

SCHAEFFLER

Report by the CEO
Klaus Rosenfeld

Check against delivery.

Annual General Meeting of Schaeffler AG
on April 21, 2022

Disclaimer

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Hauptversammlung 2022

Klaus Rosenfeld
Chief Executive Officer

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Dear Shareholders,
Mrs. Schaeffler-Thumann,
Mr. Schaeffler,
Members of the Supervisory Board,
Ladies and Gentlemen,

On behalf of the Executive Board, welcome to the seventh Annual General Meeting of Schaeffler AG. This year, as in 2020 and 2021, our Annual General Meeting is being held as a virtual event rather than in person. You are already familiar with the process from last year.

Before I come to my report, please allow me to make a few introductory remarks about the situation in Ukraine:

Two months after the beginning of the Russian invasion of Ukraine, the situation continues to be deeply concerning. The reports that we are getting about the destruction, the humanitarian catastrophe and the atrocities taking place on Ukrainian soil are so shocking that we are sometimes lost for words. Who could have imagined a catastrophe of this magnitude unfolding in our immediate vicinity.

At this stage, no one is in a position to say how and when this war will end. All attempts to at least negotiate a ceasefire have so far been unsuccessful. Hopes are fading for a speedy end to this war. The prospects are bleak. And the collateral damage is getting bigger and bigger, not just from a human perspective, but from an economic and political standpoint as well. That Russia will be disconnected from western markets and largely isolated politically from the West in the next few years is a factor that we will need to adapt to. Likewise, the restructuring of our energy policy, which will continue to strain underlying economic conditions, especially in Germany. An even more serious economic factor is increasing deglobalization, with the associated decoupling of global supply chains.

How are we attempting to deal with this situation and these prospects at Schaeffler? Let me give you 3 answers to this question:

Answer 1: We are implementing all sanctions imposed on Russia and have reduced to an absolute minimum all deliveries exempted from the sanctions. Our plant in Ulyanovsk has ceased production until further notice and our sales office in Kyiv is closed. Our top priority is to protect our staff in Ukraine, and we are in contact with all six employees daily.

Please let me also say that our employees in Russia, who have nothing to do with this situation, still belong to us. They are still welcome and they continue to be part of our large Schaeffler family.

Answer 2: We are doing our part to help. Following the initial joint donation by the Schaeffler Group and family holding company announced at the beginning of March, many employees from our company in Germany and other countries also contributed towards alleviating the suffering of the Ukrainian people and above all the many refugees. In this conjunction I would like to mention in particular the extensive commitment by our eastern European plants and the humanitarian initiatives by our works councils. We would like to express our gratitude and appreciation to them and to all

Schaeffler employees who have helped and are continuing to help. As the Board, we are glad to have committed to increasing the donations made by our employees by doubling the respective amounts.

Answer 3: We are preparing for difficult times. Even though our economic commitment in Ukraine and Russia is reasonably small, and we are well able to cope with the direct impacts of the above restrictions, as a globally operating company we are still affected by the indirect consequences, to a greater extent than we initially expected. These include the rise in material prices, especially for steel and other metals, increasing energy, transport and logistics costs, strained global supply chains, the challenging market conditions faced by our end customers, and the future of energy supply. Please also consider that the COVID-19 pandemic – as the situation in China shows – is not yet over everywhere in the world.

All these factors are generally working against us. At the same time, no one can reliably estimate exactly how the entire situation will affect the global economy, the economy in Europe, and our country. The same applies to the Schaeffler Group and our earnings performance. What I can tell you, however, is that we have a strong foundation. And that we are working on the necessary measures to continually improve our resilience, our competitiveness, and our capacity to adapt. In this context, we are benefiting from the fact that in recent years we have operated cautiously and with foresight and have not taken any major risks. And from the fact that we have a strong team, not just at the top, but throughout the entire company. And it is precisely these circumstances that give me confidence that – despite all the unfavorable conditions and bleak prospects – we will also successfully overcome the current situation.

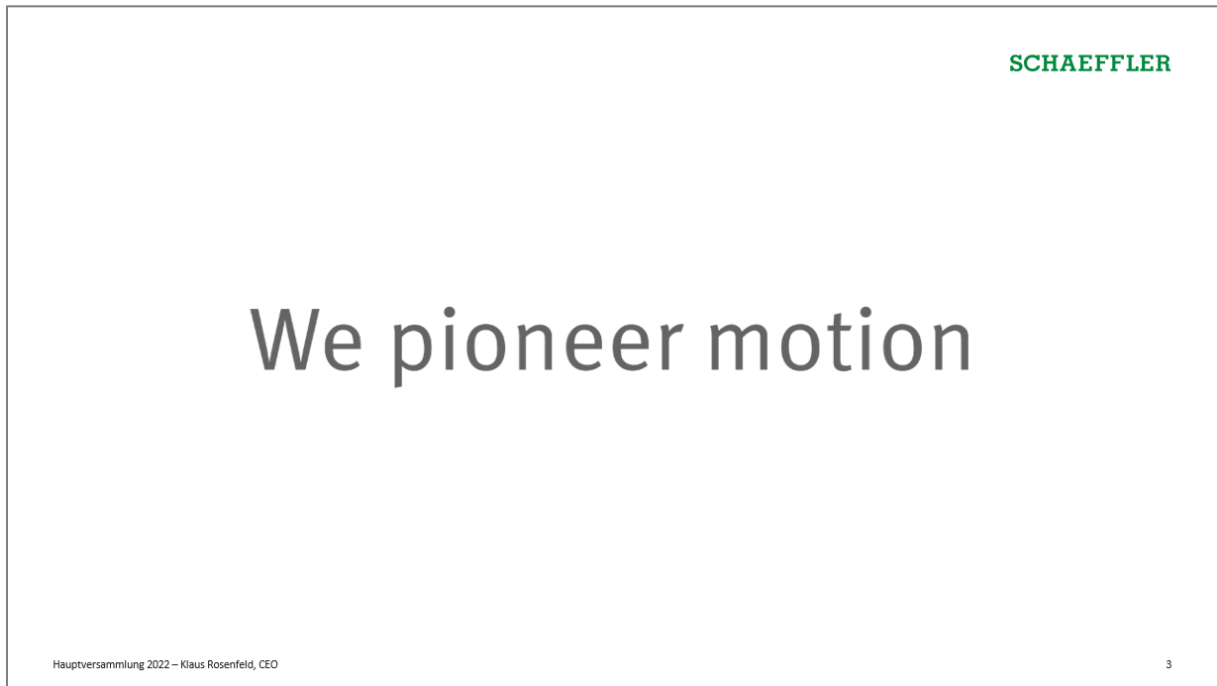
Ladies and gentlemen, even if it is difficult in the current situation to avert our gaze from the events in Ukraine, please allow me, following these preliminary remarks, to now concentrate on my report on the performance of the Schaeffler Group in the last fiscal year and the

implementation of our strategy. As in previous years, I will divide my report into three parts. In the first part, I will address our company's performance in the 2021 financial year and outline our dividend proposal. In the second part, I will briefly outline how we started out in 2022 and give you a short outlook on the development of our markets. In the third part of my report, I will use some examples to illustrate the progress we are making in implementing our "Roadmap 2025" strategic framework.

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But first of all, a few words about us, your Schaeffler Group. Schaeffler is a leading automotive and industrial supplier with more than 83,000 employees and 75 production facilities around the globe. We are a company providing state-of-the-art technologies to a large number of automotive and industrial customers on all continents. You'll find our products – whether as components or as entire systems or services – wherever there is motion and wherever something is turning. In cars of course. But also in bikes, trucks, trains, and airplanes. In machines and in robots. And wind turbines: You'll find Schaeffler technology in almost every second wind turbine worldwide.

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When it comes to shaping motion with innovations to advance how the world moves, Schaeffler has been a pioneer for decades. It is this mindset that is behind our motto: ‘We pioneer motion’. It reflects the corporate purpose of the Schaeffler Group and expresses why we exist. ‘We pioneer motion’. To live up to this purpose, we buy more than 7,000 tons of steel every day. This is roughly approximate to the total amount of steel that was needed to build the Eiffel Tower. And we consume around 11 gigawatt hours of electrical energy every day, which is around the same amount of energy needed daily by a city like Munich. At the same time, we are responsible for around 7 million tons of CO₂, which we aim to reduce to zero and offset by 2040. Sustainability matters to us. Because we are a listed family company with a long-term mindset, steeped in tradition and with a bright future. That is and will remain so. No matter what is happening in the world.

