the team will be completed by an internal Global Lead.

NON-FINANCIAL RISKS

No reportable risks have been identified.

EFFECTIVENESS AND PROGRESS

In this reporting year, 100% of SAF-HOLLAND employees once again continued to receive regular feedback on their work and professional development. This was done in the form of a traditional performance appraisal based on mutually agreed targets or based on performance-related pay. Each manager is currently responsible for conducting an annual review, agreeing on measures and recording them. In order to be able to determine the percentage of performance appraisals actually carried out across the Group to report in accordance with GRI 404-3, a new data collection process is planned to be introduced next year. In addition, SAF-HOLLAND would like to report on the average number of training hours per year/per capita and introduce a new data collection process for this purpose.

STAKEHOLDER INVOLVEMENT AND INFLUENCE ON EFFECTIVENESS

SAF-HOLLAND maintains close contact with employees and applicants through training sessions, workshops, interviews and surveys. SAF-HOLLAND uses the impressions and information gained in this manner to determine the measures the company should use in the area of training and development, also taking customer requirements that are relevant for personnel development into account.

WORKING CONDITIONS

GRI 2-30

DESCRIPTION OF APPROACH

Just as with employee training and development, working conditions have a major influence on a high-performing workforce. By the term working conditions, SAF-HOLLAND is referring to work schedules, climate and noise conditions in the workplace, handling of and interaction with colleagues and superiors, processes and structures, information flow and communication, as well as the work-health balance and occupational safety. Information on occupational safety at the company is described in more detail under the topic "Occupational safety and health protection."

IMPACTS ON THE ECONOMY, THE ENVIRONMENT AND PEOPLE, INCLUDING IMPACTS ON HUMAN RIGHTS

Within the materiality analysis, the following topics were identified as **negative impacts**:

CURRENT IMPACTS:

- Increased sick leave
- Aging workforce and health consequences due to physically demanding activities

POTENTIAL IMPACTS:

Poor working conditions can have a negative impact on the work-life balance of employees, and as a result, more employees could take a longer period of sick leave or quit.

Within the materiality analysis, the following topics were identified as positive impacts:

CURRENT IMPACTS:

- In many cases, remote working is possible, which eliminates employees having to commute to the workplace

POTENTIAL IMPACTS:

Employees can live healthier lives and take care of their families more easily. Indirectly, good working conditions contribute to maintaining an employee's job and earnings at the site or region they are based at.

SAF-HOLLAND's goal is to increase employee satisfaction related to the topic of working conditions.

Next year, SAF-HOLLAND will be conducting a survey of employees about psychological stress in the German branches of SAF-HOLLAND GmbH. The aim should be to identify possible stress areas and to generate potential for improving working conditions and thus the performance of employees.

The assessment of psychological stress is carried out anonymously together with an independent partner and looks at various aspects that can have an impact on the mental and emotional health of the employees.

APPROACH AND MEASURES

In order to find out which measures contribute to achieving the targets, SAF-HOLLAND conducted a Group-wide survey among all employees in 2022 based on the survey results in 2023 to implement activities and measures as follows:

EMEA

Improvement Initiatives	Target achievement rate 2023
Pleasing temperature / Better air quality	75%
Lower noise level	100%
Sanitary and hygienic conditions	125%
Improve information by management and direct leadership	100%
Process optimization	75%

- › Overall, 95% of suggestions for improvement were implemented in the EMEA region.

AMERICAS

Improvement Initiatives	Target achievement rate 2023
Installing improved WIFI equipment to improve coverage throughout the facilities	100%
Monthly location communication meeting led by local leader/s	85%
Air quality audit	100%
Hold meaningful social/entertainment/recognition events that bring employees together (e.g., Holiday Dinner; ballgame/amusement park/etc.)	100%
Industrial noise survey	100%
Project to improve work processes	35%

- › Overall, 82% of suggestions for improvement were implemented in the AMERICAS region.

APAC

Improvement Initiatives	Target achievement rate 2023
Introduction of working time models	100%
Cigarette smoke	100%

- › Overall, 100% of suggestions for improvement were implemented in the APAC region.

Overall (EMEA, AMERICAS, APAC), SAF-HOLLAND has implemented 92.33% to enable employees to work better.

EFFECTIVENESS AND PROGRESS

In the reporting year, 1,587 of the employees were under collective bargaining groups or covered by company agreements, corresponding to 26.8% of all employees. For all other sites, the legal regulations and standard national working conditions apply.

The health of SAF-HOLLAND employees is a top priority for SAF-HOLLAND. In area of health management SAF-HOLLAND is very active in promoting the health of its employees. In 2023, SAF-HOLLAND was able to offer over 45 health-promoting campaigns across locations from the various areas of nutrition, addiction prevention, mental health, exercise and ergonomics. SAF-HOLLAND would like to give employees an understanding of the different subject areas in the form of online and face-to-face offerings, as well as individual and group events.

Offers in the area of **nutrition** include, for example:

- Cooking events that take place several times a month,
- Online lectures for at home, in which theory and practice are combined and
- On-site workshops.

In the area of **addiction** prevention, SAF-HOLLAND is able to offer its employees, among other things, a targeted seminar on non-smoking.

To improve **mental health**, SAF-HOLLAND was able to enable the employees to take part in the following activities:

- Online lectures and
- On-site workshops.

SAF-HOLLAND employees are also able to take advantage of a confidential and personal consultation with one of the company's cooperation partners, who provide support and advice in individual cases.

Offers for more movement and ergonomics included personal workplace analyses and ergonomics advice specifically for SAF-HOLLAND's production employees with a focus on movement sequences and posture, in which potential for improvement could be identified and processes and behavioral patterns could be optimized. Following the analyses, exercise breaks took place each week in each department. There were also exercise breaks for administrative employees twice a week, and they also could receive individual ergonomics advice at their personal workplace.

Other offers were:

- Various sports courses,
- On-site workshops,
- Online lectures,
- In-house personal training and
- Cooperation with regional fitness studios with the opportunity to train at a reduced price.

Cross-divisional offers were:

- trainee health days with the focus on stress management, health break meals, addiction prevention and exercise,
- management workshops on the topic of "healthy leadership" and
- health day for all employees with different events in the areas of health promotion.

In 2024, SAF-HOLLAND will provide further offers in the area of health promotion. A highlight will be the global step competition for all employees of the SAF-HOLLAND Group with the focus on cohesion, motivating competition, sustainability and of course exercise.

OTHER TOPICS (MEDIUM PRIORITY)

DIVERSITY AND EQUAL OPPORTUNITY

GRI 3-3, 405-1, 406-1

SAF-HOLLAND values the diversity of its workforce and considers it a key to its success. SAF-HOLLAND promotes diversity, inclusion and equal opportunity: All employees are valuable members of the company and should have equal access to resources and opportunities, regardless of age, gender, nationality, ethnic origin, gender identity, educational background, religion, ideology or disability. The different backgrounds and cultures that SAF-HOLLAND employees bring with them increase the intellectual agility and inventiveness of teams and enhance the innovative strength of the company.

To promote diversity in the company, SAF-HOLLAND launched the global “Diversity and Equal Opportunity” campaign in 2020. As part of this campaign, SAF-HOLLAND conducted extensive surveys among its workforce to identify where SAF-HOLLAND still has room for improvement in terms of equal treatment and to determine the right measure to achieve this.

