

Financial statements 2024

Schaeffler AG

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* Part of the group management report.

Corporate Governance

Corporate governance declaration including corporate governance report

The corporate governance declaration required by sections 289f and 315d HGB has been combined for Schaeffler AG and the group. Therefore, the following discussion applies to Schaeffler AG and the group unless noted otherwise below. In the following corporate governance declaration, the Supervisory Board and the Board of Managing Directors report on the corporate governance of Schaeffler AG in accordance with Principle 23 of the German Corporate Governance Code.

Corporate governance stands for responsible management and control of companies focused on adding sustainable value. Efficient cooperation between the Board of Managing Directors and the Supervisory Board as well as openness and transparency in corporate and financial communications are key aspects of the Schaeffler Group’s corporate governance.

 Corporate governance declaration including corporate governance report, including the declaration of conformity pursuant to section 161 AktG at: www.schaeffler.com/ir

Declaration of conformity pursuant to section 161 AktG

In December 2024, the Board of Managing Directors and the Supervisory Board issued the following declaration of conformity pursuant to section 161 AktG:

Declaration of Conformity by the Board of Managing Directors and the Supervisory Board of Schaeffler AG pursuant to section 161 of the German Stock Corporation Act (AktG).

Since making its last declaration of conformity in December 2023 Schaeffler AG complies, and will continue to comply, with all the recommendations of the Government Commission on the German Corporate Governance Code in the version of April 28, 2022, published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette (Bundesanzeiger), with the exception described below:

Schaeffler AG does not comply with the recommendation in section C.2 of the Code. According to this recommendation, an age limit shall be set for the members of the Supervisory Board and stated in the declaration on corporate governance.

The Supervisory Board of Schaeffler AG will not set such age limit because it is of the opinion that this criterion is not informative with respect to the suitability of a person to perform as a member of the Supervisory Board.

Herzogenaurach, December 13, 2024

For the Supervisory Board	For the Board of Managing Directors
Georg F. W. Schaeffler Chairman of the Supervisory Board	Klaus Rosenfeld Chief Executive Officer

Corporate governance principles

The Schaeffler Group’s manner of conducting business is based on integrity, fairness, and mutual respect. The related leadership principles are transparency, trust, and teamwork. Transparency generates trust, and trust is the foundation of good teamwork. The Schaeffler Group’s **Code of Conduct** provides guidance in this area. The principles set out in the Schaeffler Code of Conduct apply equally to everyone – the Board of Managing Directors, management, and all employees.

Integrity represents a fundamental component of the Schaeffler Group’s business practices. Under the Schaeffler Code of Conduct, the Board of Managing Directors and all employees undertake to comply with the values and principles of conduct established as well as all applicable local, national, and international laws and regulations, wherever the Schaeffler Group has business activities.

The Schaeffler Group has updated its Code of Conduct during the year. The updated Schaeffler Code of Conduct reflects the increased legal and business partner requirements regarding responsible corporate governance corporate due diligence. Along with the established compliance topics, the Schaeffler Code of Conduct focuses on integrity, values-based compliance, and respect for internationally recognized human rights.

In its business activities, the Schaeffler Group is intent on combining commercial success, a long-term focus, and awareness of the social and ecological aspects of the company’s operations. Combining economic success with acting responsibly toward the environment, people, and society is very important to the Schaeffler Group. The Schaeffler Group identifies with the corporate values “Sustainable”, “Innovative”, “Excellent”, and “Passionate”. These values form an important basis for the success

of the Schaeffler Group for the benefit and in the interest of customers and business partners, employees and managers, as well as shareholders and family shareholders. In addition to the fundamental orientation toward sustainability in managing the business, a sustainability strategy comprising ten fields of action along the dimensions of environment, social, and governance was previously adopted in 2022. In this manner, the Schaeffler Group is assuming ecological and social responsibility along the entire value chain. The sustainability strategy is reviewed regularly and amended as needed.



More on the company's corporate governance principles at: www.schaeffler.com/sustainability

Mode of operation of the Board of Managing Directors and the Supervisory Board and membership and mode of operation of its committees

The German Stock Corporations Act requires Schaeffler AG to have a two-tier board with strict separation between the executive body, the Board of Managing Directors, and the supervisory body, the Supervisory Board, in terms of personnel and functions. The Board of Managing Directors has direct responsibility for managing the company. The members of the Board of Managing Directors are jointly responsible for managing the company. The Chief Executive Officer (CEO) coordinates the activities of the members of the Board of Managing Directors. The Supervisory Board appoints, supervises, and advises the Board of Managing Directors and is involved in decisions that are fundamental to the company. The Chairman of the Supervisory Board coordinates the work of the Supervisory Board.

Board of Managing Directors

The Schaeffler Group is managed by the Board of Managing Directors of Schaeffler AG. Its actions and decisions are guided by the company's best interest and, therefore, take into account the interests of shareholders, employees, and other stakeholders of the company in order to add long-term value. The members of the Board of Managing Directors run the business in accordance with the law, the company's articles of association, and the terms of reference, taking into account the obligation to obtain approval set out in the Supervisory Board's terms of reference. The Board of Managing Directors is directly responsible for managing the company, sets objectives and the company's strategic direction, consults on them with the Supervisory Board, manages the implementation of the company's strategy, and regularly discusses the status of its implementation with the Supervisory Board.

The Schaeffler Group's corporate governance includes handling risks responsibly. Schaeffler AG's Board of Managing Directors bears responsibility for an appropriate and effective risk management system and internal control system. The Schaeffler Group analyzes and manages its risk position using the groupwide internal control and risk management system in place. The risk management system is designed to identify and assess developments that could trigger significant disadvantages and to avoid risks that would jeopardize the company's continued existence as a going concern. The internal control system consists of systematic, technological, and organizational rules for managing the company's controls in order to ensure that internal policies are complied with and damage is prevented.

The Board of Managing Directors ensures that legal requirements and internal guidelines are complied with and promotes such compliance by group companies and their employees. It puts in place appropriate measures that are tailored to the company's risk situation and discloses their main features. A whistleblowing system gives employees the opportunity, including appropriate protection, to report violations of the law within the company; this opportunity is also provided to third parties.

The terms of reference of the Board of Managing Directors set out the activities of the Board of Managing Directors, the issues that are the responsibility of the Board of Managing Directors, the majorities required to pass resolutions, and the areas of responsibility of the various members of the Board of Managing Directors. Based on the Schaeffler Group's organizational structure, the Board of Managing Directors consists of the Group CEO and the CEOs of the divisions and functions. Under the terms of reference, specific management responsibilities are assigned to each member of the Board of Managing Directors. Their responsibility for jointly managing the company remains unaffected. Each member of the Board of Managing Directors is directly responsible for his or her assigned area of responsibility, taking into account the joint responsibility of the Board of Managing Directors. The CEO has the lead in the overall management and business policy of the company. Klaus Rosenfeld has been the CEO of Schaeffler AG since October 1, 2014. In this role, he ensures the coordination and consistency of management within the Board of Directors and represents the company to the general public.

Membership of the Board of Managing Directors

Section 76 (3a) AktG stipulates that the Board of Managing Directors of Schaeffler AG has to have at least one female and at least one male member (minimum participation requirement). Schaeffler AG has complied with this requirement in 2024.

Consistent with the group's international stature and wide variety of sectors, the Board of Managing Directors considers diversity when making appointments to leadership positions. It aims to give appropriate consideration to women and has set targets for the proportion of women within Schaeffler AG at the two levels of management immediately below the Board of Managing Directors in accordance with section 76 (4) AktG. At its meeting on March 25, 2024, the Board of Managing Directors set targets for the proportion of women of 18.5% at the first level and 30% at the second level of management immediately below the Board of Managing Directors for the period ending December 31, 2025. Being a company with international



More on the governance systems on pp. i16 et seq.

operations, Schaeffler AG aims to continually increase the proportion of women in management above and beyond the legal requirements in Germany.

 More information in the sustainability statement on pp. 97 et seq.


In addition to considering the relevant technical qualifications, the Supervisory Board also strives for diversity when making appointments to the Board of Managing Directors, and adopted a diversity scheme in accordance with section 289f (2) (6) HGB for the Board of Managing Directors of Schaeffler AG at its meeting on December 15, 2017. The diversity criteria selected were gender, age, professional experience, and internationality:

- **Gender:** The Board of Managing Directors must have at least one female member. The company strives to increase the number of female members on the Board of Managing Directors beyond the legal minimum participation requirement in the long term.
- **Age:** The Board of Managing Directors should have an appropriate age distribution. Along with several younger members, this Board should also have members with a greater amount of professional and life experience. The company aims for an average age of all members of the Board of Managing Directors of approximately 55 years. Members may serve on the Board of Managing Directors until their 68th birthday. In making appointments to the Board of Managing Directors, consideration should be given to ensuring a balanced age distribution and increased consideration given to younger executives. The targets established were met in 2024. The ages of the members of the Board of Managing Directors currently range from 50 to 60 years, averaging 55 years.
- **Professional experience:** The members of the Board of Managing Directors should bring diverse professional experience to the Board. Along with sufficient professional background in the fields of engineering and business, they should also have additional professional experience,

especially in fields relevant to the Schaeffler Group's future business, such as mechatronics, electrical engineering, digitalization, and IT. In making appointments to the Board of Managing Directors, consideration should be given to the candidates' education and training, professional career, and their current responsibilities. The targets established were met in 2024.

- **Internationality:** Sufficient international experience should be represented on the Board of Managing Directors to appropriately reflect the international nature of the Schaeffler Group's business. The members of the Board of Managing Directors should have different nationalities. The objective should be that all members of the Board of Managing Directors have experience working abroad and/or are experienced in international business. Having at least one member with a non-German nationality, ideally from a market relevant to the Schaeffler Group, on the Board of Managing Directors in the long term is considered desirable. To be appointed to the Board of Managing Directors, a candidate must have international experience. At the first and second level of management immediately below the Board of Managing Directors, the majority of employees should have experience working abroad and be experienced in international business. All members of the Board of Managing Directors are experienced in international business.

Together with the Board of Managing Directors, the Supervisory Board ensures that long-term succession planning is performed. To this end, the Supervisory Board considers potential candidates for the Board of Managing Directors on a regular basis. The Supervisory Board takes into account the diversity criteria described above when reviewing these candidates. The Supervisory Board involves the Chief Executive Officer except where his own succession is concerned.

 More on the members of the Board of Managing Directors and any positions they hold on Supervisory Boards of other companies on pp. i13 et seq.

Supervisory Board

The Supervisory Board is responsible for advising and overseeing the Board of Managing Directors in managing the company. The Board of Managing Directors has to involve the Supervisory Board in any decisions that are fundamental to the company. Specifically, the Supervisory Board's terms of reference set out which legal transactions and measures taken by the Board of Managing Directors require approval by the Supervisory Board or the presidential committee. The Supervisory Board fulfills its responsibilities in accordance with the requirements of the law, the company's articles of association, and the terms of reference. The terms of reference of the Supervisory Board govern the Board's organization and activities.

The Supervisory Board appoints the members of the Board of Managing Directors and sets their remuneration.

 More on the remuneration of the Board of Managing Directors in the separate remuneration report and the current remuneration system for the members of the Board of Managing Directors of Schaeffler AG at: www.schaeffler.com/remuneration

The Supervisory Board holds a minimum of two meetings during each of the first and second six months of the calendar year to discuss current issues and pass any resolutions required. Additional meetings are held when and if the interests of the company require. For reasons of effectiveness, resolutions are at times passed in writing or by telephone.

Membership of the Supervisory Board

The Supervisory Board of Schaeffler AG, which is subject to co-determination on the basis of parity under the German Co-Determination Act ("Mitbestimmungsgesetz" – MitbestG), consists of 20 members. Ten of these members are appointed by the annual general meeting, and ten members are elected by the employees in accordance with the requirements of the German Co-Determination Act. The shareholder representatives have

been appointed for a term ending at the close of the annual general meeting that decides on granting discharge to the Supervisory Board for 2024. The term of office of the employee representatives ends at the conclusion of the annual general meeting 2025.

Since Schaeffler AG is a publicly listed company subject to co-determination based on parity, its Supervisory Board consists of at least 30% female and at least 30% male members in accordance with section 96 (2) AktG.

The minimum target has to be met by the Supervisory Board as a whole. If either the shareholder representatives or the employee representatives object to such joint compliance by a simple majority vote, notifying the Chairman of the Supervisory Board of such objection before the election, the minimum target has to be met separately by the shareholder representatives as well as by the employee representatives. The employee representatives unanimously objected to joint compliance on December 10, 2015, and most recently unanimously confirmed that decision on October 31, 2024. The Supervisory Board currently has seven female members, with four women being employee representatives and three women representing the shareholders. As a result, the employee representatives and the shareholders' side both meet the legally required quota.

In accordance with Recommendation C.1 of the German Corporate Governance Code, the Supervisory Board has set the following concrete targets for its membership, considering the company's specific situation and appropriately taking into account the company's international operations, any potential conflicts of interest, the number of independent Supervisory Board members considered appropriate by the shareholder representatives on the Supervisory Board, and a set limit on the length of time a member may serve on the Supervisory Board, as well as diversity. The Supervisory Board has stated the following objectives for its membership:

- Members should have the knowledge, skills, and technical experience required to properly perform their duties and be able to devote sufficient time to these duties.

- The Supervisory Board aims to maintain the current proportion of members with an international background.
- Members of the Supervisory Board should not serve on the governing body of or in a consulting capacity to significant competitors of the Schaeffler Group.
- The Supervisory Board should not include more than two former members of the Board of Managing Directors.
- The Supervisory Board shall include at least five shareholder representatives who are independent of the company and its Board of Managing Directors, and independent from any controlling shareholder (according to Recommendation C.6 of the German Corporate Governance Code).

The Supervisory Board currently considers nine shareholder representatives to be independent from the company, its Board of Managing Directors, and its controlling shareholders; these are: Sabine Bendiek, Prof. Dr. Hans-Jörg Bullinger, Dr. Holger Engelmann, Prof. Dr. Bernd Gottschalk, Ulrike Hasbargen, Katherina Reiche, Robin Stalker, Prof. TU Graz e.h. KR Ing. Siegfried Wolf, and Prof. Dr.-Ing. Tong Zhang.

According to Recommendation C.7 of the German Corporate Governance Code, more than half of the shareholder representatives shall be independent from the company and the Board of Managing Directors. The Supervisory Board currently considers all shareholder representatives to be independent of the company and its Board of Managing Directors. Certain members of the Supervisory Board hold senior positions with other companies or hold shares, in some cases indirectly, in companies with which the Schaeffler Group maintains relationships in the course of its ordinary business activities. The Supervisory Board believes that none of these relationships are significant.

According to Recommendation C.9 of the German Corporate Governance Code, if the company has a controlling shareholder and the Supervisory Board has more than six members, at least two of the shareholder representatives shall be independent from the controlling shareholder. The Supervisory Board currently considers

nine shareholder representatives to be independent from the controlling shareholders, namely Sabine Bendiek, Prof. Dr. Hans-Jörg Bullinger, Dr. Holger Engelmann, Prof. Dr. Bernd Gottschalk, Ulrike Hasbargen, Katherina Reiche, Robin Stalker, Prof. TU Graz e.h. KR Ing. Siegfried Wolf, and Prof. Dr.-Ing. Tong Zhang.

In addition to the objectives set out above, the Supervisory Board developed a profile of expertise for the Board as a whole at its meeting on December 15, 2017, and expanded that profile at its meetings on December 17, 2021, October 7, 2022, and most recently on December 13, 2024. According to this profile, the Supervisory Board should collectively cover the following areas of technical expertise:

- Knowledge/experience regarding the automotive and industrial sectors in which the Schaeffler divisions operate as well as the relevant products
- Knowledge/experience relevant to the company's geographic locations
- Knowledge/experience regarding research & development and digitalization
- Experience regarding business conduct and/or supervising companies
- Basic knowledge of stock corporation and corporate law and of compliance
- Financial expertise
- Expertise regarding the sustainability issues significant to the company
- Knowledge/experience regarding financial reporting, financial statement audits, risk management, and internal control procedures

The Supervisory Board requires expertise that is commensurate with the significance of sustainability issues for the company. This expertise need not be concentrated in one person. Relevant sub-aspects can be contributed by different members of the Supervisory Board. What is essential is that the Supervisory

Board is sufficiently skilled, in particular, to oversee the incorporation of environmental and social sustainability in the strategic direction and corporate planning.

The audit committee should cover the following areas of technical expertise:

- At least one audit committee member is required to possess expert knowledge about financial reporting and at least one other audit committee member is required to possess expert knowledge about financial statement audits. The expert knowledge about financial reporting should consist of being particularly knowledgeable about and experienced in the application of accounting principles and risk management and internal control systems and the expert knowledge about financial statement audits should consist of being particularly knowledgeable about and experienced in financial statement audits. Financial reporting and financial statement audits also include sustainability statements and limited assurance engagements on such statements.
- The chairman of the audit committee shall have expert knowledge about at least one of these two fields. Furthermore, it is sufficient if an area of expertise is covered by at least one member of the Supervisory Board.

The profile of expertise assumes that every member of the Supervisory Board has the personal qualifications, integrity, sufficient time, commitment, and discretion required to successfully carry out the responsibilities of a member of the Supervisory Board.

The composition of the Supervisory Board during the year meets these objectives and covers the areas of expertise set out above. Proposals by the Supervisory Board to the annual general meeting for the election of shareholder representatives to the Supervisory Board will reflect these objectives and strive to cover the fields of expertise listed above. The extent to which the profile of expertise has been implemented is disclosed in the form of a qualifications matrix below.


