

Report of the Supervisory Board

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Georg F. W. Schaeffler
Chairman of the Supervisory Board

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Ladies and Gentlemen,

2021 was a good year overall for the Schaeffler Group, despite the persistently challenging environment. The favorable results, particularly for the first six months, allowed the group to raise the guidance. However, the decline in automobile production resulting from shortages in the supply of semiconductors and the persistent coronavirus pandemic led to uncertainty toward the end of the year and also affected the Schaeffler Group's revenue growth. In this situation, the Schaeffler Group with its global position as an automotive and industrial supplier proved its ability to offset fluctuations well once more. Our particular gratitude goes to all employees who contributed to this with their flexibility and reliability under the stresses of the coronavirus pandemic. One highlight at the end of the year, particularly from the point of view of the family shareholders, was the company's 75th anniversary which was marked in a virtual celebration at Schaeffler sites worldwide.

The Supervisory Board has fully performed its duties as mandated by law, the company's articles of association, and its internal rules of procedure during the year. In doing so, the Supervisory Board oversaw and advised the Board of Managing Directors in managing the company and was directly involved on a timely basis in all decisions that were of fundamental importance to the company and the group.

The Board of Managing Directors regularly informed the Supervisory Board in written and oral reports about the company's results of operations. The Board of Managing Directors briefed the Supervisory Board on an ongoing basis and in detail about the development of revenue and earnings of the group and the divisions, the financial position, short- and long-term plans and budgets, as well as compliance and risk management matters. The Board of Managing Directors briefed the Supervisory Board in a timely fashion on any important developments concerning the business. Transactions that either the law, the company's articles of association, or the internal rules of procedure require to be approved by the Supervisory Board were provided, along with any necessary information and documents, to the Supervisory Board in due time for such approval.

The members of the Supervisory Board were also available for discussions with the Board of Managing Directors between meetings. The Chairman of the Supervisory Board regularly kept in contact with the Board of Managing Directors and particularly with the Chief Executive Officer, and conferred with him on an ongoing basis on issues related to the company's current results of operations, strategy, risk situation, risk management, and compliance.

 Further information in the corporate governance report.

Members of the Supervisory Board and its committees

The membership of the Supervisory Board changed as follows during the reporting period: Sabrina Soussan resigned from the Supervisory Board effective as at the close of the annual general meeting on April 23, 2021. By a resolution of the annual general meeting on April 23, 2021, Ulrike Hasbargen was elected to the Supervisory Board for a term ending at the close of the general meeting that passes a resolution on granting discharge to the Supervisory Board for 2023.

The standing committees established by the Supervisory Board are made up as follows:

- Mediation committee established in accordance with section 27 (3) German Co-Determination Act:
Georg F. W. Schaeffler (Chairman),
Maria-Elisabeth Schaeffler-Thumann, Salvatore Vicari,
and Jürgen Wechsler
- Executive committee:
Georg F. W. Schaeffler (Chairman),
Barbara Resch, Maria-Elisabeth Schaeffler-Thumann,
Salvatore Vicari, Jürgen Wechsler, and
Prof. TU Graz e.h. KR Ing. Siegfried Wolf

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- Audit committee:
Robin Stalker (Chairman),
Dr. Holger Engelmann, Andrea Grimm, Thomas Höhn,
Georg F. W. Schaeffler, and Jürgen Wechsler
- Technology committee:
Prof. Dr. Hans-Jörg Bullinger (Chairman),
Georg F. W. Schaeffler, Jürgen Schenk, Salvatore Vicari,
Jürgen Wechsler, Prof. TU Graz e.h. KR Ing. Siegfried Wolf,
Prof. Dr.-Ing. Tong Zhang, and Markus Zirkel
- Nomination committee:
Georg F. W. Schaeffler (Chairman),
Dr. Holger Engelmann, Prof. Dr. Bernd Gottschalk,
and Maria-Elisabeth Schaeffler-Thumann

There were no conflicts of interest related to members of the Supervisory Board during the reporting period.

