

SCHAEFFLER

Annual General Meeting of Schaeffler AG
on April 20, 2023
Report by CEO Klaus Rosenfeld

Check against delivery.

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SCHAEFFLER


Annual General Meeting 2023

Klaus Rosenfeld
CEO

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

On behalf of the Board of Managing Directors, I would like to welcome you to the eighth Annual General Meeting of Schaeffler AG.

I am pleased that after three years, my colleagues on the Board of Managing Directors and I are here together again today. This also applies to the members of the Supervisory Board, who are also gathered here in Herzogenaurach.

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SCHAEFFLER

**Thank
you!**

Before I turn to my report, please allow me, on behalf of all my colleagues on the Board of Managing Directors but above all on a very personal level, to express my deepest gratitude to Mrs. Maria-Elisabeth Schaeffler-Thumann, who – as we have just heard from Mr. Georg Schaeffler – has decided to resign her seat on the Supervisory Board of Schaeffler AG. The fact that the Schaeffler Group is a renowned global technology leader today is largely due to the visionary leadership of Mrs. Schaeffler-Thumann over the last three decades. Thanks to her bold and far-sighted decisions, the Schaeffler Group has been able to develop into a global company represented in more than 150 countries over the past decades. Thanks to your tireless efforts, we are a family-owned company that is highly valued and respected by its customers, investors, suppliers, business partners, managers, and its many employees. A company that thinks long-term and is committed to well-defined values and leadership principles. And with a great passion for technology, innovation and quality.

Dear Mrs. Schaeffler-Thumann: Thank you for everything you have done for the Schaeffler Group, and especially for its many employees! We will continue to do our very best to successfully lead the Schaeffler Group into the future and to continue your life's work so that you can continue to look at your company and your lifetime achievements with pride.

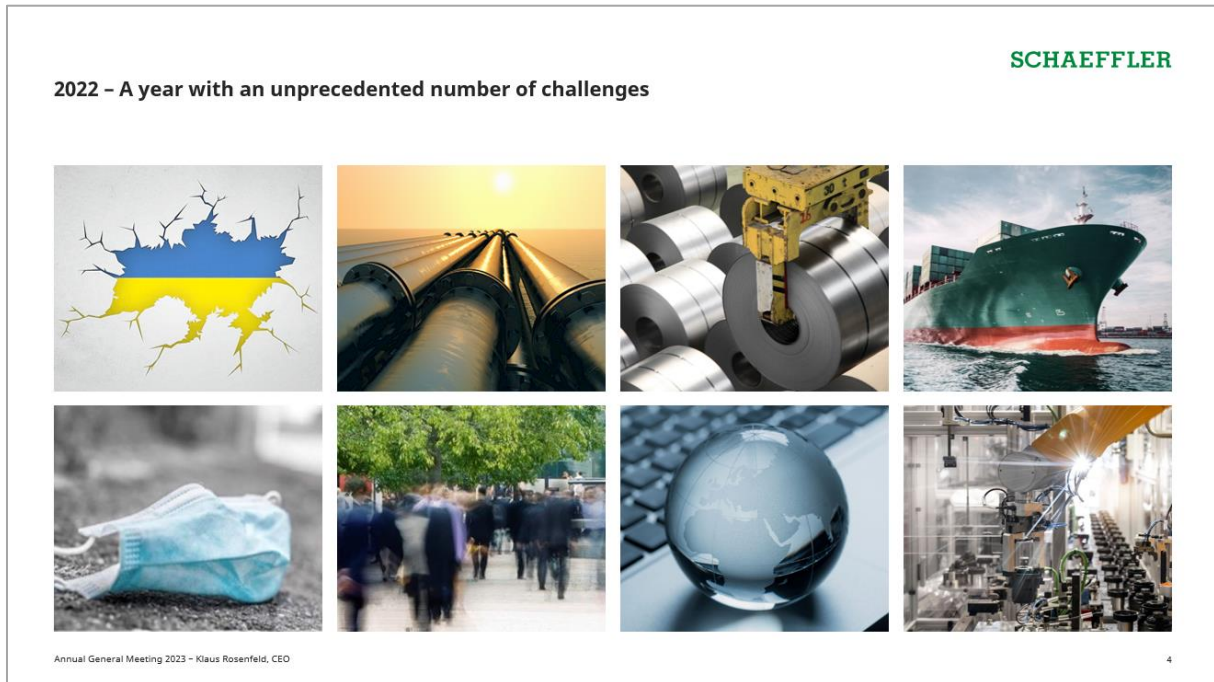
Slide 3

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 box that has a thin black border.

Ladies and gentlemen, as in previous Annual General Meetings, I will focus my report on the development of the Schaeffler Group in the past financial year and the implementation of our strategy. I will present my report in three parts. In the first part, I will address our company's performance in the 2022 financial year and outline our dividend proposal. In the second part, I will briefly outline how we started out in 2023, and give you a short outlook on the development of our markets. In the third part, I will show how we are progressing with the implementation of our Roadmap 2025.

That brings me to the **first part** of my report.

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The year 2022 was a year of great challenges, surprising developments, and unforeseen risks. A year in which the world and the environment in which we operate have become more unsettled, more volatile, and riskier. A year that has also been particularly challenging for us at Schaeffler. You are all familiar with the issues that have occupied us in 2022: The war in Ukraine with its humanitarian and economic consequences, the coronavirus pandemic, with the serious lockdown in China in the second quarter of 2022, the enormous increase in gas and electricity prices, and the inflation that is increasingly worrying us in Europe and America. Not to mention the disruptions to global supply chains, the shortage of skilled labor, and a steady stream of new regulatory mandates that are challenging the free trade achievements of the last three decades. It would go beyond the scope of this speech to

analyze the interplay of these various factors and their effects in more detail. I would therefore like to limit myself to one essential statement: Your Schaeffler Group has performed well in this environment and has once again proven its resilience. Despite all the adversities over the course of the year, the Schaeffler Group generated more than 15 billion euros in revenue in the 2022 financial year. All our divisions and all our regions contributed to this growth. At the same time, the operating result amounted to more than one billion euros before special items. I will return to these figures in more detail in a moment. Before I do, please allow me to thank those who made 2022 a success.

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We owe the success of 2022 first and foremost to our many customers, but also to our suppliers and business partners, whom I would like to thank for their outstanding trust and cooperation at all levels. Together with them, we were able to master the challenges of 2022 in a spirit of true partnership. Perhaps the difficult year of 2022 even helped to bring

us a little closer together again and sharpen our understanding of how important resilient supply chains are. In this respect, our mission has once again proven itself and, above all, has not changed: We want to be the preferred technology partner for our customers. The high number of supplier and quality awards Schaeffler has again received worldwide in 2022 are proof of our remarkable innovative strength, reliability, and customer focus.

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SCHAEFFLER

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 2023 – Klaus Rosenfeld, CEO
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My second thank you goes to my colleagues on the Board of Managing Directors and to the entire management team of the Schaeffler Group. A strong and proven team that has demonstrated once again, especially in the past year, that it sticks together under the most difficult conditions, pulls together, and works very well together. A team that not only promises the Schaeffler management principles of transparency, trust, and teamwork, but lives them every day. A loyal and trusting team that you – and I – can always rely on, no matter what challenges lie ahead.

I would like to extend my special thanks to my colleague on the Board of Managing Directors, Corinna Schittenhelm, who has been a member of the Board of Managing Directors of Schaeffler AG for seven years. Ms. Schittenhelm has accompanied the company through the profound change processes of recent years and achieved a great deal for our Group. As you have read in the press, Ms. Schittenhelm has decided to leave the Board of Managing Directors of Schaeffler AG at the end of 2023 for personal reasons. This will therefore be her last Annual General Meeting as a member of the Board of Schaeffler AG. Dear Ms. Schittenhelm, on behalf of all my colleagues on the Board of Managing Directors, I would like to thank you for the good cooperation over the past years. We all enjoyed working with you very much. We will miss you.

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SCHAEFFLER

Sincere thanks to all our employees



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Another big thank you goes to all of our employees worldwide who have shown great commitment and passion for the Schaeffler Group in 2022.

