

Sustainability Report 2020
SAF-HOLLAND SE

GAINING MOMENTUM





OUR VISION

To be the most trusted and reliable partner
in the commercial vehicle industry

KEY FIGURES

GRI 201-1

RESULTS OF OPERATIONS

in EUR thousands

| | Q1-Q4/2020 | Q1-Q4/2019 |
|--|------------|------------|
| Sales | 959,519 | 1,284,155 |
| Adjusted gross profit | 178,831 | 217,598 |
| Adjusted gross profit margin in % | 18.6 | 16.9 |
| Adjusted EBIT | 58,799 | 79,816 |
| Adjusted EBITDA | 98,126 | 114,129 |
| Adjusted EBITDA-Marge in % | 10.2 | 8.9 |
| Adjusted EBIT-Marge in % | 6.1 | 6.2 |
| Adjusted result for the period | 34,494 | 49,756 |
| Adjusted undiluted earnings per share in EUR | 0.76 | 1.10 |

NET ASSETS

in EUR thousands

| | 31.12.2020 | 31.12.2019 |
|---|------------|------------|
| Balance sheet total | 920,486 | 979,244 |
| Equity | 300,463 | 318,007 |
| Equity ratio in % | 32.6 | 32.5 |
| Net working capital | 114,599 | 183,763 |
| Net working capital in % of sales (LTM) | 11.9 | 14.3 |

FINANCIAL POSITION

in EUR thousands

| | Q1-Q4/2020 | Q1-Q4/2019 |
|--|------------|------------|
| Cash and cash equivalents | 170,982 | 131,166 |
| Cash flow from operating activities | 137,922 | 90,546 |
| Cash flow from investing activities (property, plant and equipment/ intangible assets) | -23,675 | -47,727 |
| Operating free cash flow | 114,247 | 42,820 |
| Total free cash flow | 114,247 | 31,967 |
| Net debt | 196,701 | 251,667 |

EMPLOYEES

| | Q1-Q4/2020 | Q1-Q4/2019 |
|--|------------|------------|
| Employees at the reporting date ² | 3,369 | 3,924 |
| Employees (on average) | 3,424 | 4,218 |

YIELD

in %

| | Q1-Q4/2020 | Q1-Q4/2019 |
|--|------------|------------|
| Return on capital employed (ROCE) ¹ | 11.1 | 13.3 |

¹ROCE = Adjusted EBIT / (total equity + financial liabilities (excl. refinancing costs, incl. lease liabilities) + pension and other similar benefits - cash and cash equivalents). ROCE for Q1-Q4 2019 has been adjusted retrospectively to match the new definition

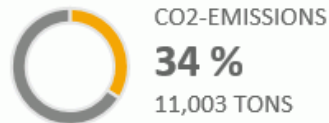
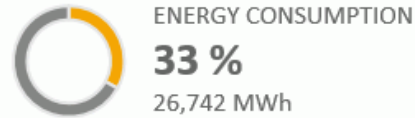
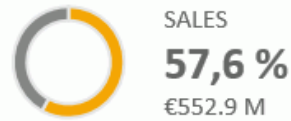
²Total Employees including temporary workers

All figures shown are rounded. Minor discrepancies may arise from additions of these amounts.
Operating free cash flow = Net cash flow from operating activities less net cash flow from investing activities (purchase of PP&E and intangible assets less proceeds from sales of PP&E). The operating free cash flow for Q1-Q4 2019 has been adjusted retrospectively to match the new definition.

ESG KEY PERFORMANCE INDICATORS



EMEA

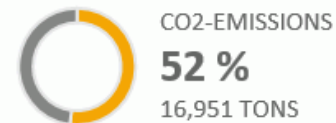
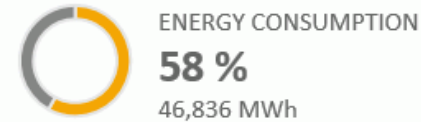
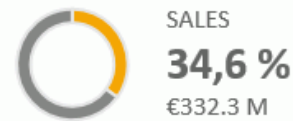


EMPLOYEES
1,469

LOST TIME INJURY FREQUENCY RATE
19.6



AMERICAS

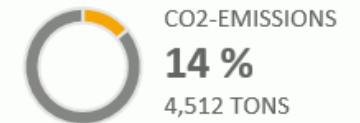
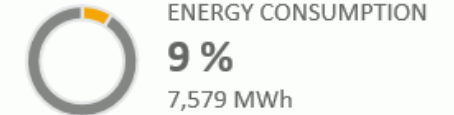


EMPLOYEES
1,454

LOST TIME INJURY FREQUENCY RATE
6.3



APAC



EMPLOYEES
346

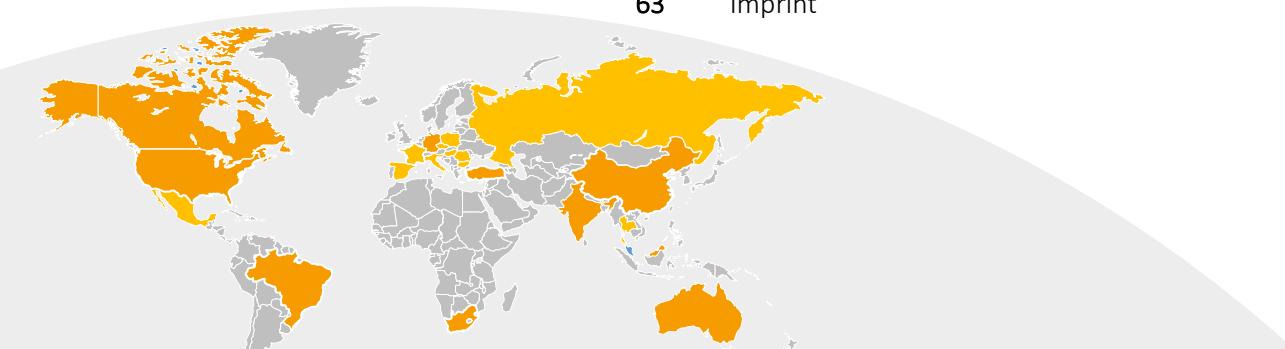
LOST TIME INJURY FREQUENCY RATE
4.9

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Sustainability Report

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FOREWORD OF THE MANAGEMENT

GRI 102-14



Dear readers,

If one thinks back on the year 2020, the first thing that comes to mind is the COVID-19 pandemic. The pandemic presented a particular challenge, also to our company, our employees and the leadership team.

The health of our employees, suppliers and customers was given top priority at all times. To mitigate the risk posed by COVID-19 within our internal operations, we quickly initiated far-reaching measures at all of our locations worldwide. These include the implementation of a Global Emergency Response Team which advises the Management Board on the current situation, prepares and coordinates the materials needed for decisions and monitors communications and operative measures. In this context, strict travel rules were set, a provision made for “mobile working” and extensive measures undertaken to ensure “social distancing”.

Notwithstanding the above, the issue of corporate social responsibility was very high on our management agenda in the year 2020. Sustainability is an integral component of our “Strategy 2025” and reflects the paradigm shift towards stakeholder value.

We have analysed the requirements of our stakeholders in great detail and used the results to set challenging goals for our sustainability strategy. Our vision: We want to make SAF-HOLLAND greener. And, most of all, this means minimising the carbon footprint of our products and processes.

In this context, SAF-HOLLAND is profiting from the three mega-trends of digitalisation, alternative drives and autonomous vehicles and already addresses these in outstanding fashion with its SMART-STEEL products (e.g. TrailerMaster), the electric trailer axles, TRAKr and TRaKe as well as its automatic coupling systems (SAF-HOLLAND Automatic Coupling).

An important component of our sustainability strategy is the successful implementation of our SAF-HOLLAND Operational Excellence system. The aim of this system is to improve productivity and quality and optimise cost structures. The SAF-HOLLAND OpEx System is complemented by the “SAF-HOLLAND Global Manufacturing Concept Strategy” consisting of two

areas, “Global Footprint Optimisation” and “Automation”, both of which are closely linked to our sustainability strategy of being environmentally friendly and conserving resources in all our endeavours.

I can also give you good news from other fields. For example, we revised our Human Rights Policy and our UK Modern Slavery Act Transparency Statement. In this we acknowledge the Universal Declaration of Human Rights, the ILO Conventions and the OECD Guidelines for Multinational Enterprises and reinforce our endorsement of the UN Global Compact. The latest versions of both documents are available on our website. At the same time, we developed a binding code of corporate culture for all employees and communicated it to them. This code implements our health and safety and sustainability standards and expresses the way we see ourselves as an employer and as a responsible member of society.

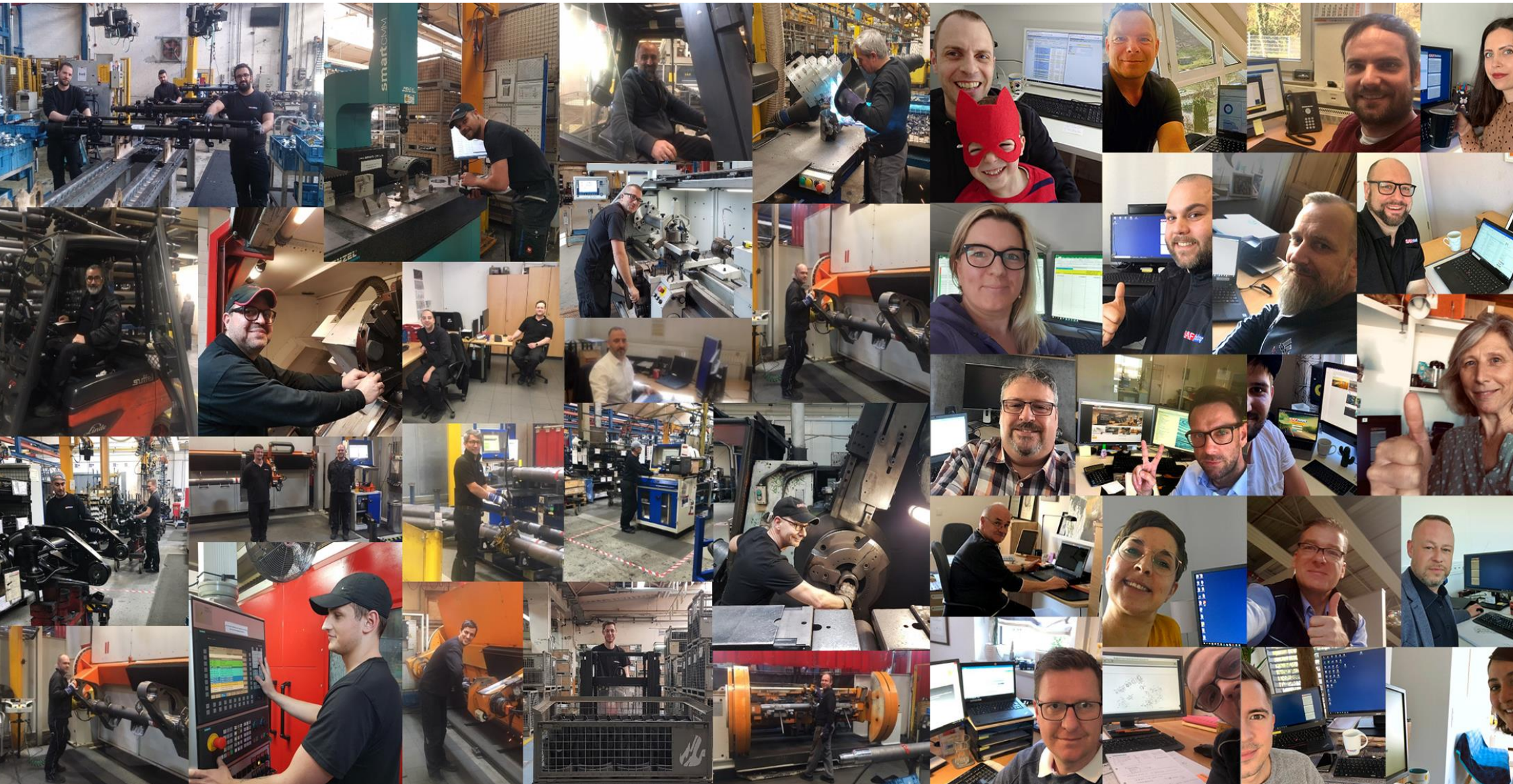
Last, but not least, I would like to emphasise that we intend to adopt more of the Sustainability Development Goals (SDGs) of the United Nations than we have to date and will examine their impact on our business activities at global level. To sum up, we are right on track and have the right workforce to actively support the course we have chosen.

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

Yours,

A handwritten signature in black ink, appearing to be 'A. Geis', written over a thin horizontal line.

Alexander Geis
Chairman of the Management Board



SUSTAINABILITY IN TIMES OF CRISIS

OPPORTUNITIES AND RISKS POSED BY THE PANDEMIC

GRI 102-15

The ongoing COVID-19 pandemic has made it clear how important it is to foster sustainability and strengthen the resilience of industries as well as to integrate social issues and goals in the continuous development of corporate structures.

As a global player, the COVID-19 pandemic was an incentive for us to drive forward digitalisation within the Group and adjust our internal structures to match the new circumstances. Travel was reduced to a minimum and meetings were increasingly held using internal communication tools. Thanks to this development, mobile working solutions were rolled out for salaried employees worldwide. Employees whose activities are bound to their place of work were supported with special personal protective measures to stop the spread of the virus and protect the well-being of our employees. When implementing the measures, the statutory requirements of the respective national governments and assessments by health experts were drawn on as guidelines.



Generally, these resulted in more stringent hygiene standards, such as washing hands regularly, using disinfectant and mandatory wearing of masks, coupled with social distancing rules on factory premises and in offices. Workplaces were redesigned or separated by partitions to ensure social distancing to create suitable conditions in the working environment. With the establishment of a crisis team a central contact was established with which emergency measures could be immediately initiated and the pandemic-related risk strategies addressed. As a result, SAF-HOLLAND created new ways of solving the issues arising from COVID-19 and sees the strategic establishment of digitalisation as an opportunity for more sustainability that is in harmony with our duty of care.

The close international networking between subsidiaries and also with our suppliers could have resulted in challenges to our international supply chain right at the beginning of the pandemic. To secure our production operations and minimise the risks and resulting losses, a two-supplier strategy was established in the past already, which is bearing fruit now. Merely the shut-down at our subsidiary in Italy forced us to switch to an alternative strategy to secure our global supply chain.

By working out remote audits internally we were able to further the development and realignment of the supplier pool worldwide despite travel warnings and restrictive aviation. This approach gave us the opportunity to create entrepreneurial flexibility across the entire supply chain process and will continue to be used as a tool even after the pandemic.

To meet our duty of care on a human level, employees got involved in a wide variety of ways in the various regions. At our German locations, the employees made use of the time freed by the short-work furlough scheme to sew masks for communities and kindergartens in their private time or to assist the Red Cross with taking corona test samples. Our Indian colleagues distributed food packages to freight forwarders to secure supplies throughout the country.

SAF-HOLLAND SETS GLOBAL STANDARDS

SUCCESSFUL ROLL OUT OF THE GLOBAL OPERATIONAL EXCELLENCE SYSTEM AT SAF-HOLLAND

The stated objective of the SAF-HOLLAND Group is to continually drive forward the global standardisation of corporate culture and realise a sustained improvement in its operating business.