Qualifications matrix – shareholder representatives

		Georg F. W. Schaeffler	Sabine Bendiek	Prof. Dr. Hans-Jörg Bullinger	Dr. Holger Engelmann	Prof. Dr. Bernd Gottschalk	Ulrike Hasbargen	Katherina Reiche	Robin Stalker	Prof. Dr. KR Ing. Siegfried Wolf	Prof. Dr.-Ing. Tong Zhang
Member since		10/24/2014	04/24/2019	12/01/2014	12/01/2014	12/01/2014	04/23/2021	04/20/2023	12/01/2014	10/24/2014	12/01/2014
Personal suitability	Independence ¹⁾		●	●	●	●	●	●	●	●	●
	No overboarding ¹⁾	●	●	●	●	●	●	●	●	●	●
Diversity*	Gender	m	f	m	m	m	f	f	m	m	m
	Year of birth	1964	1966	1944	1965	1943	1961	1973	1958	1957	1960
	Nationality	German	German	German	German	German	German	German	New Zealand	Austrian	German
Sector and company-specific knowledge/experience* ²⁾	Automotive sector/products	●		●	●	●				●	●
	Industrial sector/products	●		●		●		●			
	Research & development and digitalization		●	●		●		●			●
Company-specific international experience* ²⁾	Europe region	●	●	●	●	●	●	●	●	●	●
	Americas region	●				●	●	●		●	
	Greater China region										●
	Asia/Pacific region								●		
Business conduct and corporate governance	Experience regarding business conduct and/or supervising companies* ²⁾	●	●	●	●	●	●	●	●	●	●
	Basic knowledge of stock corporation and corporate law	●	●	●	●	●	●	●	●	●	●
	Basic knowledge of compliance*	●	●	●	●	●	●	●	●	●	●
	Financial expertise	●			●	●			●	●	
Sustainability*	Expertise regarding the sustainability issues significant to the company		●	●				●	●		
Risk control & reporting	Knowledge/experience ²⁾ regarding financial reporting, financial statement audits, risk management, and internal control procedures	●			●		●		●		

¹⁾ In accordance with the German Corporate Governance Code.

²⁾ “Knowledge of/experience in” means at least “good knowledge” and thus the ability to understand the relevant issues well and make informed decisions on the basis of existing qualifications, the knowledge and experience acquired in the course of work as a member of the Supervisory Board (for example, many years of service on the audit committee) or the training measures regularly attended by all members of the Supervisory Board.

● Criterion met, based on self-assessment by the Supervisory Board

 The rows marked with an * in the Qualifications matrix – shareholder representatives table contain information supplemental to the sustainability statement with respect to ESRG 2 GOV-1 21 c, ESRG 2 GOV-1 23 a, and ESRG 2 G1 GOV-1 5 b, on pp. 45 et seq. and pp. 109 et seq.

Qualifications matrix – employee representatives


		Horst Ott	Thomas Höhn	Hanna Köhler	Susanne Lau	Dr. Alexander Putz	Barbara Resch ³⁾	Jürgen Schenk	Helga Schönhoff	Ulrich Schöppllein	Markus Zirkel
Member since		04/25/2024	05/08/2020	12/09/2024	08/08/2018	10/01/2022	11/19/2015	05/08/2020	05/08/2020	03/26/2024	05/08/2020
Diversity*	Gender	m	m	f	f	m	f	m	f	m	m
	Year of birth	1966	1979	1988	1975	1976	1975	1980	1963	1974	1969
	Nationality	German	German	German	German	German	German	German	German	German	German
Sector and company-specific knowledge/experience* ²⁾	Automotive sector/products	●	●	●	●	●	●		●	●	●
	Industrial sector/products		●			●	●	●		●	
	Research & development and digitalization										
Company-specific international experience* ²⁾	Europe region	●	●	●	●	●	●	●	●	●	●
	Americas region										
	Greater China region										
	Asia/Pacific region										
Business conduct and corporate governance	Experience regarding business conduct and/or supervising companies* ²⁾	●	●		●	●	●	●	●	●	●
	Basic knowledge of stock corporation and corporate law	●	●	●	●	●	●	●	●	●	●
	Basic knowledge of compliance*	●	●	●	●	●	●	●	●	●	●
	Financial expertise										
Sustainability*	Expertise regarding the sustainability issues significant to the company					●					
Risk control & reporting	Knowledge/experience ²⁾ regarding financial reporting, financial statement audits, risk management, and internal control procedures ²⁾		●				●				●

¹⁾ In accordance with the German Corporate Governance Code.

²⁾ “Knowledge of/experience in” means at least “good knowledge” and thus the ability to understand the relevant issues well and make informed decisions on the basis of existing qualifications, the knowledge and experience acquired in the course of work as a member of the Supervisory Board (for example, many years of service on the audit committee) or the training measures regularly attended by all members of the Supervisory Board.

³⁾ Member of the Supervisory Board of Schaeffler AG until December 31, 2024.

● Criterion met, based on self-assessment by the Supervisory Board

 The rows marked with an * in the Qualifications matrix – employee representatives table contain information supplemental to the sustainability statement with respect to ESRs 2 GOV-1 21 c, ESRs 2 GOV-1 23 a, and ESRs 2 G1 GOV-1 5 b, on pp. 45 et seq. and pp. 109 et seq.

The Supervisory Board had also adopted a diversity scheme in accordance with section 289f (2) (6) HGB for the Supervisory Board of Schaeffler AG on December 15, 2017. The diversity criteria selected were gender, professional experience, and internationality. These criteria are designed to ensure, in combination with the other criteria for the membership of the Supervisory Board, that the opinions and knowledge represented on the Supervisory Board are sufficiently diverse for the proper performance of its duties.

- **Gender:** Section 96 (2) AktG stipulates that the Supervisory Board has to consist of at least 30% female and at least 30% male members. The employee representatives unanimously objected to joint compliance with the gender quota on December 10, 2015, and most recently unanimously confirmed that decision on October 31, 2024. The Supervisory Board has seven female members, with four women being employee representatives and three women representing the shareholders. As a result, the employee representatives' side and the shareholders' side meet the legally required quota.
- **Professional experience:** The members of the Supervisory Board should bring diverse professional experience to the Board. The Supervisory Board should have members with professional experience in fields that are relevant to the Schaeffler Group's business, especially to the group's future business in the fields of electric mobility and digitalization. Candidates' professional experience is to be taken into account when selecting the Supervisory Board's nominees for election to the Supervisory Board by the annual general meeting.
- **Internationality:** The Supervisory Board should have an appropriate number of members with an international background (descent, professional education, or work). This being the case for at least four of its members is considered adequate by the Supervisory Board. In addition, further members of the Supervisory Board should be experienced in international business. Internationality is to be taken into account when selecting the Supervisory Board's nominees for election by the annual general meeting.



Members of the Supervisory Board and their curricula vitae at: www.schaeffler.com/supervisory-board

The Supervisory Board as a whole has the knowledge, skills, and technical experience required to properly perform its duties. The Supervisory Board as a whole is familiar with the industries and sectors in which the Schaeffler Group operates, and it has the professional experience and internationality required under the diversity scheme. Conflicts of interest related to members of the Supervisory Board must be disclosed to the Supervisory Board immediately; there were no such conflicts of interest in 2024.

No member of the Supervisory Board currently serves on a governing body or in a consulting role with respect to a key competitor or has a personal relationship with a key competitor. No member of the Supervisory Board was previously a Managing Director of Schaeffler AG.



More on avoiding conflicts of interest on page i11.

The Supervisory Board has not set an age limit for its members, because it is of the opinion that this criterion is not informative with respect to the suitability of a person to perform as a member of the Supervisory Board. This deviation from the German Corporate Governance Code has been included in the declaration of conformity pursuant to section 161 AktG.

The Chairman of the Supervisory Board is elected by the Supervisory Board from among its members. He coordinates the activities of the Supervisory Board, chairs its meetings, and represents the Supervisory Board externally. As suggested in Suggestion A.6 of the German Corporate Governance Code, the Chairman of the Supervisory Board is available for discussions with investors, in close coordination with the Board of Managing Directors and focusing on Supervisory Board-related issues.

Membership and mode of operation of Supervisory Board committees

Under its terms of reference, the Supervisory Board establishes a total of five committees.

The mediation committee established in accordance with sections 27 (3) and 31 (3) MitbestG is responsible for proposing to the Supervisory Board a candidate for appointment to the Board of Managing Directors if the two-thirds majority required for an appointment was not obtained initially. The members of the mediation committee are Georg F. W. Schaeffler (chairman), Horst Ott (since April 25, 2024), Ulrich Schöppllein, and Prof. TU Graz e.h. KR Ing. Siegfried Wolf. The former member Jürgen Wechsler left effective April 25, 2024.

The presidential committee consists of Georg F. W. Schaeffler (chairman), Sabine Bendiek, Thomas Höhn (since February 4, 2025), Horst Ott (since April 25, 2024), Ulrich Schöppllein, and Prof. TU Graz e.h. KR Ing. Siegfried Wolf. The former members Jürgen Wechsler and Barbara Resch left effective April 25, 2024, and December 31, 2024, respectively. The presidential committee advises and assists the Chairman of the Supervisory Board and his Deputies in their Supervisory Board responsibilities. It prepares the meetings of the Supervisory Board. Another significant responsibility of the presidential committee is preparing personnel decisions to be made by the Supervisory Board. It makes recommendations regarding new appointments or reappointments to and dismissals from the Board of Managing Directors. It also prepares the Supervisory Board's decision regarding the remuneration system and individual remuneration of the members of the Board of Managing Directors. In addition, the presidential committee passes resolutions regarding the approval of certain legal transactions and measures specified in the Supervisory Board's terms of reference on behalf of the Supervisory Board, to the extent such delegation is not prohibited by section 107 (3) (7) AktG.

The members of the audit committee are Robin Stalker (chairman), Dr. Holger Engelmann, Thomas Höhn, Susanne Lau (since April 25, 2024), Georg F. W. Schaeffler, and Ulrich Schöppllein (since December 13, 2024). The former members Jürgen Wechsler and Andrea Grimm left effective April 25, 2024, and October 31, 2024, respectively. The audit committee mainly deals with the review of the company's financial reports, monitoring the financial reporting process, effectiveness of the internal control system, the risk management system, and the internal audit system, as well as with the financial statement audit and compliance. It is responsible for preparing the Supervisory Board's decision on adoption of the separate financial statements and approval of the consolidated financial statements. For this purpose, it is responsible for the preliminary review of the separate and consolidated financial statements, the combined management report and the group management report, the proposal for the appropriation of earnings, and for discussing the long-form audit report with the auditors. It is also responsible for the preliminary review of the non-financial report as well as the preliminary review of the report on relations with affiliated companies and for preparing the Supervisory Board's nomination of the auditors to be appointed by the annual general meeting.

The audit committee makes a recommendation to the Supervisory Board regarding auditors to be appointed, together with its reasons for the recommendation; where the audit has been put out to tender, the recommendation includes at least two candidates. The audit committee engages the auditors, determines the areas of focus for the audit, and agrees the audit fees with the auditors. In addition, the audit committee monitors the independence of the external auditors and, as such, is responsible for approving engagements for non-audit services. The audit committee also monitors the qualifications and efficiency of the auditors as well as the rotation of audit team members and evaluates the quality of the financial statement audit as well as the services of the auditors including additional services they have rendered.

The audit committee discusses the assessment of audit risk, the audit strategy and audit planning as well as the results of the audit with the auditors. The chairman of the audit committee regularly discusses the progress of the audit with the auditors and reports to the committee on this. The audit committee regularly consults with the auditors, both with and without the Board of Managing Directors.

The audit committee is responsible for awarding the limited assurance engagement on the non-financial report. On behalf of the Supervisory Board, the audit committee advises and oversees the Board of Managing Directors regarding financial reporting, the financial reporting process, the effectiveness of the internal control system, the risk management system, Internal Audit, the financial statement audit, and compliance.

The chairman of the audit committee must be independent and can be neither a former member of the Board of Managing Directors nor the Chairman of the Supervisory Board. The chairman of the audit committee, Robin Stalker, meets these requirements. The audit committee is required to include at least one member of the Supervisory Board possessing expert knowledge about financial statement audits and at least one other member possessing expert knowledge about financial reporting. The expert knowledge about financial reporting should consist of being particularly knowledgeable about and experienced in the application of accounting principles and risk management and internal control systems and the expert knowledge about financial statement audits should consist of being particularly knowledgeable about and experienced in financial statement audits. Financial reporting and financial statement audits also include sustainability statements and limited assurance engagements on such statements. The chairman of the audit committee shall have expert knowledge about at least one of these two fields.

The chairman of the audit committee, Robin Stalker, is particularly knowledgeable about and has many years of experience with financial statement audits as he is a former auditor, served as chief financial officer of a publicly listed company with

operations worldwide (adidas AG) for many years and has served on audit committees of publicly listed companies (Schaeffler AG and Commerzbank AG) for many years. These activities have also rendered him particularly knowledgeable about and experienced in the application of accounting principles and risk management and internal control systems and, hence, he additionally has expert knowledge about financial reporting. Robin Stalker keeps up with current developments in the fields of sustainability statements and limited assurance engagement on such statements and actively contributes his expertise to the work of the audit committee and the Supervisory Board.

In the course of his professional career, Dr. Holger Engelmann served as chief financial officer of Webasto AG (now Webasto SE) and has been Chairman of the Management Board of Webasto SE since 2013. Additionally, he has served on the audit committee of Schaeffler AG for many years. These activities have rendered Dr. Engelmann particularly knowledgeable about and experienced in the application of accounting principles and risk management and internal control systems and he actively contributes this knowledge and experience to the work of the audit committee and the Supervisory Board.

The nomination committee proposes to the Supervisory Board candidates suitable as nominees for election to the Supervisory Board by the annual general meeting. The members of the nomination committee are Georg F. W. Schaeffler (chairman), Dr. Holger Engelmann, Prof. Dr. Bernd Gottschalk, and Katherina Reiche.

The technology committee consists of Prof. Dr. Hans-Jörg Bullinger (chairman), Horst Ott (since April 25, 2024), Georg F. W. Schaeffler, Jürgen Schenk, Ulrich Schöppllein, Prof. TU Graz e.h. KR Ing. Siegfried Wolf, Prof. Dr.-Ing. Tong Zhang, and Markus Zirkel. The former member Jürgen Wechsler left effective April 25, 2024. The technology committee serves as a forum for the regular exchange of information between the Supervisory Board and the Board of Managing Directors regarding technological developments relevant to the Schaeffler Group and for jointly deliberating on technology projects.

In certain cases, the Supervisory Board may establish a committee for transactions with related parties in accordance with section 107 (3) (4) AktG to decide on the approval of transactions with related parties in accordance with sections 111a to 111c AktG in place of the Supervisory Board. The committee for transactions with related parties consists of six members, of which half are elected based on nominations by the shareholder representatives and half based on nominations by the employee representatives on the Supervisory Board.

Self-assessment of the Supervisory Board and its committees

The Supervisory Board assesses, at regular intervals, how effectively the Supervisory Board as a whole and its committees fulfill their tasks. The self-assessment involves asking the members of the Supervisory Board to provide assessments regarding issues relating to the categories of structure 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. Individual assessments are consolidated by an independent party and evaluated by the Supervisory Board. The Supervisory Board's most recent decision to perform a self-assessment was made at its meeting on September 27, 2024, with the aim of discussing and evaluating the results at the meeting on February 21, 2025.

Cooperation between Board of Managing Directors and Supervisory Board

The Board of Managing Directors and the Supervisory Board cooperate closely for the good of the company. Thus, the Board of Managing Directors confers with the Supervisory Board on the strategic direction of the company and regularly discusses the status of strategy implementation with the Supervisory Board.

On a regular basis, the Board of Managing Directors provides comprehensive and timely information to the Supervisory Board on all matters of relevance to the company with respect to

strategy implementation, planning and budgeting, results of operations, risk management, and compliance. It discusses deviations of results of operations from budgets and targets, and the reasons for those deviations. Documents required for decisions, especially the separate financial statements, the consolidated financial statements, and the long-form audit report, are provided to the members of the Supervisory Board in due time. The Board of Managing Directors is required to submit any fundamental legal transactions and measures to the Supervisory Board or the presidential committee for approval. The cooperation between the Board of Managing Directors and the Supervisory Board is characterized by mutual trust and a culture of open discussion as well as maintaining strict confidentiality.

The Chairman of the Supervisory Board regularly keeps in contact with the Board of Managing Directors, particularly with the Chief Executive Officer, between meetings as well, and discusses with him issues including those related to the company's strategy implementation, planning and budgeting, results of operations, risk management, and compliance. The Chief Executive Officer immediately informs the Chairman of the Supervisory Board of important events significant to evaluating the company's situation and development as well as for managing the company.

Avoiding conflicts of interest

The members of the Supervisory Board are required to immediately disclose any conflict of interest to the Chairman of the Supervisory Board. The members of the Board of Managing Directors are required to disclose any conflicts of interest to the Chairman of the Supervisory Board and the Chief Executive Officer and to inform the other members of the Board of Managing Directors. Significant transactions between the company and members of the Board of Managing Directors or parties related to them require the Supervisory Board's approval. Consulting and other service contracts as well as contracts for specific deliverables between the company and members of the Supervisory Board also require approval by the Supervisory Board. The Supervisory Board reports to the annual general meeting on any

conflicts of interest and their resolution. Material conflicts of interest involving a member of the Supervisory Board that are not merely temporary shall result in the termination of that member's Supervisory Board mandate. Neither the members of the Board of Managing Directors nor those of the Supervisory Board have experienced any conflicts of interest in 2024. Members of the Supervisory Board who had indicated that they might have a potential conflict of interest refrained from attending entire meetings or individual agenda items relevant in this regard.

Other information on corporate governance

Transparency

The company provides information on the situation of the company at the same time and on an equal footing to institutional investors, shareholders, financial analysts, business partners, employees, and the interested public by regular, transparent, and up-to-date communication. All significant information, such as ad hoc releases and press releases, as well as presentations given at analysts' conferences, all financial reports, and the financial calendar are published on the Schaeffler Group's website. Investor Relations maintains close contact with shareholders on an ongoing basis, among others.

Relationships with shareholders and annual general meeting

The company's shareholders exercise their voting and control rights at the annual general meeting. The annual general meeting, which must be held in the first eight months of every fiscal year, decides on all matters assigned to it by law, such as appropriation of profits, electing shareholder representatives to the Supervisory Board, granting discharge to the members of the Supervisory Board and the Board of Managing Directors, appointing auditors, and amending the company's articles of association.