83,000 women and men on all continents who not only stand for, but behind our four corporate values: Sustainability, Innovation, Excellence, and Passion. 83,000 women and men who want to shape the future together with us. Not just any future, but the future of motion, as our motto says: We pioneer motion.

My thanks would not be complete without mentioning the members of the Supervisory Board, who continued to support us with their help and advice in 2022. This applies equally to all shareholder and employee representatives. Ladies and gentlemen, you would not believe how helpful and reassuring it is, especially in difficult times, when the Board of Managing Directors has a strong Supervisory Board behind it. With this in mind, I would also like to welcome Ms. Reiche on behalf of the Board of Managing Directors, who has so far been attending our Annual General Meeting as a guest. We are well aware, Ms. Reiche, that the topic of hydrogen is becoming increasingly important and that there are no longer any excuses. And of course a very special thank you to you, dear Mr. Schaeffler, and your esteemed mother. For your trust, the very fair and pleasant cooperation, and your unpretentious way of accompanying the further development of your company and leading the Supervisory Board. This is without doubt unique and at the same time a great guarantee for future success.

And last but not least, I would like to thank all of our shareholders. We appreciate your trust. Especially in challenging times like these.

Ladies and gentlemen, I would now like to summarize the negative and positive aspects of 2022 in four points each.

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SCHAEFFLER

Overview of 2022 financial year – Positive and negative aspects

∨

NEGATIVE ASPECTS

- Costs for energy, raw materials, and transport; inflation
- Increasing geopolitical risks and new barriers to free trade
- 2022 negatively impacted by temporary inefficiencies - mainly caused by supply chain disruptions
- Reduced free cash flow in 2022

∧

POSITIVE ASPECTS

- E-mobility order intake continues to significantly exceed the high expectations
- Significant revenue growth in replacement parts business thanks to high demand
- Convincing acquisitions and partnerships, strong implementation
- Strong balance sheet also allows high dividend for the 2022 financial year

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Let's start with the negative aspects, or let's say with the challenges:

Firstly, the costs for energy, raw materials, and transportation have risen sharply in 2022. In addition, the significant increase in inflation in Europe and the U.S. over the course of 2022 has had an impact on us. Even though we managed to pass most of the cost increase on to our customers, we have not been able to maintain the EBIT margin of previous years.

Secondly, global macroeconomic risks have continued to rise in 2022 due to geopolitical challenges. Uncertainty remains high. Most notably, the so-called "de-coupling" process poses a particular risk. Not only for the development of global trade, but also for us at Schaeffler.

Thirdly, the turbulence of 2022 has repeatedly led to internal inefficiencies at our company in addition to external influences. For

example, interruptions in supply chains necessitated short-term adjustments to production processes and the tactical increase of inventories. High levels of sick leave also come to mind, for example. We are aware that we can and must do better when it comes to managing our plants even more proactively. In doing so, our focus is always on the customer.

Fourthly, our free cash flow declined compared with the previous year. This is attributable among other things to increased investments in the future. At the same time, this development motivates us to continue our performance improvement programs with great discipline and to allocate our capital even more consistently to those areas that are capable of generating high cash inflows.


Now to the positive aspects.

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Automotive Technologies – Focus on new drives

Significant progress in the field of e-mobility



E-mobility order intake in 2022
+ €5.0 bn.

		
<p>Innovative products for electric mobility</p> <p><u>E.g.</u> 4-in-1 electric axle</p>	<p>Electric and hydrogen drives for commercial vehicles</p>	<p>Development centers in and outside Germany</p>

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* Business division
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Firstly, despite all the challenges, our Automotive Technologies division recorded order intake of 5 billion euros in the area of electric mobility. This figure is well above our very ambitious target for 2022 and is another clear sign that the technological transformation of our Group is not only underway but also progressing at a rapid pace.

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Automotive Aftermarket – A pioneer for digitalization and electrification of the global replacement parts business

High demand has resulted in revenue growth of more than €2 bn.



All regions contributing to growth

 <p>REXPERT connections between analog products and digital services</p>	 <p>Electric axle repair system for transmission applications in electric cars</p>	 <p>New AKO operating model for increased delivery performance</p>
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Secondly, another positive aspect of 2022 was the strong demand in the repair and spare parts sector, which led to an increase in sales in our Automotive Aftermarket division to over two billion euros. I would like to briefly mention two topics in this regard. The first is REXPERT, our central information hub for workshops, which gives us the opportunity to make ever greater use of digital technologies, such as augmented reality or links between analog products and digital service offerings. The second is the new electric axle RepSystem: a unique repair system for electric car transmission applications that enables the repair of parts instead of a complete replacement. This positions Schaeffler as a


pioneer of digitalization and electrification in the global aftermarket industry.

Slide 11

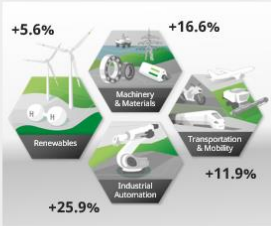
Industrial - Further expansion of core business


SCHAEFFLER

Industrial division driving Group results



Strong growth in all regions





Strategic acquisitions

Portfolio extended to include groundbreaking technologies and products

Strong growth in all 4 market clusters

Machinery & Materials and Industrial Automation with largest jump in revenue

Lifetime Solutions

Significant growth in innovative solutions for predictive maintenance

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Thirdly, for the Schaeffler Group at large, 2022 was characterized by acquisitions, joint ventures, and strategic partnerships that gave us further impetus for our technological transformation process. The focus was on the industrial business, where we made no less than three acquisitions with Melior Motion, Ewellix, and Ceraspin.

I would also like to mention our joint entity Innoplate with the global hydrogen technology partner Symbio and the cooperation agreement with French company, Lyfhe S.A with whom we will collaborate on the production of hydrogen using electrolysis processes at our Herzogenaurach site – using the technology developed by our Industrial division. This also shows how important it is that we do not neglect our core business, which continued to develop positively in 2022.

Slide 8 (again)

SCHAEFFLER

Overview of 2022 financial year – Positive and negative aspects



NEGATIVE ASPECTS

- Costs for energy, raw materials, and transport; inflation
- Increasing geopolitical risks and new barriers to free trade
- 2022 negatively impacted by temporary inefficiencies - mainly caused by supply chain disruptions
- Reduced free cash flow in 2022



POSITIVE ASPECTS

- E-mobility order intake continues to significantly exceed the high expectations
- Significant revenue growth in replacement parts business thanks to high demand
- Convincing acquisitions and partnerships, strong implementation
- Strong balance sheet also allows high dividend for the 2022 financial year