Consequently, the SAF-HOLLAND Group's Operational Excellence System (OpEx system) takes a holistic view of production units and supports the topic of sustainability in many ways.

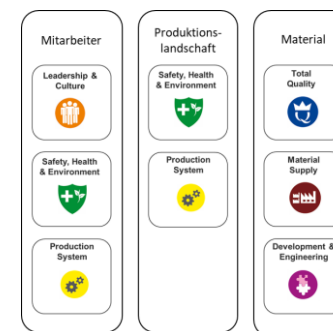
The OpEx system includes **6 chapters** with **30 different roadmaps**.



In addition to our **customers**, our particular focus is on the following areas:

- our **employees**
- our **production landscape**
- and the **material** which is later converted into the product.

We want to use these factors efficiently and conservatively so that we can offer our customers a sustainable and high-quality total package.



For the (continued) development of our **employees** we have created a roadmap in **chapter 1 "Leadership & Culture"** that targets the awareness and behaviour of our employees and managers. This promotes responsible action across all hierarchies.

In **chapter 2 "Safety, Health & Environment"** we deal with our corporate social responsibility (CSR), the safety of our employees and the general environmental aspects related to production. In addition to the responsible use of resources along the entire production chain and the recycling of materials, the SAF-HOLLAND Group places high value on safety standards and social commitment worldwide with the help of the OpEx system.

We focus on the 0-defects strategy in **chapter 3 “Total Quality”** in the roadmap of the same name “Zero Defects” so that no product is unnecessarily disposed of during our process steps and therefore no **material** is wasted. The “Standardised Work” roadmap also helps us to move closer to this goal.

With a strong focus on our customers, we will incorporate customer requirements into our production approach in the best possible way and only produce what the customer really needs. We have described this value stream concept in **chapter 4 “Material Supply”**.

Along with optimising production, functioning change management – which prevents start-up losses and waste during product changes – supports the CSR concept as described in **chapter 5 “Development & Engineering”**.

In **chapter 6 “Production System”**, the “5S and Visual Management” roadmap provides an opportunity for our employees to design their own workplaces in the best possible way during workshops. Here, the synergy effects arising from the “Safe Workplace & Ergonomics” roadmap are exploited. In order to manufacture our products, the **production landscape** requires resources such as electrical energy, materials, water, and auxiliary and operating supplies. These resources must be used sparingly and consistently reduced to a minimum. Waste prevention plays a decisive role here.

Our mission is to implement a culture of continuous improvement and create global standards to ensure that the same goals are pursued throughout the company.

An aerial photograph of a large, multi-lane bridge spanning a wide body of water. The bridge has several tall, blue-painted concrete piers. In the background, a city with dense residential and commercial buildings is visible, along with a harbor area with some ships. The sky is filled with soft, golden clouds, suggesting a sunrise or sunset. A semi-transparent dark grey box is overlaid on the center of the image, containing text.

OUR MISSION

To take a leadership role in the transformation of mobility and partner with our customers on the road to a sustainable future

CORPORATE GOVERNANCE

THE SAF-HOLLAND GROUP AT A GLANCE

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

With sales of EUR 959.5 million and an average headcount of 3,194 employees in 2020, SAF-HOLLAND SE, based in Bessenbach (Germany), is one of the leading international manufacturers of chassis-related assemblies and components for trailers, trucks and buses. With roughly 10,000 spare parts and service stations, alongside dealers and repair shops in over 80 countries worldwide, SAF-HOLLAND possesses one of the densest spare parts and service station networks in the entire industry.

Our main product groups are axle and suspension systems, fifth wheels, kingpins, landing gear and tire pilot systems. They are sold under the original equipment brands SAF, Holland, Neway, KLL, V.Orlandi, Axscend, Pressure Guard as well as under the brands SAF-HOLLAND Original Parts, SAUER QUALITY PARTS and GOLD LINE QUALITY PARTS for the aftermarket.

Our products were manufactured at 24 production locations in 14 countries worldwide in the reporting year (as of December 31, 2020, 22 locations). In addition to its plants in North America, Europe and China, SAF-HOLLAND also has production and assembly locations in Brazil, South Africa, India, Australia and the United Arab Emirates. For us, sustainable production means working in an environmentally friendly manner in a way that conserves resources and minimises waste. This goal guides us in our development activities, which we have bundled at our German locations and in Muskegon (USA).

In Europe and North America, SAF-HOLLAND is among the top three producers in the two product segments of trailer axles and fifth wheels.

In Europe, SAF-HOLLAND is among the market leaders for trailer axles and suspension systems. Moreover, in North America, SAF-HOLLAND occupies a leading position in fifth wheels, landing gear and kingpins.

In financial year 2020, Group sales fell by around 25 per cent compared with the previous-year figure. Adjusted EBIT came to EUR 58.6 million (previous year: EUR 79.8 million).

Through the acquisition of Axscend Ltd., an expert in the area of digital trailer management, SAF-HOLLAND was able to further strengthen its position in digitalisation and make further progress towards the smart trailer in 2020.

In January 2020, SAF-HOLLAND acquired the remaining 30 per cent of the shares in the coupling specialist, V.Orlandi S.p.A. As a result, SAF-HOLLAND now holds all the shares, after already acquiring a stake of 70 per cent in the first quarter of 2018.



WHAT DO I PUT MY NAME BEHIND?

GRI 102-18



Alexander Geis
CEO

Leading
the
Future



Inka Koljonen
CFO

Sharp
Focus on
Cash & EBIT



Dr. André Philipp
COO
President China

Driving
Operational
Excellence
Globally



Christoph Günter
President EMEA
SVP Global R&D

Passionate
about
Engineering
for Profitable
Growth



Kent Jones
President
Americas











Accountability
& Results
through
Business
Transparency

__SAF-HOLLAND WORLDWIDE

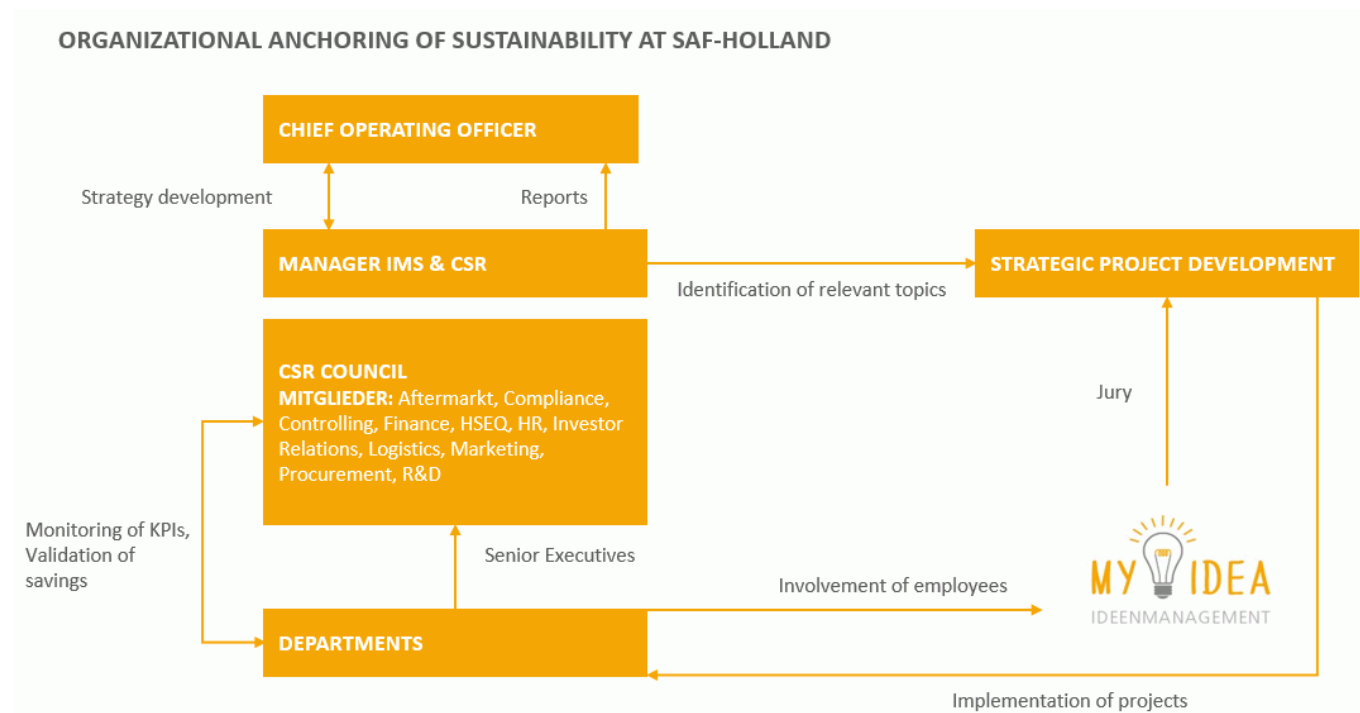


Production locations
Research & Development locations

SAF-HOLLAND'S BRANDS

| | | | | |
|---|---|---|---|---|
|  |  |  |  |  |
| | Trailer axles and chassis systems | Fifth wheel couplings, support and towing devices | Air suspensions for trucks, trailers and motorhomes | Axles and suspension systems for trailers, trucks and buses |
| |  |  |  |  |
| | Coupling systems for trucks, trailers and agricultural vehicles | Trailer axle and Suspension systems | Digital Trailer-Management | Tire pressure monitoring systems |
| After Sales Brands |  |  |  | |
| | Aftermarket brand for SAF-HOLLAND Premium products | Aftermarket brand for quality products in the EMEA region | Aftermarket brand for quality products in the Americas region | |

SUSTAINABILITY STRATEGY AND MANAGEMENT



CORE PROCESSES

GRI 102-18, GRI 102-19

✓ | With the establishment of the Corporate Social Responsibility Council (CSR Council) in 2018, SAF-HOLLAND laid the foundation for shaping its strategic sustainability management. The CSR Council formulates the strategic guidelines for structuring and developing sustainability management within the SAF-HOLLAND Group. Among other things, they contain requirements for CSR reporting and, in particular, for integrating the issue of sustainability into general business processes. The CSR Council continued to work intensively on embedding sustainability in the reporting year. The Council is made up of specialists and managers from all relevant areas of the company, who exchange information with each other at regular intervals.

In July 2020, the function of CSR Officer, previously assigned to the Chief Financial Officer, was reassigned to the Integrated Management Systems department. In this way, we are also taking account of the related issues of environment, energy, occupational health and safety, and quality in organisational terms. The reassignment of the position also transferred the reporting line from the Chief Financial Officer (CFO) to the Chief Operational Officer (COO). |

STAKEHOLDER DIALOG

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

In order to enter into dialogue with the relevant stakeholders from the company's point of view, it is first necessary to determine who these stakeholders are and what issues concern them. To this end, SAF-HOLLAND

conducted a comprehensive analysis in 2019. The results can be found in the following table. The stakeholder groups listed there are relevant for SAF-HOLLAND as they have or can have a direct influence on the company's business activities. They place different demands on the company. We take this seriously and therefore consider continuous exchange with our stakeholders to be indispensable for our business

success. SAF-HOLLAND remains in communication with its stakeholder groups via a range of channels in order to understand their expectations and identify any material sustainability issues in good time.

| RELEVANT STAKEHOLDERS | | |
|---------------------------|--|--|
| Stakeholders | Relevant topics | Platform |
| CUSTOMERS | Product quality and safety | Trade fairs |
| | Greenhouse efficiency of our products | Customer surveys |
| | Compliance | Visits to customers |
| | | Customer audits |
| EMPLOYEES | Safety and health | Employee survey |
| | Continuing education and opportunities for advancement | Ideas management |
| | Diversity and equal opportunities | Works meetings |
| | Co-determination | Internal media |
| | Work-life balance | |
| | | |
| SUPPLIERS | Product quality and safety | Supplier discussions and audits |
| | Human rights | Industry initiatives |
| | Environmental protection | Conferences and symposia |
| | Compliance | |
| NETWORKS AND ASSOCIATIONS | Innovations and technology promotion | Sitzungen und Ausschüsse Teilnahme an Foren und Webinaren |
| | | |
| MEDIA | Innovations and technologies | Press releases |
| | SAF-HOLLAND as an employer | Trade fairs |
| | Finances | Factory tours |
| | Site Development | Editorial visits |
| | Compliance | |
| CAPITAL MARKET | Product innovations | Conferences |
| | Responsible corporate governance | Bilateral talks |
| | Risk management | Fairs |
| | Compliance | |
| | Targets and target achievement | |
| LOCAL STAKEHOLDERS | Social commitment | Personal conversations |
| | Environmental protection | Factory tours |
| | SAF-HOLLAND as an employer | Neighborhood initiatives |
| | Site development | |
| POLITICS AND AUTHORITIES | Technology development | Cooperation with associations |
| | Education and training | Site visits |
| | Political framework conditions | Delegation trips |
| | Demographic change | |
| NGOS | Climate protection and resource efficiency | Round table events |
| | Business ethics | Web-based meetings |

„ Today and in the future, CSR will remain an elementary topic that will continue to increase in value. Companies that want to continue to be successful must succeed in integrating these values into their global processes and employees. In our Operational Excellence Strategy, CSR therefore has its own focus in order to minimize risks, identify opportunities, act in a resource-conserving manner and communicate our values to employees in a comprehensible way..“