Appointments to the Board of Managing Directors

The company's Board of Managing Directors consists of Klaus Rosenfeld (Chief Executive Officer), Matthias Zink, Jens Schüler, Dr. Stefan Spindler, Claus Bauer, Andreas Schick, Corinna Schittenhelm, and Uwe Wagner.

Dr. Klaus Patzak left the Board of Managing Directors effective July 31, 2021, and Michael Söding effective December 31, 2021. The Supervisory Board appointed as ordinary members of the Board of Managing Directors Claus Bauer for a two-year term of office effective September 1, 2021, and Jens Schüler for a three-year term of office effective January 1, 2022. On October 8, 2021, Uwe Wagner was reappointed to the Board of Managing Directors for a further five-year term of office beginning on September 30, 2022.

In accordance with the internal rules of procedure of the Board of Managing Directors, Klaus Rosenfeld is responsible for the CEO functions, Matthias Zink for the Automotive Technologies division, Jens Schüler for the Automotive Aftermarket division,

Dr. Stefan Spindler for the Industrial division, Claus Bauer for Finance and IT, Andreas Schick for Operations, Supply Chain Management and Purchasing, Corinna Schittenhelm for Human Resources as Labor Relations Director, and Uwe Wagner is responsible for Research and Development.

Topics of Supervisory Board plenary meetings

The Supervisory Board held four regular meetings, one strategy meeting, and six extraordinary meetings in 2021.

The subject of the regular plenary discussions were the Schaeffler Group's results of operations and financial indicators. The Supervisory Board also dealt with acquisition and disinvestment projects as the need arose as well as with the company's risks. The Board of Managing Directors regularly reported to the Supervisory Board on the implications of the coronavirus pandemic for the Schaeffler Group. The Supervisory Board also ensured that it was briefed on the work of the committees on a regular basis in the plenary sessions. The personnel decisions regarding the Board of Managing Directors represented an important aspect of the work of the Supervisory Board as well. The Supervisory Board also met regularly without the Board of Managing Directors being present. These meetings dealt with matters relating to either the Board of Managing Directors itself or the Supervisory Board.

At an extraordinary meeting of the Supervisory Board held via conference call on February 9, 2021, the Supervisory Board dealt with preliminary target achievement for the variable remuneration of the Managing Directors for 2020 and with the indicative target values for the variable remuneration of the Board of Managing Directors for 2021. Target achievement for 2020 and the target values for 2021 were then finalized at the regular meeting of the Supervisory Board on February 26, 2021. Furthermore, the Supervisory Board dealt with preparations for the resolution on the remuneration of members of the Supervisory Board to be

passed at the annual general meeting on April 23, 2021. As part of the periodic review of the remuneration system for the Managing Directors of Schaeffler AG, the Supervisory Board discussed selective amendments to the remuneration system. The Supervisory Board further decided to continue, for any Managing Directors' service contracts currently in effect, the reimbursement insurance investment concept established following the change in retirement benefits to defined contribution commitments.

At its first regular meeting of the reporting period on February 26, 2021, the Supervisory Board first dealt with the budget for 2021 and the long-range plan for the years 2021 to 2025 and decided to adjust the preliminary budget for 2021 and the long-range plan for 2021 to 2025 presented at the meeting of the Supervisory Board on December 11, 2020, based on the most recent macroeconomic estimates of market trends for 2021.

The meeting also discussed the separate and consolidated financial statements of the Schaeffler Group for 2020. This also involved KPMG reporting to the Supervisory Board on the audit of the separate financial statements, the consolidated financial statements, and the dependency report, as well as on the limited assurance engagement performed on the combined separate group non-financial group report 2020 included in the sustainability report. Also at this meeting, the Supervisory Board adopted the separate financial statements and approved the consolidated financial statements, the closing statement of the Board of Managing Directors on the dependency report, and the proposal for the appropriation of earnings.