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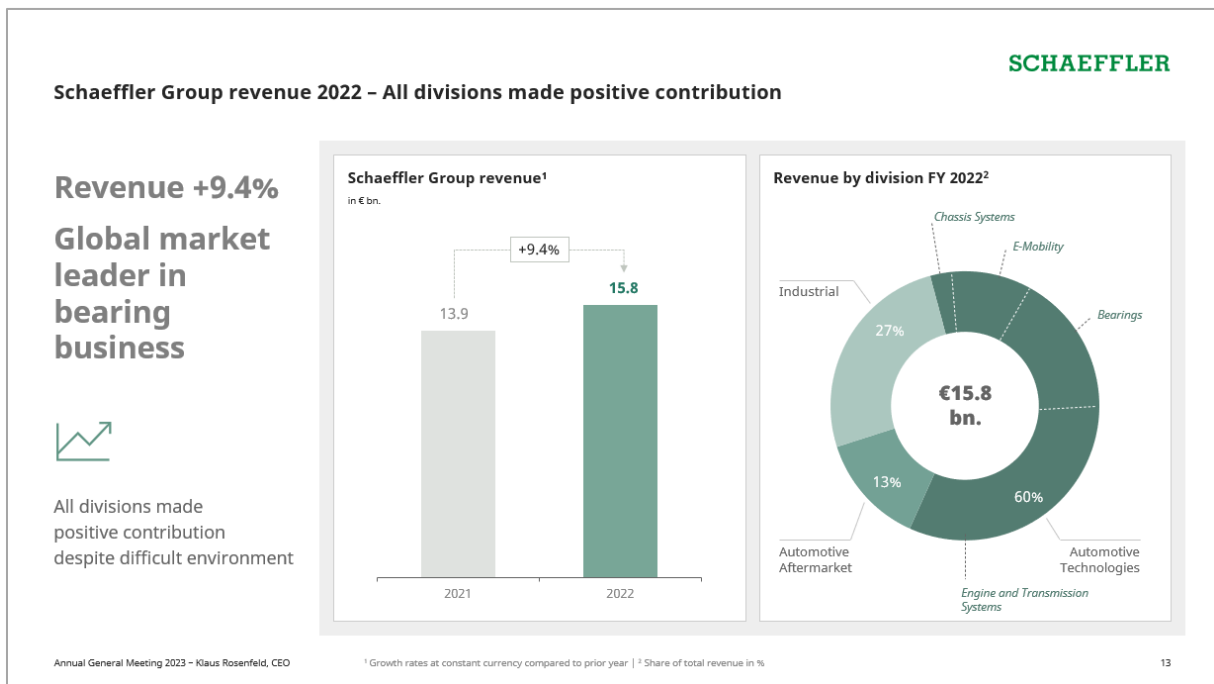
Fourthly, despite substantial payouts in connection with restructuring programs and sharply increased costs, we are in a position to propose a high dividend to you again for the year 2022. That is a good thing. It is proof of the Schaeffler Group's financial solidity and strength. At the same time, it reflects the fact that we are right to focus primarily on free cash flow and return on investments as part of our management approach.

Ladies and gentlemen, the one factor which links all these points is the fact that we are an automotive and industrial supplier. This was also absolutely clear in 2022: With Schaeffler, the whole is clearly greater than the sum of its parts. This concept proves its worth, especially in difficult times. Or, to put it another way: We like diversification because diversification makes us strong. Strong and solid, and more resilient than

others. Solidity, strength, and resilience: These three characteristics have shaped and significantly advanced the Schaeffler Group, especially in recent years.

Take a look at our figures and the results for 2022.

Slide 12 A

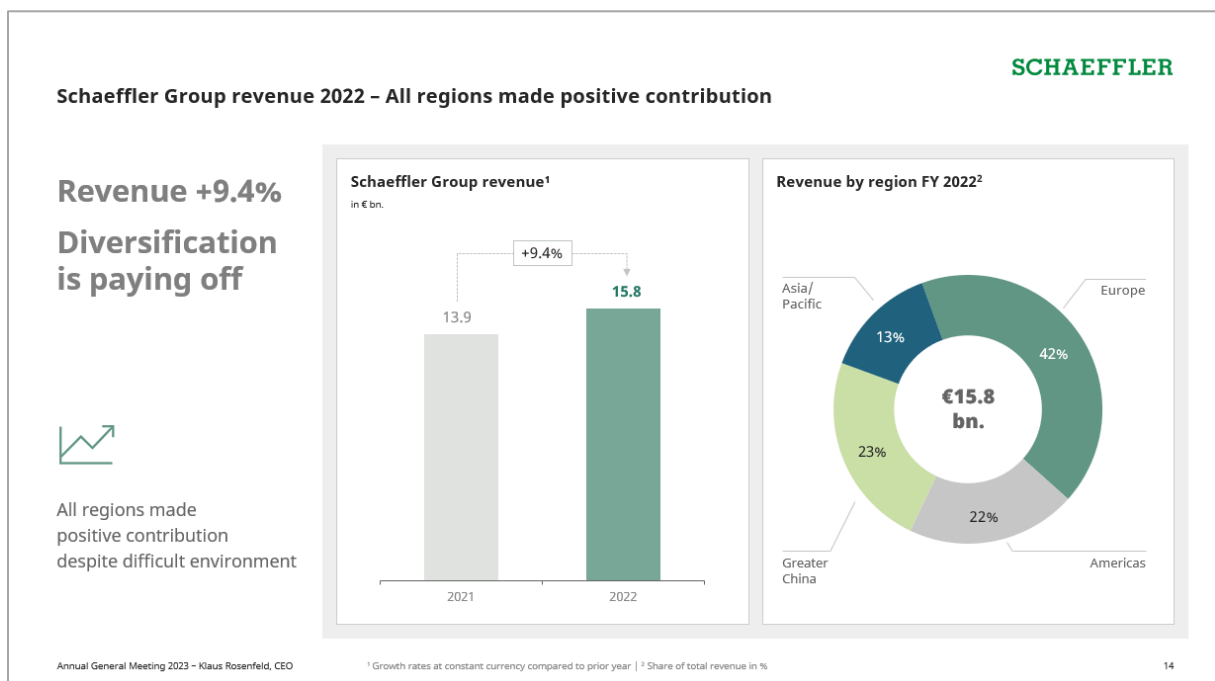


The distribution of revenue shows that the Schaeffler Group generates a significant portion of its revenue from bearings. Bearings and linear guidance systems in all sizes, shapes, designs and for all possible areas of application. Around 2.5 billion euros of this comes from the automotive business and around 4 billion euros from the industrial business.

Together, that's about 6.5 billion euros in sales, or about 40 percent of the Schaeffler Group's total sales. Yes, the Schaeffler Group is a global automotive and industrial supplier. But at the same time, Schaeffler is a world market leader in the bearing business. Whether number 1 or number 2 is irrelevant. That's a very strong position, and one we talk about a lot. We will change that in the future.

Now to the revenue trend in our four regions:

Slide 12 B



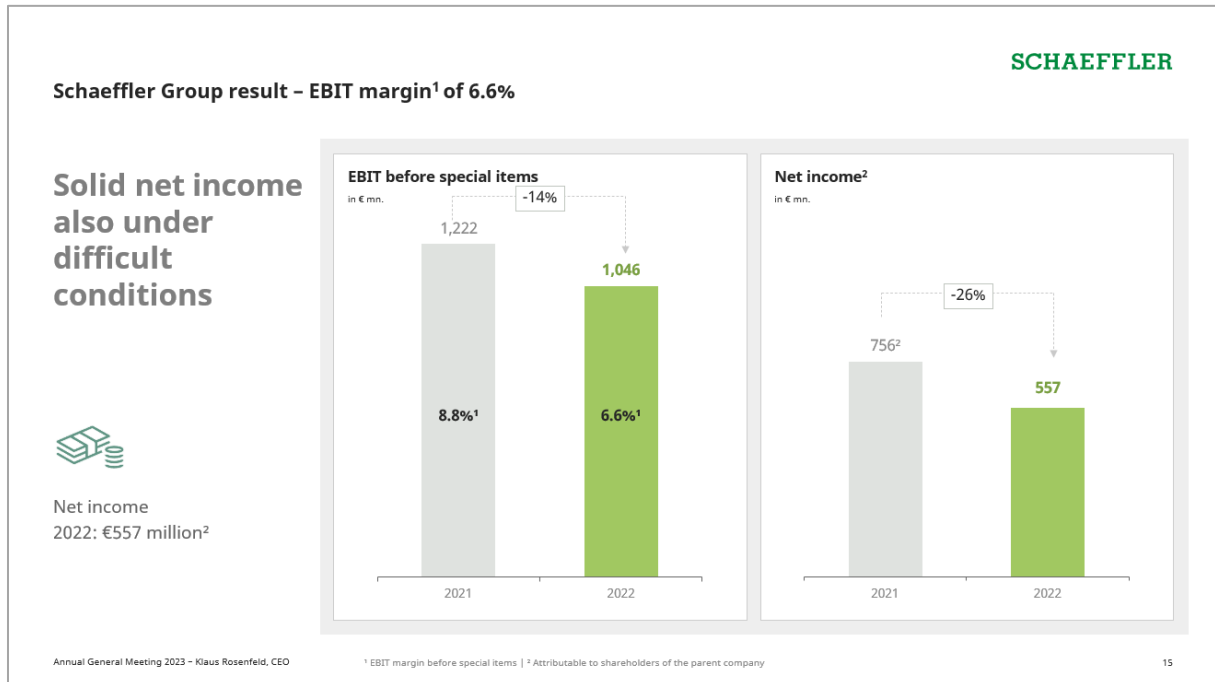
As in the previous year, in 2022 the revenues of the Schaeffler Group grew in all four regions: Europe, the Americas, Greater China, and

Asia/Pacific. The currency-adjusted increases in Europe and the Americas region were at a double-digit level: 12.8 percent in Europe and 12.6 percent in the Americas region. In the Asia/Pacific region, revenue grew by 7.5 percent in constant currency terms. In our Greater China region, we achieved a currency-adjusted increase in sales of 1.9 percent in 2022 as a whole – and this should be seen as positive considering that China faced enormous difficulties in 2022 due to the persistence of the COVID epidemic in several strategic areas of the country.