The global Diversity Council, which was established in 2021, was renewed during the year 2023, with 14 members at the end of the reporting period: 6 representing the Americas region, 5 EMEA and 3 APAC. The Council has 6 members from Haldex sites. In line with the Diversity Strategy, the key focus areas of this year’s global diversity actions were awareness, training and policies.

Several articles have been published to raise awareness and inform all employees about the company Diversity Strategy, the global Diversity

Council and ongoing activities. As part of the newly implemented internal communication tool, a separate diversity page has been created, where all employees can access relevant information, news, company strategy, policies and contact details related to diversity. With the support and involvement of the Council, a new Diversity and Inclusion Training Module was designed and piloted, which is included in Leadership Programs to ensure a diversity focus on leadership development.

The Diversity Policy and Anti-Discrimination Policy were extended to the whole company in 2023. The policies define the company’s diversity values and objectives, describe what SAF-HOLLAND means by discrimination, and where employees can turn to report a case. In 2023, there were 9 cases of discrimination reported, which were all addressed and investigated properly. Contacts have also been established with local institutions to share experiences and develop ideas for further action.

The average share of women in the total workforce was 21.5% in 2023 (previous year: 15.2%). The share of women in middle and senior management was 13.2% (previous year: 6.5%).

On May 23, 2023, the Annual General Meeting approved the election of Jurate Keblyte, who had already been court-appointed as the successor to Martina Merz, as a new member of the five-member Supervisory Board. Therefore, the share of women on the Supervisory Board of SAF-HOLLAND SE is above the legally required women’s quota of 30%.

SOCIAL COMMITMENT

SAF-HOLLAND sees itself as part of society and takes responsibility for those who need special support. The focus of the company's social commitment is on selected location-specific projects that are primarily dedicated to local concerns. SAF-HOLLAND supports these with monetary or in-kind donations and encourages the voluntary commitment of its employees.

The selection of projects, as well as the determination of the type and scope of project funding, is carried out by the local HR officers and site management. Ideas are contributed primarily by SAF-HOLLAND employees, all of whom have the opportunity to propose projects for funding.

In the reporting year, of the many projects and initiatives that were supported included the "Cent Donation" for nearby the children's hospital, employee and company donations to the local community club, fire department, children's hospital, and Christmas presents and donations to the municipal children's home (EMEA region). In the Americas region the company and its employees donated money and worked with charity organizations to provide support and food to the local community and people in need. They also participated in cleaning projects in the area, purchased food kits and donated school supplies to local schools to benefit children in need. In the APAC region during the reporting year, SAF-HOLLAND paid donations to provide meals for children in need in Australia and funded several projects in India which contributed to the local community's good health and wellbeing (UN SDG No 3.) and quality education (UN SDG No 4.) by providing tools, equipment and infrastructure development to several local schools and hospitals.

Social commitment (Donations) Americas [EUR]

	2021	2022	2023
Employee donations ¹	2,542	6,155	24,398
Management donations ¹	51,428	133,465	90,647
No. of projects	9	57	58

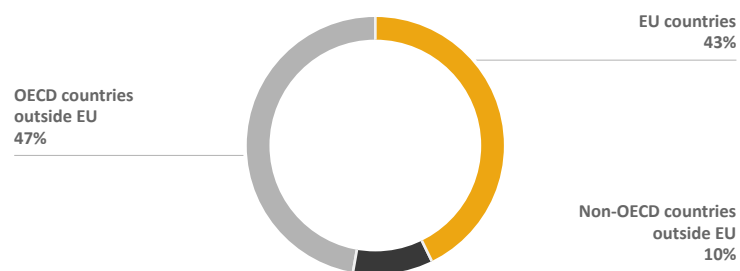
¹ All donation amounts are stated in euros.

SUPPLY CHAIN MANAGEMENT AND HUMAN RIGHTS

GRI 2-24, 3-3, 308-2, 403-7, 414-2

The SAF-HOLLAND Group has set itself the goal of making the entire supply chain more sustainable. With the corresponding transformation of the supply chain, the company is securing its long-term profitability by reducing supply risks, further increasing the high quality of its products and services, and further improving business processes.

Overview of the purchasing structures at SAF-HOLLAND



Regional breakdown of suppliers in %

It all starts with responsible supplier management. SAF-HOLLAND's goal is to make the value chains more transparent and encourage business partners to comply with globally recognized environmental and social standards. Managing this process is a strategic task of the Management Board and the reason the company expanded the responsibility of the Chief Executive Officer (CEO) to encompass the function of Chief Procurement Officer (CPO).

At the beginning of every business relationship, the conditions for sustainable supply chain management are set by using a multi-step supplier qualification process. In the first step, the respective supplier is requested to provide a self-assessment requiring him to submit a standardized questionnaire. The questionnaire inquires, among other topics, about the sustainability of the supplier's business activities and serves as the basis for the second step of the selection process: a systematic review of the supplier. In 2021, SAF-HOLLAND started to check the plausibility of the own assessments using publicly available information. In the years ahead, the company intends to expand its research in this area. Suppliers whose information was found to be incorrect during the review are excluded from the further bidding process. In the third step, the remaining bidders are classified according to risk groups and this is taken into account when awarding contracts.

Current suppliers are expected to act in accordance with the Supplier Code of Conduct, which is binding for suppliers. SAF-HOLLAND's position on material sustainability aspects is clearly formulated here. The Supplier Code of Conduct is reviewed annually and adapted as necessary. In the reporting year, it was sent to all suppliers for formal recognition. By recognizing the Supplier Code of Conduct, the suppliers undertake to comply with fundamental principles such as "respect for human dignity," "banning child and forced labor," "treating employees and business partners with dignity," "combating corruption and bribery," as well as "fair trade" and "protection of intellectual property." Breaches of the Code are subject to appropriate sanctions and, if necessary, the business relationship is terminated.

Breakdown of suppliers by region

	2021	2022	2023
EMEA	1,309	1,656	1,752
Americas	1,799	2,240	2,682
APAC	287	464	731

Spot checks were done to determine whether and to what extent the suppliers comply with the sustainability standards set out in the Supplier Code of Conduct. In the case of the suppliers audited in the reporting year, the auditors did not identify any negative environmental impacts, the use of child or forced labor or violations of the right to freedom of association or collective bargaining.

In the reporting year, suppliers were also assessed using remote audits and other means. The remote audit format uses virtual communication and control tools that can evaluate current and new suppliers without having to travel long distances. Since 2020, SAF-HOLLAND has adapted the existing integrated audit process to incorporate this format and tested it on the first system suppliers where the situation on-site was already known from earlier audits. With the new technology, the positioning is improved to conduct effective audits without incurring additional costs. As a resource and energy-saving alternative, remote audits also contribute to environmental and climate protection.

GOVERNANCE AND COMPLIANCE

GUIDELINES AND VOLUNTARY COMMITMENTS

GRI 2-23

The SAF-HOLLAND Group is a constantly growing international company with a global reach. The company acts as a trustworthy, reliable partner with integrity in its dealings with customers, business partners, employees and society.

