

Building the future – stronger together



ESG KEY PERFORMANCE INDICATORS

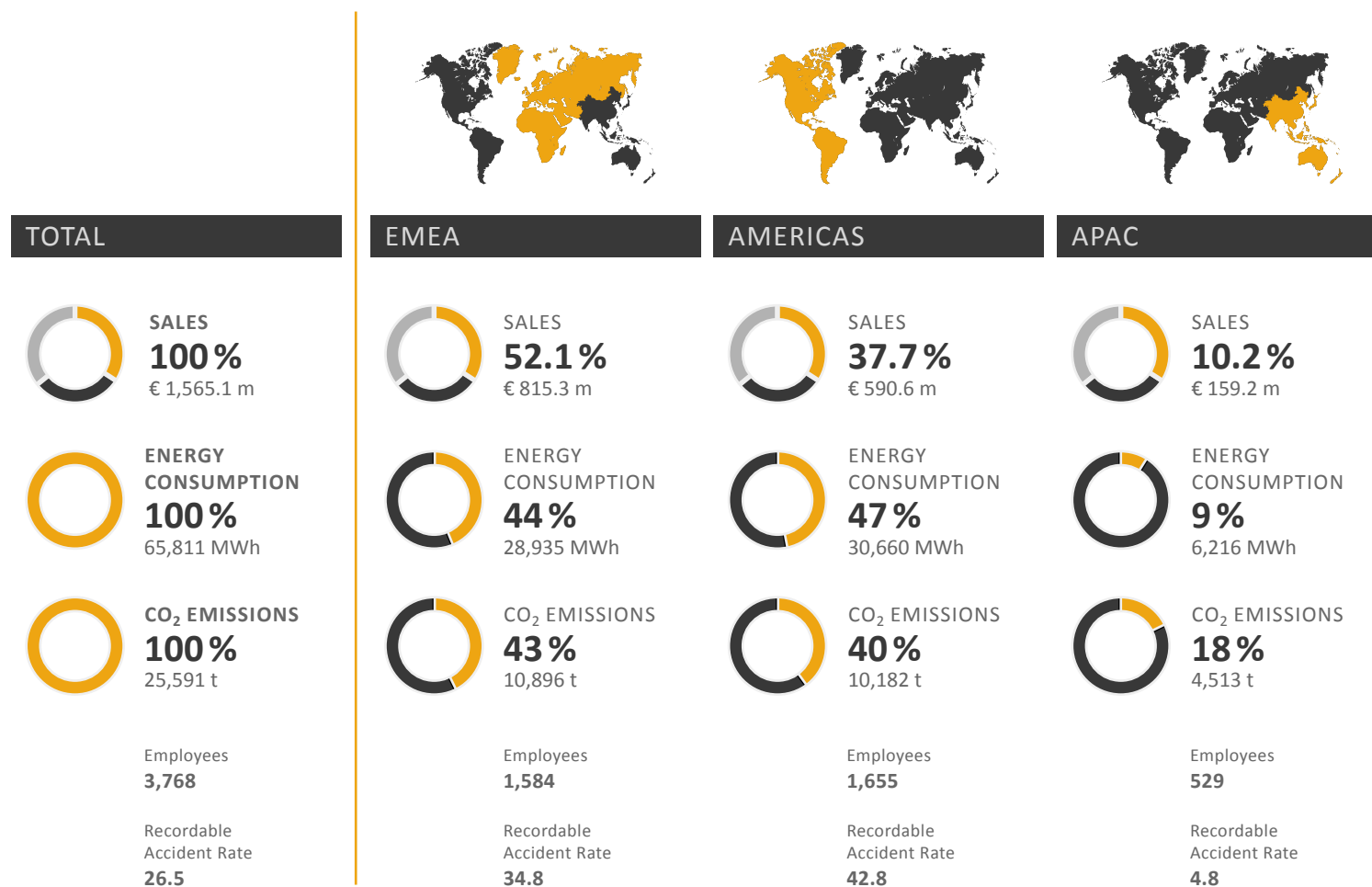


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FOREWORD FROM THE CHAIRMAN OF THE MANAGEMENT BOARD

GRI 2-22



Alexander Geis
Chairman of the Management Board

DEAR READERS,

After the past two years, 2022 was another year marked by great uncertainty and upheaval. Russia's war of aggression on Ukraine, which violated international law, was followed by the energy crisis, in the wake of which inflation increased dramatically in many markets important to SAF-HOLLAND. Nevertheless, we performed significantly better than expected both operationally and from an earnings standpoint through hard work and a focus on the needs of our customers.

Despite the situation over the past year, we did not lose sight of the greatest challenges facing humanity: the transformation to a more sustainable way of doing business and a sustainable living environment for everyone. SAF-HOLLAND is meeting these challenges with a sustainability strategy that is tightly woven into the corporate strategy. One of the strategy's five core pillars is "Operational Excellence". At SAF-HOLLAND, this is not just about efficient production processes to achieve superior product quality but also acting environmentally responsible and exploring every opportunity to reduce SAF-HOLLAND's CO₂ footprint.

We take "Operational Excellence" even a step further by prioritizing the health and safety of our employees. Because only employees who are healthy and have a safe working environment are able to deliver the top performance that our customers expect from us. Good corporate governance is also of great importance to us, and we comply with all of the applicable laws as a matter of course. We also respect fundamental ethical values, which is underscored by SAF-HOLLAND's adoption of the Declaration of Principles on Respect for Human Rights, through the Management Board in September 2020. SAF-HOLLAND's business activities are also governed by the Group-wide Code of Conduct, which contains binding guidelines for all employees on how to conduct themselves in business. In addition, we want to ensure that the necessary precautions are taken to avoid any legal or regulatory violations in the Company's value chains.

The three outlined topics of environment, employees and good corporate governance are established under the acronym ESG – environmental, social and governance. To bring ESG to life, we set ourselves strategic sustainability goals and are aligning ourselves strongly with selected Sustainable Development Goals (SDGs) of the United Nations, among others. The following SDGs are particularly relevant for us:

- SDG 3: Good health and well-being
- SDG 4: Quality education
- SDG 8: Decent work and economic growth
- SDG 13: Climate action

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

Making the transition to greater sustainability is a task everyone in the up- and downstream processes must tackle together to have the necessary impact. This is the reason we take a holistic view of SAF-HOLLAND's role in the value chains and seek to shape the path to more sustainability in unity with our suppliers and customers. We would like to take you, dear readers, along with us on this journey.

I hope you enjoy reading this Sustainability Report and thank you for your interest in our Company and our ESG contribution.

Sincerely

Alexander Geis
CEO

THE MANAGEMENT BOARD OF SAF-HOLLAND SE



Alexander Geis

Chairman of the Management Board and
Chief Executive Officer



Frank Lorenz-Dietz

Member of the Management Board and
Chief Financial Officer (from January 1, 2023)



Inka Koljonen

Member of the Management Board
and Chief Financial Officer
(until January 31, 2022)



Dr. André Philipp

Member of the Management Board
and Chief Operating Officer
(until December 31, 2022)



Wilfried Trepels

Member of the Management Board
and Chief Financial Officer
(until March 31, 2023)

ABOUT THIS REPORT

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

The SAF-HOLLAND Group, headquartered in Bessenbach (Germany), operated a total of 18 production locations on five continents at the end of 2022. In addition to plants in the core markets of Europe and North America, SAF-HOLLAND has production sites in other countries, such as Turkey, Brazil, India and China. The information in this report generally relates to the scope of consolidation of SAF-HOLLAND SE as the Group's holding Company. In cases where key figures or statements relate to specific locations only, we will reference this in the chapters. This report was prepared with reference to the GRI Standards 2021. The selection of material topics has changed since the previous reporting period as a result of a recent materiality analysis (see Appendix). In tables, some figures may not add up to the totals given due to rounding differences.

This Sustainability Report contains the non-financial Group declaration of SAF-HOLLAND SE in accordance with the CSR Directive Implementation Act (CSR-RUG) and Sections 315b and 315c in conjunction with Section 289c of the German Commercial Code (HGB). The report covers the 2022 financial year, which corresponds to the 2022 calendar year.

Haldex will publish its own separate sustainability report for the 2022 financial year.

SAF-HOLLAND has been a signatory of the UNGC since 2019 and is committed to respecting the ten principles in the areas of human rights, labor standards, corruption prevention, environment and climate. The sustainability reports in the year 2018 to 2021 were progress reports at the same time (Communication on Progress) as part of the participation in the United Nations Global Compact (UNGC) [SAF-HOLLAND SE | UN Global Compact](#). The 2022 Communication on Progress will be published on time in the new UNGC database.

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

The editorial deadline for the Sustainability Report 2022 was March 28, 2023. The report will be published at the same time as the Annual Report 2022. The next Sustainability Report will be published in the spring of 2024.

EXTERNAL REVIEW

This report has not been audited by an external body. In preparation for the reporting and auditing requirements of the Corporate Sustainability Reporting Directive (CSRD), the Management Board and Supervisory Board will decide on the scope and mandate of the audit for the next sustainability report in 2023.

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



SAF-HOLLAND AT A GLANCE

GRI 2-1, 2-6







The SAF-HOLLAND Group is a leading international manufacturer in terms of market share of chassis-related assemblies and components, primarily for trailers but also for trucks and buses. Our product portfolio features axle and suspension systems for trailers, fifth wheels for trucks as well as kingpins and landing gear for trailers, which are marketed under various brands.

The Company focuses on key customer issues, which fundamentally relate to optimizing the total cost of ownership. Hereby, all recurring and non-recurring costs, as well as direct and indirect costs of an investment, are taken into account. Digitalization, electrification, and sustainability give SAF-HOLLAND products an edge in many areas.

With lightweight solutions, SAF HOLLAND enables weight savings and contributes to reducing CO₂ emissions of truck-trailer combinations. The Company's innovation campaign, "SMART STEEL – ENGINEER, BUILD, CONNECT", combines mechanics with sensors and electronics and drives the digital interconnectivity of commercial vehicles and logistics chains. In the area of electrification, the Company successfully began series production of its SAF TRAKr electric trailer axle at its Bessenbach location in 2022.

In the 2022 financial year, SAF-HOLLAND generated 60.5% of Group sales with trailer manufacturers (trailer OEMs). The specifications of axle and suspension systems are generally set by the fleet operators themselves, who are the end customer. By maintaining direct contact and regular exchange with these customers, we ensure that we have the right solution for our customers' changing requirements. Business with truck manufacturers (truck OEMs) in the 2022 financial year accounted for 12.6% of the Group's sales. Next to the original equipment business, the spare parts business represents another important pillar of the business model, contributing 26.9% to Group's sales in 2022.

SAF-HOLLAND'S Product Brands

			
Trailer Axles and Suspension Systems	Coupling and Lifting Technologies	Brake Systems and Air Suspension Solutions ¹	
			
Suspensions and Components for Commercial Vehicles	Suspensions for Trucks and Buses	Coupling and Lifting Technologies	Trailer Axles and Suspensions Systems

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

In the 2022 financial year, SAF-HOLLAND generated Group sales of EUR 1.565,1 million, exceeding the previous year's figure by around 25.6%. Adjusted EBIT amounted to EUR 124.6 million (previous year EUR 93.1 million), and the adjusted EBIT margin was 8.0% (previous year 7.5%).

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

The Group parent company of the SAF-HOLLAND Group is SAF-HOLLAND SE, a stock corporation under European law, headquartered in Bessenbach, Germany. SAF-HOLLAND SE acts as the Group's holding company and is responsible for the strategic management of the business activities. In addition, Group-wide central functions such as Group Finance, Group Accounting and Controlling, Internal Audit, Legal and Compliance, Human Resources, IT, Corporate Social Responsibility, Investor Relations and Corporate and ESG Communications are organized centrally and are the direct responsibility of the Management Board.

An overview of all SAF-HOLLAND SE Group companies can be found in the SAF-HOLLAND SE Annual Report 2022 on page 47.

SAF-HOLLAND operates production locations in nine countries worldwide.



At the end of 2022, the SAF-HOLLAND Group had 18 production sites on five continents. In addition to plants in its core markets of Europe and North America, we also maintain production facilities in countries such as Turkey, Brazil, India and China. For us, sustainable production means working in an environmentally friendly manner, conserving resources and minimizing waste. This goal also guides our development activities, which are concentrated in the large research and development centers at our sites in Bessenbach (Germany), Muskegon (US) and Yangzhou (China). In addition, smaller R&D units in the regions ensure that we are able to offer products that are in demand in the respective markets.

Most of our products, especially our axle and suspension systems, contain a variety of parts and components. In addition to stamped and forged parts, which we mainly transform into suspension arms, mounting brackets and stub axles, we also purchase finished components such as pressurized air conduits, air disc brakes and brake cylinders. Our supply chain is equally complex, comprising around 200 direct suppliers for production materials and around 1,800 for finished components. Most of our suppliers are based in Germany (13%), Europe (38%), North America (33%) and Asia (20%). All suppliers, in turn, have sub-suppliers, partly for raw materials, materials and components.

In the current reporting year, SAF-HOLLAND appointed a Human Rights Officer. The future allocation of duties and key activities at the interface of global procurement and due diligence compliance, also with respect to the integration of Haldex, is still being clarified, along with establishing more detailed documentation of supplier data.

GOVERNING BODIES AND ESG ORGANIZATION

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

SAF-HOLLAND SE is a company legally formed as a European Company (Societas Europaea, SE). As an SE headquartered in Germany, SAF-HOLLAND SE is subject to European and German SE regulations as well as German stock corporation law. As a company listed in Germany, the corporate governance of SAF-HOLLAND SE follows the German Corporate Governance Code in its currently applicable version. For more information, please refer to the Annual Report 2022. The Declaration of Compliance in accordance with Section 161 of the German Stock Corporation Act (AktG) is available on the Company's website at <https://corporate.safholland.com/en/company/about-us/corporate-governance/declaration-of-compliance>.

Corporate governance is determined by the Articles of Association, bylaws and internal guidelines. SAF-HOLLAND SE has a dualistic management system, which provides for a strict separation of personnel and functions between the Management Board, as the management body, and the Supervisory Board, as the supervisory body (two-tier board). The Management Board manages the Company, while the Supervisory Board monitors and advises the Management Board. Both bodies work closely together in a spirit of trust for the Company's benefit. In the reporting year, no member of the Supervisory Board or the Management Board disclosed any conflicts of interest to the Supervisory Board.

SAF-HOLLAND SE is a financial holding company without its own operating business. The Management Board manages the Company's business with a focus on SAF-HOLLAND's strategic alignment and monitors the business activities of the individual direct and indirect operating subsidiaries.

The composition of the Management Board is based on the members' professional qualifications related to the area they are assuming responsibility for, as well as their proven management experience and the performance and knowledge they have demonstrated. In addition to these criteria, the Supervisory Board also gives consideration to diversity when making new Management Board appointments.

For more information on the composition and working methods of the Management Board and Supervisory Board, please refer to the Annual Report 2022.

The high importance attached to sustainable corporate development is also reflected in the structure of remuneration for the Management Board. For example, 25% of their variable remuneration is in the form of an annual bonus that is dependent on the member's achievement of non-financial targets. The targets are set by the Supervisory Board and take into account material sustainability topics that can be particularly influenced by the respective departments. Details of the remuneration system are described in the Remuneration Report <https://corporate.safholland.com/en/node/6383>.

