

Sustainability Report

2019



Key figures

GRI 201-1

RESULTS OF OPERATIONS

in EUR thousands	Q1-Q4/2019	Q1-Q4/2018
Sales	1,284,155	1,300,555
Gross profit	201,741	199,263
Gross profit margin in %	15.7	15.3
EBIT	35,199	77,970
EBIT margin in %	2.7	6.0
Adjusted EBIT	79,816	89,578
Adjusted EBIT margin in %	6.2	6.9
Result for the period	10,297	48,115
Adjusted result for the period	49,756	55,507
Adjusted undiluted earnings per share in EUR	1.10	1.22
Adjusted diluted earnings per share in EUR	0.95	1.05
Dividend per share in EUR	0.00 ¹	0.45

NET ASSETS

in EUR thousands	12/31/2019	12/31/2018
Balance sheet total	979,244	977,416
Equity	318,007	318,072 ²
Equity ratio in %	32.5	32.5
Cash and cash equivalents	131,166	155,009
Net debt	251,667	213,615
Net working capital	164,381	172,468
Net working capital in % of sales	14.9	13.5

FINANCIAL POSITION

in EUR thousands	Q1-Q4/2019	Q1-Q4/2018
Cash flow from operating activities before income tax paid	109,108	66,519
Cash conversion rate in %	136.7	74.2
Cash flow from operating activities	90,546	40,780
Cash flow from investing activities	-59,692	-39,586
Purchase of property, plant and equipment and intangible assets	-52,981	-40,786
Operating free cash flow	37,565	-6

EMPLOYEES

	Q1-Q4/2019	Q1-Q4/2018
Employees as of December 31	3,924	4,470
Employees (on average)	4,218	4,293
Sales per employee in kEUR	304.4	302.9

YIELD

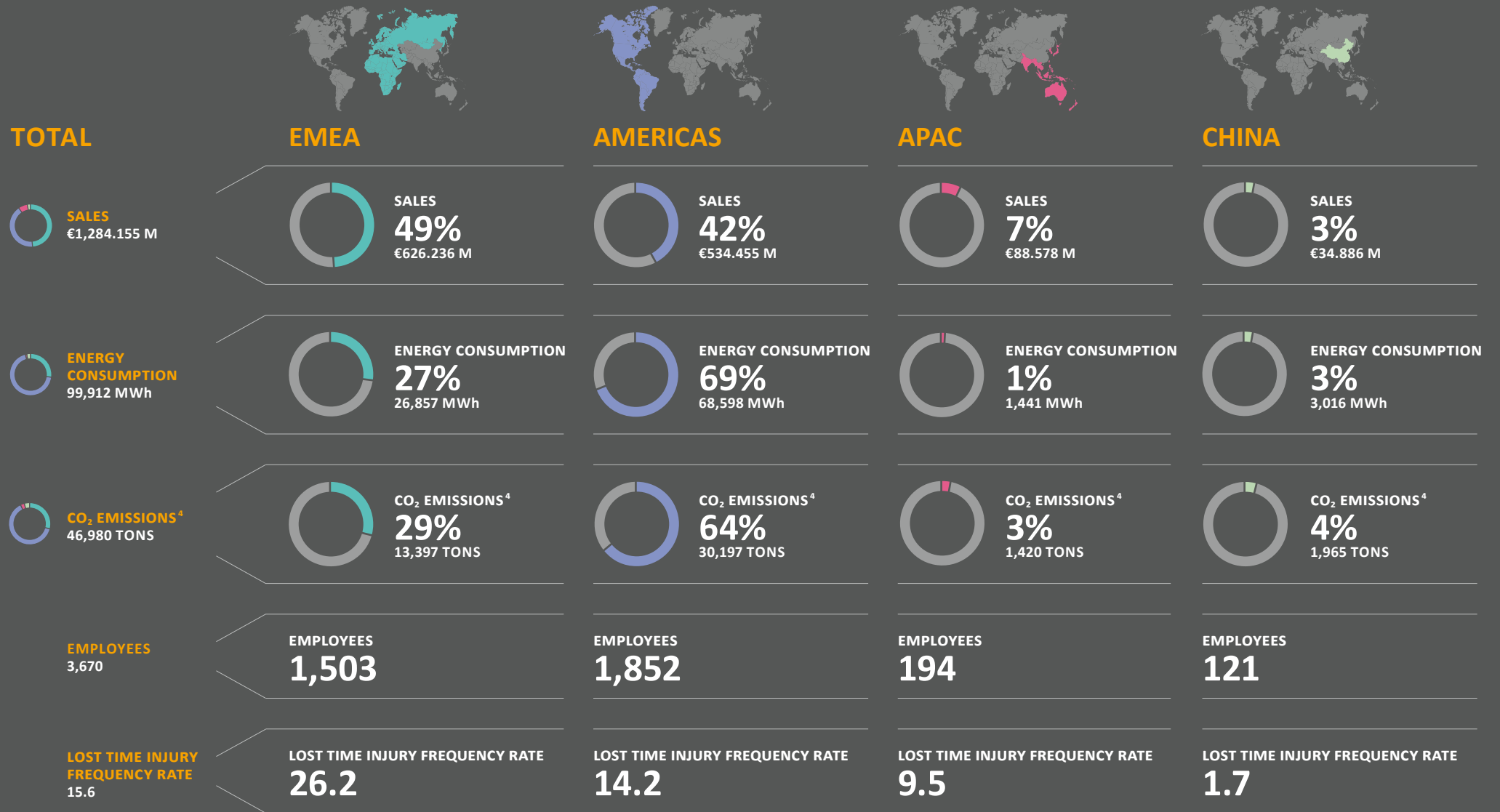
in %	Q1-Q4/2019	Q1-Q4/2018
Return on capital employed (ROCE) ³	5.5	9.9 ²

¹ Proposal.

² Adjusted according to IAS 8.42 (cp. Section 2.4.2 in Notes to the Consolidated Financial Statements of the 2019 Annual Report).

³ ROCE = EBIT / (total assets - current liabilities).

ESG Key Performance Indicators



⁴ CO₂ emissions (Scope 1 + Scope 2)




CONTENTS

Reporting on sustainability




ABOUT THIS REPORT

This report is an interactive pdf file that offers you many advantages. You can navigate quickly and easily through the report using the elements listed below.

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More information

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-  Reference to NFR

GRI 102-14



Alexander Geis Chief Executive Officer (CEO)

Ladies and Gentlemen, Dear Shareholders and Investors,

I'm delighted to present to you the third Sustainability Report of the SAF-HOLLAND Group. As you will notice while reading, we have achieved a lot in this area over the last year.

For you, as readers of this report, one change might be particularly useful: For the first time, we are able to report on all our global production locations and thus provide complete Group-wide disclosures. This highlights the global orientation of our management approach towards the sustainability of our operations.

In addition, many external factors impacted our actions over the year. This is particularly true of the major socio-political discussions concerning sustainability – from social responsibility through to climate change and environmental protection. These discussions motivate us to question our actions every day anew. And, as you will read in this report, there are some interesting examples of improvements within our group of companies.

The external influences also include changes in the regulatory framework. The “CSR Directive Implementation Act” commits companies to greater transparency. In order to meet the new information requirements, companies often need to implement completely new data collection processes. This also posed a challenge for us, but opened up new opportunities at the same time. We are now able to collect data on non-financial risks, which we simultaneously integrate in our risk management system.

Beyond that, we initiated a whole range of actions. For example, our Code of Conduct is now available in an updated version in eleven languages. We also – in accordance with the “National Action Plan for Business and Human Rights” – implemented additional measures to fulfill our duty of care in terms of human rights. Our Human Rights Policy and our Statement on the “UK Modern Slavery Act” are concrete results of these efforts. In addition to awareness campaigns, we provided comprehensive training to our staff to further anchor the issue of sustainability in our mindset and in our actions.

Taken together, there have been many changes, but a lot has remained unchanged, such as our commitment to the Ten Principles of the UN Global Compact and the Sustainable Development Goals of the United Nations. This puts our efforts into a larger context and makes a statement that this is a long-term commitment.

You have no doubt already heard that the entire mobility sector is undergoing change. Most of all, it is the passenger car sector that is in the public eye, but obviously the transport industry also needs to reinvent itself to a certain extent. It is still uncertain which drive concepts and product innovations will prevail in logis-

tics. But one thing is certain: holistic solutions along the entire value chain are more in demand than ever before. It is not without reason that the motto of the IAA Commercial Vehicles 2020 is “Beyond Transport & Logistics”.

We are convinced that with our product universe we will contribute significantly to a more sustainable transport industry. We put our focus on lightweight construction, durable quality products, data-driven fleet management and electrified drive axles.

These product innovations are of strategic importance. How we will position ourselves in the coming years will be outlined in detail in our “Strategy 2025”. One major element of our mid-term strategy, which you can read more about in this Sustainability Report, is our approach to climate strategy.

I appreciate your interest in the sustainability activities of the SAF-HOLLAND Group and hope you enjoy reading this report.

Sincerely yours,



Alexander Geis
Chief Executive Officer (CEO)

Truly virtual

Why we rely on digitization for training



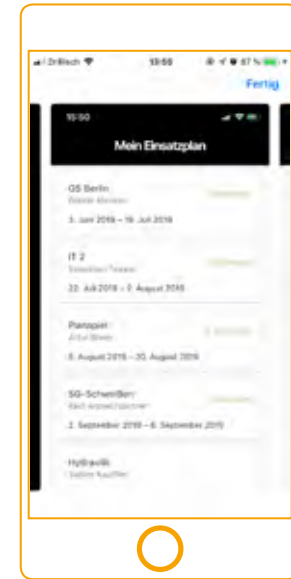
The newest tools of our trainees?
Smartphones and virtual reality glasses!
Because we have digitized our training
courses. Exams, documentation and training
plans are no longer available on paper.
And how to weld correctly is practiced in
virtual reality first.



Link to the training site:
[CORPORATE.SAFHOLLAND.COM/EN/
CAREER/APPRENTICESHIP](https://CORPORATE.SAFHOLLAND.COM/EN/CAREER/APPRENTICESHIP)

When thinking about her apprenticeship, Tabea Jakic reaches for her smartphone. With good reason: Since March 2019 we have been using our training app APPRENTIO®. APPRENTIO® is a digital classroom and virtual training folder in one. The app includes deployment plans, record books, assessments, education programs, a messenger function and information on the contact persons and learning goals. And most importantly, all written exams on our training courses are taken directly within the app. Whoever prefers to work on a big screen can use the software in a browser-based version on their laptop or PC.

“Thanks to the app I have a much better overview of my training. And if plans or rooms change at short notice, we trainees are informed faster,” says Tabea Jakic happily, who still remembers the time before the implementation of APPRENTIO®. The supervisors are satisfied as well because the software makes the training more transparent and efficient. For example, the trainees receive the results of their exams faster than before, as the commercial technical supervisor, Stefan Roth, explains. “Correcting exams via the app facilitates our work enormously, and the resulting time saving can be used to further improve the quality of the training.”



More information is available
via the following web link:

APPRENTIO.DE

The commercial supervisor, Katja Hedderich, is happy that the solution conserves resources. “We eliminated the use of paper for training.” These saving effects can even be multiplied as vocational schools and IHK can be connected to the system via suitable interfaces.

Virtually putting skills into practice

Digitization is present throughout the entire apprenticeship: For example, trainees spend two weeks in a virtual workshop where they learn how to operate complex machines via digital images before using the “real” machines. The user interfaces of the virtual turning, milling and drilling machines or measuring tables correspond exactly to the original ones used in practice. Also, manual skills can be trained using digital methods. For example, “virtual welding”. For one week, trainees learn the basics of various welding techniques

using a designated training machine. Special cameras and sophisticated augmented reality technology create a realistic simulation of the welding process. With this training using the virtual welding machine, trainees gain confidence and a first impression of controlling

the welding apparatus. Moreover, with this method we save metal sheet, shielding gas, electrodes, power and other important resources.

Apprenticeships

- Industrial Engineering
- Industrial Business Management
- IT Specialist for System Integration
- Electronics Technician for Industrial Engineering
- Technical Product Designer



Very close to the original: a view inside the virtual workshop.

«WE WANT TO INTRODUCE ALL EMPLOYEES TO DIGITIZATION.»

Thomas Grimm

Vice President Human Resources Group
SAF-HOLLAND



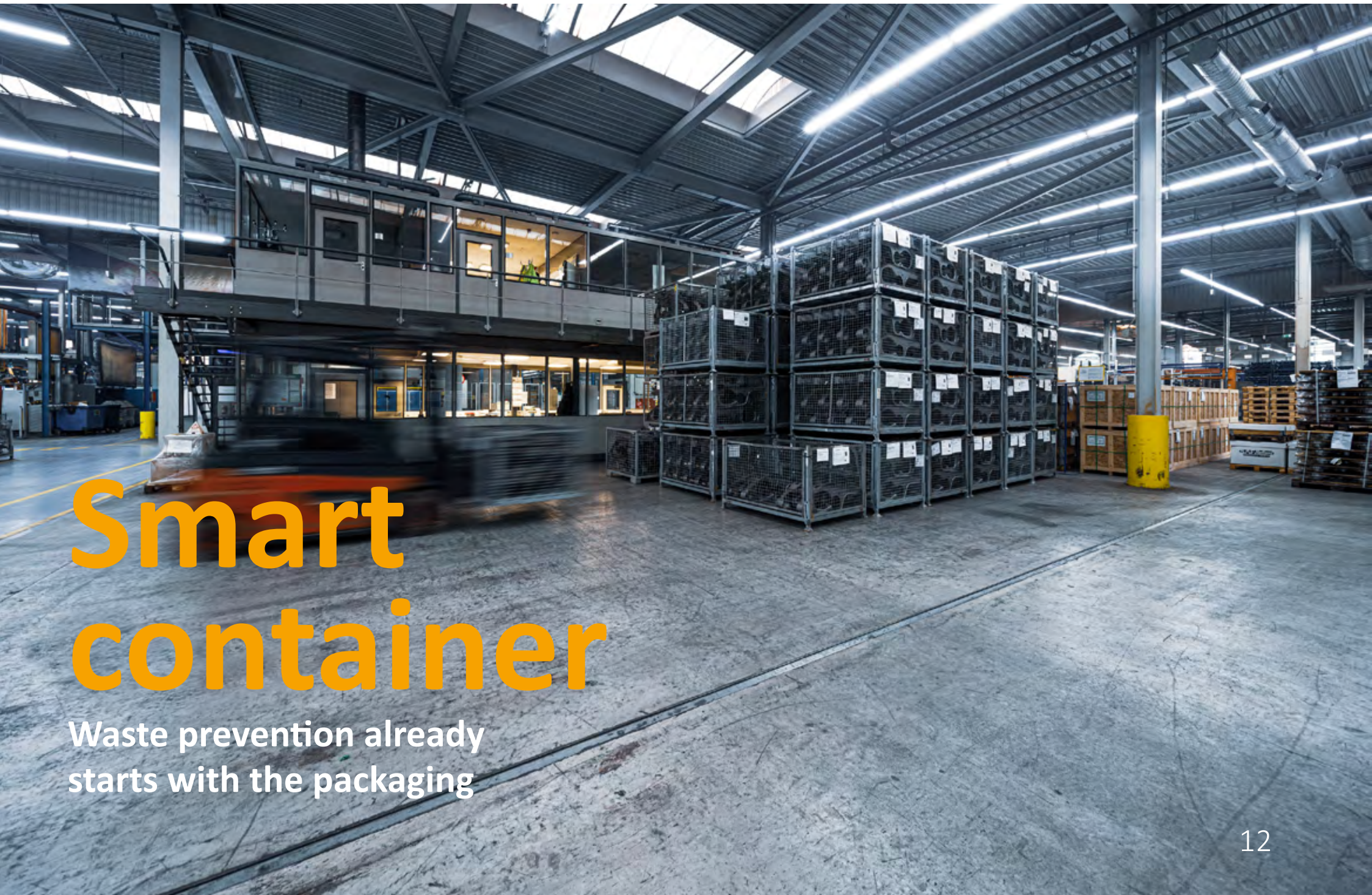
A typical tool:
Tablets are part of
our daily production
processes.

Learning more with digital offers

From trainee to manager, digitally supported HR processes are part of our daily work. Thomas Grimm, Vice President Human Resources Group, considers the HR department as a forerunner for the digitization within the Group. "For example, all our employees have the opportunity to manage their personnel matters directly in a designated IT system. This saves administrative effort and improves work processes." Especially in the training area, digitization opens up new opportunities. Our Learning Management System plays a central

role here. In the reporting year, comprehensive training modules have been developed to firmly establish the topic of sustainability among our staff. E-learning is offered at many locations. These digital training offers can be used on company computer terminals or some of them on mobile devices. These e-learning offerings complement our training offers, provide flexibility to our employees in terms of time and location, and make efficient use of resources. Will training and further education only be provided in digital form in future? Thomas Grimm rather relies on a sound mix:

"Not all classroom training can be replaced by digital formats. Traditional training formats are particularly suitable for practical subjects. But complementing them with digital learning formats simply makes sense because it is important to introduce all employees to digitization."