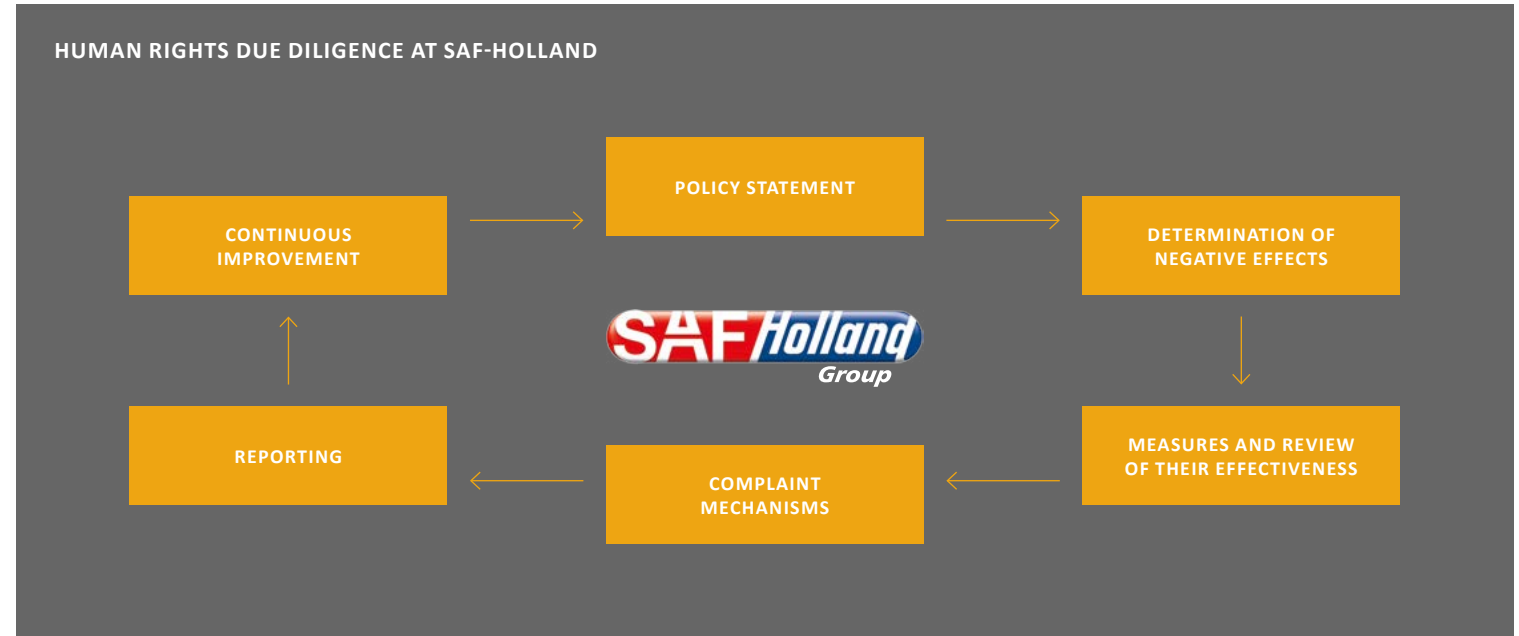
This can only be achieved by acting responsibly and sustainably. It must therefore be a matter of course for all employees everywhere and at all times to comply with the applicable laws and respect basic ethical values. This responsibility therefore applies not only to the company, but also to each individual employee. The SAF-HOLLAND Code of Conduct defines the framework that the company's employees must adhere to in order to comply with legal and internal regulations. It is constantly adapted to the latest social and legal requirements.

The Group-wide Code of Conduct is based on the company values and contains binding guidelines for all employees with regard to business behavior. It also includes the obligation to comply with competition and antitrust laws, insider trading laws, the protection of confidential information and intellectual property, as well as regulations on product safety and quality, health, safety, the environment and data protection.

The Code of Conduct was also translated into Swedish and Hungarian in the reporting year. It is therefore now publicly available in 13 languages at the following link: [🔗 Code of Conduct | SAF-HOLLAND \(safholland.com\)](#).

Guidelines have been developed and gradually introduced to the Group companies for actually meeting the requirements of the Code of Conduct. Among other aspects, they pertain to the handling of gratuities and invitations from business partners, authorities and auditing bodies. They prohibit any form of bribery, extortion or corruption and forbid the acceptance, granting or offering of unlawful benefits. New guidelines and changes to guidelines are approved and communicated by the Management Board. The following guidelines are available throughout the Group in German and English:


- Basic guideline on policy management
- Anti-discrimination guideline
- Money laundering guideline
- Anti-corruption guideline
- Declaration on respect for human rights
- Insider directive
- Guideline on directors' dealings
- Guideline on antitrust law
- Guidelines on dealing with gifts and gratuities
- Signature policy
- Culture Code
- Diversity policy
- Code of Conduct
- Code of Conduct for Suppliers






Compliance with human rights and minimum social standards in complex global value chains are issues that are of increasing concern to the public and legislators. The SAF-HOLLAND Group seeks to take the necessary precautions in its value chains to prevent violations of the law and regulations. The Management Board assumes ultimate responsibility for this and thus fulfills its responsibility to protect human rights.

In September 2020, the Management Board of the SAF-HOLLAND Group adopted a policy statement on respect for human rights. This includes the requirement that human rights standards must also be met by suppliers and business partners. This policy statement was revised and expanded in 2023. The current policy statement is available on the website: [🔗 Human Rights Policy | SAF-HOLLAND \(safholland.com\)](https://www.safholland.com/human-rights-policy).

With this policy statement, the SAF-HOLLAND Group is committed to respecting human rights in accordance with the United Nations Guiding Principles on Business and Human Rights (UNGPR) and the National Action Plan (NAP) for Business and Human Rights. The principles require companies to systematically identify the impact of their own business activities on human rights and to prevent, mitigate or, if necessary, remedy any negative effects. Individual negative impacts identified in the area of human rights can be found in the chapter  “Business ethics”.

As SAF-HOLLAND also does business in the UK, the company also includes the UK Modern Slavery Act 2015 in its human rights due diligence. SAF-HOLLAND SE published its first statement on modern slavery at the beginning of 2020. It reflects the company’s commitment to the abolition of all forms of modern slavery within its sphere of influence and sets out the measures to ensure that no slavery or human trafficking take place in its business operations and supply chain. This statement was updated in 2023 and can be found at the following link:  UK Modern Slavery Act Transparency Statement | SAF-HOLLAND (safholland.com).

Due to a legal regulation, SAF-HOLLAND has been obliged to comply with and meet the requirements of the Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) since January 1, 2024. To this end, SAF-HOLLAND has already integrated the necessary processes into its organization. Besides anchoring human rights due diligence obligations in its supply chain,

the company has set up a process to identify human rights risks in its supply chain management. In particular, a separate SAF-HOLLAND Code of Conduct for Suppliers was developed in the reporting year, which is available in five languages on the website at the following link:  Code of Conduct for Suppliers | SAF-HOLLAND (safholland.com). This Code of Conduct must be confirmed and followed by suppliers. In addition, the necessary complaints procedure in accordance with Section 8 of the Act on Corporate Due Diligence Obligations in Supply Chains has already been introduced and integrated into the current whistleblower system. Further details can be found in the sections on  “Supply chain management and human rights” and  “Complaint mechanism and whistleblowing system.”

SAF-HOLLAND has been taking a risk-based approach to the procurement of production materials since 2020. As part of this approach, the supplier pool has been recategorized and restructured in recent years. Based on this, all suppliers that are located in potentially risky countries, supply a high volume of primary products or services or are not substitutable were identified.