The well diversified nature of our business is also evident regionally. We generated 42 percent of our sales in our home region in Europe. The Americas and Greater China were almost on a par, accounting for 22 percent and 23 percent of sales respectively. The emerging and increasingly important Asia-Pacific region contributed 13 percent to the Schaeffler Group's total revenue. This breakdown reflects the development in 2022. We must assume that this will continue to change significantly in the coming years and that the regions outside of Europe will develop relatively more strongly than the Europe region. It is therefore all the more important that we remain committed to our home market and will do everything in our power to remain strong in Germany and Europe in the future.

Let's now take a look at profit and net income in 2022:

Slide 13



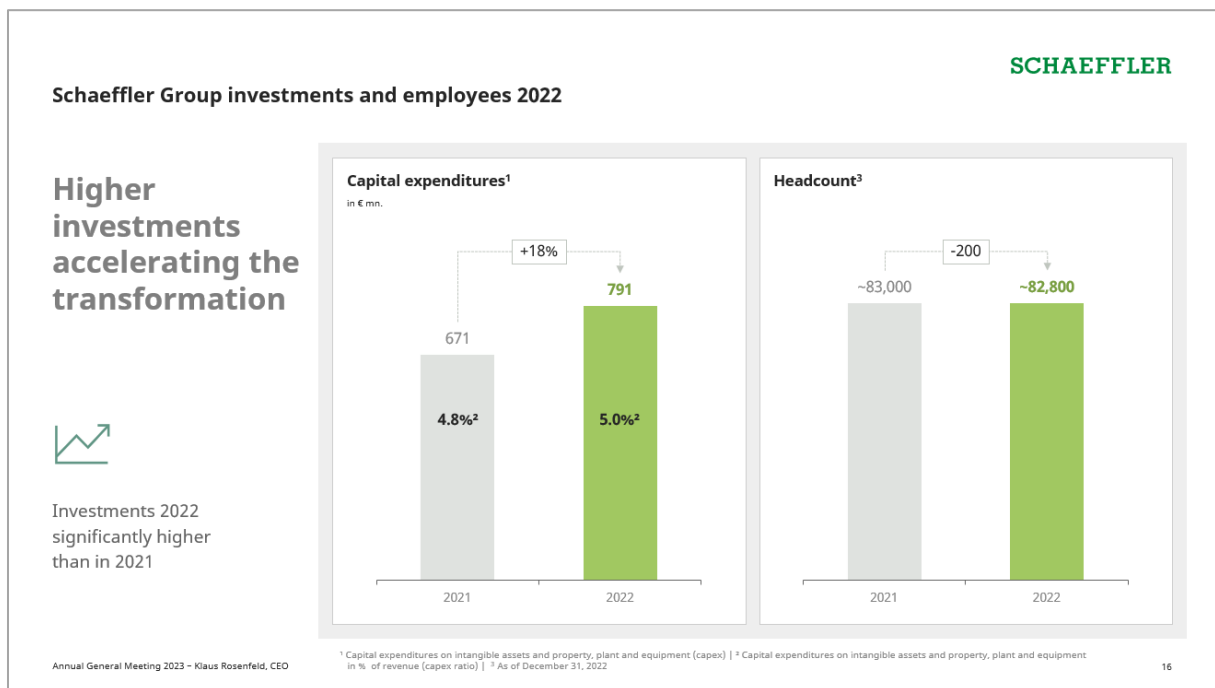
Despite all the challenges, the Schaeffler Group's operating result for 2022 amounted to 1.046 billion euros before special items. Compared to the prior year, it declined slightly due, among other things, to higher material and energy prices, disruptions in the global supply chains, and inefficiencies caused by the market business environment. On this basis, net income attributable to shareholders of the parent company decreased from 756 million euros in 2021 to 557 million euros in 2022.

Our Industrial and Automotive Aftermarket divisions contributed significantly to the 2022 operating result with EBIT margins before special items of 11.7 percent and 12.5 percent, respectively. The Automotive Technologies division achieved an EBIT margin before special items of 3.1 percent. This figure reflects both the difficult conditions in 2022 and the considerable efforts we have made to drive forward the transformation of our automotive business. Translating EBIT

margins into absolute earnings contributions before special items shows that the Industrial division alone delivered around 48 percent of the operating profit. The Automotive Aftermarket division accounted for 24 percent and Automotive Technologies for 28 percent. These figures show how important it is that we are more than just an automotive supplier and continue to expand our industrial business.

Now a few words on our global headcount and capital expenditures.

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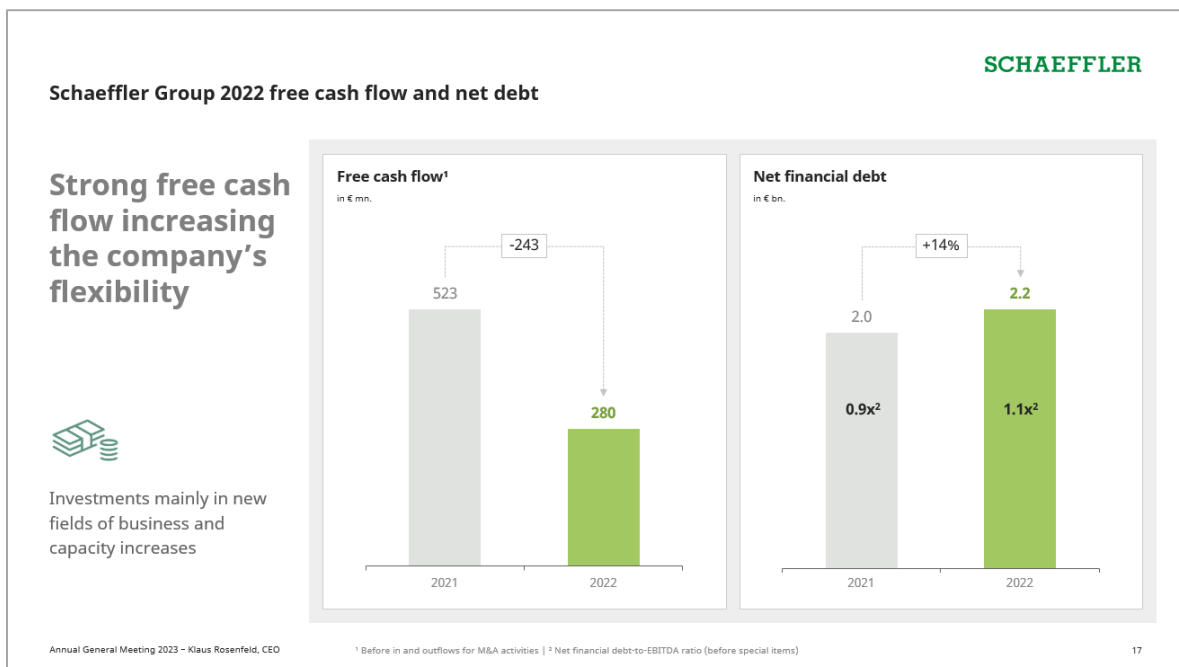


At the end of 2022, Schaeffler had a total workforce of around 82,800 employees, approximately 200 fewer than at the end of 2021. The total capital expenditure of 791 million euros represents an increase of 18 percent versus prior year. Measured in terms of additions to intangible assets and property, plant and equipment, the investment volume in 2022 was 814 million euros, thus 21.4 percent higher than in the previous year. The Automotive Technologies division accounted for

around 68 percent of this total, the Automotive Aftermarket division for around 4 percent and the Industrial division for around 28 percent. The reinvestment ratio in the reporting period was 0.88, compared with a figure of 0.74 in the previous year. This shows that we have continued to invest despite the difficult conditions of the year, which is important. After all, the future cannot be shaped without investment.

