

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

Please see C0.1

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	January 1 2021	December 31 2021

W0.3

(W0.3) Select the countries/areas in which you operate.

Argentina
 Australia
 Austria
 Belgium
 Brazil
 Canada
 China
 Czechia
 Denmark
 France
 Germany
 Hungary
 India
 Italy
 Japan
 Malaysia
 Mexico
 Netherlands
 Poland
 Portugal
 Republic of Korea
 Romania
 Russian Federation
 Serbia
 Singapore
 Slovakia
 South Africa
 Spain
 Switzerland
 Taiwan, China
 Thailand
 Turkey
 United Arab Emirates
 United Kingdom of Great Britain and Northern Ireland
 United States of America
 Viet Nam

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

EUR

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

No

W0.7

(W0.7) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization.	Provide your unique identifier
Yes, an ISIN code	DE000A14J7G6

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Neutral	Have not evaluated	Water is used at ZF locations for production, e.g. for surface treatment processes, washing, rinsing, and cleaning, as a coolant, or for non-production purposes such as sanitary water, drinking water, in the canteen, or during construction projects.
Sufficient amounts of recycled, brackish and/or produced water available for use	Important	Have not evaluated	By using recycled water, we significantly reduce the amount of freshwater withdrawal.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	76-99	There are only a few small service locations that have flat-rate rental contracts and therefore cannot break down water data separately.
Water withdrawals – volumes by source	76-99	There are only a few small service locations that have flat-rate rental contracts and therefore cannot break down water data separately.
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sector]	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>
Water withdrawals quality	76-99	Water quality is monitored locally in all cases.
Water discharges – total volumes	76-99	There are only a few small service locations that have flat-rate rental contracts and therefore cannot break down water data separately.
Water discharges – volumes by destination	76-99	There are only a few small service locations that have flat-rate rental contracts and therefore cannot break down water data separately.
Water discharges – volumes by treatment method	76-99	There are only a few small service locations that have flat-rate rental contracts and therefore cannot break down water data separately.
Water discharge quality – by standard effluent parameters	100%	All sites which have a permit for direct discharge of wastewater into a receiving water in connection with a temperature limit, measure and document the quantity and temperature.
Water discharge quality – temperature	76-99	All sites which have a permit for direct discharge of wastewater into a receiving water in connection with a temperature limit, measure and document the quantity and temperature.
Water consumption – total volume	76-99	There are only a few small service locations that have flat-rate rental contracts and therefore cannot break down water data separately.
Water recycled/reused	100%	All locations with facilities for water recycling / water reuse measure, monitor and report water volumes.
The provision of fully-functioning, safely managed WASH services to all workers	100%	All sites offer WASH services for workers, ensured by obligatory risk assessment on a regular basis.

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	9772	Higher	As a result of increasing production in 2021 after the COVID-19-related economic downturn, the amount of water withdrawals increased. In comparison to 2019 the water withdrawal was reduced by 9% (-973 megalitres). The water supply at ZF locations is adapted to local circumstances and mainly comes from municipal sources. At some locations water from rivers or groundwater is used for cooling processes without any chemical change. Besides various projects for reducing overall consumption, ZF makes use of available water treatment and reuse technologies to reduce freshwater consumption.
Total discharges	8310	Higher	As a result of increasing production in 2021 after the COVID-19-related economic downturn, the amount of water discharge increased. In comparison to 2019 the water discharge was nearly the same (-50 megalitres). Wastewater discharge only takes place in line with approval by authorities. In the year under review, no bodies of water were negatively affected and no significant environment-impacting spills were reported.
Total consumption	1462	Higher	Total consumption is calculated by total withdrawals minus total discharges. As a result of increasing production in 2021 after the COVID-19-related economic downturn, the amount of total water consumption increased. In comparison to 2019 the total water consumption was reduced by 41% (-1.028 megalitres).

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	Less than 1%	Lower	WWF Water Risk Filter	All ZF locations were assessed for their water risk using the WWF Water Risk Filter. 22 locations were identified as possibly being located in high or medium water scarcity areas due to their geographical position. In the first quarter of 2021, nine of these plants were verified by means of the WWF questionnaire. The data of the production sites surveyed showed a water utilization profile of 1 to 2 (on a WWF scale of up to 5). Decreasing the water consumption intensity by 2% per year at these locations is a priority. In comparison to previous year the withdrawal at those sites was reduced by 8%.