Supplier audits are constantly used to learn whether and to what extent suppliers comply with the sustainability standards set out in the Code of Conduct. No violations were identified during the on-site audits conducted in reporting year 2023.

RISK MANAGEMENT

GRI 2-24

As an international supplier to the commercial vehicles 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 the systematic management of opportunities and risks, SAF-HOLLAND 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.

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

The Management Board of SAF-HOLLAND SE is responsible for ensuring an effective risk management system. Anchoring risk management within Group Controlling allows the risk management system to be holistically integrated into the planning and reporting process. In applying the risk management instruments, the primary focus is to assess any possible deviation in the performance indicator EBITDA (Group earnings before interest, taxes, depreciation and amortization).

The primary responsibility for risk, risk identification, and risk management along the value chain is decentralized and lies with the functional managers in the operating units and the central departments. The corporate risk manager is responsible for defining and developing processes and coordinating their implementation. The risk manager prepares quarterly risk reports and coordinates the assessment of risk-bearing capacity. The risk manager also receives the ad hoc notifications and forwards these without delay to the Management Board.

The Supervisory Board's responsibility is to monitor the effectiveness of the risk management system. In addition, monitoring the compliance of the Group entities and Group departments with the Group's internal risk management policies is integrated into the routine audit activities of the Internal Audit department.

The SAF-HOLLAND risk management process comprises the core elements of risk recognition, risk assessment, risk management and monitoring. This process is fully mapped in an integrated software solution. With this tool, the risk owners record and assess the risks that have been recognized. The software is then 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 the Group level. The process of risk recognition, assessment and management is accompanied by the continuous monitoring and communication of the reported risks by the risk owners.

Risk identification at SAF-HOLLAND is carried out by the risk officers as well as risk managers at the regional and Group level at the end of each quarter. It is their duty to regularly check whether all risks have been recorded.

As part of the risk assessment process, the risks identified are assessed using systematic evaluation procedures and quantified both in terms of their financial impact and their probability of occurrence.

Within the risk management framework, suitable risk mitigating control measures are developed, initiated and their implementation is monitored. The strategy is aimed at avoiding, reducing or hedging against risks. This requires the development of measures that mitigate the financial impact or probability of occurrence of risks. The Group's risks are managed in accordance with the risk management principles described in the Group's risk management policy.

The Group-wide recognition and assessment of risks is reported regularly to the Management Board, broken down by risk category and region. The Supervisory Board is informed quarterly of the risk position of the Group. In addition, risks identified within a quarter that have a net expected value exceeding one million euros are reported ad hoc to the Management Board.

In order to analyze the overall risk position of SAF-HOLLAND and initiate suitable countermeasures, individual risks at the local business units, the business segments and Group-wide risks are aggregated into a risk portfolio. The scope of consolidation for risk management corresponds to the scope of consolidation 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 for trends to be recognized 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.

The process for recording non-financial risks is also mapped within the risk management software solution used throughout the Group. The Group ESG function assesses the risks reported in the risk management software on the basis of ESG requirements. An active query of non-financial risks takes place once annually, but it is also possible to record the risks identified in the system at any time outside the query process.

Further information can be found in the Risk and Opportunity Report in the Annual Report.

INTERNAL CONTROL SYSTEM

SAF's Internal Control System (ICS) over financial and non-financial reporting is designed to mitigate process risks impacting financial and non-financial reporting to a level that is acceptable to the company. An effective ICS is necessary to ensure the functionality of all essential business processes.

The Management Board of the SAF-HOLLAND Group is committed to continuously strengthening the ICS, enhancing the set of policies, procedures, and processes to provide reasonable assurance to the stakeholders that the organization can meet its objectives related to financial and non-financial reporting, operational efficiency, and compliance with laws and regulations. The enhanced ICS benefits from self-assessments and continuous control monitoring. Internal controls are an integral part of business operations. Management, the first line of business, is and remains responsible for sound business controls.

The current system includes all relevant production entities and covers more than 80% of SAF-HOLLAND's sales.

The SAF-HOLLAND ICS guideline governs and documents the basic principles, organization, and procedures of the ICS in place. The ICS guideline describes responsibilities and roles for the

- Management Board
- CFO
- Group Risk Steering Committee
- ICS Manager
- Global Process Owners
- Local Performers
- Local/Regional Reviewers
- Internal Audit

as well as the ICS process and reporting such as a risk and impact analysis ("what could go wrong"), definition of internal controls that must be followed by the different divisions and subsidiaries of the Group, assessment and review of control points, control performance and documentation.

Once every quarter, the controls must be reported and the entire ICS assessment must be documented in the Groups ICS Software.

COMPLAINT MECHANISMS AND WHISTLEBLOWING SYSTEM

GRI 2-25, 2-26, 2-29

All employees and external persons can report violations of laws and internal regulations of which they become aware or provide information on possible violations. They help the company to identify and prevent violations of regulations at an early stage.

They can use the whistleblower system, which is generally accessible via the SAF-HOLLAND website, to submit their reports. Whistleblowers are free to decide whether or not they wish to remain anonymous during the reporting process and further investigation. Other reporting channels are also available. The Global Compliance department can be contacted at any time. Furthermore, employees can report directly to their line manager or contact the HR department responsible.

SAF-HOLLAND always investigates all information and initiates the necessary measures if necessary. Any risks discovered in this process are dealt with by a specially established Compliance Committee.

The respective procedural standards were written down in 2023 to provide general explanations on the whistleblower system. These are binding throughout the Group – subject to deviating local legal requirements.

Employees and interested and affected parties are hereby informed transparently about the principles and process of the whistleblower procedure at SAF-HOLLAND. It defines what information can be reported, what reporting channels are available and how the information received is investigated and processed internally. In addition, the respective protective measures for whistleblowers, including ensuring the confidentiality and anonymity of the whistleblower and data protection, are explained.

In the reporting year, SAF-HOLLAND also integrated the complaint procedure for potential violations of the Act on Corporate Due Diligence Obligations in Supply Chains into its current whistleblower system and set up an additional reporting channel. The subject of a report under the Act on Corporate Due Diligence Obligations in Supply Chains can be human rights and environmental risks or violations of human rights or environmental obligations that have arisen through SAF-HOLLAND's own business activities or those of a supplier. Any reports received are handled by the respective department.

Link to the official whistleblower system including the general procedural standards: [🔗 SAF-HOLLAND SE | Home \(integrityline.io\)](https://integrityline.io).

MATERIAL TOPICS (HIGH PRIORITY)

COMPLIANCE AND BUSINESS ETHICS

GRI 2-24, 2-27, 3-3, 205-1, 205-2, 205-3, 206-1

COMPLIANCE

Integrity and compliance are basic elements of corporate governance and the compliance management system. SAF-HOLLAND is aware of its social responsibility and acts with integrity, reliability and compliance towards its employees, investors, customers and other business partners. Guided by its values, SAF-HOLLAND wants to lead by example in the global business world and thus ensure trust in its business transactions and corporate governance.

One of SAF-HOLLAND's goals is to create an open company culture in which employees and business partners can confidently address potential risks and breaches of rules. This helps to identify risks at an early stage and to thoroughly clarify and rectify any misconduct.