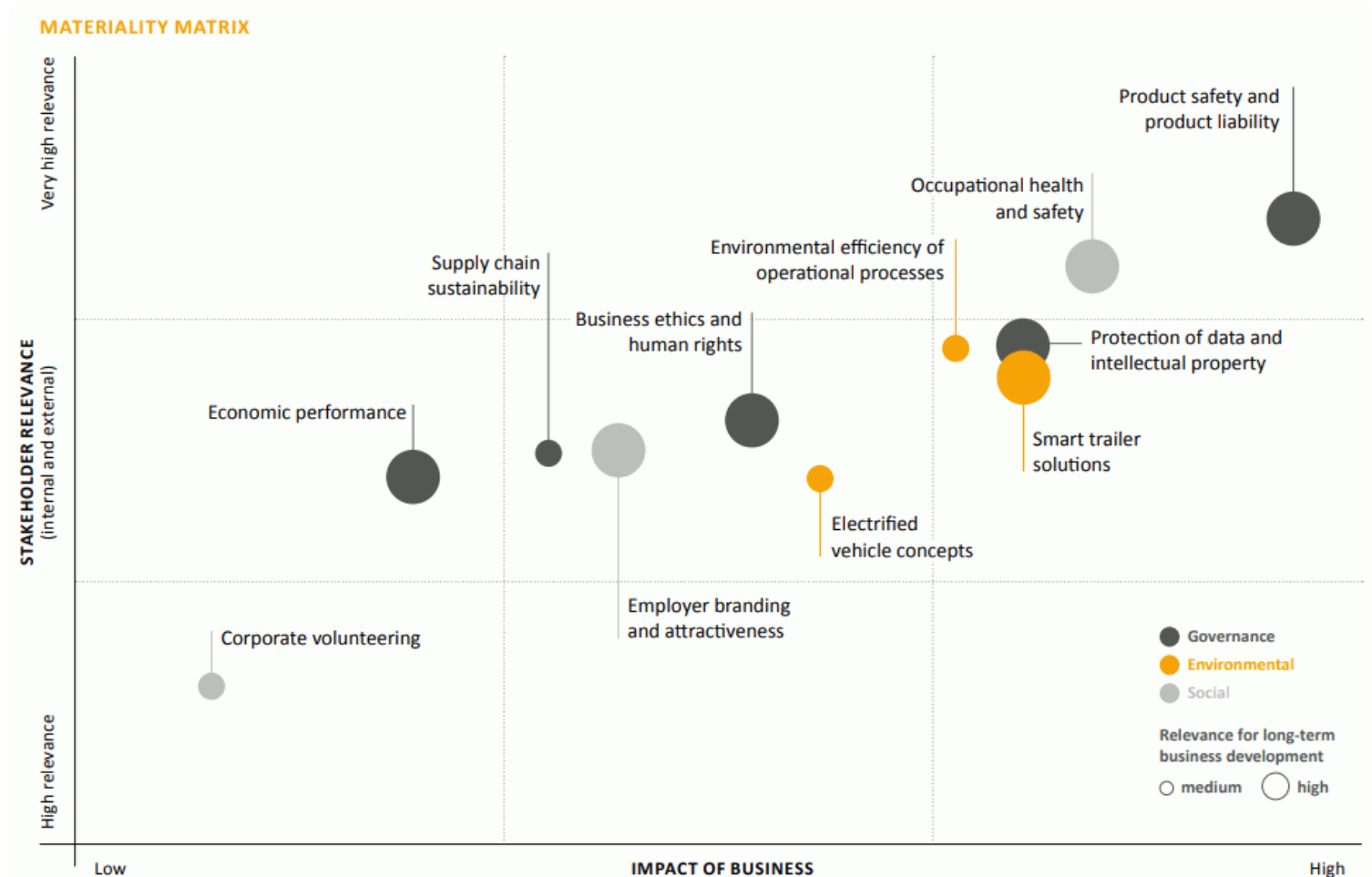
Dr. Andre Philipp - COO

DERIVING MATERIALITY

GRI 102-42, 102-43, 102-46

The sustainability topics relevant to our company were identified in 2019 by means of a materiality analysis. This was based on internal workshops with the direct involvement of the CSR Council. The requirements of the Global Reporting Initiative (GRI) for determining the materiality of topics were also on the agenda. The materiality analysis was carried out at both regional and global level and is described in detail in the Sustainability Report 2019. It is updated every two years as scheduled. In the future, to efficiently realise the objectives defined within the framework of our

Corporate Strategy 2025, we intend to identify the sustainability aspects that are essential for the SAF-HOLLAND Group in greater resolution, both globally and regionally. . Our Strategy 2025 was published on the corporate website at <https://corporate.safholland.com/en/investor-relations> as part of our Investor and Analyst Day. The sustainability topics were also analysed and evaluated in 2019 with regard to the statutory requirements for non-financial reporting (see the “Consolidated Non-financial Statement 2019” page 28 et seq.).



THE MAIN TOPICS AND THEIR RELATION TO THE VALUE CHAIN

GRI 102-46, 102-47

| ASPECT | KEY TOPICS | GRI GUIDELINE TOPICS | SUPPLY CHAIN | OPERATION | PRODUCT | SOCIETY |
|---------------|---|---|--------------|-----------|---------|---------|
| GOVERNANCE | Profitability | Economic performance | X | X | X | X |
| | Business ethics and human rights | Anti-corruption, anti-competitive behavior, human rights screening, diversity and equal opportunities, non-discrimination | X | X | | X |
| | Protection of data and expertise | Customer data protection | | X | X | |
| | Product safety and product responsibility | Customer health and safety | | X | X | X |
| | Supply chain sustainability | Procurement practices, environmental assessment of suppliers, child labor, forced and compulsory labor, social assessment of suppliers. | X | X | X | X |
| ENVIRONMENTAL | Environmental efficiency in operational processes | Energy, water and effluents, emissions, waste | X | X | | X |
| | Electrified vehicle concepts | No GRI standard | | | X | |
| | Smart Trailer Solutions | No GRI standard | | | X | |
| SOCIAL | Attractive and responsible employer | Employment, education and training, freedom of association and collective bargaining | | | X | X |
| | Occupational health and safety | Occupational health and safety | X | X | | X |
| | Social commitment | Local communities | | | | X |

CORPORATE GOVERNANCE AND COMPLIANCE

GRI 102-5, 102-10, 102-12, 102-18, 102-49

Upon being entered in the commercial register of the local court of Aschaffenburg, SAF-HOLLAND SE completed the transfer of its registered office from Luxembourg to Bessenbach with legal effect as of July 1, 2020. As a result, the revised version of the articles of association passed by resolution of the extraordinary general meeting of May 20, 2020 also came into force.

The organisational constitution of the company now corresponds to the two-tier governance system. This comprises the Management Board as the executive body, the Supervisory Board as oversight, and the Annual General Meeting. One of the reasons for the relocation was to reduce the complexity of the Group structure and the associated costs.

Shortly beforehand, SAF-HOLLAND S.A. was converted into a European Company (Societas Europaea, SE). As a European legal form the European Company is available for companies with international operations that do not see themselves as just part of a national legal system, but rather want to signal internationality and globalism as European companies. The legal form of the SE is recognised and is viewed positively by the capital markets and other market participants. The management of SAF-HOLLAND S.A. therefore viewed the legal form of the SE to be particularly suitable for underlining the international orientation of the Group.

As a result, SAF-HOLLAND SE is now subject to the obligation under the German Stock Corporation Act to issue a declaration of compliance with the German Corporate Governance Code. You can view the declaration online at <https://corporate.safholland.com/en/company/about-us/corporate-governance/corporate-governance>.

More information on the Corporate Governance of SAF-HOLLAND can be found in the Annual Report 2020.

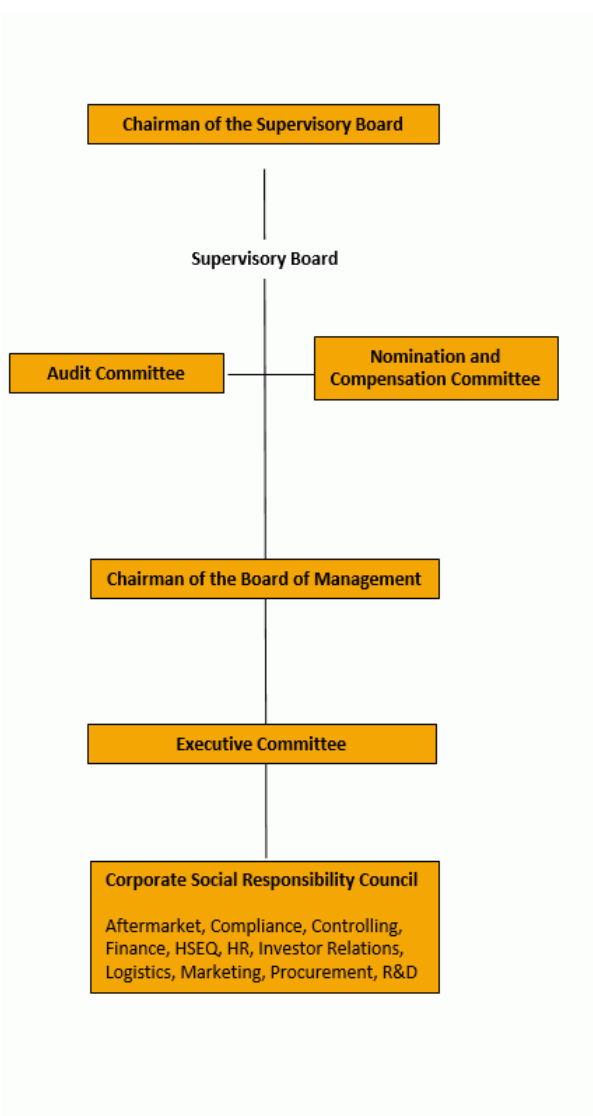
SUSTAINABILITY AND THE ROLE OF THE SUPERVISORY BOARD AT SAF-HOLLAND

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

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

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

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



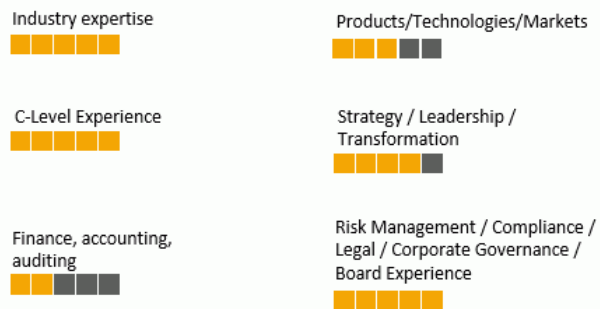
CORPORATE GOVERNANCE MILESTONES 2020:

- Conversion of SAF-HOLLAND S.A. into an SE
- Relocation of the registered office from Luxembourg to Germany
- Appointment of new CFO and increase in diversity on the Executive Board
- New composition of the Supervisory Board
- Increase in technology and industry expertise on the Supervisory Board through the new appointments
- Close monitoring of operating performance and operational excellence initiatives by the Supervisory Board - especially during the crisis
- Continued professionalization of the Supervisory Board's work

SUPERVISORY BOARD MEMBERSHIP

3.9
Years

COMPETENCIES IN THE SUPERVISORY BOARD



DIVERSITY ON THE SUPERVISORY BOARD



ATTENDANCE RATE AT MEETINGS OF THE SUPERVISORY BOARD



AGE STRUCTURE ON THE SUPERVISORY BOARD



SUPERVISORY BOARD COMPENSATION

benchmarked against a peer group in terms of structure and amount.

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

In the past fiscal year, all Supervisory Board members waived 15% of their fixed compensation for a quarter in response to the Covid-19 crisis.

Further details can be found in the compensation report.

| | |
|---|--|
| <p>COMPLIANCE & LEGAL AFFAIRS</p> <p>The Compliance & Legal Affairs department serves as the central contact and point of contact for compliance issues. The aim of our Compliance department is to establish and continuously improve preventive measures within the business processes and to identify and clarify potential violations of our Code of Conduct at an early stage.</p> | <p>COMPLIANCE COMMITTEE</p> <p>We have set up a Compliance Committee which is responsible for clarifying information on possible compliance violations. It is composed of permanent members and internal guests invited on a case-by-case basis. The committee includes permanent representatives from the following departments: Compliance & Legal Affairs, Human Resources and Corporate Audit Services. Depending on the nature and extent of the incident, the Compliance Committee may include other departments as guests if this appears necessary at its own discretion. In particular, the CFO may be called in for serious and urgent incidents.</p> |
| <p>SUPERVISORY BOARD</p> <p>The Supervisory Board is responsible for ensuring compliance with statutory provisions and the company's internal guidelines and works towards their observance by the subsidiaries. The Audit Committee of the Supervisory Board therefore regularly deals with the compliance organization, its effectiveness and further development. It is staffed by members of the Supervisory Board and chaired by a financial expert. The Compliance department and the CFO regularly report to the Audit Committee on progress and plans in the area of compliance.</p> | <p>CORPORATE AUDIT SERVICE</p> <p>The Corporate Audit Services department reviews the structure and effectiveness of compliance measures through regular audits.</p> |

COMPLIANCE CULTURE AND OBJECTIVES

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

✓ SAF-HOLLAND places great importance on all of its employees and business partners aligning their behaviour with the company's values and that they comply with the company's Code of Conduct and applicable laws. In this sense, we see compliance as an essential task of every employee, every senior manager and all the executives.

Our main goal is to minimise compliance risks by strengthening the compliance organisation and implementing the Code of Conduct and internal policies from the outset. To this end, SAF-HOLLAND wants to train and raise the awareness of its employees to the targeted issues and establish the necessary processes so that compliance risks can be

identified in good time and violations can be avoided. In addition to the mere implementation of rules and procedures, the main task is to further strengthen the company's compliance culture. We are helped in this by the established tone-from-the-top approach, which guides employees toward lawful conduct through the management's position as a role model. To underscore these objectives, SAF-HOLLAND has laid down its position on the legal requirements in its global Code of Conduct, which expresses its expectations as an employer and sets the benchmark for the conduct expected in business. Together with the values of SAF-HOLLAND, which are also codified, this lays the foundation for the success of the Group's business as a whole.

To further strengthen governance in the Group, we began assigning the Compliance & Legal Affairs department a global mandate in the reporting year. Among other advantages, this equips us to be able to respond better to the constant rise in compliance requirements worldwide. The mission of the Compliance & Legal Affairs department and understanding of its role are aligned with the global corporate structure of SAF-HOLLAND SE.

In this way, the Group is responding to the steady increase in globally relevant compliance requirements. The global mandate issued in 2020 is at the same time a mandate for the Compliance & Legal Affairs department for the coming reporting periods when it comes to improving and/or adapting concepts and reporting channels of the global structures in the areas of law and compliance. Due to the existing direct reporting channel of the “Compliance & Legal Affairs” department to the CFO of SAF-HOLLAND SE, Inka Koljonen, the upcoming issues will be placed directly at the highest level and can be brought to board level for decision.

To raise awareness of compliance in the Group, a new process was rolled out worldwide in 2020 to improve the identification, assessment and documentation of compliance risks and make them more transparent. This is an integral part of the Compliance Management System (CMS) and is used for standardised regular risk analysis. As a first step, the individual Group companies answered questionnaires as part of a self-assessment of their compliance risks. We will evaluate this information internally and then define the necessary improvement measures in a transparent and binding manner for all parties. The survey also takes place in close cooperation and coordination with the general risk management of the SAF-HOLLAND Group. In this way, we aim to map or document risks across the Group in a standardised form and ultimately address them better and more comprehensibly. In order to adapt our CMS to changing requirements and continuously improve it, we plan to regularly update or repeat the compliance risk analysis and assessment.

Existing processes and documents relating to the topic of compliance are continuously reviewed for any need for change and, if necessary, adapted in consultation with the specialist departments concerned. The aim is to keep them up to date in a practical and risk-oriented manner and in line with SAF-HOLLAND’s needs. Where new needs arise, new processes and documents are coordinated and established, if necessary, with the support of external consultants. |

CODE OF CONDUCT

GRI 102-16, 205-3, 205/103, 206/103

✓ | The Code of Conduct provides all employees and business partners with a guideline for remaining within the law and behaving in keeping with our values. The Code of Conduct applies to all employees worldwide and to all regions and departments of the SAF-HOLLAND Group.

The Code of Conduct is available to the public in eleven languages via the following link: <https://corporate.safholland.com/en/sustainability/corporate-leadership-compliance/code-of-conduct>.