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	5263	Higher	As a result of increasing production in 2021 after the COVID-19-related economic downturn, the volumes of water withdrawals from surface water, including rainwater, water from rivers and lakes increased. In comparison to 2019 the water withdrawal from these sources decreased by 13% (-764 megalitres).
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	no brackish surface water/ seawater withdrawal
Groundwater – renewable	Relevant	844	Higher	As a result of increasing production in 2021 after the COVID-19-related economic downturn, the volumes of water withdrawals from renewable groundwater sources increased.
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	not used, only groundwater renewable
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	no location with produced/ entrained water
Third party sources	Relevant	3665	Higher	As a result of increasing production in 2021 after the COVID-19-related economic downturn, the volumes of water withdrawals from third party sources increased. In comparison to 2019 the water withdrawal from these sources decreased by 9% (-376 megalitres). The water supply at ZF locations is adapted to local circumstances and mainly comes from municipal sources. Besides various projects for reducing overall consumption, ZF makes use of available water treatment and reuse technologies to reduce freshwater consumption.

W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Relevant	4990	Higher	As a result of increasing production in 2021 after the COVID-19-related economic downturn, the volumes of water discharge to surface water increased. In comparison to 2019 the water discharge to surface water decreased by 12% (-680 megalitres). Direct drainage into surface water only occurs at a few locations. In these cases, water is drained only if approved by the authorities. Threshold values are strictly monitored here. ZF is committed to installing water-saving equipment that exceeds these statutory requirements.
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	no brackish surface water/ seawater discharge
Groundwater	Not relevant	<Not Applicable>	<Not Applicable>	no water discharge to groundwater
Third-party destinations	Relevant	3320	Higher	As a result of increasing production in 2021 after the COVID-19-related economic downturn, the volumes of water discharge to third-party destination increased by 2%. Wastewater at ZF is usually discharged into the public sewer system and treated at local wastewater treatment plants connected to the system. However, our environmental management system aims at continually reducing the volume of wastewater.

W1.2j

(W1.2j) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

	Relevance of treatment level to discharge	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	no treatment needed to achieve drinking water quality
Secondary treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	< 1%, therefore defined as not relevant
Primary treatment only	Relevant but volume unknown	<Not Applicable>	<Not Applicable>	<Not Applicable>	Data on local level measured and reported.
Discharge to the natural environment without treatment	Relevant	4990	Higher	1-10	Direct drainage into surface water only occurs at a few locations. In these cases, water is drained only if approved by the authorities. Threshold values are strictly monitored here. ZF is committed to installing water-saving equipment that exceeds these statutory requirements.
Discharge to a third party without treatment	Relevant	3320	Higher	91-99	Wastewater at ZF is usually discharged into the public sewer system.
Other	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	no other

W1.3

(W1.3) Provide a figure for your organization's total water withdrawal efficiency.

	Revenue	Total water withdrawal volume (megaliters)	Total water withdrawal efficiency	Anticipated forward trend
Row 1	38313	9772	3.92069177 241097	New targets were adopted in 2021: By 2025, the Group will reduce water consumption at ZF locations in areas where water scarcity determines public life by 2% annually relative to value added. For all other locations, a 1% reduction is being targeted on an annual basis. The base year for both targets is 2019. With these targets we anticipate a positive trend for the efficiency figure (Revenue in Mio EUR / Total water withdrawal in megalitres).

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

Yes

W2.1a

(W2.1a) Describe the water-related detrimental impacts experienced by your organization, your response, and the total financial impact.

Country/Area & River basin

Germany	Other, please specify (River Ahr (Rhineland-Palatinate))
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Type of impact driver & Primary impact driver

Acute physical	Flood (coastal, fluvial, pluvial, groundwater)
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Primary impact

Reduction or disruption in production capacity

Description of impact

The flood disaster on the night of July 14 to 15, 2021 hit the district of Ahrweiler (Rhineland-Palatinate) in particular. The authorities had declared the disaster alarm. The ZF plant in Ahrweiler was also severely affected by flooding. At around 12:00 a.m., masses of water smashed in the roller doors of the plant and flooded the production halls and warehouses; the water level was sometimes more than two meters high. Vehicles, including a caravan, were washed into the halls from outside. Fortunately, no one was physically harmed. The flood disaster was a shock for ZF; the consequences will continue to have a long impact. Our employees at the site have suffered massive damage to their private property and experienced a lot of personal suffering. Our plant in Ahrweiler was also severely damaged by the flood. All assembly facilities have been destroyed. The plant is now also partly located in the official flood zones, which were redesignated in the aftermath of the disaster.