In order to effectively pursue non-financial goals, there are also individual target and bonus agreements with the management level below the Management Board. This second level consists of executives at SAF-HOLLAND SE who have the title "Senior Vice President", "Vice President" or "Director". This management level currently includes 11 persons, two of whom are women.

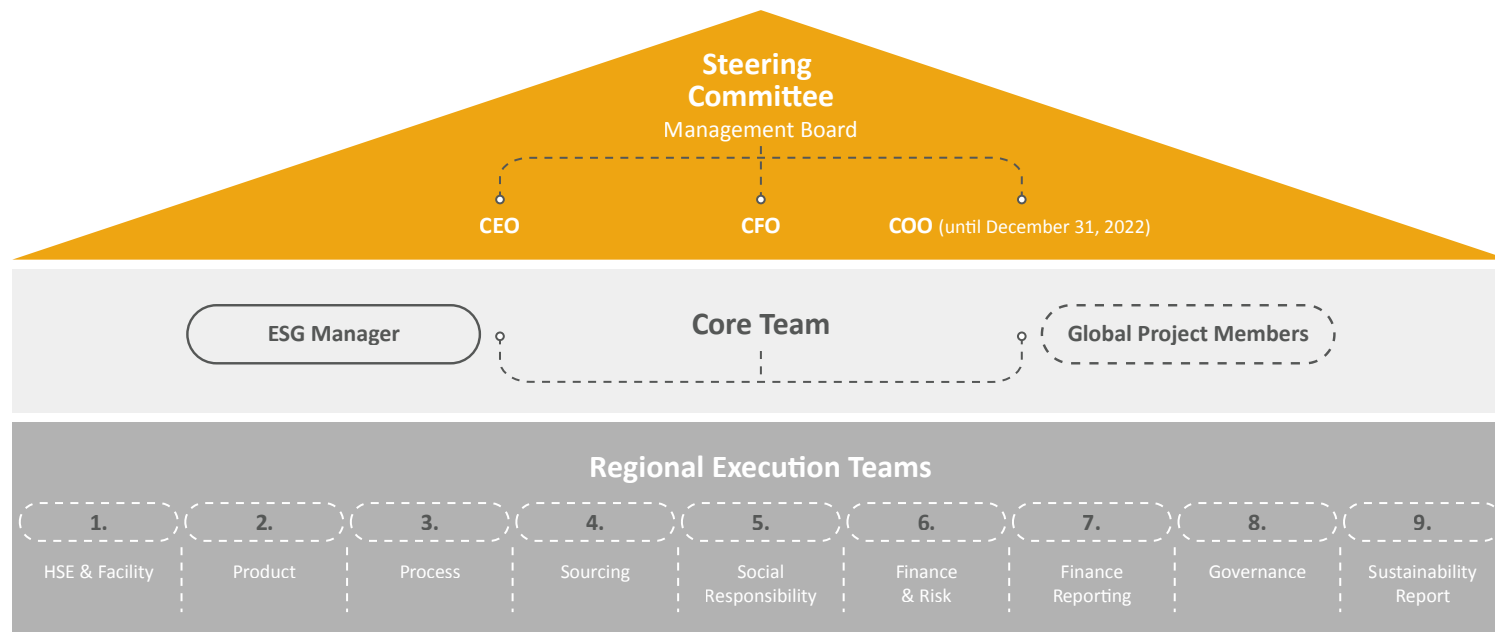
In the 2022 reporting year, SAF-HOLLAND established a new ESG organizational structure, which will be further developed in 2023. In June 2022, a full-time position, "Manager ESG (man/woman/diverse)", was created along with a new ESG team structure.

To ensure the project runs as efficiently for everyone involved, a Group-wide team of around 40 people were brought together to form the ESG Team. The team is divided into three levels – the Steering Committee, the Core Team and the Regional Execution teams.

In the reporting year, the Steering Committee consisted of the three Management Board members and was responsible for defining strategies, project monitoring and approval processes.

The ESG manager acts as the project lead and is responsible for project planning and coordination. The ESG manager works closely with the specialist departments and reports directly to the Management Board at biweekly "Jour Fixe meetings".

Tasks and responsibilities in the SAF-HOLLAND ESG organization



To put ESG into practice, the topics of environment, social matters and responsible corporate governance were divided into nine sub-topics, such as “Health, Safety & Environment”, “Facility Management” and “Financial Reporting”. For each area, a person was appointed to be responsible for the area Group-wide and, together with the project lead (ESG manager), form the “Core Team”.

Core team members were selected who already have a global responsibility within the Company. They are responsible for ESG reporting and required to participate and help implement ESG projects for their particular area of responsibility. In the reporting year, for example, the Regional Execution Team “Finance & Risk” expanded the existing risk management system to include a structured workflow in the area of non-financial risks.

Along with the Core Team, the persons responsible on the Regional Execution Teams were defined and grouped according to the regions EMEA, Americas and APAC. The Regional Execution Teams are also responsible for their topic areas according to their functional area and respective region. They report to their contact person on the Core Team within the project.

Progress on ESG is reported to the Management Board and Supervisory Board at least once per quarter in form of presentations and during meetings and discussions. In addition, Management Board meetings are also used as an opportunity to announce strategic decisions and project milestones in the organization.

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



CORPORATE GOVERNANCE MILESTONES 2022

- Independent Supervisory Board self-assessment
- Update of Supervisory Board competency profile and development of new competency matrix
- Periodic evaluation of the quality of the audit by the Audit Committee
- External Management Board and Supervisory Board remuneration review regarding market standards
- Further training of Supervisory Board on Company ESG issues
- Regular reporting to the Supervisory Board on ESG-related progress
- Continuous professionalization of the work of the Supervisory Board



SUPERVISORY BOARD AREAS OF COMPETENCE¹

 91% Strategy Leadership Transformation	 85% Experience on other advisory or supervisory boards
 75% ESG · Sustainability	 75% Financing · Capital markets
 75% Control systems (CMS, RMS, ICS, internal auditing)	 70% Products Technologies Markets
 70% Accounting	 70% Financial statement audits



DIVERSITY ON THE SUPERVISORY BOARD²


 40 % 60
 Women Men



MEMBERSHIP ON SUPERVISORY BOARD

ø **5.9** years

ATTENDANCE AT SUPERVISORY BOARD MEETINGS


 4 % 96
 ✗ ✓

SUPERVISORY BOARD AGE STRUCTURE²


 40 % 60
 46 – 55 56 – 65

SUPERVISORY BOARD MEMBERS WITH INTERNATIONAL EXPERIENCE

100%

INDEPENDENT AS PER DEFINITION OF GCGC

DESIGNATED EXPERTISE WITHIN THE SUPERVISORY BOARD


 Accounting under FISG


 Financial statement audits under FISG


 ESG/sustainability under GCGC

SUPERVISORY BOARD REMUNERATION

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

Further details can be found in the remuneration report.

¹ Competence based on self-assessment. | ² Until the early departure of a Supervisory Board member at the end of December 12, 2022.

SUSTAINABILITY STRATEGY AND MANAGEMENT

Sustainability is a key element of our corporate philosophy and is firmly anchored in our actions. This includes a responsible approach to the environment, our employees, customers, suppliers, shareholders and society in general. We see sustainability management as a holistic task that is integrated into all areas of decision-making, organization and processes.

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

growth go hand in hand. We reduce environmental, social, economic and ethical risks wherever possible and seize opportunities that arise for our business.

Safe production, high environmental protection standards and strict quality management are a matter of course for us. It is also a matter of course for us to recruit, motivate and promote suitable employees. In addition, we want to be a role model for ethically correct behavior.

IMPLEMENTING THE SUSTAINABILITY STRATEGY WORLDWIDE

Our sustainability strategy is closely linked to our corporate strategy, which is shown in the following two charts.

Overview strategy 2025



Management focus in 2022**STRATEGIC SUSTAINABILITY GOALS**

The rapidly growing challenges affecting the environment and society require us to set clear goals for the coming years. We integrate sustainability as an essential part of our corporate strategy and set ourselves strategic sustainability targets.

In addition to being closely linked to our corporate strategy, our sustainability strategy is derived from the SDGs (Sustainable Development Goals of the United Nations), United Nations Global Compact and our annual materiality analysis, among other things.

To achieve our sustainability goals, we focus on five fields of action:

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

OPERATIONAL SUSTAINABILITY TARGETS

Our strategic goals illustrate our long-term sustainability ambition. To achieve them, we will also set further, comprehensive operational sustainability targets. These are more concrete, can be more short-term, and are based on ongoing business activities.

MEASURING PROGRESS OF THE SUSTAINABILITY STRATEGY

In 2023, we will define concrete targets, projects and corresponding key performance indicators for the five fields of action in order to record, evaluate and report progress with regard to target achievement.

We will also integrate the sustainability strategy, processes and organization of HALDEX AB, which was acquired in 2022, in 2023.

INTEGRATED MANAGEMENT SYSTEMS

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

SAF-HOLLAND uses internationally recognized management systems for occupational health and safety, quality, environment and energy. Targets, performance indicators, measures and responsibilities are defined within the framework of these systems and the internal business processes are also monitored. These systems form the basis for the standardized operation of the production sites Group-wide. The following sites were considered here: Bessenbach, Singen, Italy Orlandi, Düzce, Warrenton North, Warrenton South, Dumas North, Dumas South, Wylie, Woodstock, Alvorada, Yangzhou, Pune, Melton, Singapore.

The quality management standard ISO 9001 and the automotive standard IATF 16949 are among the standards most important to us. With the implementation of ISO 14001 for environmental management, ISO 45001 for occupational health and safety, and ISO 50001 for energy management, we are also anchoring sustainability goals such as resource efficiency, the safety of our employees, and the reduction of environmental and health impacts in all our business processes.

To be able to evaluate the continual improvement made in our corporate processes, our management systems are regularly audited and confirmed by independent and accredited certification companies. At the end of 2022, 67% of the sites (previous year: 64%) were certified according to the EN ISO 14001 environmental standard. Certification to ISO 45001 for occupational health and safety took place at all German sites, as well as at our site in Australia, which meant the application of ISO 45001 was extended to include a further site.

The management systems and ISO certifications are part of our due diligence processes within the Company and help establish standards and generate synergy effects.

Certifications according to external standards [%]¹

	2020	2021	2022
Certified according to quality management standards (ISO 9001, IATF 16949)	84	74	86
Certified according to ISO 14001 (environment)	77	64	67
Certified according to ISO 45001 (occupational health and safety)	N/A	38	35
Certified according to ISO 50001 (energy)	33	38	33

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

DETERMINATION OF THE MATERIAL TOPICS

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

In the 2022 financial year, SAF-HOLLAND SE applied the revised GRI Universal Standards 2021 for the first time in order to identify and prioritize the material sustainability topics for the Company. As a result, both the range and the prioritization of the material topics have changed from the year 2021 to 2022 (see Appendix for details). The change was brought about specifically by a change in our approach. In 2021, the question we asked was “what is the importance of this topic for our stakeholders”. This year we asked for an assessment of the “impact of the respective topic on ESG”.

METHODOLOGY

During an audit readiness assessment conducted in 2021, it was determined that the topics in the area of sustainability had different levels of detail. This prompted a revision in the longlist of topics from the 2021 financial year and a change in the level of detail. We were also able to combine some of the topics, for example, „Other greenhouse gases and CO₂ emissions” were combined into “Emissions”. The management consultancy supporting us in this process identified the suitable topics for SAF-HOLLAND based on various standards.

The 2022 materiality analysis was then carried out using the GRI-based longlist. The ESG Core Team, consisting of a member of the Management Board, as well as members from the Compliance, Human Resources and Finance departments, was responsible for the entire process.

LOGLIST

- Product quality and safety
- Compliance and business ethics
- Education and training
- Occupational safety and health protection
- Working conditions
- Energy

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

STAKEHOLDER ENGAGEMENT

For the assessment, selection and weighting of the longlist, the Core Team defined 16 interview partners. Three Supervisory Board members, three Management Board members, two presidents, seven executives and one specialist were interviewed. At the beginning of the project, the Core Team consisted of the Chief Operating Officer, the Vice President Group Accounting, the management consultancy and the ESG manager. The interviewees were selected based on their direct and differentiated contact with SAF-HOLLAND stakeholders to gain a full representation of the economic, environmental, human rights and social challenges associated with our business activities and relationships in capturing the sustainability context.

Our stakeholders are customers, employees, suppliers, networks and associations, media, capital market, local stakeholders, politicians and authorities, and NGOs. The questionnaire was developed by the management consultancy based on the GRI standard and inquired about the following:

- SAF-HOLLAND’s positive and negative impacts on the respective topics
- The impact of the topic on SAF-HOLLAND’s business

Impacts were rated on a scale of 1 (very low) to 8 (very high).

EVALUATION AND LIST OF MATERIAL TOPICS

Of the initial 16 topics on the longlist, the following six material topics were rated in a workshop as “high priority” topics (scores of 5 to 6):

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

The focus on six topics follows the guiding principle of achieving the best possible progress on the most important topics with the internal resources that are available. The high priority topics were given the final approval by the Management Board, and we report on these topics in detail in this report.

In addition to reporting on the high priority topics, we also continue to voluntarily report on the following sustainability topics that we consider to be of medium priority and are working to make progress in these areas as well.

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

The impact of SAF-HOLLAND’s business operations on the topic of “water”, for example, was only rated as a medium priority topic by the respondents. With regard to the global water shortage and the disclosure obligation within the EU taxonomy, we see ourselves as responsible for making further progress and reporting on the topic of water despite the relatively low use of water resources by our Company.

Material topics with high priority related to the supply chain, operating processes and products

Report chapter	Topics with high priority	Supply chain	Operating processes	Products
Environment	Energy	X	X	X
Social	Occupational safety and health	X	X	
	Education and training		X	X
	Working conditions	X	X	
Governance and Compliance	Product quality and product safety	X	X	X
	Compliance and business ethics	X	X	X

ENVIRONMENT

GRI 2-24, 2-27, 3-3, 404-1

For SAF-HOLLAND, preventive and hazard-reducing environmental protection and the responsible use of natural resources are core elements of its operating philosophy. We therefore rely on efficient processes and closed material cycles, which create both ecological and economic added value along the entire value chain.

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

Of the total 3,366 employees (previous year 3,250) working at SAF-HOLLAND, 68,8% (previous year 64%) work at sites that have obtained environmental certification. These are the locations Bessenbach, Singen, Italy Orlandi, Düzce, Warrenton North, Warrenton South, Dumas North, Dumas South, Wylie, Woodstock, Alvorada, Yangzhou, Pune, Melton, Singapore. Certifications successfully target continuous improvement in the area of environmental protection. In the reporting year, no reportable incidents relating to non-compliance with environmental laws were recorded at SAF-HOLLAND.

GERMAN LOCATIONS

All employees take part in mandatory training on environmental protection topics once each year via our e-learning management system. Successful participation in the training is monitored and documented using examination questions. In the reporting year, 1,144 people took part in this training.

To meet the legally prescribed operator obligations required of SAF-HOLLAND due to the relevant environmental, energy and occupational safety laws, we use a software-based compliance management system at our German sites. This enables us to record and evaluate the obligations arising from laws and regulations in a structured manner and to initiate and control targeted measures. Using statistical evaluations, the officers from the Health, Safety and Environmental departments are able to provide information on implementation status and the measures' effectiveness to the Management Board at all times.

In the reporting year, environmental data were collected for sites in the EMEA region (Bessenbach, Singen, Flero, Nave, Düzce), the Americas region (Warrenton North and South, Dumas North and South, Wylie, Woodstock, Alvorada, Queretaro) and in the APAC region (Yangzhou, Pune, Melton, Singapore). If data collection differs, a reference can be found in the chapter.