No breaches of the Code of Conduct were reported in the reporting year. |

COMPLIANCE TRAINING

GRI 205-2

✓ | SAF-HOLLAND conducts systematic training on compliance issues. In the reporting year, the existing training courses were also rolled out globally in English for the first time. We use them to make our employees aware of the contents of the Code of Conduct and other compliance-relevant topics. The training is provided to a wide section of the workforce via the learning management system, now also in English. A total of 1,156 employees were asked to participate in the training sessions. Of this total, 671 employees completed the module “What does compliance mean?” and 667 employees the module “Signing policy” via the e-learning system. The trainings assigned by email cannot be shown in full at the moment. New employees receive extensive training on compliance topics as part of the onboarding process. They also receive the Code of Conduct in the form of an employee handbook that was introduced in the reporting year. |


COMPLAINTS MECHANISM AND WHISTLEBLOWER SYSTEM

GRI 102-17, 205/103, 206/103

✓ | To detect possible violations of laws and internal regulations, we provide our employees with other channels in addition to direct reporting to their supervisors. They can contact the Compliance & Legal Affairs department directly or report incidents via the anonymous whistleblower system.

In 2018 we installed an electronic system that gives every employee and also external third parties the opportunity to report any violations of the law within the company, or by the company. If desired, also anonymously. All reports that are received are reviewed by the Compliance & Legal Affairs department without delay. The Compliance Committee then examines the specifics of the case and processes it accordingly.

We expressly encourage employees and business partners to communicate any suspicions or violations they notice. All contact options are available around the clock on our corporate website at the following link in German, English and Chinese:

 <https://corporate.safholland.com/en/sustainability/corporate-governance-compliance/report-compliance-incidents>.

We investigate all reports and initiate any countermeasures that are needed. During the reporting period SAF-HOLLAND did not become aware of any violations of human rights due to its own business activities.


RISK MANAGEMENT AT SAF-HOLLAND

GRI 102-11

SAF-HOLLAND has a comprehensive risk management system that is anchored in all of the major operational business and decision-making processes. The risk management system is designed to identify potential risks at an early stage through the continual monitoring of relevant markets, regions, customers, suppliers and internal processes to be able to take effective counteraction. Identified risks that are significant in terms of their amount and can reasonably be expected to occur are systematically and uniformly recorded, analysed, evaluated and communicated. General risks that are not directly related to the company and risks that are not to be monitored were deliberately omitted in the reporting year.

ANTI-CORRUPTION/BRIBERY

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

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


and the law and damages the trust of our business partners in the SAF-HOLLAND Group.

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

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

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

All of our employees are trained at regular intervals and on an ad hoc basis on the “Guideline on Gifts and Invitations” via our internal communication channels. This occurs at least once annually. In the reporting year a total of 1,156 employees were asked to participate in the training sessions. Of this total, 665 employees successfully completed the “Corruption” module and 695 employees the “Gifts and inducements” module.

In addition to the training courses, the “Compliance & Legal Affairs” department is available to answer any questions employees may have. 

DATA PROTECTION AND DATA SECURITY

GRI 418/103, 418-1

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

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

New employees and business partners are obliged to comply with the legal requirements arising from the EU GDPR by means of supplementary contractual agreements. As in 2019, a key focus of our work in the area of data protection in the financial year 2020 lay on intensifying employee training at the European subsidiaries and sales companies. The number of German employees who were trained in data protection via the learning management system was raised from 632 employees in the previous year to 1,014 in the reporting year. At the remaining European locations we provide annual training specifically to those employees who are involved in the processing of personal data.

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

In the financial year 2020 SAF-HOLLAND was not aware of any cases of data leaks, data theft or loss of customer data nor were any complaints received in this regard.



MANAGEMENT APPROACH

GRI 102-12, 412/103

✓ | The SAF-HOLLAND Group is committed to respecting human rights on the basis of the United Nations Guiding Principles on Business and Human Rights (UNGPs). These principles demand that we systematically identify the impact of our own business activity on human rights and avoid, mitigate or, if required, compensate any negative consequences of our business activity. We are committed to complying with various national action plans and laws on human rights due diligence, in particular the “National Action Plan (NAP) Business and Human Rights”. Moreover, SAF-HOLLAND is a signatory to the UN Global Compact and acknowledges the universal principles on human rights. SAF-HOLLAND acknowledges the right to clean water as a human right and pays particular attention to protecting water as a resource (see the section on “Environmental efficiency in production” ☺ on page 40 and “Social commitment” ☺ on page 52). |

HUMAN RIGHTS POLICY STATEMENT

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

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

DECLARATION ON MODERN SLAVERY AND HUMAN TRAFFICKING

GRI 409/103

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

link: <https://corporate.safholland.com/en/sustainability/corporate-governance-compliance/uk-modern-slavery-act-transparency-statement>. |

MEASURES TO IDENTIFY ANY ACTUAL OR POTENTIAL IMPACTS ON HUMAN RIGHTS

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

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

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

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

GRI 412-2

✓ | We would like to raise the awareness of all employees of the contents of our Code of Conduct. For this reason, training to instill an actively lived compliance culture within the organisation is of critical significance. Upon

ratification of our Human Rights Policy and the revised Code of Conduct in the reporting year, training sessions are available that are obligatory for all employees. |

COMPLAINTS MECHANISM

✓ | In order to uncover potential violations of the law and internal regulations, not only can employees lodge a report with their direct supervisor, but they can also contact the Compliance & Legal Affairs department or communicate issues anonymously via the whistleblower system without revealing any information about the sender. We expressly encourage employees and business partners to communicate any suspicions or violations they notice. The various ways to make contact are summarised on our corporate website at the following link: <https://corporate.safholland.com/en/sustainability/corporate-governance-compliance/report-compliance-incidents>. We investigate all reports and initiate any countermeasures that are needed. During the reporting period SAF-HOLLAND did not become aware of any violations of human rights due to its own business activities. |

REPORTING

GRI 102-52

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

SUPPLY CHAIN

STRATEGY FOR SUSTAINABILITY IN PURCHASES

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

✓ | Establishing sustainable business practices along the entire supply chain is a fundamental factor in the value added by our company and a key instrument for monitoring and assessing supply risks. The aim of our supplier management is to increase transparency in the value chains, to encourage our business partners to comply with global environmental and social standards, and to further improve our own processes in addition to the high quality of our products and services. In order to give greater emphasis to this endeavour, we combined the positions of Senior Vice President Global Sourcing and President EMEA in a single function in the reporting year.

We use a globally uniform supplier qualification process to select new suppliers: In a first step, we require the respective supplier to provide a self-assessment and submit a standardised supplier questionnaire for this purpose. This also contains questions on the sustainability of the supplier's business activities and serves as a basis for our review of the supplier. In the future, we also intend to research publicly available information in order to assess the plausibility of the self-assessments.

We also want to make greater use of the Code of Conduct, which is binding for our suppliers, in our supplier management. In this code we have clearly formulated our position on key sustainability aspects. The Code of Conduct is reviewed annually and adapted to any changes in the law, as required. This was also sent to all suppliers during the reporting year. The topics of "respect for human dignity", "banning child and forced labour", "treating employees and business partners with dignity", "ban on corruption and bribery" as well as "fair trade" and "protection of intellectual property" are thus also firmly anchored in our purchasing processes.

We carefully check our suppliers' compliance with sustainability standards. In the reporting year we conducted audits at 24 strategic suppliers throughout the Group. No violations of our Code of Conduct were identified. The auditors did not find any negative environmental impacts, use of child or forced labour, or violations of the right to freedom of association and collective bargaining.

In the reporting year – against the backdrop of the COVID-19 pandemic – we conducted remote audits for the first time. In this new audit format, we use virtual communication and control tools, allowing us to evaluate existing and new suppliers without having to travel long distances. In the spring, we adapted our already integrated audit process to the new requirements and tested it on the first system suppliers where the situation on site was already known from initial audits. As a result, four remote audits were already successfully carried out from our headquarters in 2020. We intend to further refine this process next year so that we can also conduct initial qualifications via remote audit in the future. With the new technology, we will be able to conduct effective audits in the future, regardless of travel restrictions, and minimise travel-related health risks for our employees without incurring additional costs. As a resource-saving and energy-saving alternative, the remote audit also contributes to environmental and climate protection. |

PROTECTING HUMAN RIGHTS IN THE SUPPLY CHAIN OF SAF-HOLLAND

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

✓ | SAF-HOLLAND's goal is to ensure that human rights and minimum social standards are observed in its value chains at all times. In order to fulfill our corporate duty of care, and in anticipation of the pending Supply Chain Act, we are already integrating guiding principles into our sourcing processes. These are based on the "National Action Plan Implementation of the UN Guiding Principles on Business and Human Rights", issued by the German government at the end of 2016. In September 2020 we adopted a Human Rights Policy. This policy includes a requirement that our human rights standards are also observed by our suppliers and business partners.

In addition to embedding human rights due diligence within our organisation, we have set up a process to identify human rights risks in our supply chain management. In line with a risk-based approach to sourcing production materials, we have recategorised and restructured our supplier pool in recent years. On this basis, we identified all those suppliers in 2020 that are located in potentially at-risk countries, supply a high volume of products or services, or are not substitutable. In the future, we aim to

identify and further reduce specific human rights risks in our supply chain by conducting detailed gap analyses. |

SOURCING GOODS AND SERVICES

GRI 102-9

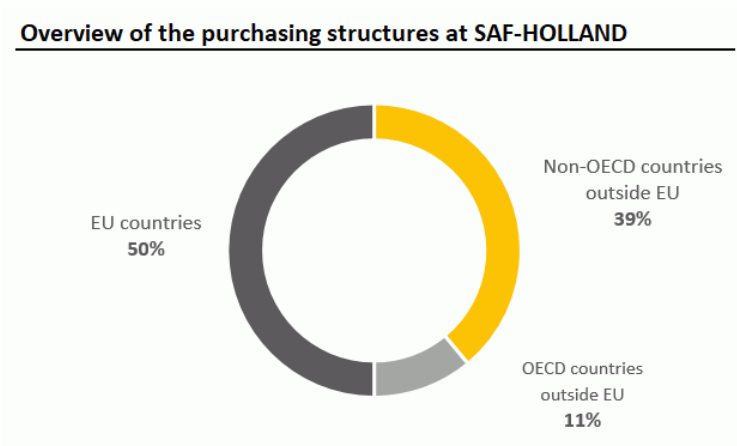
Our company sources products and services from 2,344 suppliers in 44 countries. The total volume of purchased goods and services came to EUR 1.0 billion in the reporting year. Suppliers based in EU countries and suppliers based in OECD countries outside the EU each accounted for 61 per cent of this figure. The remaining 39 per cent originated from suppliers domiciled in countries in non-OECD countries outside the EU.

GRI 102-9

Number of suppliers in the regions

| | 2020 |
|-------------------|-------|
| EMEA | 1,134 |
| Americas | 1,062 |
| APAC ¹ | 148 |

¹ China was integrated in the APAC region in 2020

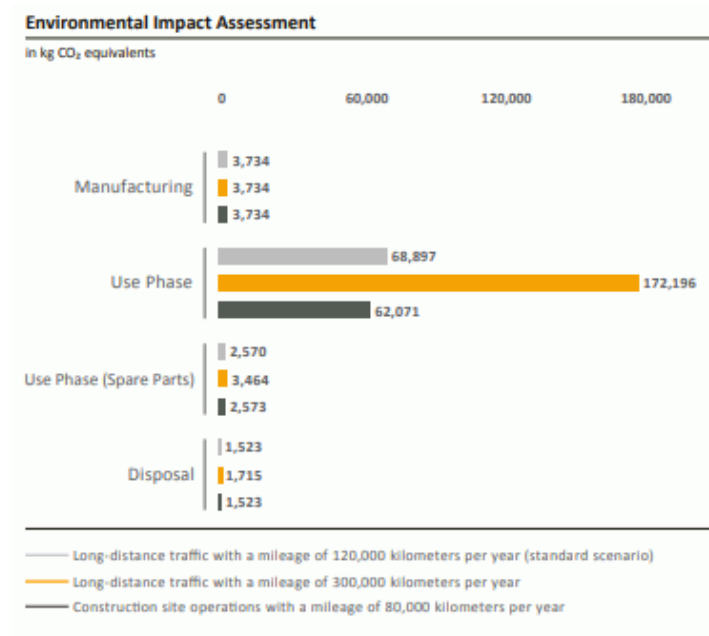


CLIMATE STRATEGY AND CO₂ MANAGEMENT

ANALYSIS OF ENVIRONMENTAL IMPACT / LIFE CYCLE ASSESSMENT

GRI 305/103

✓ | SAF-HOLLAND approaches the topic of climate protection strategically from the ground up. The first cornerstone for this approach was set in 2019 with a comprehensive life cycle assessment. For this purpose, all environmental and climate impacts in the product life of a trio axle unit, using the “Intradrum S9-4218” as a representative sample, were examined. This life cycle assessment showed, among other things, that fuel consumption and CO₂ emissions can be significantly reduced by reducing weight and bearing friction. The findings are visualised in the chart below.



We have since used the data to advance our SAF-HOLLAND product world. More information can be found in the chapter on product innovations. Further pillars of our strategy process are Group-wide measurements of our greenhouse gas emissions and ongoing analyses of our climate-related

physical and transitional risks and opportunities (see below for more information). |

GREENHOUSE GASES

GRI 305/103

✓ | Group-wide we measure our emissions on the basis of internationally recognised Greenhouse Gas (GHG) protocols. This standard makes a distinction between three emissions categories (scopes 1, 2 and 3). Direct airborne emissions (Scope 1) are generated by our locations by burning fossil fuels, primarily natural gas. Indirect emissions (Scope 2) are all the emissions associated with purchased energy (e.g. electricity). Other indirect emissions (Scope 3) arise in association with our business during upstream or downstream processes. As the Life Cycle Assessment shows, this happens primarily during the use of our products.

All our production locations measure their Scope 1 emissions based on the energy sources used and their specific emission factors. Emissions of nitrous oxide (N₂O), methane and partly fluorinated hydrocarbons are also included in the calculation. They are converted into CO₂ equivalents (CO₂e) according to their potential to add to global warming.

We calculate our Scope 2 emissions with the help of the location-based method. For this purpose we draw on the country-specific emission factor from the ecoinvent 3.7 database. In future we plan to capture Scope 3 emissions in the categories that are relevant for SAF-HOLLAND. |



GRI 305-1, 305-2**Greenhouse gas emissions**

| t CO ₂ - Equivalent | EMEA | Americas | APAC | Total |
|--|--------|----------|-------|--------|
| Direct emissions of greenhouse gases | 3,686 | 6,794 | 725 | 11,205 |
| Indirect emissions of greenhouse gases according to the location-based method (GHG Protocol) | 7,317 | 10,157 | 3,787 | 21,261 |
| Total greenhouse gas emissions (Scope 1 and 2; GHG Protocol) | 11,003 | 16,951 | 4,512 | 32,466 |

OFFSETTING CO₂ EMISSIONS**GRI 102-12, 305-5**

Until the beginning of the reporting year, we offset CO₂ emissions by planting trees on Mexico's Yucatán Peninsula in cooperation with the "Plant-for-the-Planet" initiative in order to make our contribution as a company to reducing greenhouse gases. In total, SAF-HOLLAND planted 104,000 trees and thus removed 1,040 tons of CO₂ from the atmosphere.