Primary response

Re-site facilities

Total financial impact

Description of response

In an unprecedented act of commitment and solidarity, the Ahrweiler colleagues quickly cleaned up and established a – mostly manual – replacement production. At other European ZF locations in Gebze, Levice, and Schweinfurt, production with different levels of automation was also set up. Thanks to this excellent team effort, we were able to maintain deliveries to our customers as far as possible. It quickly became clear that ZF no longer can use the original buildings and site and are actively looking for alternatives. The Group immediately announced that the new location should remain in the region (within a radius of 50 km) to continue to give the Ahrweiler employees employment prospects. Since the catastrophe in July, a team has been working intensely to identify possible options and evaluate them in an open-ended manner. Together with the Works Council, ZF is in close contact with political, business development and administrative decision-makers. In addition to the structural and technical requirements, the analysis of the options is also focusing on the long-term competitiveness of the site to offer current employees sustainable prospects. The aim is to relocate latest at the beginning of the year 2024.

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

W3. Procedures

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Value chain stage

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed as part of other company-wide risk assessment system

Frequency of assessment

More than once a year

How far into the future are risks considered?

1 to 3 years

Type of tools and methods used

Enterprise risk management
International methodologies and standards

Tools and methods used

Enterprise Risk Management

Contextual issues considered

Water availability at a basin/catchment level
 Water quality at a basin/catchment level
 Stakeholder conflicts concerning water resources at a basin/catchment level
 Implications of water on your key commodities/raw materials
 Water regulatory frameworks
 Status of ecosystems and habitats
 Access to fully-functioning, safely managed WASH services for all employees

Stakeholders considered

Customers
 Employees
 Local communities
 NGOs
 Regulators
 Water utilities at a local level
 Other water users at the basin/catchment level

Comment

ZF EHS-Management System acc. to ISO 14001/ 50001/ 18001. Semi-annual report to member of BoM. Each location undertakes at least once a year an environmental aspect/ risk evaluation acc. to group standard. Climate change risks and opportunities are integrated in the multi-disciplinary company-wide risk management process which includes all relevant departmental functions. Some facilities, that are located in "water risk areas", undertake additional water risk assessment and adequate measures. In 2020, all ZF locations were assessed for their water risk using the WWF Water Risk Filter. 22 locations were identified as possibly being located in high or medium water scarcity areas due to their geographical position. In the first quarter of 2021, nine of these plants were verified by means of the WWF questionnaire. The data of the production sites surveyed showed a water utilization profile of 1 to 2 (on a WWF scale of up to 5). Decreasing the water consumption intensity by 2% per year at these locations is a priority. Contextual issues: Water is a resource for production processes; water availability and quality are monitored on local level. Defined target to improve water efficiency is monitored on local and group level. Further contextual issues are considered, if they are identified as relevant within the local environmental aspect evaluation (EHS Management System acc. ISO 14001). Stakeholders are factored in local procedures for identification and assessing of water-related risks if they were identified as relevant within the local environmental aspect evaluation (EHS management system acc. ISO 14001).

Value chain stage

Supply chain

Coverage

Full

Risk assessment procedure

Other, please specify (Sustainability Criterion (supplier approval process))

Frequency of assessment

Annually

How far into the future are risks considered?

1 to 3 years

Type of tools and methods used

Other

Tools and methods used

Internal company methods

Contextual issues considered

Other, please specify (water usage)