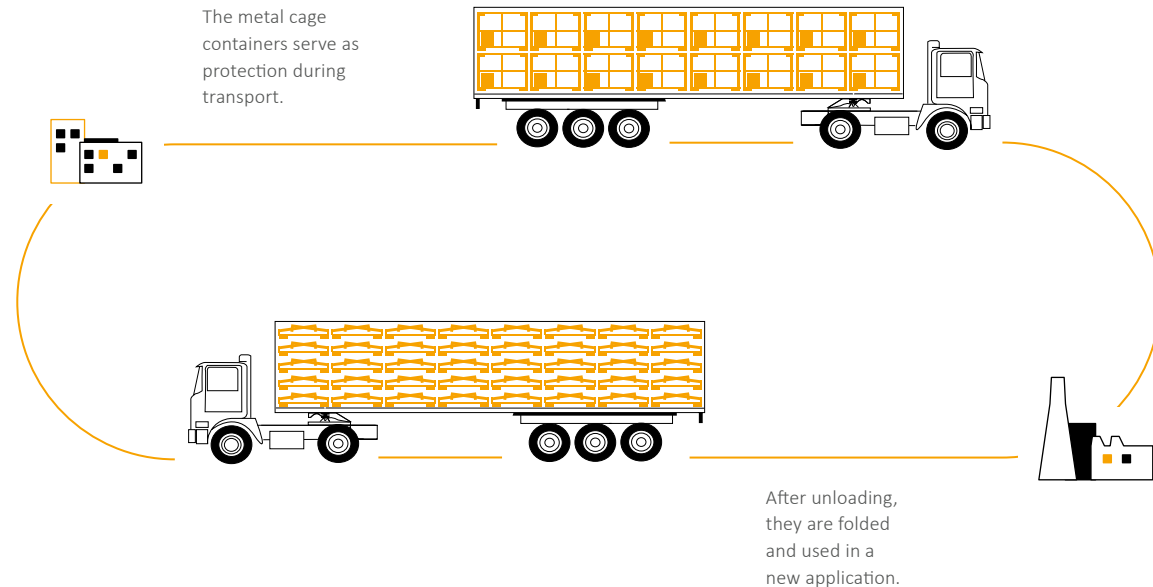


Smart container

Waste prevention already starts with the packaging

We operate with global supply chains. Some of our suppliers' upstream products cover long distances before arriving at our gates. A central factor regarding transport is safe and efficient packaging. Wooden single-use packaging that was used in the past has in the meantime been replaced by reusable metal packaging. Case study:

Our products meet the highest quality standards. We also expect that our suppliers deliver their upstream products to us without defects. In order to ensure this over long distances and on various carriers, the right packaging is decisive. The delivered parts are often made of metal and are very heavy. To protect them from impact and to make sure that they are not accidentally unfastened during transport they need to be secured professionally.



In the past, wood-based packaging was ideal for the delivery of production material to avoid any transport damage. Under this method, the parts are piled up on wooden pallets, surrounded with particle board on all four sides and the top, and then secured externally with straps.



No need to bend down:
The wire mesh containers
support ergonomic
working.

According to Marcus Schlosser, Director Logistics, this is a practicable method but not an optimal solution: "Taking a look at the costs and the delivered volumes we noticed relatively quickly that there's room for improvement." This is mainly due to the fact that after delivery, wooden packaging cannot be reused. Moreover, in terms of waste management legislation, it is not possible to recycle or upcycle

wooden packaging because of the lack of the requisite information on the type and treatment of the wood used.

In response, we have been using foldable wire mesh containers for our intercompany logistics for a number of years now. They protect transported goods quite well and can be reused over the long term. In close cooperation with one supplier, we now also rely on wire mesh containers for the intercontinental delivery of upstream products. This seems to be a small change, but with great impact, even in terms of the necessary preparatory work.



Frequent travelers: Wire mesh
containers are constantly in use.

Employees from the purchasing and logistics departments at SAF-HOLLAND were involved in this transition as various issues needed to be solved: Will the quality of the delivered products remain constant? What is going to change in the handling of the delivered goods? Is it possible that ergonomic problems arise while loading and unloading the containers? How, exactly, can we return the empty wire mesh containers to the supplier?

After introducing the foldable wire mesh containers, it quickly became clear that the change had paid off, both economically and ecologically. The wire mesh containers can be integrated perfectly in the plant processes. Unlike wooden packaging, they correspond to the European standard measures, which we also applied to all our racks, assembly spaces and storage areas at the plant. Due to their metal design, the containers can be piled up more easily and higher than their wooden predecessors. And probably the most relevant indicator is that our disposal costs have decreased significantly since the transition. The following

aspect is interesting in this context: Besides the actual cost for the repackaging, we were able to do away with individual packaging of the production materials and therefore generate additional cost benefits in addition to reducing the environmental impact.

To avoid a logjam in the logistics cycle, the supplier must have a sufficient number of empty boxes available at all times. "This is why we track all the incoming and outgoing goods in a container booking system, so that we can always check the supplier-side availability of empty containers," says Marcus Schlosser. At SAF-HOLLAND, the empty boxes are folded, loaded into shipping containers and then used for a new application.

Due to the positive experience in this pilot project we are currently assessing which suppliers and regions of SAF-HOLLAND could implement similar improvements to their processes. Moreover, we keep assessing where we can save costs and material. Currently, we are focusing on VCI (Volatile Corrosion

«TAKING A LOOK AT THE COSTS WE QUICKLY NOTICED THAT THERE'S ROOM FOR IMPROVEMENT.»

Marcus Schlosser
Director Logistics
SAF-HOLLAND

Inhibitor) protective films, for example, that protect metal parts from corrosion during transport. In more specific terms, we are assessing whether the thickness of the film can be reduced without compromising the protective effect. These are small steps, but they are necessary to gradually meet our objective of efficient and sustainable production.



This is how waste is processed producing a valuable secondary fuel.

A good mix

Waste recycling
to rely on

What's the most commonly used material in the world? Answer: cement. What is used to sinter clinker? Answer: production waste, as is the case in Brazil where our subsidiary KLL Equipamentos para Transporte Ltda found a way to reuse production waste. Instead of ending up in landfill, these substances end up in the cement factory.

Summer 2015: The analyst for environmental management, Izabelle Salaverry, at our Brazilian subsidiary, KLL, deals with the materials flows at our plants. Therefore, she knows that although a lot of production waste such as paper, various types of plastic or wood can be recycled, a significant residual amount of waste ends up in the landfill. And this landfill happens to be 500 kilometres away from the KLL plant in the state of Santa Catarina. "I didn't like this situation," says Izabelle Salaverry.

In response, she started to search for alternative recycling methods for this residual waste in 2015 and came across the possibility of using certain waste fractions in the production of cement via a collection system. "The costs for this disposal method were comparable with the previous approach but considering the ecological footprint this option was interesting," says Izabelle Salaverry. After a successful test run back in 2015, the new waste recycling method was established at the KLL plant.

A waste management company picks up the non-recyclable waste on a weekly basis. Afterwards, it is processed together with other industrial waste creating a secondary fuel that serves as an energy source in the production process at a cement factory. In this way, our production waste is used more effectively than being landfilled. And for our colleagues at KLL, this leads to reduced administrative efforts as the documentation processes for the waste transport to Santa Catarina have been eliminated.



Energy source:
Various waste materials are shredded and remixed, resulting in a secondary fuel that saves fossil resources.



Shaping schools

How we think corporate responsibility in India through to the end

As a group with global operations, we have to deal with many different legal and cultural standards. The standards that we apply to our own actions are set forth in our Code of Conduct, which was updated in 2019. In this code we make clear: We do not accept child labor. As a logical consequence, we instead fight for the right of children to receive a good education instead. What that means in practice is demonstrated by our colleagues in India.

Why does a global industrial group take a stand on behalf of Indian primary schools? To answer this question, it pays to look – in addition to the Human Rights Policy and the Statement on the UK Modern Slavery Act – at our Code of Conduct. In this code, we describe how we want to conduct our business and what we expect from our employees. We also set forth that we want our cooperation to be based on respect, trust, integrity and fairness. In addition, the Code of Conduct makes clear that SAF-HOLLAND does not accept any kind of child labor. Children should exercise their right to education. And the better equipped the school is, the better they succeed.

Our Code of Conduct was drawn up in 2013 for the first time and comprehensively revised in 2019. In order to incorporate as many perspectives as possible, many colleagues were involved in this process. In addition to management, experts in the departments of CSR, Data Protection, HR, HSEQ (Health, Safety, Environment, Quality), Compliance & Legal Affairs, Purchasing and the works council participated in the project. According to Natascha Müller-Ohl, in-house lawyer at SAF-HOLLAND, the efforts paid off: “We managed to incorporate our corporate values and culture in the revised Code of Conduct in a trendsetting manner.”

How the Code of Conduct and entrepreneurial activity can go hand in hand is demonstrated by one of our Indian locations, for example. In India, companies are required to establish

**«WE MANAGED
TO INCORPORATE
OUR CORPORATE VALUES
AND CULTURE IN
THE REVISED CODE OF
CONDUCT IN A TREND-
SETTING MANNER.»**

Natascha Müller-Ohl
In-house lawyer
SAF-HOLLAND

a CSR committee and to spend two percent of their annual average net profit over the previous three years on charitable activities.

The CSR committee of our subsidiary, York Transport Equipment, quickly realized that one area of focus should be supporting school education. In the direct vicinity of the plant in Pune, there were too many children lacking basic school equipment. In other parts of the world, equipment for first graders such

**«WE WILL
CONTINUE WITH
OUR SUPPORT
IN THE FUTURE.»**

G. S. Chatterjee
Managing Director
York Transport Equipment



as school bags, stationery or water bottles are taken for granted – in Pune many families can't afford these things for their children. Therefore, even small contributions have a big impact here and cause great joy. Moreover, the school administrations received support in the form of new blackboards or laptops.

In the meantime, almost 350 students in several schools have benefited from the support from York. But this cooperation also benefits the company itself. "It is our conviction that supporting the growth and prosperity of people in need and the disadvantaged community is the right thing to do and we will maintain this support in future," says G. S. Chatterjee, Managing Director of York Transport Equipment (India) and member of the company's CSR committee. This demonstrates how we can breathe life into our Code of Conduct.

Well equipped at the Navlakh Umbre Primary School: With a new school bag, learning is much more fun.

—— From our Code of Conduct

Our entrepreneurial success and our social as well as societal responsibility are inextricably linked.

— Reporting on sustainability

www.safholland.com

ORGANIZATIONAL PROFILE

SAF-HOLLAND GROUP AT A GLANCE

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

✓ | With revenue of EUR 1,284.2 million, and on average 4,218 employees in the year 2019, SAF-HOLLAND S.A., based in Luxembourg, is one of the largest publicly listed suppliers to the commercial vehicles sector in Europe. Internationally we are among the leading producers of chassis-related assemblies and components for trailers, trucks and buses. With roughly 10,000 spare parts and service stations, alongside dealers and repair shops in over 80 countries worldwide, SAF-HOLLAND possesses one of the densest spare parts and service station networks in the entire industry.

The product range comprises axle and suspension systems, fifth wheels, kingpins and landing gears that are marketed under the SAF, Holland, Neway, KLL, Corpco, V.Orlandi and York OEM brands with the aftermarket being catered to by the brands SAF-HOLLAND Original Parts, SAUER QUALITY PARTS and GOLD LINE QUALITY PARTS.

SAF-HOLLAND products are manufactured at 24 production facilities located in 14 countries worldwide. In addition to its plants in its core markets of North America, Europe and China, SAF-HOLLAND also has production and assembly facilities in Brazil, South Africa, India, Australia and the United Arab Emirates. Development activities are concentrated at two locations: Bessenbach (Germany) and Muskegon (USA).

In Europe and North America, SAF-HOLLAND is among the top three producers in the relevant product segments of the trailer axle and fifth wheel markets.

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

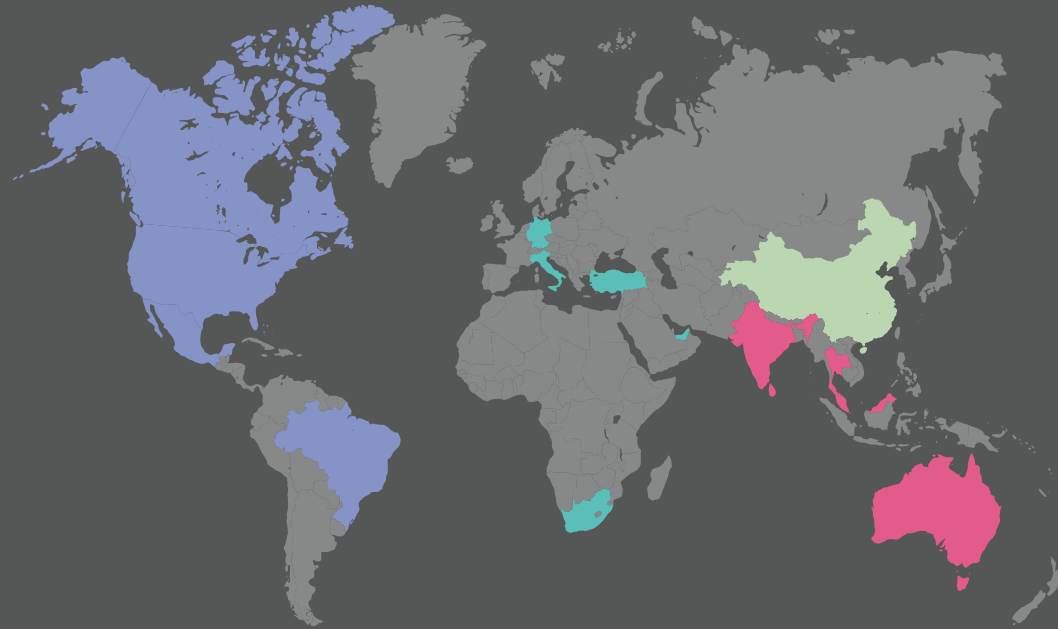
Group sales in the 2019 financial year came to EUR 1,284.2 million, 1.3 percent down on the prior-year figure of EUR 1,300.6 million. Adjusted EBIT amounted to EUR 79.9 million in the 2019 financial year (previous year: EUR 89.6 million).

In January 2019, SAF-HOLLAND acquired a stake of 51 percent in the tire pressure management system "PressureGuard". A purchase option for the remaining shares in the company was agreed with the previous owner, Servitech Industries, Inc. This option may be exercised at a later date.

Effective February 1, 2019, SAF HOLLAND acquired all the shares in the Stara Group based in Finland. As a result, SAF-HOLLAND acquired the operations of the two entities, AB Stara Parts Oy, Finland, and Trailax Aktiebolag, Sweden. |



SAF-HOLLAND'S PRODUCTION SITES



EMEA

Germany
 Bessenbach-Frauengrund
 Bessenbach-Keilberg
 Singen

Italy
 Flero
 Nave

South Africa
 Johannesburg

Turkey
 Düzce

UAE
 Dubai

AMERICAS

USA
 Cincinnati
 Warrenton North
 Warrenton South
 Dumas North
 Dumas South
 Nashville
 Wylie

Brazil
 Alvorada

Canada
 Woodstock

Mexico
 Querétaro City

APAC

Australia
 Melton

India
 Pune

Malaysia
 Kuala Lumpur

Singapur
 Singapur

Thailand
 Bangkok

CHINA

China
 Yangzhou

SAF-HOLLAND'S PRODUCT BRANDS



Trailer axles and suspension systems



Towing and lifting technology



Suspensions for vocational trucks and buses



Air suspensions for trucks and buses and axles and suspension systems for trailers in South America



Air suspensions for trucks and buses in China



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



Trailer axles and suspension systems



SAF-HOLLAND ORIGINAL PARTS is the aftermarket brand for our premium products developed and tested to meet the most stringent requirements.



SAUER QUALITY PARTS AND GOLD LINE QUALITY PARTS are the aftermarket brands for our quality products developed and tested as the industry standard.



STAKEHOLDER DIALOG

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

Continuous dialog with stakeholders is of special importance to us. SAF-HOLLAND remains in communication with its stakeholder groups via a range of channels in order to understand their expectations and identify any material sustainability issues in good time.

STAKEHOLDERS	ISSUES	COMMUNICATION PLATFORMS
CUSTOMERS	<ul style="list-style-type: none"> – Product quality and safety – Fuel efficiency of products – Compliance 	<ul style="list-style-type: none"> – Trade fairs and exhibitions – Customer surveys – Customer visits – Technology days – Customer audits
NETWORKS AND ASSOCIATIONS	<ul style="list-style-type: none"> – Innovations and technology subsidies 	<ul style="list-style-type: none"> – Meetings and committees – Attending congresses and events (see also membership in associations)
MEDIA	<ul style="list-style-type: none"> – Innovation and technologies – SAF-HOLLAND as the employer – Finances – Local plant development – Compliance 	<ul style="list-style-type: none"> – Information for the press – Trade fairs and exhibitions – Plant tours – Visits by journalists
EMPLOYEES	<ul style="list-style-type: none"> – Health and safety – Career and training – Diversity and equal opportunity – Co-determination – Work-life balance 	<ul style="list-style-type: none"> – Employee surveys – Ideas management – Works' assemblies – Internal media
CAPITAL MARKET	<ul style="list-style-type: none"> – Product innovations – Responsible governance – Risk management – Compliance – Goals and goal attainment 	<ul style="list-style-type: none"> – Conferences – Roadshows – Bilateral dialog – Trade fairs and exhibitions
LOCAL STAKEHOLDERS	<ul style="list-style-type: none"> – Social commitment – Environmental protection – SAF-HOLLAND as the employer – Local plant development 	<ul style="list-style-type: none"> – Face-to-face meetings – Plant tours – Neighborhood initiatives
POLITICS AND OFFICIAL AUTHORITIES	<ul style="list-style-type: none"> – Technological development and subsidies – Training – Political environment – Local plant development – Demographic change 	<ul style="list-style-type: none"> – Cooperation in trade associations – Site visits – Trade fairs and exhibitions – Delegations
NGOS	<ul style="list-style-type: none"> – Environmental protection and efficient use of resources – Business ethics 	<ul style="list-style-type: none"> – Round-table meetings
SUPPLIERS	<ul style="list-style-type: none"> – Product quality and safety – Human rights – Environmental protection – Compliance 	<ul style="list-style-type: none"> – Supplier interviews and audits – Industry initiatives – Conferences and symposiums

MATERIALITY ASSESSMENT

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

The materiality assessment from 2017 was validated and updated in the reporting year. We relied on the Global Reporting Initiative (GRI) for orientation. The relevant issues and stakeholders were selected in internal workshops at regional level with the direct involvement of the CSR Council (see “Stakeholder dialog” ☞ page 27). SAF-HOLLAND prepared a separate materiality matrix for each region in order to determine regional specifics when designing the sustainability strategy and to reflect even more strongly on the different socio-cultural factors and the understanding of sustainability within the regions. In addition, a global materiality matrix was developed (shown in this report). Deriving the relevant issues in intensive dialog with the four regions and separately calculating the results at regional level gave rise to some great ideas for the initiation of specific programs. This gives more expression to the expectations of regional stakeholders.

