

MODERN SLAVERY STATEMENT
for the financial year 2022**Organization structure and supply chains**

Schaeffler (UK) Ltd. is the Schaeffler Group's (hereinafter also referred to as "Schaeffler") UK subsidiary. Schaeffler (UK) Ltd. as a leading rolling bearing specialist provides industry customers with innovative bearing solutions. The Automotive Technologies division produces ground-breaking products for vehicles with drive trains based on internal combustion engines as well as for hybrid and electric vehicles. The Automotive Aftermarket division is responsible for the replacement parts business worldwide and delivers innovative repair solutions in original-equipment quality.

This statement is made pursuant to section 54 of the UK Modern Slavery Act 2015 (hereinafter "Act"). It sets out the steps that Schaeffler has undertaken and is continuing to take to prevent modern slavery or human trafficking within its business or supply chain.

Schaeffler is a global family business with a strong foundation in its values, and thus respect for human rights is an indispensable part of corporate responsibility. Schaeffler is committed to acting in an ethical manner, with integrity and transparency in all business dealings, and to creating effective systems and controls to safeguard against any form of modern slavery taking place within the business or its supply chain which takes into account the rights of all people and explicitly those of minorities, e.g. indigenous peoples.

As a leading global supplier to the automotive and industrial sectors, the Schaeffler Group has been driving forward groundbreaking inventions and developments in the fields of motion and mobility for over 75 years. With innovative technologies, products, and services for electric mobility, CO₂-efficient drives, Industry 4.0, digitalization, and renewable energies, the company is a reliable partner for making motion and mobility more efficient, intelligent, and sustainable - over the entire lifecycle. The technology company manufactures high-precision components and systems for powertrain and chassis applications as well as rolling and plain bearing solutions for a large number of industrial applications. The Schaeffler Group generated sales of approximately EUR 15.8 billion in 2022. With around 83,000 employees, Schaeffler is one of the world's largest family companies. With more than 1,800 patent applications in 2021, Schaeffler is Germany's third most innovative company according to the DPMA (German Patent and Trademark Office).

Schaeffler maintains a network of about 35,000 suppliers from around 79 countries. Due to our complex international supply chain, Schaeffler is exposed to a certain level of risk of being confronted either directly or indirectly with allegations of legal or human rights violations. Schaeffler has formulated minimum requirements for suppliers that are based on the United Nations' international code of human rights, the "UN Guiding Principles on Business and Human Rights," the ten principles of the "UN Global Compact," and the internationally recognised standards of the eight core conventions of the International Labour Organization (ILO). The Act, Germany's Act on Due Diligence in the Supply Chain ("*Lieferkettensorgfaltspflichtengesetz*") and legislation in many other countries require companies to formulate and implement goals and measures to protect human rights along their supply chain.

Due diligence processes

Schaeffler supports these efforts with structured activities designed with long-term considerations in mind: Schaeffler is implementing a Human Rights Compliance Management system which provides the tools, policies and procedures described below to conduct business in an ethical and transparent manner and is continuing to formulate and implement measures to ensure the respect for human rights along the supply chain. These tools are also meant to address modern slavery in the meaning of the Act, based on a risk-based approach. The tools, policies and procedures are implemented across Schaeffler's subsidiaries and therefore also with effect for Schaeffler (UK) Ltd. Some of the policies and measures are detailed below:

Schaeffler Group Corporate Code of Conduct (CoC)

This code sets out the principles and practices that must be observed in letter and spirit by all Schaeffler employees, managers and the Executive Board, as Schaeffler also expects from its business partners. Approved by the entire Executive Board and fully supported by the Schaeffler family, the CoC demonstrates the importance Schaeffler attaches to responsible corporate conduct including the rejection of forced and child labour. Schaeffler expects each of its employees to feel personally responsible for compliance with this CoC and to encourage colleagues to abide by it as well. In 2021, the Schaeffler Code of Conduct has been substantially updated to reflect the expectations on human rights in greater detail.

For more information see [Schaeffler Group Corporate Code of Conduct](#).

Schaeffler Group Corporate Supplier Code of Conduct (SCoC)

Ensuring social and environmental issues such as working conditions, fair wages, freedom of association, occupational health & safety, and environmental protection are being treated seriously across supply chains is part of many national laws and internationally recognized policies. In its SCoC adopted by the Executive Board in 2017, the Schaeffler Group has formulated minimum requirements for suppliers. In 2021, the Supplier Code of Conduct has been substantially updated to reflect the expectations on human rights towards suppliers in greater detail.

For more information see [Schaeffler Group Corporate Supplier Code of Conduct](#).

Schaeffler Human Trafficking Policy

In 2021, Schaeffler has introduced a new Human Trafficking Policy. This Policy lines out fundamental principles to prevent human trafficking, modern slavery and forced labour in all areas of the organization and at all subcontractors and other agents. In 2022, the policy was translated into 11 additional languages.

For more information see: [Schaeffler Human Trafficking Policy](#).

Risk evaluation and management process

Within its own organization, Schaeffler annually conducts a Human Rights Risk Assessment to assess both the impact and the likelihood of potential human rights violations at Schaeffler. The assessment also comprises risks of modern slavery as defined in the Act. Identified gaps in management systems are subject to corrective action plans for the implementation of risk mitigating measures to systematically decrease human rights risks for stakeholders affected by business operations of Schaeffler.

To safeguard the supply chain, since 2020 defined suppliers of production materials have been requested to answer the Drive Sustainability initiative questionnaire via a service provider's platform. This step serves to systematically develop due diligence and sustainability in the supply chain. In 2021, a risk-exposure approach was developed to specifically identify further risk parameters in the supply chain at an early stage. To this end, this approach also recommends concrete measures for possible deviations or risks.

In 2022, a dedicated risk analysis was implemented to identify, among others, human rights risks regarding Schaeffler's direct suppliers. To this end, this approach also recommends concrete measures to mitigate identified risks.

Training and Communication

Schaeffler conducts modern slavery training through internal training measures for relevant employees so that they are aware of the issues surrounding modern slavery and what to do if they suspect that it is taking place within our supply chain. This is being done within the framework of a mandatory compliance training, with reference to the CoC. The knowledge so established should form the foundation of a culture that avoids in an even more structured manner forced labour and slavery and will support the compliance processes we have established.

In addition, Schaeffler offers a mandatory training for human right in the supply network for relevant employees in purchasing organization. Additionally, Schaeffler provides dedicated trainings for interested suppliers. These trainings are available in multiple languages.

Whistleblowing System

Notifications about suspected violations of the CoC and human rights related policies, including but not limited to issues around modern slavery, can be made using the incident reporting system at any time.

The system is described in the [Guideline Whistleblowing System](#). The Whistleblowing System contains different reporting channels (telephone, email, etc.), in particular also an electronic reporting channel in 20 languages via the internet. This channel allows an anonymous, confidential and specially encrypted, secure

dialogue with the Compliance department at Schaeffler.

All potential whistleblowers can raise concerns about any non-compliant or unethical practices within our business or supply chain, without fear of reprisals.

The electronic reporting channel is available via <https://www.bkms-system.net/schaeffler>

Those regulations and procedures are subject to continuous review to ensure they maintain appropriate safeguards against any breaches of the Act along the supply chain. For more information on Schaeffler's aims, achievements and progress in these fields please see [Schaeffler Sustainability](#).

This policy statement was approved for and on behalf of the Board on 8th March 2023.

Signed by



Greig Littlefair
Managing Director