So, enough about us and what we stand for. Let’s move on to **the first part** of my report, the results from 2021, the year that marked our 75th anniversary.

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2021 – A year with major challenges



Annual General Meeting 2022 – Klaus Rosenfeld, CEO

2021 was a year of significant challenges like the semi-conductor shortage and logistics issues, the decline in vehicle production, and the rise in raw material costs, to name just three aspects. Not to mention the COVID-19 pandemic and all the associated negative consequences. Despite these challenges, the Schaeffler Group was able to achieve very good results in 2021.

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2021 – A successful year for Schaeffler















Annual General Meeting 2022 – Klaus Rosenfeld, CEO

We owe this result above all to our many customers, suppliers and business partners. And to the outstanding collaboration at all levels. Working with them in a spirit of genuine partnership, we were able to react in good time to the challenges of 2021 and find good solutions, even in difficult situations. In this context, our aspiration ‘to be the preferred technology partner of our customers’ has been realized yet again. Just like the constructive partnership with our suppliers, whose special significance for our commercial success was made clear once again in the course of 2021.

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The team at the top – Transparency, trust and teamwork

 Klaus Rosenfeld	 Corinna Schittenhelm	 Claus Bauer	 Andreas Schick
 Jens Schüler	 Dr. Stefan Spindler	 Uwe Wagner	 Matthias Zink
 Sascha Zaps	 Marc McGrath	 Dr. Yilin Zhang	 Dharmesh Arora

A strong team

Annual General Meeting 2022 – Klaus Rosenfeld, CEO 6

I would also like to thank the team at the top. A strong team that stands together. A team that you – and I – can rely on. A team that, in 2021, we have staffed with great leaders from within our own ranks. In Claus Bauer we have a new CFO who knows and understands the Schaeffler Group inside out. The same is true for Jens Schüler, who succeeded Michael Söding as CEO of our Automotive Aftermarket division on January 1, 2022. And for Sascha Zaps, who has taken the helm of our Europe region as its new CEO, effective September 1, 2021, following the departure of Jürgen Ziegler. This team is strong not only because it consists of experienced, long-standing Schaeffler Group executives, but because it embodies and exemplifies our three


common leadership principles: transparency, trust and teamwork. This is also what counts, going forward. And that makes me particularly proud!

A team at the top is only ever as good as the workforce that supports it.

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SCHAEFFLER

Heartfelt thanks to all our employees



Annual General Meeting 2022 – Klaus Rosenfeld, CEO

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My sincere thanks, therefore, go to all employees worldwide, who have demonstrated and continue to demonstrate great energy and dedication on behalf of the Schaeffler Group in these difficult times. Their exemplary commitment in the interests of our customers and business partners all over the world is the key to the strength of the Schaeffler Group. Quality, innovation, reliability, trust: This is what they represent, and it is what our customers associate with Schaeffler, not just today, but over the last 75 years. Our sincere gratitude goes to all the men and women working for Schaeffler across the globe for making this possible every day.

My thanks would not be complete without mentioning the members of the Supervisory Board, who have provided us with help and advice in the course of 2021. This applies to all shareholder and employee

representatives. My very special thanks to you, Mrs. Schaeffler-Thumann and Mr. Schaeffler. I would also like to thank all our shareholders. Thank you all for your trust and your ongoing support. I will never tire of repeating it: We value your trust very highly, especially in difficult times. And we know that your trust is something that we have to earn, again and again. Day after day. Year after year. Today and in the future.

Ladies and gentlemen, I would now like to summarize, in four points each, the negative and positive aspects of fiscal 2021.

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Overview of 2021 financial year – Positive and negative aspects

Negative aspects	Positive aspects
<ul style="list-style-type: none"> <li style="margin-bottom: 10px;">▼ Semiconductor shortage and strained supply chains <li style="margin-bottom: 10px;">▼ Covid-19 pandemic <li style="margin-bottom: 10px;">▼ Costs for raw materials, energy, and transport <li style="margin-bottom: 10px;">▼ Increasing geopolitical risks 	<ul style="list-style-type: none"> <li style="margin-bottom: 10px;">▲ E-mobility order intake well above expectations <li style="margin-bottom: 10px;">▲ Strong sales performance by Automotive Aftermarket <li style="margin-bottom: 10px;">▲ Double-digit growth for Industrial / Acquisition of Melior Motion <li style="margin-bottom: 10px;">▲ Diversification pays off

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Let's start with the challenges.

Firstly, as already mentioned, the semiconductor shortage in 2021 led to extremely high volatility in car production volumes. This indirectly impacted the sales growth of our Automotive Technologies division in all four regions.

Secondly, the persistence of COVID-19 with its new variants, and the

challenging situation in global supply chains, adversely affected our results.

Thirdly, the costs for raw materials, energy and transport increased further in 2021, particularly in the second half of the year.

Fourthly, global macroeconomic risks increased due to geopolitical challenges, some of which were already becoming apparent in 2021. This led to a great degree of uncertainty and unpredictability.

This brings me to the positive aspects of fiscal 2021.

Firstly, despite all the challenges, our Automotive Technologies division outperformed the global automotive production by 4 percentage points. In particular, we registered an order intake in the e-mobility segment of a total 3.2 billion euros, which was well above our 2021 target.

Secondly, our Automotive Aftermarket division achieved a strong sales performance in all regions and profited from increasing demand for individual mobility.

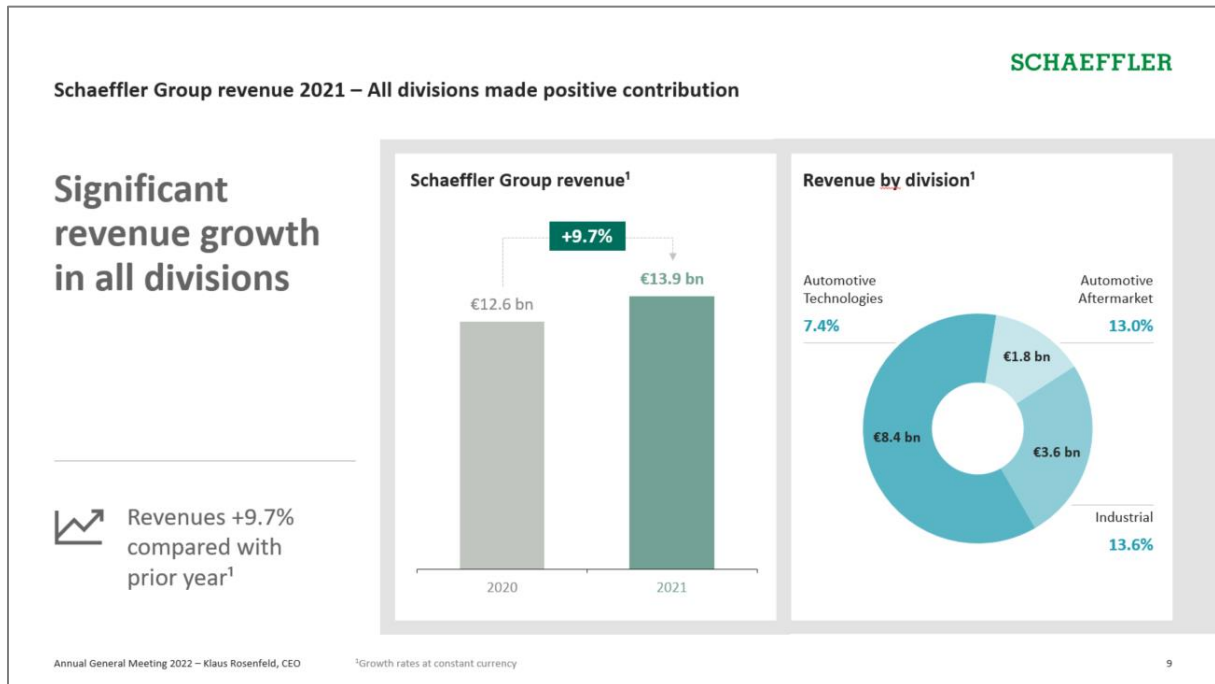
Thirdly, our Industrial division achieved double-digit growth in all regions, driven by a broad economic recovery. The acquisition of Melior Motion, which was completed on February 1 this year, will strengthen our robotics business and make it a growth driver.

