

We pioneer motion

## Guideline

# WHISTLEBLOWING SYSTEM

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# 1

## Introduction

The Schaeffler Group complies with the laws applicable worldwide and is also committed to upholding the Schaeffler values. These are specified in the [Schaeffler Group Code of Conduct](#) and in the [Business Partner Code of Conduct](#).

To ensure compliance with these obligations, Schaeffler encourages its employees as well as external persons (both groups of persons together hereinafter referred to as "whistleblowers") to report potential violations. For this purpose, Schaeffler has set up a whistleblower system with various reporting channels through which leads can be submitted.






This document describes following information for whistleblowers:

- the possible reporting channels
- the permissible reporting categories
- the information to be provided when making a report
- the procedure following a report
- the measures by which Schaeffler ensures the protection of the whistleblower.

## 2 Reporting channels

Schaeffler has set up various reporting channels for whistleblowers. In addition to an electronic reporting system via the Internet, reports can also be submitted by telephone, mail, e-mail, or in person.

The following reporting channels are open to employees of the Schaeffler Group as well as external persons.

	<p><b>Electronic reporting system</b></p>	<p><a href="http://www.bkms-system.net/schaeffler">www.bkms-system.net/schaeffler</a></p>
	<p><b>By e-mail</b></p>	<p><a href="mailto:investigations@schaeffler.com">investigations@schaeffler.com</a></p>
	<p><b>By phone</b> <b>With company access PIN: 3758</b></p>	<ul style="list-style-type: none"> <li>• +55 61 35507564 (Portuguese, English, German)</li> <li>• 10800-320-0116 (Chinese, English, German) This number can only be reached via landline or mobile numbers of China Telecom</li> <li>• +6531382063 (Chinese, English, German)</li> <li>• +49 30 99257146 (German, English, French)</li> <li>• +1 213 2791015 (English, Spanish, German)</li> </ul>
	<p><b>By mail</b></p>	<p>Schaeffler AG Forensics &amp; Investigations Industriestraße 1-3 91074 Herzogenaurach Germany</p>
	<p><b>In person</b></p>	<p>Group Chief Compliance Officer Compliance &amp; Corporate Security Industriestraße 1-3 91074 Herzogenaurach Germany <a href="mailto:compliance@schaeffler.com">compliance@schaeffler.com</a></p>

### 3 Reporting categories

The reporting channels are available at any time (exception: direct reports to the Group Chief Compliance Officer). Postal reports, reports sent by e-mail, and reports submitted via the electronic whistleblowing system can be submitted in all languages.

Employees of the Schaeffler Group can also submit reports to all employees of the compliance organization and to their supervisor.

All reports are forwarded to the central reporting office<sup>1</sup> (Compliance Forensics & Investigations) and documented there. General questions about the individual reporting channels, in particular about the electronic whistleblower system, as well as questions prior to submitting a report can be answered by Compliance Forensics & Investigations at [investigations@schaeffler.com](mailto:investigations@schaeffler.com).

Whistleblowers can report potential violations perpetrated by employees of Schaeffler against legal requirements or Schaeffler internal regulations (e.g., Schaeffler Group Code of Conduct, Schaeffler policies) that were committed in connection with their employment.

In the reporting categories "Environmental damages" and "Human Rights", indications of potential violations of due diligence obligations at Schaeffler, direct or indirect suppliers, customers and other business partners can be submitted.

In addition, information may also be provided that indicates possible damage to Schaeffler by third parties.

The following categories are available:

#### 3.1 Corruption / bribery / accepting bribes

The category "Corruption / bribery / accepting bribes" refers to circumstances in which a third party is offered or granted an advantage in breach of duty, or an undue benefit is accepted or demanded by taking advantage of one's own official position.

Examples: Inappropriate gifts or invitations given directly during a negotiation or bidding process; invitation to a luxury trip with the aim of obtaining a contract; benefits to a public official to obtain a permit; acceptance of invitations or gifts in return for accepting a higher purchase price.

<sup>1</sup> Where countries are required to set up local internal reporting office, the tasks of the local internal reporting office have been transferred to the central reporting office at Compliance Forensics & Investigations to the extent permitted by law.