As part of the periodic review of the remuneration system for the Managing Directors, the Supervisory Board discussed selective amendments to the remuneration system approved by the annual general meeting on May 8, 2020. The members of the Supervisory Board discussed adding the possibility to grant a payment or other benefit to new Managing Directors upon their joining the Board of Managing Directors to offset financial disadvantages a new Managing Director incurs, for instance, as a result of terminating their previous employment early to join Schaeffler AG or as a result of a relocation. This possibility is intended to ensure

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that Schaeffler AG will continue to be able to attract appropriate and qualified candidates for a position on its Board of Managing Directors in the future. The Supervisory Board has approved the amended remuneration system retroactively effective January 1, 2021, for any Managing Directors already appointed and for any Managing Directors whose service contracts are newly signed or renewed, and has, based on a recommendation of the executive committee, proposed approval of the amended remuneration system to the annual general meeting.

The Supervisory Board dealt with the review of the remuneration of Supervisory Board members that was performed in response to the revised requirements of the Law on the Implementation of the Second Shareholders' Rights Directive (ARUG II) with the involvement of an independent external compensation consultant. As a result of its review, the Supervisory Board passed a resolution to propose to the annual general meeting a redesign of the remuneration system for the members of the Supervisory Board and corresponding adjustment of the remuneration, including adding remuneration for the members of the technology committee to appropriately reflect the added time commitment of technology committee members.

In addition, it approved the report of the Supervisory Board to the annual general meeting 2021 and the Supervisory Board's other proposed resolutions on the items on the agenda of the annual general meeting 2021.

At its extraordinary meeting on April 21, 2021, the Supervisory Board appointed Jens Schüler as a member of the Board of Managing Directors for a 3-year term of office effective January 1, 2022.

At the second regular meeting of the Supervisory Board on May 21, 2021, the Board of Managing Directors reported on the current position of the business and the financial position following the end of the first quarter. Issues presented by the Board of Managing Directors and discussed by the Supervisory Board focused on the objectives and priorities of the E-Mobility business division, the realignment of the wheel bearing business, and the strategic direction of the Automotive Aftermarket

division. The Supervisory Board also decided to establish an ad hoc committee for a potential acquisition project in order to advise the Board of Managing Directors over the further course of the project.

At two extraordinary meetings of the Supervisory Board on July 17 and 21, 2021, the Supervisory Board dealt with an acquisition project. The ad hoc committee established by the Supervisory Board discussed the status of the project as presented by the Board of Managing Directors in four meetings held via conference call.

At an extraordinary meeting on July 30, 2021, the Supervisory Board dealt with Dr. Klaus Patzak's departure and agreed to a departure by mutual agreement.

At an extraordinary meeting on August 27, 2021, the Supervisory Board appointed Claus Bauer as a member of the Board of Managing Directors for a 2-year term of office effective September 1, 2021. The Supervisory Board further approved external activities of Claus Bauer within the group.

On October 7, 2021, the Supervisory Board held its annual strategy meeting in which the strategic direction for the Schaeffler Group was presented, and was discussed extensively by the Supervisory Board. In its presentation, the Board of Managing Directors reported, in particular, in detail on the organization of the Automotive Technologies division and the strategic priorities of the E-Mobility and Chassis Systems business divisions. The presentation of the strategic direction of the Automotive Aftermarket division focused on digital distribution channels and data-driven business models, and the focus for the Industrial division was on further expanding the service and distribution business. Additional discussions addressed the macro-economic environment, geopolitical risks, and the resulting implications for the Schaeffler Group. With respect to the strategic direction of the regions, the Supervisory Board heard a report on the Asia/Pacific region. The Supervisory Board also dealt with the Schaeffler Group's sustainability program, focusing on measuring and increasing the sustainability of production locations, Schaeffler's path to climate neutrality by 2040,

and sustainability reporting and ratings. Additionally, the Schaeffler Group's digitalization roadmap and digitalization initiatives were presented. The maturity with respect to digitalization was explained using selected examples. Finally, under the agenda item "employees and corporate culture", the Board of Managing Directors reported on the strategic initiatives Talent Management, Qualification, Leadership & Corporate Culture, and Digital HR Processes.