The company's governance system consists of a Management Board as the management body and the Supervisory Board as the supervisory body and complies with the governance structure of the German Stock Corporation Act. SAF-HOLLAND SE publishes its Declaration of Compliance with the German Corporate Governance Code online at [🔗 Declaration of Compliance | SAF-HOLLAND \(safholland.com\)](#).

There were no violations of laws or regulations in the reporting year. Therefore, SAF-HOLLAND did not have to pay any fines and no non-monetary sanctions were imposed. Further information on corporate governance at SAF-HOLLAND can be found in the Annual Report 2023.

DESCRIPTION OF THE APPROACHES TAKEN IN THE AREA OF COMPLIANCE

To meet the diverse compliance challenges worldwide, SAF-HOLLAND has appointed Compliance Ambassadors for each of the three regions (EMEA, Americas and APAC) in addition to the Compliance department at Group level since fiscal year 2021. They are based at the head of the respective regional organization and can therefore implement the necessary compliance measures, arrange for employees to be trained and introduce the respective guidelines on their own responsibility. They are involved in the regional implementation of the compliance management system and are an important link to the central compliance organization.

The global Legal and Compliance department reports directly to the Management Board of SAF-HOLLAND SE. The Management Board defines the Group's compliance targets and the global Legal and Compliance department monitors and manages their implementation. The Compliance Ambassadors are required to report to the global Legal and Compliance department at regular intervals. This includes pending legal disputes in the Legal department, which are recorded, reported and documented using a standardized process.

SAF-HOLLAND condemns all forms of bribery, extortion and corruption. No unlawful benefits may be accepted, granted or offered. This applies to companies as well as private individuals, authorities, inspection bodies and other organizational units. The term "benefit" includes gifts of any kind as well as invitations to events or business meals. The global anti-corruption guideline and the internal guideline on the handling of benefits, as amended, are decisive for assessing their legality.

To further strengthen awareness, event-related training courses are organized to sensitize a previously defined group of people in the company. The training materials are prepared by the Legal and Compliance department. The respective Managing Directors of the subsidiaries and the Compliance Ambassadors of the regions are mainly responsible for conducting the training courses. E-learning platforms are available at the company's global sites. The above-mentioned contacts are responsible for implementation and documentation. Training courses are also held during the year in the event of changes and innovations, if necessary.

IMPACT ON THE ECONOMY, THE ENVIRONMENT AND PEOPLE, INCLUDING THE IMPACT ON HUMAN RIGHTS

The following **negative effects** were identified during the materiality analysis:

CURRENT IMPACTS:

- The area of compliance and business ethics currently has no negative effects.

POTENTIAL IMPACTS:

- Non-compliance with compliance-relevant requirements entails the risk of violations and illegal behavior, such as corruption. If the company has to pay high fines as part of a sanction, this could have a direct impact on the economic situation of the company and therefore also on jobs. There could also be a not inconsiderable risk of reputational damage.

The following topics were identified as **positive effects** during the materiality analysis:

CURRENT IMPACTS:

- Active contribution to a corruption-resistant society
- Attractive financing conditions
- Positive reputation internally and externally
- Strengthened basis of trust with stakeholders such as customers and suppliers

POTENTIAL IMPACTS:

- In conjunction with other compliance activities, the Group-wide Code of Conduct could well strengthen the compliance of all employees even further.

SAF-HOLLAND's main goal therefore continues to be to avoid breaches of regulations from the outset. In particular, fines that could threaten the existence of the company, criminal and tax proceedings, threats to assets and damage to SAF-HOLLAND SE's reputation are to be prevented. An efficient compliance management system also serves to reduce liability risks for the company and the Management Board. In addition, it safeguards and promotes SAF-HOLLAND SE's reputation vis-à-vis stakeholders such as business partners, investors and lenders.

APPROACH AND MEASURES

In order to obtain a Group-wide overview of the employees who have received training, the Legal and Compliance department requests training certificates from all sites. A globally valid verification form is created for this purpose and delivered to the Managing Directors and Compliance Ambassadors. Corresponding documentation is created for each training course held and is stored centrally in the HR department.

In addition, the current processes on the topic of "corruption and bribery" were developed further. The Management Board would like to further increase awareness and attentiveness to this topic in order to create and strengthen the necessary awareness among all employees to act in accordance with the law and regulations in this area. At the beginning of the reporting year, SAF-HOLLAND drew up a global anti-corruption guideline and introduced it throughout the Group. The guideline contains the Management Board's clear commitment to a zero-tolerance policy on this topic as well as all significant content on preventing and combating corruption and sets out the framework conditions that must be observed by all employees – but also by business partners. In particular, this policy defines the terms bribery and corruption in more detail, describes potential conflicts of interest and lists the sanctions that can be imposed in the event of non-compliance.

Furthermore, an internal global legal and compliance website was created in 2023. It is available to all SAF-HOLLAND employees and contains important information from the area of Legal and Compliance as well as Group-wide guidelines and training documents. In addition to the existing page in the SAF-HOLLAND employee app, this represents an expansion of the communication offering in this area.

NON-FINANCIAL RISKS

No reportable risks were identified in the area of “corruption, competition and antitrust law.”

EFFECTIVENESS AND PROGRESS

Compliance

	2021	2022	2023
Number of participants in antitrust and competition law training	N/A	166	448
Corruption violations 205-3	0	0	0
Competition and antitrust law violations 206-1	0	0	0

STAKEHOLDER INVOLVEMENT AND INFLUENCE ON EFFECTIVENESS

The Management Board of SAF-HOLLAND SE, the Audit Committee and the full Supervisory Board are involved regularly in the further development of topics of relevance to compliance. The Legal and Compliance department reports to the CFO at regular meetings. Relevant topics are addressed at least twice a year during regular Audit Committee meetings. The effectiveness of the measures and progress are reported on in this context. Stakeholders are directly involved in the decisions. By participating in ESG ratings, the requirements of investors and banks in this area are also sufficiently taken into account.

Reports via the whistleblower system are used to further develop, optimize and adapt internal compliance processes in order to avoid new incidents in the future (prevention).

BUSINESS ETHICS

GRI 2-27, 3-3, 407-1, 408-1, 409-1

DESCRIPTION OF THE APPROACHES TAKEN IN THE AREA OF BUSINESS ETHICS

In the area of business ethics, SAF-HOLLAND mainly focuses on compliance with and respect for human rights. The associated due diligence is comprised of various components.

SAF-HOLLAND takes an integrated approach that encompasses its own processes and the supply chain and is constantly developed further. The established processes make it possible to monitor the effectiveness of and compliance with the commitments made and to identify, prevent and mitigate human rights risks, effects and violations. Potential risks of child and forced labor at the company's own sites are always considered in the audits.

The basic principles and objectives of responsible and ethical conduct in the business environment, particularly with regard to respecting human rights and protecting the environment, have also been specified in the Code of Conduct for Suppliers. These are considered minimum requirements and reflect the expectations we have of our suppliers.

In order to uncover possible violations of laws and internal regulations, incidents can be reported at any time via the electronic whistleblower system. It is also possible to contact the global Compliance department directly and report to the respective supervisor or the responsible HR department. SAF-HOLLAND expressly encourages employees and outsiders to express concerns or report incidents. Information relating to the Act on Corporate Due Diligence Obligations in Supply Chains can also be reported. All contact options are listed in the general procedural standards.