Let's look at our balance sheet now.

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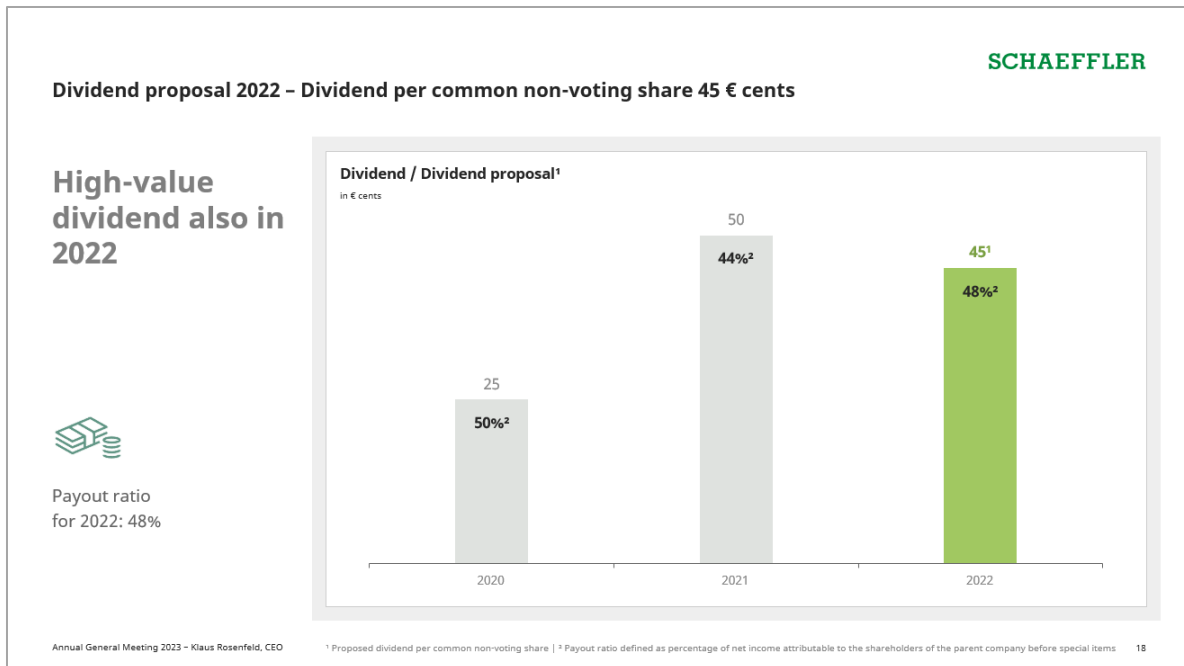


Our net debt ratio – that is, the ratio of net financial debt to earnings before interest, tax, depreciation and amortization before special items (or EBITDA before special items) – has slightly decreased from the prior year. In 2022, the ratio was 1.1x, as compared with 0.9x in the prior year. This was partly due to an increase in our net financial debt from 2.0 billion euros to 2.2 billion euros, mainly as a result of acquisitions. At the same time, our free cash flow of 280 million euros was significantly lower than a year earlier. This was a result of increased working capital,

payments for restructuring, and new investments, for the most part in new business areas in the Automotive Technologies division and capacity expansions in the Industrial division. We also initiated energy efficiency measures in all divisions and stepped up the use of renewable energies. These initiatives also require investment and initially burden our cash flow. Nonetheless, the strength of our Group is also reflected in our excellent liquidity position: At the end of the 2022 financial year, the Schaeffler Group had an available liquidity position of 3.3 billion euros, compared with 3.4 billion euros in 2021.

This concludes my remarks on the key points of the consolidated financial statement, and I would like to add a few brief words on the individual financial statement of Schaeffler AG. The retained earnings amounted to 540 million euros. This consists of retained earnings brought forward of 122 million euros and a net income for the year of 418 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 the positive results, the Board of Managing Directors and the Supervisory Board of Schaeffler AG are proposing in today's Annual General Meeting a dividend of 0.44 euros per common share and 0.45 euros per common non-voting share for the year 2022. In terms of net income attributable to shareholders, this proposal represents a payout ratio of around 48 percent. The corresponding ratio in the prior year was around 44 percent. This puts us again at the upper end of the payout ratio range of 30 to 50 percent according to our dividend policy. This decision gives you a greater share in the operational success than at other companies. It is also a sign of continuity and operating strength.


Ladies and gentlemen, I am now concluding the first part of my remarks and would like to move on to the **second part** of my report. As I cannot report on the results of the first quarter at this stage, I am focusing on the outlook for the current year.

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SCHAEFFLER

Positive start to 2023 financial year – Cautious outlook

Guidance for 2023



Current situation characterized by persistently high volatility and low visibility

	Schaeffler Group ¹	Automotive Technologies ¹	Automotive Aftermarket ¹	Industrial ¹
Sales growth ²	5 - 8%	moderate growth / outperformance 200 - 500 bps	5 - 7%	9 - 11%
EBIT margin ³	5,5 - 7,5%	2 - 4%	12 - 14%	11 - 13%
Free cash flow ⁴	€250 - 350 mn.	MARKET ASSUMPTIONS FOR 2023 FINANCIAL YEAR <ul style="list-style-type: none"> Automotive Technologies: LVP⁵ with slightly growing market (0 to 2%). Automotive Aftermarket: Similar strong growth in global vehicle population as in prior year, with slightly higher average age (2022: Growth rate of 2.1%, average age: 10.9 years).⁶ Industrial: Increase in the relevant industrial production of around 1% 		

Annual General Meeting 2023 – Klaus Rosenfeld, CEO

¹ Please refer to the Annual Report for further details | ² FX-adjusted | ³ Before special items | ⁴ Before cash in- and outflows for M&A activities
⁵ LVP (S&P Global Mobility ©, January 2023) | ⁶ Light Vehicle Parc for PC and LCV <3.5t (S&P Global Mobility ©, November 2022)

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For the 2023 financial year, we share the estimates of the research institutes, which expect global gross domestic product to grow by between 1.5 and 2.0 percent. The significant slowdown in the growth of the global economy is due to persistent inflation and the tightening of financing conditions. In addition, the continuation of the war in Ukraine, sanctions, geopolitical tensions and other interrelated risk factors are expected to continue to have a negative impact throughout the financial year 2023. The Schaeffler Group expects global automotive production to experience slight market growth in the 2023 financial year, in the range of 0 percent to 2 percent, which is a rather conservative assessment. Other companies are more optimistic in this respect. Nevertheless, I think it is right to remain cautious. If it should improve later, we will benefit from it.

In the automotive aftermarket sector, we expect global vehicle inventories to grow at a similar rate to last year, with a slightly higher average age, i.e. growth of around 2 percent and an average vehicle age

of around 11 years. For us, this should certainly mean considerably more growth. We are already seeing a clear trend in the first quarter of 2023 that end customers are currently repairing rather than buying new cars directly. That's good for us and for our aftermarket business.

Of the other sectors of particular importance to our industrial business, we believe that above-average growth will be seen in mechanical engineering, transportation, and health and safety. This also applies to the renewable energies sector, where we are significantly better positioned with our industrial business than in previous years.

Overall, on this basis, we expect sales to grow by 5 to 8 percent in the 2023 financial year on a constant currency basis. In addition, the company expects to generate an EBIT margin before special items of 5.5 to 7.5 percent in 2023. Compared to the previous year, this takes into account in particular higher wage increases and energy costs affecting all divisions. On this basis, the free cash flow before cash in- and outflows for M&A activities is expected to reach 250 to 350 million euros. Compared to the previous year, this takes into account a volume-related increase in working capital, a higher investment volume and further high outflows for restructuring.