In total, 19 topics in the fields of environmental, social and governance were presented to the stakeholders for assessment. All relevant stakeholders were considered when selecting the interviewees. In addition, the Group Management Board assessed the topics in terms of their relevance for long-term business development.

Apart from presenting the issues in matrix form to allow comparison of the parameters “impact on business activities” and “stakeholder relevance” at regional and global levels, the issues were also presented in heat maps to visualize the relevance of the individual issues both within the respective regions and also within stakeholder groups, and to allow more in-depth analysis.

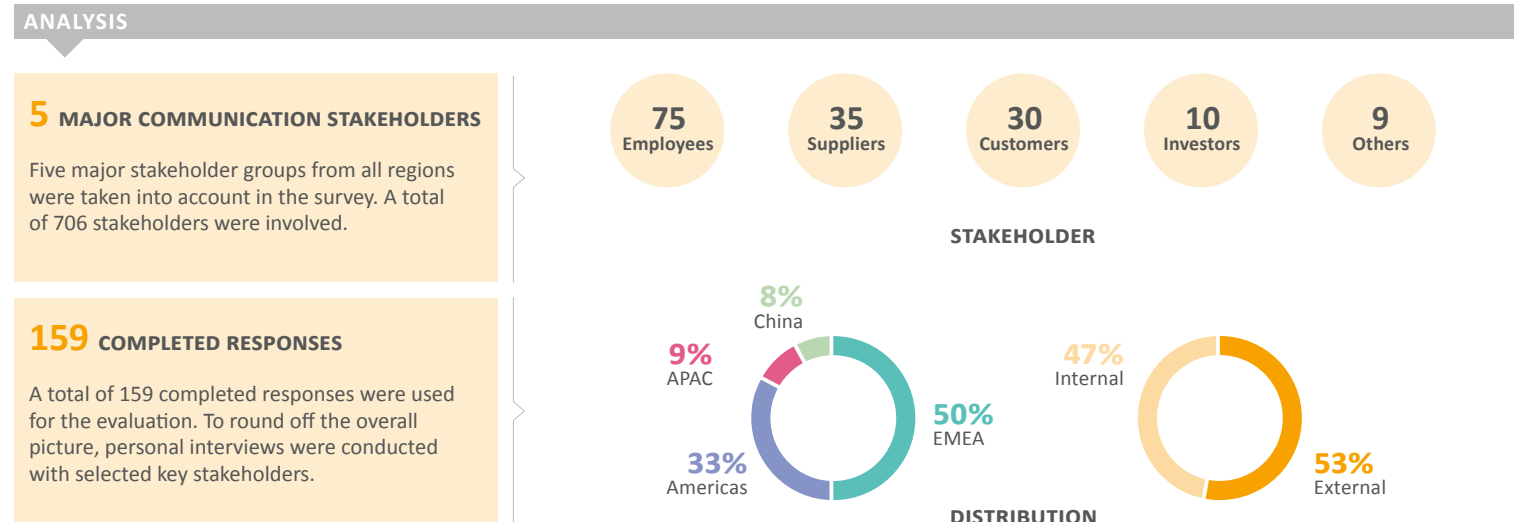
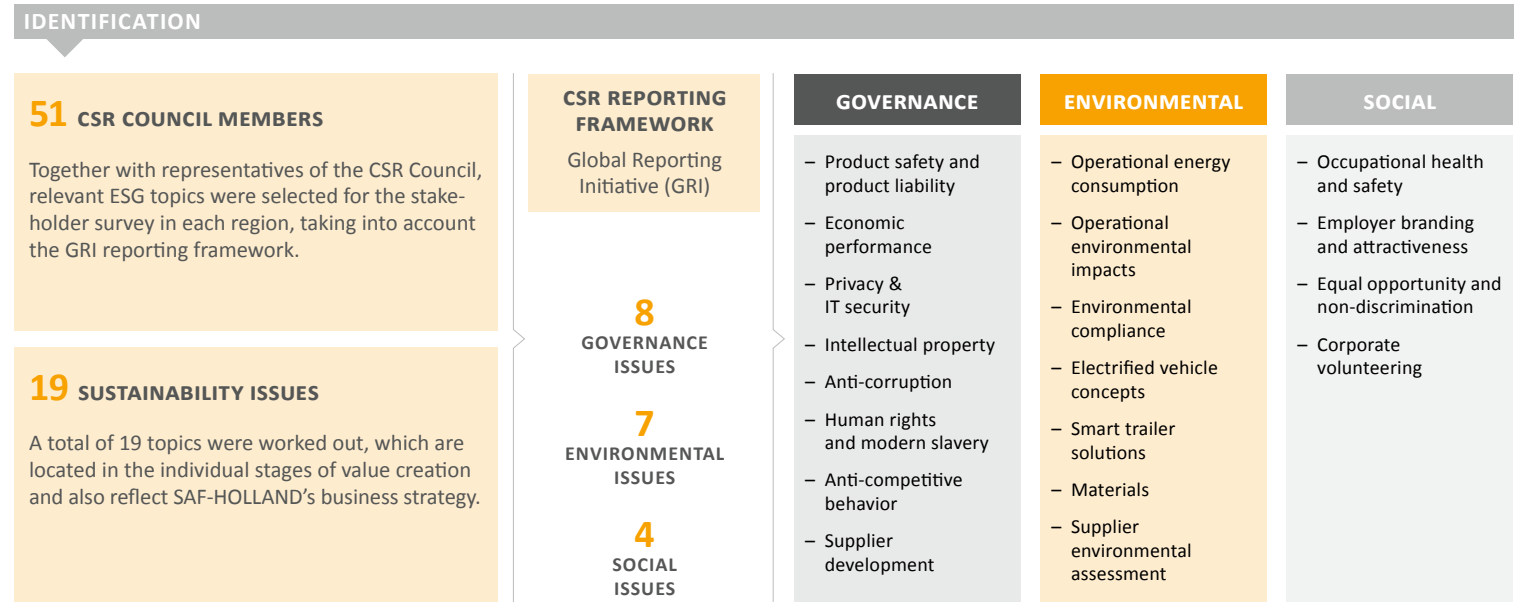
In the course of preparing the results from the stakeholder survey, the individual sustainability issues were clustered and, in some cases, aggregated under one heading. This reduced the number of issues from 19 to 11 without narrowing the full spectrum.

For example, the topics of

- “Supplier environmental assessment” and “Supplier development” were subsumed under the one heading “Sustainability in the supply chain”,
- “Data security and IT security” and “Intellectual property” were subsumed together under the heading “Protection of data and intellectual property”,
- “Anti-corruption”, “Anti-competitive behavior”, “Human rights and modern slavery” and “Diversity, equal opportunity and non-discrimination” were all subsumed under the heading of “Business ethics and human rights”,
- “Materials”, “Environmental compliance”, “Energy consumption in production” and “Environmental impacts of production processes” were subsumed under the heading “Environmental efficiency in operating processes”.

The sustainability issues were analyzed and evaluated with regard to the requirements of the Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups (see also “Non-Financial Statement” ☞ page 73).

DERIVATION OF MATERIALITY IN THE FOUR REGIONS OF SAF-HOLLAND



VALIDATION

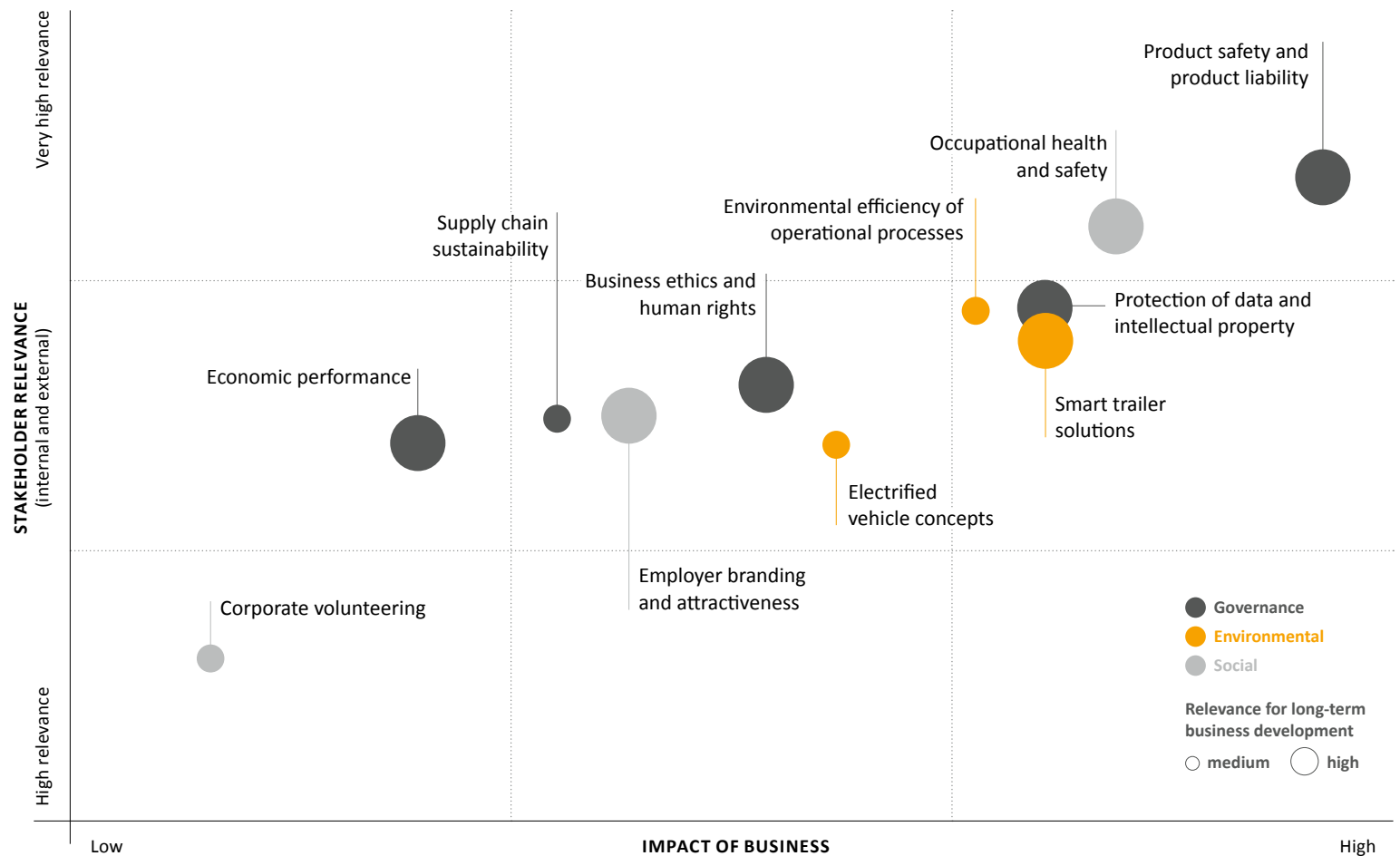
11 MAJOR SUSTAINABILITY ISSUES

In an internal workshop, individual sustainability issues were grouped and, in some cases, aggregated under one heading. This reduced the number of topics from 19 to 11, without narrowing the overall spectrum.

22 GRI SPECIFIC TOPICS

The eleven material topics identified were assigned to the topic-specific GRI standards. They were used as the basis for reporting.

MATERIALITY MATRIX



SAF-HOLLAND'S MATERIALITY ISSUES AND VALUE CHAIN

GRI 102-47

ASPECT	MATERIALITY ISSUE	GRI GUIDELINE TOPICS	SUPPLY CHAIN	OPERATION	PRODUCT	SOCIETY
GOVERNANCE	Economic performance	Economic performance	✓	✓	✓	✓
	Business ethics and human rights	Anti-corruption, anti-competitive behavior, human rights assessment, diversity and equal opportunity, non-discrimination	✓	✓		✓
	Protection of data and intellectual property	Customer privacy		✓	✓	
	Product safety and product liability	Customer health and safety		✓	✓	✓
	Supply chain sustainability	Procurement practices, supplier environmental assessment, child labor, forced or compulsory labor, supplier social assessment	✓	✓	✓	✓
ENVIRONMENTAL	Environmental efficiency of operational processes	Energy, water and effluents, emissions, waste	✓	✓		✓
	Electrified vehicle concepts	No GRI standard			✓	
	Smart trailer solutions	No GRI standard			✓	
SOCIAL	Employer branding and attractiveness	Employment, training and education, freedom of association and collective bargaining			✓	✓
	Occupational health and safety	Occupational health and safety	✓	✓		✓
	Corporate volunteering	Local communities				✓

CORPORATE GOVERNANCE AND COMPLIANCE

GRI 102-18

SAF-HOLLAND S.A. is a company governed by Luxembourg law. Therefore, the management and control of the company deviate from the organizational structure of a German stock corporation. Whereas German corporate law provides for a two-tier structure consisting of a Management Board and Supervisory Board, a Société Anonyme's management structure is based on the one-tier model of the Anglo-American board system.

As a Luxembourg-based Société Anonyme (S.A.) listed solely in Germany, SAF-HOLLAND is not subject to the corporate governance standards in either Luxembourg or Germany. Nevertheless, the Board of Directors and the Group Management Board are committed to responsible and transparent corporate governance, business integrity, sustainability and ethical values. SAF-HOLLAND has therefore chosen to follow the recommendations and suggestions of the German Corporate Governance Codex on a voluntary basis, to the extent that this is compatible with the corporate laws in Luxembourg and the company's one-tier structure. Our Declaration of Conformity with the German Corporate Governance Codex can be viewed online at <https://corporate.safholland.com/de/unternehmen/ueber-uns/corporate-governance/corporate-governance>.

In the reporting year, preparations were made to reorganize the company as a European Company (Societas Europaea, SE) and to move its registered offices to Germany thereafter. The company views the form of an SE as being particularly suitable to underscore its international orientation. By relocating the headquarters to Germany, it is intended to combine corporate management with the operative functions of the SAF-HOLLAND Group. The relocation should reduce the complexity of the organizational structure of the Group and the associated costs. In addition, the system of corporate governance should be changed from a single-tier to a dualistic or two-tier system, consisting of the Management Board, which acts as the executive, and the Supervisory Board, which is charged with oversight. In the process, the governance structure will be adjusted to match the actual organizational structure of the SAF-HOLLAND Group.

Further information on the corporate governance of SAF-HOLLAND can be found in the 2019 Annual Report.

SUSTAINABILITY AND THE ROLE OF THE BOARD OF DIRECTORS (BOD) AT SAF-HOLLAND

✓ | In light of the growing awareness of investors of sustainability, it is expected that the Board of Directors (BoD) actively addresses the issue of sustainability and provides evidence that it has a solid understanding of sustainability risks. The goal is to identify, measure and publish Environmental, Social and Governance (ESG) risks to provide stakeholders with the information on how SAF-HOLLAND integrates sustainability in its business strategy, risk management and day-to-day operations. At the same time, the Board is faced with the challenge of assessing competitive threats and disruptive market trends, which include ecological and social concerns. In this regard, the needs of a broad universe of stakeholders are considered and their expectations are reflected in the strategic alignment. Correspondingly, the BoD regularly considers issues related to governance, environment, occupational health and safety as well as social concerns. This robust integration of ESG risks allows the Group Management Board and BoD to assess all resource requirements and allocate capital more effectively. Further information can be found in the report of the Board of Directors in the 2019 Annual Report. |

GOVERNANCE: SUSTAINABILITY IN THE DRIVING SEAT



¹Special Committees are set up on demand, depending on business requirements.

²Number of experts in the BoD (expertise 75% or above based on self-assessment).

COMPLIANCE ORGANIZATION AT SAF-HOLLAND GROUP

COMPLIANCE & LEGAL AFFAIRS

The Compliance & Legal Affairs department serves as the central point of contact for compliance issues. The objective of the Compliance department is to establish and constantly improve prevention measures within the business processes and to identify and clarify any potential infringements of our Code of Conduct at an early stage.

BOARD OF DIRECTORS

The Board of Directors is responsible for compliance with the law and the company's policies and seeks the same level of compliance from the subsidiaries. For this reason, the Audit Committee of the BoD regularly addresses the compliance organization as well as its effectiveness and development. The committee is staffed by members of the BoD and is headed by a financial expert. The Compliance department and the CFO report to the Audit Committee at regular intervals on the progress and plans in the field of compliance.

COMPLIANCE COMMITTEE

The Compliance Committee is responsible for clarifying any indications of potential compliance infringements. The committee consists of permanent members, as well as internal guest members who are invited for specific cases. Representatives from the following departments are standing members on the committee: Compliance & Legal Affairs, Human Resources and Corporate Audit Services. Depending on the nature and extent of the matter, the Compliance Committee can involve additional departments as guests if they think the circumstances require it. In the event of serious and urgent cases, the CFO can also be drawn on.

CORPORATE AUDIT SERVICES

The Corporate Audit Services department conducts regular audits to review the structure and effectiveness of compliance measures.