Stakeholders considered

Suppliers

Comment

Sustainability as a key element for supplier approval and sourcing of production material: In May 2020, ZF introduced an additional sustainability criterion as a mandatory requirement for the approval of new suppliers and for ongoing sourcing. The sustainability criterion covers the topics of climate footprint, human rights and compliance, as well as environment, health and safety (EHS). Regarding the environmental management of its suppliers, ZF also carefully reviews energy consumption, water usage, air emissions, waste management and the handling of restricted substances and chemicals. A corresponding questionnaire was developed based on the Self-Assessment Questionnaire on CSR and Sustainability developed by the Drive Sustainability initiative. Since its introduction, all production material suppliers with an upcoming approval or sourcing case must fulfil this requirement. As part of the continuous development of our approach, ZF decided in 2021 to gradually replace its Self-Assessment Questionnaire. In future, we will request that our suppliers (production and non-production material suppliers) submit the standardized, industry-specific Self-Assessment Questionnaire (SAQ) via the global NQC platform. The use of standardized tools makes processes more efficient for ZF and its suppliers. At the same time, subcontractors get an overall impression of the Group's sustainability expectations. This makes it possible to prioritize key topics more effectively. Following a successful pilot project, our goal is to complete the rollout with approximately 2,500 suppliers by the end of 2022. The reviewed questionnaire is a mandatory element of the new supplier approval process. It is also a mandatory deliverable for new sourcing from existing suppliers. If a supplier does not provide a completed questionnaire, if the score achieved lies below 25 percent or if there is no signed acceptance sheet of the ZF Business Partner Principles submitted, the sourcing case will not be processed. Thanks to ZF sustainability criteria for suppliers, we now have a central steering element that is a mandatory part of our sourcing process. Our next step is to intensify our monitoring of, and collaboration with, suppliers to improve our joint sustainability performance based on the NQC self-assessment questionnaire. Based on the validated answers, we can agree on a specific action plan with our suppliers and on tracking the progress.

Value chain stage

Direct operations
 Supply chain

Coverage

Full

Risk assessment procedure

Other, please specify (Scenario analysis to identify and quantify physical climate-related risks)

Frequency of assessment

Not defined

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

International methodologies and standards

Tools and methods used

IPCC Climate Change Projections

Other, please specify

Contextual issues considered

Water availability at a basin/catchment level

Stakeholder conflicts concerning water resources at a basin/catchment level

Implications of water on your key commodities/raw materials

Stakeholders considered

Customers

Employees

Local communities

Regulators

Suppliers

Water utilities at a local level

Other water users at the basin/catchment level

Comment

- conducted a qualitative scenario analysis (in early 2022) to identify physical climate-related risks, quantitative scenario analysis on site-level is ongoing to quantify these risks - latest science in accordance with the IPCC - includes the SSP (Shared Socioeconomic Pathways) concept of the IPCC - alignment with the emission levels assumed in the IEA stated policies scenario - severe implications by extreme weather events and at the same time a very likely scenario

W3.3b

(W3.3b) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

ZF Enterprise Risk Management

At least every three months and ad hoc, if required, the corporate functions and operational reporting units identify, assess, and report operational risks. All risks are assigned to risk categories in the ZF risk catalogue to enable all types of risks along the value chain to be recognized. Climate- and water-related risks are integrated in ZF risk catalogue and are allocated to the specific risk category.

Once a year, strategic risks that have a long-term impact on ZF are assessed. Significant risks for the Group are identified by means of thresholds defined by the Board of Management with regard to probability of occurrence and potential extent of damage. Within the scope of Enterprise Risk Management, we include opportunities if they have a direct material link to a risk. Risks and their impacts are chiefly assessed using quantitative criteria differentiated according to their gross risk value (before risk treatment) and net risk value (after risk treatment). With the possibility of a qualitative risk assessment using our GRC consequence matrix, also non-quantifiable or difficult-to-quantify risks in our risk landscape are considered and managed.

Based on the risk assessment, we strive to reduce or completely avert risks by means of appropriate countermeasures and to seize associated opportunities. For each individual risk classified as major, the responsible risk managers initiate measures. These are also documented and tracked in the Group's reporting. Interdependencies between risks and aggregation effects are taken into account. The Board of Management and the Risk Committee continuously monitor ZF's opportunity and risk situation. Group Risk Management is tasked with continuously tracking the development of all identified major risks and the status of the risk treatment measures initiated. The aforementioned activities ensure that risks and opportunities are continuously analysed throughout the Group. In this way, we want to increase risk awareness inside our organization and establish the framework for further developing our corporate risk culture.

Climate-related and water-related risk management

As part of the environmental management system in accordance with ISO 14001, respective risks and opportunities are assessed at site and Group level and reported as part of the management review. This procedure will be adapted to the new enterprise risk management standard in 2021 considering ZF ESG strategy.