Since October 1, 2025, all shareholders of Schaeffler AG have been holding common voting shares, because the shareholders passed resolutions approving the conversion of the common non-voting shares of Schaeffler AG into common voting shares at a ratio of 1:1 at an extraordinary general meeting and a separate general meeting of the common non-voting shareholders on February 2, 2024.

Each share of Schaeffler AG entitles the holder one vote. There are no shares conferring multiple or preferential voting rights and no caps on voting rights.

All shareholders who register within the prescribed deadline and prove their entitlement to attend the annual general meeting and to exercise their voting rights are entitled to attend the annual general meeting. To facilitate the exercise of their rights and to prepare them for the annual general meeting, the shareholders are provided with comprehensive information about the past fiscal year and the items on the agenda before the annual general meeting by means of the annual report and the invitation to the annual general meeting. All documents and information on the annual general meeting, including the annual report, are published on the company's website.

The opening of the annual general meeting and the speech by the CEO can be followed live online under the heading Investor Relations on the company's website. To make it easier for shareholders to exercise their rights, the company offers all shareholders who cannot or do not want to exercise their voting rights themselves the opportunity to vote at the annual general meeting via a proxy who is bound by instructions.

Financial reporting and financial statement audit

The main source of information for shareholders and third parties are the consolidated financial statements and the group management report as well as interim financial information.

Schaeffler AG compiles its separate financial statements in accordance with the requirements of the German Commercial Code (HGB) and the German Stock Corporations Act (AktG). For the first time, Schaeffler AG has included in its group management report a combined group non-financial declaration (previously issued separately), disclosing required non-financial information for both the Schaeffler Group and Schaeffler AG for 2024. The consolidated financial statements are prepared by the Board of Managing Directors in accordance with the principles set out in International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements of the HGB, and are audited by the auditors and reviewed by the Supervisory Board. Before any interim financial information is made public, the Board of Managing Directors discusses such information with the Supervisory Board or the audit committee. The consolidated financial statements and the group management report are made publicly available within 90 days of year-end; mandatory interim financial information within 45 days of the end of the reporting period.

In addition, the consolidated financial statements include a discussion of transactions with shareholders considered related parties under applicable financial reporting standards.

It has been agreed with Schaeffler AG's auditors that the Chairman of the Supervisory Board and the chairman of the audit committee are informed promptly of any grounds for disqualification or indications of bias arising during the audit to the extent they are not remedied immediately. It has also been agreed that the auditors report promptly on all findings and events coming to their attention during the performance of their audit that are significant to the responsibilities of the Supervisory Board. Under the agreement, the auditors have to inform the Supervisory Board and note in their long-form audit report if, during the course of the audit, they become aware of any facts rendering the declarations on the German Corporate Governance Code issued by the Board of Managing Directors and the Supervisory Board inaccurate. The audit committee monitors the auditors' independence.

Members of the Board of Managing Directors and the Supervisory Board

Board of Managing Directors

Klaus Rosenfeld

Chief Executive Officer

Appointed: October 24, 2014

Term of office ends: June 30, 2029

Seats on supervisory and similar boards: member of the Supervisory Board of Continental AG, Hanover; member of the Supervisory Board of Vitesco Technologies Group AG, Regensburg (until October 1, 2024); Supervisor of Schaeffler Holding (China) Co. Ltd., Shanghai, China; member of the Advisory Board of Schaeffler Immobilien AG & Co. KG, Herzogenaurach

Claus Bauer

Chief Financial Officer

Appointed: September 1, 2021

Term of office ends: August 31, 2025

Seats on supervisory and similar boards: member of the Advisory Board of Schaeffler Immobilien AG & Co. KG, Herzogenaurach

Dr. Astrid Fontaine

Chief Human Resources Officer

Appointed: January 1, 2024

Term of office ends: December 31, 2026

Seats on supervisory and similar boards: member of the Advisory Board of Schaeffler Consulting GmbH, Herzogenaurach

Andreas Schick

Chief Operating Officer

Appointed: April 1, 2018

Term of office ends: March 31, 2026

Seats on supervisory and similar boards: member of the Supervisory Board of SupplyOn AG, Hallbergmoos; member of the Advisory Board of Schaeffler Immobilien AG & Co. KG, Herzogenaurach; member of the board of directors of Schaeffler India Ltd., Pune, India

Jens Schüler

CEO Vehicle Lifetime Solutions

Appointed: January 1, 2022

Term of office ends: December 31, 2029

Seats on supervisory and similar boards: member of the shareholder committee of Caruso GmbH, Mannheim; member of the shareholder committee of TecAlliance GmbH, Ismaning; chairman of the Advisory Board of Partslife GmbH, Neu-Isenburg; member of the board of directors of Schaeffler India Ltd., Pune, India

Thomas Stierle (since October 1, 2024)

CEO E-Mobility

Appointed: October 1, 2024

Term of office ends: September 30, 2027

Uwe Wagner

Chief Technology Officer

Appointed: October 1, 2019

Term of office ends: September 30, 2027

Seats on supervisory and similar boards: member of the Advisory Board of Compact Dynamics GmbH, Starnberg; member of the Advisory Board of Schaeffler ByWire Technologie GmbH & Co. KG, Herzogenaurach; member of the Advisory Board of Xtronic GmbH, Boeblingen

Sascha Zaps (since May 1, 2024)

CEO Bearings & Industrial Solutions

Appointed: May 1, 2024

Term of office ends: April 30, 2027

Seats on supervisory and similar boards: member of the Advisory Board of Schaeffler Consulting GmbH, Herzogenaurach (until September 30, 2024)

Matthias Zink

CEO Powertrain & Chassis

Appointed: January 1, 2017

Term of office ends: December 31, 2029

Seats on supervisory and similar boards: chairman of the Advisory Board of Schaeffler ByWire Technologie GmbH & Co. KG, Herzogenaurach; Supervisor of Schaeffler (China) Co., Ltd., Taicang, China

The following member left the Board of Managing Directors in 2024

Dr. Stefan Spindler (until April 30, 2024)

CEO Bearings & Industrial Solutions

Appointed: May 1, 2015

Term of office ended: April 30, 2024



More on the functions and divisions on pp. 2 et seq.

Supervisory Board

Georg F. W. Schaeffler

Shareholder of INA-Holding Schaeffler GmbH & Co. KG
Chairman of the Supervisory Board of Schaeffler AG

Appointed: October 24, 2014

Seats on supervisory and similar boards: member of the Advisory Board of ATESTEO Management GmbH, Herzogenaurach; member of the Supervisory Board of Continental AG, Hanover; member of the Supervisory Board of Vitesco Technologies Group AG, Regensburg (until October 1, 2024)

Horst Ott* (since April 25, 2024)

Regional Director of IG Metall Bavaria
Deputy Chairman of the Supervisory Board of Schaeffler AG

Appointed: April 25, 2024

Seats on supervisory and similar boards: member of the Supervisory Board of BMW AG, Munich (since May 15, 2024)

Sabine Bendiek

Senior advisor

Appointed: April 24, 2019

Seats on supervisory and similar boards: member of the Supervisory Board of Suse S.A., Luxemburg (since February 1, 2024); member of the Advisory Board of Vistra Ltd., Singapore (since February 1, 2024); member of the Advisory Board of Sunlight Group Energy Storage Systems Industrial and Commercial Single Member Société Anonyme, Athens, Greece (since July 1, 2024)

Prof. Dr. Hans-Jörg Bullinger

CEO of Fraunhofer Foundation

Appointed: December 1, 2014

Seats on supervisory and similar boards: Chairman of the Supervisory Board of ARRI AG, Munich (until November 15, 2024); member of the Supervisory Board of Bauerfeind AG, Zeulenroda-Triebes; member of the Supervisory Board of Bilz AG, Leonberg; member of the Advisory Board of Friedhelm Loh Stiftung GmbH & Co. KG, Haiger (until April 30, 2024); member of the Supervisory Board of Vitesco Technologies Group AG, Regensburg (until October 1, 2024)

Dr. Holger Engelmann

Chairman of the Management Board of Webasto SE

Appointed: December 1, 2014

Prof. Dr. Bernd Gottschalk

Owner and Managing Partner of AutoValue GmbH

Appointed: December 1, 2014

Seats on supervisory and similar boards: member of the board of directors of AEye, Inc., Dublin, U.S.; member of the Supervisory Board of BENTELER International AG, Salzburg, Austria; member of the Supervisory Board of OPmobility SE, Levallois-Perret, France

Ulrike Hasbargen

Tax consultant/auditor

Appointed: April 23, 2021

Seats on supervisory and similar boards: member of the Supervisory Board of Ernst & Young GmbH, Stuttgart (until February 1, 2024); member of the Supervisory Board of EY Verwaltungs-GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart (since February 1, 2024); member of the Supervisory Board of EY Deutschland GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart (since July 15, 2024)

Thomas Höhn*

1st authorized representative IG Metall Schweinfurt

Appointed: May 8, 2020

Hanna Köhler* (since December 9, 2024)

Chair of the Works Council Schaeffler Technologies AG & Co. KG

Appointed: December 9, 2024

Susanne Lau*

Industrial management assistant
Chairwoman of the Works Council Hamburg

Appointed: August 8, 2018

Dr. Alexander Putz*

Plant manager Herzogenaurach

Appointed: October 1, 2022

* Employee representative on the Supervisory Board.

Katherina Reiche

Chairwoman of the Board of Managing Directors of Westenergie AG

Appointed: April 20, 2023

Seats on supervisory and similar boards: member of the Supervisory Board of DEW21 GmbH, Dortmund; Deputy Chairwoman of the Supervisory Board of NEW AG, Moenchengladbach; member of the Supervisory Board of RheinEnergie AG, Cologne; member of the board of directors of VGP NV, Antwerp, Belgium

Maja Reusch* (since January 8, 2025)

1st authorized representative IG Metall – Offenburg office

Appointed: January 8, 2025

Seats on supervisory and similar boards: member of the Supervisory Board of Grohe AG, Hemer

Jürgen Schenk*

Chairman of the General Works Council Schweinfurt

Appointed: May 8, 2020

Helga Schönhoff*

Member of the Works Council Schaeffler Automotive Bühl GmbH & Co. KG

Appointed: May 8, 2020

Ulrich Schöppler*

Deputy Chairman of the Works Council Schaeffler Technologies AG & Co. KG Schweinfurt plant
Chairman of the Group Works council Schaeffler AG
Deputy Chairman of the European Works Council Schaeffler

Appointed: March 26, 2024

Robin Stalker

Chartered Accountant

Appointed: December 1, 2014

Seats on supervisory and similar boards: member of the Supervisory Board of Hugo Boss AG, Metzingen; Deputy Chairman of the Supervisory Board of Schmitz Cargobull AG, Horstmar

Prof. TU Graz e.h. KR Ing. Siegfried Wolf

Entrepreneur

Appointed: October 24, 2014

Seats on supervisory and similar boards: member of the Supervisory Board of Miba AG, Laakirchen, Austria; member of the Supervisory Board of Mitterbauer Beteiligungs-AG, Laakirchen, Austria; member of the Supervisory Board of Porsche Automobil Holding SE, Stuttgart; Chairman of the Supervisory Board of Steyr Automotive GmbH, Steyr, Austria; Chairman of the Supervisory Board of Vitesco Technologies Group AG, Regensburg (until October 1, 2024)

Prof. Dr.-Ing. Tong Zhang

Director of Institute of Fuel Cell Vehicle Technology at Tongji University in Shanghai, China

Appointed: December 1, 2014

Seats on supervisory and similar boards: Independent director of Zhejiang Tieliu Clutch Co., Ltd., Hanzhou, China

Markus Zirkel*

Chairman of the Works Council Hirschaid

Appointed: May 8, 2020

Seats on supervisory and similar boards: member of the Supervisory Board of VR-Bank Bamberg Forchheim eG, Bamberg

The following members left the Supervisory Board in 2024**Jürgen Wechsler* (until April 25, 2024)**

Former Regional Director of IG Metall Bavaria
Deputy Chairman of the Supervisory Board of Schaeffler AG

Appointed: December 2, 2014

Andrea Grimm* (until October 31, 2024)

Deputy Chairwoman of the Works Council Herzogenaurach

Appointed: April 8, 2017

Barbara Resch* (until December 31, 2024)

Regional Director IG Metall Baden-Wuerttemberg

Appointed: November 19, 2015

Seats on supervisory and similar boards: member of the Supervisory Board of ElringKlinger AG, Dettingen (until December 31, 2024); member of the Supervisory Board of Rheinmetall AG, Duesseldorf

* Employee representative on the Supervisory Board.

Governance systems

The Schaeffler Group’s governance systems comprise the risk management system and the internal control system as well as the compliance management system which represents an integral component of these systems’ structure. The governance systems are complemented by Internal Audit.

The interaction of these components is based on the internationally recognized **Three Lines Model**.

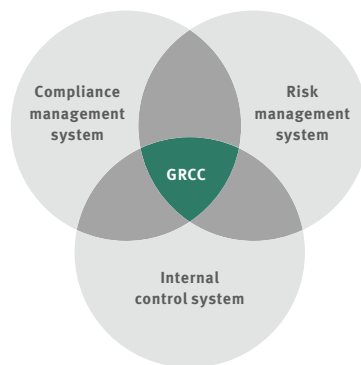
First line: The operative business units are responsible for establishing measures required to achieve objectives and for appropriately managing the risks within the assigned responsibilities. It is imperative that individual risks potentially jeopardizing the continued existence of the company are avoided. Any relevant risks have to be identified and managed using appropriate measures. These include controls established in the business processes to test the effectiveness of risk mitigation measures.

Second line: The risk management system, the internal control system, and the compliance management system form the second line. The responsible departments support and oversee the first line in fulfilling its responsibilities.

Third line: Internal Audit provides independent and objective assurance and advice on all matters related to the achievement of objectives.

The Governance, Risk & Compliance Committee (GRCC) is responsible for monitoring and managing high-level governance, risk, and compliance management requirements and for implementing the appropriate relevant actions. In this manner, it assists the Board of Managing Directors in meeting its due diligence obligations. The GRCC is co-chaired by the CEO and the CFO, who both represent the committee on the Board of Managing Directors as well as on the Supervisory Board.

Comprehensive approach of the Governance, Risk & Compliance Committee (GRCC)



The subsidiaries of Vitesco Technologies Group AG, which has ceased to exist, have been covered by the governance systems since the date of the merger.

Risk management system

The Schaeffler Group’s risk management system is part of the second line of its governance structure. It is based on the management-oriented enterprise risk management (ERM) approach, which in turn has its basis in the globally recognized framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

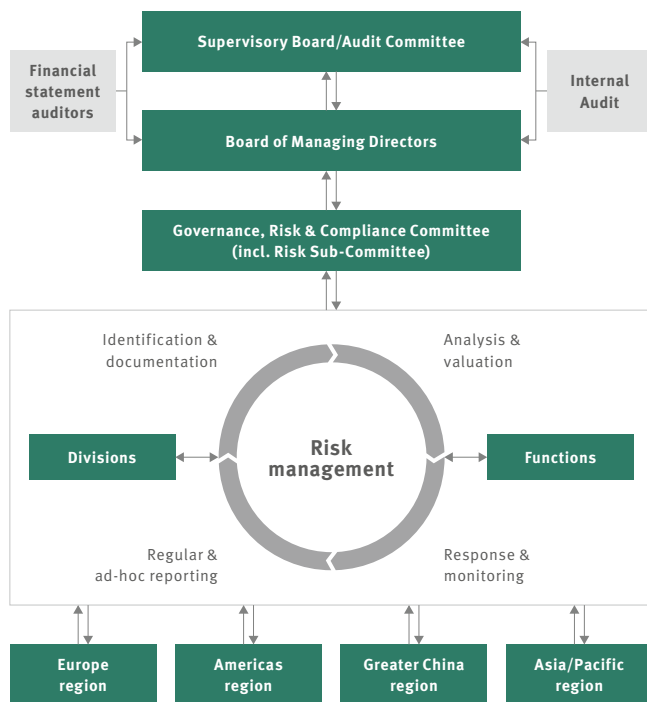
The Schaeffler Group’s risk management system is aimed at identifying, assessing, and managing risks and opportunities in accordance with the company’s risk strategy on a timely basis. The Schaeffler Group’s risk strategy calls for the group to judiciously take on calculated business risks in order to execute the company’s strategy and take advantage of the related opportunities. It is imperative to avoid both individual risks potentially jeopardizing the continued existence of the company and compliance violations.

The Schaeffler Group defines risks as potential future developments or events that can lead to adverse deviations from budgeted results. The company considers the impact of the risks on its EBIT (earnings), free cash flow (financial position), and shareholders’ equity (net assets). Opportunities, on the other hand, are defined as future developments or events that can have a more favorable impact on the success of the business than planned.

The company aims to identify risks to its continued existence as a going concern and to its development, in particular, on a timely basis to be able to appropriately respond to these risks. For the Schaeffler Group, risks potentially jeopardizing the continued existence of the company are defined as risks that, individually or in the aggregate, can potentially result in insolvency. The risk tolerance is the maximum amount of risk the company can bear without jeopardizing its continued existence over time.

Responsibility for the risk management system rests with the Board of Managing Directors of Schaeffler AG, who has asked the Risk Management & Internal Control System department to review and enhance the risk management system on an ongoing basis. During the year, a revised risk management policy was adopted that governs, inter alia, the coverage of opportunities and risks related to environment, social, and governance (ESG) matters by the risk management system and the related processes.

Structure of risk management system



As part of its oversight function, the audit committee addresses the effectiveness of the risk management system. Internal Audit regularly audits the appropriateness and effectiveness of the risk management system.

The Schaeffler Group’s risk management system is based on a multi-phase process spanning various areas of the company which ensures that all dimensions of the matrix structure are comprehensively covered. Since the merger, the former subsidiaries of Vitesco Technologies Group AG, have been gradually included into Schaeffler AG’s risk management system and the relevant processes.

