

SUSTAINABILITY

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Further information on sustainability can be found at
<https://corporate.safholland.com/en/sustainability> und www.we-think-ahead.de/en



SUSTAINABILITY AT SAF-HOLLAND GROUP

Sustainability is a key component of our corporate philosophy and strategy. We as a Company embrace social responsibility. The goal of our activities at all times is to align the growth and economic success of the Group with the legitimate interests of our employees, the environment and society in general.

The basis of our business activities is also our overriding corporate objective: We at SAF-HOLLAND aim to be the most valued supplier of best-in-class components, systems and services that ensure the success of our fleet customers worldwide. We pursue this objective while upholding our seven corporate values: innovation, cost consciousness, reliability, respect, teamwork, communication and honesty.

During the reporting year, a CSR Council was established to even better direct the sustainability activities of the SAF-HOLLAND Group. The Council consists of the chief executive officer, representatives from the departments of Human Resources, Health, Safety, Environment and Quality Management, Engineering, Logistics (Shipping), Marketing, Facility Management, Aftermarket and Sourcing. The Corporate Social Responsibility Council meets regularly to deal with proposals and initiatives for improved energy efficiency, the avoidance of waste, employee development and the social commitment of the Group, among others.

EMPLOYEES

NUMEROUS INITIATIVES FOR EMPLOYEE DEVELOPMENT

As an engineering group, we rely on the expertise and commitment of our employees because of their crucial contribution to our economic success. Therefore, the traditional focus of our human resource activities is on training our employees through goal-oriented advanced training programs.

As a manufacturing company, SAF-HOLLAND stresses technical vocations, especially in the areas of engineering and mechanical engineering. SAF-HOLLAND offers employees several types of apprenticeships and also provides a broad range of qualification and advanced training opportunities. The Company also offers young people an opportunity to take part in dual-study programs. For the targeted development of our managers, we conduct regular training programs on employee management and motivation.

A COMMITMENT TO THE INTERESTS OF OUR EMPLOYEES

SAF-HOLLAND works together with the kindergarten at the Company's headquarters in Bessenbach, Germany, located directly across from the administration building. Spaces at the kindergarten are reserved for Company employees. SAF-HOLLAND also provides employees with kindergarten subsidies.

SAF-HOLLAND is further involved in a variety of other programs that span from providing work goggles and hearing protection to the integration of refugees and employee discounts.

EMPLOYEE TENURE AS AN EXPRESSION OF IDENTIFICATION WITH THE COMPANY

The appreciation of our employees is a key aspect of our corporate culture. SAF-HOLLAND supports the commitment of its employees in a variety of ways to encourage lifelong learning and further ongoing development. The Company also offers an attractive and equitable working environment and ensures the highest standards on occupational safety. As a global company, we also place great value on the cooperation and exchange of people from different cultures.

The average length of service of 8.1 years at the Group level is the best example of how strongly employees identify with SAF-HOLLAND and a testimony to our attractiveness as an employer. At 14 and 10 years, the average length of service at our core companies in Germany and the United States is even significantly higher. The long tenure of our employees was also reflected by the 20 and 30 year anniversaries of several of our employees in the 2016 financial year.

HEALTH FAIR IN WYLIE, TEXAS

Our health fair in Wylie, Texas sponsored by SAF-HOLLAND and the Plano Health Center at the Company's location in Wylie, Texas in March 2016, is another example of our commitment to our employees. At this event, SAF-HOLLAND employees were able to have their blood pressure and BMI measured. There were also experts on site explaining all there is to know about heart disease, healthy diets and nutrition. The program was rounded off by the visit of a US health insurance representative, who answered questions about the benefits and advantages of the employee health and advisory program. Two local fitness studios also took part and provided special offers to employees.