COMPLIANCE CULTURE AND OBJECTIVES

GRI 102-16

✓ | SAF-HOLLAND places great importance on all of its employees and business partners aligning their behavior with the company's values and that they comply with the Code of Conduct and applicable laws. Compliance is the task of each employee, all managers and the directors. The objective of SAF-HOLLAND is to have employees and processes in place that identify compliance risks in good time and thus avoid any infringements. Apart from the mere implementation of rules and processes, it is more important to have a living compliance culture instilled in the workforce to encourage them to behave accordingly. To underscore these objectives, SAF-HOLLAND has laid down its position on the legal requirements in its globally valid Code of Conduct, which expresses its expectations as an employer and the benchmark for the conduct expected in business. Together with the values of SAF-HOLLAND, this constitutes a foundation for the business success of the Group as a whole. |

CODE OF CONDUCT

GRI 205-3, 206/103, 307/103, 405/103, 406/103, 408/103, 409/103, 412/103, 416-2

✓ | The Code of Conduct provides all employees and business partners with a guideline to ensure they remain within the law and behave in keeping with our values. The Code of Conduct applies to all employees worldwide and to all regions and departments of the SAF-HOLLAND Group. If all actors behave in line with the terms of the Code of Conduct, this will contribute to avoiding a loss of reputation and the potential risk to the Group's ability to continue as a going concern. Moreover, complying with our Code of Conduct fosters appreciation, acceptance and trust from our customers, investors and suppliers.

We performed the first extensive revision of our Code of Conduct since it was established in 2013 and brought it up to date. The goal was to bring the Code of Conduct into line with amended laws and regulations and, in doing so, take due account of our global engagement. Our Code of Conduct

extends to the obligation to comply with fair trade and cartel law, insider trading law, the protection of confidential information and intellectual property, product safety and quality, health, safety and environment, data protection and other elements, such as observing human rights, equal opportunity, transparency and an unambiguous attitude towards discrimination, bribery and corruption.

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

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

TRAINING ON COMPLIANCE ISSUES

✓ | SAF-HOLLAND conducts systematic training on compliance issues. Comprehensive training modules were developed in the reporting year to make the workforce more aware of the contents of the Code of Conduct. The training was provided to a wide section of the workforce via the learning management system. The training program was assigned to 1,256 employees at the German locations. Of this total, 609 employees completed the module “What does compliance mean?” and 604 employees the module “Signing policy”. New employees are instructed extensively on compliance issues during the onboarding process and issued a written copy of the Code of Conduct. In the following year, an expansion of the training activities at other international locations in additional languages is planned. |

GRIEVANCE MECHANISM AND WHISTLEBLOWER SYSTEM

GRI 102-17

✓ | In 2018, we installed an electronic whistleblower system that gives every employee and external third parties the opportunity to anonymously report any violations of the law within the company, or by the company. The Compliance & Legal Affairs department immediately reviews all reports that are received. The Compliance Committee then examines the specifics of the case and processes it accordingly.

The whistleblower system can be found on our website at <https://corporate.safholland.com/en/sustainability/corporate-governance-compliance/report-compliance-incidents> in the languages of German, English and Chinese. |

ANTI-CORRUPTION/-BRIBERY

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

✓ | In the final instance, our most compelling argument is the quality of our products and services. This is the reason why our business partners decide to enter into a business relationship with us from day to day. Granting any individual employees and representatives of other companies an inducement to choose us over the competition independently of the quality of our products and services would be a breach of fair trade principles and damage the trust of our business partners in the SAF-HOLLAND Group.

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

Moreover, SAF-HOLLAND is a signatory to the UN Global Compact and acknowledges the universal principles on the prevention of corruption.

For reasons of transparency and as a preventive measure, inducements must be disclosed in certain cases. All of our managers are trained at regular intervals and on an ad hoc basis on the “Guideline on Gifts and Invitations” via our internal communication channels. This occurs at least once annually. In the reporting year, we thoroughly revised the guideline and the training modules to raise the awareness of the workforce. The training program was assigned to 1,256 employees at the German locations. Of this total, 608 employees successfully completed the “Corruption” module and 623 employees the “Gifts and inducements” module. |

DATA PROTECTION AND DATA SECURITY

GRI 418/103, 418-1

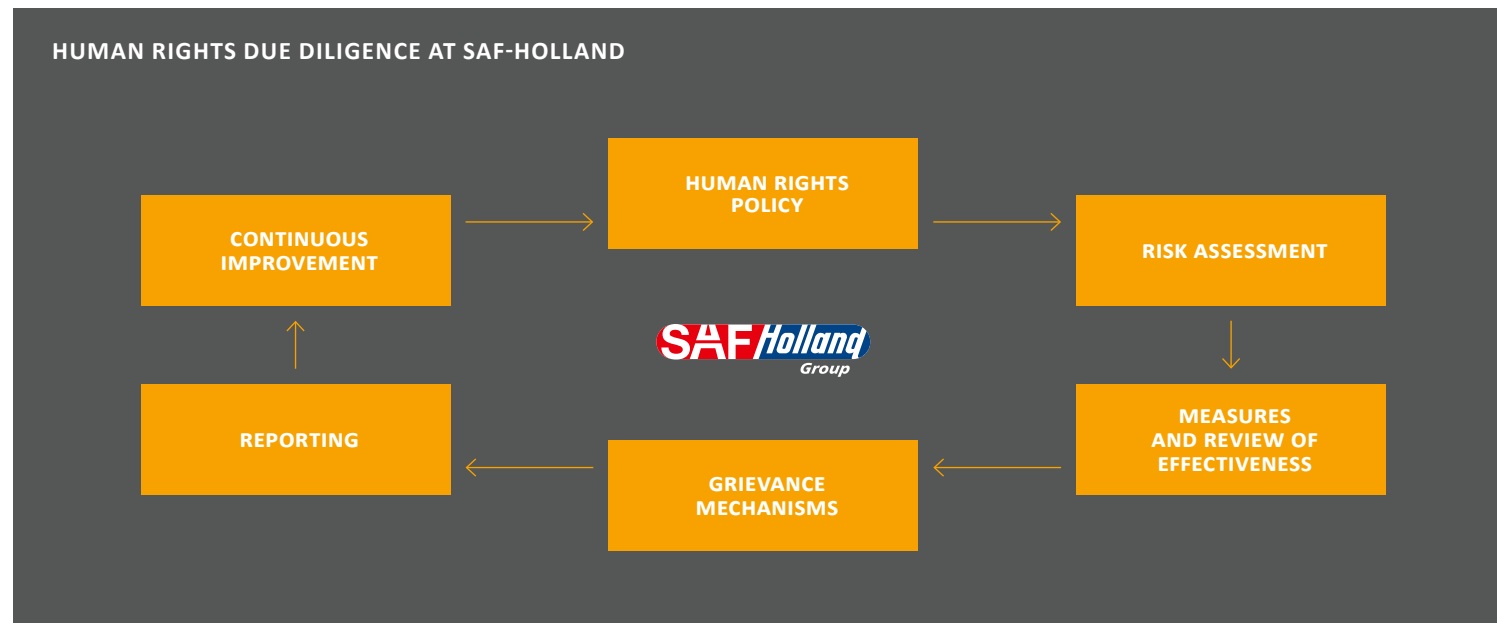
The highest standards for data protection and data security secure the long-term trust of our stakeholders. In all of the regions we operate, we endeavor to meet the most stringent requirements to offer our customers data security and protection. By integrating the “Compliance and Data Protection” management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

The overall responsibility for data protection and data security, as well as compliance with the legal requirements arising from the European General Data Protection Regulation (EU GDPR), lies with the Group Management Board. A Data Protection Officer supports the board on implementing any data protection requirements. This officer is assigned to the Internal Audit department and reports directly to the CFO on all relevant aspects. The Data Protection Officer draws up a closing report each year that records the nature and scope of the activities and any particular incidents. In future, we are planning to establish data protection reporting, initially in Germany, in order to structure data protection processes more effectively across departmental borders. Furthermore, the Data Protection Officer participates in the quality audits of the German locations in order to optimize the related measures.

New employees and business partners are obliged to comply with the legal requirements arising from the EU GDPR by means of supplementary contractual agreements. In 2019, one focus of data protection activities was placed on intensifying the training of employees at our European subsidiaries and sales companies. The number of German employees who were trained in data protection via the Learning Management System was raised from 368 employees in the previous year to 632 in the reporting year. At the remaining European locations, we provide annual training specifically to those employees who are involved in the processing of personal data.

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

In the 2019 financial year, SAF-HOLLAND was not aware of any cases of data leaks, data theft or loss of customer data nor were any complaints received in this regard. In the EMEA region, there were two cases, which resulted in a threat to data security. However, in both cases, the corresponding countermeasures avoided any loss of data.



RESPECT FOR HUMAN RIGHTS

GRI 102-12, 303-1, 412/103

✓ | The SAF-HOLLAND Group is committed to respecting human rights based on the United Nations Guiding Principles on Business and Human Rights (UNGPs). These principles demand that we systematically identify the impact of our own business activity on human rights and avoid, mitigate or, if required, remediate any negative consequences of our business activity. We are committed to complying with the various national action plans and laws enshrining human rights, in particular the “National Action Plan (NAP) for Business and Human Rights”. Moreover, SAF-HOLLAND is a signatory to the UN Global Compact and acknowledges the universal principles on human rights. SAF-HOLLAND acknowledges the right to clean water as a human right and pays particular attention to protecting water as a resource (see sections “Environmental efficiency of operational processes” ☞ page 50 and “Social commitment” ☞ page 61). |

HUMAN RIGHTS POLICY

GRI 102-16, 412/103

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

STATEMENT ON MODERN SLAVERY AND HUMAN TRAFFICKING

GRI 409/103

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

RISK ASSESSMENT

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

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

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

MEASURES AND REVIEW OF EFFECTIVENESS

GRI 412-2

✓ | We would like to raise the awareness of all employees of the contents of our Code of Conduct. For this reason, training to instill an actively lived compliance culture within the organization is of critical significance. After the ratification of our first Human Rights Policy and the revised Code of Conduct in the reporting year, training sessions were developed that are obligatory for all employees. We will continue the work we have begun to foster respect of human rights throughout our entire organization and to further anchor this in the company.

GRIEVANCE MECHANISMS

GRI 406-1

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

REPORTING

GRI 102-52

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

During the reporting period, SAF-HOLLAND was not made aware of any violations of human rights due to its own business activities.

SUPPLY CHAIN

MANAGEMENT APPROACH

GRI 102-9, 204/103, 308/103, 308-1, 403-7, 414/103, 414-1

✓ | For SAF-HOLLAND, compliance with sustainability standards across the entire supply chain is a fundamental element of value-added and, at the same time, an important lever in minimizing risks. With the goal of improving transparency and harmonizing current processes, SAF-HOLLAND centralized its purchasing function in the reporting year by establishing the position of Senior Vice President Global Sourcing.

As part of the qualification process for new suppliers, new suppliers must pass a review process, which consists primarily of a checklist. We added a number of CSR-related questions to the checklist during the reporting year and considered human rights impacts. In all regions, new suppliers are reviewed on the basis of these CSR criteria. This includes environmental issues (CO₂ emissions and energy consumption), social issues (occupational health and safety, employee development and a ban on child labor) as well as issues related to compliance and corporate governance. All new suppliers are audited on-site by our internal quality department. The CSR-related criteria are integral components of the supplier audits in all the regions we operate.

Clear rules and processes apply to our suppliers and business partners, also in terms of compliance. The same standards that apply to our own employees also apply to the employees of subcontractors. We expect our business partners to align themselves with the principles of our Code of Conduct and act within the law.

In the year 2019, 56 suppliers of production materials were audited. No infringements of the principles anchored in our Code of Conduct were revealed within the supply chain, also in terms of any negative impact for the environment, the use of forced labor or child labor and the right to freedom of association and collective bargaining.

In the reporting year, the CSR Council comprehensively addressed the issue of sustainability in the supply chain and reached a consensus to communicate the revised Code of Conduct to all of our suppliers. In addition, the relevant CSR criteria will be incorporated in an extended sustainability checklist for disclosures by suppliers. Buyers and auditors will also be made more aware of the issues. |

PROTECTING HUMAN RIGHTS IN THE SUPPLY CHAIN OF SAF-HOLLAND

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

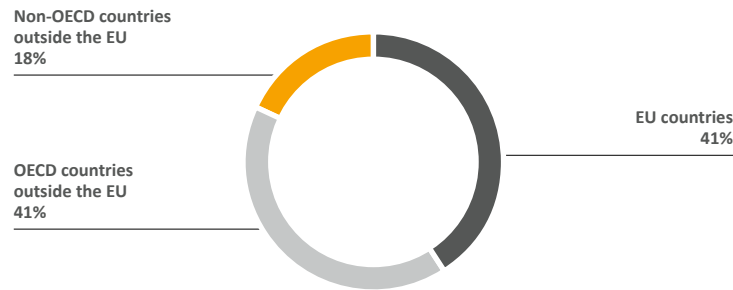
✓ | In our Human Rights Policy, issued in September 2019, we expect our suppliers and business partners to also comply with our human rights standards. We endeavor to improve the identification of any risks to human rights in our supply chain management. In this context, we have started work on restructuring our pool of suppliers. After selecting suppliers of production material, they will then be categorized using a risk-based approach. At this stage, those future suppliers who operate in potentially high-risk countries, supply a high volume of goods or services, products that cannot be substituted or which have a potential for creating shared added value for innovation and sustainability should be identified. We have initially commenced with identifying risks to human rights based on the location of our suppliers, with the “Global Slavery Index” serving as our point of reference.

We will continue to work on improving our processes to identify risks to human rights in our supply chain based on the purchasing category and purchasing market. To this end, we will conduct a gap analysis of our current processes in order to determine any potential for improvement for management and to reduce risks to human rights emanating from SAF-HOLLAND. This includes all forms of modern slavery. In addition, we intend to develop a training module on human rights and modern slavery for the relevant employees in the Purchasing and Quality management departments. |

SOURCING GOODS AND SERVICES

SAF-HOLLAND has a strong network of 4,014 suppliers in 44 countries. The total volume of purchased goods and services came to EUR 1.0 billion in the reporting year. Of this total, 41 percent of the purchased goods and services originated from suppliers domiciled in member states of the EU and 41 percent from suppliers domiciled in OECD countries outside the EU. The remaining 18 percent originated from suppliers domiciled in countries in non-OECD countries outside the EU.

Overview of countries from which SAF-HOLLAND procures



Number of suppliers in the regions

	2019
EMEA	1,556
Americas	1,660
APAC	400
China	398

CLIMATE STRATEGY AND CO₂ MANAGEMENT

In order to design a climate strategy, the relevant environmental impacts of entrepreneurial activity must first be understood in detail. The aim is to determine hotspots in the various levels of the product life cycle in order to derive technical measures for reducing greenhouse gas emissions. In the following section, the environmental impact is analyzed and the relevant Scope 1 and Scope 2 emissions are considered. Measures to compensate for CO₂ emissions as well information on climate-related risks are also shown.

ENVIRONMENTAL IMPACT ASSESSMENT/ LIFE CYCLE ASSESSMENT

GRI 305/103

✓ | In a comprehensive life cycle assessment, SAF-HOLLAND examined all the environmental impacts of a three-axle unit using the “Intradrum S9-4218” product as an example. This involves modelling all of the phases of the product life cycle from the extraction of the raw materials through to the manufacturing and use of the product in its operating phase and final scrapping using the SimaPro v7.3.3 accounting software. In the course of the life cycle assessment, focus was placed on the following issues:

- Recognizing environmental impacts
- Identifying the levers to make potential improvements
- Creating a foundation for internal and external communication

When analyzing the operational performance of the product, three complete axle assemblies and suspensions were modelled. As a result, a complete three-axle unit used in a typical trailer of a 40-ton semi-trailer was analyzed. Because the axle unit is designed for a whole range of uses, three different scenarios were considered:

- The trailer is primarily used for long-distance freight haulage with a mileage of 120,000 km per year (standard scenario)
- The trailer is primarily used for long-distance freight haulage with mileage of 300,000 km per year

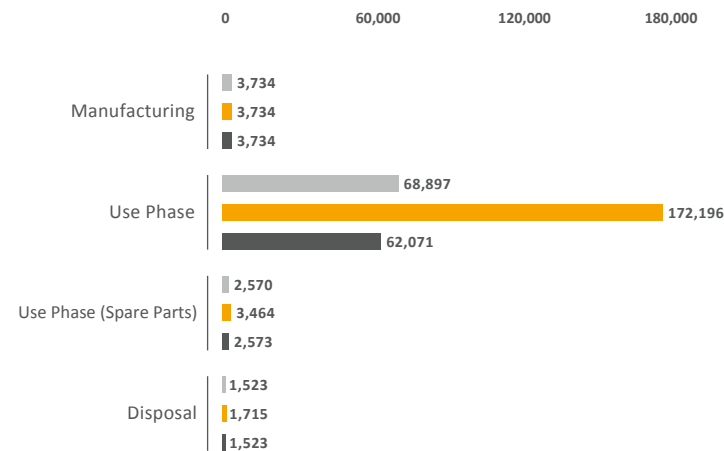


- The trailer is used for construction works with a mileage of 80,000 km per year. In this scenario, it is assumed that fuel consumption is higher and wear and tear greater

Impact assessment was based on two methods: The ReCiPe method (ReCiPe 2008, v 1.06) was chosen to ensure a holistic view of environmental aspects, as required in DIN EN ISO 14040 for life cycle assessment studies. The carbon footprint, which is also considered, is modelled according to a methodology published in the 2007 Intergovernmental Panel on Climate Change (IPCC) report, which is particularly widespread in the automotive and transport industries. The ratio between the environmental impacts over the individual phases of the product’s life cycle is of central importance. These are presented in the chart below.

Environmental Impact Assessment

in kg CO₂ equivalents



- Long-distance traffic with a mileage of 120,000 kilometers per year (standard scenario)
- Long-distance traffic with a mileage of 300,000 kilometers per year
- Construction site operations with a mileage of 80,000 kilometers per year

The operations phase is therefore the dominant phase of the life cycle in all three scenarios. It has an environmental impact of up to eighteen times higher than the manufacturing phase in the standard scenario (IPCC 2007). The calculation also showed that 52 percent of the environmental impact in the operations phase is due to the production of diesel fuel. Together with 43 percent of the total environmental impact generated due to the combustion of diesel fuel, the environmental impact allocated to the product system during truck operation results in sum of 95 percent. The remaining 5 percent of the environmental impact in the operating phase is due to the process of providing and disposing of the required spare parts.