### **3.2 Fraud / breach of trust / major theft / embezzlement / forging of documents**

Criminal acts which damage Schaeffler's assets are summarized in the category "Fraud / embezzlement / major theft / embezzlement / forging of documents". Forging of documents can also be reported, i.e., the intentional alteration, production or falsification of a document or parts of a document to deceive in legal transactions.

Examples: Issuing invoices that are too high for the purpose of retaining the surplus amount; Concluding disadvantageous deals for the company in order to obtain a personal advantage; Creating black accounts; retaining company funds or work materials; Taking company property without authorization; Purporting false facts (statements do not correspond to the truth); Forging of a signature; Subsequent alteration of contract content.

### **3.3 Conflict of Interest**

The personal interests of an employee conflict with company interests.

Example: An employee initiates, promotes or approves the award of a contract to a business partner in which he or a family member has an interest.

### **3.4 Violation of tax or customs regulations**

Potential violations of tax and customs regulations can be reported.

Examples: False information in tax declarations

### **3.5 Infringements of Competition and Anti-trust Laws**

Antitrust and competition law requires that companies independently manage their own market conduct and prohibits agreements and coordination between companies that intend or result in a restriction of competition

Some examples of prohibited acts are: Price agreements, region agreements or customer allocation between competitors; Mutual avoidance of competition/non-aggression pacts, also on the demand side (e.g. agreement not to solicit employees from other companies); Exchange of strategic information (relevant to competition, such as prices, quantities, capacities, customer sales) between competitors; Agreements concerning tenders; Specifying sales prices; Boycotting the delivery of individual customers; Illegal use of a market-dominating position.

### **3.6 Violation of Company Secrets**

Facts can be reported in which business secrets have been obtained without authorization or used without authorization.

Examples: Disclosure of confidential technical drawings, calculations, etc.

### **3.7 Data privacy violations**

Potential breaches of data privacy laws may be reported.

Examples: Theft of a mobile data carrier; Sending e-mails with an open distribution list or to an incorrect recipient; Loss or unauthorized opening of postal items; Sending personal e-mail data.

### 3.8 Money laundering / Financing of Terrorism

Money laundering is the process by which certain criminally generated proceeds are intended to be funneled into and through the financial cycle, and then directed to a legal-looking activity. This is done in such a way that it remains unknown at all times that criminal assets are involved.

Financing of Terrorism is the provision or collection of financial resources with knowledge that they will be used, in whole or in part, to commit, incite, or aid and abet a terrorist offense.

Example: A customer overpays with money from an unlawful act, combined with a request to transfer the overpaid amount back to another account. A previously unknown customer wants to pay for a large order in cash.

### 3.9 Environmental damages

Potential offenses against the environment may be reported, particularly the intentional or reckless contamination of air, soil, and ground or surface water.

Examples: Circumvention or disabling of filter systems; improper storage of liquids or discharging of contaminated waste water or other liquids; improper handling and illegal disposal of waste; use of prohibited chemicals in products or production processes.

### 3.10 Human rights

The reporting category “human rights” includes indications of due diligence violations or violations at Schaeffler, direct or indirect suppliers, customers, and other business partners regarding:

- Modern slavery and employment of forced labour
- Human trafficking
- Prohibited child labor
- Discrimination (based on national and ethnic origin, social origin, health status, disability, sexual orientation, age, gender, political opinion, religion, or belief or similar)
- Disregard for freedom of association
- Disregard of local occupational health and safety regulations
- Withholding of an adequate wage<sup>2</sup> or the local minimum legal wage
- Unlawful eviction as well as the prohibition of unlawful deprivation of land, forests and waters in the acquisition, construction or other use of land, forests and waters, the use of which secures the livelihood of a person
- The hiring or use of private or public security forces for the protection of a company project, if due to a lack of instruction or control on the part of the company in the use of the security forces,
  - the prohibition of torture and cruel, inhuman, or degrading treatment is disregarded,
  - life or limb is violated, or
  - the freedom of association is violated.

Examples: A supplier uses unlawful measures to prevent the formation of a works council; employees of a supplier are forced to work twice as much as contractually agreed without financial compensation and in violation of working time protection laws.

<sup>2</sup> The adequate wage shall be at least the minimum legal wage established by applicable law and shall otherwise be determined by the law of the place of employment.