ANALYSIS OF CLIMATE-RELEVANT RISKS LEADS STRATEGY PROCESS**GRI 201/103, 201-2**

✓ | Climate change entails not only physical but also so-called transitional risks for our supply chains and company locations. Among other things, these occur in connection with regulatory climate protection interventions, such as the expansion of emissions trading or the introduction of a CO₂ tax. They affect the economy as a whole and, in particular, our customers and the financial markets. This also makes them significant for SAF-HOLLAND when it comes to achieving its corporate goals. For strategy development purposes, we therefore look at risks in both categories and also at the tools we use to manage them. |

RISK MANAGEMENT AND STRATEGIC PLANNING

✓ | SAF-HOLLAND has established a multi-stage process for the systematic management of risks associated with climate change along its entire value chain. It extends from the identification, analysis and assessment to the management and control of risks. Risks are identified by constant monitoring of the business processes and the immediate business

environment. In the analysis phase, the direct impact of the identified risks on the company and their causes are systematically examined. During the subsequent quantitative assessment the exposure associated with the respective risk is identified and put into relation with the associated likelihood of occurrence. SAF-HOLLAND sets different time horizons for this depending on the risk. The risk owners at SAF-HOLLAND consider the quantitative results of this assessment when planning future business activities and setting the strategic alignment of the company. In addition, technical, financial, behavioural or structural countermeasures are taken to address the specific risk, depending on whether the risk can or must be contained, minimised, transferred to third parties (insurance companies) or accepted. Their effectiveness is systematically evaluated after an appropriate period of time. |

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

✓ | The main physical risks of climate change include floods, storms, hail, heat damage, or wildfires. The extreme weather conditions responsible for this in the course of global warming will very likely continue to increase in both frequency and intensity. This forecast is confirmed by climate models and corresponding data from the International Energy Agency (IEA), as well as risk-based studies by major reinsurance companies.

The physical risks to be expected in the supply chain for key product components are identified and assessed by the strategic purchasing department. This also includes risks caused by climate change. The company's strategic climate objective is to cushion this logistically to a greater extent by means of warehousing or finding alternative delivery routes. In addition, we avoid extreme weather-related disruptions to our processes, such as failure or a delay in deliveries or a combination of multiple climate-related sourcing difficulties, using our multi-supplier strategy. Likewise, we endeavour to obtain more supplier-side information to ensure more reliability in the supply of our production materials. |

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

✓ | With regard to SAF-HOLLAND's operating locations, production interruptions, delivery delays or delivery failures represent significant risks. More intense and more frequent extreme weather events may exacerbate these. In addition, a greater frequency of property damage to building



shells and interiors is to be expected due to prolonged heatwaves, which could also affect the working conditions of our employees.

In order to identify and assess climate risks, SAF-HOLLAND plans to conduct comprehensive site-specific assessments of its production locations. In this regard, the question of which strategic, technological or organisational strategies and countermeasures SAF-HOLLAND will use to address the corresponding risks will also be resolved in advance. In addition, the company intends to establish procedures that will enable it to counter an incident at one of its plants as directly and as effectively as possible. The same applies to all aspects of our logistics activities. |

FROM TRANSITIONAL RISKS TO TRANSITIONAL OPPORTUNITIES

✓ | Transitional climate change risks relate in particular to changes in the legal framework and tighter limits at national or transnational level. These include, for example, the increasing efforts undertaken by legislators to introduce CO₂ pricing. Relying on its membership of various industry associations, networks and working groups, SAF-HOLLAND attempts to obtain information of such legislative plans – and to identify any signs of change – at a very early stage. In this way, we can keep the cost- and price-related transitional risks of climate change low. At the same time, we would like to draw the attention of institutional investors, who are vital to our long-term procurement of capital, to our responsible approach to climate risks. As one example, sourcing power from renewable sources was analysed and assessed in depth at the Bessenbach plant during the reporting year.

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

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



PRODUCT INNOVATIONS FOR SAFE AND EFFICIENT TRANSPORT OF GOODS

For years, the automotive industry has been working on various alternative drive concepts in response to climate change, urbanisation and the increasing need for individual mobility. The commercial vehicle industry is also setting corresponding research and development priorities. New legal requirements and the increasing automation of transport processes present them with major challenges, but also offer opportunities in the areas of decarbonisation and digitalisation. SAF-HOLLAND is actively involved in implementing these trends. Thanks to our many years of experience in the truck and trailer industry, our partners and customers can also rely on our support in the field of alternative drive concepts. Not only do we help reduce CO₂ emissions and operating costs, we also create a foundation for greater safety and increased networking in the vehicle.

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

To ensure the safe and resource-conserving use of our products, it is important to make customers and drivers aware of their potential. With an e-learning platform for our aftermarket customers in Europe and webinars for our US customers, we created a basis for this in the reporting period that allows notes to still be swapped even in times of COVID-19. We also enable our own employees to use the “LinkedIn” e-learning tool. This is a new training platform that complements the existing internal training courses from the respective departments.

In the reporting year, we invested around 2.0 per cent of our sales in research and development. In absolute terms, expenses were EUR 19.5 million, around 7 per cent lower than in the previous year. In 2020 we employed 166 people in the fields of development, design and testing at our locations spread around the world.



As in previous years, our innovation management in 2020 was again primarily concerned with the task of implementing customer requirements and adapting forward-looking and high-quality products to meet market needs. In addition to resource conservation, testing the use of critical materials and fostering energy efficiency, safety, quality and long operating lifetimes were also at the forefront of our development work.

GUARANTEEING PRODUCT SAFETY AND QUALITY

GRI 416/103, 416-1, 416-2

MANAGEMENT APPROACH

✔ | We have implemented functional safety standards in our processes and products in order to be in a position to constantly guarantee the safety of products in the future in view of current trends such as electrification, digitalisation and automation. To this end, we also created the position of Functional Safety Manager (FuSi) in the reporting year. This position creates a link in the chain between increasingly stringent quality and safety requirements on the one hand and customer-focused and market-oriented development work on the other.

None of our products violated the legal safety standards during the year. No warnings were issued and no fines were imposed. Likewise, no products have been recalled or recalls initiated. |

QUALITY TESTING ALONG THE VALUE CHAIN

✔ | In order to drive our integrated quality management system forward, we relaunched the Quick Response Quality Control (QRQC) standard in the reporting year and introduced it as an analytical tool at our production plants worldwide. With this tool we not only ensure uniform processes for internal problem solving, but also rapid and effective solutions for our customers.

We strive to steadily reduce the number of complaints and pursue a 0-defect strategy to this end. This also involves preventive measures. For example, all products are subjected to multi-level quality control processes that start in the development phase already. Typical quality checks range

from failure mode and effects analyses (FMEA design), virtual finite element method (FEM) simulations and calculations, through to testing applications in the vehicle on test tracks. For products in the trend areas of electrification, digitalisation and automation, we are also preparing to install new processes and methods (such as HARA, safety concepts, confirmation measures).

Our production plants operate within the parameters of internationally-recognised quality management, environmental and occupational safety standards. In addition, we use special technologies to further enhance the quality of the products we manufacture. For example, we installed camera systems for identification checks of a specific product group at our German plant for the first time in the reporting year. In the future, we will be able to distinguish – based on their appearance – identical components using configured contour data sets, thus minimising the possibility of errors due to incorrect assembly.

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

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

GRI 302/103, 302-5, 305/103

✓ | SAF-HOLLAND has developed two electric axles that contribute to the decarbonisation of transport: the “SAF TRAKr” and the “SAF TRAKe”. Both use the energy of the braking processes to generate electricity (recuperation), thus reducing fuel consumption and emissions of the entire train.

Peripheral equipment such as lighting and air conditioning systems can be powered via the axles. SAF TRAKe can also be used to provide traction assistance to the primary drive of the tractor unit, in challenging road conditions, for instance. Both products require little installation space and are identical in construction to standard axles. The entire system consisting of the axle, transmission, electric motor and other components such as the battery or control electronics, is installed in one compact unit.

SAF-HOLLAND is working intensively with partners on testing recuperating e-axles. The common goal is to quickly gather as much knowledge as possible to use it to advance development of the products and get the e-axles on the road as quickly as possible.

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

By placing a few sensors in the right places, a wide range of applications can be derived to increase added-value for the customer. The new package of sensors and telematics is expected to be available from 2021.

We also contribute to reducing CO₂ emissions with the “SAF-Tire Pilot” introduced in 2020. The assistance system continuously monitors tire pressure and helps to set it optimally depending on vehicle weight and payload, thus minimising rolling resistance. This reduces fuel consumption and thus the vehicle’s greenhouse gas emissions. The technology was also launched on our American market in the course of the reporting year. In this way, we are making our contribution in terms of vehicle safety, service life and fuel efficiency even beyond Europe.

When developing our products, we constantly strive to ensure quality and long-lasting products while simultaneously conserving resources and realising efficiency gains over the entire life cycle. |



MEMBERSHIP IN ASSOCIATIONS AND INITIATIVES

GRI 102-12, 102-13

SAF-HOLLAND is actively involved in various networks, associations and initiatives in the regions. Together, we discuss key topics and develop practical approaches.

| | | |
|---|--|--|
| ABNT Brazilian Association of Technical Standardization | CLEPA European Association of Automotive Suppliers | NBTA National Bulk Tanker Association |
| ACT American Commercial Trucking | Commercial Vehicle Safety Associates of Florida | NTDA National Trailer Dealers Association |
| ANFIR Brazilian Association of Trailers and Parts Builders | DAI Deutsches Aktieninstitut e.V. | NTEA National Truck Equipment Association |
| ANP DIN – Ausschuss Normenpraxis | Deutsch-Schwedische Handelskammer/ Tysk-Svenska Handelskammaren | NTTC National Tank Truck Carriers Association |
| ARAI The Automotive Research Association of India | DVM Deutscher Verband für Materialforschung und -prüfung e. V. | TCA Truckload Carriers Association |
| ARAI-HTC Homologation & Technology Centre Chakan | FMCSA Federal Motor Carriers Safety Administration | TTMA Truck Trailer Manufacturer Association |
| ARTSA Australian Road Transport Suppliers Association | FTR Freight Transportation Research Associates | VDA Verband der Automobilindustrie |
| ATA American Trucking Association | HDAD Heavy Duty Aftermarket Distributors | FAT Forschungsvereinigung Automobiltechnik |
| NTTA National Tank Trailer Association | HVIA Heavy Vehicle Industry Australia | VDI Verein Deutscher Ingenieure e. V. |
| TMC The Maintenance Council | ITC Industry Technical Council | VTA Victorian Transport Association |
| ATA/ITC Australian Trucking Association | LTA Land Transport Authority – Singapore | ZENTEC Zentrum für Technologie, Existenzgründung und Cooperation GmbH |
| BVL Bundesvereinigung Logistik | LTAT The Land Transport Association of Thailand McKay & Company | |

INTEGRATED MANAGEMENT SYSTEMS FOR OCCUPATIONAL HEALTH AND SAFETY, QUALITY, ENVIRONMENTAL AND ENERGY

GRI 302/103, 303/103, 305/103, 306/103, 403/103, 416/103

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

In order to be able to evaluate the progress of standardization within our company, we have ourselves certified at regular intervals by independent auditing companies. Currently, our sites in Germany, India and Thailand, as well as 78% of our American sites, are certified to the ISO 14001 environmental standard. In 2021, we plan to successfully achieve ISO 45001 certification for occupational health and safety at our German sites. This will complete our integrated, standards-based management structure in Germany. |

GRI 403-1, 403-8

Certifications according to external standards, in %¹

| | 2020 |
|--|------|
| quality management standards (ISO 9001, IATF 16949) | 84 |
| environmental management standards (ISO 14001) | 77 |
| Occupational health and safety standards (ISO 45001) | 3 |
| Energy management standards (ISO 50001) | 33 |

¹ In % of business activity measured in terms of number of employees.

ENVIRONMENTAL EFFICIENCY OF OPERATIONAL PROCESSES

MANAGEMENT APPROACH

GRI 102-11, 302/103, 303/103, 305/103, 306/103, 307/103

✓ | For SAF-HOLLAND taking preventive action to protect the environment is a core element of its corporate social responsibility. Our top priority is therefore to reduce environmental risks and use energy and raw materials sparingly at all our locations worldwide. Responsible use of natural resources is part of our value system and shapes our corporate actions. This includes reducing resource consumption as well as using resources as sustainably as possible. For this reason we focus on efficient processes and closed material cycles. By doing so we create both ecological and economic added-value along the entire value chain.

The Chief Operating Officer (COO) is responsible for all preventive measures undertaken throughout the Group to protect the environment. The global owners in the operations department are responsible for ensuring that the legal requirements and the internal standards of SAF-HOLLAND are met. Regional environmental management officers also initiate and monitor local implementation of the requirements. They also support our employees in collecting environmental data and implementing specific measures. Once a year, each employee receives mandatory training on environmental protection and environmental management via our e-learning management system. Successful attendance at these courses is monitored and documented by means of examination questions. In the reporting year a total of 1,011 (87.4%) employees participated in the training sessions.

We expanded our legal management team once again in the reporting year to address the legal obligations that SAF-HOLLAND must comply with as an operator under the relevant environmental, energy, and occupational safety laws. A new software-based compliance management system enables our German locations to assess the obligations arising from laws and regulations in a structured way, initiate targeted measures and manage them accordingly. With the aid of statistical analyses the divisional officers can inform top management at any time about the status of implementation and the effectiveness of the measures. |

ENERGY CONSUMPTION

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

✓ | Ongoing climate change and the associated risks to people and nature require us to take a close look at the causes. Energy generation and use remains the most important source of greenhouse gas emissions for an industrial company like SAF-HOLLAND. As an energy-intensive company, we are therefore committed to energy efficiency and sustainable energy generation as well as procurement. We want to systematically reduce the emissions released in connection with our operations and to this end we rely, for example, on efficient technologies to provide compressed air, energy-efficient production processes, and holistic energy management.

Our locations in Bessenbach, Aschaffenburg and Singen are certified under the energy management standard, DIN EN ISO 50001. In 2019 we set ourselves the goal of reducing energy use in relation to output by a total of four per cent by 2023 (base year 2018) at these locations.

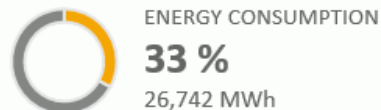
In the year 2020 the total energy consumption of SAF-HOLLAND came to 81,157 MWh. The most important form of energy for the Group as a whole was natural gas, which accounted for a share of 48.6 per cent. Electricity consumption accounted for another 49.6 per cent.

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

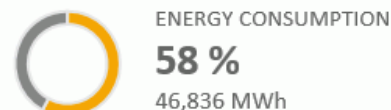
GLOBAL ENERGY CONSUMPTION 81,157 MWh



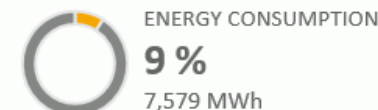
EMEA



AMERICAS



APAC



To further expand our analytical capabilities, nine new measuring points were installed at our headquarters in the reporting year. This increases our inventory to 34 measuring points. We will continue to expand our meter infrastructure in future to obtain an even more comprehensive database on energy use at the highest possible resolution.

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

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

the training three times, their supervisor is informed to initiate further assistance. Energy management training was successfully completed by 1,084 employees (93.7%) in the reporting year.