At its third regular meeting on October 8, 2021, the Supervisory Board heard a report on the Schaeffler Group's most recent results of operations and the results of the first half of 2021 as well as a report on the Law to Strengthen Financial Market Integrity ("Gesetz zur Stärkung der Finanzmarktintegrität" – FISG) and its implications for the Schaeffler Group's corporate governance. The ARUG II requirements regarding the remuneration report were discussed as well.

At its fourth and final regular meeting during the reporting period on December 17, 2021, the Supervisory Board was briefed on the Schaeffler Group's most recent results of operations and the results of the third quarter of 2021. The budget for 2022 and the long-range plan for the years 2022 to 2026 were presented and discussed. The Supervisory Board dealt with the annual review of the remuneration of the Managing Directors and, based on preparation and recommendations by the executive committee, specified the performance criteria for the variable remuneration of the Managing Directors and their weights as well as the total target remuneration for each Managing Director for 2022. Indicative target achievement for 2021 was discussed as well.

Further on the agenda for this meeting were corporate governance issues. The Supervisory Board dealt with the declaration of conformity with the German Corporate Governance Code (section 161 AktG) and the independence of the shareholder representatives on the Supervisory Board. In addition, the Supervisory Board passed a resolution to amend the rules of procedure and its profile of expertise to reflect the FISG requirements. Finally, the Supervisory Board decided to perform a self-assessment on issues relating to the categories structure

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and function, meetings, preliminary discussions, supply of information, role of the Chairman of the Supervisory Board, working on committees, and issues regarding the Board of Managing Directors. The results will be presented to and discussed by the Supervisory Board at its first regular meeting in 2022.

Topics of Supervisory Board committee meetings

The executive committee of the Supervisory Board held a total of four regular meetings and one extraordinary meeting during the reporting period. Executive committee meetings were used to prepare the plenary meetings of the Supervisory Board, especially the personnel decisions to be made by the Supervisory Board. Further, the committee approved external activities of Managing Directors and came to a decision regarding deduction of the remuneration for positions on non-group supervisory boards from the remuneration for the position on the Board of Managing Directors. At its extraordinary meeting on August 2, 2021, the executive committee approved the sale of the global chain drive business.

The audit committee held four regular meetings and one extraordinary meeting during the year. With the auditors as well as the CEO and the CFO present, the audit committee addressed the separate and consolidated financial statements including the non-financial report and the dependency report. The audit committee discussed the semi-annual interim report as well as the quarterly interim statements with the CEO and the auditors. The audit committee monitored the selection, independence, qualifications, rotation, and efficiency of the auditors and dealt with reviewing the quality of the auditors. Specific non-audit services provided by the auditor were discussed and approved.

As current law requires a periodic external rotation of auditors as at the end of 2024, the audit committee dealt with issues concerning the preparation of a tendering procedure.

Moreover, the audit committee dealt with compliance and addressed the quarterly reports and the annual report of the chief compliance officer. Additionally, the audit committee discussed financial reporting and the financial reporting process, the effectiveness of the internal control system and the risk management system of the Schaeffler Group taking into account the FISG requirements, and dealt with the effectiveness, resources, and findings of Internal Audit.

Furthermore, audit committee meetings heard reports on the maturity of the information & cyber security program, the change in the accounting policy for development services, the introduction of a new factoring program, the enhancement of the non-financial report, and the status of implementation of the tax compliance management system as well as presentations on the control and risk management functions of the Schaeffler IT organization. Finally, the audit committee dealt with the status of implementation of the requirements of the Act on Corporate Due Diligence Obligations in Supply Chains (“Lieferkettensorgfaltspflichtengesetz”). At its extraordinary meeting on May 11, 2021, the audit committee addressed the adjusted report on expected developments and approved the interim statement as at March 31, 2021.

The Supervisory Board recommended to the annual general meeting 2021 that it appoint KPMG AG Wirtschaftsprüfungsgesellschaft auditors of the separate and consolidated financial statements and auditors for purposes of reviews of interim financial statements and financial information. The audit committee engaged KPMG AG Wirtschaftsprüfungsgesellschaft as auditors and determined areas of focus for the audit. The audit committee also proposed to the Supervisory Board that it engage KPMG AG Wirtschaftsprüfungsgesellschaft to perform a limited assurance engagement on the non-financial report.