### 3.11 Sanctions and embargo violations

Transactions of any type that potentially violate export and sanctions regulations can be reported.

Examples: Deliveries to sanctioned companies/persons; deliberately incorrect classification of goods to circumvent approval obligations; intentional ignoring or concealing of indications of a prohibited use of our products by the customer/goods recipient; illegal passing of deliveries to embargoed countries.

### 3.12 Violation of Binding Product-Related Commitments (Technical Compliance)

This reporting category refers to potential violations of product-related obligations that result in a non-compliant product. Product-related obligations arise, for example, from applicable laws, norms, and standards, contractually agreed technical customer specifications, internal regulations, and communicated voluntary commitments of the company.

Examples: Non-compliance with environmental laws; deviation from advertised to actual functions of a product; placing safety-critical products on the market.

### 3.13 Violation of the Schaeffler Group Code of Conduct or Schaeffler Group Supplier Code of Conduct / other compliance-relevant notices.

This reporting category includes violations of the Schaeffler Group Code of Conduct or the Schaeffler Group Supplier Code of Conduct that occurred during the economic activities of companies or were committed by persons who are obligated to comply with the respective codes.

In addition, other compliance-relevant information may be provided, acts or omissions within the scope of Schaeffler's economic activities that may violate a criminal law or result in a fine for Schaeffler.

## 4 Content of reports

In order to enable the processing of the reports, whistleblowers should describe the incident in as much detail as possible.

It is helpful if Whistleblowers are guided by the following points, which are also requested in the electronic whistleblower system:

- Detailed description of the incident, i.e., chronological sequence of events, place, and time of the possible misconduct, in which company/location or in which department.
- Detailed information on the persons involved, i.e., persons affected, witnesses and perpetrators and their relationship to Schaeffler
- Possible damaging effects of the incident that have already occurred (personal injury or financial loss) as well as the identity of the persons or groups harmed or potentially affected by the incident
- Information on the identity of the whistleblower or selection of the option to submit the report anonymously.

In addition, documents can be uploaded in the electronic whistleblowing system and thus be made available to the reporting office. Further, a mailbox can be set up to enable encrypted communication via the electronic whistleblowing system with the reporting office to clarify further details or questions about the whistleblowing. The communication can also be anonymous.



## 5 Procedure following a report

For the processing of reports, a central reporting office at Schaeffler (leads from the various reporting channels are documented here) works together with various departments that provide support in investigating initial suspicions and, if necessary, are responsible for special investigations.

### 5.1 Submission of a report

The procedure begins with the submission of a report by a whistleblower to one of the reporting channels provided by Schaeffler.

### 5.2 Confirmation of the receipt

The reporting office receives the reports from the whistleblowers from the various channels (see Section 2). The reporting office documents every submitted report and confirms receipt of it to the whistleblower within a maximum of 7 days after submission of the report. The whistleblower can only be notified if the whistleblower has provided a contact option in their report, or a mailbox has been set up to receive messages in the case of an anonymous report via the electronic whistleblower system.

### 5.3 Initial suspicion

The responsible department examines the existence of an initial suspicion.

If the information received does not justify an initial suspicion, the responsible department shall attempt to contact the whistleblower to obtain further information or documents that could possibly lead to an initial suspicion. The whistleblower shall be given at least 6 weeks to respond.

If there is no initial suspicion even after the inquiry or if the matter does not fall under any reporting category, the responsible department shall inform the whistleblower that the proceedings are closed for this reason if contact can be made.

In the event of initial suspicion of material misconduct, a detailed investigation of the report (special investigation) will be conducted.

### 5.4 Personal meeting

If the whistleblower requests a face-to-face meeting, the responsible department is required to arrange a meeting within a reasonable time.

### 5.5 Conducting a special investigation

If there is an initial suspicion of misconduct, Compliance Forensics & Investigations will conduct an independent special investigation or engage an appropriate investigative unit.

If the investigation cannot be conducted independently because investigators are biased or subject to a conflict of interest, the investigation shall be conducted by an independent unit.

The special investigation should clarify the complete facts of the case, determine the perpetrator(s) and participant(s) and the time of the crime, and determine the damage caused to Schaeffler and/or the persons affected.