OTHER SIGNIFICANT DIRECT AIRBORNE EMISSIONS

GRI 305/103

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

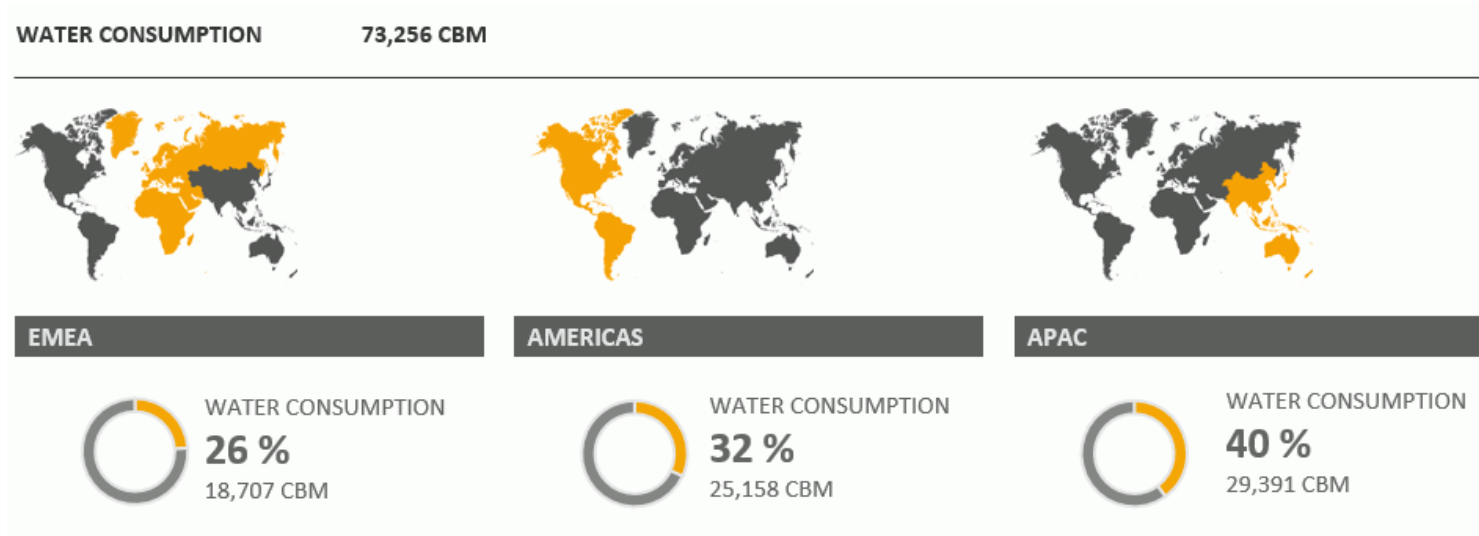
Since 2019 the direct airborne emissions listed in the table have been calculated at company level (Scope 1). The ecoinvent 3.6 database was also used for the calculation. A total of 73 substances were included in the calculation of hazardous air pollutants (HAP). In addition, not only emissions and greenhouse potentials are considered, but also environmental impacts (immissions). These are to be evaluated as part of SAF-HOLLAND's environmental management in future. |

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

| | EMEA | Americas | APAC | Total |
|-------|---------|----------|---------|---------|
| CO | 2.2 | 2.7 | 0.5 | 5.4 |
| HAP | 0.2 | 0.3 | 0.0 | 0.5 |
| N2O | 0.0 | 0.1 | 0.0 | 0.1 |
| NMVOC | 1.3 | 1.5 | 0.2 | 3.0 |
| NOx | 3.6 | 4.5 | 1.0 | 9.1 |
| PM | 0.7 | 1.5 | 0.3 | 2.4 |
| SOx | 2.2 | 3.1 | 0.4 | 5.7 |
| ODS | 0.00039 | 0.00097 | 0.00010 | 0.00147 |

BIODIVERSITY**GRI 304/103**

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



WATER USE AND WITHDRAWAL

GRI 303/103, 303-1, 303-2, 303-3

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

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

In the year 2020 SAF-HOLLAND drew 73,256 CBM from municipal water supplies. Of our global production locations, the EMEA region proportionately used the least amount of water in the reporting year. At the Yangzhou location in China, attention was paid to using water-saving processes right from the planning phase. At this location we recover around 30 per cent of our process water by recirculating it. In addition, we

have installed large collection tanks that can hold up to 25,000 litres of used water. This can be used to irrigate our green areas, such as our green roof or the park located on the company premises.

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

GRI 306-3

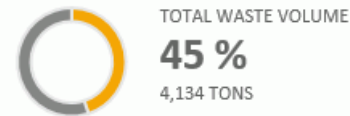
WASTE AND RECYCLING 9,149 TONS



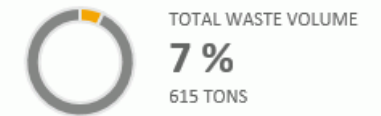
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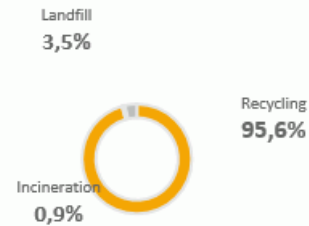
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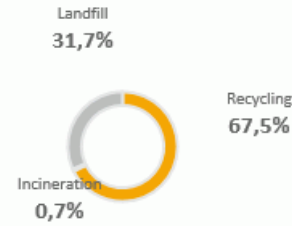
APAC



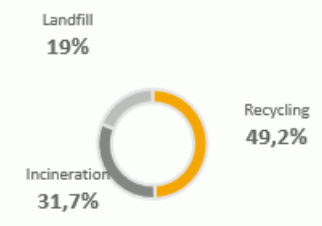
WASTE BY METHOD OF DISPOSAL



WASTE BY METHOD OF DISPOSAL



WASTE BY METHOD OF DISPOSAL



SHARE OF HAZARDOUS WASTE OF TOTAL WASTE GENERATED

2.2 %

SHARE OF HAZARDOUS WASTE OF TOTAL WASTE GENERATED

6.2 %

SHARE OF HAZARDOUS WASTE OF TOTAL WASTE GENERATED

5.9 %

WASTE AND RECYCLING

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

✓ | Most of our waste is generated in production. The most significant fraction of waste is scrap metal in the form of shavings and cuttings. In addition, waste packaging is also generated in the form of wood and plastic waste. In the reporting year, our total waste volume was 9,149 tons. Most of the waste we generate is suitable for recycling.

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

In the medium term, we also see potential for processing our metal waste, such as our plan to use metal briquette presses. These can be used to significantly increase the value of metal scrap. Briquetting is also a suitable treatment process for dewatering or deoiling metal shavings generated during the manufacturing processes. During briquetting, the press recovers any cooling lubricants (drilling or grinding fluid) still coating the metal shavings. This reduces both the consumption of cooling lubricants and the need for waste management services.

We also conducted an environmental campaign to reduce waste at our German locations in the reporting year. To this end, we called on our employees to contribute ideas with which we can further minimise our plastic and wood waste. Of the many ideas we received, the best was awarded a prize. It involves a proposal to introduce wooden pallets as an alternative with intermediate layers made of cast paper fiber for our spare parts sales and to reuse them. The idea was evaluated as particularly innovative out of 15 submissions and has since moved to feasibility analysis. |

EMPLOYEES

GRI 102-8

Employees by employment status, region and gender

| | EMEA | | Americas | | APAC | | Total | |
|--------------|------------|--------------|------------|--------------|-----------|------------|------------|--------------|
| | Female | Male | Female | Male | Female | Male | Female | Male |
| Permanent | 195 | 1,193 | 211 | 1,243 | 44 | 302 | 450 | 2,738 |
| Temporary | 15 | 66 | 0 | 0 | 0 | 0 | 15 | 66 |
| Total | 210 | 1,259 | 211 | 1,243 | 44 | 302 | 465 | 2,804 |

MANAGEMENT APPROACH

GRI 102-16, 401/103, 404/103, 405/103

✓ | Demographic change, the associated shortage of skilled workers, and digitalisation pose major challenges for technology-driven companies such as SAF-HOLLAND. For this reason, we focus our HR work centrally on the further development of our high-performing employee base, among other things by teaching new networked work techniques, recruiting well-trained specialists and managers, and providing excellent training to young talent. And we ensure that our qualified employees stay with us by promoting diversity and equal opportunities, offering good working conditions and assuming social responsibility. Our corporate values reflect our commitment to social responsibility and encompass inventive spirit and cost awareness, as well as reliability, respect, teamwork, communication and honesty.

We consider it our duty to ensure a safe, inclusive and respectful work environment for our employees. Accordingly, we are committed to a health-promoting work culture and the well-being of employees at their workplaces. To create a binding framework for this, we published a Culture Code in 2020 that is binding for all employees. This explains our basic values and objectives, specifies what we understand as responsible and ethical conduct, and clarifies relevant health and safety aspects. Our Human Rights Policy and Code of Conduct are integral parts of the Culture Code.



Healthy, open and targeted communication among employees and between management and employees is very important for our company. It improves the working atmosphere, increases employee satisfaction and motivation, and makes the company more efficient overall. |

OUR WORKFORCE

GRI 102-8

✓ | As at December 31, 2020, SAF-HOLLAND employed 3,269 people (previous year: 3,670), of whom 85.7 per cent were male and 14.3 per cent were female. In addition, 267 hired temps were employed. |

GRI 102-8

Distribution of employees by employment type and gender

| | Female | Male | Total |
|--------------|------------|--------------|--------------|
| Part-time | 47 | 21 | 68 |
| Full-time | 418 | 2,783 | 3,201 |
| Total | 465 | 2,804 | 3,269 |

The share of employees with limited-term employment agreements in our company came to 2.5 per cent. At the end of 2020, 2.1 per cent were employed part-time.

GRI 405-1**Employees by age group in the regions, pro rata in %**

| | < 30 years | 30–49 years | ≥ 50 years | Total |
|--------------|-------------|-------------|-------------|--------------|
| EMEA | 13.3 | 55.8 | 30.9 | 44.9 |
| Americas | 17.6 | 48.0 | 34.4 | 43.9 |
| APAC | 14.6 | 75.9 | 9.5 | 11.2 |
| Total | 15.3 | 54.7 | 30.0 | 100.0 |

DIVERSITY AND EQUAL OPPORTUNITIES**GRI 405/103, 405-1**

✓ | Ensuring equal opportunities and promoting diversity are core tasks of human resources work at SAF-HOLLAND. We value the diversity of our workforce and believe it is key to our success. Our approach is clear: Every employee is a valued member of the team and has equal access to resources and opportunities regardless of age, gender, nationality, ethnicity, sexual identity, educational background, religion or disability.

The different backgrounds and cultures that our employees bring with them foster overall intellectual agility and inventiveness and thus the innovative powers of our company.

To promote diversity in our company, we launched a global campaign on “Diversity and Equal Opportunity” in 2020. To this end, extensive surveys were conducted among the workforce in order to identify where there is still potential for improvement with regard to equal treatment and to derive the necessary measures in response. We expect to see the first results in the first quarter of 2021.

The proportion of women within the workforce came to 14.2 per cent in 2020 (previous year: 14.3 per cent). Of this, 6.1 percentage points were accounted for by the proportion of women in middle and upper management. We intend to pursue the campaign to continuously increase the proportion of women and will use the survey results in 2021 to initiate further measures to this end. With three female members on the Supervisory Board, of the total of six, we clearly pass the quota of 30 per cent female representation required by German law. |

**GRI 405-1****Employees by employee category and gender**

| Employee category | Female | Male | Total |
|---|------------|--------------|--------------|
| Middle/upper management | 6 | 92 | 98 |
| Salaried employees/commercial employees | 456 | 2,715 | 3,171 |
| Total | 462 | 2,807 | 3,269 |
| Trainee | 8 | 46 | 54 |
| Students | 5 | 3 | 8 |

TRAINING AND PERSONNEL DEVELOPMENT**GRI 404/103, 404-2**

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

An apprenticeship at SAF-HOLLAND is valuable for both the company and for the young people involved: we train up precisely those skilled workers who we want to retain in our company over the long term. At the same time, this gives them the opportunity to grow into the company and find their position within it. In 2020, SAF-HOLLAND employed 50 trainees and 8 dual-track cooperative university students.

In 2021, a special apprenticeship as a machine and plant operator will be offered in our assembly operation for the first time, aimed specifically at secondary school graduates, thus increasing our range of apprenticeships to six occupational groups.

The quality of our apprenticeships and the achievements of our young employees were again recognised by the Chamber of Industry and Commerce in the reporting year. At the same time, in addition to vocational training, we introduced a dual track course of study in industrial engineering in association with a cooperative university at our German location.

OUR APPRENTICESHIPS

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

Due to COVID-19-related safeguards, a special mobile learning programme was established for our apprentices in 2020. This meant that they were networked with the training supervisors and other trainees at all times and were able to keep learning what they needed despite the hygiene requirements. Training at SAF-HOLLAND includes imparting future-oriented methods and tools, learning different project management techniques, conducting smaller projects independently and working in a team. In this context, we place great store on digital learning offers. This was a great advantage for us in the current situation posed by COVID-19.

To leverage the potential of our workforce, SAF-HOLLAND encourages collaboration and the sharing of information across all locations. In 2021, it is planned to introduce an internal employee app to foster greater communication within the company, publish information more quickly and avoid printed notices as far as possible.

We also offer our employees language courses to further promote global communication. Quite independently of the COVID 19 pandemic, we want to make greater use of social networks to convey learning content as part of the digital transformation at SAF-HOLLAND in future. A first step in this direction is the use of software-based training programmes. With the aid of these programmes, employees can record internal and external training and instructional videos and share them with colleagues at any time.

As in previous years, the LDP (Leadership Development Programme) was pursued once again in the reporting year. This programme provides tailored support to young management talent in line with their strengths and career goals. They are also taught our values and an understanding of leadership tasks in a twelve-month training programme to equip them for the increasing demands of management positions. Advanced training takes the form of practice-oriented learning units. The LDP consists of a kick-off event, external and internal training sessions, and feedback

meetings. External training courses impart, among other things, specialist knowledge in the areas of employee motivation, interview management, communication, conflict resolution, time and self-management, and labour law. Internal training can take the form of, for example, workplace and departmental training.

An internal talent programme is also planned for 2021. The aim here is to promote particularly talented employees so that they can position themselves in the company in the best possible way and thereby create added value for themselves and the company. The programme will initially be launched in Germany and rolled out globally after a successful launch.

WORKING CONDITIONS AND SOCIAL RESPONSIBILITY

GRI 102-41, 102-43, 401-2, 406/103, 406-1, 407/103

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

In Germany and the USA, the interests of our employees are represented by trade unions and works councils. In addition, we grant employees at all our locations the right to freedom of association and collective bargaining. Worldwide, 55 per cent of the workforce was employed under collective bargaining groups or covered by company agreements in the reporting year.

We have introduced fringe benefits that can be taken advantage of by all salaried employees. For example, SAF-HOLLAND supports employees at all our locations around the globe with collectively agreed contributions to private pension plans. Moreover, from the age of 58, employees can reduce their working hours with the support of SAF-HOLLAND. We also offer our employees attractive special benefits, such as exclusive discounts in online stores as part of our Corporate Benefit Programme and in the form of regional cooperations with specialist and retail stores.

At SAF-HOLLAND, we fully support maternity protection and parental leave within the framework of the statutory regulations. During the reporting



year, pregnant women were offered mobile workplaces with special safety precautions to enable the best possible protection for mother and child during the pandemic. We also offer parental leave to both male and female employees.