Fourthly, despite considerable payouts in conjunction with our restructuring program, we have achieved a strong free cash flow. Not only does this allow us to pay a high dividend; it is also proof of the strength that exists within the Schaeffler Group.

If there is one thing that connects all these points it is that we are both an automotive and industrial supplier. In our case, the whole is more than the sum of its parts. We like to have breadth and depth, despite the complexity this entails. And because diversification and resilience pay off, especially in difficult times.

Let's look briefly at the key figures. To save time, and in keeping with the practice of previous years, I will focus on the key points. All the details are in our Annual Report, which is available in digital form.

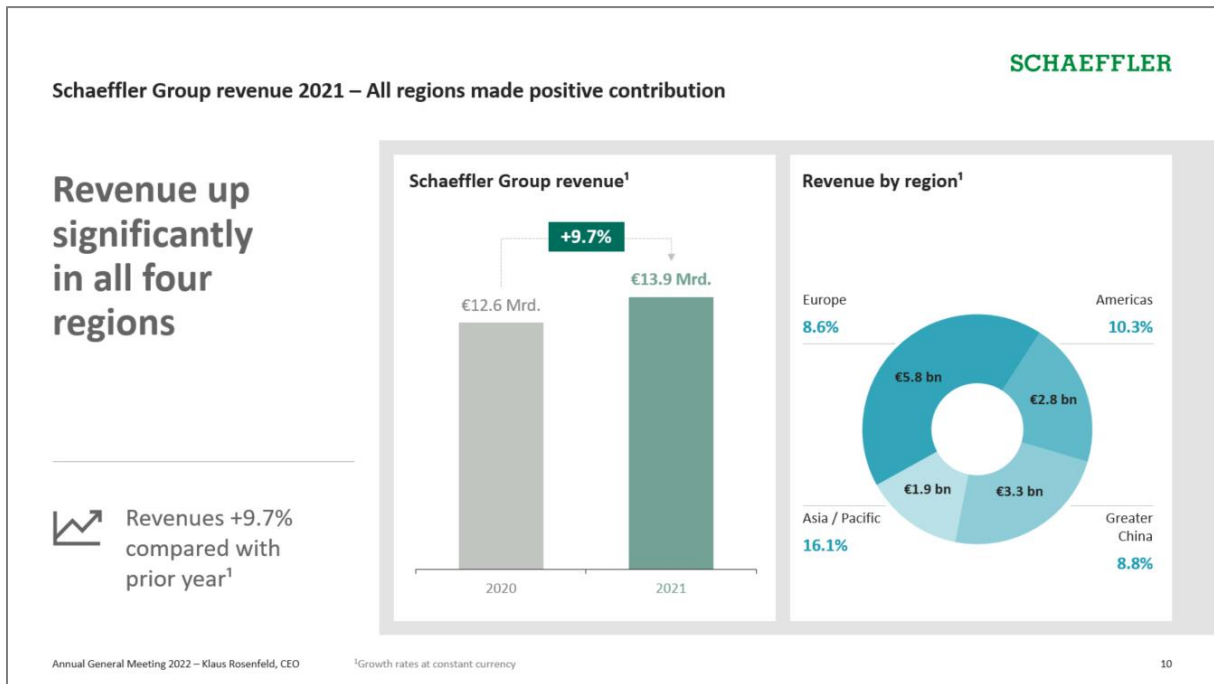
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The revenue of the Schaeffler Group rose to approximately 13.9 billion euros. At constant currency, this is equivalent to a revenue increase of 9.7 percent. All divisions contributed to this positive trend. The Automotive Technologies division posted revenue of 8.4 billion euros. This is equivalent to a currency-adjusted increase of 7.4 percent, which outperforms global automotive production, as already mentioned, by 4 percentage points. The revenue of the Automotive Aftermarket division grew to 1.8 billion euros, an increase of 13 percent in constant currency terms. The Industrial division recorded an increase of 13.6 percent in constant currency terms, with revenue of 3.6 billion euros. Overall, the revenues of the Schaeffler Group are almost back to the level they were at before the pandemic crisis.

Now to the revenue trend in our four regions:

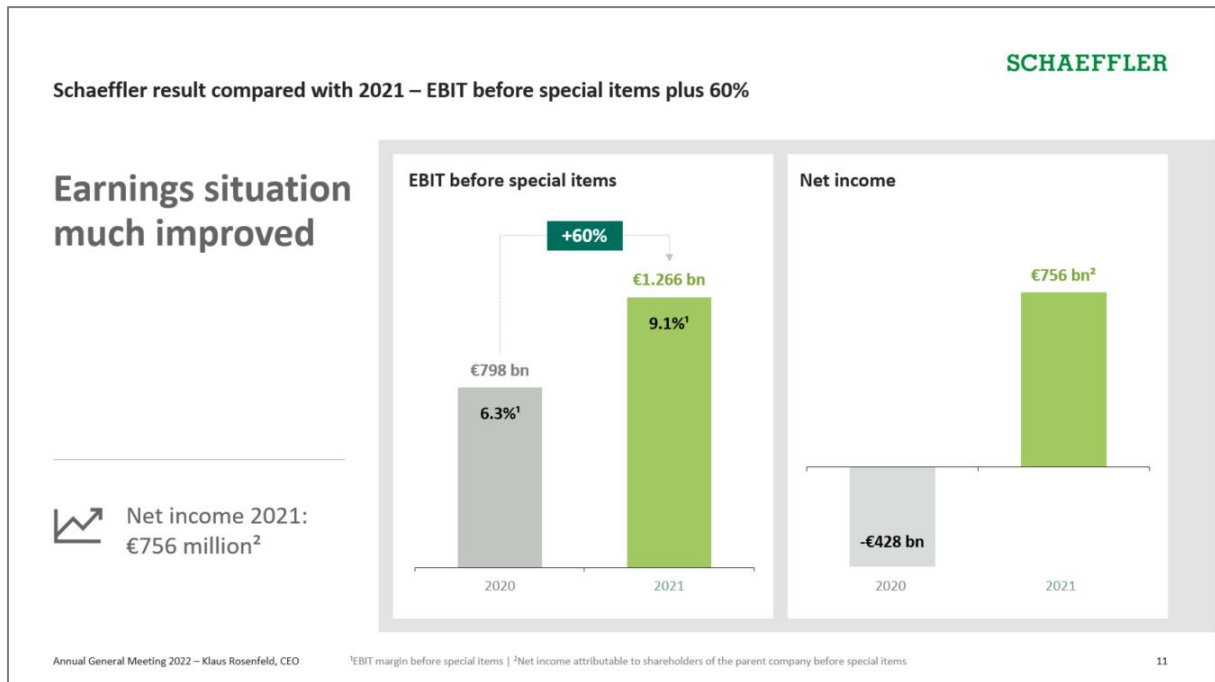
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In a departure from the previous year, in 2021 the revenues of the Schaeffler Group grew in all four regions: Europe, the Americas, Greater China, and Asia/Pacific. In our Europe region, revenue grew by 8.6 percent in constant currency terms. The constant currency increases in the Americas and Asia/Pacific region were double-digit: 10.3 percent in the Americas and 16.1 percent in the Asia/Pacific region. In our Greater China region, we posted an increase in revenue of 8.8 percent in constant currency terms across the whole of 2021 – a value which is comparable with the growth rate we achieved there in 2020, a year in which Greater China had been the only region of the Schaeffler Group to grow.

Let's now take a look at profit and net income.