MATERIAL TOPICS (HIGH PRIORITY)

ENERGY

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

DESCRIPTION OF APPROACHES FOLLOWED

The advancing climate change and the associated risks for humans and nature require us to intensively address the causes.

The responsible managers from the Health, Safety, and Environment areas report to the regional managers from EMEA, APAC and the Americas regions and work together to define actions. The German sites have an energy management officer exclusively responsible for energy.

Energy consumption at the Group's production sites is recorded to help derive suitable reduction measures.

GERMAN LOCATIONS

Our sites in Bessenbach and Aschaffenburg are certified in accordance with the energy management standard DIN EN ISO 50001. At these sites, we have achieved our goal of reducing energy use per production unit by a total of 4% by 2023 (baseline year 2018). We derived the greatest impact from replacing the existing lighting with LED technology. The new targets are to be adopted in February 2023. By 2026, the goal is to save 3.6% in energy per reference unit compared to the 2022 baseline year.

The base of 44 metering points remained the same in the reporting year but will be increased as needed. Site-related electricity and gas consumption is monitored and analyzed using a software-based monitoring system. For this purpose, consumption values are imported in real-time from production and building technology. An integrated load curve analysis highlights the power consumption, even outside operating hours, making it possible to

turn off equipment that is not immediately required or to transfer it to standby mode. This is an example of how the monitoring system helps identify and realize potential energy and business savings and improvements.

All employees take part once a year in energy management training provided by the integrated e-learning management system. The training is obligatory and tests employees' level of knowledge using integrated exam questions. Employees who fail to pass the test are required to repeat the training. If a participant fails the training three times, their supervisor is informed so that additional support can be provided. During the reporting year, a total of 1,148 employees took part in energy management training courses.

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

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

CURRENT IMPACTS:

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

POTENTIAL IMPACTS:

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

Within the materiality analysis, the **positive impacts and opportunities** were identified in this context:

CURRENT IMPACTS:

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

POTENTIAL IMPACTS:

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

HANDLING AND MEASURES

There is a plan to extend the use of energy management software in the years ahead to include other sites and regions. The metering infrastructure will also be further expanded overall to establish a comprehensive database on energy use, providing the highest possible quality of data.

The framework for converting our German sites to green electricity is reviewed regularly. Due to the war in Ukraine and the sharp rise in energy prices that resulted, it was not economically feasible in the reporting year to switch to green electricity. We are currently examining alternative solutions for our own production and use of renewable electricity.

For us to be able to react even more quickly, respectively to unusually high energy usage in the future, the metering frequency of gas and electricity consumption at the production sites was increased from quarterly to monthly. A “Consumption Check Sheet” was introduced for this purpose. As of this

year, photos of the meter readings are also documented and stored centrally as proof. The photos must be taken between the first and third working day of the new month to ensure comparability.

EFFECTIVENESS AND PROGRESS

In 2022, SAF-Holland's total energy consumption amounted to 65,811 megawatt hours (previous year: 83,320 megawatt hours). The most important energy source throughout the Group was electricity, with a share of 56% (previous year: 47%). Gas accounted for 41% (previous year: 51%).

STRONG REDUCTION IN ENERGY CONSUMPTION BY REPLACING OLD EQUIPMENT

The greatest energy savings were achieved at the production sites in Warrenton. Here, three presses, each around 30 years old were replaced with new equipment. Gas and electricity consumption was significantly reduced by outsourcing the heat treatment processes at the site. A medium annealing furnace and a particularly large heat treatment and quenching furnace were taken out of service, both of which had previously needed to remain lit in station mode even when not in use. The offices at the South Plant were heated with furnaces that were approximately 30 years old. These were replaced with newer, energy-efficient units.

Energy consumption by region [%]

	2020	2021	2022
EMEA	33	38	44
Americas	58	54	47
APAC	9	8	9

Energy consumption by type [MWh]^{1, 2}

Emission type	EMEA			Americas			APAC			Total		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Natural gas	12,851	15,485	13,772	23,941	24,875	11,557	2,364.8	2,072	1,747	39,157	42,432	27,076
LPGs	0	0	0	261	3	0	0	0	155	431	3	155
Liquid fuels	450	553	372	68	92	138	170	330	46	688	975	556
Electricity	12520	14,473	13,858	22,566	20,111	18,965	5,044.6	4,315	4,227	40,131	38,900	37,050
District heating	921	1,011	934	0	0	0	0	0	40	921	1,011	974
Total	26,742	31,522	28,935	46,836	45,081	30,660	7,579	6,717	6,216	81,327	83,321	65,811

¹ Locations: Bessenbach, Singen, Flero, Nave, Düzce, Warrenton North, Warrenton South, Dumas North, Dumas South, Wylie, Woodstock, Alvorada, Queretaro, Yangzhou, Pune, Melton, Singapore.

² For deviations in data collection, see the table entitled "Deviations in data collection".

Energy consumption by type [GJ]^{1, 2}

Emission type	EMEA			Americas			APAC			Total		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Natural gas	46,264	55,746	49,578	86,188	89,549	41,605	8,513	7,459	6,289	140,964	152,754	97,472
LPGs	0	0	0	940	11	0	612	0	558	1,552	11	558
Liquid fuels	1,620	1,990	1,339	245	332	497	18,161	1,188	167	2,477	3,510	2,003
Electricity	45,072	52,105	49,888	81,237	72,401	68,274	18,161	15,535	15,218	144,470	140,040	133,380
District heating	3,316	3,640	3,361	0	0	0	0	0	146	3,316	3,640	3,507
Total	96,271	113,480	104,166	168,609	162,293	110,376	45,446	24,182	22,378	292,778	299,954	236,920

¹ Locations: Bessenbach, Singen, Flero, Nave, Düzce, Warrenton North, Warrenton South, Dumas North, Dumas South, Wylie, Woodstock, Alvorada, Queretaro, Yangzhou, Pune, Melton, Singapore.

² For deviations in data collection, see the table entitled "Deviations in data collection".

Deviations in data collection

Location	Explanation	Reason	Effect
Bessenbach Plant 1011	The consumption value for gas for the month of December was given on the basis of the invoice and supplemented by an estimated value for meters for which no monthly invoice is available.	Electricity: The meters are read by the supplier once in the middle of each year, and the consumption is invoiced. Since the consumption occurs independently of the production volumes, the use volume of 2021 was taken.	As a result, slight deviations may occur retroactively within the internal reporting processes.
Woodstock Plant 5090	The consumption of gas from July to September was not billed by the utility provider, so an average value was taken from the remaining months of 2022.	The consumption of gas from July to September could not be billed by the supplier because the meter was defective.	The reported consumption may differ from the actual consumption.

¹ Locations: Bessenbach, Singen, Flero, Nave, Düzce, Warrenton North, Warrenton South, Dumas North, Dumas South, Wylie, Woodstock, Alvorada, Queretaro, Yangzhou, Pune, Melton, Singapore.

² For deviations in data collection, see the table entitled "Deviations in data collection".

OTHER TOPICS (MEDIUM PRIORITY)

EMISSIONS

GRI 3-3, 201-2, 305-1, 305-2, 305-6, 305-7

Greenhouse gas emissions [t CO₂-Eq]¹

Emission Type	EMEA			Americas			APAC			Total		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Direct emissions of greenhouse gases (Scope 1)	3,686	4,509	4,068	6,794	7,063	3,276	725	715	567	11,205	12,287	7,912
Indirect emissions of greenhouse gases according to the location-based method GHG Protocol) (Scope 2)	7,317	8,173	6,828	10,157	7,729	6,905	3,787	4,641	3,946	21,261	20,543	17,680
Total greenhouse gas emissions	11,003	12,682	10,896	16,951	16,951	10,182	4,512	5,356	4,513	32,466	32,830	25,591

¹ Locations: Bessenbach, Singen, Flero, Nave, Düzce, Warrenton North, Warrenton South, Dumas North, Dumas South, Wylie, Woodstock, Alvorada, Queretaro, Yangzhou, Pune, Melton, Singapore.

To further evaluate our environmental impact, we collect our greenhouse gas emissions (GHG emissions) Group-wide. Direct emissions to air (Scope 1) arise at our sites from the combustion of fossil fuels, particularly natural gas. Indirect emissions (Scope 2) include all emissions associated with bought-in energy (e.g., electricity). Further indirect emissions (Scope 3) occur in the upstream and downstream processes of our business activities. As our life cycle assessment shows, this occurs primarily in the use of our products.

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

We collect our Scope 2 emissions using the site-based method of the GHG Protocol. For this purpose, we use the country-specific emission factor from the ecoinvent 3.9.1 database. In the future, we also plan to record Scope 3 emissions in the categories relevant to SAF-HOLLAND.

In the reporting year, we were able to reduce our global CO₂ emissions as a result of our lower energy consumption.

Medium-term targets for reducing CO₂ emissions were set for the EMEA region for the first time. In the period from the 2023 to the 2026 financial year, the aim will be to reduce CO₂ emissions per production unit by a total of 10%.

MEASURES

In order to reduce our GHG emissions as effectively as possible, we have developed region-specific action plans throughout the Group and communicated them at the various corporate levels. Next to ongoing product development, we will focus on restructuring our machinery. We plan to identify machines with the greatest impact on health, the environment, and on our production activities and introduce suitable measures. This will help us to reduce not only noise and particulate matter but also the GHG emissions from our production facilities.

As a manufacturing company, SAF-HOLLAND must monitor not only CO₂ emissions but also the emission of other substances that are harmful to health and the environment. We do this by monitoring the amount of harmful gases and fine dusts that are released into the air – especially when fossil fuels are burned to heat buildings or to provide process heat for

coating processes. We plan to carry out the next air measurements next year. This measure is the outcome of the employee survey and is described in the chapter “Working conditions”.

Since 2019, we have also been identifying other direct emissions released into the air. The Company has therefore been monitoring the volume of such air-released gases and particulates, respectively. These emissions result primarily from the combustion of fossil fuels to heat buildings and provide process heat for coating processes.

Since 2019, the additional direct emissions to air listed in the table have been calculated at the Company level (Scope 1). The ecoinvent 3.9.1 database was also used for the calculation. The calculation of Hazardous Air Pollutants (HAP) includes 57 substances. Not only is the potential for emissions and global warming potential considered but also the environmental impacts (emissions). In the future, we plan to evaluate these within the scope of SAF-HOLLAND's environmental management.

Other direct emissions to air [t/a]

	EMEA			Americas			APAC			Total		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
CO	2.20	2.8	2.8	2.7	3.1	1.8	0.5	0.8	0.4	5.4	6.7	4.9
HAP	0.20	0.3	0.2	0.3	0.3	0.1	0	0	0.0	0.5	0.6	0.3
N ₂ O	0.0	0	0.0	0.1	0.1	0.0	0	0	0.0	0.1	0.1	0.1
NM VOC	1.30	1.6	4.1	1.5	1.7	3.6	0.2	0.3	0.6	3	3.6	8.3
NO _x	3.60	4.4	3.9	4.5	4.7	2.1	1	1.6	0.5	9	10.7	6.5
PM	0.70	0.9	1.0	1.5	1.6	1.0	0.3	0.4	0.2	2.4	2.9	2.2
SO _x	2.20	3	1.2	3.1	3.4	1.1	0.4	0.5	0.2	5.7	6.9	2.6
ODS (t CFC-11-Eq)	0.00039	0.00105	0.00017	0.00097	0.00105	0.00006	0.0001	0.00105	0.00001	0.00147	0.00315	0.00024593

RISK MANAGEMENT AND STRATEGIC PLANNING

SAF-HOLLAND has established a multi-stage process to manage the risks associated with climate change along the entire value chain. The process ranges from the identification, analysis and assessment to the response to and control of risks.

To identify climate risks, we continuously monitor our business processes and the immediate business environment. In the subsequent analysis phase, we systematically examine the causes and direct effects on the Company of the identified risks. In the subsequent quantitative assessment, the amount of damage associated with the respective risk is determined and compared to the respective probability of damage occurrence. To calculate this, we use different time periods depending on the risk involved. Those responsible at SAF-HOLLAND take into account the quantitative assessment results obtained in this manner when planning the Company's future business activities and strategy. To specifically manage risks, we take technical, financial, behavioral and structural actions, depending on whether the risk can or must be mitigated, minimized, passed on to third parties (insurance companies) or accepted unchanged. After an appropriate period of time, we systematically evaluate the effectiveness of the actions we have implemented.

FROM TRANSITORY RISKS TO TRANSITORY OPPORTUNITIES

Transitory climate change risks relate to changes in the legal framework and tighter restrictions at a national or transnational level. Such changes include the increasing efforts of legislators to introduce CO₂ pricing. Through its membership in associations, networks and task forces, SAF-HOLLAND attempts to obtain information about regulatory plans at an early stage and to recognize any indications of changes in due time. This helps us to keep our cost- and price-relevant transitory risks of climate change at a low level. At the same time, we want to make institutional investors, who are important for our access to long-term capital, aware of our responsible approach to climate risks. With this aim in mind, the option to provide energy from renewable sources at the Bessenbach site was analyzed and evaluated in greater depth during the reporting year.

In addition to the risks, however, SAF-HOLLAND also recognizes new business opportunities in connection with climate change. For example, we have the opportunity to position the Company as a systems partner of a newly emerging green transport industry. Specifically, we expect growing market opportunities in connection with the sustainability criteria for product evaluation propagated by the EU. In this context, the Company has identified fuel-saving weight reductions through lightweight construction as well as digitalization and electrification as key fields of action. We address these topics in detail in the following chapter, "Product innovations for efficient and safe freight transport".

In principle, we also want to use the risk discussion triggered by climate change to better systematize and update our operational risk management so we can present it more transparently to external stakeholders.

WATER USE AND WITHDRAWAL

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

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

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

Water use by region

in m ³	2020	2021	2022
EMEA	18,707	22,479	19,279
Americas	25,158	28,909	24,477
APAC	29,391	37,220	21,135
Total	73,256	88,608	64,891
in %			
EMEA	26	25	30
Americas	34	33	37
APAC	40	42	33

¹ Locations: Bessenbach, Singen, Flero, Nave, Düzce, Warrenton North, Warrenton South, Dumas North, Dumas South, Wylie, Woodstock, Alvorada, Queretaro, Yangzhou, Pune, Melton, Singapore.

In 2022, SAF-HOLLAND took 64,891 cubic meters (previous year: 88,608 cubic meters) of water from public water systems.

At the Yangzhou site, attention was already paid to using water-conserving processes during the planning phase. At this site, we recover around 30% of our process water by recirculating it. We also use large collection tanks that can hold up to 25,000 liters of process water. This water can be used to irrigate green areas, such as our rooftop garden and the park located on the Company premises.

When disposing of wastewater, we comply with the locally applicable legal regulations. Even where this is not required, we always feed our industrial wastewater to a wastewater treatment plant.

As a matter of principle, water pollution control facilities must be operated in a manner that ensures there is no fear of contamination of the bodies of water or soil. Should any leakage of liquids or unintentional contamination occur, however, it will be remedied without delay.

WASTE AND RECYCLING

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

Most of our waste is generated during production, with metal as the most significant waste material in the form of metal chips and scrap. Waste is also generated in the form of wood and plastic from packaging waste. In the reporting year, our total waste volume was 11,182 tons (previous year: 15,649 tons).