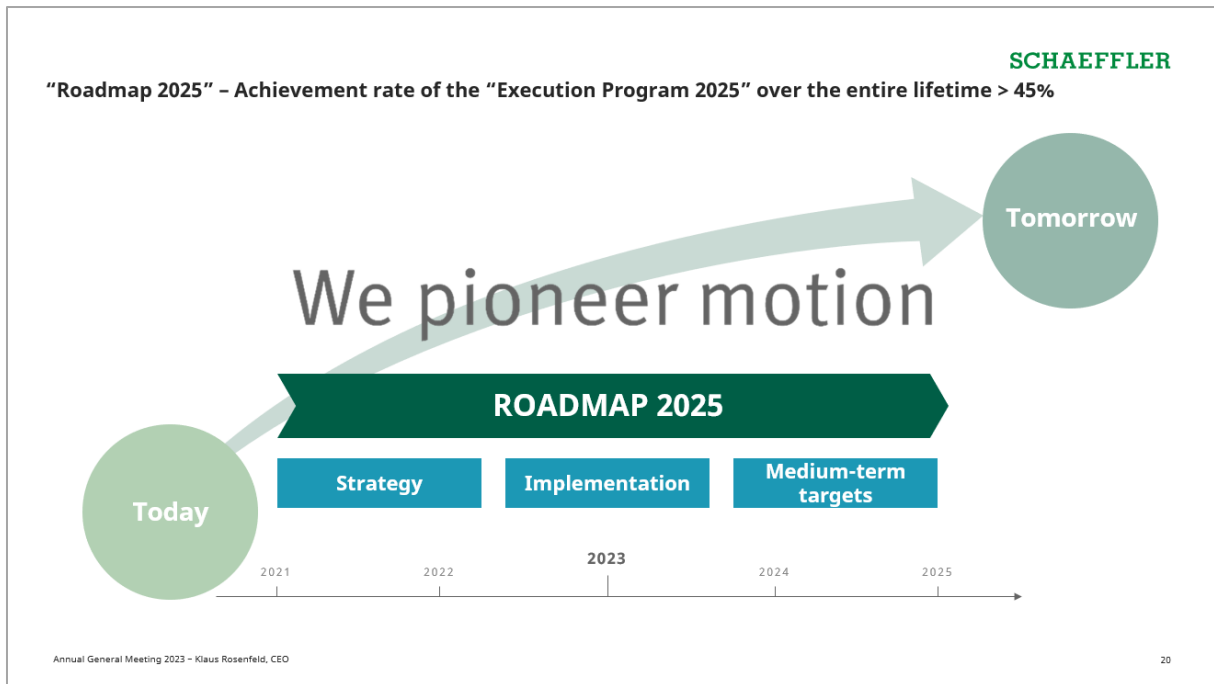
For the divisions, we expect Automotive Technologies to grow 2 to 5 percentage points faster than global production of cars and light trucks in 2023. On this basis, we expect the Automotive Technologies division to achieve moderate year-on-year sales growth on a constant currency basis. Furthermore, we aim to achieve an EBIT margin before special items of between 2 and 4 percent for the Automotive Technologies division in the 2023 financial year. For the Automotive Aftermarket

division, the Group expects constant currency sales growth of 5 to 7 percent and an EBIT margin before special items of 12 to 14 percent in 2023. For the Industrial division, the company expects to achieve constant currency sales growth of 9 to 11 percent and an EBIT margin before special items of between 11 and 13 percent in the 2023 financial year. This includes a significant structural effect from the acquisition of the Ewellix Group, which we will have consolidated for the first time as of January 3, 2023.

That is our forecast for this financial year. Before coming to my third part, allow me to make two more remarks: Firstly, we have started the new year as expected and are well on track to achieve our targets for 2023. In this context, you should bear in mind that, like many other companies, we had to cope with a difficult first quarter, particularly in China, due to the short-term lifting of the Covid restrictions in China, which led to a sharp increase in the number of infected people in January. Secondly, we want to deliver what we promise. This applies not only to our outlook for the 2023 financial year, but above all to our 2025 medium-term targets, which we communicated and announced in 2020. Irrespective of everything that has happened since then, we have resolved to maintain our medium-term targets despite all the adversity we have faced since 2020. That is a commitment by which you can hold us to account.

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

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Every transformation needs goals, a clear framework with the right initiatives and projects, and a team that can implement them, even if the conditions are difficult. We have all three.

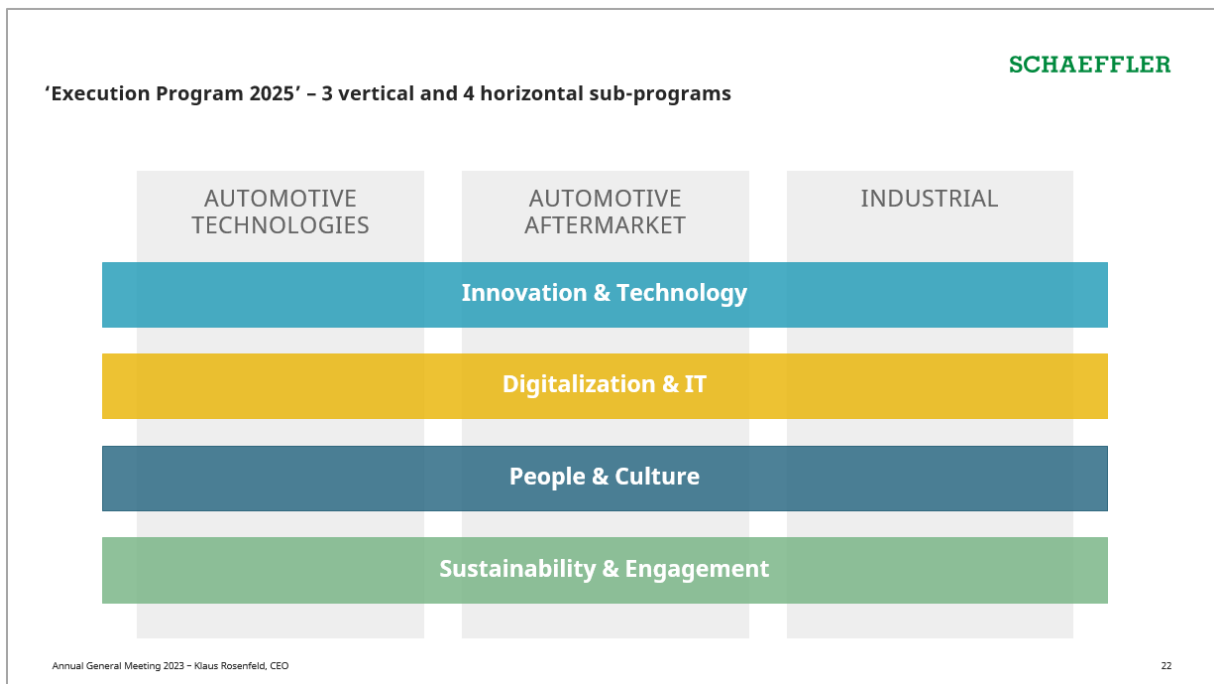
As you may recall, we had announced our 'Roadmap 2025' at the end of 2020, covering a five-year period and to be fully implemented by 2025.

The Roadmap 2025 is divided into seven subprograms, covering the strategically most important initiatives at both Group and divisional level.

Each project's level of completion is reported regularly to the Board of Managing Directors. I am pleased to report today that as of the end of 2022, i.e. after 2 years, we are still on target and have successfully completed and implemented more than 40 percent of all planned measures – and today the figure is around 45 percent. Even though we are only halfway there, it is encouraging to see that the Roadmap 2025 initiatives are being implemented with great commitment and discipline, despite the extremely difficult economic and geopolitical situation of the last two years, which was by no means foreseeable when we drew up our strategy. This proves two things. First of all: A strategy is only as

good as its implementation. And secondly: We do not allow ourselves to be diverted from our path when the general conditions become more difficult. Goals are there for us to achieve. This applies just as much to the measures we have taken to make the Schaeffler Group even more competitive and fit for the future.

