

P 172157 Submission of Leads for Compliance and Human Rights Violations (Whistleblowing)

Approval

Issue:	Version A 2020-05
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Previous issues

P172207 - Submission of Leads for Compliance and Human Rights Violations (Whistleblowing) - Version A 2018-04, Version B 2020-02

Modifications

Content is identical, just number changed

Translated by:

Issue dated Version A 2018-04:

Schaeffler Technologies AG & Co. KG, Herzogenaurach (Germany), Translation Office, coordination by Specialist department

Modifications during the approval cycle:

Schaeffler AG, Herzogenaurach (Germany), Specialist department

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Issue dated Version B 2020-02:

Schaeffler Technologies AG & Co. KG, Herzogenaurach (Germany), Translation Office, coordination by Specialist department

The latest German-language version of this standard will always be taken as authoritative.

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1 Summary

1.1 Objective

Within the context of our responsibility as a globally operating company, we consider it our obligation to avoid compliance violations and to only act within the boundaries of the law.

The Schaeffler Group (Schaeffler AG and all companies in which Schaeffler AG indirectly or directly holds a majority interest, hereinafter: "Schaeffler") does not tolerate compliance violations.

Compliance violations have to be recognized, clarified and prevented at an early stage. Only by proceeding in this manner can imprisonment, monetary fines, disgorgement of profits, claims for reimbursement of damages, exclusion from public bidding and loss of reputation be avoided.

Schaeffler relies on reports from all employees to become aware of compliance violations^[1] since in most cases misconduct can only be detected based on leads. Leads from employees are important to create and maintain a culture of compliance that is based on sustainability, social responsibility and integrity.

The reporting of compliance violations is not equivalent to denunciation. In particular, any information provided collectively helps the entire company including all employees to act in compliance with laws and therewith contributes to the sustainable and long-term success of the company and job security.

This procedure shows how and who employees can contact with what type of leads.

1.2 Scope

This procedure applies to the reporting of compliance and human rights violations (lead).

This procedure is applicable to the Schaeffler Group worldwide.

It applies to all governing bodies and employees of the Schaeffler Group (referred to as "Schaeffler employees" or "employees") hereinafter.

Employees within the meaning of this procedure are in particular all

- managers,
- full- and part-time employees, including temporary employees,
- trainees, interns and other equivalent employees

of the Schaeffler Group.

The provisions set out in this procedure shall take precedence over local/regional procedures. In justified exceptional cases, the Head of Forensics & Investigations may approve precedence of a specific local regulation with consent of the Group Chief Compliance Officer. A justified exceptional case is, inter alia, assumed if Procedure 172157 is in conflict with local statutory requirements and the local statutory requirements are stricter.

The validity of local/regional laws as well as collective agreements pertaining to compliance shall not be affected by this procedure.

1.3 Procedure responsibility

The Head of Forensics & Investigations of the Compliance & Corporate Security function at the headquarters of Schaeffler AG in Herzogenaurach, Germany, is responsible for managing and updating this procedure. Compliance will answer any questions about the content of this procedure through Forensics & Investigations: investigations@schaeffler.com.

The person responsible for this procedure may approve changes of the appendices as long as the content of the procedure does not change.

1.4 Process assignment

The process assignment can be seen in following document: [Process-Procedure-Matrix](#).

2 Definitions

2.1 Compliance violation

A compliance violation within the meaning of this procedure is any violation against the Code of Conduct, which may cause harm to the assets or the reputation of the Schaeffler Group. These usually include violations of the law subject to fines and penalties or significant conflicts of interest.

Examples are: Fraud, breach of trust, corruption, intentional violations of tax and customs laws, grand theft, accounting fraud, violation of cartel and competition laws, disclosure of business secrets, violations of data protection laws, violations of sanction and embargo regulations and environmental damage as well as human rights violations.

The following are not compliance violations within the meaning of this procedure:

- a) Any violations against the Code of Conduct as well as criminal offenses or misdemeanors that can obviously not cause any harm to the assets or reputation of the Schaeffler Group such as speeding violations when driving to work
- b) Issues that affect civil, labor, or personnel laws only (issues regarding salary, size of office, dissatisfaction with the boss, performance evaluations, etc.)
- c) Patent violations and product fraud without active perpetration/participation by a Schaeffler employee
- d) Any violations that originate from an external source such as cybercrimes, social engineering, CEO fraud, or that originate from outside of Schaeffler such as false Facebook messages, etc.