The determining factor for the environmental impact of the product system is therefore the consumption of diesel in the operating phase. The production processes of these fossil fuels and their combustion are the dominant factors in the environmental impact.

Although the ratios of the environmental impacts shift minimally between the various phases of the life cycle and the absolute figures of the environmental impact rise with greater mileage – the most significant parameter across all operating scenarios remains the parameter of mass.

An optimization of the environmental impact can therefore be achieved by reducing the share of fuel consumption that is attributable to the axle unit. This can be best achieved by weight reduction or, to a lesser extent, by reducing friction in the bearings. The following section provides a summary of the continuous efforts made within the SAF-HOLLAND product universe to realize weight savings. |

GREENHOUSE GASES

GRI 305/103

✔ | Group-wide we measure our emissions on the basis of the internationally recognized Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. This standard makes a distinction between three emissions categories (Scopes 1, 2 and 3). Direct airborne emissions (Scope 1) are generated by our locations by burning fossil fuels, primarily natural gas. Indirect emissions (Scope 2) are all the emissions associated with purchased energy (e.g., electricity). Section “Environmental efficiency of operational processes” provides a detailed overview of energy consumption (👉 page 50). Other indirect emissions (Scope 3) arise in association with



our business during upstream or downstream processes, primarily in the use of our products (see above).

The direct emissions generated by our own facilities (Scope 1) are measured at all production locations. The calculation of emissions is based on the material parameters of the fuels we use. In addition to CO₂, the calculation also considers laughing gas (N₂O), methane and fluorinated greenhouse gases.

We calculate our Scope 2 emissions with the help of the location-based method. For this purpose, we draw on the country-specific emission factors from the ecoinvent 3.6 database. To further reduce Scope 2 emissions, sourcing power from renewable sources was thoroughly analyzed and assessed at the Bessenbach plant during the reporting year. In future, we plan to capture Scope 3 emissions in the categories that are relevant for SAF-HOLLAND. |

GRI 305-1, 305-2

Greenhouse gas emissions

Tons of CO ₂ equivalents	EMEA	Americas	APAC	China	Total
Direct greenhouse gas emissions	3,803	12,281	72	128	16,284
Indirect greenhouse gas emissions according to the location-based method (GHG Protocol)	9,594	17,916	1,348	1,837	30,695
Total greenhouse gas emissions (Scope 1 and 2; GHG Protocol)	13,397	30,197	1,420	1,965	46,980

OFFSETTING CO₂ EMISSIONS

GRI 305-5

In order to contribute to the global reduction in greenhouse gases beyond optimizing our own business activities, we offset CO₂ emissions by planting trees on the Yucatán peninsula in Mexico in cooperation with the “Plant-for-the-Planet” initiative. In total, SAF-HOLLAND has already planted 104,000 trees.

Due to the long-term support given to this project, 1,040 tons of CO₂ can be drawn down from the atmosphere each year. This calculation is based on the assumption that a tree with a life of 20 years absorbs on average 10 kilograms of CO₂ each year (source: doi:10.1038/nature16512). Based on the Group-wide greenhouse gas emissions of 46,980 tons (Scope 1 and 2), this means that 2 percent of SAF-HOLLAND's total greenhouse gas emissions (Scope 1 and 2) can be offset in this way.

ANALYSIS OF CLIMATE-RELATED RISKS FOR THE BUSINESS MODEL OF SAF-HOLLAND

GRI 201/103

RISK MANAGEMENT AND STRATEGIC PLANNING

✓ | SAF-HOLLAND acknowledges the challenges posed by climate change and takes a proactive approach in its response. In light of the growing significance of the impact of climate change, we will strive in the coming years to systematically identify, analyze and assess the associated risks along the entire value chain. This ensures that we make a comprehensive assessment of these risks and are able to initiate countermeasures to handle and control the corresponding risks.

Risks are identified by constant monitoring of the business processes and the immediate business environment. During the analytical phase, the direct implications for the company are systematically assessed to gain an understanding of the way the risks affect it. During the final assessment the exposure associated with the risk is identified and put into relation with the associated likelihood of occurrence. SAF-HOLLAND observes a time horizon that appears suitable for the respective risk. Any risks that have been identified are then subject to risk management and risk controlling. A decision is made as to whether the occurrence of the risk can be prevented by taking suitable action, or by transferring the risk to third parties, or whether the risk must be borne by the company. The corresponding measures are then carried out and controlled accordingly.

A quantitative assessment of risks at SAF-HOLLAND allows them to be considered in future business activities and in the strategic alignment. The measures taken include passive, technical measures to adjust to climate change but also behavioral or structural changes and insuring against any remaining risks posed by climate change. |



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

✓ | The physical risks of climate change are seen as general natural hazards such as flood, storm, hail, heat damage or forest fires. The fact that the frequency and intensity of extreme weather events will increase due to global warming is substantiated by climate models and the corresponding data from the International Energy Agency (IEA) and risk-based studies from major reinsurers.

Suppliers of critical parts are already identified and subject to a risk assessment by the Strategic Purchasing department. However, in future it is also planned to mitigate the increase in risk exposure due to (local) climate changes by keeping higher stocks or specifying alternative supply channels in order to keep supplies stable. The risk of disruption to processes caused by extreme weather incidents, such as business interruption or a delay in supplies as well as the chain reaction caused by supply bottlenecks, can be countered by our multi-sourcing strategy. |

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

✓ | When assessing its own production facilities, SAF-HOLLAND perceives the main risks associated with the increasing frequency and intensity of extreme weather events to result in an interruption to production, a delay in supplies or a loss of suppliers. It can be expected that there will be a greater frequency of damage done to the cladding of a building and interior rooms during heat waves, which could also affect the working environment for our employees.

In response, SAF-HOLLAND will make a systematic assessment of climate risks for each location in order to identify and suitably assess such risks. The question of which strategic, technological or organizational strategies must be pursued by SAF-HOLLAND to mitigate such risks must be decided in advance and realized in operational measures to counter any such risk directly affecting our plants as effectively as possible. The same applies to all aspects of our logistics network. |

TRANSITIONAL RISKS OF CLIMATE CHANGE

✓ | Transitional risks of climate change relate to the changes in the legislative environment such as changes to national or transnational legal frameworks and more stringent environmental thresholds. This also includes higher prices for CO₂ emissions. Relying on its membership of various industry associations, networks and working groups, SAF-HOLLAND attempts to obtain information at a very early stage and to recognize any signs of change (see “Memberships in Associations and Initiatives” ➤ page 48). By deriving a tailored reaction from this information, SAF-HOLLAND is able to keep the cost and price-related transitional risks of climate change low and provide the relevant institutional investors with important signals pertaining to the risks. |

FROM TRANSITIONAL RISKS TO TRANSITIONAL OPPORTUNITIES

✓ | Actually, SAF-HOLLAND anticipates not only an increase in certain risks, which need to be mitigated on the basis of the associated findings, but rather new business opportunities. For SAF-HOLLAND the current discussion on climate-related risks creates an opportunity to further systematize its operative risk management, revise it accordingly and thus make it more transparent for external third parties.

Likewise, we endeavor to obtain more supplier-side information to ensure more reliability in the supply of our production materials. In addition, the product-rating criteria propagated as a response to climate change, such as weight savings due to lightweight construction concepts and the ensuing fuel efficiency during operation, as well as digitization and electrification, offer additional market opportunities from which we could heavily profit in future. The following section on “Product innovations for the safe and efficient transport of goods” addresses this aspect in more detail. |



PRODUCT INNOVATIONS FOR THE SAFE AND EFFICIENT TRANSPORT OF GOODS

The entire mobility sector is in the middle of a transformation. Public discussions and regulatory requirements play as much of a role in this transformation as changes in attitudes to mobility, government subsidies and the progress made with digitization. All of these changes are particularly evident in the passenger car sector. However, the transport sector is also seeing similar developments. In particular, alternative drive and vehicle concepts (e.g., long trucks) are gaining more attention in the public eye as, in addition to their potential to reduce carbon emissions, they also offer economic benefits for our customers and the entire transport sector.

The transport sector is particularly reliant on functioning infrastructure for alternative drives. It is still vital that investments in new technologies must amortize themselves for logistics providers in the medium-term. As a long-standing partner of the truck and trailer industry, we are familiar with the conditions required for a product to be successfully launched on the market. This knowledge allows us to support our customers during the transition to new drive concepts (e.g., regenerative braking for trailers, converting the kinetic energy into electrical energy that can be stored in batteries) and digital product families.

We have established a “Digital Team” for precisely this purpose. Its remit is to bring forward databased product innovations and applications. In close dialog with customers, sales and development centers, the team ensures that the market potential of digital applications is perceived correctly and that the products are adequately tailored to the needs of users. Another step in this direction is being taken at headquarters in Bessenbach: In order to extend our lead over the market in the field of combining mechanical and digital components, there are plans to establish a competence center for trailer axle technologies there.

In 2019, we invested 2.0 percent (previous year: 1.8 percent) of our revenue in research and development. In absolute figures expenditure came to EUR 25.7 million, in other words 7.7 percent higher than in the previous year (EUR 23.9 million in 2018). At the end of the financial year, the Group employed 177 people (previous year: 199) in the areas of R&D, design and testing.



To ensure that we develop new products in line with market needs in future, we are currently revising our innovation management. In this way, we can guarantee that mega trends and the associated opportunities and risks to our business model are identified at an early stage and considered in our product strategy. In addition, innovation management will analyze market requirements and customer needs more intensively. It has also been assigned the task of identifying promising new fields of innovation for our group of companies based on its findings.

THE CONTRIBUTION OF THE PRODUCT UNIVERSE TO ENHANCED FUEL EFFICIENCY

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

✓ | In many countries, the industrial sector is confronted by the expectation placed upon it to make a contribution to reducing greenhouse gases. This has led, for example, to the European Union issuing specific laws and regulations, such as the pricing of CO₂ emission allowances. Moreover, in some sectors, and this includes the transport sector, additional limits have been set in the interests of climate protection. Such measures put pressure on the entire economy to come up with new innovations.

In the interests of its stakeholders, SAF-HOLLAND is committed to making a contribution to reducing CO₂ emissions. Individual solutions for the various applications enable our customers to operate their fleets as efficiently as possible. Although we cannot have any direct impact on the efficiency of the internal combustion engines used, as a supplier for chassis-related assemblies and truck and bus components, we can offer support in four specific areas:

We generate the greatest effect with our lightweight constructions that optimize the load that can be carried by the vehicle. We constantly refine our products with a view to weight reduction and longevity. For example, since 2019 we have offered our premium axle, SAF INTRADISC plus INTEGRAL in a lighter version. Offering the same performance and longevity, we have managed to save eight kilograms in weight. Also in the segment of fifth

wheels, we have been able to engineer lighter solutions using the right materials and designs. For instance, we have realized weight-savings of 90 kilograms in our FWAL-E model in combination with the “Weightsaver mounting system”.

We also contribute to a reduction in CO₂ emissions using technical solutions. This begins with, for example, our “SAF TIRE PILOT” tire inflation system. This system keeps the tire pressure constantly within its optimal range, which reduces roll resistance and consequently fuel consumption. As the system maintains tire pressure even in cases of puncture damage, it is not necessary to carry a spare tire anymore. This can lead to additional weight savings of up to 160 kilograms.

One step further in this direction is our electric trailer axle in the TRAK product family. SAF TRAKr and SAF TRAKe function as generators during vehicle braking to recover the kinetic energy. The power generated in this way can be used to charge batteries and electrical devices, such as cooling units. In May 2019, SAF-HOLLAND signed a strategic partnership with LOHR Industrie S.A., the global leader in the car-transporter market, for electric trailer axles. The jointly developed electric trailer axle AXle Electric Assist Lohr (AXEAL) works completely independently of the tractor’s main drive, supporting it during acceleration and braking by means of energy recuperation. By providing additional traction assistance, the tractor runs in a more optimal operating range, thereby consuming up to 15 percent less fuel while improving ride comfort.

With digital solutions, we make a contribution to fuel efficiency while on the road, which further reduces CO₂ emissions at fleet level. Our approach consists of intelligently combining mechanical and digital components. At SAF-HOLLAND, such activities are combined under the “SMART STEEL – ENGINEER, BUILT, CONNECT” initiative. For example, we combine tire pressure systems with intelligent air pressure sensors to adjust tire pressures to match the load on the axle. In addition, the driver is given a warning via Bluetooth if the maximum load is exceeded. The SMART Tire Pilot will become available on the American market in the course of 2020. This significantly improves vehicle safety and provides fleet operators with efficiency gains in terms of longer lifetimes, fuel efficiency and time in operation.

The “TrailerMaster” system from our subsidiary Axscend Ltd. provides comprehensive transparency of the data depicting the condition of the trailer. This gives fleet operators real-time operating data such as the GPS position, tour history, condition of the brakes, tire pressure, light functions and load. With this data, the operating hours, loads and maintenance intervals of the trailer can be optimized, which contributes to efficient use of resources at fleet level.

In addition, we would like to accompany the buyers of our SMART STEEL products continuously over the entire lifetime, to ensure that our products are used as efficiently as possible. In this way, the digitization of our products makes an important contribution to greater sustainability in the transport sector.

Finally, we also contribute to the conservation of resources by striving to optimize our products over their entire life cycle. A focus is already placed on longevity and ease of repair during the development phase. The less frequently a product or a component needs to be replaced, the lower its corresponding carbon footprint. |



GUARANTEEING PRODUCT SAFETY AND QUALITY

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

MANAGEMENT APPROACH

✔ | SAF-HOLLAND products promise maximum safety on the road. We have clearly stated this ambition, and it applies to all our products. In order to ensure and further increase our high level of product safety, we set ourselves strict guidelines and ensure these are met, for example, through product conformity tests at external testing institutes to make sure our products fulfill the regulatory and safety-relevant approval requirements. Our high standards and strong commitment go beyond the regulatory standards.

None of our products violated the legal safety standards during the year. We were not issued any warnings or fines and there were no product recalls initiated during the year. |

QUALITY TESTING ALONG THE VALUE CHAIN

✔ | We follow a holistic approach to quality management, and we do this along the entire value chain – from the design, testing and production phases through to the final delivery to the customer. In this way, all product categories are continuously monitored for any potential improvements to our product safety. We also require our suppliers to comply with strict standards and audit them regularly.

Multi-stage quality checks ensure the safety of products even as they go through the development phase. Typical quality checks range from failure mode and effects analyses (FMEA design), virtual FEM (finite element method) simulations and calculations, through to testing applications in the vehicle on test tracks and field trials under real-world conditions.

We are also working on finding a correlation between the calculations in computer-aided engineering (CAE) and experimental testing with real-time continuous load simulations. This involves a global comparison of the field trials to CAE test results. After the start of production, new products are tested in the field over a 12-month monitoring phase.

The safety and quality of our products are controlled during the manufacturing process through our proven quality management system based on internationally recognized norms and standards. As part of our quality management system, we apply specially designed monitoring mechanisms, carry out tests and implement individually adapted measures at each stage of production. |



MEMBERSHIPS IN ASSOCIATIONS AND INITIATIVES

GRI 102-13

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

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

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

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

✓ | Our binding rules and processes that aim to achieve the HSEQ goals are reviewed annually in internal audits and external certifications. Our business activities are covered by certified HSEQ management systems as follows: |

GRI 403-1, 403-8

Certifications according to external standards, in %¹

	2019
Certified according to quality management standards (ISO 9001, IATF 16949)	84
ISO 14001-certified (environment)	77
OHSAS 18001-certified (occupational health and safety)	3
ISO 50001-certified (energy)	33

¹ In % of business activity based on the number of employees.

ENVIRONMENTAL EFFICIENCY OF OPERATIONAL PROCESSES

MANAGEMENT APPROACH

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

✓ | For SAF-HOLLAND, taking precautionary action to protect the environment is a core element of its corporate social responsibility. This involves the efficient and environmentally friendly use of resources along the entire value chain. To this end, we strive to recycle supplies of operating materials and auxiliaries and make the most ecological use of energy as possible. By means of systematic management using integrated and additive technologies, we minimize wastewater, exhaust air, waste heat and general waste in our production processes.

The Chief Operating Officer (COO) is responsible for all precautionary measures undertaken throughout the Group to protect the environment. The Vice President Health, Safety, Environment and Quality is responsible for implementing these measures in operations. At regional level, the managers in charge of operations implement these standards in the day-to-day organization and adapt them to regional circumstances. Local environmental management officers are appointed for each location. They inform the employees about the defined standards and processes and ensure they are implemented locally to reach the targets. In addition, we use our Learning Management System to raise employee awareness of the relevant environmental aspects. In the reporting year, 816 employees were trained in environmental management.