As a first step of the risk identification process, risks are identified and analyzed at the subsidiary level and, in selected risk categories, at division and function level using a bottom-up approach. Once bottom-up identification is complete, the appropriate corporate management of the divisions and corporate functions assess these risks from a top-down perspective, taking into account factors such as the interdependence of risks across the entire Schaeffler Group; they can also add risks. Identified risks are actively managed to achieve the intended level of risk mitigation. Risks are managed where they arise.

Subsidiaries are selected for inclusion based on a defined process that takes into account revenue, EBIT, and risk factors specific to the business. This selection process ensures that all Schaeffler Group subsidiaries that are relevant from a materiality perspective are included in the risk management system. In 2024, 74 of 210 Schaeffler Group entities were included, representing 96% of revenue. The remaining subsidiaries are subject to an abbreviated risk identification process ensuring that all risks to the existence of the company as a going concern are identified.

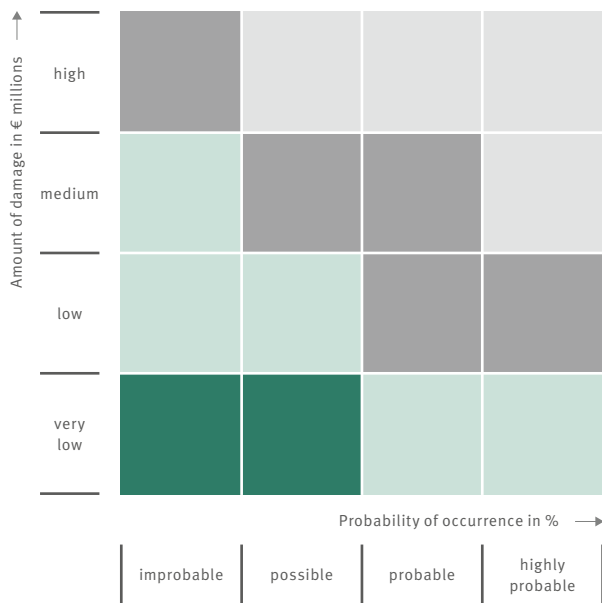
Risks are identified using the groupwide catalog of risk categories. All strategic, operational, legal, and financial risks along the value chain are captured under these categories. This also applies to ESG-related risks, which are fully integrated into this catalog and are identified based on the European Sustainability Reporting Standards (ESRS).

Risks are identified every six months, with significant risks added to and updated in the risk management system on an ongoing basis. The timeframe for identifying risks is five years and extends beyond the outlook horizon. The impact on the outlook horizon is considered as well. Especially for strategic and ESG-related risks, the risk-identification timeframe spans ten years rather than five years.

More on risk management for sustainability reporting on pp. 48 et seq.

In the risk management system, any risks with a potential amount of damage above EUR 10 m on a gross basis are included in risk identification. In connection with the integration of Vitesco Technologies Group AG, the threshold was raised by EUR 5 m due to the increase in the group’s size. Risks are assessed according to their monetary impact (amount of damage) and probability of occurrence, differentiated in four categories per dimension. The combination of amount of damage and probability of occurrence determines the risk class with its impact on net assets, the financial position, and earnings. The amount of damage used to determine the risk class was similarly increased in connection with the merger with Vitesco Technologies Group AG. In assessing risks, the Schaeffler Group differentiates between gross exposures and net exposures; measures already in place can reduce the gross exposure. The net exposure represents the amount of damage and the probability of occurrence after taking into account any risk mitigation measures initiated by the reporting date. Net exposures are assigned to the relevant risk class using the following risk matrix:

Risk matrix



Opportunities are discussed with the Board of Managing Directors as part of the Strategy Dialog and strategies are then derived based on these discussions. During this process, the relevant opportunities for growth are prioritized, specific targets are derived, and actions and resources required to achieve operating targets for the future direction of the Schaeffler Group are determined.

The Schaeffler Group determines its total risk position using a Monte Carlo simulation based on the net exposures identified. This results in a quantitative risk position in terms of the deviation from budgeted EBIT and budgeted cash flows. The Schaeffler Group uses the 95 percent quantile of the resulting risk distribution to determine the deviation from budgeted cash flows and EBIT as a worst-case analysis.

Impact assessment

Amount of damage in €¹⁾

< 25 million	very low
>= 25 million – < 50 million	low
>= 50 million – <= 75 million	medium
> 75 million	high

Probability of occurrence in %

< 25%	improbable
25% – < 50%	possible
50% – 75%	probable
> 75%	highly probable

¹⁾ Amount of damage changed in connection with the integration of Vitesco

Risk classes¹⁾

■ very low
 ■ low
 ■ medium
 ■ high
 Impact on net assets, financial position, and earnings


¹⁾ Internal and external reports address high and medium risks.

There is a 95% probability that the deviation from budget will be less than the amount thus determined. The resulting amount for the aggregated risks is then compared to the company’s risk tolerance. Any relevant interdependencies between risks are determined and presented qualitatively.

The Risk Sub-Committee validates the Schaeffler Group’s risk position each quarter, thus playing a key role in the preparation of external and internal reports. It is headed up by the Chief Financial Officer, consists of representatives of the divisions and functions, and represents a sub-committee of the Governance, Risk & Compliance Committee (GRCC).

Semiannual reports based on the validated risk position are provided to the Board of Managing Directors. These include all net exposures with a medium or high impact as well as an aggregated summary of opportunities identified. Between regular reporting dates, the Board of Managing Directors is informed of any significant changes in the risk position timely in a defined process. Reports to the audit committee are made annually.

Internal Audit includes the reported risks in its risk-based audit approach and assists with monitoring implementation of risk management measures.

 More on opportunities and risks in the report on opportunities and risks on pp. 37 et seq.

Internal control system

Like the risk management system, the internal control system is part of the second line in the governance structure.

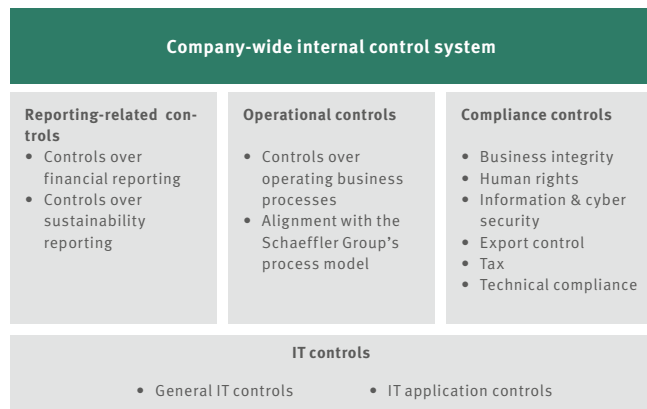
Features of the company-wide control system¹⁾

The objective of the Schaeffler Group’s internal control system (ICS) is to ensure legally reliable reporting, effective and efficient operating processes, as well as compliance with legal and internal requirements. These objectives as well as the other elements of the Schaeffler Group’s internal control system have their basis in the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework 2013.


In order to achieve the three objectives described, the company formally redefined the company-wide internal control system which has also covered the former subsidiaries of Vitesco Technologies Group AG – which has ceased to exist – since the

¹⁾ section unaudited.

merger became effective on October 1, 2024. The company-wide internal control system now consists of the following four inter-dependent subsystems:



The objective **reporting-related controls** is accurate, complete, and reliable financial and sustainability reporting. While the system of internal control over financial reporting is already solidly embedded in the work flows at all levels of the Schaeffler Group, the system of internal control over sustainability reporting is being gradually formalized in a multi-year, project-based approach.

 More on internal control over sustainability reporting on pp. 48 et seq.

Operational controls are directed at the Schaeffler Group's business processes as defined in the Governance Framework and Management Handbook. As the operational internal control system was enhanced during the year, controls documented in

the risk control matrix are now tested regularly and objectively in a structured process, and any control deficiencies are addressed and remediated timely and for the long term in line with their severity.

The Schaeffler Group's **compliance controls** are part of the relevant compliance management systems.

 More on the compliance management system on pp. i20 et seq.

General IT controls, which form part of **IT controls**, consist of technical and organizational measures ensuring that IT systems and processes, especially those with a higher potential risk, are operating properly and safeguarded appropriately. Additional IT application controls serve to ensure compliance with requirements and the proper operation of business processes.

According to section 91 (3) AktG, establishing, maintaining, and documenting a comprehensive internal control system represents a significant part of the due diligence of the Board of Managing Directors of Schaeffler AG. The Schaeffler AG Board of Managing Directors has significantly advanced the design of the company-wide internal control system and has obtained regular reports on its progress.

Like the Board of Managing Directors, the Supervisory Board is similarly obliged under section 107 (3) sentence 2 AktG to monitor the effectiveness of the internal control system. Within the Schaeffler AG Supervisory Board, this monitoring function is performed by the audit committee which obtains regular status reports. Internal Audit regularly audits the appropriateness and effectiveness of the ICS subsystems described above and similarly reports on its results to the Board of Managing Directors and the audit committee.

System of internal control over financial reporting

According to section 289 (4) HGB and section 315 (4) HGB, Schaeffler AG is subject to additional reporting requirements regarding its system of internal control over financial reporting.

The system of internal control over financial reporting serves to ensure the legal compliance of the accounting system and the related financial reports. In this context, Schaeffler AG's financial reports comprise its consolidated and separate financial statements along with its combined management report. The objective of the system of internal control over financial reporting is that the financial reports are free from material misstatements and that such misstatements are prevented, detected, and eliminated before compilation. To this end, the Schaeffler Group bases its system of internal control over financial reporting on the conceptual framework of the COSO Internal Control – Integrated Framework 2013.

To support the Board of Managing Directors with respect to the system of internal control over financial reporting, the Risk Management & Internal Control System department has been asked to continually review and enhance the related methodology and documentation. Regional coordinators support Risk Management & Internal Control System in the Schaeffler Group's regions, and local coordinators coordinate the activities of the entities.

Conceptual and process-related requirements and deadlines as well as analyses and reasonability assessments at group and entity level are designed to ensure that the consolidated and separate financial statements of Schaeffler AG are compiled, prepared, and issued in accordance with the law, to a high level of quality, and on time. To this end, the following significant features have been implemented:

- An accounting manual sets out uniform accounting policies.

- Closing guidelines issued quarterly provide Schaeffler AG subsidiaries with information on all relevant issues regarding the content as well as the processes and deadlines for compiling the financial statements.
- Tasks and responsibilities regarding the compilation of the separate and consolidated financial statements are clearly defined and assigned in a detailed plan setting out the process and deadlines for their compilation.
- The operating units and the various staff members involved in the process stay in contact on matters concerning accounting, financial statement compilation, and the related quality assurance.

In order to safeguard these features, Risk Management & Internal Control System executes an annual ICS cycle consisting of scoping, reviewing key global controls, documentation, testing, and reporting that is documented in a manual. The relevant staff regularly receive targeted training on topics such as documenting and testing controls.

Via a risk assessment, scoping ensures that the significant risks identified in the relevant processes are covered by appropriate internal controls. Scoping is applied to the accounting processes themselves as well as the functional processes such as sales, purchasing, inventory, and HR to the extent they impact financial reporting. Along with the risk assessment at the process level, quantitative and qualitative criteria are used to select entities that implement and document the full range of identified key controls. In addition, minimum control requirements such as segregation of duties and the two-person principle apply to all entities.

Subsequently, global key controls are reviewed with global process owners to ensure these controls are up to date.

In the documentation phase, local control descriptions are then developed based on global key controls, and the defined processes and controls are executed and documented. Risk Management & Internal Control System supports local coordinators and performs quality assurance measures.

This is followed by control testing: The appropriateness and effectiveness of controls is tested under a risk-based approach by either the reporting unit itself, Internal Audit, Risk Management & Internal Control System, or as part of the audit of the consolidated financial statements. Where control weaknesses exist, actions to eliminate these weaknesses have to be defined. Control deficiencies are evaluated in terms of their severity.

The contents and results of the ICS cycle are regularly reported to management of the group companies, the regions, the Board of Managing Directors, and the audit committee of the Supervisory Board. Feedback meetings are held with regional and local ICS coordinators, control testers, and functional management.

Internal Audit audits the appropriateness and effectiveness of the system of internal control over financial reporting. These audits are performed in accordance with the risk-based annual audit plan. The appropriateness and effectiveness of the entire system of internal control over financial reporting were most recently subjected to a full-scope audit in the third quarter of 2024.

Regardless of the assessed level of effectiveness of the Schaeffler Group's system of internal control over financial reporting, the effectiveness of any internal control system is inherently limited. No control system – no matter how effective it has been assessed as – can prevent or detect all inaccuracies.

Compliance management system

Like the risk management system and the internal control system, the compliance management system is part of the second line.

Integrity represents a fundamental component of the Schaeffler Group's business practices. Under the Schaeffler Code of Conduct, which was updated in 2024, the members of the Board of Managing Directors and all employees undertake to comply with the values and principles of conduct established as well as all local, national, and international laws and regulations. Under the Business Partner Code of Conduct which replaced the Supplier Code of Conduct as at October 1, 2024, the Schaeffler Group expects the same from its business partners. Subject-specific compliance management systems assist corporate management and all employees with this. These systems are largely based on the seven core components of IDW AsS 980: compliance culture, compliance objectives, compliance program, compliance organization, vulnerability analysis, communication, as well as monitoring and improvement.

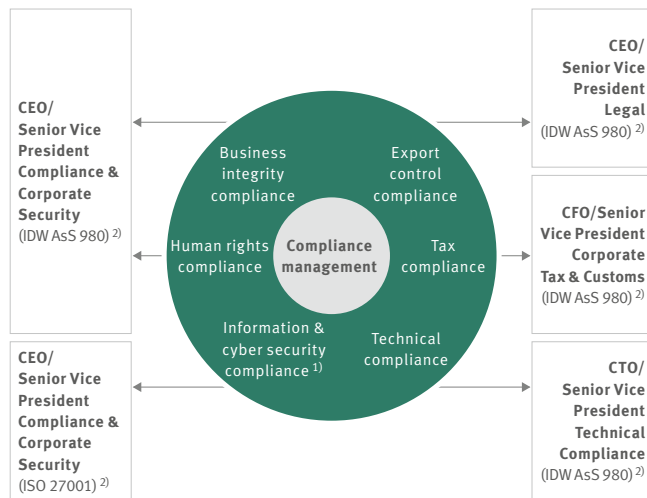
Responsibility for uniform compliance management systems that are aligned with industry and assurance standards rests with the Group Chief Compliance Officer who reports directly to the CEO and the Chairman of the Supervisory Board and maintains a continual dialog with the chairman of the audit committee.

The Schaeffler Group operates a training program tailored to its various target audiences that promotes its employees' and managers' understanding of compliance and raises awareness of compliance risks in day-to-day business. Web-based and classroom training sessions provide knowledge of the Schaeffler Code of Conduct and the relevant group guidelines.

Compliance & Corporate Security is responsible for independently investigating suspected violations of the Schaeffler Code of Conduct and operates a global whistleblowing system. It analyzes the causes of misconduct, develops remedial measures, and monitors their implementation.

The Schaeffler Group’s compliance management focuses on the following issues:

Compliance management focal points



¹⁾ including data privacy in accordance with ISO 27701.

²⁾ aligned with assurance/industry standards.

The Schaeffler Group’s **business integrity**-related compliance management system manages and monitors activities designed to prevent, and detect early on, violations of law in the areas of corruption, money laundering, competition and antitrust law, and economic crime. The measures are based on an annual groupwide vulnerability analysis that assesses the current risk

situation and the effectiveness of preventive arrangements in place. Country-specific risks are summarized in a compliance country risk report that is updated annually.

During the year, the Business Integrity Compliance Policy was updated, primarily to reflect new regulatory requirements, and expanded to include additional issues such as the use of artificial intelligence. IT-based workflows on business partner due diligence and contacts with competitors form part of the compliance program. Basic and more in-depth online training sessions on corruption and antitrust law as well as integrity workshops strengthen awareness of these topics. All employees with access to the Schaeffler Group’s learning management system have to take an annual basic training refresher course.

The appropriateness and effectiveness of the business integrity-related compliance management system was confirmed by an independent audit firm in accordance with IDW AsS 980 in 2022.

The Schaeffler Group’s **human rights** compliance management system focuses on compliance with legal requirements, such as the German Supply Chain Due Diligence Act and the Schaeffler Group’s voluntary commitment to respect human rights. Risk assessments for the Schaeffler Group’s own operations and its value chain represent the basis for developing and implementing preventive measures in order to protect the rights of those affected. Human rights matters are dealt with on an interdisciplinary and groupwide basis. Implementation of the system was completed during the year.

The **export control** compliance management system ensures that the company’s external and internal business activities do not violate any embargoes, sanctions, or import and export control requirements. It comprises electronic processing and review of transactions and business partners. Requirements, mandatory groupwide and tailored training, and monitoring measures complement the system.

The **tax** compliance management system (tax CMS) monitors obligations with respect to tax. Assurance regarding the appropriateness and implementation of the tax CMS of Schaeffler AG and its German subsidiaries having previously been provided by an independent audit firm in 2020; assurance regarding the appropriateness and effectiveness of the tax CMS for 2023 for the above entities in accordance with IDW AsS 980 was obtained in 2024.

The **technical** compliance management system (tCMS) aimed at complying with product-related technical obligations follows the fundamental elements of compliance management systems in the technical context. The tCMS was enhanced once more in order to meet the requirements with respect to appropriateness under IDW AsS 980. Another focus was on starting to harmonize the tCMS following the merger of Vitesco Technologies Group AG into Schaeffler AG.

In order to strengthen **information and cyber security**, the Schaeffler Group implements preventive, detective, and corrective measures to safeguard intellectual property, company information, and sensitive data, aligned with ISO/IEC27001 and other relevant standards.

Measures to protect personal data are aimed at ensuring that the company’s business processes are in accordance with legal requirements regarding data protection. A security-by-design process already takes into account data protection during system and application development. Protective measures are integrated into the business process and tracked in accordance with the specific protection needs.