The context for our sustainability considerations is to a large extent shaped by global megatrends. Climate change, demographic change and increasing urbanization are leading to changes in consumer behaviour – with a fundamentally growing demand for finite resources, which is leading to increased conflict. Several trends require a technology shift toward efficiency and resource conservation, which ZF is pushing for by continually reducing CO₂ and noise emissions, for example. A product strategy for a sustainable and circular product portfolio is in implementation.

Megatrends also play a central role when setting targets for innovation. ZF identifies a need for action, principally in the areas of efficiency, advanced driver assistance systems, autonomous driving, and integrated safety.

Innovative solutions in these areas are directed towards our "Vision Zero": Zero accidents and zero emissions. ZF therefore offers solutions for almost all vehicle segments which are showcased for example by the Vision Zero Vehicle, the ZF Tractor, the ZF Innovation Truck or the ZF Advanced Urban Vehicle. To take full advantage of these opportunities, ZF has invested in companies, creating a close network of strategic cooperation. We call this the ZF Vision Zero Eco System.

With strong partners and wide-ranging expertise, ZF can make this vision real one day: Driver assistance systems and the continuous development of automated and autonomous driving can drastically reduce the number of accidents. At the same time highly efficient hybrid drives and locally completely emission free electric drives are contributing to emission reduction.

ZF EHS Management System

The global integrated ZF Corporate Environmental Protection and Energy Management System (ZF EHS Management System) acc. to the following international standards: ISO 14001/ ISO 50001/ ISO 18001 with policy and objectives on group level enables ZF to monitor, evaluate and steer climate change risks and opportunities on group level. The analyses of impacts, efficiencies and measures of improvement are reported semi-annually to the responsible member of Board of Management (management review). Moreover, there is a process steered by the controlling department in place with interfaces to EHS management system: Risk management, fundamentals on the early recognition and elimination of existential risks and risks above critical limits (with interfaces to climate change risks and opportunities on group and locational level).

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes, both in direct operations and the rest of our value chain

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

see C2.1b

We define risks as deviation from our planning. All risks that exceed critical limits and existential risks shall be identified at an early stage by all employees and evaluated, adequately treated, and reported by risk owners globally, regionally and locally along the value chain in divisions (including allocated reporting units, hereinafter "RU"), Global Domain Functions (hereinafter "GDF") and regions. The definitions of EHS and climate- and water-related risks are based on dedicated risk assessments.

Once a year, strategic risks that have a long-term impact on ZF are assessed. Significant risks for the Group are identified by means of thresholds defined by the Board of Management with regard to probability of occurrence and potential extent of damage impact. Impacts can be evaluated quantitatively and qualitatively and are clustered at various levels (on group, division, site level). We include opportunities if they have a direct material link to a risk.

The Enterprise Risk Management process applies to all employees of ZF Friedrichshafen AG and all of its directly and indirectly controlled subsidiaries (collectively, the "ZF Group").

Due to the increased and strategic importance, ZF has started a comprehensive scenario analysis in line with the TCFD recommendations to improve the view on climate- and water-related risks and opportunities throughout the value chain.

W4.1b

(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	9	1-25	In 2020, all ZF locations were assessed for their water risk using the WWF Water Risk Filter. 22 locations were identified as possibly being located in high or medium water scarcity areas due to their geographical position. In the first quarter of 2021, nine of these plants were verified by means of the WWF questionnaire. Currently, the risks of those nine sites are not at a level to have a substantive financial or strategic impact. Further acute physical risks (e.g. flooding, cyclones) were investigated within a scenario analysis and the quantification of the financial impact is in process in context of production resilience.

W4.1c

(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?

W4.2

(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

W4.2a

(W4.2a) Provide details of risks identified within your value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

No

W4.3b

(W4.3b) Why does your organization not consider itself to have water-related opportunities?

	Primary reason	Please explain
Row 1	Judged to be unimportant	Within the ZF materiality analysis water related opportunities were not identified as a current field of action with high relevance for ZF business. On local level some water-related opportunities with potential were identified to have medium financial impact to the group. Therefore, new targets were adopted in 2021: By 2025, the Group will reduce water consumption at ZF locations in areas where water scarcity determines public life by 2% annually relative to value added. For all other locations, a 1% reduction is being targeted on an annual basis. The base year for both targets is 2019. With these targets we anticipate a positive trend for water efficiency and water consumption reduction contributing to cost reduction and resource efficiency.