The technology committee held two regular meetings during the reporting period. At the first meeting, the long-term product innovation strategies and the technological trends arising from the cross-divisional innovation clusters defined as part of the

“Roadmap 2025” were presented and discussed in detail. The second technology committee meeting focused on sustainability and, in particular, the carbon footprint of the Schaeffler Group’s products and manufacturing operations. Methods for measuring CO₂ emissions as part of a product lifecycle analysis were discussed, as were specific measures to reduce CO₂ emissions. The meeting was followed by a guided tour of the plant in Herzogenaurach that included a demonstration of measures designed to reduce CO₂ emissions in production.

During the reporting period, the nomination committee dealt with replacing Sabrina Soussan and prepared the Supervisory Board’s nomination for the election of a shareholder representative on the Supervisory Board for the annual general meeting 2021. In selecting possible candidates and preparing a recommended resolution for the Supervisory Board, the nomination committee considered, in particular, the Supervisory Board’s profile of expertise and diversity scheme. The nomination committee passed a resolution in writing proposing a candidate for election to the Supervisory Board by the annual general meeting.

No meetings of the mediation committee were required during the reporting period.

Disclosure of attendance at meetings by individual

Members' attendance rate at meetings of the Supervisory Board or its committees was 95%. Due to circumstances related to the persisting coronavirus pandemic, some meetings were held in a virtual format or as in-person meetings with an option to attend remotely. The attendance of members of the Supervisory Board at meetings of the Supervisory Board or its committees is disclosed by individual as follows:

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Meeting attendance

	Full Supervisory Board		Executive committee		Audit committee		Technology committee		Nomination committee		Mediation committee	
	Number	in %	Number	in %	Number	in %	Number	in %	Number	in %	Number	in %
Georg F. W. Schaeffler Chairman	11/11	100	5/5	100	5/5	100	2/2	100				
Maria-Elisabeth Schaeffler-Thumann Deputy Chairperson	10/11	90	5/5	100								
Jürgen Wechsler Deputy Chairperson	11/11	100	5/5	100	5/5	100	2/2	100				
Sabine Bendiek	9/11	81										
Prof. Dr. Hans-Jörg Bullinger	11/11	100					2/2	100				
Dr. Holger Engelmann	9/11	81			3/5	60						
Prof. Dr. Bernd Gottschalk	11/11	100										
Andrea Grimm	11/11	100			5/5	100						
Ulrike Hasbargen (since April 23, 2021)	8/8	100										
Thomas Höhn	11/11	100			4/5	80						
Susanne Lau	11/11	100										
Barbara Resch	11/11	100	5/5	100								
Jutta Rost	11/11	100										
Jürgen Schenk	11/11	100					2/2	100				
Helga Schönhoff	11/11	100										
Sabrina Soussan (until April 23, 2021)	1/3	33										
Robin Stalker	10/11	90			5/5	100						
Salvatore Vicari	9/11	81	4/5	80			2/2	100				
Prof. TU Graz e.h. KR Ing. Siegfried Wolf	10/11	90	5/5	100			2/2	100				
Prof. Dr.-Ing. Tong Zhang	11/11	100					2/2	100				
Markus Zirkel	11/11	100					2/2	100				
		95		96		90		100				

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Training and continuing education

The members of the Supervisory Board are responsible for obtaining any training or continuing education necessary to fulfill their duties, such as training on changes in the legal environment and on new technologies. The company assists them in this. Internal training is offered as needed. In this vein, members of the Supervisory Board were briefed on the FISG and its implications for the Schaeffler Group's corporate governance and on the ARUG II requirements regarding the remuneration report at meetings of the Supervisory Board during the reporting period. New members of the Supervisory Board had the opportunity to meet members of the Board of Managing Directors and managers responsible for technical areas to share information on fundamental as well as current matters, thus learning about issues relevant to the Schaeffler Group as part of an onboarding process.