Internal Audit

Internal Audit, the third line, provides independent audit and consulting services designed to ensure the effectiveness of the risk management system, the compliance management system, the control, management and supervisory processes, as well as the business processes. Internal Audit reports to the Chief Executive Officer and also reports to the audit committee chairman on a regular basis.

The responsibilities of Internal Audit specifically include audit and assessment of the internal control system, the management and supervisory processes, the finance and accounting systems, the risk and compliance management systems, and the arrangements for preventing and detecting fraud. Further, it audits and assesses arrangements for safeguarding assets as well as the implementation of and compliance with legal requirements and internal rules (“legal compliance”).

Comment upon the appropriateness and effectiveness of the risk management and internal control system ²

In order to ensure the appropriateness and effectiveness of the risk management system and the internal control system, the Board of Managing Directors has implemented internal monitoring measures. These include process-integrated monitoring measures and controls in particular.

Taking into account the results of the internal monitoring measures, there are no indications that the risk management system or the internal control system in place are not appropriate or ineffective.

² In accordance with German Corporate Governance Code; section unaudited.

Significant events

Significant events

Business combination with Vitesco Technologies Group AG


Schaeffler AG has implemented the **business combination** with Vitesco Technologies Group AG announced on October 9, 2023, **successfully completing** it on schedule in less than a year at the beginning of the fourth quarter of 2024. The overall transaction was structured in three steps.

In the first step, the public tender offer was completed for all shares in Vitesco Technologies Group AG tendered and the cash consideration of EUR 94 per share paid on January 5, 2024. The cash consideration for all shares acquired (a total of approximately 12 million shares) amounted to approximately EUR 1.1 bn. The Schaeffler Group obtained significant influence upon closing of the public tender offer and payment of the consideration and accounted for Vitesco Technologies Group AG under the equity method as an associated company in the Schaeffler Group's consolidated financial statements until the merger. Additionally, Schaeffler AG had entered into an agreement with BofA Securities Europe S.A. to acquire a stake of 3.6 million shares – approximately 9% of the share capital of Vitesco Technologies Group AG – on January 22, 2024. This acquisition increased Schaeffler AG's shareholding in Vitesco Technologies Group AG until the merger to approximately 38.9%.

As the second step, resolutions approving the conversion of the common non-voting shares of Schaeffler AG into common voting shares at a ratio of 1:1 were passed by an extraordinary general meeting and a separate general meeting of the common non-voting shareholders on February 2, 2024. The share conversion was conditional on the completion of the merger as part of the business combination.


In the third step of the overall transaction, Schaeffler AG and Vitesco Technologies Group AG entered into a merger agreement on March 13, 2024, following approval by their respective Supervisory Boards. The agreement set out the legally binding terms and conditions for the merger of Vitesco Technologies Group AG into Schaeffler AG. On April 25, 2024, the annual general meeting of Schaeffler AG approved the merger of Vitesco Technologies Group AG into Schaeffler AG. The annual general meeting of Vitesco Technologies Group AG had previously approved the merger agreement on April 24, 2024. Effectiveness of the merger was conditional on entry of the merger in both companies' commercial registers. When the condition was met on October 1, 2024, Vitesco Technologies Group AG was merged into Schaeffler AG as the acquiring entity. As a result of the merger, Vitesco Technologies Group AG has ceased to exist, and its subsidiaries (also referred to as "Vitesco" below) have been consolidated in the consolidated financial statements of Schaeffler AG since October 1, 2024. In accordance with the exchange ratio set out in the merger agreement, the shareholders of Vitesco Technologies Group AG received 11.4 newly issued common voting Schaeffler AG shares per Vitesco share. As a result, shareholders of Vitesco Technologies Group AG received 57 common Schaeffler AG shares in exchange for 5 common Vitesco Technologies Group AG shares. Additionally, the common non-voting shares of Schaeffler AG were converted into common voting shares at a ratio of 1:1. Following the successful merger and standardization of the classes of shares, the common voting Schaeffler AG shares have been listed on the Frankfurt Stock Exchange since October 2, 2024, and are traded there with additional post-admission obligations (Prime Standard). As a result of the completion of the transaction with Vitesco Technologies Group AG, the number of Schaeffler AG shares issued has increased from 666,000,000 to

944,884,641. The merger marks the launch of the integration process which has been in preparation since the beginning of 2024.

 More information under: www.strongertogether24.com

The merger has significantly expanded the Schaeffler Group's business and technology portfolio, particularly in the fields of electronics, sensors, and control units. With the merger completed, **the organization will be gradually realigned**, effective starting October 1, 2024. Starting January 1, 2025, the Schaeffler Group will report based on the **E-Mobility, Powertrain & Chassis, Vehicle Lifetime Solutions**, and **Bearings & Industrial Solutions** divisions, which are managed based on product-focused business divisions, and the Others division. The Others division combines business activities that are not assigned to any of the other divisions. Additionally, the Schaeffler Group continues to divide its business in four regions – Europe, Americas, Greater China, and Asia/Pacific.

In 2024, the equity-accounted investment in Vitesco Technologies Group AG (approximately 38.9%) for the first nine months of 2024 and the business activities of the subsidiaries of Vitesco Technologies Group AG, which has ceased to exist as a result of the merger, for the fourth quarter of 2024 are reflected in the Others division.

 More on the divisions and the reporting structure under "Business activities" on pp. 4 et seq.

Significant events

Structural measures

On November 5, 2024, the Board of Managing Directors of Schaeffler AG announced **structural measures** with a regional focus on Germany and Europe in order to increase the company's long-term competitiveness. The decision comes in response to the challenging market environment, the increasing intensity of global competition, and ongoing transformation processes especially in the automotive supply industry. The company expects a one-time expenditure of about EUR 580 m in connection with the structural measures. EUR 494 m of this expenditure was recognized during the reporting period, including approximately EUR 192 m related to the Bearings & Industrial Solutions division, approximately EUR 202 m to the Others division (including approximately EUR 199 m to Vitesco), approximately EUR 89 m to the Automotive Technologies division, and approximately EUR 11 m to the Vehicle Lifetime Solutions division. The structural measures comprise three main strands: The first strand focuses on the need to improve the earnings performance of the Bearings & Industrial Solutions division. This division is grappling with continuing economic weakness, structural challenges, and increasingly intense competition. The second strand is aimed at realizing the previously announced synergies from the workforce downsizing resulting from the merger with Vitesco Technologies Group AG. The third line of action consists of measures arising from the continuing transformation of the automotive supply industry. These include measures relating to the declining volume in ICE technology and the current weakening of new programs for electric drives in Europe. Therefore, the measures affect both the company's Powertrain & Chassis division and its E-Mobility division. The capacity realignment and consolidation of locations that is part of the structural measures affects mainly Europe, especially Germany. The measures will be implemented in the most socially responsible manner possible

and, in Germany, on the basis of the Future Accord agreed with the IG Metall trade union in 2018. The company is currently engaged in a constructive dialog with employee representatives with the aim of implementing the structural measures using a diverse mix of tools. Measures agreed in connection with previously announced programs of Vitesco Technologies Group and Schaeffler AG will continue to be implemented as planned.

Financing transactions

In order to **finance the business combination** with Vitesco Technologies Group AG, Schaeffler AG drew down approximately EUR 1.1 bn under the existing **bridge facility** on January 2, 2024, and used the funds to finance the tender offer for all shares of Vitesco Technologies Group AG tendered on January 5, 2024.

Schaeffler AG issued a total of EUR 1.1 bn in bonds under its **debt issuance program** on January 15, 2024. The transaction consisted of two tranches (EUR 500 m with a coupon of 4.500%, due in August 2026, and EUR 600 m with a coupon of 4.750%, due in August 2029). The proceeds of the issuance were used to prepay in full the approximately EUR 1.1 bn drawn under the existing **bridge facility** for the acquisition of the shares in Vitesco Technologies Group AG on January 19, 2024. Simultaneously, the line of credit under one of the facilities was reduced from a total of EUR 2.2 bn to EUR 387 m.

Two unutilized lines of credit under the **bridge facility** totaling EUR 1.25 bn were terminated on February 16, 2024.

On March 4, 2024, Schaeffler AG made a final drawdown of EUR 370 m under the **bridge facility** and terminated the EUR 17 m line of credit subsequently remaining.

On March 27, 2024, Schaeffler AG signed an **amendment agreement** for the existing syndicated **group credit agreement** with a group of international banks. The amendment agreement comprises an increase in the revolving credit facility from EUR 2.0 bn to EUR 3.0 bn as well as a five-year term with two renewal options of one year each. The amendment became legally effective as at October 1, 2024.

On March 28, 2024, Schaeffler AG issued another bond series with a principal of EUR 850 m and a coupon of 4.500% due in March 2030 under its **debt issuance program**. Schaeffler AG used part of the issuance proceeds to repay the EUR 370 m in drawings under the **bridge facility** on April 4, 2024. As a result, the bridge facility was fully replaced and brought to an end.

During the second quarter of 2024, Schaeffler AG entered into **transfer agreements** with the investors of the Schuldschein loans of Vitesco Technologies GmbH. The debt was legally transferred effective October 1, 2024.

Additionally, Schaeffler AG entered into a **transfer agreement** with the European Investment Bank regarding the EUR 250 m loan agreement of Vitesco Technologies Group AG on July 19, 2024. The debt was legally transferred effective October 1, 2024.

On January 15, 2024, Schaeffler AG drew down in full the EUR 420 m loan with a six-year term under the **loan agreement** with the European Investment Bank (EIB) **signed** in December 2023. The loan is primarily intended to support research and development for technologies in the fields of renewable energy, electric mobility, and hydrogen. On March 26, 2024, Schaeffler AG redeemed an **outstanding bond** series of EUR 800 m upon maturity. Furthermore, the Schaeffler Group drew down approximately EUR 243 m under additional lines of credit during the reporting period.

Significant events

Changes to Executive Board

At its meeting on February 23, 2024, the Supervisory Board of Schaeffler AG appointed **Matthias Zink** to the **Board of Managing Directors** of Schaeffler AG as **CEO of the Powertrain & Chassis division** effective January 1, 2025, for a further five-year term of office ending on December 31, 2029.

Also at its meeting on February 23, 2024, the Supervisory Board of Schaeffler AG appointed **Jens Schüler** to the **Board of Managing Directors** of Schaeffler AG as **CEO of the Vehicle Lifetime Solutions division** effective January 1, 2025, for a further five-year term of office ending on December 31, 2029.

Sascha Zaps became a **member of the Board of Managing Directors** of Schaeffler AG and **CEO of the Bearings & Industrial Solutions division** effective May 1, 2024. He was appointed for a three-year period, until the end of April 30, 2027. Sascha Zaps succeeds Dr. Stefan Spindler, who left the Schaeffler AG Board of Managing Directors when his contract expired on April 30, 2024.

At its extraordinary meeting on September 26, 2024, the Supervisory Board of Schaeffler AG appointed **Thomas Stierle** to the **Board of Managing Directors** of Schaeffler AG as **CEO of the new E-Mobility division** effective October 1, 2024, for a three-year term of office ending on September 30, 2027. The responsibilities of the divisional CEOs set out in the terms of reference of the Schaeffler AG Board of Managing Directors were amended accordingly effective October 1, 2024. The changes have resulted in expanding the Board of Managing Directors from previously eight to nine members. Also effective October 1, 2024, **Dr. Jochen Schröder** has assumed the role of **CEO of the Europe region**.

Also at its extraordinary meeting on September 26, 2024, the Supervisory Board of Schaeffler AG appointed **Christophe Hannequin** to the **Board of Managing Directors** of Schaeffler AG as **Chief Financial Officer** for a three-year term of office. Christophe Hannequin will assume his position on October 1, 2025, at the latest and succeeds Claus Bauer, who will fulfill his contract until the end of its term on August 31, 2025.

Annual general meeting of Schaeffler AG

On April 25, 2024, the **annual general meeting of Schaeffler AG** approved the merger of Vitesco Technologies Group AG into Schaeffler AG. Additionally, the annual general meeting passed a resolution to pay a **dividend** of EUR 0.44 (prior year: EUR 0.44) per common share and EUR 0.45 (prior year: EUR 0.45) per common non-voting share to Schaeffler AG's shareholders for 2023. This represents a dividend payout ratio of 47.3% (prior year: 48.3%) of net income attributable to shareholders before special items. The dividend was paid by April 30, 2024. The Board of Managing Directors had decided in consultation with the Supervisory Board, before the annual general meeting, to raise the range for the annual dividend payout ratio from previously 30 – 50% to 40 – 60% of net income attributable to shareholders of the parent company before special items.

Outlook adjusted

On July 22, 2024, the Board of Managing Directors of Schaeffler AG decided to adjust the **full-year outlook for 2024**. The adjusted outlook for 2024 reflects the updated expected impact of the consolidation of Vitesco Technologies Group AG in the fourth quarter of 2024 (following adjustment of the forecast of Vitesco Technologies Group AG on July 22, 2024) as well as the weak market environment affecting particularly the performance of the Bearings & Industrial Solutions division.



More on the results of operations compared to the outlook 2024 on pp. 18 et seq.

Combined management report

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Combined management report in accordance with section 315 (5) HGB (also referred to as “group management report” or “management report”). The company has chosen to integrate the management report of Schaeffler AG with the following group management report of the Schaeffler Group.

Special items

In order to facilitate a transparent evaluation of the company's results of operations, the Schaeffler Group reports EBIT, EBITDA, net income, net financial debt to EBITDA ratio, Schaeffler Value Added, and ROCE before special items (= adjusted).

Impact of currency translation/constant-currency

Constant-currency revenue figures, i.e., excluding the impact of currency translation, are calculated by translating revenue using the same exchange rate for both the current and the prior year or comparison reporting period.

Rounding differences may occur.

References

The unaudited corporate governance declaration including the corporate governance report in accordance with sections 289f HGB and 315d HGB, incl. the declaration of conformity pursuant to section 161 AktG forms part of the group management report. The combined group non-financial declaration also forms part of the group management

report in accordance with section 289b (1), section 315b (1), and section 298 (2) HGB and was the subject of a limited assurance engagement. Content of websites referenced in the group management report merely provides further information and is not part of the group management report and is unaudited.

Disclaimer in respect of forward-looking statements

This group management report contains forward-looking statements that are based on the Board of Managing Directors' current estimation at the time of the creation of this report. Such statements refer to future periods or they are designated by terms such as “estimate”, “forecast”, “intend”, “predict”, “plan”, “assume”, or “expect”. Forward-looking statements bear risks and uncertainties. A variety of these risks and uncertainties are determined by factors not subject to the influence of the Schaeffler Group. Therefore, actual results can deviate substantially from those indicated.

* Part of the group management report.

1. Fundamental information about the group

1.1 Organizational structure and business activities

The Schaeffler Group is an integrated automotive and industrial supplier with approximately 115,100 employees³. Motion is at the core of the company. Being an innovation partner with comprehensive expertise in development, systems, and manufacturing, the Schaeffler Group, a Motion Technology Company, actively supports its customers in the wide range of motion technology.

The term “motion” serves as the connecting element for eight product families that range from bearing and linear guidance systems to transmission and engine components, control units and sensors, actuators, power electronics, electric motors and electric drives, bipolar plates and stacks in the hydrogen field through to repair and maintenance solutions. Customers are offered the company’s products along 10 customer sectors ranging from passenger cars, light and heavy commercial vehicles through to numerous industrial sectors. The Schaeffler Group’s diversified organizational structure supports this: Common technology and manufacturing capabilities create synergies across products, sectors, and divisions.

The Schaeffler Group has a global network of production locations, research and development facilities, and sales companies. More than 200 locations, 104 production facilities⁴, a technology center in Herzogenaurach, and 34 research and development centers represent the Motion Technology Company locally worldwide.

Sustainability and climate change mitigation are pivotal elements of its corporate strategy and significantly shape the entire product range. The Schaeffler Group responds accordingly to key trends such as electrification, automation, digitalization, and connectivity. The company develops energy-efficient products and reduces its consumption of resources in production with the aim of minimizing its environmental footprint.



More on sustainability on pp. 44 et seq.

Organizational and leadership structure

The Schaeffler Group is characterized by a three-dimensional organizational and leadership structure which differentiates between divisions, functions, and regions.

Up to December 31, 2024, the Schaeffler Group reports on its business based on the following divisions:

- **Automotive Technologies**
- **Vehicle Lifetime Solutions**
(prior year title: Automotive Aftermarket division)
- **Bearings & Industrial Solutions**
(prior year title: Industrial division)
- **Others**

The Automotive Technologies division reports on its business based on three product-focused business divisions – E-Mobility, Engine & Transmission Systems, and Chassis Systems – which in turn comprise several business units. The Bearings BD (previously part of the Automotive Technologies division), was assigned to the Bearings & Industrial Solutions division at the beginning of the year. The Vehicle Lifetime Solutions and Bearings & Industrial Solutions divisions continued to report under a regional approach based on the Europe, Americas, Greater China, and Asia/Pacific regions until December 31, 2024.

The Others division established at the beginning of 2024 combines business activities that were not assigned to any of the other divisions. In 2024, the equity-accounted investment in Vitesco Technologies Group AG (approximately 38.9%) for the first nine months of 2024 and the business activities of the subsidiaries of Vitesco Technologies Group AG, which has ceased to exist as a result of the merger, for the fourth quarter of 2024 are reflected in the Others division.

³ This figure differs from the number of employees reported in the sustainability statement. The ESRS disclosure includes all temporary employees in the number of employees.

⁴ Manufacturing locations have certified management systems in accordance with internationally recognized standards – including quality standards – and regulations. The requirements of various standards relevant to certification are implemented at the Schaeffler plants.