SAF-HOLLAND personnel figures 2016

	2016	2015
Key figures for locations (Group level)		
Average number of employees (excluding temporary workers)	3,081	2,653
Employee turnover rate	8.6%	9.7%
Share of part-time workers (as of reporting date)	2.4%	1.5%
Employees with severe disabilities (as of reporting date)	63	59
Employees in managerial positions (as of reporting date)	106	125
thereof women	5	6
Occupational deaths	0	0
Average age of employees in years (as of reporting date)	40.3	41.3
Average length of employment in years (as of reporting date)	8.1	7.3
Key figures for locations in Germany		
Average number of employees (excluding temporary workers)	1,035	1,022
Average sick days per employee	14.5	15.0
Number of employees on maternity or parental leave	7	2
Percentage of trainees (as of reporting date)	4.5%	4.5%
Interns and graduating students (as of reporting date)	8	5
Total number of submitted improvement proposals	76	156
Number of successfully implemented improvement proposals	7	13
Number of rejected improvement proposals	34	86
Employees with collective bargaining agreements	967	1,005

EMPLOYEE STRUCTURES ADAPTED TO MARKET CONDITIONS

SAF-HOLLAND operates in a highly competitive environment. Market-oriented, adaptable personnel structures are therefore an important success factor for the Company. To achieve the necessary flexibility, we rely on fixed-term contracts, part-time work, temporary staff and the Company's flexi-time models, particularly in Germany, in addition to our permanent workforce.

On the December 31, 2016 reporting date, SAF-HOLLAND employed 3,426 people worldwide, including temporary workers (previous year: 3,167). This represents a year-on-year increase of 8.2%, which occurred mainly in the Americas

region and is mainly attributable to the acquisition of KLL. The Group employed a total of 3,259 people on average in 2016 including temporary workers (previous year: 3,325).

Development of employee numbers by region

	12/31/2016	12/31/2015
EMEAI	1,343	1,245
Americas	1,546	1,381
APAC/China	537	541
Total	3,426	3,167

Sales per employee remained stable at kEUR 319.7 in the 2016 financial year (previous year: 319.0). Adjusting for negative currency effects of 1.2%, sales per employee in the period rose a corresponding 1.4%.

ENVIRONMENT

DEVELOPMENT OF ENVIRONMENTAL REPORTING SYSTEM BROUGHT FORWARD

During the reporting year, we focused on developing a comprehensive environmental reporting system. As announced in last year's annual report, we completed this process in 2016 and for the first time are publishing environmental data such as emissions, resource use and waste quantities for our German locations for the reporting year. In next year's annual report, we will be extending our environmental reporting to include the entire Group and will present the corresponding non-financial performance indicators according to the specifications of a generally accepted standard.

SAF-HOLLAND environmental indicators for 2016

	2016	2015
Emissions		
Total direct and indirect CO ₂ emissions (energy sources only) in t	6,300	7,041
Of which, direct and indirect CO ₂ emissions from electricity in t	3,239	3,229
Total direct emissions of CO ₂ in t	5,823	6,445
Of which, direct CO ₂ emissions (fleet vehicles + company-owned filling stations) in t	689	640
Total indirect emissions of CO ₂ in t	477	596
Energy consumption		
Absolute energy consumption (electricity, gas, district heating, diesel) in MWh	28,346	28,693
Waste		
Total waste quantity in t	4,482	4,318
Of which, metal waste in t	3,170.6	3,241.9
Of which, wood waste in t	674.3	511.6
Oils and emulsions in t	62.8	78.1
Waste water in m ³	8,700	11,196
Water		
Water consumption in m ³	17,400	22,392

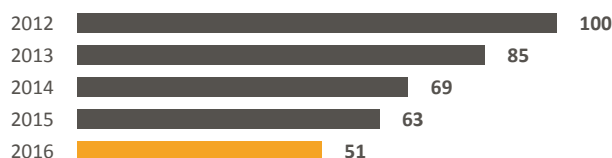
All figures pertain to the German locations Bessenbach, Frauengrund and Singen.