2.2 Definition of human rights violation

Violations of human rights within the meaning of this procedure especially refer to the ban on modern slavery, human trafficking as well as any form of forced and child labor. Furthermore, incidents of employment and job discrimination are not tolerated. To safeguard universal human rights, the Schaeffler Group uses international as well as national agreements as a guideline, as for example the UN Guiding Principles on Business and Human Rights, the national action plan "Business and Human Rights" of the government of the Federal Republic of Germany as well as the ten principles of the UN Global Compact.

3 Options for Submitting Leads

The reporting of misconduct serves to recognize and prevent undesirable developments that pose risks for Schaeffler and its employees at an early stage. For this reason, all employees may report compliance and human rights violations.

Violations committed by employees in their personal life without any connection to Schaeffler may not be reported.

4 Reporting Channels

Leads for compliance and/or human rights violations may be submitted

- online via an electric informant system called Business Keeper Monitoring System (BKMS) <https://www.bkms-system.net/schaeffler>
- via an external telephone hotline (00800 - 333444332)

[2]

- an employee of Compliance Forensics & Investigations investigations@schaeffler.com
- the Group Chief Compliance Officer
- a Compliance employee, or
- the direct superior.

5 Forwarding of Leads

The employees of the Compliance & Corporate Security function as well as the direct superiors of the reporting employee shall undertake to forward the leads for compliance violations received to Compliance Forensics & Investigations in the Compliance & Corporate Security function for acknowledgment or processing as long as there is no conflict with witness rights or rights to remain silent.

If irregularities are detected during an audit that lead one to conclude that a compliance violation is plausible and possible, the lead auditor shall notify the Forensics & Investigations department in coordination with the regional/functional head of the Audit department.

The head of Forensics & Investigations is responsible for managing systems and procedures used for submitting leads.

6 How to Report Information

The report has to be timely, sufficiently specific and as complete as possible to allow effective investigation of the lead. The informant may submit information verbally, in writing, or electronically.

6.1 Timely, sufficiently specific and complete reporting

The informant shall submit the information in a timely manner, i.e. within the initial days of gaining knowledge of the misconduct. If the information is submitted with delay, some deadlines to appropriately react to the compliance violation may expire.

A report is sufficiently specific if it includes information about the type and manner as well as location and time of the potential misconduct. Without narrowing down the facts, the investigation of a lead usually comes to nothing.

A lead is complete if the informant shares all relevant known facts such as for example the identity of the accused and the amount of the damage caused. The more information the informant can provide about the situation, the more effective and easier the investigation will be.

6.2 Submitting reports electronically, verbally, or in writing

Reports may be submitted electronically, also anonymously, via an electronic informant system, the so-called Business Keeper Monitoring System (BKMS). The BKMS is available in multiple languages 24 hours a day, 365 days a year via the link below:

<https://www.bkms-system.net/schaeffler>.

Leads may be submitted by phone, also anonymously, in all languages spoken within the Schaeffler Group via the external phone hotline below:

00800 – 33344433^[3].

The overview in Appendix 1 of this procedure can be checked to determine whether a different phone number should be used.

Leads in all languages may also be submitted electronically by email to Compliance Forensics & Investigations:

investigations@schaeffler.com

Reports may be mailed to Compliance Forensics & Investigations in all languages: Mailing address:

Schaeffler AG
Compliance & Corporate Security
Industriestrasse 1 – 3
91074 Herzogenaurach
Germany

Please contact Compliance Forensics & Investigations at investigations@schaeffler.com for general questions about the individual reporting channels, especially regarding BKMS.

7 Prohibition of False Accusations

The informant may not use the reporting channels to knowingly report false accusations or suspicions.

Knowingly making false accusations is considered a violation of this procedure and may be subject to prosecution. The same applies to libel, slander and defamation where reporting channels are misused.

8 Informant Protection

Schaeffler will ensure that informants will not suffer any consequences related to labor law or other negative consequences by Schaeffler unless they were actively involved in the reported misconduct (through action or inaction).

9 Confidentiality

The employees entrusted with the processing and investigation of leads (lead processors) shall keep the identity of the informant confidential. The name and all circumstances that give indications of the identity of the informant shall be kept confidential within the group of persons entrusted to process and investigate the information and will only be shared if mandatory for processing the report ("need-to-know" principle). This will keep the group of people processing and investigating the information as small as possible. The principle of data reduction and data economy shall be followed.