Total waste volume [t]¹

	2020	2021	2022
EMEA	4,400	5,822	4,950
Americas	4,134	9,130	5,878
APAC	615	644	354
Total	9,149	15,596	11,182

Waste disposal by type [%]¹

	EMEA			Americas			APAC		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Recycling	95.6	92.5	92.8	67.6	84.9	71.3	49.2	61.7	45.0
Recovery	0.9	3.4	5.3	0.7	2.3	4.0	31.7	33.6	0.2
Landfill	3.5	4.1	1.8	31.7	12.8	25.7	19.1	4.7	54.8

¹ Shares of waste disposal types used were calculated based on estimated values, as the shares could not be verified for all sites.

Hazardous waste by region [%]¹

	2020	2021	2022
EMEA	2.2	4.2	3.7
Americas	6.2	4.3	4.0
APAC	5.9	7.3	0.2
Total	4.8	5.3	3.8

¹ Shares of waste disposal types used were calculated based on estimated values, as the shares could not be verified for all sites.

The majority of the waste we generate can be recycled due to the ready reusability of the materials. The collection and transport of the various waste materials are organized and managed by regional waste management companies. This process fully complies with legal requirements. The aim is to increase the recycling rate to a level where production-related waste no longer needs to be landfilled. In the long term, we see particular potential in the processing of our metal waste.

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

PRODUCT INNOVATIONS

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

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

During product development, we continuously strive to combine quality and durability with efficiency and advances in environmental and climate protection.

EMISSIONS REDUCTIONS

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

SAF TRAKr and SAF TRAKe, two expansion stages of electrified trailer axles, need to meet several requirements by converting the vehicle's kinetic energy into electricity during braking (recuperation). The technology reduces the fuel consumption of the entire vehicle and, in turn, the CO₂ emissions and operating costs of the semitrailer in question. It also helps reduce local emissions caused by road transport (including nitrogen oxides and noise).

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

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

SAFETY AND SERVICE LIFE INCREASED, COSTS REDUCED, DOWNTIMES AVOIDED

Next to conserving resources and testing the use of critical materials and energy efficiency in manufacturing and operational use, our innovation work this year also focused on safety, quality, operating costs and product life.

Together with our „Digital Team“, our development teams are steadily working on digitizing our products and making our systems easier for our customers to use safely and efficiently. Our focus is on sensor-based solutions for monitoring the wheel end and other status and wear data from other chassis components, such as the brakes. These solutions enable drivers to take precautionary action and save the fleet operators unnecessary maintenance work. In this way, our products help improve road safety and increase the resource efficiency of transport processes.

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

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

To ensure the safe and resource-saving use of our products, it is also important to make customers and drivers aware of our products’ potential. Through the introduction of an e-learning platform for our aftermarket customers in Europe and webinars for our American customers, we have already started creating a foundation in 2020 for allowing the continued exchange of know-how, even in the era of COVID-19. We also give our own employees the option to use the LinkedIn e-learning tool. This gives us an additional training platform to supplement our existing internal training courses provided by the relevant departments.

The new “SMART AXLE” axle equipped with sensors helps customers keep the chassis of their trucks and trailers in roadworthy condition at all times. As a result, it increases safety, lowers operating and maintenance costs, and reduces the use of resources. Among others, the SMART AXLE monitors wheel bearing condition, brake wear and tire pressure and transmits this data to drivers and fleet operators. It can also determine the load condition over the entire axle load of the trailer. The solution continuously measures the status of the vehicle’s monitored components and can provide real-time information to drivers and fleet operators, which can prevent vehicle downtime. It can also be used as the basis for predictive maintenance, which will be possible in the future.

PREPARING FOR AUTONOMOUS DRIVING

The data collected by these solutions can also be used for autonomous driving systems. They make it possible, for example, to diagnose faults and maintain the system without a driver. A few sensors in the right place can yield a wide range of applications for increasing the value added for customers. The interaction of the axle and EBS play a particularly important role in this respect in order to jointly develop new functions.

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

During the reporting year, we invested 1.5% of our sales in research and development (previous year: 1.6%). In absolute terms, expenditures amounted to EUR 23.2 million (previous year: EUR 20.2 million), hence about 15% more was invested in research and development than in the previous year. In the areas of development, design and testing, we employed 188 people worldwide in 2022 (previous year: 168 employees).

EU TAXONOMY DISCLOSURES

DEFINITION

In December 2019, the European Commission presented the European Green Deal. The concept contains the goal of reducing net greenhouse gas emissions in the European Union to zero by 2050. A central component of the EU Green Deal is the EU Taxonomy Regulation (Regulation (EU) 2020/852), a classification system for defining “environmentally sustainable” business activities. The aim is to classify business activities across the EU on the basis of defined requirements with regard to their contribution to the six defined environmental goals. The purpose of which is to develop sustainable financial products on the basis of (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control, and (6) protection and restoration of biodiversity and ecosystems.

In an extensive project, the EU analyzed economic activities to determine their greenhouse gas emissions. The analysis covered activities that cause the majority of greenhouse gases emitted into the environment.

Under the definition of the Taxonomy Regulation, for an economic activity to be considered “environmentally sustainable”, it must first make a substantial contribution to climate protection or adaptation to climate change. Second, it must not cause significant harm (DNSH) to the achievement of the other EU environmental objectives. Both must be demonstrated by compliance with certain criteria (technical screening criteria), while complying with the minimum safeguards for reporting taxonomy-aligned quotas.

Mandatory disclosures under the Taxonomy Regulation require companies to disclose the extent to which revenue, operating expenses (OpEx) and capital expenditures (CapEx) are related to environmentally sustainable activities (taxonomy-aligned) as defined by the Taxonomy Regulation.

IMPLEMENTATION OF THE EU TAXONOMY REGULATION AT SAF-HOLLAND

In order to apply the EU taxonomy at SAF-HOLLAND, topic-related expert teams were established from the areas of Sourcing, Human Resources, Compliance, Operations, Engineering and Controlling. These teams carried out an update of the allocation of SAF-HOLLAND’s activities to the taxonomy-eligible economic activities and reviewed them to discern their taxonomy alignment.

In the reporting year, the economic activities at SAF-HOLLAND were examined according to the Annexes (Annex I and Annex II) of the Commission Delegated Regulation to the EU Taxonomy Regulation of the two climate-related environmental goals with a view to taxonomy eligibility and the existence of corresponding activities at SAF-HOLLAND. At SAF-HOLLAND, the following economic activities were identified in the reporting year as taxonomy-eligible:

ANNEX I + ANNEX II

- Manufacture of other low-carbon technologies (3.6)
- Construction, extension and operation of water collection, treatment and supply systems (5.1)
- Construction, extension and operation of wastewater collection and treatment (5.3)
- Collection and transport of non-hazardous waste in source segregated fractions (5.5)
- Transport by motorbikes, passenger cars and commercial vehicles (6.5)
- Construction of new buildings (7.1)
- Renovation of existing buildings (7.2)
- Installation, maintenance and repair of energy efficiency equipment (7.3)
- Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces at-tached to buildings) (7.4)
- Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings (7.5)
- Installation, maintenance and repair of renewable energy technologies (7.6)
- Acquisition and ownership of buildings (7.7)

SAF-HOLLAND has no activities under Delegated Regulation 2022/1214 related to nuclear energy and fossil gas.

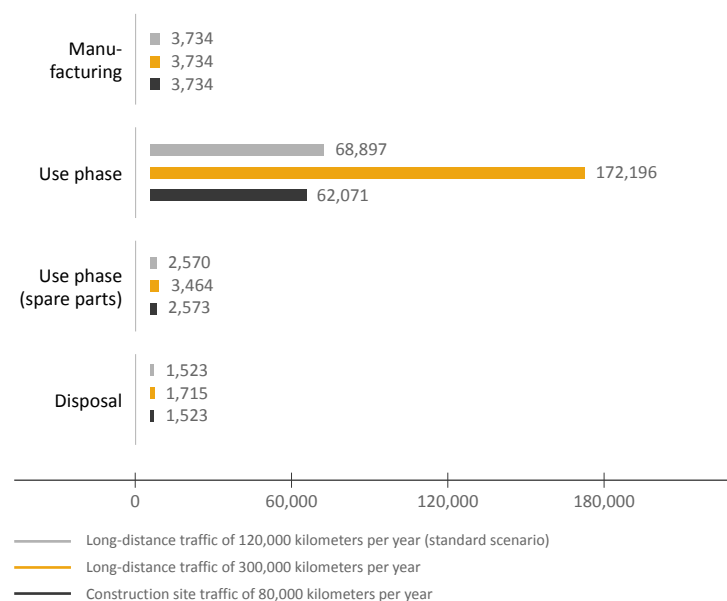
TAXONOMY-ELIGIBLE PRODUCTS

In the case of sales-generating economic activities, a team of experts from the field of innovation and engineering was established to identify the taxonomy-eligible products.

The products and product groups „Weight-reduced axles, TRAKe (electrified axle), TRAKr (electrified axle) and TirePilot (axle-mounted tire pressure control)“ were reviewed for taxonomy eligibility in relation to the economic activity “3.6 Manufacture of other low-carbon technologies”.

We have previously reported on a life cycle assessment carried out using the example of the “Intradrum S9-4218” in our Sustainability Report 2021.

Environmental impact assessment [kg CO₂ equivalents]



The life cycle assessment showed, amongst others, that fuel consumption and CO₂ emissions during vehicle operation can be brought down significantly by reducing weight and bearing friction. This outcome was reviewed in the reporting year as part of the criteria of the EU Taxonomy Regulation.

The analysis showed that the two electrified axles (TRAKe and TRAKr) aim to significantly reduce greenhouse gas emissions in other sectors of the economy and therefore qualify as taxonomy-eligible under Annex I of the Climate Delegated Act.

In order to assess the taxonomy alignment of the economic activities identified as taxonomy-eligible, it was first necessary to review the compliance with the minimum safeguards based on the processes in place for human and labor rights, bribery and corruption, taxation, and fair competition and compare them with the “Final Report on Minimum Safeguards”, published in October 2022. Here, the expert teams have set themselves the goal of further expanding and developing the processes already in place.

For the 2023 reporting year, SAF-HOLLAND’s aim is to report taxonomy-aligned quotas and, within this framework, review the technical evaluation criteria of its economic activities.

The data collection of the taxonomy-compliant economic activities is centrally organized using a structured and systematic data query of the country locations. The first step was to hold training sessions where the business activities and a query template are presented and distributed. The collected data were validated and documented by means of several feedback loops.

Double counting is avoided by clearly defining the key figures, identifying the relevant accounts and clearly allocating the economic activities.

In the reporting year, a new company called IMS was acquired by the SAF-HOLLAND Group. The values from IMS were not used in the numerators to calculate the taxonomy-eligible CapEx but only in the calculation of the denominators.

TAXONOMY-ELIGIBLE SALES

Taxonomy-eligible sales were derived from one product, the sales of TRAKr. Production of TRAKr commenced in 2022, and the product is expected to launch in 2023. No taxonomy-aligned sales were generated in the reporting year.

For 2022, the taxonomy-eligible sales were 0.01% (previous year: no data).

TAXONOMY-ELIGIBLE CAPEX AND OPEX

CapEx includes the rights of use for leased assets as well as additions to property, plant and equipment resulting from business acquisitions. Taxonomy-aligned CapEx expenses were not generated in the reporting year and no CapEx plans were established. For the year 2022, the taxonomy-eligible CapEx of the SAF-HOLLAND Group amounted to 20.7% (previous year 0.5%).

At SAF-HOLLAND Group, OpEx includes non-capitalized direct costs for research and development, short-term leasing, repair and maintenance, as well as renovation of buildings.

No information on taxonomy-eligible OpEx was provided in the previous year. Taxonomy-aligned OpEx expenses were not generated in the reporting year, and no OpEx plans were created. For the year 2022, the taxonomy-eligible OpEx of the SAF-HOLLAND Group amounted to 11.4% (previous year: 0%).

The large differences from 2021 to 2022 can be explained by the improvement in the Group-wide query process and the fact that it was centrally organized in the reporting year, both of which greatly improved the quality of data collection.

The following values were taken into account in the numerator when calculating the ratios:

Overview of share of taxonomy-eligible activities

	2020	2021	2022
Sales	N/A	N/A	0,01%
Investments (CapEx)	N/A	0,5%	20,72%
Operating expenditures (OpEx)	N/A	N/A	11,40%

The taxonomy tables have been included in the report on [page 68](#).

Background information

	CapEx				CapEx				
	Own processes	Purchases	Capex plan	Total	Property, plant, equipment	Intangible assets	Leases	Company mergers	Total
3.6 Manufacture of other low carbon technologie	1,609,407			1,609,407	0	1,609,407			1,609,407
5.1 Construction, expansion and operation of water collection, treatment and supply systems		22,094		22,094	22,094				22,094
5.3 Construction, expansion and operation of centralized waste water systems		93,767		93,767	93,767				93,767
5.5 Collection and transport of non-hazardous waste in single or comingled fractions		0		0	0				0
6.5 Transport by motorbikes, passenger cars and light commercial vehicles		1,055,301		1,055,301	25,200		1,030,101		1,055,301
7.1 Construction of new buildings		1,139,197		1,139,197	126,798		1,012,399		1,139,197
7.2 Renovation of existing buildings		1,665,030		1,665,030	1,665,030				1,665,030
7.3 Installation, maintenance and repair of energy efficiency equipment		239,475		239,475	239,475				239,475
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings and on-site parking lots		11,960		11,960	11,960				11,960
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings		0		0	0				0
7.6 Installation, maintenance and repair of renewable energy technologies		57,300		57,300	57,300				57,300
7.7 Acquisition and ownership of buildings		3,167,313		3,167,313	0		3,167,313		3,167,313
Total	1,609,407	7,451,438	0	9,060,844	2,241,624	1,609,407	5,209,814	0	9,060,844

SOCIAL

EMPLOYEES

GRI 2-7, 2-8

Demographic change and the associated shortage of skilled workers as well as digitization all pose major challenges for technology-driven companies such as SAF-HOLLAND. To meet these challenges, HR focuses their efforts primarily on the personal development of its high-performing workforce.

We teach employees new, interconnected working techniques, offer young talent solid training and make our workplace attractive to ensure qualified staff are motivated to stay with us. We achieve this by promoting diversity and equal opportunity, creating favorable working conditions and assuming social responsibility. We also make it a point to recruit well-trained managers and professionals. To do this, we rely on the appeal of our reputation and

the corporate values we live by: In addition to innovative solutions, a sense of responsibility, reliability and respectful interaction, we attach great importance to the safety of our employees and stakeholders.

Our employees are entitled to a safe, inclusive and respectful work environment. We also see it as our duty to establish a healthy work culture and ensure that our employees feel comfortable at their workplaces. To establish this in a binding framework, we published a Culture Code in 2020 that is binding for all employees. It explains our core values and objectives, defines what we mean by responsible, ethical conduct, and clarifies the relevant health and safety aspects. Our Human Rights Policy and Code of Conduct are integral parts of the Culture Code.

Employees by employment status, region and gender

	EMEA		Americas		APAC		Total	
	Women	Men	Women	Men	Women	Men	Women	Men
Permanent	201	1,174	255	1,368	36	212	492	2,754
Temporary	18	102	0	0	0	0	18	102
Total	219	1,276	255	1,368	36	212	510	2,856

As of the December 31, 2022 reporting date, SAF-HOLLAND employed **3,366** (previous year: 3,250) **permanent employees** worldwide, of which 84.8% (previous year: 85.3%) were male and 15.2% (previous year: 14.7%) were female. In addition, 402 (previous year: 444) temporary and agency workers were employed mainly in manufacturing.