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?
Yes, we have a documented water policy that is publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	Company water targets and goals Commitment to align with public policy initiatives, such as the SDGs Other, please specify (commitment to resource efficiency)	The water policy is an integrated part of the company-wide environmental policy, which has to be publicly available according to the ISO 14001 standard. It is published on the ZF website. Since March 2018 there is the ZF Environmental, Health and Safety Policy in place, including the resource water, signed by BoM.

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?
Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual	Please explain
Other, please specify (Board member)	Member of the Board of Management Chief Human Resources Officer, HR and Legal, Director of Labor Relations, Responsible for Environment & Sustainability The sustainability department is located in the human resources domain. The Senior Vice President for sustainability, environment, health and safety directly reports to the Chief Human Resources Officer. The sustainability department is responsible for sustainability strategy and reporting, serves as the internal contact point for all sustainability-related questions, advises the Board of Management and manages stakeholder dialogue.
Other, please specify (Senior Vice President)	Senior Vice President Sustainability and EHS Statement: "Sustainability at ZF is not only about complying with regulations. It is an integral part of our strategy. By embedding sustainability in processes and decision-making, we interlink our long-term business success with our responsibility for society and the environment."

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - all meetings	Monitoring implementation and performance Overseeing acquisitions and divestiture Overseeing major capital expenditures Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy Setting performance objectives Other, please specify (monitoring invests on divisional level)	Sustainability Ambition Committee (bi-weekly) In coordinating sustainability topics within the company, the sustainability department is supported by a cross-divisional and cross-functional committee. Comprised of the sustainability leads of all divisions and the most material corporate domain functions, this group meets on a bi-weekly basis. Through the sustainability department the committee regularly reports into senior management up to the Board of management. The tasks of the sustainability department include: • Developing and implementing an appropriate sustainability strategy and monitoring progress for the ZF Group. In this endeavour, it assists the Board of Management in fulfilling its responsibility for oversight of relevant sustainability and corporate social responsibility aspects of the company. • Regularly reviewing the materiality matrix. • Drawing up an annual review of ZF's sustainability strategy. • Anchoring the top issues in the sustainability program as well as in the respective departmental strategy and management. • Regularly reviewing the appropriateness and effectiveness of ZF's strategy, targets and measures. • Providing regular progress reports on target achievements or related measures. • Monitoring external trends and requirements and recommending additional actions in response. • Within the context of risk management, identifying, assessing and managing risks associated with sustainability issues. • Reviewing and approving the annual Sustainability Report. • Coordinating the internal and external communication of sustainability – stakeholder dialogue. To gain an overview of newly arising company topics and to elaborate initial starting points for dealing with them, the team may establish working groups that will then address specific tasks in depth.

W6.2d

(W6.2d) Does your organization have at least one board member with competence on water-related issues?

	Board member(s) have competence on water-related issues	Criteria used to assess competence of board member(s) on water-related issues	Primary reason for no board-level competence on water-related issues	Explain why your organization does not have at least one board member with competence on water-related issues and any plans to address board-level competence in the future
Row 1	Yes	The CEO of the company has a deep routed competence in climate-related and water-related issues. He is an active member of the "Alliance of CEO Climate Leaders" within the World Economic Forum (WEF) as well as an active member of the "First Movers Coalition" within the WEF which aims to jump-start the demand for zero-emission technologies by committing their support with long-term supply agreements.	<Not Applicable>	<Not Applicable>

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Environmental health and safety manager

Responsibility

Assessing water-related risks and opportunities

Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Half-yearly

Please explain

ZF has environmental protection and energy policy, objectives and a Corporate Environmental Protection and Energy Management System (EHS-Management System) in place acc. to the following standards: ISO 14001 / ISO 50001 / ISO 18001. Semi-annually report to member of BoM. Climate change and water risks and opportunities are integrated in the multi-disciplinary company-wide risk management process which includes all relevant resort functions.