Fundamental information about the group > Organizational structure and business activities

With the **merger** of Vitesco Technologies Group AG into Schaeffler AG **completed**, the organization will be gradually realigned, effective starting October 1, 2024. Starting January 1, 2025, the Schaeffler Group will report based on the **E-Mobility, Powertrain & Chassis, Vehicle Lifetime Solutions, and Bearings & Industrial Solutions** divisions, which are managed based on product-focused business divisions, and the Others division. A variety of business activities not assigned to any of the other divisions will be combined in the Others division in the future. Due to the significance of the organizational realignment, the discussion and description of the divisions and their business divisions and product portfolios in the “Business activities” section on pp. 4 et seq. already follows the new structure that is effective January 1, 2025.

The functions have the following responsibilities:

The **CEO Functions** are divided into thirteen departments and perform governance, management, and oversight tasks across the entire group. CEO Functions include Group Strategy and Development; Quality; Governance, Processes & Organization; Legal; Compliance & Corporate Security; Internal Audit; Group Communications & Public Affairs; Global Branding & Marketing; Strategic Sustainability; and Strategic Digitalization.

The **Research and Development** function is divided into eight departments and focuses on creating innovative products in a targeted and efficient manner using state-of-the-art development tools. In the field of innovation, priorities are issues such as electrification, autonomization, digitalization, as well as developing sustainable system solutions. Departments include R&D Strategy, Corporate Engineering Services, Intellectual Property Rights, Engineering Digitalization & IT, and Technical Compliance.

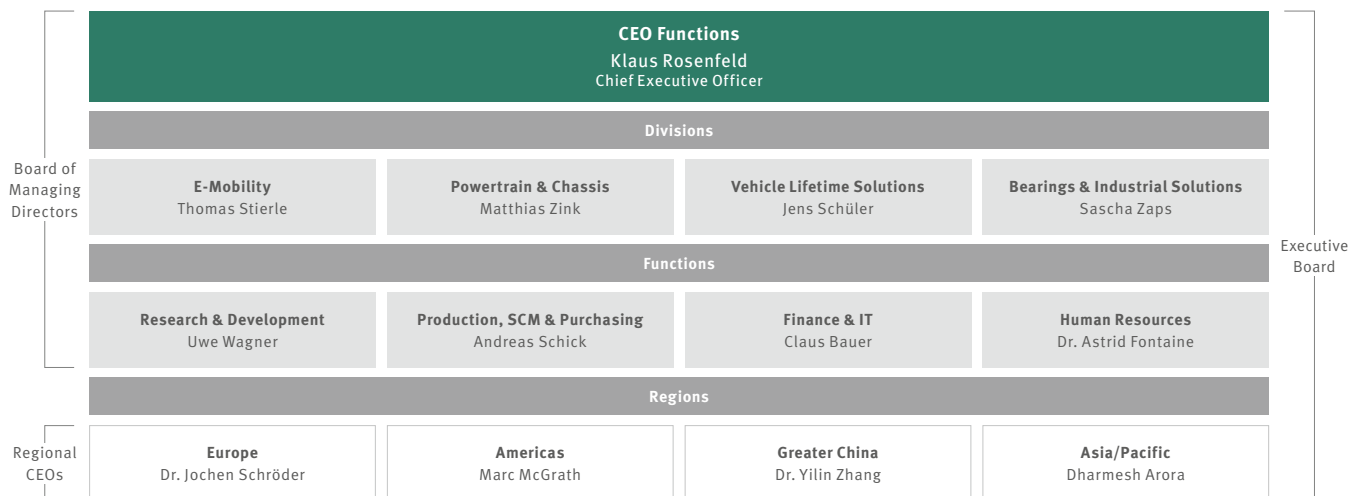
The **Operations, Supply Chain Management and Purchasing** function is divided into ten departments and is responsible for the company’s global production and purchasing activities. It focuses on optimizing global supply chains which encompasses the entire range of activities from sustainable, digital production and production management to logistics, supplier management and strategic purchasing. The function includes departments such as Operations Strategy & Footprint, Operations Digitalization & IT, and Special Machinery.

The **Finance & IT** function is divided into eleven departments and supports management with controlling-related financial data as well as powerful digital systems and processes to facilitate decision-making based on economic principles. This function includes departments such as Corporate Accounting, Corporate Controlling, Corporate Treasury, Corporate Tax & Customs, Corporate Reporting, Investor Relations, and Group IT.

The **Human Resources** function is divided into ten departments. Its key elements include the development and upskilling of employees and managers as well as attracting and retaining talent. The function comprises departments such as HR Strategy & Top Talent Development; Recruiting & Onboarding; Culture, Health & Diversity; Total Rewards & Labor Relations; and HR Processes & Digitalization.

Schaeffler Group organizational and leadership structure

since January 1, 2025



The divisions are described in detail in the “Business activities” chapter on pp. 4 et seq.

Legal group structure

The Schaeffler Group's parent company is Schaeffler AG which is based in Herzogenaurach, the group's corporate headquarters. The Schaeffler Group included 209 (prior year: 177) domestic and foreign subsidiaries as at December 31, 2024, including 28 subsidiaries from the merger with Vitesco Technologies Group AG.

Also as at December 31, 2024, 128 (prior year: 114) subsidiaries were domiciled in the Europe region, 34 (prior year: 27) subsidiaries in the Americas region, 25 (prior year: 19) in the Greater China region, and 22 (prior year: 17) in the Asia/Pacific region.

Schaeffler AG is a publicly listed stock corporation domiciled in Germany. As a result of the completion of the merger of Vitesco Technologies Group AG into Schaeffler AG, Schaeffler AG's share capital has increased from 666,000,000 to a total of 944,884,641 shares. Following the successful merger and standardization of the classes of shares, Schaeffler AG's common voting bearer shares have been listed on the Frankfurt Stock Exchange since October 2, 2024, and are traded there with additional post-admission obligations (Prime Standard). The common non-voting shares were converted into common voting shares at a ratio of 1:1 in connection with the merger. Each common share represents an interest in total share capital of EUR 1.00.


Approximately 79.2% of Schaeffler AG's common voting bearer shares are owned by IHO Holding: approximately 69.2% by IHO Verwaltungs GmbH and approximately 10.0% by IHO Beteiligungs GmbH. Both companies are part of IHO Holding.

Acquisitions and disposals during the year

On January 29, 2024, the Schaeffler Group increased its existing equity investment in Swedish start-up Stegra AB (H2GS AB until December 11, 2024) by a further EUR 28 m to a total of EUR 100 m as announced in September 2023.

On January 5, 2024, the public tender offer was completed for all shares in Vitesco Technologies Group AG tendered, and the cash consideration of EUR 94 per share was paid. The cash consideration for all shares acquired (a total of approximately 12 million shares) amounted to approximately EUR 1.1 bn. The Schaeffler Group obtained significant influence upon closing of the public tender offer and payment of the consideration and accounted for Vitesco Technologies Group AG under the equity method as an associated company in the Schaeffler Group's consolidated financial statements until the merger. Additionally, Schaeffler AG had entered into an agreement with BofA Securities Europe S.A. to acquire a stake of 3.6 million shares – approximately 9% of the share capital of Vitesco Technologies Group AG – on January 22, 2024. This acquisition increased Schaeffler AG's shareholding in Vitesco Technologies Group AG until the merger to approximately 38.9%. The annual general meetings of both companies approved the merger in late April 2024. Effectiveness of the merger was conditional on entry of the merger in both companies' commercial registers. When the condition was met on October 1, 2024, Vitesco Technologies Group AG was merged into Schaeffler AG as the acquiring entity. As a result of the merger, Vitesco Technologies Group AG has ceased to exist, and its subsidiaries have been consolidated at carrying amounts since October 1, 2024, due to the acquisition under common control. In accordance with the exchange ratio set out in the merger agreement dated March 13, 2024, the shareholders of Vitesco Technologies Group AG received 11.4 newly issued common voting Schaeffler AG shares per Vitesco share.

As a result, shareholders of Vitesco Technologies Group AG received 57 common Schaeffler AG shares in exchange for 5 common Vitesco Technologies Group AG shares. Additionally, the common non-voting shares of Schaeffler AG were converted into common voting shares at a ratio of 1:1. Following the successful merger and standardization of the classes of shares, the common voting Schaeffler AG shares have been listed on the Frankfurt Stock Exchange since October 2, 2024, and are traded there with additional post-admission obligations (Prime Standard). As a result of the completion of the transaction with Vitesco Technologies Group AG, the number of Schaeffler AG shares issued has increased from 666,000,000 to 944,884,641.

 More on the business combination with Vitesco Technologies Group AG on pg. i23.

Business activities

The Schaeffler Group's business is primarily managed based on divisions with global responsibility. These divisions focus on the specific requirements of their target markets and customers. The Schaeffler Group divides its products into eight product families.

Reporting structure up to December 31, 2024

Up to December 31, 2024, the Schaeffler Group reports on its business activities based on the three divisions – Automotive Technologies, Vehicle Lifetime Solutions, and Bearings & Industrial Solutions – as well as the Others division. The Bearings business division of the Automotive Technologies division was integrated into the renamed Bearings & Industrial Solutions division effective at the beginning of 2024. The Automotive Aftermarket division was renamed Vehicle Lifetime Solutions at the same time.

Reporting structure up to December 31, 2024

Automotive Technologies	Vehicle Lifetime Solutions	Bearings & Industrial Solutions	Others
E-Mobility BD	Europe region	Europe region	External business of certain functional entities Minority interests in innovative business models Income (loss) from equity-accounted Vitesco investment until 09/30. Consolidation Vitesco since 10/01. – Electrification Solutions – Powertrain Solutions
Engine and Transmission Systems BD	Americas region	Americas region	
Chassis Systems BD	Greater China region	Greater China region	
	Asia/Pacific region	Asia/Pacific region	

- **Automotive Technologies division:** Components and systems for all-electric and hybrid powertrains, fuel cell powertrains, internal combustion engines, and chassis systems.
- **Vehicle Lifetime Solutions division:** Global business with spare parts for passenger cars and commercial vehicles.
- **Bearings & Industrial Solutions division:** Rotary and linear bearing solutions, drive technology components & systems, service solutions for a large number of industrial applications as well as automotive rolling bearings and innovative product solutions for the hydrogen economy.

- **Others division:** Combines business activities that were not assigned to any of the other divisions; the equity-accounted investment in Vitesco Technologies Group AG for the first nine months of 2024 as well as the business activities of the subsidiaries of Vitesco Technologies Group AG, which has ceased to exist as a result of the merger, for the fourth quarter of 2024.

Reporting structure since January 1, 2025

Starting January 1, 2025, the combined company reports on its business primarily based on four divisions and their business divisions as well as the Others division. The Automotive Technologies division has been replaced with the new E-Mobility and Powertrain & Chassis divisions. The **E-Mobility division** combines the expertise of the former Automotive Technologies division’s E-Mobility business division and of Vitesco’s Electrification Solutions Division. It organizes its business in three product-focused business divisions. The **Powertrain & Chassis division** comprises the Engine & Transmission Systems and Chassis Systems business divisions of the former Automotive Technologies division and – with the exception of the aftermarket activities – Vitesco’s former Powertrain Solutions Division. The business is similarly organized in three product-focused business divisions. The **Vehicle Lifetime Solutions division** combines the Schaeffler Group’s automotive aftermarket business with the automotive aftermarket activities of Vitesco’s Powertrain Solutions Division. It organizes its business in four business divisions that focus on specific customer groups and offer tailored solutions. The **Bearings & Industrial Solutions division**, which has also been responsible for the comprehensive portfolio of automotive rolling bearing applications and products since the beginning of 2024, organizes its business in three product-focused business divisions. Several business activities are combined in the **Others division**, including the activities in the hydrogen and humanoid technologies fields that were previously the responsibility of the Bearings & Industrial Solutions division.

Reporting structure since January 1, 2025

E-Mobility	Powertrain & Chassis	Vehicle Lifetime Solutions	Bearings & Industrial Solutions	Others
Electric Drives BD	Engine & Transmission Systems BD	Repair & Maintenance Solutions BD	Industrial Bearings BD	External business of certain functional entities Start-up/new growth business End-of-life business
Controls BD	Powertrain Solutions BD	Platform Business BD	Automotive Bearings BD	
Mechatronics & Modules BD	Chassis Systems BD	Specialty Business BD	Linear Motion BD	
		Emerging Business BD		

E-Mobility division

The **E-Mobility division** develops, manufactures and distributes a broad portfolio of mechanical, mechatronic, and electronic components and systems for powertrain electrification of both passenger cars and commercial vehicles. It offers solutions for hybrid vehicles, all-electric vehicles, and vehicles with a fuel cell powertrain.

Business divisions and products

The **Electric Drives BD** offers system and component solutions for hybrid and electric vehicles. The product portfolio ranges from electric motors, electric axle transmissions, electric axle drives, through to complete electric axle systems – compact units consisting of transmission, electric motor, power electronics, and thermal management. The portfolio also includes applications for mild-hybrid vehicles, hybrid modules and complete drivetrain systems for hybrid vehicles – dedicated hybrid transmissions consisting of two electric motors, a transmission, and power electronics.

The **Controls BD** provides system and component solutions for hybrid and electric vehicles. In the area of power electronics for the electrified powertrain, the Controls BD offers high-voltage

Fundamental information about the group > Organizational structure and business activities

inverters and integrated charging solutions (referred to as high-voltage boxes that comprise an onboard charger, DC-DC converters and other functionalities). The electronics portfolio includes battery management systems, control units for E/E architectures (domain/zone control units) as well as engine and transmission control units.

The **Mechatronics & Modules BD** offers system and component solutions for thermal management and mechatronic products. The offered range for thermal management comprises integrated systems, pumps, and valves. The mechatronic product portfolio contains fuel cells, battery components, decoupling units, as well as wet clutches and continuously variable transmission systems.



The “Business divisions and products” section contains information supplemental to the sustainability statement with respect to ESRS 2 SBM-1 40 a i, on pp. 49 et seq.

Market and competitive environment

Demand for this division’s products is closely linked to global vehicle production which is increasingly shifting away from internal combustion engines toward alternative powertrain technologies due to changing market conditions and legal requirements. In its “Schaeffler Vision Powertrain” scenario, the division predicts that by 2035, approximately 60% of all passenger cars and light commercial vehicles produced worldwide will have all-electric drive systems and approximately 20% will have a hybrid powertrain. Most of its customers are automobile manufacturers with worldwide operations. The market environment of the E-Mobility division is marked by highly intense competition. In particular, the division faces competition from other automotive suppliers, but increasingly also from automobile manufacturers themselves. Top efficiency in production and development, scalability, and sustainability are key to meeting the wide range of customers’ requirements.



The “Market and competitive environment” section contains information supplemental to the sustainability statement with respect to ESRS 2 SBM-1 40 a ii, on pp. 49 et seq.

Powertrain & Chassis division

The **Powertrain & Chassis division** develops, manufactures, and distributes components and system solutions for vehicles with powertrains based on an internal combustion engine and for hybrid and battery-electric vehicles. It offers various technologies for a variety of drive concepts, markets, and regions and provides solutions for the diverse requirements within the automotive industry.

Business divisions and products

The **Engine & Transmission Systems BD** mainly develops and produces components and sub-systems for engine and transmission applications in passenger cars and commercial vehicles with hybrid drives as well as those with conventional drives based on an internal combustion engine. Products include torque converters, hybrid dampers, clutches, variable valve train systems, valve-lash adjustment elements, balancer shafts, camshaft phasing systems, timing drives, and front end auxiliary drives.

The **Powertrain Solutions BD** develops and manufactures solutions for the powertrain, chassis, and for vehicle access. These solutions encompass sensors, actuators, and control units with applications in passenger cars, commercial vehicles, and two-wheelers.

The **Chassis Systems BD** develops and manufactures mechanical components and mechatronic systems for steering and other chassis applications through to driver-less mobility concepts. Ball screw drives, steer-by-wire solutions, and the mechatronic rear-wheel steering system count among its products.



The “Business divisions and products” section contains information supplemental to the sustainability statement with respect to ESRS 2 SBM-1 40 a i, on pp. 49 et seq.

Market and competitive environment

The market environment of the Powertrain & Chassis division is also marked by highly intense competition. In particular, the division faces competition from other automotive suppliers. Most of its customers are automobile manufacturers with worldwide operations. Demand for this division’s products is closely linked to global vehicle production which is increasingly shifting away from internal combustion engines toward alternative powertrain technologies due to changing market conditions and legal requirements. In its “Schaeffler Vision Powertrain” scenario, the division predicts that by 2035, approximately 60% of all passenger cars and light commercial vehicles produced worldwide will have all-electric drive systems and approximately 20% will have a hybrid powertrain. A further 20% of all newly produced passenger cars will continue to have an internal combustion engine in 2035. Additionally, as automation of driving functionalities is progressing toward the autonomous vehicle, requirements regarding chassis applications are increasing. The “Schaeffler Vision Automated Vehicle” scenario illustrates the division’s expectation that, by 2035, approximately 10% of passenger cars and light commercial vehicles produced will be driven in a fully automated and approximately 15% in a highly automated manner.



The “Market and competitive environment” section contains information supplemental to the sustainability statement with respect to ESRS 2 SBM-1 40 a ii, on pp. 49 et seq.

Vehicle Lifetime Solutions division

The **Vehicle Lifetime Solutions division** is responsible for the Schaeffler Group’s global business with spare parts and provides repair solutions and components for passenger cars, light and heavy commercial vehicles, tractors, and two-wheelers. With its comprehensive systems expertise and extensive service packages, the division supports repair shops even in the case of complex repairs. It is increasingly positioning itself in a global and dynamic mobility ecosystem that encompasses all stakeholders and technologies facilitating modern mobility solutions. Due to the focus on innovation and customer centricity that is

Fundamental information about the group > Organizational structure and business activities

part of this repositioning, the division organizes its business in four business divisions focused on specific customer groups with tailored offerings.

Business divisions and products

The **Repair & Maintenance Solutions BD** offers repair solutions and services for distributors and repair shops in the open, independent spare parts market, also known as the Independent Aftermarket (IAM).

The **Platform Business BD** facilitates accessing the market via digital sales channels and offers digital services for repair shops and customers in the mobility ecosystem.