Employees by employment type

	Women	Men	Total
Part-time	49	16	65
Full-time	461	2,840	3,301
Total	510	2,856	3,366

The proportion of employees with temporary contracts at our Company was 3.6% as of December 31, 2022 (previous year: 4.5%). Part-time employees accounted for 1.9% of the workforce at the end of 2022 (previous year: 2.0%).

Employees by age

	EMEA	Americas	APAC	Total
< 30 years	206	305	25	536
30 – 49 years	825	800	185	1,810
≥ 50 years	464	518	38	1,020
Total	1,495	1,623	248	3,366

Employees by category and gender

	Women	Men	Total
Middle/senior management	6	87	93
Salaried employees/industrial workers	504	2,769	3,273
Total	510	2,856	3,366
Trainees	5	42	47
Work-study students	0	1	1

MATERIAL TOPICS (HIGH PRIORITY)

OCCUPATIONAL SAFETY AND HEALTH PROTECTION

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

DESCRIPTION OF APPROACH

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

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

We hold the various management levels as well as our employees accountable for the implementation of occupational health and safety. Strategic responsibility lies with the Management Board. Operating responsibility lies with the designated occupational safety experts and professionals, the Human Resources department for health protection, and all employees at our sites worldwide.

In 2019, the “Basic Requirements for the Occupational Safety Infrastructure” (BROSI) campaign was introduced to prevent occupational accidents and has been a part of our occupational safety and health concept ever since. Audits

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

The use of hazardous substances often plays an important role in the manufacturing industry, and this is also the case at SAF-HOLLAND. In order to protect our employees and the environment, we have established an internal process for the sourcing and use of these substances and mixtures. We have safety precautions in place at all locations. These include providing safety barriers to minimize environmental risk and protect employees, which is another way our own safety standards exceed the legal requirements. Process descriptions specify how hazardous substances should be handled when there are no alternatives. In addition, operational hazardous substances are required to be reduced or replaced by less hazardous substances based on regular reviews. Reviews are the responsibility of the respective process managers who have access to comprehensive hazardous substance registers to view the current classifications and permitted uses of substances. The use of hazardous substances or mixtures of hazardous substances without a valid safety data sheet according to international standards is principally rejected. We use test results to determine how to safely handle the respective hazardous substances and implement these processes consistently.

To increase the performance and motivation of our employees, we rely on site-specific health promotion measures. In the American plants, for example, we offer gymnastics before and after the start of the shift. Our occupational health services include free preventive medical check-ups for employees in China, the US and at our German sites.

GERMAN LOCATIONS

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

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

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

CURRENT IMPACTS:

- Minor injuries (cuts or similar) of the employees
- Health effects on employees from years of physical labor
- Employee illness due to poor climate in portions of indoor facilities
- Unsafe, stressful work

POTENTIAL IMPACTS:

If topic is neglected:

- Serious accidents due to non-compliance with standards

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

CURRENT IMPACTS:

The topic of health is also becoming increasingly important for employees. We raise people's awareness and promote health through:

- Precaution and analysis of hazards for employees
- Regular training and audits
- Introduction of ergonomics assessments
- Processes for improving occupational safety
- Improved soundproofing for employees at new facilities

POTENTIAL IMPACTS:

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

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

NON-FINANCIAL RISKS

Internal audits, inspections and risk assessments all help us to ensure that our guidelines and standards are effectively implemented in our work processes. The Management Board is informed monthly about the number and type of occupational accidents at SAF-HOLLAND in the form of a risk assessment report (RAR = Risk Assessment Report). Based on the RAR, internal audit results, and relevant key figures, we identify occupational safety risks, assess them, and group them according to risk categories.

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

APPROACH AND MEASURES

To achieve our goals, we are improving our accident prevention systems, implementing global internal safety standards and intensifying our analysis of occupational accidents. We implemented the following measures during the 2022 financial year:

- On-site analysis meetings to record the cause of accidents and determine measures to prevent future accidents
- Regular standards-based evaluations of our machines and equipment in terms of operational and machine safety followed by improvements when required
- Training and safety instructions in the area of hazardous substance management, including mandatory participation in our annual training on occupational safety and hazardous substance management for all employees; individual training takes place at in-person events or as online seminars
- Expansion of BROSI to include specific occupational safety aspects; implementation of 5S measures, such as the marking pedestrian walkways at the production plants
- Gradual retrofitting of forklifts at all plants with warning lights and sound signals when reversing to prevent dangerous accidents involving forklifts
- Daily training and mandatory testing in the fight against COVID-19 virus (China only)

GERMAN LOCATIONS

For the area of occupational health and safety, an annual training course is held for all employees to further raise awareness of the topic and draw attention to innovations. During the reporting year, 999 people took part in this training.

In an effort to maintain the performance and motivation of our employees, we focus on measure to promote good health at our German location. This includes subsidizing the purchase of reading glasses for VDU work and providing our industrial employees with personalized hearing protection. In our production areas, we also use lifting devices and tools to facilitate the lifting and lowering of production parts. We are also continuously improving the workspaces in our administrative buildings.

We inspected our workspaces in the 2022 reporting year, as in previous years, and redesigned them accordingly to accommodate the specific needs and limitations of the employees concerned. We continue to carry out campaigns at our German locations to promote good health. A total of 75 individual measures were carried out in the areas of nutrition, exercise, stress management, relaxation and addiction. In the reporting year, an “exercise break” was offered twice a week via the MS Teams online conferencing tool.

The vaccination campaign against COVID-19 scheduled for the German locations was not carried out this year due to the availability of vaccination centers and the option to receive a vaccination from family doctors.

EFFECTIVENESS AND PROGRESS

We routinely review how well our goals, standards and guidelines have been implemented and the effectiveness of our measures using specific accident indicators. During the reporting year, SAF-HOLLAND recorded 54 more occupational accidents globally compared to the previous year, with the number rising to 143 occupational accidents globally (previous year: 93 occupational accidents), resulting in at least one day of absence.

Key figures for occupational safety

	EMEA			Americas			APAC		
	2020 ¹	2021	2022	2020 ¹	2021	2022	2020 ¹	2021	2022
Recordable accidents (number of occupational accidents with at least one lost day)	N/A	35	41	N/A	53	97	N/A	5	5
Recordable accident rate RAR (number of occupational accidents with at least one lost day per 1 million working hours)	N/A	21.1	34.8	N/A	22.3	42.8	N/A	4.1	4.8
Fatalities (work-related deaths)	0	0	0	0	0	0	0	0	0

¹ No comparative figures are available for 2020 due to the use of a different measurement method.

STAKEHOLDER INVOLVEMENT AND INFLUENCE ON EFFECTIVENESS

In the area of occupational safety and health protection, we involve our local communities and cities where we operate, the Bavarian and Baden-Württemberg state governments, the police, the commercial supervisory office and the employers' liability insurance association. We do this at the Company's own initiative within the scope of regular gatherings, for example, with the Wood and Metal Workers Trade Association ("Berufsgenossenschaft Holz und Metall") and the commercial supervisory authorities in the cities of Aschaffenburg and Konstanz. For certain projects, such as new buildings, we inform the stakeholders affected and, if requested, hear their concerns and involve them when necessary.

TRAINING AND EDUCATION

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

DESCRIPTION OF APPROACH

We comply overall with the legal requirements and develop suitable programs for employee training and continuing education. The following are the programs we offered during the reporting year:

PERSONNEL DEVELOPMENT DISCUSSION (PDD)

Our established Personnel Development Discussion (PDD) process strives to ensure that knowledge is developed and transferred effectively and that employees, especially key performers, remain with the Company for the long-term. Managers use the PDD to exchange information about employees in the departments, assess individual performance, identify talent and, where appropriate, discuss measures for further development.

For this process, SAF-HOLLAND differentiates according to region and position.

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

CONNECTING THE FUTURE (GERMANY) AND STARS (US)

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

LEADERSHIP DEVELOPMENT PROGRAM (GERMANY AND THE US)

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

MENTORING PROGRAM (GERMANY AND THE US)

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

ADVANCED TRAINING MEASURES

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

TRAINING AND WORK-STUDY PROGRAMS (GERMANY)

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

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

In the reporting year, 48 young men and women held training positions to become industrial mechanics, machine and plant operators, industrial clerks and, starting in 2022, mechatronics technicians. In 2022, after successfully completing their German Chamber of Industry and Commerce (IHK) examinations, we again offered all of our trainees (100%) permanent positions.

Number of trainees

	2020				2021				2022				Total												
	Women		Men		Women		Men		Women		Men														
	1st year	2nd year	3rd year	4th year	1st year	2nd year	3rd year	4th year	1st year	2nd year	3rd year	4th year													
Electrical operations technician						1						1							1				3		
IT specialist					1										1								2		
Industrial mechanic	0	2	2	0	9	9	9	6	0	0	2	2	8	8	9	9	1	0	0	2	10	8	8	7	111
Machine and systems operator												2									2				4
Mechatronics engineer																									0
Technical product design	0	0	1	3									1	0	0	1							1		7
Industrial clerk	0	3	1		2	0	4		0	0	3		3	1	0		2	0	0		1	3	1		24
Total	0	5	4	3	12	10	13	6	0	0	5	2	14	9	11	10	3	0	0	2	11	14	9	8	151

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

In response to COVID-19, we set up a mobile learning program for our trainees in 2020. This gave them the opportunity to network with training supervisors and the other trainees at all times during the reporting year and acquire the knowledge necessary despite the Corona protection measures. We supported them by providing laptops and tablets starting with the first year of their program. This gave them the opportunity to work without paper and use digital collaboration tools right from the start. As of the reporting year, third-year trainees have also been digitally preparing for their exams. Recruitment tests have also been digitized for our prospective trainee applicants.

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

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

CURRENT IMPACTS:

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

POTENTIAL IMPACTS:

If topic is neglected:

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

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

CURRENT IMPACTS:

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

POTENTIAL IMPACTS:

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

Our goal is to counteract the shortage of skilled workers and attract specialists and young talent to the Company. We work to retain professionals for the long term by offering needs-based, future-oriented training and development programs.

APPROACH AND MEASURES

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

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

The planned study program with in-depth practice focused on sustainability management was not introduced. Due to the urgency of the sustainability topic, a full-time position ESG (man/woman/diverse) manager position was created instead, which was immediately filled internally.

NON-FINANCIAL RISKS

No reportable risks have been identified.

EFFECTIVENESS AND PROGRESS

In this reporting year, 100% of our employees once again continued to receive regular feedback on their work and professional development. This was done in the form of a traditional performance appraisal based on mutually agreed targets or based on performance-related pay. Each manager is currently responsible for conducting an annual review, agreeing on measures and recording them. In order to be able to determine the percentage of performance appraisals actually carried out across the Group to report in accordance with GRI 404-3, a new data collection process is planned to be introduced next year. In addition, we would like to report on the average number of training hours per year/per capita (GRI 404-1) and introduce a new data collection process for this purpose.

STAKEHOLDER INVOLVEMENT AND INFLUENCE ON EFFECTIVENESS

We maintain close contact with employees and applicants through training sessions, workshops, interviews and surveys. We use the impressions and information gained in this manner to determine the measures we use in the area of training and development. We also take into account customer requirements that are relevant for personnel development.

WORKING CONDITIONS

GRI 2-30

DESCRIPTION OF APPROACH

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

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

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

CURRENT IMPACTS:

- Increased sick leave due to COVID-19
- Aging workforce and health consequences due to physically demanding activities

POTENTIAL IMPACTS:

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

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

CURRENT IMPACTS:

- In many cases, remote working is possible, which eliminates employee commuting to the workplace for employees

POTENTIAL IMPACTS:

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

Our goal is to increase employee satisfaction related to the topic of working conditions.

APPROACH AND MEASURES

In order to find out which measures contribute to achieving the targets, we conducted a Group-wide survey among all employees. The survey was offered in digital and paper form to achieve the highest possible participation rate. The responses were submitted anonymously.

A total of 62% of employees participated in the survey. Excellent feedback was achieved in the following areas:

- Cooperation with colleagues
- Direct manager's responsiveness and accessibility
- Occupational safety
- Working hours

From the employees' point of view, there is potential for improvement in the following areas:

- Room temperature
- Air quality
- Information flow
- IT equipment

Next year, we will focus on the areas of room temperature and air quality, which will include temperature analyses and air quality measurements. Following these investigations, we will determine the suitable measures to follow. We plan to conduct a follow-up survey in two years' time to assess whether the measures implemented were able to contribute to employee satisfaction.

Benefit programs are decentrally organized by the regions. In the Americas region, there is an Employee Assistance Program (health and welfare benefit plan) for full-time employees, a savings program to cover retirement benefits, and leave available for family or medical reasons.

At the German locations, we continued to offer additional Company benefits in 2022, which are available to all employees. One such benefit is our arrangement with specialist resellers and retailers providing SAF-HOLLAND employees with exclusive discounts. At SAF-HOLLAND, we also fully support maternity and parental leave within the framework of the legal regulations.

In the future, we want to equip all new SAF-HOLLAND employees with the materials and information necessary in a uniform onboarding program. In 2021, we had a test run of the program, and it was very well received. The planned roll-out of a uniform onboarding process to all locations was delayed due to personnel bottlenecks, but we plan to continue to pursue this project during the upcoming financial year.

In 2021, we introduced a handbook for managers at our German and Asian sites. It contains practical instructions for new management personnel and explains the management duties. The plan was to introduce this handbook to the US locations in 2022. However, due to a large number of topics concerning the area of human resources and the high fluctuation in the Americas region, the handbook could not be rolled-out to the US sites in the reporting year. We plan to pursue this measure again in the 2023 financial year.

To improve our employees' internal communication across all levels, we introduced an employee App in 2021 that covers all areas at the German locations of SAF-HOLLAND GmbH and offers extensive information on topics of interest to our employees. These include new offers under the Corporate Benefits Program, health care appointments, and information on joining and leaving the Company. Internal job postings, current business figures and training opportunities are also announced using the App. The platform has been very well received by our employees and was expanded to the US sites in 2022. Our aim is to gradually roll-out the App to our largest locations to further improve our internal communication.

Our idea management program works to strengthen the commitment of our employees at our sites in Germany and actively involves them in the Company's development. Our internal "My Idea" software-based platform offers each and every employee an opportunity to submit suggestions for improvement. Every idea submitted is assessed by an expert and implemented if the feedback is positive. Those who submit ideas that are implemented and show a measurable monetary benefit receive a financial bonus. In 2022, we had 105 ideas submitted by employees at our German locations. Of those, 36 ideas were implemented, and the employees were awarded prizes.

EFFECTIVENESS AND PROGRESS

In the reporting year, 1,068 of our staff were employed under collective bargaining groups or covered by Company agreements, corresponding to 31% of all employees. At our other sites, the statutory regulations and standard national working conditions apply.

STAKEHOLDER INVOLVEMENT AND INFLUENCE ON EFFECTIVENESS

When we interview new applicants or exchange our experience with other companies and associations, we gather ideas for implementing our own new projects and further optimizing our employees' working conditions.