In the year 2019, numerous measures were tested at the Bessenbach location to improve environmental efficiency in operations. For example, to reduce the amount of power consumed in the electrophoretic dip painting plant a special surfactant is used, which is not only more biodegradable but also allows the process to run at a lower temperature. An important contribution to reducing the volume of plastic waste in canteen operations is to use disposable plates made of a regenerative raw material (sugar cane). Moreover, SAF-HOLLAND participates in the “Material Flow Cost Accounting (MFCA) mobile” project that is sponsored by the German Federal Environmental Foundation (*Deutsche Bundesstiftung Umwelt*, DBU). The goal is to optimize the data entry and interpretation of production parameters. In this regard, an app is to be developed with which the operating metrics of machines, material concentrations and stock levels can be recorded



on a mobile end device. This allows individual analysis of production processes from which specific measures to improve efficiency can be derived. Finally, the environmental aspects of the German locations were reassessed and three core areas defined for SAF-HOLLAND. |

ENERGY CONSUMPTION

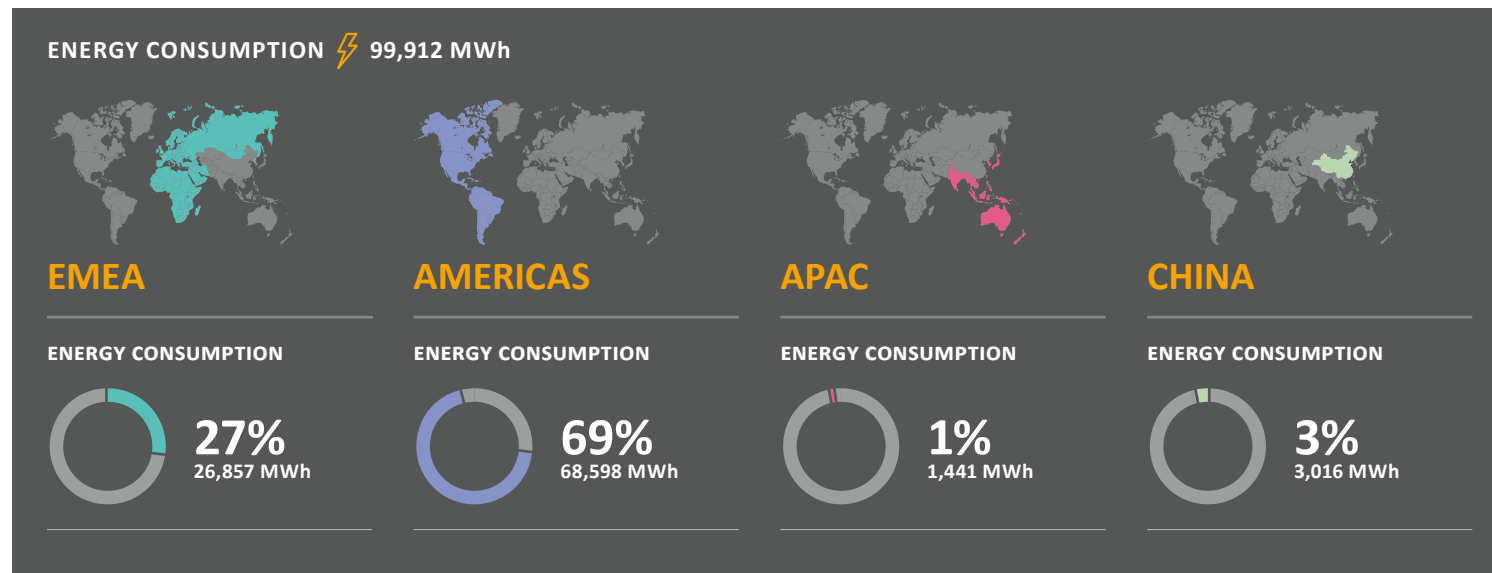
GRI 302-1, 302-4

✓ | Our energy consumption is primarily caused by production. Most power is consumed by the coating process and machinery, ventilation equipment and compressors.

SAF-HOLLAND voluntarily aligns itself with the agreement between the German Federal Government and business associations and organizations on measures to improve energy efficiency. Our locations in Bessenbach, Aschaffenburg and Singen are certified under the energy management standard, DIN EN ISO 50001. A new energy policy came into force at these locations in the reporting year that sets the fixed goal of reducing power consumption relative to production volume by 4 percent by the year 2023 (indexed to 2018). This corresponds to a reduction of 984,532 kWh assuming the same production volume of 222,826 units that were produced in 2018 (axles and internally manufactured parts). In order to counter potential increases in the price of electricity, the possibility of sourcing power from renewable sources was analyzed in depth and assessed at the Bessenbach location.

Full transparency of our materials and energy flows is a key prerequisite for optimizing them. The data on power and gas consumption are collected via a cloud-based energy-monitoring application. This metering concept was expanded in the reporting year to provide a greater depth of detail. Additional areas of focus were sourcing energy-efficient air compressors, installing ventilation equipment with integrated heat recovery and raising the awareness of the workforce. The measures leading to the greatest savings were:

- Installation of LED outdoor lighting: 72,000 kWh
- Efficient air compressors: 46,000 kWh



We train our employees using our Learning Management System. The various mandatory training modules are developed by our Energy Management Officer. The modules must be passed at least once annually. In the reporting year, 609 employees were trained in energy management.

In the year 2019, the total energy consumption of SAF-HOLLAND came to 99,912 MWh. The most important form of energy for the Group as a whole was natural gas, which accounted for a share of 57 percent. Electricity consumption accounted for another 42 percent. Energy consumption was highest in the Americas region. Energy consumption in this region was roughly two-and-a-half times that of the EMEA region, which can be explained by the thermal treatment processes used by a number of locations. |

OTHER SIGNIFICANT DIRECT AIRBORNE EMISSIONS

GRI 305/103

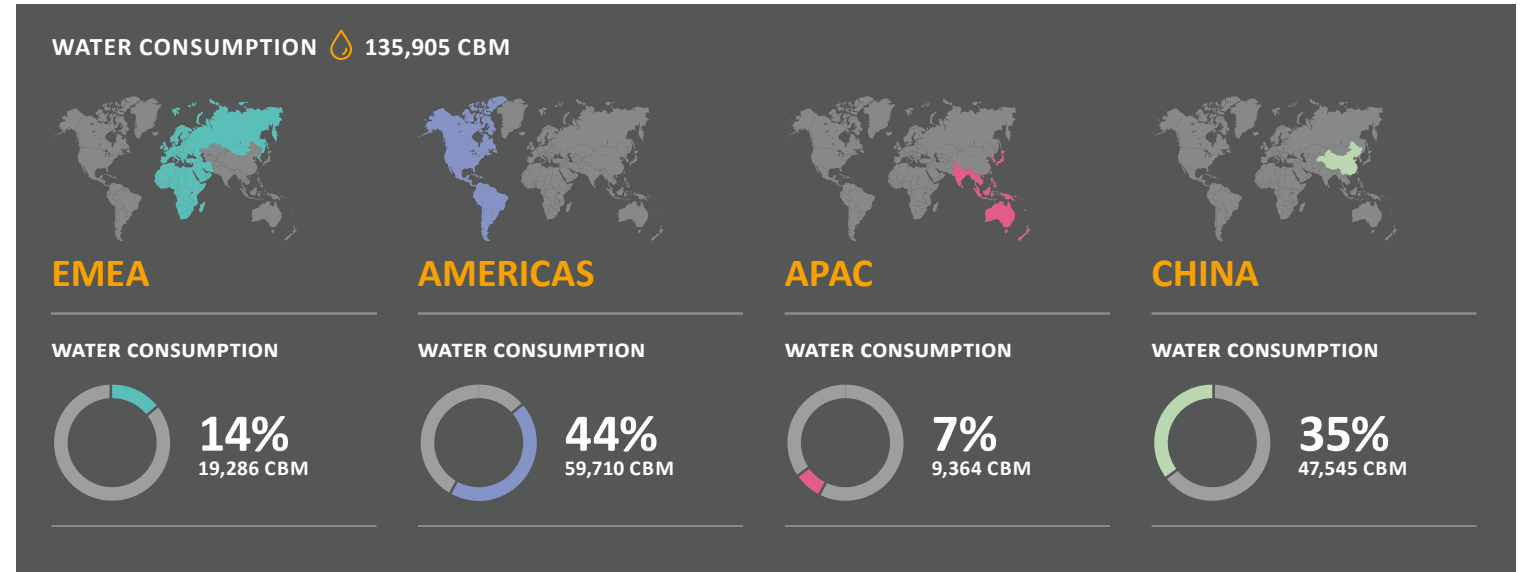
✓ | Apart from greenhouse gases, the business activities of SAF-HOLLAND generate other direct airborne emissions. They result primarily from the combustion of fossil fuels to produce the heat needed for coating processes and to heat buildings.

In the reporting year, other direct airborne emissions were calculated at company level (Scope 1) for the first time. Theecoinvent 3.6 database was used for the calculation. A total of 73 substances were included in the calculation of hazardous air pollutants (HAP). The impact on the environment (emissions) will be assessed in future by environmental management. |

GRI 305-7

Other important direct emissions to air [t/a]

	EMEA	Americas	APAC	China	Total
CO	2.357	5.103	1.235	0.174	8.869
NO _x	4.618	7.466	2.979	0.719	15.782
SO _x	3.639	5.345	2.381	0.051	11.416
PM	0.998	2.625	4.011	0.093	7.727
NMVOC	1.290	2.508	0.239	0.076	4.112
ODS (CFC-11 eq)	0,000375	0,001774	0,000002	0,000011	0,002161
HAP	0,327	0,475	0,270	0,003	1,075



WATER USE AND WITHDRAWAL

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

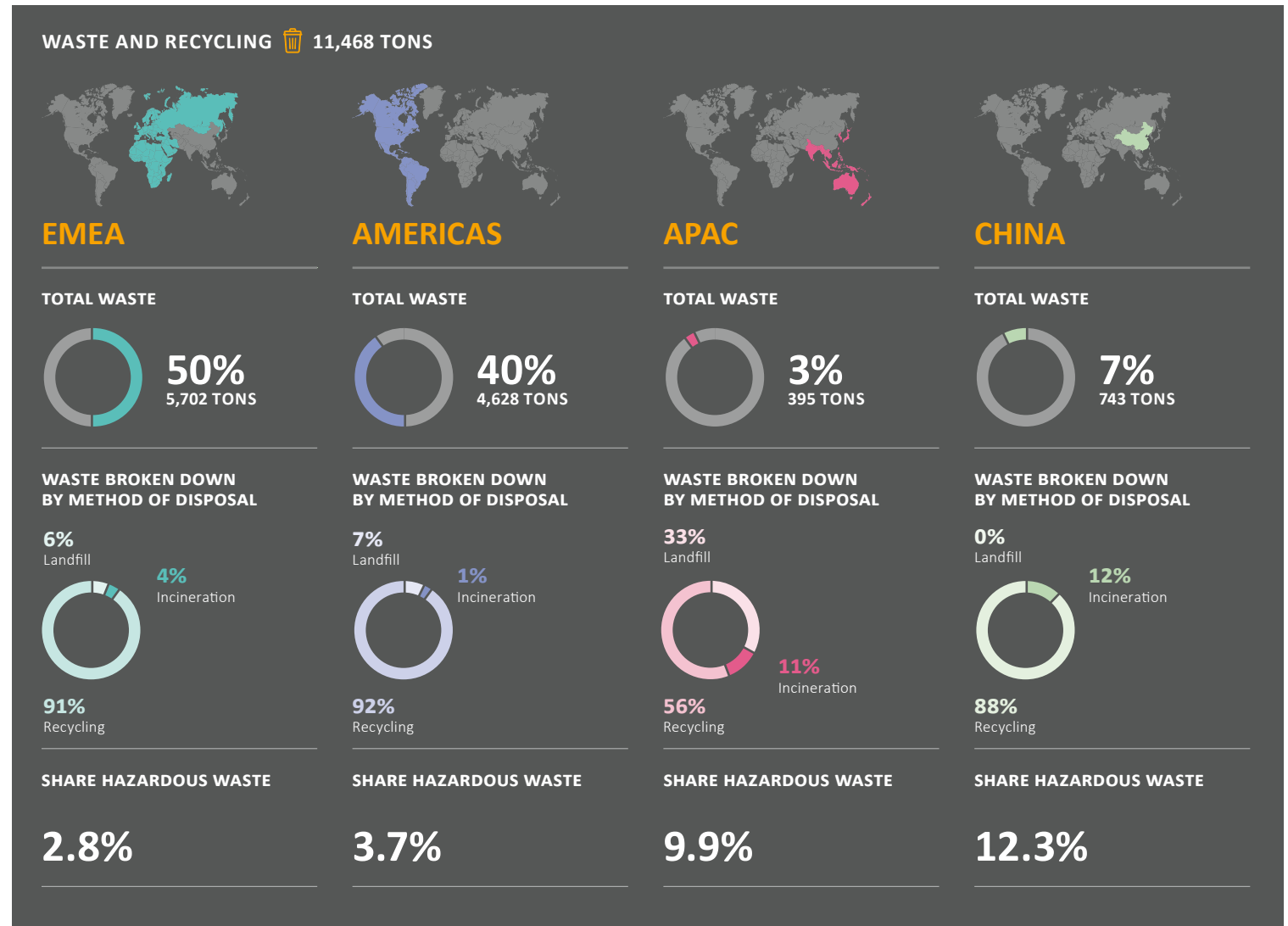
✓ | The manufacturing operations of SAF-HOLLAND generally need little water. Especially the coating processes for our products are the primary factor determining the amount of water consumed in production. At some locations, coating is performed in-house. At other locations, it is outsourced. In addition, water is used for cooling and washing processes.

At all locations, water is drawn from the municipal water supply. Generally, SAF-HOLLAND uses water as a resource conservatively. Where the infrastructure is possible and it is commercially feasible, processes to save and reuse water are implemented. In terms of wastewater treatment, we orient ourselves on the applicable laws of the respective state. Nevertheless, we always treat industrial wastewater in a water treatment plant.

We do not perceive any risks of water scarcity impacting our production at any of our locations. We assess the risk of water becoming scarce due to the volumes we draw as being insignificant.

In the year 2019, SAF-HOLLAND drew 135,905 m³ from municipal water supplies. The APAC and EMEA regions use proportionately the least water. More than a third of the total water was used in the China region. This was attributable to the number of locations that have now discontinued their manufacturing operations. At the new factory in Yangzhou, water-saving processes were considered already at the planning stage. For example, approximately 70 percent of the process water needed in production is fed into water recovery systems. The remaining 30 percent and sewage from sanitary facilities is drained into the sewers of a public water-treatment plant. With these measures, SAF-HOLLAND will significantly reduce its water consumption in the China region. |

GRI 306-2



WASTE AND RECYCLING

GRI 306/103

✓ | Most of our waste is generated in production. The most significant fraction of waste is scrap metal in the form of shavings and cuttings. Waste packaging is also generated in the form of wood and plastic waste.

We constantly strive to reduce the landfill waste and hazardous waste generated by our production processes. Where it is not possible to avoid waste, a qualified waste management company removes this.

Most of the waste we generate is suitable for recycling. The highest recycling rates in the reporting year were recorded in the EMEA and Americas regions. Over the entire Group, our recycling ratio comes to 90 percent. The ratio of incinerated waste in the APAC and China regions was roughly on a par. In the Americas virtually no waste was incinerated. In China, no waste was landfilled. In the APAC region, roughly a third of all waste was disposed of in this way.

The types of waste requiring specialist waste management channels and methods include old paints, water-based slurries, solvents containing volatiles as well as acids and bases. The share of hazardous or toxic waste was lowest in the EMEA region. Of the total waste, China recorded the highest share of hazardous or toxic waste, almost four times as much as in the EMEA region. Over the full Group, hazardous or toxic waste accounted for 4 percent of total waste.

In addition to scaling back the volume of waste produced in manufacturing, the volume of waste packaging in transport and logistics should also be reduced. We increasingly rely on reusable containers and optimized disposable packaging. The use of wire mesh boxes and plastic Euro container boxes for transporting our products and components as well as using reusable straps to secure goods also contributes to reducing the volume of waste (see Magazine ☞ page 12).

We substitute hazardous substances with less dangerous substances wherever possible and technically feasible. In addition, we ensure proper disposal of hazardous substances at all times and keep our employees constantly up to date by means of a targeted information policy (see section “Occupational health and safety” ☞ page 58). |

EMPLOYEES

GRI 102-8

Employees by employment status, region and gender

	EMEA		Americas		APAC		China		Total	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Permanent	199	1,238	266	1,586	30	164	0	5	495	2,993
Temporary	11	55	0	0	0	0	20	96	31	151
Total	210	1,293	266	1,586	30	164	20	101	526	3,144

MANAGEMENT APPROACH

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

✓ | SAF-HOLLAND was formed by the merger of Otto Sauer Achsenfabrik GmbH (SAF), Germany, and The Holland Hitch Company, USA, in 2006 and has since established itself as a global operation. Cultural diversity and flat hierarchies define the corporate culture at SAF-HOLLAND. Our corporate values reflect our commitment to social responsibility and encompass inventive spirit and cost awareness, as well as reliability, respect, teamwork, communication and honesty.

Like many other companies, SAF-HOLLAND is confronted with challenges such as a shortage of skilled workers, demographic change and digitization. Due to the global distribution of our locations, topics like internationalization and diversity also play an important role for us. This is also the reason that our human resource activities focus on building a strong workforce and recruiting and retaining well-trained executives and specialists. In this context, our newly developed Employer Branding Strategy considers the unique characteristics of our four – from 2020 onwards three – operating reporting segments. |

OUR WORKFORCE

GRI 102-8

✓ | As of December 31, 2019, SAF-HOLLAND employed 3,670 people (previous year: 3,908), of whom 85.7 percent were male and 14.3 percent were female. In addition, 387 hired temporary workers were employed. A total of 133 employment relationships were inactive. Taking into account active

employment relationships and temporary workers, the number of employees was 3,924. The EMEA region accounted for 40.7 percent of the active employees, the Americas for 50.5 percent, the APAC region for 5.5 percent and China for 3.4 percent. The share of employees with limited-term employment agreements in our company came to 5.0 percent. Some 1.9 percent of all employees were in part-time positions. |

GRI 102-8

Distribution of employees by type of employment and gender

	Female	Male	Total
Part time	48	21	69
Full time	478	3,123	3,601
Total	526	3,144	3,670

Our employees are increasingly deployed in interdisciplinary project teams across all locations. To improve intercultural communication, we offer individually tailored language courses in our corporate language, English. As a way to encourage executives from all subsidiaries to personally communicate and exchange information with one another, we periodically host a multi-day “International Meeting”.

The average age of our workforce was approx. 37 years with an average length of service of 7 years.