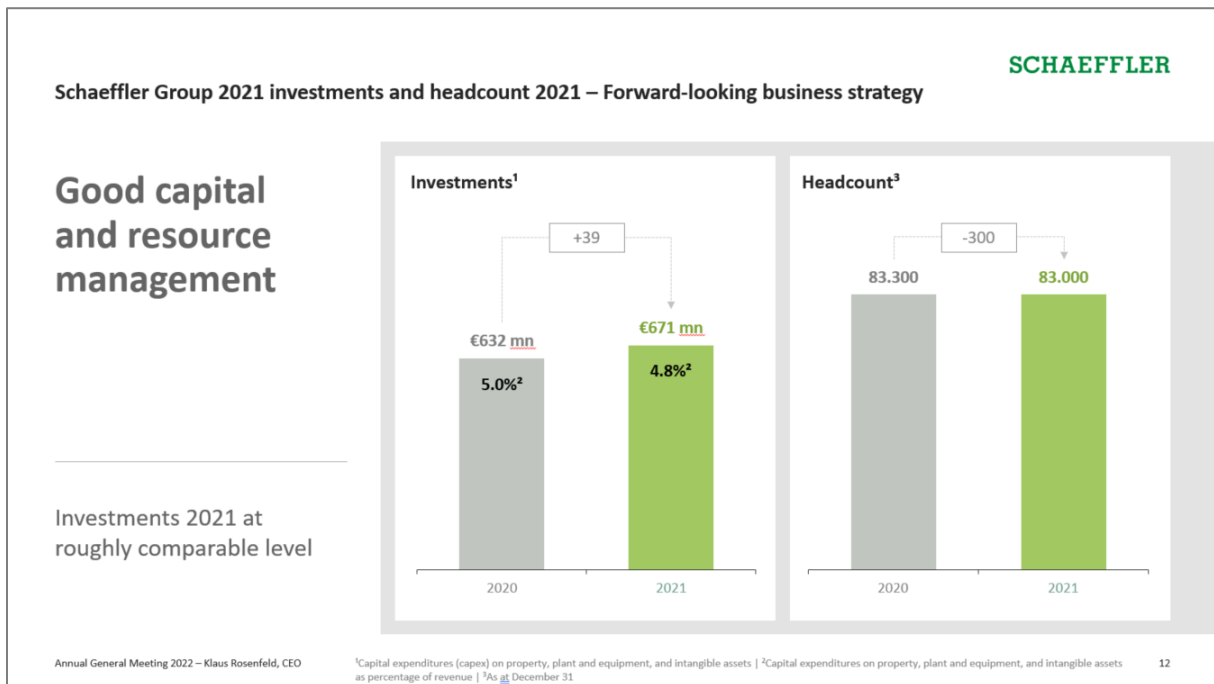
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The Schaeffler Group's earnings before interest and tax and before special items was around 1.3 billion euros, after about 800 million euros in the year prior. This represents an EBIT margin of 9.1 percent for 2021, an improvement of 1 percent compared with 2019, which had not yet been burdened by the effects of the pandemic. Our Industrial division made a strong contribution to this result, with an overall EBIT margin of 12 percent before special items. The Automotive Technologies and Automotive Aftermarket divisions achieved EBIT margins of 6.9 percent and 13.8 percent respectively before special items. This simple overview clearly demonstrates the benefits and the value of being a diversified automotive and industrial supplier with a strong global footprint, particularly in challenging times.

On this basis, net income attributable to parent company shareholders increased from minus 428 million euros in 2020 to plus 756 million euros in 2021. In this context it is worth noting that the net income in 2020 was burdened by significant special items. Now a few words on our global headcount and capital expenditures.

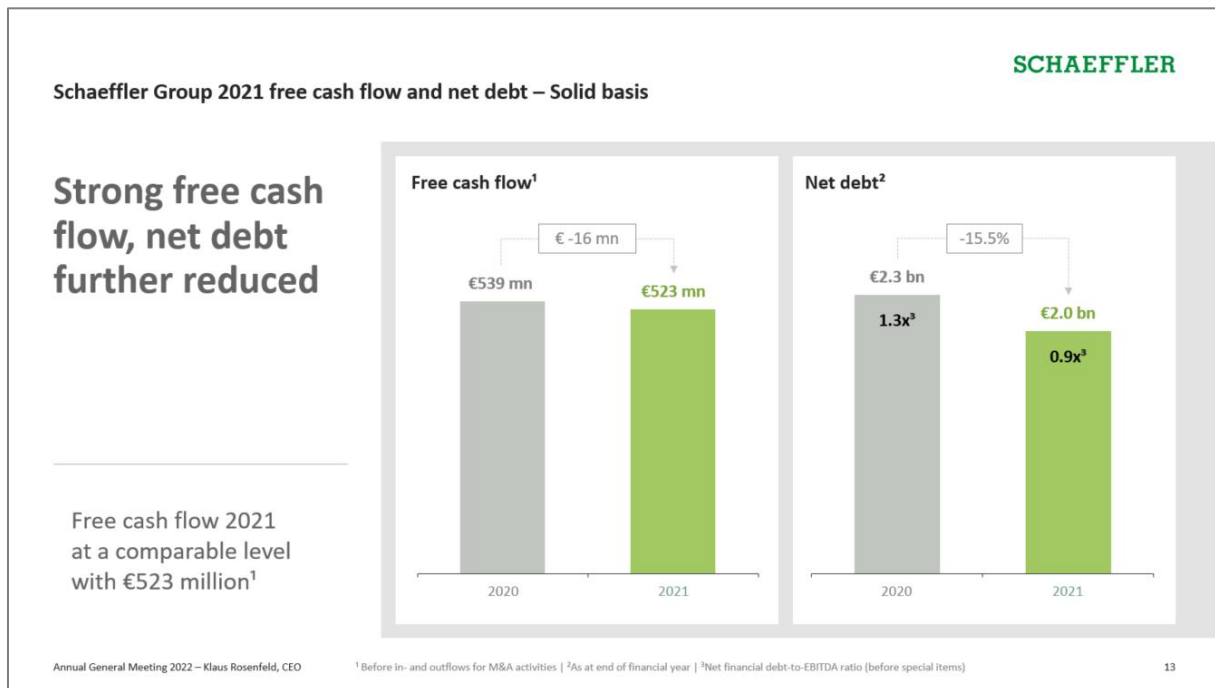
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At the end of 2021, Schaeffler had a total workforce of around 83,000 employees, approximately 300 fewer than at the end of 2020. Our capital expenditures increased slightly compared with the year prior. The total capital expenditure of 671 million euros represents an investment ratio of 4.8 percent, compared with 5 percent in 2020. The reinvestment ratio was 0.74, up from 0.67 in the prior year. These figures demonstrate our success in maintaining strict discipline in respect of capital expenditures. We continued to meet all commitments given to our customers, as this continues to be the guiding principle for what we do.

Let's look at our balance sheet now:

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Our net debt ratio – that is, the ratio of net financial debt to earnings before interest, tax, depreciation and amortization before special items (or EBITDA before special items) – has significantly decreased from the prior year. In 2021, the ratio was 0.9x, as compared with 1.3x in the prior year. Our net financial debt was 2 billion euros, compared with 2.3 billion euros in 2020. At 523 million euros, our free cash flow was roughly at the same level as in the previous year. This is a high value that clearly shows the financial solidity and strength of the Schaeffler Group, even in times of crisis.

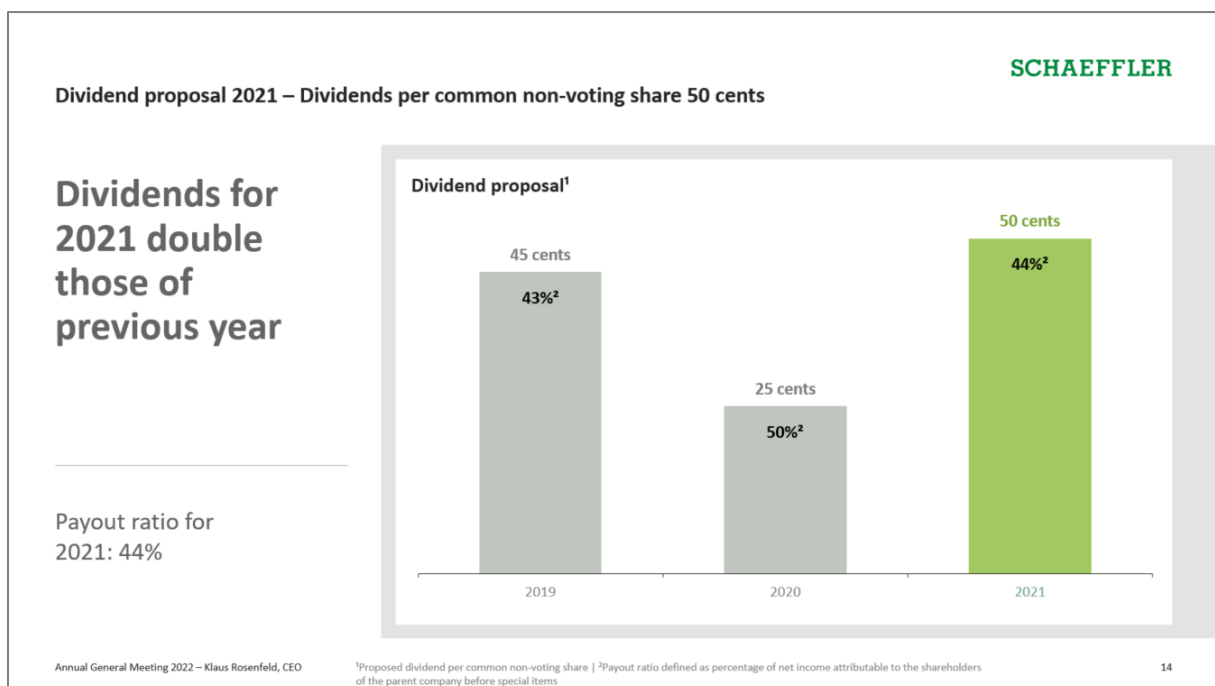
The strength of our Group is also reflected in our excellent cash flow situation: At the end of fiscal 2021, the Schaeffler Group had an available liquidity position of 3.4 billion euros, compared with 3.5 billion euros in 2020. Equity including non-controlling interests increased primarily due to net income, as well as favorable items in accumulated other comprehensive income. The equity ratio was 22 percent as at December 31, 2021, compared to a value of 15 percent one year before.