IMPACTS ON THE ECONOMY, THE ENVIRONMENT AND PEOPLE, INCLUDING THE IMPACT ON HUMAN RIGHTS

The following topics were identified as **negative effects** during the materiality analysis:

CURRENT IMPACTS:

- There are currently no negative effects in the area of business ethics.

POTENTIAL IMPACTS:

- If laws or internal guidelines such as the Code of Conduct are not complied with, this could result in material or immaterial damage.

The following topics were identified as **positive effects** during the materiality analysis:

CURRENT IMPACTS:

- Active contribution to compliant behavior
- Employees in the supply chain are protected.

POTENTIAL IMPACTS:

- Consistently following business ethics guidelines is the basis for safeguarding human rights in our supply chain.
- Our general goal is to comply with all relevant laws and guidelines that pertain to human rights in order to avoid violations of the regulations.

HANDLING AND MEASURES

The Declaration of Principles on Respect for Human Rights was updated in fiscal year 2023 and the SAF-HOLLAND Code of Conduct for Suppliers mentioned in the previous chapters was prepared and made available accordingly.

NON-FINANCIAL RISKS

SAF-HOLLAND does not see any increased risks of child or forced labor or threats to the right to freedom of association and collective bargaining at any of the Group's sites or suppliers. This was the result of inspections and internal and external supplier audits.

Furthermore, no reportable risks were identified in the area of business ethics.

EFFECTIVENESS AND PROGRESS

As in the previous year, no human rights violations were reported in the fiscal year.

Compliance with human rights was reviewed at strategic suppliers as part of audits. No human rights violations such as the use of child and forced labor or violations of the right to freedom of association or collective bargaining were identified.

STAKEHOLDER INVOLVEMENT AND INFLUENCE ON EFFECTIVENESS

Stakeholders are involved in the human rights compliance process through supplier audits and direct and constant contact with suppliers. Measures are also derived and implemented where necessary on the basis of the reports received via the whistleblower system.

PRODUCT QUALITY AND PRODUCT SAFETY

GRI 3-3, 416-1, 416-2

DESCRIPTION OF APPROACH

All products are subjected to multi-stage quality assurance processes as early as the development phase. These include failure mode and effect analyses (design FMEA, process FMEA), virtual simulations, calculations and numerical optimizations (e.g., finite element method, multi-body simulation, topology optimizations), based on which we develop systems that are as robust as possible. Subsequently, prototypes and series components are subjected to extensive physical testing – from component testing on test benches to full vehicle tests on test tracks. For products in the areas of electrification, digitalization and automation, SAF-HOLLAND also applies processes and methods in accordance with the applicable functional safety standards, including, among other procedures, hazard and risk analyses (HARA – Hazard Analysis and Risk Assessment) as well as safety concepts and confirmation measures.

Most of the manufacturing areas operate in accordance with internationally recognized quality management, environmental and occupational safety standards. In addition, the company uses special technologies to further enhance the quality of the manufactured products. SAF-HOLLAND is constantly implementing new technologies in the processes to ensure that it is able to deliver the best quality when it comes to axles systems. SAF-HOLLAND is also investing in CMM technology at all the manufacturing sites to meet all requirements necessary to ensure the best performance of the products.

IMPACTS ON THE ECONOMY, THE ENVIRONMENT AND PEOPLE, INCLUDING THE IMPACT ON HUMAN RIGHTS

Within the materiality analysis, the following topics were identified as having a **negative impact**:

CURRENT IMPACTS:

- Product recalls have an impact on freight transport and food distribution and supply, for example

POTENTIAL IMPACTS:

- Failure to comply with legal requirements, product quality and safety standards can result in personal injury
- In the case of hazardous material transport, accidents could have negative consequences for the environment
- Increased quality and service costs, resulting in profit reduction and possibly a reduction of employees' income

Within the materiality analysis, the following topics were identified as having a **positive impact**:

CURRENT IMPACTS:

Continuous improvement of product safety and quality has a positive impact on the environment, people, human rights and the economic situation of the company:

- Early warning systems, inspection upon receipt of goods, detection of defects in intermediate products
- High safety due to long test cycles and the use of high-quality steel (compared to competitor products)
- Further increase in the brand value of SAF-HOLLAND
- Low complaint costs

POTENTIAL IMPACTS:

- None identified

APPROACH AND MEASURES

To further develop the integrated quality management system, SAF-HOLLAND relaunched the “Quick Response Quality Control” (QRQC) problem-solving system in 2020. After the relaunch, good progress was made towards the zero-defect strategy. The use of the internal system for handling customer claims is helping the PPM rate to shrink. The system was introduced in the production locations worldwide as an analysis tool and further optimized in the reporting year. At the same time, employees and the SAF-HOLLAND management were intensively trained in the use of the QRQC system. As a result, the company has standardized processes for handling internal and external problems and can offer customers fast and effective solutions.

The existing CoP (Conformity of Production) process was transferred two years ago from the Homologation department to the Quality Assurance department. Since the beginning of this transformation, the CoP system has constantly experienced changes that also are affecting the performance of the products. Ongoing regular inspections on SAF-HOLLAND products are performed based on the current CoP test plan. Product quality is constantly meeting the requirements of CoP testing.

SAF-HOLLAND developed its standards in the areas of electrification, digitalization and automation, which are based on current guidance and guidelines for functional safety (FuSi) – such as the ISO standard 26262 for electrical and electronic systems in motor vehicles. This enables the company to guarantee customers innovative and safe products, such as the TRAKr/TRAKe, as well as the SAF-HOLLAND Automatic Coupling. Responsibility for functional safety lies with Group Engineering. In the reporting year, taking functional safety into account, initial investigations were also carried out as part of the fifth wheel concept for the automatic measurement of loads and forces by sensors.

EFFECTIVENESS AND PROGRESS

As already communicated in the last report, the company continues to work on replacing the kingpin 50165S15L with the approval number R55_012422_00. The kingpin does not fulfill the load change required according to UN/ECE R55 and thus a deviation from the approval object exists. This has been reported to the Federal Motor Transport Authority under the manufacturer code SI-2108-220505.

Components affected by this message are continuously identified in the field and replaced together with the company's service partners, subsidiaries and country representatives worldwide to ensure continued unrestricted function.

Since autumn 2023, the CoP structure in the EMEA region has been basically expanded due to the integration of Haldex. Since then, internal factory visits have taken place to plan joint testing capacities (equipment and personnel resources) for the coming years. This enables SAF-HOLLAND to establish a second source in testing and thus save costs for carrying out tests.

STAKEHOLDER INFLUENCE ON EFFECTIVENESS

Politics and authorities have a direct influence on product quality and safety and provide the respective framework. Components must be approved, and processes must be documented.

DATA PROTECTION AND DATA SECURITY

GRI 2-24, 3-3, 404-2, 418-1

The highest standards of data protection and data security safeguard the long-term trust of SAF-HOLLAND stakeholders. The company strives to meet the highest requirements in all regions in which it operates to provide security and protection of data entrusted to the company. By integrating the “Compliance and Data Protection” management process and the IT guidelines on “General Data Security” into the company’s process management manual, the basis for effective data protection has been created at the German sites.