The **Specialty Business BD** is responsible for the spare parts business with automobile manufacturers (OES) and provides customers with small batch series solutions. The business division also expands the division's expertise in remanufacturing of products and offers engineering and manufacturing services.

The **Emerging Business BD** is responsible for identifying future business opportunities in the mobility ecosystem. It focuses on technical innovations beyond the core business.



The "Business divisions and products" section contains information supplemental to the sustainability statement with respect to ESRS 2 SBM-1 40 a i, on pp. 49 et seq.

Market and competitive environment

The division operates in a dynamic and rapidly changing market environment that is affected by numerous factors. A significant growth driver in the spare parts business is the growing global vehicle population which is increasing demand for spare parts and maintenance services. The average age of vehicles is rising simultaneously, necessitating more complex and more frequent repairs. Technological innovations play a key role in transforming the market into a mobility ecosystem. Digitalization and the

introduction of interconnected vehicle technologies make real-time diagnoses possible and facilitate preventive maintenance using predictive maintenance and other "service as a service" models. Electric mobility is also increasingly gaining significance. The spread of electric drive systems requires specific spare parts and services for electric and hybrid vehicles, resulting in a need to adapt the division's product and service portfolio. The market environment is additionally characterized by stricter environmental regulations and growing awareness of sustainability. Demand for eco-friendly products and services is rising, leading to an increase in spare parts with reduced emissions and sustainable materials as well as to services such as remanufacturing used parts. Further characteristic features of the mobility ecosystem and the automotive aftermarket, one of its key elements, are the growing significance of e-commerce and market consolidation at the distributor level. At the same time, new competitors or intermediaries such as insurers, fleet operators, and technology-focused start-ups are entering the market. A customer-centric approach and high service quality are increasingly turning into competitive advantages while personalized solutions and tailored services meeting specific customer needs are becoming more important.



The "Market and competitive environment" section contains information supplemental to the sustainability statement with respect to ESRS 2 SBM-1 40 a ii, on pp. 49 et seq.

In summary, it can be said that the mobility ecosystem and the relevant market environment are marked by a large number of these dynamic factors referred to above. In order to operate successfully in this complex environment, the division develops relevant strategies, utilizes technological progress, and responds flexibly to changing market conditions by repositioning itself.

Bearings & Industrial Solutions division

The **Bearings & Industrial Solutions division** develops, manufactures, and distributes rotary and linear bearing solutions, drive components and systems, as well as service solutions, including sensor-based condition monitoring systems for a large number of industrial applications. Since the beginning of 2024, the division has also been responsible for the comprehensive portfolio of automotive rolling bearing applications and products which was previously assigned to the (former) Automotive Technologies division.

Business divisions and products

The **Industrial Bearings BD** offers a broad spectrum of rotative bearing solutions for applications in a wide range of industrial sectors. Examples include precision bearings for jet engines in the aerospace industry, main and gearbox bearings for wind turbines, and maintenance-free bearings for e-bike drives. The product portfolio of rolling and plain bearings ranges from high-speed and high-precision bearings with small diameters to large-size bearings several meters wide. All classic designs of ball and rolling bearings such as tapered, spherical and cylindrical roller bearings are covered, as are bearing housings. Moreover, the business division offers a large number of products and services for preventive maintenance along the entire product life cycle. This includes condition monitoring solutions, digital services, and automated lubrication systems.

The **Automotive Bearings BD** combines the division's comprehensive range of automotive rolling bearings, especially roller, ball, and needle bearings. Areas of application include passenger cars and light commercial vehicles as well as buses and heavy goods vehicles. Along with wheel bearings, the portfolio also comprises specific bearing solutions for engines and powertrains, all used to equip both conventional drives and electrified powertrains and chassis systems. Some of the products are specifically geared to the requirements of electric vehicles.

Fundamental information about the group > **Organizational structure and business activities**

The **Linear Motion BD** develops and manufactures linear guides, electromechanical actuators, and ball and roller screws for a large number of applications in a wide range of industrial sectors. Products offered include, for instance, linear drives for medical CT scanners and lifting columns for aerial work platforms. A large part of the relevant component and system business consists of customer-specific solutions. In the long term, the division aims to establish itself in the market as a leading full-range supplier of linear technology and electromechanical actuator systems.



The “Business divisions and products” section contains information supplemental to the sustainability statement with respect to ESRS 2 SBM-1 40 a i, on pp. 49 et seq.

Market and competitive environment

With its products and services, the Bearings & Industrial Solutions division serves markets characterized by a large number of competitors and customers worldwide. In order to closely target its response to local market requirements and customer needs and foster long-term customer loyalty, the sales organization is aligned with the four regions – Europe, Americas, Greater China, and Asia/Pacific. Cross-regional issues such as the global technology and product strategy are managed centrally and implemented by divisional key account management. Demand for industrial products and services depends significantly on the trend in global industrial production, primarily in the sectors particularly relevant to the division – mechanical engineering, transport equipment, and electrical equipment. Demand in the automotive sector is strongly correlated with global vehicle production.



The “Market and competitive environment” section contains information supplemental to the sustainability statement with respect to ESRS 2 SBM-1 40 a ii, on pp. 49 et seq.

Others division

The presentation of the **Others division** combines various business activities that can be divided into three main components:

- (1) External business of certain functional entities: combination of the external business of the Special Machinery, engineering services, and development of production-related software solutions operations.
- (2) Start-up/new growth business: activities in the battery cell, humanoid robotics, and hydrogen fields.
- (3) End-of-life business: business activities the Schaeffler Group will normally exit within 12 to 18 months.

1.2 Group strategy and group management

The merger with Vitesco effective October 1, 2024, and the gradual organizational realignment are visibly influencing the Schaeffler Group’s strategic direction. The company intends to communicate a comprehensively updated group strategy 2030 at the Capital Markets Day planned for 2025.

Group strategy

The Schaeffler Group’s strategic framework consists of three main elements: the strategy, the execution program with seven subprograms, and the financial mid-term targets. Due to the merger with Vitesco Technologies Group AG and the resulting new organizational structure comprising four focused “pure-play” divisions, the Schaeffler Group considers the previous mid-term targets no longer applicable and intends to define new mid-term targets.

The merger with Vitesco has further refined and strengthened the Schaeffler Group’s corporate profile in 2024. On this basis, Schaeffler AG has decided to develop its strategic direction further with the overarching objective of making Schaeffler the leading Motion Technology Company. The resulting expansion of the technical portfolio added two additional product families to the original six product families. Control Motion consists of control units and sensors. Power Motion comprises power electronics that convert electrical voltage and control the flow of energy. Customers are offered these innovative products along ten customer sectors ranging from passenger cars as well as light and heavy commercial vehicles through to numerous industrial sectors. The Schaeffler Group’s diversified organizational structure supports this: Common technology and manufacturing capabilities create synergies across products, sectors, and divisions.

Strategy

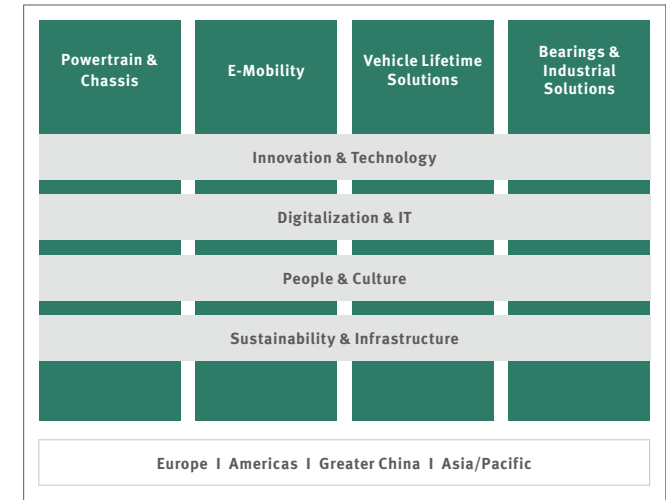
The Schaeffler Group’s current strategy was approved in 2020 and validated and enhanced each year since as part of a Strategy Dialog. The strategic framework is based on five focus areas that were derived from key future trends and reflected the product and service range of all four divisions. Along with the five focus areas, the Schaeffler Group derived two key strategic topics from the megatrends: sustainability and digitalization.

In preparing the “Strategy 2030” that will replace the current strategy, selected priorities of the current strategy will be adjusted and refined based on the merger and the realignment. The framework for this is the now eight product families aimed at making the Schaeffler Group the leading Motion Technology Company.

Execution program

The strategy is executed via the execution program which, following the realignment as at January 1, 2025, consists of four divisional (vertical) and four cross-divisional (horizontal) subprograms. These programs are focused on achieving the defined strategic priorities as well as the financial and non-financial targets of the divisions, regions, and functions. Combining and consolidating all relevant divisional and cross-divisional activities in the execution program is aimed at not only driving forward the Schaeffler Group’s transformation but also at promoting cross-divisional synergies and improving profitability by generating efficiency gains.

Divisional and cross-divisional subprograms



Execution program progress during the year

The execution program has once more achieved significant milestones for the company in 2024, with approximately 80% of the measures planned for the entire five-year term of the program successfully completed by the end of the year.

The divisional subprogram of the **Automotive Technologies division**, which will be divided into two subprograms for the Powertrain & Chassis and E-Mobility divisions, achieved significant progress in the areas of optimizing core automotive processes and of innovation in future engine technologies during the year. E-Mobility continues to represent a key growth area that was further strengthened by the merger with Vitesco Technologies Group AG and by a high level of order intake despite difficult market conditions.

Fundamental information about the group > Group strategy and group management

Under its divisional subprogram, the **Vehicle Lifetime Solutions division** developed a comprehensive framework for procuring green steel for products. Along with a consistent go-to-market strategy, its objective is also to implement sustainable solutions in the supply chain and to optimize cross-divisional collaboration. Additionally, the acquisition of KRSV Innovative Auto Solutions Private Limited, which operates the Koovers B2B platform in the Indian market, in 2023 expanded the division's e-commerce business and strengthened the presence in the Asia/Pacific region. The steps essential to integrating the Koovers business in India were successfully implemented in 2024.

During the year, the subprogram of the **Bearings & Industrial Solutions division** focused on strengthening the competitive position in the core rolling and linear bearings business through active pricing and by improving cost structures in production, including targeted regional and cross-regional relocation of production capacities. Specific regional requirements were met by introducing new products such as tapered roller bearings dimensioned in inches for the American market. Additionally, the division pushed forward with further expanding the service business, including by introducing new condition monitoring sensors for production machinery.

A forward-looking master plan for the Factory 2030 is being developed under the cross-divisional **"Innovation & Technology"** subprogram. This plan sets out minimum standards in the form of technical guidelines, promotes the improvement of business processes, and integrates technological developments representing key success factors. A specific focus is on robotics and automation: Numerous robotics systems were rolled out in the plants in recent years that – together with the growing use of driver-less transport systems – are contributing significantly to rendering manufacturing processes more flexible, scaling them, and improving their timing. In order to strengthen the innovation

ecosystem, the company launched initiatives designed to promote external collaborations that expand the company's innovative potential and solidify the position of technological leader.

In the **"Digitalization & IT"** subprogram, the company consistently pushed forward with equipping production machinery with proprietary software to capture and process process-related data and the condition of machines. The implementation of SAP S/4HANA, a future-ready ERP system, made significant progress as well: Its roll-out at an initial location in Europe marks an important milestone in digitalizing and harmonizing the core processes on a future-proof platform. A global Special Machinery network established during the year completed the separation of all Schaeffler Special Machinery locations worldwide into independent, newly established legal entities. Additionally, the relaunch of the Schaeffler website and the Schaeffler intranet marked important further steps toward a more user-friendly and modern digital platform that provides optimal support and information to both external business partners and customers as well as employees and promotes collaboration.

The focus of the **"People & Culture"** subprogram remains on continuous employee upskilling since training and education are key to the future of the Motion Technology Company. Training programs are continuously enhanced using modern learning environments and technologies. The roll-out of LinkedIn Learning introduced a new training program providing access to numerous high-quality online courses and training resources. Additionally, Schaeffler's global brand was strengthened by optimizing key brand elements and clearly defined values. Binding guidelines were established to ensure the consistent application of these elements across all areas. This strategy promotes a uniform brand experience and supports the brand positioning of the new Schaeffler Group following the integration of Vitesco Technologies Group AG.

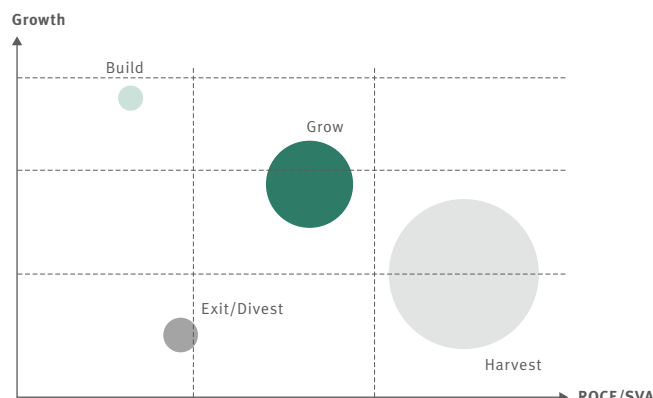
In the **"Sustainability & Infrastructure"** subprogram, further significant measures of the Climate Action Plan were implemented during the year. Consistently decarbonizing the company's own production and supply chain is an essential element of the various specific sustainability initiatives. Other sustainability matters such as resource efficiency and human rights were implemented as well and follow the action fields of the sustainability strategy.

Along with sustainability, this subprogram also comprises construction to enhance selected locations. For instance, the company completed the technology center at the Herzogenaurach location and commissioned it on October 30, 2024. The center will combine the core expertise and key technologies for sustainable, carbon-neutral mobility and energy ecosystems under one roof. In addition, the group is investing in the key growth area of electric mobility by expanding its manufacturing and development campus in Buehl as well as in creating a new, attractive working environment with "New Work" projects worldwide.

Portfolio management and capital allocation

In order to use its capital appropriately and in line with its strategy, the Schaeffler Group has developed a framework for long-term capital allocation that applies across all divisions. The framework identifies four fundamental portfolio strategies that represent a structure for investment and divestment decisions. The four strategies – **Build, Grow, Harvest, and Exit/Divest** – are applied in all divisions and their business areas and are always directly linked to a product, a sector cluster, and a region. Business areas are assigned to these strategies depending on their growth potential and return on capital employed, measured as ROCE.

Portfolio management



New growth areas still at the start of their life cycle are assigned to the **“Build”** portfolio strategy, whereas existing business areas that can be further expanded with suitably high capital efficiency are classed under the **“Grow”** strategy. Business areas with lower growth potential are more strongly focused on profitability and efficiency, and are assigned to the **“Harvest”** strategy. If certain areas are no longer core strategic activities, or are not sufficiently profitable, they are allocated to the **“Exit/Divest”** portfolio strategy.

Thus, the four portfolio strategies also drive the Schaeffler Group’s capital allocation process, which is primarily operationalized by managing investing activities, a key factor influencing free cash flow before cash in- and outflows for M&A activities. The investment amounts to be allocated are arrived at by linking the portfolio strategies directly to a framework for capital allocation.

Capital allocation management framework

Portfolio fields	Investment types	1	2	3	4	Total
		Growth ¹⁾	Rationalization and quality	Replacement	Safety and regulatory	
A Build		✓			✓	
B Grow		✓	✓	✓	✓	
C Harvest			✓	✓	✓	
D Exit/Divest				✓	✓	
Total						Total investments

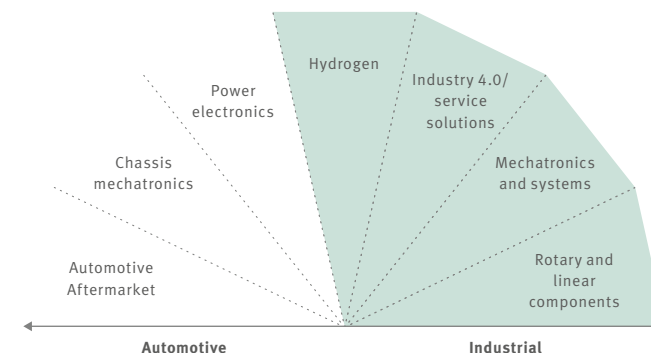
¹⁾ Capacity expansion and new products.

This framework identifies four different investment types – **(1) growth investments, (2) rationalization & quality investments, (3) replacement investments, and (4) investments** required in order to comply with **regulatory requirements** or **ensure safety**. The four portfolio strategies and four investment types together form a matrix for the allocation of capital to the business areas.

M&A strategy

The Schaeffler Group pursues a strategy of mainly organic growth based on its existing technological expertise and innovative ability. Under this strategy, acquisitions are possible – in defined focus areas – if they expand the Schaeffler Group’s technological expertise or strengthen its current market position. At the core of this approach is an M&A radar that is applicable groupwide and defines several focus areas where the company is aiming to acquire expertise and generate inorganic growth both within the various divisions and across divisions.

M&A radar

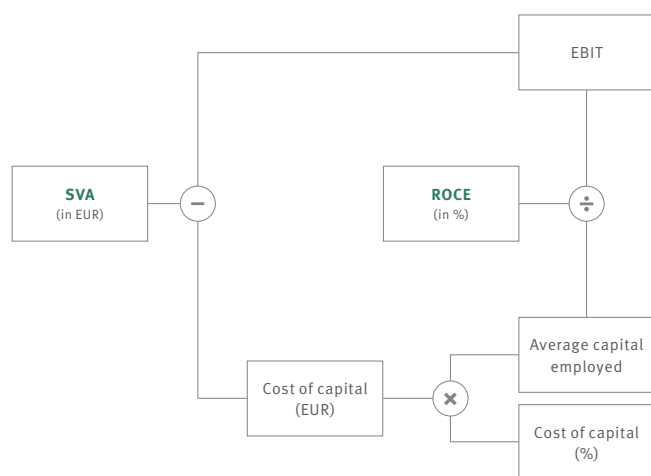


The company’s search for opportunities to expand the profile of its expertise and its portfolio specifically targets these clearly defined areas. Except for the acquisition of Vitesco, it focuses primarily on the acquisition of smaller targets intended to complement and strengthen the technology spectrum, thus adding long-term value. Along with the qualitative evaluation of the entity potentially subject to an M&A transaction, the final assessment of whether the transaction is beneficial also includes a detailed quantitative analysis. In particular, the company pursues an acquisition only if the related expected return on capital employed exceeds a required minimum set internally. Specific risks such as country- or business-specific risks are taken into account, as is the maturity of the business, which may result in adjustments to the required minimum return in certain cases.