That concludes my outline of the highlights of the consolidated financial statement.

Now some very brief words on the individual financial statement of Schaeffler AG.

The surplus for the year under HGB rules (German Commercial Code) was 450 million euros. This originates mainly from income from equity investments and forms the basis for the appropriation of earnings and our dividend proposal.

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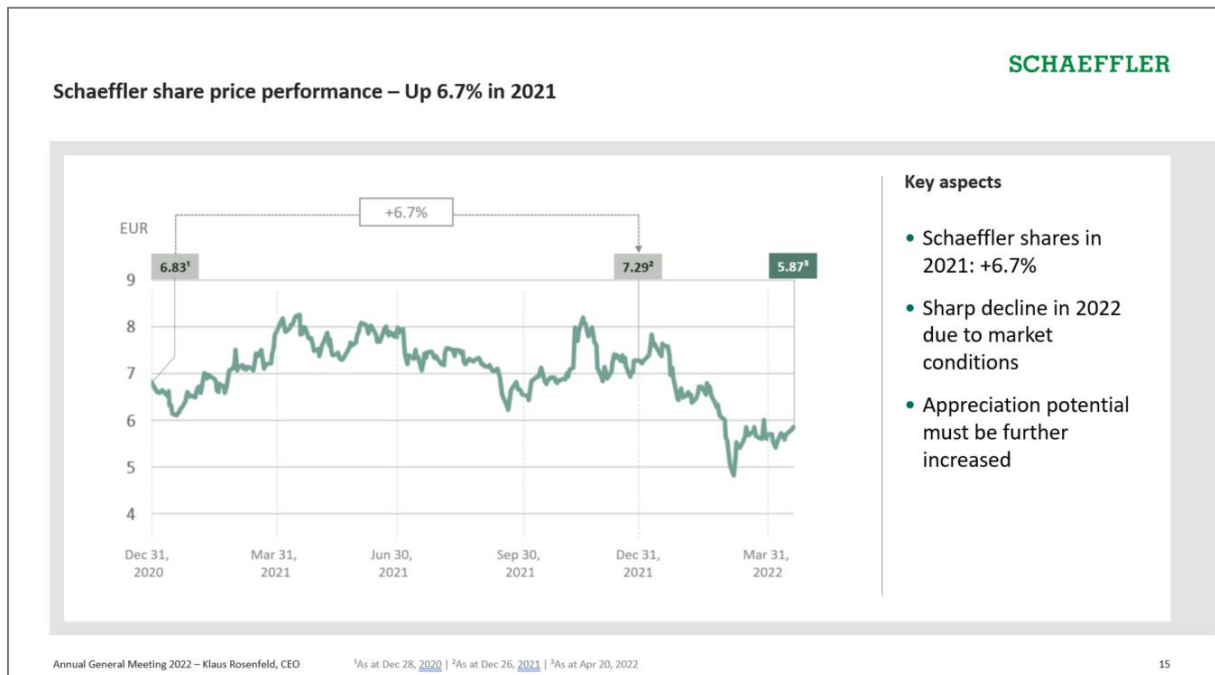


In view of this very positive result, for the year 2021 the Board of Managing Directors and the Supervisory Board of Schaeffler AG propose in today's Annual General Meeting a dividend of 0.49 euros per common share and 0.50 euros per common not-voting share. In terms of net income before special items attributable to shareholders, this proposal represents a payout ratio of around 44 percent. The corresponding ratio in the prior year was around 50 percent. This puts us at the upper end of the payout ratio range of 30 to 50 percent according to our dividend policy. This decision allows you to share in the operating return, to a much greater degree than

at other companies. It is also a sign of continuity and operating strength.

At the same time, a look at the development of our share price shows that we need to do more.

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Schaeffler AG's common non-voting shares closed 2021 up 6.7 percent from the prior year-end. As part of the dynamic trend in the first half of the year, Schaeffler shares exceeded the 8-euro mark several times, most recently following the publication of our results for the third quarter of 2021. After that, the Schaeffler share price mirrored the generally declining general market trend in late November and closed at a XETRA closing price of 7.29 euros on December 31, 2021.

As for the new year, after a good start in February 2022 the uncertainty and unpredictability of the geopolitical situation had a significant negative impact on the financial markets and on our share price. Needless to say, this is an unsatisfactory development, even if other listed companies in our sector also experienced comparable falls in their share price. We are therefore even more pleased to see

the upwards price trend of Schaeffler common non-voting shares after our Annual Press Conference on March 8, 2022. The closing price on April 20 was 5.87 euros - a decrease of around 19 percent since the end of last year.

I trust you will appreciate that I would prefer not to comment any further on the development of the share price, except to assure you, as I did in the previous year, that we are taking the long-term view and are doing all in our power to increase the value of the Schaeffler Group in a sustainable way. That is and will remain our goal, while we realize that there is still a lot of work to be done.

Ladies and gentlemen, I am now concluding the first part of my remarks and would like to move on the **second part** of my report.

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The image shows the Schaeffler logo, which consists of the word "SCHAEFFLER" in a bold, green, sans-serif font. The logo is centered within a white rectangular frame that has a thin black border. In the bottom right corner of the frame, there is a small number "16".

Now to the forecast for 2022: As you may recall, on March 8, in conjunction with the publication of our annual result, we announced that we would for the time being suspend our forecast for 2022, which had been published in our Annual Report for 2021. At the time we felt that this was the only responsible way to proceed. Why?

Because at the beginning of March the uncertainty was so great that it was not possible to provide a reliable assessment. At this point in time, we do not yet have a new forecast. We are working on it. I therefore hope that you will appreciate that I am not in a position to be able to comment more specifically on the forecast for the entire year 2022.

What I can tell you is that we are doing our utmost, despite the challenging environment, to generate sufficient free cash flow to pay an appropriate dividend in line with our dividend policy for 2022 as well. And we will do everything else necessary to earn our cost of capital and thus create value.

In addition, I would like to give you some initial indications of how our three divisions have started 2022 and how we have set the course for 2022 to lead all three divisions to long-term success.

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Automotive Technologies – E-mobility drives future growth

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Great progress in e-mobility

Schaeffler actively shaping transformation towards e-mobility

Good start to 2022

Accelerated market scenario

New organizational structure

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Basically, the **Automotive Technologies** division had a strong start to 2022, especially in the electric mobility area. After significantly exceeding our order intake target in 2021 with more than 3 billion

euros of new orders booked, this positive trend continued at the beginning of 2022. In this context, we were able to win especially important orders in conjunction with all-electric powertrains.

This reflects a global trend that will intensify in the next few years: the increasing electrification of powertrains. Based on our recent scenario planning, we assume that in 2030, 40 percent and in 2035, 50 percent of all passenger cars and light commercial vehicles manufactured will have all-electric drive systems. Another 35 percent will have a hybrid powertrain. These simple figures show that the automotive sector is in the middle of a radical and unprecedented technological change. This brings with it a great need to adapt and at the same time huge growth opportunities.