OTHER TOPICS (MEDIUM PRIORITY)

DIVERSITY AND EQUAL OPPORTUNITY

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

Promoting diversity and ensuring equal opportunity are the core tasks of the human resource efforts at SAF-HOLLAND. We value the diversity of our workforce and consider it a key to our success. Our approach is clear: All employees are valuable members of our Company and should have equal access to resources and opportunities, regardless of age, gender, nationality, ethnic origin, gender identity, educational background, religion, ideology or disability. The different backgrounds and cultures that our employees bring with them increase the intellectual agility and inventiveness of our teams and enhance the innovative strength of our Company.

To promote diversity in the Company, we launched the global “Diversity and Equal Opportunity” campaign in 2020. As part of this campaign, we conducted extensive surveys among our workforce to identify where we still have room for improvement in terms of equal treatment and to determine the right measure to achieve this. We also established a global Diversity Council in 2021, which consisted of 12 senior and middle managers from all three regions at the end of the reporting period. The key topics of their discussions included upcoming projects and the individual members’ expectations. A Group-wide anti-discrimination policy was introduced in the 2022 reporting year that defines what we mean by discrimination, what our objective is, and where employees can turn to report a case. No cases of discrimination were reported.

With the help of the Diversity and Equal Opportunity campaign, our goal is to steadily increase the representation of women at SAF-HOLLAND. In 2022, we implemented a number of initiatives to increase the proportion of women and raise awareness regarding all dimensions of diversity based on a survey. Employee training sessions on unconscious bias have taken place and a “Networking Women” group has been launched. Contacts have also been established with local educational institutions to share experiences and develop ideas for further action.

The average share of women in the total workforce was 15.2% in 2022 (previous year: 14.6%). The proportion of women in middle and senior management was 6.5% (previous year: 10.1%). With the departure of Martina Merz on December 12, 2022, the proportion of women on the four-member Supervisory Board of SAF-HOLLAND SE fell below the legally required women’s quota of 30%. Ms. Merz had accompanied the development of SAF-HOLLAND SE as a member of the Supervisory Board since April 2014 and was the Board’s Chairwoman from April 2017 to October 2019. The Company’s Annual General Meeting on May 23, 2023 will decide on her successor.

SOCIAL COMMITMENT

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

The selection of projects, as well as the determination of the type and scope of project funding, is carried out by the local HR officers and site management. Ideas are contributed primarily by our employees, all of whom have the opportunity to propose projects for funding. In the reporting year, a wide number of projects and initiatives that were supported include the Kinderschulverein e.V. Suppenschule, which promotes high-quality educational and social care for toddlers and kindergarten children in daycare centers (EMEA region). The Company also donated three trailers from its own fleet to a local charity (Americas region) and paid for a water filtration system in the APAC region.

Social commitment [EUR]

	2021	2022
Employee donations ¹	2,542	6,155
Management donations ¹	51,428	133,465
No. of projects	9	57

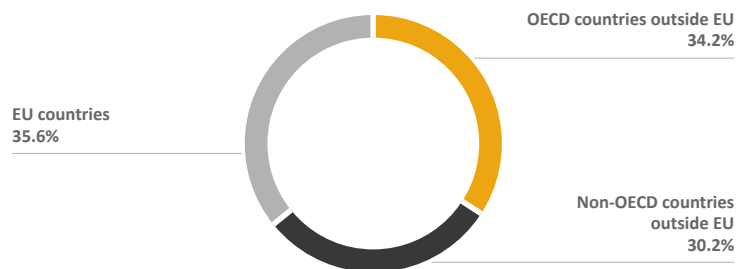
¹ All donation amounts are stated in euros.

SUPPLY CHAIN MANAGEMENT AND HUMAN RIGHTS

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

The SAF-HOLLAND Group has set itself the goal to make the entire supply chain more sustainable. We consider sustainable business as a great opportunity both for us and for our suppliers. With the corresponding transformation of the supply chain, we are securing the long-term profitability of our Company by reducing supply risks, further increasing the high quality of our products and services, and further improving our own business processes.

Overview of the purchasing structures at SAF-HOLLAND



Regional breakdown of suppliers in %

It all starts with responsible supplier management. Our aim is to make our value chains more transparent and encourage our business partners to comply with globally recognized environmental and social standards. Managing this process is a strategic task of the Management Board and the reason we expanded the responsibility of the Chief Management Officer (CEO) to encompass the function of Chief Procurement Officer (CPO).

At the beginning of every business relationship, we set the conditions for sustainable supply chain management through a multi-step supplier qualification process. In the first step, we require the respective supplier to provide a self-assessment requiring the supplier to submit a standardized questionnaire. The questionnaire inquires, among others, about the sustainability of the supplier's business activities and serves as the basis for the second step of the selection process: a systematic review of the supplier. In 2021, we began to check the plausibility of our own assessments using publicly available information. In the years ahead, we intend to expand our research in this area. Suppliers whose information is found to be incorrect during the review will be excluded from the further bidding process. In the third step, we classify the remaining bidders according to risk groups and take this into account when awarding contracts.

We also take our existing suppliers to task, using our Code of Conduct, which is binding for our suppliers. In it, we have clearly formulated our position on material sustainability aspects. The Code of Conduct is reviewed annually and adapted as necessary. In the reporting year, we sent it to all of our suppliers worldwide with annual sales of more than EUR 50,000 and asked them to formally recognize it. By recognizing the Code of Conduct, our suppliers undertake to comply with fundamental principles such as "respect for human dignity," "banning child and forced labor," "treating employees and business partners with dignity," "combating corruption and bribery," as well as "fair trade" and "protection of intellectual property". Breaches of the Code are subject to appropriate sanctions and, if necessary, the business relationship is terminated.

Breakdown of suppliers by region

	2020	2021	2022
EMEA	1,134	1,309	1,656
Americas	1,062	1,799	2,240
APAC	148	287	464

The increase in the number of suppliers from the 2021 to 2022 reporting year can be attributed to the fact that there were more supply bottlenecks in 2022 and alternative suppliers had to be used. We conduct spot checks to determine whether and to what extent our suppliers comply with the sustainability standards set out in the Code of Conduct. In the case of the suppliers audited in the reporting year, the auditors did not identify any negative environmental impacts, use of child or forced labor, or violations of the right to freedom of association or collective bargaining.

In the reporting year, we qualified our suppliers using remote audits and other means. This remote audit format uses virtual communication and control tools that can evaluate existing and new suppliers without having to travel long distances. In 2020, we adapted our existing integrated audit process to incorporate this format and tested it on the first system suppliers where the situation on-site was already known from earlier audits. With the new technology, we are well positioned to conduct effective audits regardless of travel restrictions and to minimize travel-related health risks for our employees without incurring additional costs. As a resource and energy-saving alternative, remote audits also contribute to environmental and climate protection.

GOVERNANCE AND COMPLIANCE

GUIDELINES AND COMMITMENTS

GRI 2-23

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

We can only achieve this if we act responsibly and sustainably. We must therefore make it a matter of course for us everywhere and at all times that we comply with applicable laws and respect fundamental ethical values. This responsibility concerns not only the Company but each and every one of us. The SAF-HOLLAND Code of Conduct defines the framework that employees must adhere in order to comply with legal and internal regulations. We continuously adapt the Code in line with the current social and legal requirements.

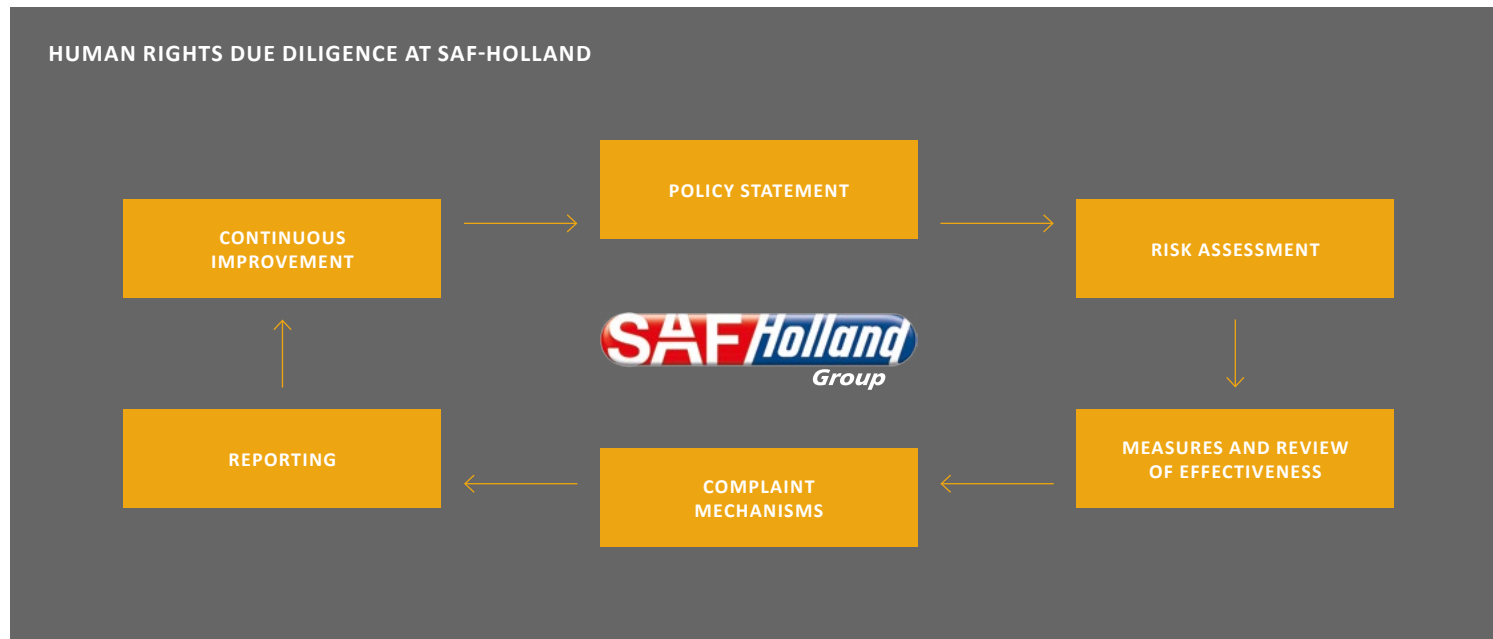
The Group-wide Code of Conduct is based on our corporate values and contains binding guidelines for all employees on business behavior. It also includes a commitment to comply with competition and antitrust laws; insider trading laws; the protection of confidential information and intellectual property;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

The Code of Conduct is publicly available in 11 languages at the following link: [🔗 Code of Conduct | SAF-HOLLAND \(safholland.com\)](https://www.safholland.com).

We have developed concrete guidelines for implementing the Code of Conduct and have gradually introduced these in the Group companies. The guidelines regulate the handling of donations and invitations from business partners, authorities and auditing bodies, among others. They prohibit any form of bribery, extortion or corruption and forbid the acceptance, granting or offering of unlawful gratuities. New policies and changes to policies are approved and communicated by the Management Board. The policies listed below are available Group-wide in both German and English:

- Policy management basic directive
- Anti-discrimination policy
- Money laundering policy
- Directive on respect for human rights
- Insider directive
- Guideline to antitrust law
- Guideline for dealing with gifts and gratuities
- Signature policy
- Code of Conduct

Compliance with human rights and minimum social standards in complex global value chains are topics of increasing public and legislative concern. It is our goal at the SAF-HOLLAND Group to take the necessary precautions in our value chains to prevent violations of law and regulations. The Management Board assumes ultimate responsibility for this and, in doing so, fulfills its human rights due diligence obligation.



In September 2020, the Management Board of the SAF-HOLLAND Group adopted a policy statement on respect for human rights. Among others, it states the requirement that our human rights standards must also be met by our suppliers and business partners. The policy statement is available on the Company’s website at [🔗 Human Rights Policy | SAF-HOLLAND \(safholland.com\)](https://www.safholland.com/en/human-rights-policy).

Through the policy statement, the SAF-HOLLAND Group commits to respecting human rights in accordance with the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the "National Action Plan (NAP) for Business and Human Rights". The principles require the Group to systematically identify impacts on human rights from its own business activities and to prevent, mitigate or, where necessary, remedy any negative impacts. Individual negative impacts identified in the area of human rights can be found in the chapter [🔗 “Business ethics”](#).

As SAF-HOLLAND also does business in the United Kingdom, we additionally include the UK Modern Slavery Act 2015 in our human rights due diligence. At the beginning of 2020, SAF-HOLLAND SE published its first statement on modern slavery. It reflects our commitment to the abolition of all forms of modern slavery within our sphere of influence and sets out the measures to ensure that slavery and human trafficking do not take place in our business operations or supply chain. The statement for the 2022 financial year is available at the following link [🔗 UK Modern Slavery Act Transparency Statement | SAF-HOLLAND \(saf-holland.com\)](#).

In view of the German Supply Chain Act passed in June 2021, we have integrated the necessary processes into our organization. In addition to embedding human rights due diligence in our purchasing organization, we have established a process to identify human rights risks in our supply chain management. The Code of Conduct must be confirmed and followed by the supplier. Further details can be found in the section on [👉 Supply chain management and human rights](#).

Since 2020, we have been applying a risk-based approach to the procurement of production materials. With it, we have recategorized and restructured our supplier pool in recent years. By 2021, we had identified all those suppliers who are located in potentially risky countries, supply a high volume of input products or services, or are not substitutable.

We use supplier auditing to check whether and to what extent our suppliers comply with the sustainability standards set out in the Code of Conduct. In the 2022 reporting year, no discrepancies were identified in the on-site audits performed.

RISK MANAGEMENT

GRI 2-24

As an international supplier of commercial vehicles, SAF-HOLLAND faces numerous risks and opportunities arising from the Group's entrepreneurial activities and business strategy as well as from the market environment. The Company applies systematic opportunity and risk management to pursue the goal of identifying risks and opportunities as early as possible, assessing them appropriately and limiting or avoiding risks through appropriate mitigation or taking advantage of opportunities through appropriate actions.

A risk analysis is carried out regularly as part of the Group-wide risk management system. Among other things, it serves to identify our compliance risks in detail and to adapt and further develop the existing compliance management system to the current risk situation.

Environmental risks are assessed annually by means of an environmental aspect analysis. In this process, the inputs and outputs that have an impact on the Company are subjected to a risk analysis based on eco-management and audit scheme (EMAS) assessment criteria in terms of quantity and legal requirements. Appropriate actions are assigned to significant environmental aspects and re-evaluated after they have been initiated.

SAF-HOLLAND's risk management comprises all activities in their entirety for the systematic handling of risks. Risks are identified and analyzed at an early stage according to a consistent system, and measures are derived to optimize the risk relationship. Risk management is a central element of corporate governance throughout the Group.

The effectiveness of the risk management system is the responsibility of the SAF-HOLLAND SE Management Board. The organizational anchoring of risk management in Group Controlling enables an integrated, holistic design of the risk management system in the planning and reporting processes. The main focus in the application of risk management instruments is on assessing possible deviations in the core performance indicator EBITDA

(consolidated earnings before interest, taxes, depreciation and amortization of intangible assets and property, plant and equipment).

The primary responsibility for risk, risk identification and risk management along the value chain is decentralized and lies with the departmental managers in the operating units and central functions. The central risk manager is responsible for defining and developing processes and coordinating process implementation. This role is also in charge of preparing the quarterly risk reports and coordinating the determination of risk-bearing capacity. The central risk manager is also the recipient of the ad-hoc notifications and forwards them immediately to the Management Board.

The Supervisory Board is responsible for monitoring the effectiveness of the risk management system. Compliance with internal Group regulations on risk management at the Group companies and in functional areas is integrated into the regular auditing activities of the Internal Audit department.