Special investigations may be closed if

- the perpetrator(s) could not be identified despite exhaustion of all possible proportionate and economic investigation measures
- the initial suspicion has been completely disproved during the special investigation
- the initial suspicion during the special investigation could neither be invalidated nor substantiated with the legally available investigative measures
- the misconduct could be proven beyond doubt.

Each special investigation ends with a written final report containing recommendations on internal measures to be taken (e.g., process improvements, sanctioning of employees) or external measures to be taken (e.g., reporting the facts to government authorities, claiming damages, remedial action in the event of human rights-related or environmental breaches of duty in the supply chain).

### 5.6 Feedback to the whistleblower

#### Follow-up report

Not later than three months after the whistleblowing, the reporting office provides feedback to the whistleblower. The feedback includes information on planned as well as the already taken measures.

#### Feedback after completion of the special investigation

If a special investigation was carried out because of the report, the whistleblower receives feedback on the outcome at the end of the special investigation.

#### Restriction of feedback

Schaeffler will only provide feedback to the whistleblower to the extent that this does not affect internal inquiries or investigations and does not affect the rights of the persons who are the subject of a report or who are named in the report.

## 6 Protection of whistleblowers and affected parties

Schaeffler ensures that whistleblowers do not suffer any consequences regarding their employment or other negative consequences from Schaeffler in the event of a report, provided that the whistleblower is not actively involved in the reported misconduct (through action or omission). Schaeffler will take the measures described below to ensure the protection of the whistleblower.

### **6.1 Anonymity**

A whistleblower is not required to disclose their identity when submitting a whistleblower report. Schaeffler also investigates reports that have been submitted anonymously.

The use of the [electronic whistleblowing system](#) does not allow any conclusion to be drawn about the identity of the whistleblower. The anonymity of the whistleblower can best be guaranteed through this reporting channel.

### **6.2 Confidentiality**

The confidentiality of the whistleblower's identity is of primary importance, even if the whistleblower has not submitted the report anonymously.

The identity of the whistleblower and all circumstances that allow conclusions to be drawn about the identity of the whistleblower are treated confidentially by Schaeffler (need-to-know principle).

Schaeffler's reporting channels are all organized in such a way that only the persons responsible for receiving, processing, and taking follow-up action on the reports as well as the persons supporting them in fulfilling these tasks have access to the reports.

Schaeffler will only permit the disclosure of information on the whistleblower and the facts of the case in the context of special investigations and the taking of follow-up or remedial measures to the extent that this is absolutely necessary for the fulfillment of the measures.

If Schaeffler is required by law to disclose the identity of the whistleblower to third parties, in particular law enforcement agencies, it may no longer be possible for Schaeffler to maintain confidentiality. If the identity must be disclosed beyond the circle of persons involved in the processing and follow-up, the whistleblower should be informed in advance, provided there are no legal or factual obstacles to this.

### **6.3 Prohibition of discrimination**

At Schaeffler, disadvantaging or threatening to disadvantage whistleblowers as a reaction to the submission of a report is prohibited.

If the whistleblower is disadvantaged by Schaeffler after submitting a report, Schaeffler must prove that the disadvantage is based on sufficiently justified reasons or that it is not based on the report.

### **6.4 Exclusion of liability**

A whistleblower will not be held legally responsible by Schaeffler for obtaining or accessing information that has been reported or disclosed. This does not apply if the whistleblower has committed a criminal act to obtain possession of the information.

### **6.5 No whistleblower protection**

A whistleblower who intentionally or grossly negligently makes a false report will not be protected by Schaeffler.

**6.6 Protection and rights of the affected person**

In any special investigation, the responsible department shall respect the rights of the affected person. The following principles are observed:

- Personal rights are respected
- Sensitive personal data shall be respected
- All investigative measures must be proportionate
- All persons affected by a special investigation are always treated fairly and with respect
- The reporting office is always impartial in its investigative measures

Investigative measures are carried out in an objective, open-ended, fact-based, timely, efficient, and effective manner.

**7  
External reporting  
bodies**

Before an employee contacts external authorities, in particular public prosecutors, and police authorities, with the identified misconduct, the employee should first try to find an internal solution within the company and report the matter internally.