To be even better prepared for these opportunities, we announced a new organizational structure for the Automotive Technologies division at the start of 2022. The restructuring, which came into effect retroactively on January 1, aims to better address customer needs, improve our efficiency, and leverage synergies. In future, we will continue to differentiate between four business divisions. Two of these, Engine Systems and Transmission Systems, and Bearings, represent our traditional business, which we also describe as our 'mature' business. The other two business divisions, Electric Mobility and Chassis Systems, represent the business areas that will enjoy strong growth in the future. The business divisions Engine Systems and Transmission Systems and Electric Mobility are dependent on the respective drivetrain technologies. This does not apply to the other two, which operate independently of drivetrain technologies. This new setup will help us continue to drive and manage the transformation of Automotive Technologies in a systematic and targeted way.

Let's look now at our second division, the **Automotive Aftermarket** division, which is responsible for our business in spare parts for cars and commercial vehicles. This division also got off to a good start in 2022. At the same time, we know from experience that in difficult

times in particular, the demand for repairs and spare parts tends to increase. Against this background, the Automotive Aftermarket division plays an important role in our business portfolio.

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Automotive Aftermarket – Digitalization opens up new growth opportunities

Growth opportunities for Automotive Aftermarket

Digitalization is changing business models




3 growth drivers

- ↗ New sales/distribution channels
- ↗ New systems and solutions
- ↗ Expanding 'share of wallet' with existing customers

2 prerequisites

- ↗ Digital competence
- ↗ Operational excellence

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The development of the global spare parts market is influenced by three main factors: the continuous growth of the global vehicle population, the overall increased average age of the vehicle population, and the increasing complexity of vehicles. These three factors will lead to a significant increase in the need for repairs even in the medium term, and for the associated solutions and services, especially outside of Europe.

At the same time, the spare parts market is undergoing structural change. As well as the progressive consolidation at the wholesale level, we are also seeing new players enter the market. And last but not least, growing vehicle digitalization and connectivity are leading to the emergence of new business models that place more importance on digital sales channels.

Against this background, Schaeffler has identified three drivers of business growth that we aim to rigorously pursue with a view to fiscal 2022. The first is to identify new distribution channels and business models. We have called this “way to market”. The second is to expand the range of systems and solutions that we offer. The third growth driver is what we call “share of wallet”, i.e., expanding the share of the portfolio we have with existing customers.


To exploit these growth opportunities, we need two things above all: digital competence and operational excellence. And we have both. In the course of 2022, we will do our utmost to further reinforce and develop these core competencies.

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Industrial – 8 sector clusters combined to form 4 market clusters


In future,
market
presentation
will focus on
4 market
clusters




Schaeffler Industrial
addresses attractive
growth markets




Renewables



Transportation
& Mobility



Machinery
& Materials



Industrial
Automation

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Let’s look now at our **Industrial** division, where demand for products, systems, and solutions is closely linked to the changes in global industrial production, especially in the mechanical engineering, transport, and energy sectors. The year got off to a positive start. This is also due to the fact that our Industrial division is broadly positioned with products that are well established on the market. Even if to the outside world it is our automotive business that is traditionally in the

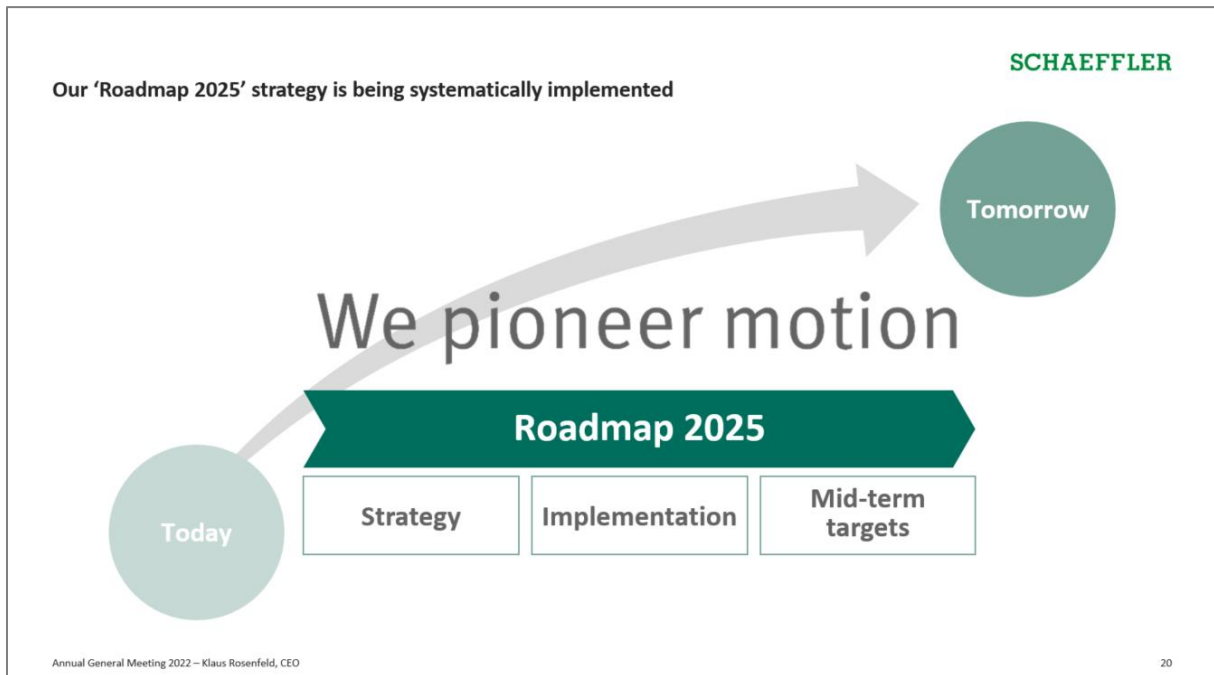
foreground, we should not forget that with our Industrial division we are one of the market leaders worldwide in the bearings segment.

Overall, our industrial business addresses end customers in eight sector clusters: wind, aerospace, railway, off-road, two-wheelers, raw materials, power transmission and industrial automation. At the start of 2022, we grouped these eight sector clusters into four market clusters: renewables, transportation & mobility, machinery & materials, and industrial automation. We have taken this step to make even clearer where we are growing and what opportunities are available in our industrial business. This applies in particular to renewables, where growth is being driven by the ambitious climate targets of governments and companies, but also through the realignment of energy policy. At the same time, we see great growth opportunities in the industrial automation segment, where at the beginning of 2022, we reinforced our capabilities in precision gear units through our acquisition of Melior Motion. I will come back to that later.

So much for 2022. As you see, despite the challenging geopolitical situation and looming macroeconomic disruptions, we are generally optimistic. Why? Because all three of our divisions are well positioned to benefit from the medium-term trends. And because we are more than just an automotive supplier. Transformation or not, we are a company in which the whole is more than the sum of its parts. And we are going to build on this in 2022 as well. And particularly if things should get more difficult again in the next few months.

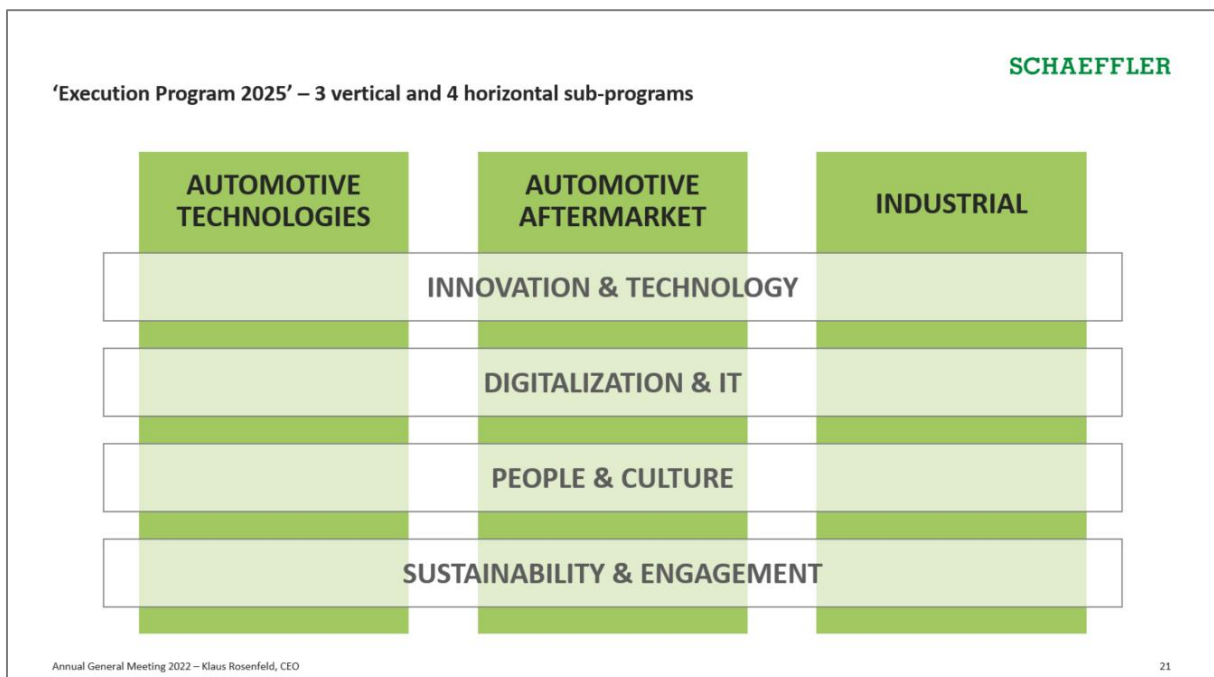
This brings me to the **third part** of my report, the implementation of our strategy, our 'Roadmap 2025', and the progress that we have made, and will continue to make, with our transformation.