Name of the position(s) and/or committee(s)

Environment/Sustainability manager

Responsibility

Assessing water-related risks and opportunities

Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Half-yearly

Please explain

ZF has environmental protection and energy policy, objectives and a Corporate Environmental Protection and Energy Management System (EHS-Management System) in place acc. to the following standards: ISO 14001 / ISO 50001 / ISO 18001. Semi-annually report to member of BoM. Climate change and water risks and opportunities are integrated in the multi-disciplinary company-wide risk management process which includes all relevant resort functions.

Name of the position(s) and/or committee(s)

Sustainability committee

Responsibility

Assessing water-related risks and opportunities

Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

More frequently than quarterly

Please explain

Sustainability Ambition Committee (bi-weekly), see W6.2b In coordinating sustainability topics within the company, the sustainability department is supported by a cross-divisional and cross-functional committee. Comprised of the sustainability leads of all divisions and the most material corporate domain functions, this group meets on a bi-weekly basis. Through the sustainability department the committee regularly reports into senior management up to the Board of Management. To gain an overview of newly arising company topics and to elaborate initial starting points for dealing with them, the team may establish working groups that will then address specific tasks in depth.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

	Provide incentives for management of water-related issues	Comment
Row 1	No, and we do not plan to introduce them in the next two years	low materiality

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

Yes, trade associations

Yes, funding research organizations

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

The global ZF Corporate Environmental Protection and Energy Management System (EHS-Management System) acc. to the standards ISO 14001/ ISO 50001/ ISO 18001 and committees (Sustainability Steering committee; Environmental Managers Committee; Product Resource Efficiency Committee) ensure the common position for internal and external communication.

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

No, but we plan to do so in the next two years

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	5-10	ZF Corporate Environmental, Health and Safety Targets 2021 - 2025 Time horizon of strategic financial planning: 7 years.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	5-10	ZF Corporate Environmental, Health and Safety Targets 2021 - 2025 Time horizon of strategic financial planning: 7 years.
Financial planning	Yes, water-related issues are integrated	5-10	ZF Corporate Environmental, Health and Safety Targets 2021 – 2025 include water saving target for all locations. Sites have to include water saving measures into their financial planning. Time horizon of operational financial planning: 1-3 years.

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

0

Anticipated forward trend for CAPEX (+/- % change)

0

Water-related OPEX (+/- % change)

0

Anticipated forward trend for OPEX (+/- % change)

0

Please explain

For general data, see ZF Annual Report 2020 (more detailed figures are confidential): Investments in property, plant and equipment In the past fiscal year, investments in property, plant and equipment amounted to €1,605 million (2020: €1,441 million; 2019: €1,879 million). Due to the continuing global challenges resulting from the shortage of semiconductors, the investment rate of 4.2% of sales was slightly below the prior-year level of 4.4%. Of the capital expenditure, 45.6% was spent on payments in advance and construction in progress, 35.7% on technical equipment and machines, 8.5% on land and buildings and 10.2% on other equipment, factory and office equipment. G. 15 Consolidated statement of financial position in € million In geographical terms, capital expenditure focused on Europe (59%), followed by Asia-Pacific (23%) and North America (16%). Capital expenditure related to the expansion of capacities for existing products and the ramp-up of new productions.

W7.3

(W7.3) Does your organization use scenario analysis to inform its business strategy?

	Use of scenario analysis	Comment
Row 1	No, but we anticipate doing so within the next two years	please see C3.2, C3.2a

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, and we do not anticipate doing so within the next two years

Please explain

Within the ZF materiality analysis water use in production was identified as a field of action with relevance for ZF business, but with no severity with need for internal pricing of water.

W7.5

(W7.5) Do you classify any of your current products and/or services as low water impact?