GRI 405-1

Employees by age group in the regions, in %

	< 30 Years	30–49 Years	≥ 50 Years	Total
EMEA	15.1	55.4	29.5	40.7
Americas	22.9	46.7	30.4	50.5
APAC	13.9	66.5	19.6	5.5
China	19.2	77.5	3.3	3.4
Total	19.1	52.4	28.5	100.0

DIVERSITY AND EQUAL OPPORTUNITIES

GRI 405/103, 405-1

✓ | At SAF-HOLLAND, we consider maintaining equal opportunities and diversity as one of our core tasks. Our Code of Conduct formulates the commitment “to respect and protect each other’s personal dignity, rights and privacy.” In our view, this involves valuing our employees as individuals, irrespective of characteristics such as age, gender, nationality, ethnic origin, sexual identity, educational background, ideology, religion or ability. Competitive and fair remuneration regardless of gender that is based on our employees’ performance and professional qualification is a matter of course for us. At our German location, remuneration is based on the collective bargaining agreement; at the other locations, it is based on agreements with the local trade unions.

At 14.3 percent, the representation of women in the workforce in 2019 was low. At mid and top management level, the share of women came to 7.1 percent. We strive to continuously increase this share and plan specific programs to promote diversity from 2020 onwards.

GRI 405-1

Employees by employee category and gender

	Female	Male	Total
Middle/top management	8	104	112
Employees and industrial workers	518	3,040	3,558
Total	526	3,144	3,670
Trainees	10	44	54
Students	8	13	21

The composition of the Board of Directors changed as follows in 2019: With three female members of six Board members, we significantly exceeded the female quota of 30 percent required by German law. For further information on diversity at SAF-HOLLAND, please refer to the Group Management Report. |

TRAINING AND PERSONNEL DEVELOPMENT

GRI 404/103, 404-2

✓ | Training at SAF-HOLLAND includes imparting future-oriented methods and tools, learning different project management techniques, conducting smaller projects independently and working in a team. In this context, we place great store on digital learning offers. SAF-HOLLAND trainees are regularly recognized for their accomplishments by external associations such as the German Chamber of Industry and Commerce (*Industrie- und Handelskammer* IHK). We see this as evidence of the high quality of our training. Our training programs also receive awards on a regular basis. In the reporting year, SAF-HOLLAND employed 54 trainees and 21 dual-track students.

Apprenticeships

- Industrial Engineering
- Industrial Business Management
- IT Specialist for System Integration
- Electronics Technician for Industrial Engineering
- Technical Product Designer

The shortage of skilled workers also poses a challenge for SAF-HOLLAND as it tries to recruit competent employees, to train them on a needs-driven, forward-looking basis and to retain these employees within the Company for the long term. In working towards our goal of promoting as many specialists and managers from within the Company as possible, we have made the qualification and personal development of young employees through training programs, dual study courses and trainee programs a fundamental component of our human resources work. These efforts result in a highly trained workforce and systematically ensure our independence from the external labor market.

At our German locations, motivated junior employees are given the opportunity to qualify for future jobs through their choice of 3-year or 3.5-year vocational training programs offered in commercial, industrial and technical departments (see Magazine [👉 page 8](#)).

To leverage the potential of our workforce, SAF-HOLLAND encourages collaboration and the sharing of information across all locations. Our international trainee program gives graduates the opportunity to gain valuable experience at our various international locations or at our headquarters as part of an 18-month training program.

A special 1-year employee development program offers our managers and professionals an opportunity to receive individual support based on their own strengths and career goals. This program includes providing an understanding of management tasks through practice-relevant projects taking an individual's background and experience into account. **|**

WORKING CONDITIONS AND SOCIAL RESPONSIBILITY

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

✓ **|** At SAF-HOLLAND, fair and respectful working conditions are a matter of course. We have introduced fringe benefits that can be taken advantage of by all salaried employees. Pension plans, for example, are offered at all of our locations. At our German locations, we offer pension plans via the “*Versorgungswerk MetallRente*” welfare fund and also offer employment disability insurance.

Trade unions and works councils represent the interests of our employees at all of our locations in Germany and in the United States. At all other locations, the employees of SAF-HOLLAND also have the right to freedom

of association and collective bargaining, to the extent allowed by the corresponding provisions. In the reporting year, 59 percent of all employees worldwide were covered by collective bargaining agreements or labor-management agreements. **|**

Moreover, we provide other special benefits via our HR department, such as cooperation agreements with retailers and a corporate benefits program for exclusive discounts in online shops. These also include internal and external offers to promote employee health.

In addition, our employees have the possibility to shape our social commitments during “Volunteer Days”.

We offer parental leave to the extent granted by the law to both our female and male employees.

We place great store on a feedback culture and promote dialog and constructive exchange with our employees. A central component of this is the global employee survey. At the same time, this regular survey generates new approaches to making further improvements of working conditions and employee satisfaction. In the reporting year, 65 percent of our employees participated in the survey. Compared to the previous survey in 2016, the measured employee satisfaction improved from 61 percent to 64 percent.

Our idea management program “My Idea” is also an important way of letting our employees contribute their creativity and commitment to the Company's success. Each employee can make suggestions, such as how to improve processes or products or for more sustainability. The ideas are evaluated by an idea committee and if this evaluation turns out to be positive, the idea is implemented. For ideas with measurable monetary benefits, employees are eligible to receive a financial reward when an idea is successfully implemented. In the reporting year, 421 ideas were submitted and 112 ideas were rewarded. Particular focus has been on the “Big Challenge” competition for new ideas. The initiative aimed at developing a new product or service in an individually composed team; 184 proposals were submitted.

OCCUPATIONAL HEALTH AND SAFETY

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

MANAGEMENT APPROACH

✔ | With our high safety standards, we strive to reduce the likelihood of accidents in the workplace to the greatest extent possible. However, our actual goal is “Vision Zero”, which stands for the complete avoidance of occupational accidents. The Chief Operating Officer (COO) is responsible for all health and safety activities throughout the Group. The Vice President Health, Safety, Environment & Quality (VP HSEQ) is responsible for implementing the health and safety strategy. This officer has been assigned the task of installing effective systems to avoid occupational accidents and a globally uniform set of health and safety standards across all locations. At regional level, the health and safety officers and the managers in charge of operations implement these standards in the day-to-day organization and adapt them to regional circumstances and national legislation. Local safety officers are appointed for each location. They inform the employees about the defined standards and occupational health and safety standards and ensure they are implemented locally.

Regular internal audits are also designed to ensure that the guidelines and processes related to occupational health and safety are observed at the various locations. Any incidents and progress is documented in the monthly “Global Health, Safety & Environment (HSE) Report”. The latest safety issues are discussed at quarterly meetings of the joint management-worker “Occupational Health and Safety Committee”. This committee identifies risks and proposes risk-mitigating measures aimed at improving the HSE performance indicators. We view occupational health and safety as key to retaining our competitiveness and have identified these issues as a cornerstone of our “Operational Excellence Roadmap”.

IDENTIFICATION AND MEASUREMENT OF RISKS

✔ | The focus of our attention is placed on protecting our employees in our production, administration and logistics facilities where the use of manual tools, the operation of plant and machinery, and traffic flows on the premises pose particular risks. Health and safety risks are identified, assessed and assigned to risk categories on the basis of the accidents reported in the monthly “Global HSE Report”, which includes the relevant indicators along with the findings of the internal audits of the Quality and Corporate Audit Services departments.



This analysis constitutes the foundation upon which specific measures can be developed and sets the focus for the ensuing audits. In addition, the basic infrastructure requirements for health and safety at the locations of SAF-HOLLAND are monitored during regular audits and adjusted where necessary. The implementation of global standards supports our endeavor to make improvements and corrective measures at an integrated Group-wide level. From our view, the areas where action is needed to harmonize global standards within the Group are factory traffic, the instructions given to visitors and restricting access to sensitive areas.

OCCUPATIONAL HEALTH AND SAFETY INDICATORS

✔ | The effectiveness of our health and safety management is reviewed using selected accident statistics. Across all regions, there were exactly 93 LTIs (“Lost Time Incident”) – occupational accidents resulting in at least one day of lost time. At present, most of the accidents result in injuries to hands and fingers. The vast majority of these accidents only resulted in a little lost time. We are working on reducing these incidents by concentrating on measures that promise a sustained change in behavioral patterns.

GRI 403-9

Occupational Health and Safety Indicators

	EMEA	Americas	APAC	China
Lost Time Injury (number of work accidents with at least one day lost)	40	46	6	1
Lost Time Injury Frequency Rate (number of work accidents with at least one day lost per 1 million working hours)	26.2	14.2	9.5	1.7
Fatalities (work-related deaths)	0	0	0	0

RAISING THE AWARENESS OF EMPLOYEES, COMMUNICATION AND TRAINING

✔ | Health and safety risks that have already resulted in an accident are countered by measures aimed at preventing accidents happening again due to the same cause. By means of more intensive communication and regular safety instructions, we intend to raise the awareness of all employees of health and safety issues. It is mandatory to undertake the corresponding training once a year. We apply our Learning Management System to this end. Safety officers are trained in face-to-face training sessions once a year.

A training module to train the top management was developed as an additional element in the reporting year and put into practice accordingly. The underlying objective is to identify any deficits in health and safety during site visits to ensure that the local conditions constantly improve. The point is to establish health and safety as an element of the management culture, to integrate it in standard processes and communicate the findings gained to our colleagues.

Newsletters, talks and posters support this communication drive. Targeted on-the-job instruction from the respective managers ensures that health and safety becomes an established part of everyday work. One target group of particular relevance in this regard is made up of the heads of departments (particularly in operations) who can act as multipliers to disseminate the knowledge and actively promote the culture in practice. |

CAMPAIGNS

✔ | The focus of our activities lies on preventive measures to change the safety culture in all regions. A number of campaigns were conducted for this purpose. The infrastructure aspect of occupational health and safety is a central element.

The campaign titled “Basic Requirements for Occupational Safety Infrastructure (BROSI)” defines the minimum requirements that all locations must meet in future, beyond the respective local laws. Within the framework of a 15-point plan, criteria are set with regard to traffic routes and gates, traffic on the premises and incident management, as well as fire prevention. Compliance with all 15 points is mandatory for each location. Infringements or deviations from any of the respective points result in the location failing the internal audit. In this case, corrective measures must be

initiated immediately. These basic requirements constitute a core element of the “Operational Excellence Roadmap”.

The goal of “*Kampagne Arbeitsschutz und Arbeitssicherheit Bessenbach*” (a health and safety campaign at Bessenbach) is to raise the awareness of the workforce and prevent accidents that occur due to inattentiveness, haste or negligence. The success of the campaign is tracked using the Lost Time Incident (LTI) indicator. A new element is that it is not the actual LTIs that are focused upon but the number of days on which no LTIs occurred. This should intrinsically motivate employees to actively reduce the number of accidents themselves. If a certain number of accident-free workdays is reached, the employees receive a gratuity to reward and sharpen their awareness of health and safety issues.

At the Alvorada location in Brazil an “Internal Week for Prevention of Work Accidents” is held once a year. The contents of the training on occupational health and safety are conveyed by linking them to entertainment elements. Five to ten-member teams compete against each other in guessing games answering questions on the issue of occupational health and safety. They also compete in talent shows and fire extinguisher rallies and invent a motto for the coming year that is printed on T-shirts. The best team receives an award at the end of the week.

Within the framework of the “*Wandel Gestalten WaGe*” (shaping change) project, measures have been undertaken at the Bessenbach location to reduce the psychological burdens as well as to install working conditions that foster a learning-friendly environment. Another goal of the project is to communicate the fundamental interconnection between work, health and learning.

In particular, the workforce itself actively shapes a safer working environment by contributing its own ideas. During the “MyIdea” campaign, 27 ideas in the field of health and safety were realized at the German locations during the reporting year.

Together with our continuous risk identification process, all of the initiatives that we have taken are important elements that serve to significantly raise the safety level and positively affect the incidence of accidents. |



REDUCTION OF HAZARDOUS SUBSTANCES

✓ | In addition to avoiding occupational accidents, our HSE activities also concentrate on the reduction of hazardous substances – both in production as well as in our products. We take particular care to protect employees who are exposed to potential risks from hazardous substances or emissions on account of the nature of their work. For this purpose, an extensive catalog of hazardous substances has been created. We replace hazardous substances with less dangerous substances wherever possible and technically feasible. In addition, specific measures are undertaken to assess the risk of jobs, workplaces and machines, as well as to issue job-specific instructions and ensure the use of personal safety equipment. |

HEALTH

✓ | Health and fitness are prerequisites for the performance level and motivation of our workforce and contribute to the competitiveness of SAF-HOLLAND. Beyond avoiding accidents, as a responsible employer, we also foster health at work and offer various fringe benefits in this regard.

We subsidize reading glasses for employees who work on computer monitors as well as personal hearing aids and annual membership fees for fitness centers. Within the framework of our special medical offers, our employees are also offered vaccinations or specific medical checks. A works doctor is regularly available. Sports clubs offer employees the opportunity to improve their fitness.

A focus is also placed on the ergonomics of the work environment. Employees at headquarters, for example, have been provided with height-adjustable tables to allow them to stand or sit at their desk to offset the ramifications of sitting long hours on inflexible chairs. Within the production environment, suspended tools have been installed and rubber mats laid out at various workstations. Welding lines have been enclosed to improve air quality and drafts have been reduced by modifying the gate technology. |



SOCIAL COMMITMENT



MANAGEMENT APPROACH

GRI 303-1, 413/103, 413-1

✓ | From its origins as a family-owned enterprise, SAF-HOLLAND views itself as an active member of society. We have a long tradition of social responsibility, which is firmly anchored in our corporate culture. The “Think Ahead” program is an expression of our social commitment. Under the motto “It’s the WE that counts”, projects that are oriented specifically towards local requirements are conducted at each location. These projects focus on promoting education and training for children and young adults as well as protecting water as a resource. In our apprenticeship program at the Bessenbach location, the social component is an integral component of the apprenticeship in the form of a cooperation with the national “Lebenshilfe e.V.” association.

The selection of projects and the nature and scope of the sponsorship given is decided by the local CSR Officers and the management of the plant. The prime movers are the employees, each of whom has the opportunity to propose projects for sponsorship.

SAF-HOLLAND supports selected projects by making donations of money or goods and encouraging participation among the workforce. “Volunteer Days” are held in all regions. On these days, employees are given the opportunity to play an active role in community projects.



In India, Sec. 135 of the Companies Act from 2013 requires all domestic or foreign companies with equity of INR 5 billion (roughly EUR 64 million) or more, or a net profit of INR 50 million or more (roughly EUR 640,000) or annual sales of INR 10 billion or more (roughly EUR 128 million), to allocate at least 2 percent of their average net profit over the last three years to CSR activities. This is earmarked for measures to combat poverty, promote health and education, protect the environment, promote the equality of the sexes or to provide vocational training. A separate “CSR Committee” set up at our plant in Pune and composed of representatives from the local management decides how much should be awarded to the respective fields. The activities are concentrated in the region of Pune and consist of sponsorship for projects aimed at primary schools, where children receive their first schooling. In our Code of Conduct, our Human Rights Policy and the Statement on Modern Slavery and Human Trafficking, we reject all forms of forced labor or child labor. By weighting the various measures in this field, a consistent sustainability strategy is created that provides children with a long-term perspective via our social commitment in a high-risk country, such as India (see Magazine ☞ page 18).

SAF-HOLLAND places great store on protecting water as a resource and acknowledges access to clean water as a human right. We engage in numerous initiatives accordingly. In addition to the conservative use and recycling of process water in our own production facilities (see section “Environmental efficiency of operational processes” ☞ page 50), we also sponsor projects that range from access to clean and potable water as part of disaster relief work to restoring waterways and aquifers. The “Project Clarity” in direct proximity to our location in Holland, Michigan (USA), is one such project. This is a community initiative to restore the water quality of Lake Macatawa and the ecological balance of the Macatawa watershed. A decision was passed in 1999 to reduce the amount of phosphorous in the watershed by 70 percent. The initiative was founded in 2013 to realize this goal. SAF-HOLLAND has sponsored this project since 2015 to the tune of USD 20,000 annually (link: ☞ <http://www.macatawaclarity.org/>).

REGIONAL INITIATIVES**GRI 413-1**

✓ | The following tables provide an overview of the CSR activities of SAF-HOLLAND. In China, CSR activities are currently being developed around our new facility in Yangzhou in order to set an exemplary standard of social commitment in this region as well.

Overview of supported projects in the EMEA region

Country/Initiative	Project
Germany	
Rounding down for charity	Employees of SAF-HOLLAND GmbH round their salaries down to the nearest euro. This resulted in an amount of EUR 1,861.40 being donated to the charity fund of the Aschaffenburg Children's Clinic in 2019.
"Together for Heike! Become a stem cell donor!"	Due to her acute leukemia, one of our employees requires a stem cell transplant as soon as possible. A call was put out to the workforce and a registration campaign was promoted in conjunction with DKMS.
"Notinsel" – child refugees	This project was supported by the establishment of a station in Bessenbach where children can find aid and support.
Volunteer Day	Employees at the location in Bessenbach were given the opportunity to contribute a day's labor for volunteer work in various projects, to be performed during working hours. In total, 139 hours were invested in charity work.
"Alles im Eimer" drinking water donations	The provision of safe drinking water was sponsored within the framework of the disaster relief and development aid programs of Oxfam Deutschland e.V.
Support for workshops for the disabled	Apprentices assist adults, most of whom have intellectual disabilities, in the workshops of "Lebenshilfe Werkstätten e.V. Schmerlenbach".