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 Management Board is supported by a Data Protection Officer and an Information Security Officer who advises it on the implementation of data protection requirements. Since the beginning of 2023, the Data Protection Officer has been assigned to the IT department and reports directly to the Management Board on all relevant aspects. The Data Protection Officer prepares an annual final report in which the nature and scope of activities and any special incidents are recorded. To identify potential for improvement in data protection and data security on-site, the Data Protection Officer also takes part in internal quality audits at the German sites.

The topic of data protection and data security is steered centrally by the Data Protection Officer and the Chief Information Security Officer, organized regionally and the respective applicable laws are complied with.

INTENSIVE TRAINING AT SAF-HOLLAND LOCATIONS

New employees and business partners are required to comply with the legal regulations resulting from the EU GDPR and similar regional regulations by means of supplementary agreements. As in 2022, intensifying employee training at a very large number of subsidiaries and sales companies was a key focus of SAF-HOLLAND’s work in the area of data protection in fiscal year 2023. In 2023, 988 employees in Germany were trained on the topic of “data protection” via the learning management system. At the other global sites, the company provides specific annual training for those employees involved in the processing of personal data. All training materials and all documentation are updated regularly to reflect the current and future legal regulations and requirements.

Regarding data security, the role of a CISO (Chief Information Security Officer) was implemented in July 2023 and the data security organization will be strengthened by adding regional resources to monitor all ongoing activities. In addition, the CISO and DPO (Data Protection Officer) are responsible for global data protection & information security. The Management Board adopted a new global data protection & information security policy at the end of November 2023. In December 2023, work began on publishing and updating the corresponding policies, guidelines, and training courses. In 2023, audits of the security of the company’s internal network and an internal security audit of the websites and web shops were continued and rolled out to additional locations and entities.

Faced with automotive cybersecurity UN155/156 regulations, the European Cybersecurity Act and growing global cybersecurity regulatory landscape, the engineering product development teams also completed a comprehensive review of OT (operational technology) product security with a strong focus on data protection and data security. This led to a roadmap of “Secure by Design” initiatives to further increase resilience in a world where potential for truck hacking and ransomware targeting fleet operators is a new cyber-as-a-crime threat.

SAF-HOLLAND was impacted by a cyber incident in March 2023. The company was able to limit the damage to the business, as emergency plans worked out very well. The attack was detected early by the Security Operations Center (SOC) and the team actively worked against the threat actor. The security team with intensive support from the network and server team was able to protect core systems and backups. The impact on the business was minimized as the company was able to make up for lost time and caught up on customer deliveries over the year.

While bringing back the company to a normal operating mode after the attack, the IT and security team carried out lessons learned and implemented numerous measures and policies such as a strengthened admin tiering concept, an enhanced security concept including an extended detection and response system as well as a refined network segmentation to further increase the cyber security score that was already above industry average before the attack.

The ongoing cyber security awareness training was intensified throughout the Group. The training program was also introduced to the Haldex locations. Fictitious phishing e-mails were sent out to raise employee awareness and training was offered.

SAF-HOLLAND was aware of 2 incidents throughout the Group in fiscal year 2023 that resulted in a threat to data security. In both cases, the risks were reported to the Data Protection Officer and all responsible data protection authorities were notified. The data protection authorities have informed SAF-HOLLAND Group in all cases about the closure of the incidents as there was no evidence that private data was exposed.

APPENDIX

INDEX TO THE DISCLOSURES ACCORDING TO GRI, CSR-RUG AND UN-SDGS



Disclosure	Page	Explanation	CSR-RUG aspect	UN-SDGs
The organization and its reporting practices				
2-1	Organizational details	7 – 9		
2-2	Entities included in the organization's sustainability reporting	7		
2-3	Reporting period, frequency and contact point	7		
2-4	Restatements of information	7, 18, 90		
2-5	External assurance	7		
Activities and workers			Employee concerns	
2-6	Activities, value chain and other business relationships	8, 9		
2-7	Employees	53, 54		8
2-8	Workers who are not employees	53		
Governance				
2-9	Governance structure and composition	6, 10, 11		
2-10	Nomination and selection of the highest governance body	10, 12		
2-11	Chair of the highest governance body	10		
2-12	Role of the highest governance body in overseeing the management of impacts	10 – 12		
2-13	Delegation of responsibility for managing impacts	10 – 12		
2-14	Role of the highest governance body in sustainability reporting	10 – 11		
2-15	Conflicts of interest	10 – 11		
2-16	Communication of critical concerns			
2-17	Collective knowledge of the highest governance body	10 – 12	🔗 Corporate Governance Statement SAF-HOLLAND (safholland.com)	
2-18	Evaluation of the performance of the highest governance body	10		
2-19	Remuneration policies	10	🔗 Remuneration Report SAF-HOLLAND (safholland.com)	
2-20	Process to determine remuneration	10		
2-21	Annual total compensation ratio	SAF-HOLLAND ensures that all remuneration is in line with regulations, market conditions and performance. SAF-HOLLAND does not consider average and relative values to be meaningful and therefore does not measure for this indicator.		

Disclosure	Page	Explanation	CSR-RUG aspect	UN-SDGs
Strategy, policies and practices			Respect for human rights; measures against corruption and bribery	
2-22	Statement on sustainable development strategy	4, 5, 13 – 15		
2-23	Policy commitments	70 – 72		
2-24	Embedding policy commitments	22, 68, 69, 73, 74, 76 – 78, 83, 84		
2-25	Processes to remediate negative impacts	75		
2-26	Mechanisms for seeking advice and raising concerns	75		
2-27	Compliance with laws and regulations	22, 76 – 80		
2-28	Membership associations	90	SAF-HOLLAND does not exercise a formative influence on any of the associations listed in the Appendix.	
Stakeholder engagement			Employee concerns; social aspects	
2-29	Approach to stakeholder engagement	17 – 19, 58, 62 – 65, 75, 78, 80, 82 – 84	The involvement of stakeholders in day-to-day business operations is organized as a cross-sectional task and is therefore not concentrated in one section of the report.	
2-30	Collective bargaining agreements	64		8
Material topics 2022				
3-1	Process to determine material topics	17 – 18	In 2023, includes the same high priority topics as determined in 2022. The company voluntarily reported the same medium priority topics reported in 2022, and additionally includes remanufacturing.	
3-2	List of material topics	19 – 20, 91		
3-3	Management approach economic performance 2016			
201-2	Financial implications and other risks and opportunities due to climate change	34		9, 13
3-3	Management approach anti-corruption 2016		Measures against corruption and bribery	
205-1	Operations assessed for risks related to corruption	76, 77		
205-2	Communication and training about anti-corruption policies and procedures	77, 78		
205-3	Confirmed incidents of corruption and actions taken	77, 78		

