

Press and IR Release

## **Schaeffler strengthens sustainable supply chain for electric motors**

HERZOGENAURACH/OSLO, 2022-04-19.

- Purchase agreement with Norwegian manufacturer REEtec AS for rare earth metals for magnets used in electric motors
- Schaeffler is focusing on sustainability along the entire value chain
- Emission-free material production is an important step towards climate neutral operations by 2040

Global automotive and industrial supplier Schaeffler has signed a five-year contract with Norwegian company REEtec AS for the purchase of rare earth oxides. The aim is to make electric motors for hybrid modules, hybrid transmissions and all-electric axle drives even more sustainable. Powerful permanent magnets manufactured using rare earth metals like neodymium produce optimum magnetic flux in electric motors. In future, Schaeffler will procure these metals from REEtec AS, which uses a sustainable production process. The partnership will begin in 2024.

"In REEtec, Schaeffler has gained a highly innovative partner that uses a novel and especially sustainable process for the production of pure rare earth elements," says Andreas Schick, Chief Operating Officer at Schaeffler AG. "Rare earths play an important role in the automotive and industrial segments. Schaeffler is focusing on achieving sustainability along the entire value chain and is systematically gearing its activities to the use of materials produced cleanly and sustainably. Through this partnership, we are also securing our supply of neodymium iron boron magnets for electric motors." Schaeffler has been producing electric motors on a large scale since 2021 and offers its customers power classes ranging from 20 kW to more than 300 kW.

"We are delighted to have signed a five-year contract with Schaeffler and to be partnering with a globally successful market leader that prioritizes sustainability and transparency in the supply chain," says Sigve Sporstøl, CEO of REEtec AS. "This partnership will complement our overarching sales strategy and allow us to build our industrial facility for the separation of rare earths in Norway." Based on its proprietary technology, REEtec has been separating rare earths on an industrial scale since 2019. The new plant in Herøya, near Porsgrunn in Norway, will process rare earth carbonates produced by Vital Metals in Canada. The partnership with REEtec is part of the sustainable supply chain that Schaeffler is currently in the

process of establishing. The company aims to reduce the number of emissions generated by preliminary products and raw materials in the supply chain by 25 percent by 2030 (Scope 3 upstream) and is set to be carbon neutral by 2040.

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Schaeffler Group – We pioneer motion The Schaeffler Group has been driving forward groundbreaking inventions and developments in the field of motion technology for over 75 years. With innovative technologies, products, and services for electric mobility, CO<sub>2</sub>-efficient drives, chassis solutions, Industry 4.0, digitalization, and renewable energies, the company is a reliable partner for making motion more efficient, intelligent, and sustainable – over the entire life cycle. The motion technology company manufactures high-precision components and systems for drive train and chassis applications as well as rolling and plain bearing solutions for a large number of industrial applications. The Schaeffler Group generated sales of EUR 15.8 billion in 2022. With around 84,000 employees, the Schaeffler Group is one of the world's largest family-owned companies. With more than 1,250 patent applications in 2022, Schaeffler is Germany's fourth most innovative company according to the DPMA (German Patent and Trademark Office).

From 2024, Schaeffler will procure rare earth oxides from Norwegian manufacturer REEtec. (Photo: REEtec)

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