	Products and/or services classified as low water impact	Definition used to classify low water impact	Primary reason for not classifying any of your current products and/or services as low water impact	Please explain
Row 1	No, and we do not plan to address this within the next two years	<Not Applicable>	Judged to be unimportant, explanation provided	Within the ZF materiality analysis water use in production was identified as a field of action with relevance for ZF business, but with no severity with need for product classification.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Site/facility specific targets and/or goals	Goals are monitored at the corporate level	Water/ water consumption is one aspect within ZF Environmental Policy and Targets. The ZF Corporate EHS targets give direction to implement our EHS Policy, to support the ZF Strategy 2025 and the ZF Decarbonization Strategy on our way towards "Next Generation Mobility". All domain functions, divisions and locations shall contribute to these group targets. In 2020, all ZF locations were assessed for their water risk using the WWF Water Risk Filter. 22 locations were identified as possibly being located in high or medium water scarcity areas due to their geographical position. In the first quarter of 2021, nine of these plants were verified by means of the WWF questionnaire. The data of the production sites surveyed showed a water utilization profile of 1 to 2 (on a WWF scale of up to 5). Decreasing the water consumption intensity by 2% per year at these locations is a priority. The ZF water management objective goes beyond reducing consumption in risk areas: The goal is to continuously reduce water use and consumption throughout the Group. The previous Group-level target to lower water consumption relative to sales compared to the previous year was not met because of the substantial Covid-19-related economic downturn in the prior year. New targets were adopted in 2021: By 2025, the Group will reduce water consumption at ZF locations in areas where water scarcity determines public life by 2% annually relative to value added. For all other locations, a 1% reduction is being targeted on an annual basis. The base year for both targets is 2019. All water sources will be considered when assessing target achievement. Location-specific projects are focusing on water reuse as well as water conservation when it comes to the use of freshwater. Progress is monitored and managed in line with ZF's environmental management system at individual location and Group level. The water supply at ZF locations is adapted to local circumstances and mainly comes from untreated sources. At some locations, water from rivers or groundwater is used for cooling processes without any chemical change. The specific abstraction has been significantly improved compared to 2019. In addition to the various projects aimed at reducing overall water consumption in production, other measures to reduce water needs, such as the modernization of water supply at the locations by renewing piping or through monitoring concepts to quickly determine leakages, were also implemented. ZF makes use of available water treatment and reuse technologies to reduce freshwater consumption, in particular with regard to sanitary water.

W8.1b

(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.

Goal

Other, please specify (Reduce water consumption per value added)

Level

Company-wide

Motivation

Reduced environmental impact

Description of goal

ZF Corporate Environmental, Health and Safety Targets 2021-2025: All domain functions, divisions and locations shall contribute to these group targets. Targets are broken down to site level. ZF locations reduce water consumption from all water sources relative to value add by 1% on an annual basis. Base year 2019.

Baseline year

2019

Start year

2021

End year

2025

Progress

Goal

Other, please specify (Reduce water consumption per value added)

Level

Other, please specify (ZF locations in areas where water scarcity determines public life)

Motivation

Reduced environmental impact

Description of goal

By 2025, the Group will reduce water consumption at ZF locations in areas where water scarcity determines public life by 2% annually relative to value added. For all other locations, a 1% reduction is being targeted on an annual basis. The base year for both targets is 2019.

Baseline year

2019

Start year

2021

End year

2025

Progress

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

No, but we are actively considering verifying within the next two years

W10. Sign off

W-FI

(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

no further information

W10.1

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Head of Sustainability Strategy	Other, please specify (Director)

W10.2

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

No

SW. Supply chain module

SW0.1

(SW0.1) What is your organization's annual revenue for the reporting period?

	Annual revenue
Row 1	38313000000

SW1.1

(SW1.1) Could any of your facilities reported in W5.1 have an impact on a requesting CDP supply chain member?

No facilities were reported in W5.1

SW1.2

(SW1.2) Are you able to provide geolocation data for your facilities?

	Are you able to provide geolocation data for your facilities?	Comment
Row 1	Yes, for all facilities	Geological data for all sites world-wide are available on group level and were used for evaluation according to WWF Water Risk Filter.

SW1.2a

(SW1.2a) Please provide all available geolocation data for your facilities.

Identifier	Latitude	Longitude	Comment
WWF Water Risk Filter	0	0	We see no benefit to provide data manually. There should be an option to upload data file from WWF Water Risk Filter. Data are available in WWF Water Risk Filter.

SW2.1

(SW2.1) Please propose any mutually beneficial water-related projects you could collaborate on with specific CDP supply chain members.

SW2.2

(SW2.2) Have any water projects been implemented due to CDP supply chain member engagement?

No

SW3.1

(SW3.1) Provide any available water intensity values for your organization's products or services.

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

The European Climate Pact Submission

Please indicate your consent for CDP to showcase your disclosed environmental actions on the European Climate Pact website as pledges to the Pact.

Yes, we wish to pledge to the European Climate Pact through our CDP disclosure

Please confirm below

I have read and accept the applicable Terms