SIGNIFICANT REDUCTION IN CO₂ EMISSIONS IN THE PRODUCTION PROCESS

In our production processes, we continuously strive to reduce energy and material consumption to keep the "ecological footprint" of our activities as low as possible. As we began systematically gathering our CO₂ emissions data in 2014, we made it our goal to achieve an improvement in the energy efficiency of our German locations of at least 2.6% by 2016 versus the 2014 reference year. To track our progress, we take the CO₂ emissions of our German plants and compare them to the number of axles produced at those locations. We use axles in our calculation because these are the main products at these locations. We achieved a 17.6% improvement in energy efficiency in the reporting year versus the 2014 reference year and substantially exceeded our goal. We have also succeeded in significantly reducing our relative CO₂ emissions over the long term.

SAF-HOLLAND CO₂ emissions per axle

in kg; 2012 = 100%



SAF-HOLLAND CO₂ emissions per axle

Year-over-year change in %



THE LIT GREEN INITIATIVE: SCAN YOUR PRODUCT – SAVE TREES!

In many other areas, we also are also working to achieve an ecologically friendly and meaningful use of resources. One example is our Lit Green initiative. Instead of a printed handbook, the easily accessible serial number labels on all our fifth-wheel couplings now feature a QR code. The QR code can be scanned easily to open the digital product brochure. This new initiative makes it easier for our customers to gain access to information, ensures that they are always up to date and protects the environment at the same time.

With every fifth-wheel coupling we ship, we save up to 63 pages of paper, which amounts to approximately seven million pages of paper per year. This measure alone helps us save several thousand trees each year.

CLIMATE PROTECTION THROUGH WEIGHT REDUCTION

Beyond improving the ecological footprint of our production processes, we are also proactive when it comes to environmental protection. By perpetually reducing the weight of our products and components, we not only help customers operate more efficiently but also help reduce fuel consumption and, consequently, CO₂ emissions and pollutants. Our efforts to increase the life of our products and ensure they meet the highest safety standards are also targeted at improving sustainability. More information on our recent innovations in lightweight construction can be found in the section “Research and Development” on page 23.

SOCIAL RESPONSIBILITY

SAF-HOLLAND SUPPORTS THE “PLANT-FOR-THE-PLANET” CAMPAIGN

We also make an active contribution to preserving the environment for future generations through our social responsibility. The global increase in CO₂ emissions is forcing us all to take action. Under the slogan “Stop talking. Start planting.”, the “Plant for the Planet” campaign has planted 14 billion trees worldwide since 2007 with the help of citizens, governments and businesses. The “Plant for the Planet” campaign was founded by Felix Finkbeiner, who was just nine years old at the time. SAF-HOLLAND supported this campaign during the financial year with its own Group-wide campaign “Think Ahead” in which SAF-HOLLAND donated 80,000 trees to help save roughly one million kilograms of CO₂ in the coming two years. However, “Plant for the Planet” has an even more ambitious aim: 1,000 billion newly planted trees by the year 2020 – the number needed to absorb one-quarter of the world’s production of CO₂.

CHRISTMAS TRUCKER CAMPAIGN

Our social commitment is also reflected in the support we give to charitable events. One example is SAF-HOLLAND’s generous donation to this year’s “Christmas Trucker” campaign sponsored by the Johanniter Ambulance Brigade. Even more important was our employees’ involvement in filling 96 packages for this campaign. The aid packages containing urgently needed basic foods, hygiene products and small toys, go directly to poverty-stricken families, the elderly and people with disabilities in Eastern Europe.

UNITED WAY DAY OF CARING

Social responsibility is also an important issue at our North American locations. The employees at SAF-HOLLAND’s plants in Muskegon and Holland showed their commitment by taking part in the annual “United Way Day of Caring” in September 2016. At this event, a team of employees lent their support to the aid organization “Community enCompass” to refurbish buildings. A second team supported the organization “Kids Food Basket,” which delivers evening meals daily to more than 900 primary school children in the greater Muskegon area. Other colleagues gave their assistance to a second-hand business whose revenue flows back into the community to help needy residents.