Overview of supported projects in the Americas region

Country/Initiative	Project
Brazil	
Donations of food from the employees	In the course of the "Internal Week for Prevention of Work Accidents" at KLL Equipamentos para Transporte Ltda, the employees donate food which is handed over to various local organizations.
Canada	
Canadian Cancer Society 50/50 Draw	The Social Committee donated the proceeds from a 50/50 raffle to the "Canadian Cancer Society" during the month, to be used in breast cancer research.
Food Drive for the Salvation Army	Employees donated five cartons of assorted non-perishable groceries to the local food bank of the Salvation Army.
Heart and Stroke Big Bike Ride	Employees came together for a "Gigantic Bike" ride to raise money for life-saving heart and stroke research.
Ontario Student Nutrition Program	SAF-HOLLAND Canada, Ltd. donated money to buy food and deliver it to three local schools for the entire 2019/2020 school year. In addition to cash donations, some employees also volunteer to go to the schools to reduce the workload associated with the program.
United Way Campaign	Employees and the Social Committee collected donations for the local United Way campaign. The United-Way pursues the goal of creating opportunities for a better life for all the individuals within the communities.
USA	
Activity Bags for Kids	SAF-HOLLAND USA, Inc. supported the "Mercy Health" initiative by donating 100 care packets to children. The organization offers medical services to those in need.
Back to School	School stationery was provided to low-income families.
Day of Caring	The "United Way of the Lakeshore" organization brings together hundreds of volunteers for a "Day of Welfare". Employees participate in this campaign, also to support war veterans.
Feeding America West Michigan	Assistance to a higher-level food bank that collects, sorts, packages, stores and distributes food for local organizations. The initiative is also aimed at preventing food from perishing and being wasted.
Harbor Humane Society Volunteer Work Event	Support was given to the "Harbor Humane Society" initiative that takes care of animals under the motto "Giving animals a second chance at life and love".
Hospice Care	Donations to families whose relatives are in a hospice.
MUDGIRL Run	Assistance given to the "MUDGIRL Run" event, the proceeds of which go to the "Breast Cancer Research Foundation".
Project Clarity	Annual sponsorship of the community initiative to improve the water quality of Lake Macatawa and the Macatawa watershed since 2015 with an amount of USD 20,000 annually.
Road to Success Scholarship	Awarding four college scholarships of USD 2,500 each to relatives of employees.
Student Nutrition Program	Financial assistance for school meals in the vicinity of the US locations.



Overview of supported projects in the APAC region

Country/Initiative	Project
Australia	
ANZAC Day Appeal / Remembrance Day	The employees of SAF-HOLLAND (Aust.) Pty. Ltd. collected AUD 390 for a donation campaign of the "Returned & Services League" to aid war veterans in retirement and their families.
Christmas Hope	Toys and gifts for children and disadvantaged homeless youth were provided to the "Hope Street" facility.
Coimadai Country Fire Authority	The Melton location was made available to the local fire brigade for a fire drill.
Food Bank Victoria	During a collection, employees donated 70 kilograms of food and donations in kind to the local food bank.
Footy Colours Day	During a call for donations to the "Fight Cancer Foundation", AUD 204 was collected to support childhood cancer assistance.
Get that Job	Assistance was given to a program to provide career counselling to young people.
Good Friday Appeal	AUD 584.30 was collected during the call for donations to the "Royal Children's Hospital".
India	
Donation for Women Empowerment	York Transport Equipment (India) Pvt Ltd. provides assistance to the "Babir Baug Institute", which works to improve the position of women.
Garden Slider for School Kids	A slide was donated to the Badhalwadi primary school.
Prime Minister's National Relief Fund PMNRF	Participation in a fund established by the government to which any citizen or any organization can pay a contribution. The funds are used for people who are acutely affected by natural disasters.
Protecting Shield of Women's Health	Assistance provided to the "Kabir Baug Math Sanstha" foundation, which offers Sanjeevan yoga treatments for various ailments.
School Children Support	Laptops, school bags, drink bottles and stationery were provided to the Navlakh Umbre primary school and the Zila Parishad primary school Koyatwasti.
Thailand	
Donations in kind by the staff	The employees of SAF-HOLLAND (Thailand) Co., Ltd, regularly gather donations in kind and hand these over to those in need.

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



GRI CONTENT INDEX

GRI 102-55

GRI standard and disclosures		Commentary	Page	Principles of the UN Global Compact
GRI 102: General Disclosures 2016				
1. Organizational profile				
102-1	Name of the organization		23	
102-2	Activities, brands, products and services		23 et seq.	
102-3	Location of headquarters		23	
102-4	Location of operations		23 et seq.	
102-5	Ownership and legal form		23	
102-6	Markets served		23	
102-7	Scale of the organization		23	
102-8	Information on employees and other workers		55	
102-9	Supply chain		39 et seq.	
102-10	Significant changes to the organization and its supply chain		23	
102-11	Precautionary principle or approach		50	Principle 7
102-12	External initiatives		35, 37	
102-13	Membership of associations		48	
2. Strategy				
102-14	Statement from senior decision-maker		6 et seq.	
3. Ethics and integrity				
102-16	Values, principles, standards and norms of behavior		34 et seq., 37, 55	
102-17	Mechanisms for advice and concerns about ethics		35	
4. Governance				
102-18	Governance structure		26, 32 et seq.	
5. Stakeholder engagement				
102-40	List of stakeholder groups		27	
102-41	Collective bargaining agreements		57	Principle 3
102-42	Identifying and selecting stakeholders		27 et seq.	
102-43	Approach to stakeholder engagement		27 et seq., 57	
102-44	Key topics and concerns raised		27	

GRI standard and disclosures		Commentary	Page	Principles of the UN Global Compact
6. Reporting practice				
102-45	Entities included in the consolidated financial statements		Management Report p. 46, Consolidated Financial Statements pp. 129 et seq.	
102-46	Defining report content and topic boundaries		28	
102-47	List of material topics		31	
102-48	Restatements of information	For the first time, Group-wide disclosures on the four regions, EMEA, Americas, APAC and China have been entered into the report. The APAC and China regions have been combined to create the APAC_I/China region starting 2020.		
102-49	Changes in reporting	Due to the revised materiality assessment, the GRI 419 Standard (Socioeconomic Compliance) and GRI 307 Standard (Environmental Compliance) are no longer reported.		
102-50	Reporting period		74	
102-51	Date of most recent report	The Sustainability Report 2018 was published on April 30, 2019.		
102-52	Reporting cycle		74	
102-53	Contact point for questions regarding the report		75	
102-54	Claims of reporting in accordance with the GRI standards		74	
102-55	GRI Content Index		65-69	
102-56	External assurance	The published report is not audited by external auditors.		
Material topics				
GRI 201: Economic Performance 2016				
103	Management approach disclosures*		23, 43	
201-1	Direct economic value generated and distributed		3, 23	
GRI 204: Procurement Practices 2016				
103	Management approach disclosures*		39 et seq.	
204-1	Proportion of spending on local suppliers	Information on expenses for local suppliers could be relevant to the competition and are therefore not reported.		
GRI 205: Anti-corruption 2016				
103	Management approach disclosures*		35	Principle 10
205-2	Communication and training about anti-corruption policies and procedures		35	
205-3	Confirmed incidents of corruption and actions taken		34 et seq.	
GRI 206: Anti-Competitive Behavior 2016				
103	Management approach disclosures*		34 et seq.	

GRI standard and disclosures		Commentary	Page	Principles of the UN Global Compact
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	There was no such litigation in the reporting period.		
GRI 302: Energy 2016				
103	Management approach disclosures*		45 et seq., 49 et seq.	Principle 7, 8
302-1	Energy consumption within the organization		50 et seq.	
302-4	Reduction of energy consumption		50	
302-5	Reductions in energy requirements of products and services		45 et seq.	Principle 9
GRI 303: Water and Effluents 2018				
103	Management approach disclosures*		41 et seq., 52	
303-1	Interactions with water as a shared resource		37, 52, 61	Principle 7
303-2	Management of water discharge-related impacts		52	
303-3	Water withdrawal		52	
GRI 305: Emissions 2016				
103	Management approach disclosures*		41 et seq., 45, 49 -51	Principle 7
305-1	Direct (Scope 1) GHG emissions		42	
305-2	Energy indirect (Scope 2) GHG emissions		42	
305-5	Reduction of GHG emissions		42	Principle 9
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions		51	
GRI 306: Effluents and Waste 2016				
103	Management approach disclosures*		49 et seq., 54	Principle 7
306-2	Waste by type and disposal method		53	
GRI 308: Supplier Environmental Assessment 2016				
103	Management approach disclosures*		39	Principle 8
308-1	New suppliers that were screened using environmental criteria		39	
GRI 401: Employment 2016				
103	Management approach disclosures*		55	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		57	
GRI 403: Occupational Health and Safety 2018				
103	Management approach disclosures*		49, 58 et seq.	
403-1	Occupational health and safety management system	At locations with certified occupational safety management systems, this applies to all employees, who are salaried employees.	49	
403-2	Hazard identification, risk assessment, and incident investigation		58 et seq.	

GRI standard and disclosures		Commentary	Page	Principles of the UN Global Compact
403-3	Occupational health services		58 et seq.	
403-4	Worker participation, consultation and communication on occupational health and safety		58 et seq.	
403-5	Worker training on occupational health and safety		58 et seq.	
403-6	Promotion of worker health		58 et seq.	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Suppliers and business partners of SAF-HOLLAND, who enter the premises obtain separate instruction on safety procedures.	39	
403-8	Workers covered by an occupational health and safety management system		49	
403-9	Work-related injuries		58	
GRI 404: Training and Education 2016				
103	Management approach disclosures*		55 et seq.	
404-2	Programs for upgrading employee skills and transition assistance programs		56 et seq.	
GRI 405: Diversity and Equal Opportunity 2016				
103	Management approach disclosures*	More information on the diversity of SAF-HOLLAND can be found in the Group management report.	34 et seq., 55 et seq.	
405-1	Diversity of governance bodies and employees		56	
GRI 406: Non-discrimination 2016				
103	Management approach disclosures*		34 et seq.	
406-1	Incidents of discrimination and corrective actions taken		38	Principle 6
GRI 407: Freedom of Association and Collective Bargaining 2016				
103	Management approach disclosures*		39, 57	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	A new process for identifying supply-side risks has been established. No results were available for the reporting period.	38 et seq.	
GRI 408: Child Labor 2016				
103	Management approach disclosures*		34 et seq., 38 et seq.	
408-1	Operations and suppliers at significant risk for incidents of child labor	A new process for identifying supply-side risks has been established. No results were available for the reporting period.	38 et seq.	Principle 5
GRI 409: Forced or Compulsory Labor 2016				
103	Management approach disclosures*		34 et seq., 38 et seq.	Principle 4
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	A new process for identifying supply-side risks has been established. No results were available for the reporting period.	38 et seq.	
GRI 412: Human Rights Assessment 2016				
103	Management approach disclosures*		34 et seq., 37-39	Principle 1

GRI standard and disclosures		Commentary	Page	Principles of the UN Global Compact
412-1	Operations that have been subject to human rights reviews or impact assessments		38	Principle 2
412-2	Employee training on human rights policies or procedures		38	
GRI 413: Local Communities 2016				
103	Management approach disclosures*		61-64	
413-1	Operations with local community engagement, impact assessments and development programs		61-64	
GRI 414: Supplier Social Assessment 2016				
103	Management approach disclosures*		39	
414-1	New suppliers that were screened using social criteria		39	
GRI 415: Public Policy 2016				
103	Management approach disclosures*	On principle, SAF-HOLLAND does not support any political party or politically motivated organizations, nor any individual politicians.		
415-1	Political contributions	On principle, SAF-HOLLAND does not support any political party or politically motivated organizations, nor any individual politicians.		
GRI 416: Customer Health and Safety 2016				
103	Management approach disclosures*		47, 49	
416-1	Assessment of the health and safety impacts of product and service categories		47	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		34 et seq., 47	
GRI 418: Customer Privacy 2016				
103	Management approach disclosures*		36	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		36	

* Based on GRI 103: Management Approach 2016, which includes GRI 103-1, GRI 103-2 and GRI 103-3 (explanation of the key issue and its scope, elements and assessment of the management approach).

UNGC INDEX

THE TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT

HUMAN RIGHTS

- 1 Businesses should support and respect the protection of internationally proclaimed human rights and
[See page 37 et seqq.](#)
- 2 make sure that they are not complicit in human rights abuses.
[See page 37 et seqq.](#)

LABOUR

- 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
[See pages 39, 57](#)
- 4 the elimination of all forms of forced and compulsory labour;
[See pages 38 et seqq., 61](#)
- 5 the effective abolition of child labour and
[See pages 18 et seqq., 38 et seqq., 61](#)
- 6 the elimination of discrimination in respect of employment and occupation.
[See page 56](#)

ENVIRONMENT

- 7 Businesses should support a precautionary approach to environmental challenges;
[See page 50](#)
- 8 undertake initiatives to promote greater environmental responsibility and
[See page 50 et seqq.](#)
- 9 encourage the development and diffusion of environmentally friendly technologies.
[See pages 41 et seqq., 45 et seq.](#)

ANTI-CORRUPTION

- 10 Businesses should work against corruption in all its forms, including extortion and bribery.
[See page 35](#)





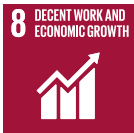



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

SDG INDEX

The following index shows the activities of SAF-HOLLAND in the context of the United Nations Sustainable Development Goals (SDGs). The “SDG Action Manager” was used to determine the SDGs relevant to the company (link: <https://app.bimimpactassessment.net/get-started/partner/ungc>).

SDG	SECTION IN THE SAF-HOLLAND SUSTAINABILITY REPORT 2019	SDG	SECTION IN THE SAF-HOLLAND SUSTAINABILITY REPORT 2019
	Employees/Occupational health and safety		Product innovations for the safe and efficient transport of goods
	Social commitment		Product innovations for the safe and efficient transport of goods
	Key figures/ Corporate governance		Climate strategy and CO ₂ management, The contribution of the product universe to enhanced fuel efficiency

TCFD INDEX

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

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

	GOVERNANCE	STRATEGY	RISK MANAGEMENT	METRICS AND TARGETS
TCFD REQUIREMENTS	Disclose the organization’s governance around climate-related risks and opportunities	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning	Disclose how the organization identifies, assesses and manages climate-related risks	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities
SECTION OF THE SAF-HOLLAND ANNUAL REPORT 2019		Business model, strategy and objectives, research and development		
SECTION OF THE SAF-HOLLAND SUSTAINABILITY REPORT 2019	Corporate governance and compliance, sustainability management	Product innovations for the safe and efficient transport of goods, environmental efficiency of operational processes	Analysis of climate-related risks for the business model of SAF-HOLLAND	Sustainability management, environmental efficiency of operational processes

NON-FINANCIAL STATEMENT

The Non-Financial Statement (NFS) consists of the separate Non-Financial Statement of the SAF-HOLLAND Group required by Secs. 315b and 315c in conjunction with Secs. 289b to 289e HGB. We have oriented this report on the standards issued by the international Global Reporting Initiative (GRI).

Aspects relevant to the examination are marked with the ✓ | symbol in the document.

The relevant aspects are identified on the basis of the findings of the latest materiality assessment. A list of the aspects in the sense of the CSR Directive Implementation Act (CSR-RUG) to disclose non-financial information and information on diversity can be found in the following table along with the references to the corresponding sections of the Sustainability Report.

ASPECT	SIGNIFICANT SUSTAINABILITY ISSUE (GRI)	RELEVANT ASPECT ACCORDING TO THE NON-FINANCIAL STATEMENT (HGB)	SECTION IN THE SAF-HOLLAND SUSTAINABILITY REPORT 2019
GOVERNANCE	Economic performance		
	Business ethics and human rights	Combating corruption and bribery, respect for human rights	Corporate governance and compliance
	Protection of data and intellectual property		
	Product safety and product liability	Other concerns	Product innovations for the safe and efficient transport of goods
	Supply chain sustainability	Respect for human rights	Supply chain management
ENVIRONMENTAL	Environmental efficiency of operational processes	Environmental concerns	Environmental efficiency of operational processes
	Electrified vehicle concepts		
	Smart trailer solutions		
SOCIAL	Employer branding and attractiveness	Employee concerns	Employees
	Occupational health and safety	Employee concerns	Employees
	Corporate volunteering	Social concerns	Social commitment

ABOUT THIS REPORT

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

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

This report pertains to the 2019 financial year, which corresponds to the 2019 calendar year. Since 2018, SAF-HOLLAND has been committed to the UN Global Compact (UNGC) corporate responsibility initiative and its principles in the areas of human rights, labour, the environment and anti-corruption. This report also includes the Communication on Progress as part of membership in the UNGC. A corresponding chapter reference to the Ten Principles can be found in the UNGC Index.

Rounding differences may arise from the addition of individual figures.

The regions of APAC and China were combined to create the APAC_I/China region starting in 2020. The geographic segmentation of SAF-HOLLAND will therefore consist of EMEA, the Americas and APAC_I/China.

The editorial deadline was March 25, 2020.

The annual Sustainability Report is published in German and English on the SAF-HOLLAND website at the following link: <https://corporate.safholland.com/en/investor-relations/publications/sustainability-report>. Our next Sustainability Report for the 2020 financial year will be published in the spring of 2020.

More information about the company can be found at <https://safholland.com/en> and in the Annual Report.



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GRI 102-53

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DISCLAIMER

This report contains certain statements that are neither reported financial results nor other historical information. This report contains certain forward-looking statements, which as such are based on current assumptions, expectations and forecasts of the management of SAF-HOLLAND SE made at the time of publication of the report. Various known and unknown risks, uncertainties and other factors may lead to the actual results, the financial position and the development in the performance of the company deviating considerably from the estimates made here. Many of these risks and uncertainties relate to factors that are beyond the ability of SAF-HOLLAND SE to control or estimate precisely, such as future market conditions and economic developments, the behavior of other market participants, the achievement of anticipated synergies, and legal and political decisions. Readers are cautioned that these forward-looking statements only apply as of the date of this publication. The company does not undertake any obligation to update such forward-looking statements. Likewise, SAF-HOLLAND SE does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of publication of these materials.

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