We place great store on a feedback culture and promote open and constructive dialogue with our employees. A key component of this is our regular global employee survey. This offers us starting points to make further improvements to our working conditions and employee satisfaction.

„Thanks to our employees, we have already managed to successfully overcome crises in the past. I am convinced that we will also overcome the Corona crisis together.“

Alexander Geis - CEO

We also encourage the creativity of our employees and actively involve them in our corporate development. Our internal software-based platform “My Idea” offers every employee the opportunity to submit suggestions for improving products, processes and sustainable business practices. All ideas submitted will be evaluated by a committee and implemented if the feedback is positive. Any ideas that get implemented and show a measurable monetary benefit, are rewarded with a financial bonus. In 2020, a total of 236 ideas were submitted by employees and 70 ideas were implemented.



OCCUPATIONAL HEALTH AND SAFETY

GRI 403/103, 403-2, 403-3, 403-4, 403-5, 403-6, 403-9

MANAGEMENT APPROACH

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

With “Vision Zero”, we have set ourselves the goal of preventing occupational accidents from the outset. To achieve the goal, we are improving our accident prevention systems, implementing global internal safety standards and intensifying the analysis of occupational accidents. To this end, we have defined the basic requirements of our locations with regard to the health and safety of our workforce in our “Operational Excellence Roadmap,” which we implemented in 2020, and in which we defined five phases for local realisation.

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

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

IDENTIFICATION AND MEASUREMENT OF RISKS

✓ | We use internal audits to ensure that our guidelines and standards are effectively implemented in our operating processes. Furthermore, a monthly report on the number and type of occupational accidents is submitted to the management in the form of an LTI (“Lost Time Injury”)

report. Based on this report, the results from the internal audits and relevant key figures, we identify risks to occupational safety, assess them and group them into risk categories. We then use this to initiate specific measures, such as hygiene regulations and extended personal protective equipment.

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

OCCUPATIONAL HEALTH AND SAFETY INDICATORS

✓ | Accident indicators play an important role in enabling us to regularly measure the implementation of our targets, standards and guidelines and the effectiveness of our measures. In the reporting year, SAF-HOLLAND recorded 50 occupational accidents with at least one day of absence. 52 per cent of the occupational injuries involved finger and hand injuries. To further reduce the number of accidents, we are planning adjustments to personal protective equipment and plant-specific changes. |

GRI 403-9

Key figures for occupational safety

| | EMEA | Americas | APAC |
|---|------|----------|------|
| Lost Time Injury (number of occupational accidents with at least one day lost) | 31 | 14 | 5 |
| Lost Time Injury Frequency Rate (number of occupational accidents with at least one lost day per 1 million working hours) | 19.6 | 6.3 | 4.9 |
| Fatalities (work-related deaths) | 0 | 0 | 0 |

RAISING THE AWARENESS OF EMPLOYEES, COMMUNICATION AND TRAINING

✓ | We regularly conduct training courses and safety briefings to make employees more aware of the dangers and possible sources of danger and to prevent accidents. Successful participation in our annual occupational safety and hazardous materials management training is mandatory for all employees. Training is provided via our integrated e-learning management

system. Specific instruction is provided in face-to-face sessions or, where not otherwise possible, via online conferencing.

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

To keep managers and safety officers up to date, we held a greater number of webinars on current occupational health and safety topics in 2020, partly because of the COVID-19 pandemic. Communication on occupational health and safety issues is supplemented by safety notices hung up in the various departments and handing out trade journals covering the respective issues in the areas concerned. |

CAMPAIGNS

✓ | To realise further improvements in occupational safety, we launched the “Basic Requirements for the Occupational Safety Infrastructure (BROSI)” prevention campaign in 2019 and continued this through into the reporting year. Internal standards were defined within the framework of this campaign, including standards that go beyond local legal requirements, and these are checked in regular audits. BROSI 3.0 requirements address items such as safety on roads and walkways, as well as internal traffic and incident activities specific to the respective location. Compliance with the standards is mandatory for each of our production locations. If a point cannot be fulfilled, this immediately leads to the location failing the audit. In this case, immediate action must be taken to reach the target. |

REDUCTION OF HAZARDOUS SUBSTANCES

✓ | The use of hazardous substances often plays a decisive role in the manufacturing industry. To protect our employees and the environment alike, we have established an internal process governing the procurement and use of hazardous substances and mixtures that fulfills all legal requirements and our own safety standards. The corresponding process description states that new hazardous substances not previously used should generally not be procured and that hazardous substances already implemented should be reduced through regular review or substituted with less hazardous substances. The review is the responsibility of the



respective process managers, who can view the current classification and permitted uses on the basis of comprehensive hazardous substance registers. The use of hazardous substances or mixtures without a currently valid safety data sheet based on international standards is generally rejected. Based on the test results, safety measures for handling the hazardous substance to protect both humans and the environment are defined and put into practice. |

HEALTH

✓ | To increase the performance and motivation of our employees, we rely on a system of global health management. Among other things, we subsidise the cost of VDU workstation spectacles and provide our industrial employees with personalised hearing protection. We also use lifting devices and tools in our production areas to relieve employees when lifting and lowering production parts. In 2019, we also began to make the workplaces in the administrative buildings more flexible to prevent back injuries over the long term. Employees have since been able to take the strain off their backs and legs at modern adjustable height (sit-stand) desks, even while working continuously at a computer screen.

As part of our occupational health services, our employees can have personal check-ups and vaccinations. For this purpose, our company physician can be visited by appointment on various dates throughout the year.

The position of health manager was created within the HR department during the reporting year. With this position, we want to further strengthen health management at SAF-HOLLAND. In 2020 we began to standardise the reintegration of long-term absentees into working life by holding corresponding talks to analyse the root causes. This process is to be taken further in subsequent years. We are also planning health-promoting campaigns at our German locations. |



SOCIAL COMMITMENT

MANAGEMENT APPROACH

GRI 413/103

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

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

SOCIAL PROJECTS AROUND OUR SITES

GRI 413-1

✓ | In 2020, we launched a project at our German headquarters in the run-up to Christmas to support young people who are not usually able to celebrate the holiday with their families. With the aim of surprising the residents of the Aschaffenburg Municipal Children's Home and fulfilling some of their wishes, we organized a fundraising campaign in October among employees at the Bessenbach and Aschaffenburg sites. After many employees had generously donated, the management rounded up the collected amount of the employee donation to 2,500 euros.

At the presentation of the donation, we also announced that we would offer the young people from the children's home the opportunity to attend an "Open House" at SAF-HOLLAND after the COVID 19 pandemic has subsided. We would like to give them their first impressions of today's business world and encourage them to choose a career with a future.

We also offer our employees many other opportunities to get personally involved: Every year, we organize our Volunteer Days, where they can get

actively involved in charitable projects and provide support in their local communities. They can choose between different social topics or get involved within our company. Due to the COVID 19 pandemic, the planned Volunteer Days had to be cancelled in the reporting year, but are expected to take place again in 2021.

During the Corona crisis, our employees were involved in other ways and participated as volunteers of the Bavarian relief organizations in programs for population and disaster protection. SAF-HOLLAND released the necessary employees for their activities on site and was awarded the title of "Helferfreundliches Unternehmen" (helper-friendly company) by the Helfernetz Bayern (Bavarian aid network) for this in the reporting year.

According to Section 135 of the Companies Act of 2013, the Indian state obligates us to spend at least two percent of the average annual net profit generated by us in the country over the last three years on CSR activities. We fulfilled this obligation in the reporting year: We provided a total of 36,755 euros to support the fight against widespread poverty in the country. Specifically, we supported the Prime Minister National Relief Fund. This aid organization primarily supports families who have been victims of natural disasters or serious accidents. Our colleagues from India also distributed food donations to the needy, thus making important contributions to maintaining the food supply in their own country during the Corona crisis.

The following tables provide an overview of SAF HOLLAND's social commitment activities. For the China region, approaches to social commitment are currently being developed around the construction of the new plant in Yangzhou in order to also set an example in this region.



Overview of projects we support in the EMEA region

| Country/Initiative | Project brief |
|---|---|
| Germany | |
| Rounding down for charity | Employees of SAF-HOLLAND GmbH round their salaries down to the nearest euro. This resulted in an amount of EUR 1,861.40 being donated to the charity fund of the Aschaffenburg Children’s Clinic in 2019. |
| “Notinsel” – child refuges | This project was supported by the establishment of a station in Bessenbach where children can find aid and support. |
| Volunteering Day | Employees at the location in Bessenbach were given the opportunity to contribute a day’s labour for volunteer work in various projects to be performed during working hours. In total, 139 hours were invested in charity work. |
| “Alles im Eimer” drinking water donations | The provision of safe drinking water was sponsored within the framework of the disaster relief and development aid programmes of Oxfam Deutschland e. V. |
| Support for workshops for the disabled | Apprentices assist adults, most of whom have intellectual disabilities, in the workshops of “Lebenshilfe Werkstätten e.V. Schmerlenbach”. |
| Children’s home Aschaffenburg | With a donation campaign of EUR 2,500, we were able to enable the children and young people of the Municipal Children’s Home in Aschaffenburg to buy Christmas presents. |
| Helfernetz Bayern | Our employees have volunteered for civil defence and disaster control activities provided by Helfernetz Bayern. As a result, we were recognised as a helper-friendly company in the reporting year. |
| Together for biodiversity | Installation of bee houses and bug hotels made by employees on the plant premises. |



Overview of projects we support in the Americas region

| Country/Initiative | Project brief |
|-------------------------------|--|
| Canada | |
| Big Brothers / Big Sisters | Six employees raised CAD 380 to help improve the lives of children and youth in Oxford County as part of the Bowling for Kids Sake initiative. |
| Supplies for Students | Employees donated CAD 760 to support needy students and families in Oxford County. |
| Prostate Cancer Research | Covid masks with mustaches were sold and monetary donations were collected as part of the "Mustache Growing Contest". |
| Christmas Food and Gift Drive | Employees collected food and toy donations for needy families in the region. |
| United Way Fundraising Event | Annual fundraiser for United Way. The company matched the first CAD 5,000 of employee donations. |
| Children's Aid Society | Employees and the Social Committee participated in a raffle. Proceeds go to the Children's Aid Society. |
| USA | |
| Food Bank | SAF-HOLLAND USA, Inc. supported the "Food Bank" initiative and put together food packages for the homeless. |
| Toys for Tots | Employees donated toys to underprivileged children in the community aged between 3 and 16. |
| Day of Caring | The "United Way of Veterans" organisation brings together hundreds of volunteers for a "Veterans Day". Employees participate in this campaign to support war veterans. |
| College Scholarship Programme | In the US, four scholarships were awarded worth USD 10,000. Canada awarded two CAD 5,000 scholarships. |
| United Way Fundraising | Annual fundraiser for United Way. |

Overview of projects we support in the APAC region

| Country/Initiative | Project brief |
|---|--|
| Australia | |
| Hope St. | Hope St. provides long-term emergency housing for displaced youth who are unable to live at home for a variety of reasons including abuse, caregiver addiction, caregiver incarceration, etc. SAF-HOLLAND offers sponsorships for underprivileged young adults valued at AUD 2,400 per year. |
| India | |
| Prime Minister's National Relief Fund PMNRF | Participation in a fund established by the government to which any citizen or any organisation can pay a contribution. The funds are used for people who are acutely affected by natural disasters. |
| Food donations from employees | Our service workers distributed food packages to transporters and truck drivers in different areas. |

The diverse projects are due in particular to the high level of commitment of our employees. We would like to express our sincere thanks to all those involved for their great personal commitment, which has contributed to the success of the projects! 🍌



GRI CONTENT INDEX

GRI 102-55

| GRI standard and disclosures | | Comment | Page | Principles of the UN Global Compact |
|--|--|---------|---|-------------------------------------|
| GRI 102: General disclosures 2016 | | | | |
| 1. organization profile | | | | |
| 102-1 | Name of the organization | | 13 | |
| 102-2 | Activities, brands, products and services | | 13 ff. | |
| 102-3 | Headquarters of the organization | | 13 | |
| 102-4 | Operating sites | | 13 f. | |
| 102-5 | Ownership and legal form | | 13, 21 | |
| 102-6 | Supplied markets | | 13 | |
| 102-7 | Size of the organization | | 13 | |
| 102-8 | Information on employees and other staff | | 44 f. | |
| 102-9 | Supply chain | | 29 | |
| 102-10 | Significant changes to the organization and its supply chain | | 13, 20 | |
| 102-11 | Precautionary approach or precautionary principle | | 38, 24 | Principle 7 |
| 102-12 | External initiatives | | 21, 24, 27, 36 | |
| 102-13 | Membership in associations and interest groups | | 36 | |
| 2. Strategy | | | | |
| 102-14 | Statement of the highest decision maker | | 6 f. | |
| 3. Ethics and integrity | | | | |
| 102-16 | Values, principles, standards and norms of conduct | | 22 f., 44 | |
| 102-17 | Procedures for consultation and concerns regarding ethics | | 24 | |
| 4. Corporate Governance | | | | |
| 102-18 | Management structure | | 14, 17, 20 | |
| 5. Stakeholder involvement | | | | |
| 102-40 | List of stakeholder groups | | 18 | |
| 102-41 | Collective agreements | | 46 | Principle 3 |
| 102-42 | Stakeholder identification and selection | | 17 f. | |
| 102-43 | Approach to stakeholder engagement | | 17 ff., 46 | |
| 102-44 | Important topics and concerns raised | | 17 | |
| 6. Procedure for reporting | | | | |
| 102-45 | Entities included in the consolidated financial statements | | Management Report, Financial Statements | |
| 102-46 | Procedure for determining the content of the report and the delimitation of topics | | 18 | |

| GRI standard and disclosures | | Comment | Page | Principles of the UN Global Compact |
|--|--|---|---------------|-------------------------------------|
| 102-47 | List of essential topics | | 19 | |
| 102-48 | Information redisplay | In the report, the APAC and China regions are combined for the first time to form the APAC region. | | |
| 102-49 | Changes in reporting | | 20 | |
| 102-50 | Reporting period | | 62 | |
| 102-51 | Date of the last report | The Sustainability Report 2019 was published on April 30, 2020. | | |
| 102-52 | Reporting cycle | | 28, 62 | |
| 102-53 | Contact for questions about the report | | 63 | |
| 102-54 | Declaration on reporting in accordance with the GRI standards | | 62 | |
| 102-55 | GRI Content Index | | 53 ff. | |
| 102-56 | External check | This report has not been subjected to an external external audit. | | |
| Substantial topics | | | | |
| GRI 201: Economic performance 2016 | | | | |
| 103 | Management approach * | | 13, 31 | |
| 201-1 | Direct economic value generated and distributed | | 3, 13 | |
| 201-2 | Financial implications of climate change for the organization and other risks and opportunities associated with climate change | | 31 f. | |
| GRI 204: Procurement practices 2016 | | | | |
| 103 | Management approach * | | 29 f. | |
| 204-1 | Share of spending on local suppliers | Information on expenditures for local suppliers are relevant to competition and are therefore not reported. | | |
| GRI 205: Fighting corruption 2016 | | | | |
| 103 | Management approach * | | 22 ff. | Principle 10 |
| 205-2 | Communication and training on anti-corruption policies and procedures | | 23 f. | |
| 205-3 | Confirmed incidents of corruption and measures taken | | 23 f. | |
| GRI 206: Anti-competitive behavior 2016 | | | | |
| 103 | Management approach * | | 22 ff. | |
| 206-1 | Legal proceedings based on anti-competitive behavior, cartel and monopoly formation | There were no corresponding legal proceedings in the reporting period. | | |
| GRI 302: Energie 2016 | | | | |
| 103 | Management approach * | | 34 f., 37 ff. | Principle 7, 8 |
| 302-1 | Energy consumption within the organization | | 38 f. | |
| 302-4 | Reduction of energy consumption | | 38 | |
| 302-5 | Reduction of energy requirements for products and services | | 34 f. | Principle 9 |