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Every implementation program needs a clear structure. We divide our implementation program into seven subprograms: Three vertical subprograms that encompass the activities of our three divisions. And four horizontal subprograms that address the issues that affect and connect all our activities: Technology and Innovation, Digitalization and IT, People and Culture, and Sustainability and Engagement. This alignment is based on the conviction that it would be too short-sighted for an integrated technology group to individually optimize three divisions that stand side by side. Of course, the divisions take the lead in their respective businesses. But the Schaeffler Group is more than the sum of

its three divisions. It is an integrated Group with significant synergy potential and economies of scale between its divisions and activities. We want to make the Schaeffler Group as a whole even better equipped for the future. This can only be done if we also – or possibly *primarily* – focus on the activities and subprograms that make us strong together and that can and should be shared. Digitalization and sustainability are just as much topics that primarily affect the entire Schaeffler Group as innovation and technology and people and culture.

It would go far beyond the scope of my report if I were to now explain all the activities of the implementation program to you. I have already briefly touched on the three divisions in the previous part of my speech. In this final part of my report, therefore, let me turn to one of the cross-divisional topics that has particularly preoccupied us in 2022: The topic of sustainability.

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Sustainability – 10 fields of activity (ESG)

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Environment

- 1 Climate neutrality
- 2 Circular economy
- 3 Efficient use of resources and environmental protection
- 4 Green products

Social

- 5 Diversity, employees, and HR development
- 6 Occupational health and safety
- 7 Responsibility in society and the supply chain
- 8 Product safety and product integrity

Governance

- 9 Corporate governance
- 10 Business integrity

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At Schaeffler, we see the topic of sustainability as both an obligation and an opportunity. In the light of advancing climate change worldwide, we are convinced that decisive, swift, and targeted action in all areas is more critical to success than ever before. Against this backdrop, we have adapted and further sharpened our sustainability strategy in the course of 2022.

A central element of this is the consistent alignment of our strategy with the three so-called ESG dimensions: Environment, Social, and Governance. As a framework for implementing this strategy, we have defined ten fields of action that take into account both our main areas of focus and the requirements of external stakeholders. The respective fields of action are underpinned by concrete targets and measurable indicators.


The further development of our sustainability strategy also includes strong decentralization and the establishment of an agile Group-wide network comprising representatives from all divisions, functions, and regions as well as our sites. In this way, we aim to ensure that the necessary measures are implemented as efficiently as possible. Furthermore, in the summer of last year, we decided to transfer Group-wide responsibility for the topic of sustainability to the CEO in order to underline the strategic importance of the topic and to manage the implementation of the necessary measures in a focused and even more targeted manner.

In addition to the further development of our sustainability strategy, the focus in 2022 was on climate protection and decarbonization.

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Sustainability – Climate Action Day and Executive Meeting



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With the global Climate Action Day on June 22, 2022, we succeeded in getting the entire Schaeffler world excited about the topic and mobilizing them. More than 23,000 ideas on how to address climate protection at various levels at Schaeffler were developed in more than 8,200 workshops on this day and will now be evaluated and implemented step by step.

Another highlight was our Executive Meeting in July, which focused exclusively on the topic of sustainability. 15 excellently developed

marketplaces presented by selected management teams, the so-called 15 Climate Challenges, impressively demonstrate the technological competence and the will to succeed of our executives. It would not be possible to discuss these 15 initiatives in detail here. However, I have selected three topics that are closely related to our business areas to give you a little insight into recent developments.

Example number one: At the beginning of 2022, we decided to expand our global development and production campus for electric mobility in Bühl. This involves investments of around 50 million euros in the future field of electric mobility. There, we are currently developing the green electric motors of the future. Our CEO Automotive Technologies Matthias Zink and his team will tell you more about this in the following video.

VIDEO AUTOMOTIVE TECHNOLOGIES / MR. ZINK & TEAM

The second video explains the importance of, and connection between, sustainability and digitalization in our Automotive Aftermarket division. Jens Schüler, our CEO Automotive Aftermarket, and his team will tell you more.

VIDEO AUTOMOTIVE AFTERMARKET / MR. SCHÜLER & TEAM

As you have just heard, digitalization and sustainability play a very significant role in our automotive aftermarket. In particular, the topic of circular economy is becoming increasingly important. I will come back to this central topic in a moment, but before I do, I would like to show you a third and final example. In this third video, Dr. Spindler, CEO of our Industrial division, and his team will report on the latest developments in

electrolysis and how hydrogen technology will make a significant contribution to reducing CO2 emissions in industry in the future.

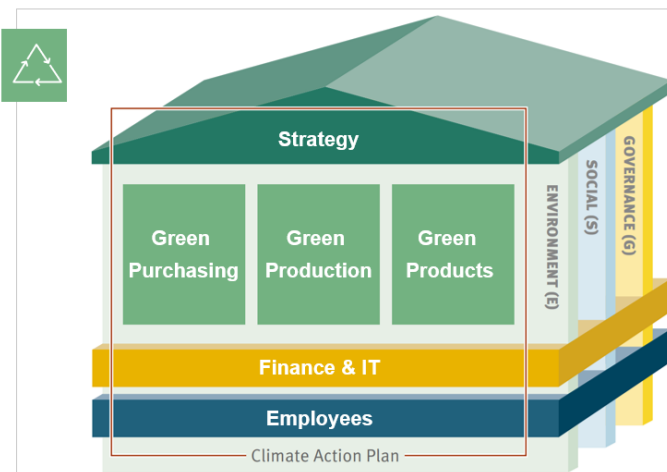
VIDEO INDUSTRIAL / DR. SPINDLER & TEAM


I will return to the topic of hydrogen, which affects both the industrial and automotive businesses and is a wonderful example of why it makes sense to operate automotive and industrial businesses under one roof, at the end of my remarks.

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Sustainability - Implementation requires holistic approach





SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



CDP
DISCLOSURE INSIGHT ACTION

**A LIST
2022**

CLIMATE WATER

Top score for climate change and water security from CDP

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But first a few words on sustainability. In 2022, a Group-wide Climate Action Plan was drawn up that sets out short-, medium- and long-term CO2 reduction targets. This plan consists of packages of measures and is divided into six focus areas with clear responsibilities: Strategy, Green Purchasing, Green Production, Green Products, Finance and IT, and Employees. With our Climate Action Plan, we have created a solid basis

for consistently and resolutely pursuing our CO2 reduction targets in the coming years. You can see from this structure that when it comes to sustainability, we think across divisions in terms of value chains and networks. In my opinion, there is no other way of dealing with the complexity of the issue. You can find details of this plan in our Sustainability Report 2022, which we published on March 7 and which is available on our website.

In this context, let me briefly touch on one last environmentally relevant topic that we consider central to our sustainability strategy: the circular economy. The Schaeffler Group pursues the overarching goal of optimizing the use of resources as early as the product design phase. Among other things, this means striving to reduce the use of critical or rare raw materials and to make products repairable instead of replaceable. The basic idea is to use raw materials, components, and products that are as durable and reusable as possible. On this basis, a circular economy strategy was developed for the Schaeffler Group based on five pillars: Reuse, repair, refurbishment, remanufacturing, and recycling. This topic will occupy us even more intensively in the future, because it is becoming increasingly clear that thinking in cycles in particular is a decisive key to achieving our sustainability goals.

The progress made in the area of sustainability in 2022 has also been recognized externally, as shown by the fact that we achieved the top grade "A" in both categories in the CDP ranking. This is very good news for us, but even more incentive and commitment. Schaeffler is resolutely committed to the ten principles of the UN Global Compact and to the goals of the Paris Climate Agreement. At the same time, we are aware that implementing our ambitious sustainability strategy will only be


successful together with our customers and suppliers, managers and employees, and everyone we work with.