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We announced the 'Roadmap 2025' at the end of 2020. It covers a period of five years and is set to be fully implemented by the end of 2025. Starting from the more than 100 different projects and initiatives, we divided our Roadmap 2025 into seven sub-programs.

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Three vertical programs covering the activities of our three divisions, and three horizontal programs dealing with those aspects that link all our activities: technology & innovation, digitalization & IT, people & culture, and sustainability & engagement. This structure shows that implementing our strategy is not just about the singular optimization of our divisions. We want to make the Schaeffler Group as a whole even better equipped for the future.

It would be too far outside the scope of my report if I were to report on all the activities involved. So please let me use seven examples to illustrate what we have managed to achieve in this area in the course of 2021, the first year of implementation. I'll start with one of the horizontal sub-programs that I particularly treasure: People & Culture.

Experience has shown that the culture and cohesion in a company prove their worth during difficult times in particular. At Schaeffler, we announced a package of restructuring measures in September 2020 that were designed to adapt capacities at our German sites, strengthen our technological focus, leverage synergies and increase efficiency. By the end of 2021 we managed to complete our negotiations on all measures announced at all German locations. That was not always easy, but it was always fair, transparent, and constructive. In doing so we were driven by one important basic principle, which our employee representatives and works councils in particular had quite rightly insisted on: If we are going to make adjustments then we must always create new perspectives at the same time. And we have managed to do that.

For example, with the central laboratory and center of competence for hydrogen in Herzogenaurach, the new toolmaking center in Höchststadt, and the center of competence for electric mobility in Bühl. And of course, the strengthening of our Schweinfurt location with a strong focus on future technologies like robotics.

This basic principle will also guide us in the future. It is proof of the spirit of cooperation that is lived out at Schaeffler and that we are going to continue to need in the future, especially when things get even tougher.

Let's move on from 'People & Culture' to the three sub-programs of our divisions, starting with our largest division, Automotive Technologies.

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As mentioned in the first part of my statement, our Automotive Technologies business is in the throes of an unprecedented technological transformation. The keywords here are electric mobility and autonomous driving, but it's actually about much more than that. It's about transforming one of the most important sectors worldwide. And it's a transformation that we are aiming to shape in partnership with our customers across the globe.

I would now like to invite my colleague from the Board, Matthias Zink, the CEO of Automotive Technologies, to explain this using a concrete example of successful transformation from 2021.

- Video statement Matthias Zink -

Schaeffler Automotive Technologies - a byword for efficient and environmentally friendly mobility! With our electrified drives we are playing an active role in the transformation of the market towards zero carbon mobility. Since 2020 we have been producing these drives on a large scale. Some of them you can see here. In a few years, several million electric motors a year will roll off our assembly lines. To achieve this, we have a high level of vertical integration and many years of production expertise. We are proficient in cutting-edge winding technologies, down to the very last coil. This results in electric motors with maximum power density, maximum performance, and impressive quality. But that is not all: What's special is that we combine our electric motors with a transmission and power electronics to create a highly efficient system, the 3in1 electric axle. This drive unit offers a power range of 20 to 300 kilowatts. We are marketing our electric axle worldwide. It covers applications from small cars to tractors and 40-ton trucks. Schaeffler Automotive Technologies: We're creating zero carbon mobility!

Thank you very much, Matthias Zink. This is a great example of the transformation taking place at Automotive Technologies.

Let's turn now to our second division, Automotive Aftermarket. And to Jens Schüler, who assumed the role of CEO Automotive Aftermarket at the start of this year.

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Automotive Aftermarket – Digitalization opens up new business opportunities



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He also has a packed transformation agenda. And here is his summary. Please carry on, Jens Schüler:

- Video statement Jens Schüler -

Digitalization is revolutionizing the entire value chain for us, right through to the garage. In recent years we have been intensively pursuing digitalization at Automotive Aftermarket. We have automated processes and established data structures and links to obtain all the information that is relevant for us. For us, the customer always takes center-stage. Regardless of where a customer is buying from us, we want to maximize the quality of our services. A key focus of our digital activities is the garage. REPERT is the digital portal for the garage. It helps mechanics to identify repair solutions and provides specific instructions for fast and easy installation. This allows the garage to optimize working time, while customers get a fast, high-quality repair. And this is exactly where our growing portfolio of digital services under the REPERT brand comes into its own. Online garage portal, technical support in real time using 'mixed reality', or simple access to product information via a QR code are just some of

the tools to support garages on their transformation journey. Schaeffler Automotive Aftermarket is thus making garages fit for the future!

Thank you very much, Jens Schüler. As you see, there is a lot of potential in our Automotive Aftermarket division.

So let's move on to the sub-program of our Industrial division.

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It's a business that is becoming more and more strategically important for our company and that offers great growth opportunities. What is on your own transformation agenda, Dr. Spindler? What progress have we made in 2021? Please show us your example.

- Video statement Dr. Stefan Spindler -

Robotics is the future, and we see huge growth opportunities in this area for Schaeffler Industrial! It offers potential wherever things are being assembled, packaged, sorted, and moved. Two milestones are

the key to our strong competitive position: our in-house development of a precision gear unit for lightweight robots that can work alongside humans, and our acquisition of Melior Motion, which will allow us to expand our portfolio to include heavier and larger robots.

What are these kinds of precision gear units needed for? They basically constitute the robot joints. And a robot needs them to be able to move. This movement needs to be precise, fast, quiet, and without jerking. Let's look at how this works in practice: We are in our assembly shop for automotive electric axles. The robot needs to insert the gears independently and also feel whether the gear wheels are correctly positioned. The sensors therefore allow automated volume production with maximum efficiency and quality. Specially developed mechanical components – in this case a particularly robust needle bearing – are a key component of the precision gear units. We therefore offer a range of solutions and products that is unique worldwide. Our goal, within the framework of 'Roadmap 2025' is to be a universal supplier of components for robotics. And with that, let's hand back to Klaus Rosenfeld.


Thank you very much, Dr. Spindler. Industrial automation and robotics are a fascinating business. Also, because we need them for our own production, as this example illustrated beautifully.

Let's go back now to the horizontal programs, where I'd like to show you an example of an activity that has made us strong in the past and that we intend to expand even more in the future. I am referring to our core competencies in the Technology & Innovation sub-program, which is less well-known. It is a 'hidden champion', so to speak. I am talking about our Special Machinery, or to be more exact, about the transformation of our Special Machinery to an independent unit with external business.

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Special Machinery – One of Schaeffler's core competencies



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Who better to explain this example than Andreas Schick, Chief Operating Officer of Schaeffler.

- Video statement Andreas Schick -

Special Machinery stands for the production of the future. And it's happening today!

Bearings, electric mobility or robotics: these are all fields that we master at Schaeffler. Better than others do, thanks to digitized, automated, and modular production facilities. This is why we are now also opening our business in special machinery to external partners, which already include a lot of industrial companies. It's where we are developing, for example, systems to assemble rear axle steering systems. It's a product that makes driving easier and safer.