Disclosure	Page	Explanation	CSR-RUG aspect	UN-SDGs
3-3	Management approach anti-competitive behavior 2016	76, 77	Measures against corruption and bribery	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	77, 78		
3-3	Management approach materials 2016	32	Environmental aspects	
301-2	Recycled input materials used	32, 33		12
3-3	Management approach energy 2016	23	Environmental aspects	
302-1	Energy consumption within the organization	24 – 26		7, 8, 13
3-3	Management approach water and effluents 2018	29	Environmental aspects	
303-1	Interactions with water as a shared resource	29		
303-3	Water withdrawal	29		
3-3	Management approach emissions 2016	14, 27, 28	Environmental aspects	
305-1	Direct (Scope 1) GHG emissions	27		3, 13
305-2	Energy indirect (Scope 2) GHG emissions	27		3, 7, 13
3-3	Management approach waste 2020	30, 31	Environmental aspects	
306-1	Waste generation and significant waste-related impacts	30, 31		3, 12
306-2	Management of significant waste-related impacts	30, 31		3, 12
306-3	Waste generated	30, 31		3, 12
306-4	Waste diverted from disposal	30, 31		3, 12
306-5	Waste directed to disposal	30, 31		
3-3	Management approach supplier environmental assessment 2016	68	Environmental aspects	
308-2	Negative environmental impacts in the supply chain and actions taken	69		

Disclosure	Page	Explanation	CSR-RUG aspect	UN-SDGs
3-3	Management approach occupational health and safety 2018	55 – 57	Employee concerns	
403-1	Occupational health and safety management system	16, 55 – 57		8
403-2	Hazard identification, risk assessment, and incident investigation	55 – 57		8
403-3	Occupational health services	55 – 57		8
403-4	Worker participation, consultation, and communication on occupational health and safety	55 – 57		8
403-5	Worker training on occupational health and safety	57, 58		8
403-6	Promotion of worker health	57, 58		3
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	68		8
403-8	Workers covered by an occupational health and safety management system	16		8
403-9	Work-related injuries	58		3, 8
3-3	Management approach training and education 2016	59 – 62	Employee concerns	
404-1	Average hours of training per year per employee	22, 23, 62		4, 8
404-2	Programs for upgrading employee skills and transition assistance programs	59 – 62, 83, 84		8
404-3	Percentage of employees receiving regular performance and career development reviews	62		8
3-3	Management approach diversity and equal opportunity 2016	66	Employee concerns	
405-1	Diversity of governance bodies and employees	66		8
3-3	Management approach non-discrimination 2016	66	Employee concerns	
406-1	Incidents of discrimination and corrective actions taken	66		8
3-3	Management Approach Freedom of Association and Collective Bargaining 2016	79	Employee concerns; respect for human rights	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	79, 80		8
3-3	Management approach child labor 2016	79	Respect for human rights	
408-1	Operations and suppliers at significant risk for incidents of child labor	79, 80		8

Disclosure	Page	Explanation	CSR-RUG aspect	UN-SDGs
3-3	Management approach forced or compulsory labor 2016	79	Respect for human rights	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	79, 80		8
3-3	Management approach supplier social assessment 2016	68, 69	Respect for human rights	
414-2	Negative social impacts in the supply chain and actions taken	69		8
3-3	Management approach customer health and safety 2016	81	Social aspects	
416-1	Assessment of the health and safety impacts of product and service categories	81, 82		3
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	82		3
3-3	Management approach customer privacy 2016	83		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	83, 84		

CHANGES IN THE SELECTION OF THE MATERIAL TOPICS

GRI 2-4, 3-2

Material topics 2022 (high priority)

Approach – Largest impact on ESG

- 1 Product quality and safety
- 2 Compliance & Business Ethics
- 3 Education and training
- 4 Occupational safety and health protection
- 5 Working conditions
- 6 Energy

Other topics 2022 (medium priority)

- 7 Emissions
- 8 Product innovations
- 9 Stakeholder engagement
- 10 Supply chain management and human rights
- 11 Data protection and data security
- 12 Diversity and equal opportunity
- 13 Social commitment
- 14 Digitalization
- 15 Waste and recycling
- 16 Water use and withdrawal

Material topics 2023 (high priority)

Approach – Largest impact on ESG

- 1 Product quality and safety
- 2 Compliance & Business Ethics
- 3 Education and training
- 4 Occupational safety and health protection
- 5 Working conditions
- 6 Energy

Other topics 2023 (medium priority)

- 7 Emissions
- 8 Product innovations
- 9 Stakeholder engagement
- 10 Supply chain management and human rights
- 11 Data protection and data security
- 12 Diversity and equal opportunity
- 13 Social commitment
- 14 Digitalization
- 15 Waste and recycling
- 16 Remanufacturing
- 17 Water use and withdrawal

MEMBERSHIPS IN ASSOCIATIONS AND INITIATIVES

GRI 2-27, 2-28

ABTN	Brazilian Association of Technical Standards	FTR	Freight Transportation Research Association
ACMA	Automotive Component Manufacturers Association of India	HDAD	Heavy Duty Aftermarket Distributors
ACT	American Commercial Trucking	HVIA	Heavy Vehicle Industry Australia
ANFIR	Brazilian Association of Trailers and Parts Builders	IANA	Intermodal Association of North America
ANP	DIN Standards Practice Committee	ITC	Industry Technical Council
ARAI	The Automotive Research Association of India	LTA	Land Transport Authority – Singapore
ARAI-HTC	Homologation & Technology Centre Chakan	NBTA	National Bulk Tanker Association
ARTSA-I	Australia Road Transport Suppliers Association Institute	NTDA	National Trailer Dealers Association
ATA	American Trucking Association	NTEA	National Truck Equipment Association
ATA/ITC	Australia Trucking Association	NTTA	National Tank Trailer Association
BVL	Bundesvereinigung Logistik (German federal logistics association)	NTTC	National Tank Truck Carriers Association
CII	Confederation of Indian Industries	SCCI	Swedish Chamber of Commerce India
CLEPA	European Association of Automotive Suppliers	SFA	Swedish Foundry Association
CVDC	Cambridge University Vehicle Dynamics Consortium	SIS	Swedish Institute for Standards
CVSN	Commercial Vehicle Solutions Network	SMMT	Society of Motor Manufacturers & Traders
DAI	Deutsches Aktieninstitut e.V. (German shareholders association)	SRF	Centre for Sustainable Road Freight
DIRK	Deutscher Investor Relations Verband e. V. (German investor relations association)	TMC	Technology and Maintenance Council
DVM	Deutscher Verband für Materialforschung und -prüfung e. V. (German association for materials research and testing)	TTMA	Truck Trailer Manufacturer Association
FAT	Forschungsvereinigung Automobiltechnik (The Research Association of Automotive Technology)	VDA	Verband der Automobilindustrie e. V. (German automotive industry association)
FKG	Fordonskomponentengruppen	VDI	Verein Deutscher Ingenieure e. V. (Association of German engineers)
FMCSA	Federal Motor Carriers Safety Administration	VTA	Victorian Transport Association
		ZENTEC	Zentrum für Technologie Existenzgründung und Cooperation GmbH (German center for technology, business creation and cooperation)

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GRI 2-4, 3-2

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This report contains forward-looking statements. Such forward-looking statements are based on certain assumptions and expectations as of the date of this report. They are therefore subject to risks and uncertainties and actual events may differ materially from those described in the forward-looking statements. A number of these risks and uncertainties are determined by factors that are not subject to the influence of SAF-HOLLAND SE and cannot be reliably estimated at the time of this report's preparation. These include future market conditions and economic developments, the behavior of other market participants, the achievement of expected synergy effects, as well as legal and political decisions.

The statements on future development mentioned herein therefore reflect only the state of knowledge at the time of this publication. SAF-HOLLAND SE also does not feel obligated to publish corrections to these forward-looking statements to reflect events or circumstances that have occurred after the publication date of these materials.