That concludes the topic of sustainability. Now let me talk very briefly about the three other horizontal subprograms of our Roadmap 2025. I will start with digitalization, or the "twin sister" of sustainability, as I sometimes like to call it.


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Digitalization – Implementation requires holistic approach



**Catena-X applications
in the automotive industry**



**Pilot digital factories and
interlinked machines**



**Data transparency
and resilience**

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Schaeffler also made significant progress in this fundamental area in 2022. Due to time constraints, I will briefly mention only a few highlights that seem particularly noteworthy to me. I will start with a project that was not announced until the end of January 2023, but on which intensive work was already underway in 2022. This is an initiative in which Schaeffler is not alone, but plays an important role together with nine other well-known technology leaders: BASF, BMW, Henkel, Mercedes-Benz, SAP, Siemens, T-Systems, Volkswagen, and ZF. I am talking about the establishment of Cofinity-X. The main goal of this initiative is to

ensure the secure exchange of data along the entire automotive value chain to ensure the sustainability of its various parts.

In terms of driving digitalization forward in our company, we made significant progress in 2022 in further developing our digital pilot factories and networking our machines. This has been made possible by the continuous implementation of flexible and scalable infrastructures, thanks to which we are able to collect the necessary data in real time and make it available in production.

The use of increasingly advanced digital platforms and artificial intelligence has also led to greater data transparency in our logistics processes, which has had a positive impact on the resilience of our business. Think, for example, of our very fast responses to supply chain disruptions that are difficult to predict.

This brings us to the third subprogram: "Innovation and technology".

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Innovation – Introduction of the “Innovation-to-business” R&D strategy



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In 2022, Schaeffler adopted a new innovation strategy based on six so-called innovation clusters – plus two additional clusters for the production area. The focus is on solutions in the areas of mobility, electric drives, robotics, energy, materials, and digitalization. The Group's research and development activities have been consistently aligned with this structure in order to have a balanced innovation portfolio for tomorrow's market, which will be even more dynamic and complex than today. With the introduction of the R&D strategy "Innovation-to-Business," Schaeffler has set itself the goal of managing innovations even more efficiently.

As part of this strategy, Schaeffler is currently making targeted investments in establishing and expanding state-of-the-art R&D and competence centers for key technologies such as electric mobility, hydrogen, materials, and production processes. We have already briefly mentioned the expansion of the global development and production campus for electric mobility in Bühl as well as the opening of the new research center for mechatronics in Pune, India. In the course of 2022,

we also inaugurated the new, largely digitalized and automated tool technology center in Höchststadt and rapid progress is being made with the construction of our new central laboratory in Herzogenaurach.

Ladies and gentlemen, we are nearing the end of my report on our business in 2022, and this cannot be done without returning to the essential topic with which I began it. Namely, the one without which everything else cannot function or exist: I am, of course, talking about our employees. The changing nature of the industries in which we operate requires ideas as to where we can grow in the future, but also adjustments. Against this background, in November 2022 we announced a further program to cut around 1,300 jobs, particularly in the area of internal combustion engine development. For us and for me, it goes without saying that these measures will be implemented in a socially responsible manner in an open, transparent, and constructive dialog with employee representatives. I would like to take this opportunity to thank Mr. Wechsler and Mr. Vicari for their trusting and constructive cooperation in dealing with such tasks. Externally, we are asked time and again, "How do you actually do it at Schaeffler?" What more could you want! It's actually quite simple: What counts is trust and responsibility. Responsibility for all those who rely on us and hope that we will be able to continue to offer interesting and secure jobs in the future.

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People & Culture – Strategic personnel planning for the company's sustained success



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It is vital that we do everything we can to prepare our employees for the tasks of the future. This is an important element of our 'People and Culture' subprogram. Think, for example, of our training and qualification programs, particularly in the areas of electric mobility, mechatronics, digitalization, and new production processes. Around 17,000 employees participated in such programs in 2022. The Schaeffler Group is also currently training around 2,600 young professionals and students engaged in dual study programs worldwide under the umbrella of the Schaeffler Academy. All of this contributes to making Schaeffler an increasingly attractive employer for young talent with a passion for technology and innovation. This is also the core message of the employer branding campaign we launched in 2022.


The four horizontal subprograms of our Roadmap 2025 – in short Sustainability, Digitalization, Innovation, and Employees – connect the vertical initiatives of our three divisions and clearly show that the

Schaeffler Group is more than the sum of its individual parts. Hydrogen is a prime example of this.


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Green hydrogen for mobility and industry


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**Hydrogen Competence Center
in Herzogenaurach**



**Cooperation with
hydrogen producer Lhyfe**



**Hydrogen drives
for commercial vehicles**

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At Schaeffler, we have been working on the topic of hydrogen for several years. What started as a small local activity has now become the basis for a global initiative that represents one of the most important technology trends of our time. The question of how to succeed in reshaping the energy industry of the future. At this point, let me mention our new global competence center for hydrogen, which we established here in Herzogenaurach in 2022. The new center consolidates all of the Schaeffler Group's hydrogen expertise and aims to accelerate the industrialization of components and systems for hydrogen technology in both the automotive and industrial sectors. Various core technology laboratories are integrated, the results of which flow directly into product development. In addition, Schaeffler operates test rigs in Herzogenaurach for the development of components and systems for

hydrogen applications as well as a highly automated production line for the manufacture of bipolar plates for fuel cells and electrolyzers. The competence center is complemented by the aforementioned partnership with the French hydrogen producer Lhyfe. The purpose of this partnership is to build and operate an industrial electrolysis plant in Herzogenaurach, with a capacity of up to 15 megawatts, as an important building block for the conversion to climate-neutral production by 2030. This partnership will use technology from Schaeffler – in particular electrolysis stacks like the ones you saw in Dr. Spindler's video.

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Overview of core messages

- 1** Solid results in 2022 despite persistently challenging environment – diversification and global footprint strengthen resilience
- 2** Automotive Technologies with strong e-mobility order intake – Electric Mobility BD and Chassis Systems BD show significant growth
- 3** Automotive Aftermarket business benefiting in the current environment – a pioneer for electrification of the global replacement parts business
- 4** Industrial strengthened through acquisitions in strategic fields of growth – strong growth in core business
- 5** Strong balance sheet and liquidity – dividend proposal of 45 cents per common non-voting share
- 6** Further development of digitalization and sustainability strategy – driving forward the transformation, strengthening future-readiness



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This brings me to the end of my presentation, and I would like to briefly summarize once again. 2022 was a challenging year, and 2023 is not expected to be any easier. We continue to operate in a volatile environment with great uncertainties.

The Schaeffler Group has proven that it can successfully implement its plans even under difficult conditions. The solid results and considerable progress in various areas in 2022 prove that the Schaeffler Group is a strong and resilient company that shapes the future and thinks long-term.

This applies to all three divisions. In the Automotive Technologies division, the areas of electric mobility and chassis systems are growing significantly, and our new technologies are highly appreciated by old and new customers. Our continued success and the sustainable profitability of our traditional activities allow us to invest in these new growth areas to meet the new needs of our customers. Our Automotive Aftermarket business unit is also benefiting from the current environment and positioning itself as a digitalization and electrification pioneer in the global aftermarket business. New digital technologies and the growing importance of the circular economy are opening up promising new prospects for this division. Finally, our Industrial division is experiencing strong growth in its core business and is becoming increasingly strong in strategic growth areas such as industrial automation and robotics.

Ladies and gentlemen, what will the year 2023 look like? What will the world of tomorrow look like? We don't know. But we can look at what we can contribute to make the world we live and work in a little better. That means we need to listen. Listening and understanding, not just what we think is right, but how the next generation thinks. What moves them and what will be important in the future. Please be patient for a little while longer and you will see what I mean.

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We pioneer motion

Ladies and gentlemen, Schaeffler has always been a company that thinks long-term. Not in five years, or ten years, but in generations. We are a company with a future, because we can listen. Especially to our customers. Because we want to shape the future, with a passion for technology and innovation. Because we can do and try things that others don't dare. And because, despite all the obstacles, adversity, and challenges, we look to the future with optimism and confidence.

Thank you for your attention.

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