SAF-HOLLAND's risk management process encompasses the core elements of risk identification, risk assessment, risk control and risk monitoring. This process is mapped in its entirety in an integrated software solution, which is used by the risk managers to record the risks identified and evaluate them. The software is then used to review and approve the risks by the next hierarchical level and, depending on the risk category, by the functional managers at Group level. The process of risk identification, assessment, and management is accompanied by continuous monitoring and communication of the reported risks by the risk owners.

Risk officers and risk managers carry out risk identification at the regional and Group level at the end of each quarter. They are required to regularly check whether all risks have been identified. The process of quarterly risk identification is initiated by the central Group risk manager.

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

To manage risks, suitable risk-minimizing countermeasures are developed and then initiated, and their implementation is monitored.

This includes a strategy of avoiding, reducing or hedging against risks. The latter involves developing measures that minimize the financial impact or probability of occurrence of the risks. Risks are managed in accordance with the risk management principles described in the Group's risk management policy.

Recording and assessing risks Group-wide and their reporting to the Management Board by main risk category and region are carried out on a quarterly basis. In addition, risks that are identified within a quarter and whose expected value significantly impact the earnings of the Group's segments are reported on an ad-hoc basis to the Management Board and, if necessary, to the Supervisory Board.

The individual risks of the local business units and segments, as well as Group-wide risks, are aggregated into a risk portfolio. This makes it possible to analyze SAF-HOLLAND's overall risk situation and initiate suitable countermeasures. In this context, the scope of consolidation of the risk management corresponds to the scope of consolidation of the consolidated financial statements, allowing individual risks to be aggregated into risk groups. In addition to individual risk management, aggregation also allows trends to be identified and managed in order to influence and reduce risk factors for specific types of risk. Unless otherwise stated, the risk assessment applies to all three regional segments.

RECORDING NON-FINANCIAL RISKS IN RIMIS

The term "non-financial risks" refers to events that are associated with potential negative impacts. The presentation of risks for the individual sustainability aspects arising from business activities, products or services provides a better understanding of the Company's business performance. It also makes clear what challenges a Company is aware of in terms of sustainability aspects.


Under Sections 315b and 315c in conjunction with Sections 289c to 289e of the German Commercial Code (HGB), we are required to disclose in the non-financial statement material risks that are highly likely to have a significant negative impact on the aspects legally specified that are associated with our business activities, our business relationships, or our products and services. These non-financial risks are therefore classified as A-eminent. Those non-financial risks classified as B-relevant are communicated to the Management Board to ensure they do not become eminent in the future.

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

COMPLAINT MECHANISMS AND WHISTLEBLOWING SYSTEM

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

Our employees, as well as external persons, have the opportunity to report violations of laws and internal regulations that have come to their attention or to provide information about possible violations. This helps us to identify and prevent violations at an early stage.

To make reports, they can use our whistleblower system, which is generally accessible via the SAF-HOLLAND website. Here, the respective whistleblowers are free to decide whether or not they wish to remain anonymous when submitting their report and during further investigation. Employees also have the option to report incidents by confiding directly in their respective supervisors or by contacting the Compliance department. All reports are handled discreetly and within the small circle of the Compliance Committee. Link to the official whistleblower system:  EQS Safe Channel (integrityline.org).

We investigate all reports and initiate the necessary countermeasures when required. Risks identified in this process are generally discussed jointly in the Compliance Committee, followed by the development of further measures.

MATERIAL TOPICS (HIGH PRIORITY)

COMPLIANCE AND BUSINESS ETHICS

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

COMPLIANCE

Integrity and compliance are fundamental elements of our corporate governance and compliance management system. We are aware of our social responsibility and behave with integrity, reliability and compliance toward our employees, investors, customers and other business partners. Guided by our values, we want to set an example in the global business world and in this way ensure trust in our business and our corporate governance.

Our aim is also to create an open corporate culture in which employees and business partners can confidently address potential risks and breaches of rules. This helps us to address risks at an early stage and to thoroughly clarify and rectify any grievances.

The Company's governance system consists of a management board as the management body and a supervisory board as the monitoring body. The Company complies with the corporate governance structure of the German Stock Corporation Act, and SAF-HOLLAND SE publishes its Declaration of Compliance with the German Corporate Governance Code online at [📄 saf-holland-entsprechenserklarung_202212.pdf \(safholland.com\)](https://www.saf-holland.com/entsprechenserklarung_202212.pdf)

There were no violations of laws or regulations in the reporting year. SAF-HOLLAND was therefore not required to pay any fines, and no non-monetary sanctions were imposed. Further information on corporate governance at SAF-HOLLAND can be found in the Annual Report 2022.

DESCRIPTION OF APPROACH IN THE AREA OF COMPLIANCE

In order to meet the diverse compliance challenges worldwide, we appointed so-called compliance ambassadors for each of the three regions (EMEA, Americas and APAC) in addition to the Compliance department at Group level in the 2021 financial year. They are based at the head of the respective regional organization and are personally responsible for taking the necessary compliance actions, initiating employee training and introducing the corresponding guidelines. They are involved in the regional implementation of the compliance management system and are an important link to the central compliance organization.

The central Compliance department reports directly to the Management Board of SAF-HOLLAND SE. The Management Board defines the global compliance goals of the Group, and the Compliance department monitors and controls their implementation. The compliance ambassadors are required to report to the central Compliance department at regular intervals. This also applies to the Legal department and pending legal disputes, which are recorded, reported and documented in a standardized process.

We condemn any form of bribery, extortion or corruption. No unlawful benefits may be accepted, granted or offered. This applies to companies as well as to private individuals, authorities, inspection bodies and other organizational units. The term “benefits” includes gifts of any kind as well as invitations to events or business meals. Our internal guidelines on dealing with benefits, as amended, are decisive for assessing legitimacy.

To further strengthen awareness, event-related training courses are held to raise the awareness of a previously defined group of people in the Company. Training materials are prepared by the Compliance department, and primary responsibility for conducting the training lies with the managing directors of the subsidiaries and regional compliance ambassadors. An e-learning platform is available at the German and US locations. The implementation and documentation are the responsibility of the abovementioned contact persons. Training is also provided during the year as required in the event of changes or revisions.

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

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

CURRENT IMPACTS:

- Currently, the area of compliance and business ethics does not have any negative impacts

POTENTIAL IMPACTS:

- If the topic is not taken into account, this could lead to illegal behavior such as corruption. If the Company is required to pay high fines as part of sanctions, this could have a direct impact on the economic situation of the Company and thus on the jobs of employees and people in the region.

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

CURRENT IMPACTS:

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

POTENTIAL IMPACTS:

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

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

APPROACH AND MEASURES

In order to obtain a Group-wide overview of trained employees, we began this year to request training evidence from all sites. As a first step, a globally valid verification form was created for this purpose. This form was distributed to the managing directors and the compliance ambassadors. Corresponding documentation is created for each training course held and is stored centrally in the Human Resources department.

In addition, the existing processes on the subject of "corruption and bribery" were further developed. By drawing up a global anti-corruption policy, the Management Board aims to further raise awareness of this topic in order to create the necessary awareness among all employees. The future guideline contains the clear commitment of the Management Board to a zero-tolerance policy in the fight against corruption. Preventing and combating corruption are important fundamental ethical issues within the framework of our corporate responsibility and corporate governance. The policy defines the terms bribery and corruption, describes possible conflicts of interest, and sets out sanctions that will be implemented in the event of non-compliance. In the future, the Anti-Corruption Guideline will be a separate guideline supplementing the existing Code of Conduct, containing all the essential content on preventing and combating corruption and setting out the framework conditions that must be complied with by all employees and business partners.

This year, we took a further step toward increasing awareness by creating a separate compliance page in the existing employee App. The page is currently available at the sites in Germany, the US and Canada and contains important current information from the area of compliance, as well as all global guidelines.

NON-FINANCIAL RISKS

No reportable risks have been identified in the area of “Corruption, competition and antitrust law”.

EFFECTIVENESS AND PROGRESS

Compliance

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

Defined group of persons: Training on antitrust and competition law was assigned to the executives particularly affected by this topic and to the respective managing directors.

STAKEHOLDER ENGAGEMENT AND INFLUENCE ON EFFECTIVENESS

The Management Board of SAF-HOLLAND SE, the Audit Committee or the full Supervisory Board are regularly involved in the further development of compliance-relevant topics. Within regular meetings, the compliance officer submits a report to the CFO at least every two weeks. The effectiveness of the actions and progress are reported within this framework. The stakeholders described are directly involved in the decisions. The requirements of investors and banks are also taken into account through participation in ESG ratings.

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

BUSINESS ETHICS

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

DESCRIPTION OF APPROACH IN THE AREA OF BUSINESS ETHICS

In the area of business ethics, we focus primarily on compliance with and respect for human rights. The associated due diligence is made up of various components.

We follow an integrated approach that encompasses our own operations and our supply chain, and which we continuously develop. Our processes enable us to monitor the effectiveness of and compliance with our commitments and to identify, prevent and mitigate human rights risks, impacts and violations. Potential risks of child and forced labor at our sites are generally considered as part of our audits.

To uncover possible violations of laws and internal regulations, in addition to reporting directly to the supervisor, employees have the option of contacting the Compliance & Legal Affairs department. Incidents can be submitted via the anonymous whistleblower system without providing the sender's details. We encourage our employees and business partners to come forth with any concerns and report incidents. All of the available contact options are summarized on our Corporate Website at the following link: [🔗 Report Compliance Incidents | SAF-HOLLAND \(safholland.com\)](#). We investigate all tips and initiate the necessary countermeasures if required.

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

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

CURRENT IMPACTS:

- Currently, the area of business ethics does not have any negative effects

POTENTIAL IMPACTS:

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

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

CURRENT IMPACTS:

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

POTENTIAL IMPACTS:

- Consistent adherence to business ethics is the basis for safeguarding human rights in our supply chain.
- Our general goal is to comply with all relevant laws and guidelines relating to human rights in order to avoid violations of the rules.
- The next steps are to prioritize internal targets for human rights at high-risk sites and to strengthen internal steering and reporting processes.

APPROACH AND MEASURES

In financial year 2022, the Human Rights Policy and Code of Conduct were updated as new corporate values were established and followed. Training materials were updated accordingly and made available to employees.

Last year, we reported that in the future we would conduct an initial human rights risk assessment and gap analysis at our own production sites to identify gaps and prioritize measures at high-risk locations and work toward strengthening internal processes. This project was not implemented due to organizational changes and will be reviewed for plausibility next year as part of the Supply Chain Sourcing Obligations Act (LkSG).

NON-FINANCIAL RISKS

We do not see increased risks of child or forced labor or threats to the right to freedom of association and collective bargaining at any of the SAF-HOLLAND Group's locations or at any of our suppliers. We have come to this conclusion on the basis of inspections and internal as well as external supplier audits.

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

EFFECTIVENESS AND PROGRESS

As in the previous year, no human rights violations were reported to us in the reporting year.

Compliance with human rights was checked at 19 strategic suppliers (previous year: 9 suppliers) as part of audits. This also did not reveal any human rights violations such as the use of child and forced labor or violations of the right to freedom of association and collective bargaining.

STAKEHOLDER ENGAGEMENT AND INFLUENCE ON EFFECTIVENESS

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

PRODUCT QUALITY AND PRODUCT SAFETY

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

DESCRIPTION OF APPROACH

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

Most of our manufacturing areas operate in accordance with internationally recognized quality management, environmental and occupational safety standards. In addition, we use special technologies to further enhance the quality of the products we manufacture. At our German site, for example, we have been using camera systems for identification testing for a specific product group since 2020. This enables us to distinguish seemingly identical parts via configured contour data sets and thus minimize assembly errors.

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

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

CURRENT IMPACTS:

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

POTENTIAL IMPACTS:

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

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

CURRENT IMPACTS:

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

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

POTENTIAL IMPACTS:

- None identified

We are striving to steadily reduce the number of complaints and are pursuing a zero-defect strategy, which includes preventive measures.

APPROACH AND MEASURES:

In order to further develop our integrated quality management system, we relaunched the “Quick Response Quality Control” (QRQC) problem-solving system in 2020. The system was introduced at our production locations worldwide as an analysis tool and further optimized in the reporting year. At the same time, employees were intensively trained in the use of the QRQC system. As a result, we have standardized processes for handling internal problems and can offer our customers fast and effective solutions. These measures are part of our Operational Excellence Roadmap, which is based on ISO standards and aims to achieve Group-wide standardization and a continuous improvement in processes.

We are also working together with our German suppliers on a system for tracing complex components using QR codes. This aims to ensure that verification is uniformly performed, even upon the receipt of goods. This would make it possible to quickly distinguish, block and analyze delivery groups in the event of complaints.

The existing CoP (Conformity of Production) process was transferred this year from the Homologation department to the Quality Assurance department, and the new position “CoP Officer (m/w/d)” was created. This process applies to the European sites.

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

EFFECTIVENESS AND PROGRESS

The SAF-HOLLAND quality management is also effective for the period after delivery of products. For example, as part of the continuous quality review, it was determined that the stabilizing damper of the self-steering axles could be weakened in its effect or without function. As a result, we decided to carry out a coordinated field measure in 2021 in close consultation with the German Federal Motor Transport Authority. It is listed under the manufacturer code SI-376-190521-01 and is still being processed in the current reporting year.

Within the scope of the CoP tests (Conformity of Production) on our products, it was determined this year that the kingpin TYPE 50165S15L does not fulfill the load change required according to UN/ECE R55 and thus a deviation from the approval object exists. This has been reported to the Federal Motor Transport Authority under the manufacturer code SI-2108-220505.

Components affected by these two messages are continuously identified in the field and replaced together with our service partners, subsidiaries and country representatives worldwide to ensure continued unrestricted function.

STAKEHOLDER INFLUENCE ON EFFECTIVENESS

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

OTHER TOPICS (MEDIUM PRIORITY)

DATA PROTECTION AND DATA SECURITY

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

The highest standards of data protection and data security safeguard the long-term trust of our stakeholders. We strive to meet the highest requirements in all regions in which we do business in order to provide security and protection for our customers' data. By integrating the "Compliance and Data Protection" management process and the IT guidelines on "General Data Security" into our process management manual, the basis for effective data protection has been created at the German sites.

Overall responsibility for data privacy and data security, as well as compliance with the legal requirements arising from the European General Data Protection Regulation (EU GDPR), lies with the Management Board. The Management Board is supported by a data protection officer who advises it on the implementation of data protection requirements. Until the end of 2022, he was assigned to the Internal Auditing department and reported directly to the Management Board on all relevant aspects. The data protection officer prepares an annual final report in which the nature and scope of activities and any special incidents are recorded. In order to identify potential for improvement in data privacy and data security on-site, the data privacy officer also takes part in internal quality audits at the German sites. In 2023, a data privacy officer will be assigned to the IT department and will continue to report directly to the Management Board.

The topic of data protection and data security is organized regionally and the respective applicable laws are complied with.

INTENSIVE TRAINING AT THE EUROPEAN LOCATIONS

New employees and business partners are required to comply with the legal regulations resulting from the EU GDPR by means of supplementary agreements. As in 2021, intensifying employee training at the European subsidiaries and sales companies was a key focus of our work in the area of data protection in the 2022 financial year. In 2022, 1,105 employees in Germany were trained on the topic of "data protection" via the learning management system. At the other European sites, we provide specific annual training for those employees involved in the processing of personal data.

With regard to data security, an audit of the security of our internal network and an internal security audit of the websites and webshops were carried out on the part of the IT department.