Separate and consolidated financial statements 2021

KPMG AG Wirtschaftsprüfungsgesellschaft has audited the separate financial statements, the consolidated financial statements, and the combined management report as at December 31, 2021, prepared by the Board of Managing Directors in accordance with German commercial law, including the accounting records and the accounting-related internal control system as well as the early warning risk identification system. The consolidated financial statements of Schaeffler AG as at and for the year ended December 31, 2021, were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the additional requirements of German commercial law pursuant to section 315e (1) German Commercial Code.

KPMG AG Wirtschaftsprüfungsgesellschaft has also audited the report on relations with affiliated companies ("dependency report") prepared by the Board of Managing Directors in accordance with section 312 German Stock Corporations Act. The report covers the period from January 1, 2021, to December 31, 2021.

The auditors have issued unqualified audit opinions on the separate financial statements and the consolidated financial statements. They also found that the Board of Managing Directors has made the arrangements required by section 91 (2) 312 German Stock Corporations Act for the timely identification of risks, and that the early warning risk identification system is suitable for identifying on a timely basis any developments jeopardizing the existence of the company as a going concern.

KPMG AG Wirtschaftsprüfungsgesellschaft has issued the following unqualified audit opinion on the dependency report in accordance with section 313 (3) AktG:

"In accordance with our conscientious audit and assessment, we confirm that the statements of fact in the report are correct, the consideration given by the company in the course of the transactions listed in the report was not unreasonably high, and the measures listed in the report are not an occasion for an assessment substantially different from that of the Board of Managing Directors".

The Schaeffler AG has prepared a combined separate group non-financial report for 2021 that is included in the sustainability report. KPMG AG Wirtschaftsprüfungsgesellschaft performed a limited assurance engagement on the non-financial report. KPMG AG Wirtschaftsprüfungsgesellschaft found that, based on the limited review procedures performed, nothing has come to its attention that causes it to believe that the combined separate group non-financial report has not been prepared, in all material respects, in accordance with legal requirements.

The audit committee discussed the financial statement documents, the combined separate group non-financial report, the dependency report, the long-form audit reports, and the report on the limited assurance engagement with the Board of Managing Directors and the auditors on February 23, 2022. The audit committee scrutinized the development of earnings for 2021, the financial position and net assets as at the reporting date, and, particularly, provisions for risks. The financial statement documents, the combined separate group non-financial report included in the sustainability report, the dependency report, and the long-form audit reports were also dealt with in the Supervisory Board meeting convened to approve the financial statements on February 25, 2022. The required documents had been distributed to all members of the audit committee and the Supervisory Board in due time before these meetings to give members sufficient opportunity to examine them. The auditor was present during the discussion. He reported on significant findings of the financial statement audit and the limited assurance engagement and was available to provide additional information to the audit committee and the Supervisory Board. Based on its own examinations of the separate financial statements, the dependency report (including the closing statement of the Board of Managing Directors), the combined separate group non-financial report, and the consolidated financial statements together with the combined management report, and based on recommendations made by the audit committee, the Supervisory Board concurs with the result of the auditors' audits. There was no cause for objection, including objection to the closing statement on the dependency report prepared by the Board of Managing Directors. The Supervisory Board has approved the separate financial statements and the consolidated financial statements. The separate financial statements have thus been adopted.

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The Supervisory Board has reviewed the appropriation of retained earnings proposed by the Board of Managing Directors and will, together with the Board of Managing Directors, propose to the annual general meeting the payment of a dividend of EUR 0.49 per common share and EUR 0.50 per common non-voting share in respect of 2021.

On behalf of the Supervisory Board, I would like to express my sincere gratitude to the members of the Board of Managing Directors, to management, and to all other employees of Schaeffler AG and the group companies for their commitment and dedication and their constructive teamwork in 2021.

For the Supervisory Board



Georg F. W. Schaeffler
Chairman

Herzogenaurach, February 25, 2022