The identity of the reporting employee may become known during processing and the investigation even though the report was anonymous. In such a case the identity of the reporting employee shall be kept confidential in the same way as for a non-anonymous report.

Only if disclosure of the reporting employee beyond the group of persons involved in the processing and investigation of the information is necessary to clarify, investigate and prosecute the situation, clarification of the situation shall have precedence over safeguarding confidentiality. The disclosure of the informant to officials obligated to maintain confidentiality for professional reasons (attorneys, works council members) is always permitted provided that they are involved in clarifying, investigating and prosecuting the matter.

If, based on statutory provisions, Schaeffler is obligated to disclose the identity of the reporting employee to third parties, especially law enforcement agencies, Schaeffler may not be able to maintain confidentiality in certain circumstances. If the identity has to be disclosed beyond the group of persons involved in the processing and investigation, the employee shall be notified in advance unless there are legal or actual impediments.

10 Feedback to the Informant

Informants may request information about the status of processing their lead at any time by contacting the person heading the special investigation. The information shall be provided as long as it does not put the success of clarifying the situation at risk and third-party personal rights are not affected. Details about the investigation may not be provided to the informant.

After completion of the audit/investigation the informant may request information about the outcome from the person heading the special investigation. The information shall be provided unless there are compelling reasons not to do so. The reasons shall be explained in writing.

11 Notification of External Bodies

Employees shall try to solve the matter internally within the scope of a special investigation before reporting the recognized misconduct to external bodies, especially district attorney's offices and police authorities.

12 Disclosure of Personal Data

Informants may request information about the personal data collected by the function entrusted with the special investigation from the person heading the special investigation. The information may be provided at a later time if necessary to guarantee the success of clarifying the situation. The requested information shall be provided no later than when the special investigation is completed.

13 Violation of this Procedure

Conduct that constitutes a violation of this procedure may be subject to consequences under employment law up to and including termination of employment without notice.

Cited Documents and Standards

Code of Conduct

P 172156 Dealing with Cases Involving Suspicion of Compliance and Human Rights Violations

Appendices

Appendix 1 BKMS Hotlines

Forwarding to
external areas
permitted?
Yes

^[1] The respective female forms were not added to this procedure for the sake of improved readability. A discrimination of the female gender is thereby neither intended nor desired.

^[2] The phone number applies to the following countries: Argentina, Austria, Belgium, Bulgaria, China, Croatia, Chechnya, Denmark, Finland, Germany, Hungary, Italy, Malaysia, Netherlands, Norway, Peru, Philippines, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Taiwan, United Kingdom

^[3] The phone number applies to the following countries: Argentina, Austria, Belgium, Bulgaria, China, Croatia, Chechnya, Denmark, Finland, Germany, Hungary, Italy, Malaysia, Netherlands, Norway, Peru, Philippines, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Taiwan, United Kingdom

BKMS-Hotlines - Appendix 1 to P 172157

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BKMS Hotlines

Argentina	0800-2221531	Mexico	01800-1231859
Australia	0011800-33344433	Netherlands	00800-33344433
Austria	00800-33344433	Norway	00800-33344433
Belgium	00800-33344433	Philippines	00800-33344433
Brazil	0800-8923668	Poland	00800-33344433
Bulgaria	00800-33344433	Romania	00800-33344433
Canada	011800-33344433	Russia	810800-33344433
Chile	1230020-7224	Singapore	001800-33344433
China	00800-33344433	Slovakia	00800-33344433
Colombia	01800-7541890	Slovenia	00800-33344433
Croatia	00800-33344433	South Africa	00800-33344433
Czech Republic	00800-33344433	South Korea	001800-33344433
Denmark	00800-33344433	Spain	00800-33344433
Finland	990800/999800-33344433	Sweden	00800-33344433
France	00800-33344433	Switzerland	00800-33344433
Germany	00800-33344433 / 0049-30-20865001	Taiwan	00800-33344433
Greece	0049-30-20865001	Thailand	001800-33344433
Hongkong	00800-33344433	Turkey	0090-212-9008935
Hungary	00800-33344433	Ukraine	0800-502806
India	000800-0410002	United Arab Emirates	+971800-0320505
Indonesia	0078-034114450	United Kingdom	00800-33344433 / 0800-9151571
Israel	014800-33344433	United States of America	001-646-8956976 / 011800-33344433
Italy	00800-33344433	Venezuela	0800-1005685
Japan	010800-33344433	Vietnam	120-32349
Malaysia	00800-33344433		