As there were three incidents in the last reporting year that led to a threat to data security, cyber security awareness training was carried out throughout the Group this year. Fictitious phishing e-mails were sent out to raise employee awareness and training was offered.

SAF-HOLLAND was not aware of any incidents throughout the Group in the 2022 financial year that resulted in a threat to data security.

APPENDIX

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



Disclosure	Page	Explanation	CSR-RUG aspect	UN-SDGs
The organization and its reporting practices				
2-1	Organizational details	7, 8, 9, 10		
2-2	Entities included in the organization's sustainability reporting	7		
2-3	Reporting period, frequency and contact point	7		
2-4	Restatements of information	7, 18, 71		
2-5	External assurance	7		
Activities and workers				
2-6	Activities, value chain and other business relationships	8, 9, 10	Employee concerns	
2-7	Employees	34, 35		8
2-8	Workers who are not employees	34, 35		
Governance				
2-9	Governance structure and composition	6, 11		
2-10	Nomination and selection of the highest governance body	11, 13		
2-11	Chair of the highest governance body	11		
2-12	Role of the highest governance body in overseeing the management of impacts	11 – 13		
2-13	Delegation of responsibility for managing impacts	11 – 13		
2-14	Role of the highest governance body in sustainability reporting	11		
2-15	Conflicts of interest	11		
2-16	Communication of critical concerns			
2-17	Collective knowledge of the highest governance body	12, 13		
2-18	Evaluation of the performance of the highest governance body	11		
2-19	Remuneration policies	11		
2-20	Process to determine remuneration	11		
2-21	Annual total compensation ratio			

<https://corporate.safholland.com/en/company/about-us/corporate-governance/declaration-of-compliance>

<https://corporate.safholland.com/en/node/6383>

SAF-HOLLAND ensures that all remuneration is in line with regulations, market conditions and performance. SAF-HOLLAND does not consider average and relative values to be meaningful and therefore does not measure for this indicator.

Disclosure		Page	Explanation	CSR-RUG aspect	UN-SDGs
	Strategy, policies and practices			Respect for human rights; measures against corruption and bribery	
2-22	Statement on sustainable development strategy	4, 5, 14, 15			
2-23	Policy commitments	49 – 51			
2-24	Embedding policy commitments	19, 47, 48, 52, 53, 55 – 57, 62			
2-25	Processes to remediate negative impacts	54			
2-26	Mechanisms for seeking advice and raising concerns	54			
2-27	Compliance with laws and regulations	19, 55 – 57, 59			
2-28	Membership associations	72	SAF-HOLLAND does not exercise a formative influence on any of the associations listed in the Appendix.		
	Stakeholder engagement			Employee concerns; social aspects	
2-29	Approach to stakeholder engagement	17, 18, 39, 42, 43, 54, 57, 59, 61, 62	The involvement of stakeholders in day-to-day business operations is organized as a cross-sectional task and is therefore not concentrated in one section of the report.		
2-30	Collective bargaining agreements	44			8
	Material topics 2022				
3-1	Process to determine material topics	17, 18	In 2022, the material topics for SAF-HOLLAND were identified and weighted as part of a management workshop. Another internal review will take place in 2023 and a feedback process will be established with external stakeholders.		
3-2	List of material topics	18, 71			
3-3	Management Approach Economic Performance 2016				
201-2	Financial implications and other risks and opportunities due to climate change	25			13
3-3	Management Approach Anti-corruption 2016	55, 56		Measures against corruption and bribery	
205-1	Operations assessed for risks related to corruption	56, 57			
205-2	Communication and training about anti-corruption policies and procedures	56, 57			
205-3	Confirmed incidents of corruption and actions taken	56, 57			

Disclosure	Page	Explanation	CSR-RUG aspect	UN-SDGs
3-3	Management Approach Anti-competitive Behavior 2016	55, 56	Measures against corruption and bribery	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	56, 57		
3-3	Management Approach Energy 2016	20	Environmental aspects	
302-1	Energy consumption within the organization	21, 22		8, 13
3-3	Management Approach Water and Effluents 2018	26	Environmental aspects	
303-1	Interactions with water as a shared resource	26		
303-3	Water withdrawal	26		
3-3	Management Approach Emissions 2016	15, 23, 25	Environmental aspects	
305-1	Direct (Scope 1) GHG emissions	23		3, 13
305-2	Energy indirect (Scope 2) GHG emissions	23		3, 13
305-6	Emissions of ozone-depleting substances (ODS)	24		3
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	24		3
3-3	Management Approach Waste 2020	27	Environmental aspects	
306-1	Waste generation and significant waste-related impacts	27		3
306-2	Management of significant waste-related impacts	27		3
306-3	Waste generated	27		3
306-4	Waste diverted from disposal	27		3
306-5	Waste directed to disposal	27		
3-3	Management Approach Supplier Environmental Assessment 2016	47	Environmental aspects	
308-2	Negative environmental impacts in the supply chain and actions taken	48		

Disclosure	Page	Explanation	CSR-RUG aspect	UN-SDGs
3-3	Management Approach Occupational Health and Safety 2018	36, 37		
403-1	Occupational health and safety management system	16, 36, 37	Employee concerns	
403-2	Hazard identification, risk assessment, and incident investigation	36, 37		8
403-3	Occupational health services	36, 37		8
403-4	Worker participation, consultation, and communication on occupational health and safety	36, 37		8
403-5	Worker training on occupational health and safety	37, 38		8
403-6	Promotion of worker health	37, 38		3
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	47		8
403-8	Workers covered by an occupational health and safety management system	16		8
403-9	Work-related injuries	39		3, 8
3-3	Management Approach Training and Education 2016	19, 20, 40 – 42, 62	Employee concerns	
404-1	Average hours of training per year per employee	19, 20, 42		4, 8
404-2	Programs for upgrading employee skills and transition assistance programs	40, 41, 62		8
404-3	Percentage of employees receiving regular performance and career development reviews	42		8
3-3	Management Approach Diversity and Equal Opportunity 2016	45	Employee concerns	
405-1	Diversity of governance bodies and employees	45		8
3-3	Management Approach Non-discrimination 2016	45	Employee concerns	
406-1	Incidents of discrimination and corrective actions taken	45		8
3-3	Management Approach Freedom of Association and Collective Bargaining 2016	58	Employee concerns; respect for human rights	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	58, 59		8
3-3	Management Approach Child Labor 2016	58	Respect for human rights	
408-1	Operations and suppliers at significant risk for incidents of child labor	58, 59		8

Disclosure	Page	Explanation	CSR-RUG aspect	UN-SDGs
3-3	Management Approach Forced or Compulsory Labor 2016		Respect for human rights	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	58, 59		8
3-3	Management Approach Supplier Social Assessment 2016	47, 48	Respect for human rights	
414-2	Negative social impacts in the supply chain and actions taken	48		8
3-3	Management Approach Customer Health and Safety 2016	60	Social aspects	
416-1	Assessment of the health and safety impacts of product and service categories	16, 60, 61		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	61		
3-3	Management Approach Customer Privacy 2016	62		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	62		

EU TAXONOMY TABLES

Turnover disclosures

(1) Economic activities	(2) Code(s)	(3) Absolute turnover [EUR]	(4) Proportion of turnover [%]	Substantial contribution criteria						DNSH criteria ("Do No Significant Harm")							(18) Taxonomy-aligned proportion of turnover year N [%]	(19) Taxonomy-aligned proportion of turnover year N-1 [%]	(20) Category (enabling activity) E	(21) Category (transitional activity) T
				(5) Climate Change Mitigation [%]	(6) Climate Change Adaptation [%]	(7) Water and marine resources [%]	(8) Circular Economy [%]	(9) Pollution [%]	(10) Biodiversity and ecosystems [%]	(11) Climate Change Mitigation Y/N	(12) Climate Change Adaptation Y/N	(13) Water marine resources Y/N	(14) Circular Economy Y/N	(15) Pollution Y/N	(16) Biodiversity and ecosystems Y/N	(17) Minimum safeguards Y/N				
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1.)																				
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Manufacture of other low-carbon technologies	3.6	162,064	0.01																	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		162,064	0.01																	
Total (A.1 + A.2)		162,064	0.01																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		1,564,927,213	99.99																	
Total (A + B)		1,565,089,277	100.00																	

CapEx disclosures

(1) Economic activities	(2) Code(s)	(3) Absolute turnover [EUR]	(4) Proportion of turnover [%]	Substantial contribution criteria							DNSH criteria ("Do No Significant Harm")							(18) Taxonomy-aligned proportion of turnover year N [%]	(19) Taxonomy-aligned proportion of turnover year N-1 [%]	(20) Category (enabling activity) E	(21) Category (transitional activity) T
				(5) Climate Change Mitigation [%]	(6) Climate Change Adaptation [%]	(7) Water and marine resources [%]	(8) Circular Economy [%]	(9) Pollution [%]	(10) Biodiversity and ecosystems [%]	(11) Climate Change Mitigation Y/N	(12) Climate Change Adaptation Y/N	(13) Water marine resources Y/N	(14) Circular Economy Y/N	(15) Pollution Y/N	(16) Biodiversity and ecosystems Y/N	(17) Minimum safeguards Y/N					
A. TAXONOMY-ELIGIBLE ACTIVITIES																					
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)	Non-compliant	0	0.00																		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
Manufacture of other low-carbon technologies	3.6	1,609,407	0.00																		
Construction, extension and operation of water collection, treatment and supply systems	5.1	22,094																			
Construction, extension and operation of wastewater collection) and treatment	5.3	93,767																			
Transport by motorbikes, passenger cars and commercial vehicles	6.5	1,055,301																			
Construction of new buildings	7.1	1,139,197																			
Renovation of existing buildings	7.2	1,665,029																			
Installation, maintenance and repair of energy efficiency equipment	7.3	239,474																			
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	11,960																			
Installation, maintenance and repair of renewable energy technologies	7.6	57,300																			
Acquisition and ownership of buildings	7.7	3,167,313																			
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		9,060,844	20.72																		
Total (A.1 + A.2)		9,060,844	20.72																		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																					
CapEx of Taxonomy-non-eligible activities (B)		34,672,331	79.28																		
Total (A + B)		43,733,175	100.00																		

OpEx disclosures

(1) Economic activities	(2) Code(s)	(3) Absolute turnover [EUR]	(4) Proportion of turnover [%]	Substantial contribution criteria							DNSH criteria ("Do No Significant Harm")							(18) Taxonomy-aligned proportion of turnover year N [%]	(19) Taxonomy-aligned proportion of turnover year N-1 [%]	(20) Category (enabling activity) E	(21) Category (transitional activity) T
				(5) Climate Change Mitigation [%]	(6) Climate Change Adaptation [%]	(7) Water and marine resources [%]	(8) Circular Economy [%]	(9) Pollution [%]	(10) Biodiversity and ecosystems [%]	(11) Climate Change Mitigation Y/N	(12) Climate Change Adaptation Y/N	(13) Water marine resources Y/N	(14) Circular Economy Y/N	(15) Pollution Y/N	(16) Biodiversity and ecosystems Y/N	(17) Minimum safeguards Y/N					
A. TAXONOMY-ELIGIBLE ACTIVITIES																					
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)			0.00																		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
Construction, extension and operation of water collection, treatment and supply systems	5.1	12,323																			
Construction, extension and operation of wastewater collection) and treatment	5.3	12,962																			
Collection and transport of non-hazardous waste in source segregated fractions	5.5	6,211																			
Transport by motorbikes, passenger cars and commercial vehicles	6.5	20,489																			
Construction of new buildings	7.1	37,750																			
Renovation of existing buildings	7.2	159,994																			
Installation, maintenance and repair of energy efficiency equipment	7.3	416,147																			
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	2,250																			
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	20,230																			
Acquisition and ownership of buildings	7.7	4,774,596																			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		5,462,951	11.40																		
Total (A.1 + A.2)		5,462,951	11.40																		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																					
OpEx of Taxonomy-non-eligible activities (B)		42,459,848	88.60																		
Total (A + B)		47,922,799	100.00																		

CHANGES IN THE PRESENTATION OF INFORMATION

GRI 2-4, 3-2

Changes in the selection and weighting of the material topics

Material topics 2021	Assignment of topics 2021/2022	Material topics 2022 (high priority)
Approach – importance for stakeholders		Approach – Largest impact on ESG
CO ₂ emissions and renewable energies	7	1 Product quality and safety
Ecological vehicle component	8	2 Compliance & Business Ethics
Circular economy	10	3 Education and training
Digitalization and innovation	8 / 14	4 Occupational safety and health protection
Diversity and equal opportunity	12	5 Working conditions
Business ethics	2	6 Energy
Supply chain	10	
Product quality and safety	1	
Training and personnel development	3	
Other greenhouse gases	7	
Occupational safety and health protection	4	Other topics 2022 (medium priority)
Working conditions	5	7 Emissions
Sustainable raw materials	10	8 Product innovations
Energy use	6/7	9 Stakeholder engagement
Building efficiency	6/7	10 Supply chain management and human rights
Electromobility in the vehicle fleet	6/7	11 Data protection and data security
Compliance	2	12 Diversity and equal opportunity
Environmental design	8	13 Social commitment
Partnerships and stakeholder relationships	9	14 Digitalization
Social commitment	13	15 Waste and recycling
		16 Water use and withdrawal

MEMBERSHIPS IN ASSOCIATIONS AND INITIATIVES

GRI 2-27, 2-28

ABTN	Brazilian Association of Technical Standardization	HDAD	Heavy Duty Aftermarket Distributors
ACT	American Commercial Trucking	HVIA	Heavy Vehicle Industry Australia
ANFIR	Brazilian Association of Trailers and Parts Builders	ITC	Industry Technical Council
ANP	DIN Standards Practice Committee	LTA	Land Transport Authority – Singapore
ARAI	The Automotive Research Association of India	LTAT	The Land Transport Association of Thailand McKay & Company
ARAI-HTC	Homologation & Technology Centre Chakan	NBTA	National Bulk Tanker Association
ARTSA	Australia Road Transport Suppliers Association	NTDA	National Trailer Dealers Association
ATA	American Trucking Association	NTEA	National Truck Equipment Association
ATA/ITC	Australia Trucking Association	NTTA	National Tank Trailer Association
BVL	Bundesvereinigung Logistik (German federal logistics association)	NTTC	National Tank Truck Carriers Association
CLEPA	European Association of Automotive Suppliers	TCA	Truckload Carriers Association
DAI	Deutsches Aktieninstitut e.V. (German shareholders association)	TMC	Technology and Maintenance Council
DIRK	Deutscher Investor Relations Kreis (German investor relations association)	TTMA	Truck Trailer Manufacturer Association
DVM	Deutsche Gesellschaft für Materialkunde e.V (German association for materials research and testing)	VDA	Verband der Automobilindustrie e. V. (German automotive industry association)
FAT	Verband der Automobilindustrie e.V. (German Automotive Research Association)	VDI	Verein Deutscher Ingenieure e.V. (Association of German engineers)
FMCSA	Federal Motor Carriers Safety Administration	VTA	Victorian Transport Association
FTR	Freight Transportation Research Association	ZENTEC	Zentrum für Technologie Existenzgründung und Cooperation GmbH (German center for technology, business creation and cooperation)

IMPRINT/CONTACT INFORMATION

GRI 2-4, 3-2

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This report is also available in German. In case of doubt, the German version shall prevail. The report contains certain statements that are neither financial results nor historical information.

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

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