Our expertise in special machinery construction is growing day by day. All Group divisions, and our customers around the globe, benefit

from these innovative production technologies. We are creating a sustainable future that keeps the world moving!

Thank you very much, Andreas Schick!

Ladies and gentlemen, the report on the implementation of our 'Roadmap 2025' would not be complete without a mention of the two sub-programs concerning the biggest trends of our time: Digitalization & IT and Sustainability & Engagement.

These sub-programs are particularly important for us at Schaeffler, because to a particular extent they affect the entire company and all its activities, and at the same time offer great opportunities for the future. At the same time, we know that these two fields not only complement one another to a great extent but are mutually interdependent. Or, to put it another way: without systematic digitalization, there will be no sustainability, and there is no digitalization without sustainability. Because of this, we are devoting most of our transformation endeavors to these two issues. To the extent that we created separate targets, structures and roadmaps for both areas in the course of 2021. Because ultimately, what matters above all is rigorous implementation.

In this context, we are benefiting from the huge enthusiasm for both issues within the company. We are making better and better progress. But we still have a lot of work ahead of us.

Let me begin with Digitalization & IT. Now that Jens Schüler has already spoken about issues that affect business with customers, I am consciously choosing to look inwards. There is a long list of suitable topics, but I will limit myself to just one aspect.

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Digitalization at Schaeffler – To succeed you need strong partners

Strategic partnerships as key success factor





IT-Security



Sustainability



Skilling

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If you want to successfully implement digitalization, you need partners. Competent partners with new and innovative technologies. And we have them. For example, since 2019 we have been engaged in a strategic and very constructive knowledge-sharing partnership with Microsoft based on reciprocity and designed for the long term. Now you are possibly wondering what Schaeffler has to do with Microsoft. Quite a lot, actually. Not only are we using an increasing number of IT products from Microsoft, at the same time we are offering Microsoft the opportunity to try out innovations and align them to the needs of their customers. One of the most interesting areas in this context is the major field of artificial intelligence. An area that is set to gain hugely in importance in future. Not just for the production facilities of the future but for the management, modeling and monitoring of complex issues. This offers enormous potential for the future that we can exploit within the scope of our transformation process.


This brings me to my last example. The sub-program Sustainability & Engagement. It is an issue that is not just an integral part of our 'Roadmap 2025', but also of the greatest importance for the future of all of us.


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Sustainability at Schaeffler – Schaeffler aims to be climate-neutral by 2040


Climate neutrality as key strategic objective



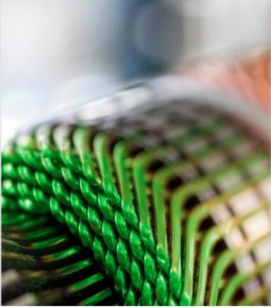
 Sustainability targets integrated into salary structures



Sustainable materials



Sustainable production processes



Sustainable products

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For us at Schaeffler, sustainability is actually not a new topic. In its 75-year history, the corporate culture of the Schaeffler Group has always been characterized by long-term thinking and responsible action. Sustainability is part of our DNA. Our commitment to the ten principles of the United Nations Global Compact, the 1.5-degree target of the Paris Agreement, and the EU Sustainable Finance Action Plan, which stipulates that companies invest capital in sustainable activities to achieve existing climate and sustainability targets, didn't just start today. At the same time, we know that time is limited and that we can only achieve our targets together with our customers and suppliers, our managers, employees, and everyone that we work with.

To achieve something, you need a clear goal, and our goal is: We want to be a climate-neutral company by 2040. This is the target that we announced in November 2021 after intensive groundwork. We want to be climate-neutral by 2040, in terms of reducing the emissions generated in our production and supply chain, and in respect of the electricity we purchase from renewable energy

sources. To achieve this goal, we have imposed a milestone plan on ourselves, with measurable interim targets to be met in certain years.

At the same time, we have embedded our sustainability goals into our salary structures. Not just for the members of the Board of Managing Directors and our Executive Board, but also for the next management levels. And we are not starting from scratch. Since 2021, the Schaeffler Group has been sourcing 100 percent of its electricity for its production sites in Europe from renewable sources. As part of our energy efficiency program, we have implemented more than 200 measures since 2020, leading to cumulative annual savings of around 47 gigawatt hours starting in 2022. This amount of energy is roughly equivalent to the annual electricity consumption of 15,000 two-person households in Germany.

A further step towards achieving our targets is our collaboration with Swedish start-up H2greensteel, from which the Schaeffler Group will source almost entirely carbon-free steel produced with hydrogen starting in 2025. This alone will reduce our annual CO₂ emissions by 200,000 tons. We are working non-stop to adapt our production processes to make them climate neutral. In this context, the use of hydrogen, e.g., for operating our curing ovens, is playing a bigger and bigger role. And of course, we want our products to help our customers reach their sustainability targets, be it in electric mobility, the generation of renewable energies, or the production and utilization of hydrogen.

Against this background, we have divided our sustainability roadmap into three fields in the area of climate protection: Sustainable Materials, Sustainable Production, and Sustainable Products. From the perspective of our three divisions, we are taking a dedicated end-to-end approach to handling these three fields. Because only if we think things through from beginning to end will we manage to achieve our sustainability goals.

Ladies and gentlemen, as well as climate protection, social responsibility is also at the top of Schaeffler's agenda. This is why the continuous improvement of occupational health and safety takes top priority. By 2024 we want to reduce the accident rate at our sites by ten percent per year on average. We have reached this target for 2021. And for 2022 we want to better it again by 10 percent. Sustainability also includes another aspect that is especially important to me personally. And that's diversity. As a company, Schaeffler is committed to offering everyone the same career opportunities and job openings, regardless of their gender, origins or social status. As part of our approach to ESG (environmental, social, and corporate governance), we have therefore set ourselves the target of increasing the proportion of women in top management from the current 15 percent to at least 20 percent by 2025. We are convinced that increasing the number of women in management positions is a crucial factor in leading Schaeffler successfully into the future. And of course, this is only a first step. But it's a step in the right direction.

The same applies to the implementation of our strategy and our 'Roadmap 2025'. We have not yet reached our goal. We still have a lot of work ahead of us. But we got off to a good start. The year 2021 showed us that. And we are continuing to move forwards. Sometimes still too slowly, but with resolve and the common will to succeed. The environment in which we are operating is difficult. And it is likely to get even more difficult. That doesn't change the fact that our strategy is the right one. And regardless of what comes, we will not be deterred from implementing it with the utmost determination.

Ladies and gentlemen, this brings me to the end of my report, so I'd like to summarize the main points as follows:

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Key messages – Solid basis, great potential, strong team

- 1 Schaeffler successful in a challenging 2021
- 2 Diversification as automotive and industrial supplier pays off
- 3 Good progress with implementing 'Roadmap 2025', strategy being pursued systematically
- 4 Uncertainties and high risks in 2022
- 5 Schaeffler: a sound basis, great potential, and a strong team



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2021 was a year of significant challenges for the global economy and for the Schaeffler Group. Despite all these challenges, your Schaeffler Group showed strength and achieved a very good result. Our diversified positioning as an automotive and industrial supplier has paid off yet again.

The year 2022 is going to be difficult. We are operating in a very volatile environment. We are deeply saddened and concerned by the war in Ukraine. At the same time, we are being burdened by the rising cost of materials, increasing energy, transport, and logistics costs, and the growing fragility of global supply chains. We are also not done with COVID yet. We will do everything in our power to lessen the impacts on the Schaeffler Group to the greatest possible extent.

The Schaeffler Group is in the middle of a major transformation. This applies above all to our automotive business. We see this transformation as a great opportunity to lead Schaeffler successfully into the future. Our strategy and our Roadmap 2025 are the right

approaches. Building on the successes of 2021, we will continue to implement them with rigor.

Despite all the problems and uncertainties, we are looking optimistically to the future. Why is that? Because we are firmly convinced that Schaeffler is a top-class company. A company with a strong team, a strong core, and a strong brand. Schaeffler is more than the sum of its three divisions. It is an integrated technology group with great potential and outstanding opportunities.

Building on this foundation, we intend to shape the future and create long-term, sustainable value. For our customers and business partners, for our employees, for the society in which we live, for you, our shareholders, and for the generations to come.

We will not be diverted from this path. Even if we are having to battle strong headwinds, or when things get more arduous and difficult.

Thank you for your attention.



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