| GRI standard and disclosures | | Comment | Page | Principles of the UN Global Compact |
|--|---|---|----------------------|-------------------------------------|
| GRI 303: Water and waste water 2018 | | | | |
| 103 | Management approach * | | 37, 38 ff. | |
| 303-1 | Water as a shared resource | | 41 | Principle 7 |
| 303-2 | Dealing with the effects of water recirculation | | 41 | |
| 303-3 | Water withdrawal | | 41 | |
| GRI 305: Emissionen 2016 | | | | |
| 103 | Management approach * | | 31, 34 f., 37, 38 f. | Principle 7 |
| 305-1 | Direct GHG emissions (Scope 1) | | 31 | |
| 305-2 | Indirect energy-related GHG emissions (Scope 2) | | 31 | |
| 305-5 | Reduction of GHG emissions | | 31 | Principle 9 |
| 305-7 | Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant air emissions | | 40 | |
| GRI 306: Waste 2016 | | | | |
| 103 | Management approach * | | 37 f., 43 | Principle 7 |
| 306-2 | Waste by type and disposal method | | 42 f. | |
| GRI 308: Environmental assessment of suppliers 2016 | | | | |
| 103 | Management approach * | | 29 | Principle 8 |
| 308-1 | New suppliers screened against environmental criteria | | 29 f. | |
| GRI 401: Employment 2016 | | | | |
| 103 | Management approach * | | 44 | |
| 401-2 | Company benefits provided only to full-time salaried employees, but not to temporary or part-time employees. | | 46 | |
| GRI 403: Occupational safety and health protection 2018 | | | | |
| 103 | Management approach * | | 37, 47 ff. | |
| 403-1 | Management system for occupational safety and health protection | At sites with a certified occupational safety management system, this applies to all employees. | 37 | |
| 403-2 | Hazard identification, risk assessment, and incident investigation | | 47 ff. | |
| 403-3 | Occupational health services | | 47 ff. | |
| 403-4 | Employee participation, consultation and communication on occupational safety and health protection | | 47 ff. | |
| 403-5 | Employee training on occupational safety and health protection | | 47 ff. | |
| 403-6 | Promoting the health of employees | | 47 ff. | |
| 403-7 | Avoidance and minimization of occupational health and safety impacts directly related to business relationships | Suppliers and business partners of SAF HOLLAND who enter the company premises receive an individual safety briefing | 29 | |

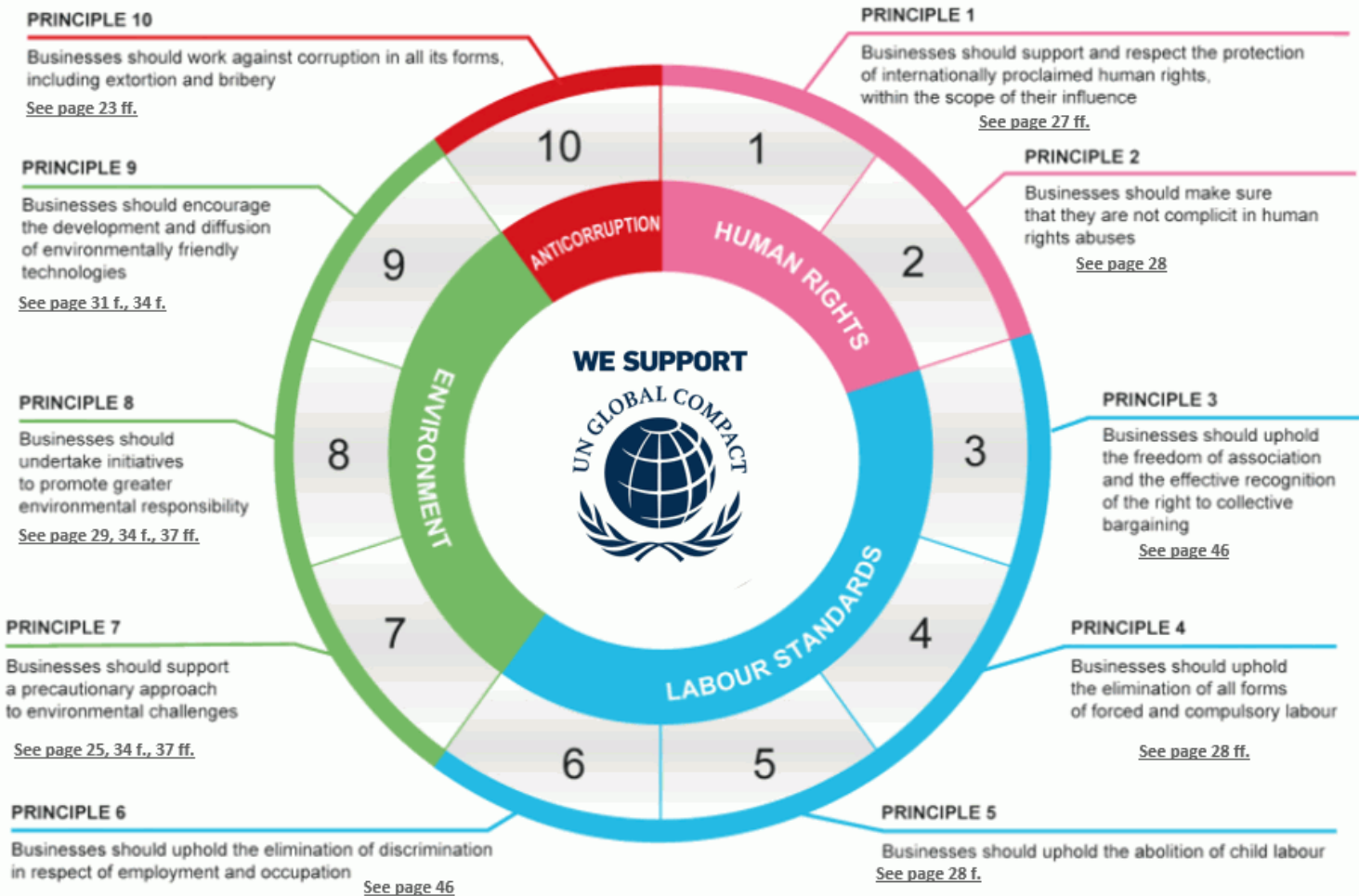
| GRI standard and disclosures | | Comment | Page | Principles of the UN Global Compact |
|---|--|---|--------------|-------------------------------------|
| 403-8 | Employees covered by an occupational safety and health management system and health protection are covered | | 37 | |
| 403-9 | Work related injuries | | 47 f. | |
| GRI 404: Education and training 2016 | | | | |
| 103 | Management approach * | | 44 f. | |
| 404-2 | Programs to improve the skills of employees and transitional assistance | | 45 f. | |
| GRI 405: Diversity and equal opportunities 2016 | | | | |
| 103 | Management approach * | Further information on diversity at SAF HOLLAND can be found in the Group Management Report. | 44 f. | |
| 405-1 | Diversity in control bodies and among employees | | 45 | |
| GRI 406: Non-discrimination 2016 | | | | |
| 103 | Management approach * | | 23 f. | |
| 406-1 | Incidents of discrimination and remedial action taken | | 28 | Principle 6 |
| GRI 407: Freedom of association and collective bargaining 2016 | | | | |
| 103 | Management approach * | | 29 f., 46 f. | |
| 407-1 | Operations and suppliers where the right to freedom of association and collective bargaining may be threatened | In the reporting period, a new process was set up to identify risks at suppliers. Results were not yet available in the reporting period. | 28 f. | |
| GRI 408: Child labor 2016 | | | | |
| 103 | Management approach * | | 29 f. | |
| 408-1 | Operations and suppliers with a significant risk for incidents of child labor | In the reporting period, a new process was set up to identify risks at suppliers. Results were not yet available in the reporting period. | 28 f. | Principle 5 |
| GRI 409: Forced or compulsory labor 2016 | | | | |
| 103 | Management approach * | | 28 ff. | Principle 4 |
| 409-1 | Operations and suppliers with a significant risk for incidents of forced or compulsory labor | In the reporting period, a new process was set up to identify risks at suppliers. Results were not yet available in the reporting period. | 28 f. | |
| GRI 412: Human rights compliance audit 2016 | | | | |
| 103 | Management approach * | | 27 ff. | Principle 1 |
| 412-1 | Sites at which a human rights compliance audit or human rights impact assessment has been conducted | | 28 | Principle 2 |
| 412-2 | Training for employees on human rights policies and procedures | | 28 | |
| GRI 413: Local communities 2016 | | | | |
| 103 | Management approach * | | 50 ff. | |

| GRI standard and disclosures | | Comment | Page | Principles of the UN Global Compact |
|---|--|---|-----------|-------------------------------------|
| 413-1 | Operational sites with local community involvement, impact assessments and support programs. | | 50 ff. | |
| GRI 414: Social rating of suppliers 2016 | | | | |
| 103 | Management approach * | | 29 | |
| 414-1 | New suppliers screened against social criteria | | 29 | |
| GRI 415: Political influence 2016 | | | | |
| 103 | Management approach * | As a matter of principle, SAF-HOLLAND does not support political parties or politically motivated organizations or politicians. | | |
| 415-1 | Party donations | As a matter of principle, SAF-HOLLAND does not support political parties or politically motivated organizations or politicians. | | |
| GRI 416: Customer health and safety 2016 | | | | |
| 103 | Management approach * | | 34 f., 37 | |
| 416-1 | Assessing the health and safety impacts of different product and service categories | | 34 f. | |
| 416-2 | Violations related to the impact of products and services on health and safety | | 34 f. | |
| GRI 418: Customer data protection 2016 | | | | |
| 103 | Management approach * | | 26 | |
| 418-1 | Substantiated complaints regarding the violation of the protection and loss of customer data | | 26 | |

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







UNGC-INDEX

THE 10 PRINCIPLES OF THE UN GLOBAL COMPACT



SDG-INDEX

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

| SDG | CHAPTER IN THE SAF-HOLLAND SUSTAINABILITY REPORT | PAGE | SDG | CHAPTER IN THE SAF-HOLLAND SUSTAINABILITY REPORT | PAGE |
|--|--|--------|--|--|-------|
|  | Employees / Occupational safety and health | 46 ff. |  | Product innovations for efficient and safe goods transport | 35 f. |
|  | Social commitment | 52 ff. |  | Product innovations for efficient and safe goods transport | 35 f. |
|  | Key figures, corporate management | 3 ff. |  | Climate strategy and CO ₂ management | 32 f. |

TCFD INDEX

This sustainability report marks the first time that we have made a direct reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We have done this to disclose to the public in a verifiable manner how SAF-HOLLAND addresses the risks and opportunities arising from climate change. The following index of the TCFD


recommendations serves to summarise the various issues related to this topic. The index contains references to the relevant passages in the Annual Report or the Sustainability Report that contain content related to the recommendations of the TCFD on governance, strategy, risk management as well as metrics and targets.

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

NON-FINANCIAL STATEMENT

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

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

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

SAF-HOLLAND has not become aware of any significant risks with a very likely serious negative impact on the aspects mentioned in the law that are linked to our business activities, our business relationships, our products and services. Non-financial risks are addressed via Group Risk Management. Information on this can be found in the Risk and Opportunity Report in the Annual Report.

| ASPECT | KEY TOPICS (GRI) | RELEVANT ASPECT ACCORDING TO HGB | CHAPTER IN THE SUSTAINABILITY REPORT |
|------------------------|---|--|---|
| GOVERNANCE | Profitability | Other issues | See Management Report 2020 |
| | Business ethics and human rights | Combating corruption and bribery, respect for human rights | Corporate Governance and Compliance |
| | Protection of data and expertise | Other issues | Corporate Governance and Compliance |
| | Product safety and product responsibility | Environmental concerns | Product innovations for efficient and safe transport of goods |
| | Sustainability in the supply chain | Respect of human rights | |
| Environmental concerns | | | Supply chain |
| ENVIRONMENTAL | Environmental efficiency in operational processes | Environmental concerns | Environmental efficiency in operational processes |
| | Electrified vehicle concepts | Environmental concerns | Product innovations for efficient and safe transport of goods |
| | Smart Trailer Solutions | Environmental concerns | Product innovations for efficient and safe transport of goods |
| SOCIAL | Attractive and responsible employer | Employee matters | Employees |
| | Occupational health and safety | Employee matters | Employees |
| | Social commitment | Social issues | Social commitment |

ABOUT THIS REPORT

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

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

The report covers the 2020 financial year, which corresponds to the 2020 calendar year. It also includes the Communication on Progress in connection with participation in the United Nations Global Compact (UNGC). A corresponding chapter reference to the ten universal principles can be found in the UNGC index. SAF-HOLLAND has been a signatory of the UNGC since 2018 and is committed to respecting the ten principles in the areas of human rights, labour standards, environment and climate as well as corruption prevention.

For better readability, we have refrained from making multiple gender-specific references in the report. This does not represent a valuation. All mentions are therefore to be understood as gender-neutral.

Rounding differences may arise from the addition of individual figures.

The regions of APAC and China were combined in the reporting year to form the APAC_I/China region and will run under the APAC region in the future. As of January 1, 2020, SAF-HOLLAND thus consists of the three aforementioned regions America, APAC and EMEA.

The editorial deadline was March 25, 2021.

The annual Sustainability Report is published in German and English on the SAF-HOLLAND website at the following link: [🔗 https://corporate.safholland.com/de/investor-relations/publikationen/nachhaltigkeitsbericht](https://corporate.safholland.com/de/investor-relations/publikationen/nachhaltigkeitsbericht) Our next Sustainability Report for fiscal year 2021 will be published in spring 2022.

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



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DISCLAIMER

This report contains certain statements that are neither financial results nor historical information and contains certain forward-looking statements based on current assumptions, expectations and forecasts of SAF-HOLLAND SE's management as of the date of this report. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual results, financial situation

financial position, development or performance of the company may differ materially from the estimates given here. Many of these risks and uncertainties are determined by factors that are beyond the control of SAF-HOLLAND SE and cannot be estimated with certainty at this time. These include future market conditions and economic developments, the behaviour of other market participants, the achievement of expected synergy effects as well as legal and political decisions. Readers are cautioned that any forward-looking statements contained herein speak only as of the date of this release. The Company assumes no obligation to update such forward-looking statements. SAF-HOLLAND SE does not undertake any obligation to release any revisions to these forward-looking statements to reflect events or circumstances after the date of these materials.

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