Group management

Generating an appropriate return on capital employed is essential to creating long-term value. **Schaeffler Value Added (SVA)** and **return on capital employed (ROCE)** are the prime indicators underlying the Schaeffler Group’s value-based management.

Schaeffler Value Added and return on capital employed



In managing the Schaeffler Group’s operations, SVA and ROCE are operationalized using the following three financial indicators:

- **Constant-currency revenue growth**
- **EBIT margin before special items**
- **Free cash flow before cash in- and outflows for M&A activities**

They form the basis for operating decisions and are the key financial performance indicators underlying the discussion in the group management report and, therefore, also the subject of the forecast.

Constant-currency revenue growth: Constant-currency revenue growth measures the percentage change in revenue compared to the prior year assuming constant exchange rates and measures the Schaeffler Group’s sales performance – a key metric of the Schaeffler Group’s value added. This indicator is used to be better able to evaluate the company’s market and competitive positions.

EBIT margin before special items: The EBIT margin before special items measures another key metric of the Schaeffler Group’s value added by expressing the profitability of the Schaeffler Group’s sales performance. The company calculates earnings before special items, i.e., excluding special items, in order to focus on operating performance.

Please refer to pp. 25 et seq. for the definition of special items.

Free cash flow before cash in- and outflows for M&A activities: The Schaeffler Group’s cash flow shows the change in cash and cash equivalents during a period, i.e., whether cash and cash equivalents have increased or decreased during that period. This change in cash and cash equivalents can be broken down into several categories. Free cash flow is the term used for the category that – if positive – is freely available to pay dividends and repay financial debt. At Schaeffler, it is defined as the sum of cash flows from operating activities, cash flows from investing activities, and principal repayments on lease liabilities, which are formally considered part of cash flow from financing activities. Therefore, this portion reflects all of the Schaeffler Group’s cash flows before dividends and changes in financial debt. The metric used by Schaeffler in managing its operations is free cash flow before cash in- and outflows for M&A activities. M&A activities comprise any acquisitions and disposals of subsidiaries,

joint ventures, associated companies, and other equity investees as well as loans to joint ventures, associated companies, and other equity investees included in cash flows from investing activities.

More on trends in the indicators discussed above under “Course of business” and on special items on pg. 17 et seq.

In addition to the three key financial performance indicators, Schaeffler uses a number of additional financial indicators. These include the reinvestment rate which shows the ratio of additions to intangible assets and property, plant and equipment to depreciation, amortization, and impairment losses (excluding depreciation of right-of-use assets under leases and impairments of goodwill). Further, the company determines FCF-conversion, an indicator representing the ratio of free cash flow before cash in- and outflows for M&A activities to EBIT, illustrating how much cash flow is generated from book earnings. The net financial debt to EBITDA ratio before special items is the ratio of net financial debt to EBITDA before special items. For this purpose, net financial debt is defined as the total of current and non-current financial debt net of cash and cash equivalents. Additional important indicators are the R&D ratio, the effective tax rate, the financial rating, and the dividend payout ratio which is determined based on net income before special items. The company also calculates the measure free cash flow before cash in- and outflows for M&A activities and before special items as an additional indicator.

In addition to the financial indicators, management also monitors non-financial indicators. Please refer to the sustainability statement section for a description of non-financial ESG metrics. Additional non-financial indicators relate to quality, staff capacity (both headcount and full-time equivalents), delivery performance, and customer and employee satisfaction.

Please refer to the sustainability statement section for a comprehensive description of non-financial ESG metrics.

1.3 Research and development

The Schaeffler Group's product range focuses on motion technology. With its refined positioning as a Motion Technology Company, the Schaeffler Group aims to actively contribute to the transformation to a more sustainable future. This strategic direction makes innovation a strategic priority of the Schaeffler Group, especially when it comes to technologies, products, and services in the areas of powertrain (especially electrified drives), chassis solutions, industrial applications, Industry 4.0, digitalization, and renewable energy. The merger with Vitesco and its complementary product portfolios for E-Mobility as well as Powertrain & Chassis has generated additional new opportunities. The "innovation to business" R&D innovation strategy is aimed at identifying and developing opportunities for sustainable products in dynamic and complex market environments early on. This innovation strategy is based on innovation clusters that are geared to a clear focus on and evaluation of the market potential of new product ideas. The innovation clusters were reevaluated and updated in connection with the merger with Vitesco. Since the software-defined vehicle trend is growing ever more significant, the company created a new innovation cluster "Software Defined Solutions". The innovation clusters "Material Solutions" and "Advanced Manufacturing" were combined into one innovation cluster. The innovation clusters are organized in a global project house. Industrialization follows the relevant customer and market requirements. The **eight innovation clusters** are part of "Innovation & Technology", a cross-divisional subprogram of the "Roadmap 2025".

The **(1) innovation cluster Energy Solutions** develops new technologies for a sustainable energy chain. Its focus is on hydrogen technology with electrolyzers and fuel cells as well as on battery technologies. "Innoplata SAS", the company jointly established with Symbio, commissioned volume production with an initial annual capacity of 4 million bipolar plates in 2024. The merger with Vitesco and its electronics expertise resulted in an

expansion of the portfolio by, for instance, diagnostics methodologies for batteries aimed at extending battery life, making operation more sustainable.

The **(2) innovation cluster eDrive Solutions** focuses on innovative electric drive systems and their core components, i.e., electric motors, power electronics, mechanical transmission and bearing components, and software. Comprehensive systems know-how provides the ability to increase the range of electric drives not only in the WLTP but also in real driving – such as in low temperatures – as demonstrated by the Schaeffler Group's 4-in-1 electric axle. The chainless drive system also promises potential in micromobility, including for innovative cargo solutions. Being an automotive and industrial supplier, the Schaeffler Group utilizes synergies by applying its expertise in electric drives to industrial applications as well.

The **(3) innovation cluster Software Defined Solutions** focuses on solutions related to software-defined system architectures including product solutions and potential new business models derived from these solutions. The starting point of the analysis is the software-defined vehicle megatrend. This logic is currently being extended to further market segments in order to identify future areas for innovation.

One focus of the **(4) innovation cluster Mobility Solutions** is on steering systems for passenger cars and trucks based on the steer-by-wire principle, especially steering actuators for the front and rear axle and steering wheel actuators. Another priority is increasing chassis comfort via active damping systems for better shock absorption and vehicle dynamics. A further focus is on the electric powertrain for heavy commercial vehicles. An example are the new multi-gear 800V heavy-duty electric axles shown at IAA 2024.

In the **(5) innovation cluster Robotics Solutions**, the Schaeffler Group develops components and system solutions for collaborative and mobile robots. In 2024 it focused on alternative mechatronic drive systems that are tailored to future precision and weight requirements for collaborative lightweight robots.

The **(6) innovation cluster Digital Solutions** prioritizes intelligent products, digital services, and smart engineering. Solutions for AI-assisted simulations and "copilots with generative AI" assist with product development. Training courses in virtual reality and an AI warranty assistant were developed jointly with Vehicle Lifetime Solutions to assist repair shops and customers with vehicle repairs. In China, a service platform for condition monitoring was developed and tested with industrial customers. In electric axle development, advanced sensor and control algorithms are being developed based on machine learning.

Materials and manufacturing technologies are closely networked in the **(7) innovation cluster Material & Manufacturing Solutions** and provide the basis for optimum functionality. Its priorities are the circularity of products and processes as well as material and process efficiency. Further focal points are eco-design and material selection as well as developing joining and integrative manufacturing technologies for multi-material products. Modeling and simulation of materials and processes round out the cluster's portfolio.

In the **(8) innovation cluster Smart & Autonomous Production (previously New Production Concept)**, the priority is on developing modular and flexible production concepts. The use of flexible robotics systems through to humanoid robotics solutions is a key factor for rendering production more flexible. These solutions are set up and refined in a production-like environment. The use of artificial intelligence helps make integration of these systems quick and simple. Before the robotics systems are

Fundamental information about the group > Research and development

integrated into production, they are simulated, trained, and optimized using real-time simulation that takes into account physical characteristics.

The measures taken by the Schaeffler Group to safeguard its technological competitive ability include its **Open Innovation strategy**, which is based on a global network of universities, companies, research institutions, and start-ups. This network concentrates on jointly developing strategic issues of the future. The **Schaeffler Hub for Advanced Research (SHARE)** program represents a global research network with leading universities. On-campus locations promote extensive sharing of information and close collaboration between Schaeffler staff and scientists. The Schaeffler Group also has a strategic partnership with the Fraunhofer-Gesellschaft.

Cooperating with start-ups is an integral component of the strategy for innovation. The Schaeffler Group evaluates future-oriented technologies and innovative business models, and realizes pilot projects that pay into the 8 innovation clusters, directly or indirectly, with start-ups and small and medium-sized businesses. The aim is to lay the basis for successful long-term strategic cooperations.

At the technology center in Herzogenaurach, 34 R&D centers (prior year: 20), and additional R&D locations in a total of 27 countries, the Schaeffler Group employed an average of 10,371 R&D staff (prior year: 7,797) in 2024. The Schaeffler Group filed 1,040 patent registrations with the German Patent and Trade-mark Office in 2023, making it the seventh most innovative company in Germany. Schaeffler Group employees internally reported 2,724 inventions in 2024 (prior year: 2,017).

Research and development expenses

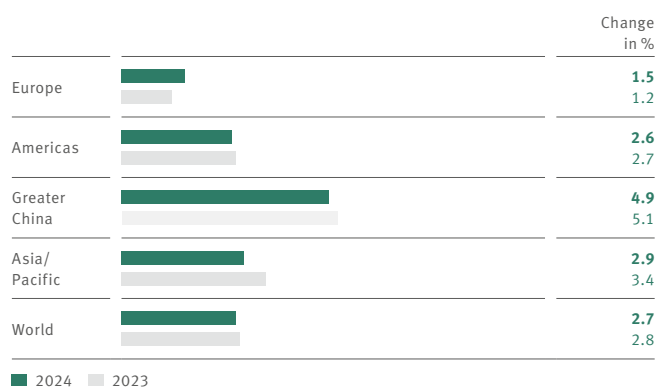
	2020	2021	2022	2023	2024
Research and development expenses (in € millions)	684	748	768	768	987
Research and development expenses (in % of revenue)	5.4	5.4	4.9	4.7	5.4
Average number of research and development staff	7,780	7,414	7,447	7,797	10,371

2. Report on the economic position

2.1 Economic environment

Macroeconomic environment

Gross domestic product



Source: S&P Global Market Intelligence (January 2025). Regions reflect the regional structure of the Schaeffler Group.

The global economy continued to prove resilient despite a challenging environment in 2024. Unemployment rates remained close to historic lows in many countries, and global trade showed signs of recovering. In addition, in most major economies the further decline in inflation allowed monetary policy to be eased while bolstering private consumption. However, growth in global

gross domestic product⁵ was only moderate in historical comparison; moreover, some significant differences emerged across countries and sectors.

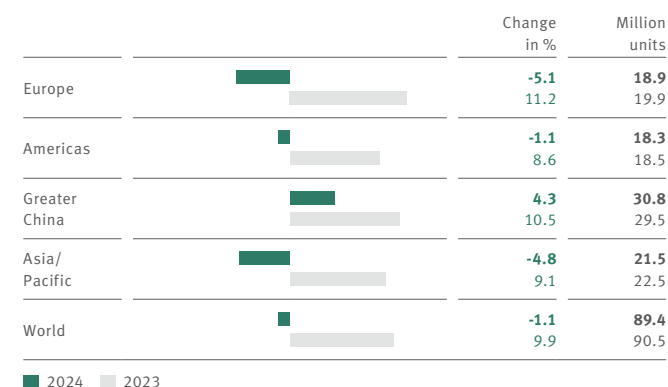
The U.S. and a number of countries in Asia outside China saw robust economic momentum in 2024. This contrasted with particularly weak growth in parts of Europe, while China’s gross domestic product expanded at a rate modest for this country.

Overall, global economic growth was primarily driven by the services sector in 2024; activity in the manufacturing industry was comparatively weaker.

In the **currency markets**, the euro remained stable against the U.S. dollar while rising slightly against the Chinese renminbi. On average, the euro was valued at USD 1.08 and CNY 7.79, respectively during the reporting period (prior year: USD 1.08 and CNY 7.66, respectively; European Central Bank).

Sector-specific environment

Automobile production



Source: S&P Global Mobility (January 2025). Regions reflect the regional structure of the Schaeffler Group.

The decrease in global **automobile production**⁶ is attributable to several factors. High vehicle prices and more restricted access to credit curbed consumer demand. Moreover, production was partly reduced due to high inventory levels. Finally, country-specific factors contributed to the unfavorable development of the market as well. In Japan, for instance, a natural disaster disrupted supply chains at the beginning of the year and persistent problems with vehicle certification led to noticeable production losses for some manufacturers.

⁵ Measured as gross domestic product in real terms based on market exchange rates (S&P Global Market Intelligence [January 2025]). Includes content supplied by S&P Global Market Intelligence © [World Economic Service Forecast, January 2025]. All rights reserved.

⁶ Measured as the number of vehicles up to six tons in weight manufactured (S&P Global Mobility [January 2025]). Includes content supplied by S&P Global © [IHS Markit Light Vehicle Production Forecast (Base), January 2025]. All rights reserved.

Among the major manufacturing countries, only a few – in particular China, India, Mexico, and Brazil – reported growth in automobile production compared to the prior year period, while countries such as the U.S., Germany, Japan, and South Korea all saw volumes decline. Along with strong exports, the positive trend in China is due to factors including a government scrapping bonus that considerably revived domestic demand.

Vehicle population

		Change in %	Million units	Average age
Europe		1.7	544.2	13.2
		1.8	534.9	12.9
Americas		1.1	441.7	12.3
		1.0	437.0	12.1
Greater China		5.3	332.9	7.7
		6.0	316.1	7.4
Asia/Pacific		2.7	265.5	10.5
		3.0	258.5	10.3
World		2.4	1,584.3	11.3
		2.6	1,546.6	11.1

■ 2024 ■ 2023

Source: S&P Global Mobility (November 2024). Regions reflect the regional structure of the Schaeffler Group. The calculation of average age at the global level and by Schaeffler Group region is based on approximately 96% of the global vehicle population.

The growth in global vehicle population⁷ in 2024 is once more primarily attributable to strong above-average growth in China.

In the euro zone, part of the Europe region, the vehicle population increased by 1.3% to 222.4 million units with the average age rising to 12.3 years. The U.S., the Americas region’s most significant market by far, saw its vehicle population grow by 0.9% to 288.6 million vehicles and the average age rise to 11.9 years. China, part of the Greater China region, experienced a considerable 5.4% increase in vehicle population to 323.4 million units while the average age rose to 7.6 years. Within the Asia/Pacific region, the vehicle population in Japan expanded by 0.6% to 73.6 million units while the average age increased to 9.3 years. India reported strong growth in vehicle population of 6.3% to 61.8 million units; the mean age of the vehicle population remained unchanged at 9.2 years.

Industrial production in the mechanical engineering, transport equipment, and electrical equipment sectors

		Change in %
Europe		-3.0
		3.5
Americas		-1.7
		1.4
Greater China		4.5
		5.4
Asia/Pacific		-1.0
		-2.3
World		0.4
		2.7

■ 2024 ■ 2023

Source: S&P Global Market Intelligence (January 2025). Regions reflect the regional structure of the Schaeffler Group.

The business environment of the global manufacturing industry brightened initially in the first half of 2024. Over the remaining course of the year, however, various factors – including the trends in order intake, employment, and international trade – indicated a renewed deterioration in economic conditions.

Global industrial production grew by 1.9% in 2024 (2023: 1.9%; S&P Global Market Intelligence, January 2025)⁸, largely due to strong growth of 5.2% in China.

The stagnant growth in industrial production in the sectors particularly relevant to the Schaeffler Group – mechanical engineering, transport equipment, and electrical equipment⁹ – of 0.4% is primarily attributable to global mechanical engineering, which declined by 1.0%. In this subsector, by far the largest, China was the only major producer reporting growth (3.7%), contrasting with a decidedly negative trend in the U.S. (-3.4%), Japan (-5.3%), and the euro zone (-6.3%) in 2024. The transport equipment subsector showed a much more positive trend than mechanical engineering, growing by 3.0% globally. Headed up by China (5.9%), nearly all major production countries reported growth here. The U.S. represented a significant exception with a 0.9% decline. China (5.7%) also made the largest contribution to the 1.7% global growth rate of the electrical equipment subsector. While Japan (-7.6%) and the euro zone (-11.9%) experienced even sharper declines than in mechanical engineering, the U.S. reported noticeable growth of 5.3%.

⁷ Measured as the number of passenger cars and light commercial vehicles less than 3.5 tons in weight (S&P Global Mobility [November 2024]). Includes content supplied by S&P Global © [IHS Markit Vehicles in Operation (VIO) Forecast, November 2024]. All rights reserved.

⁸ Measured as value added in real terms (S&P Global Market Intelligence [January 2025]). Includes content supplied by S&P Global Market Intelligence © [Comparative Industry Service Forecast, January 2025]. All rights reserved.

⁹ Divisions 28 and 30 as well as group 271 of the ISIC Rev. 4 classification.

Procurement markets

The Schaeffler Group uses various materials in manufacturing its products, especially different types of steel, aluminum, copper, as well as plastics and lubricants. Production is also dependent on energy, particularly natural gas and electricity. Commodity and energy market price trends affect the Schaeffler Group's cost to varying degrees and normally with some delay, depending on the terms of the relevant supplier contracts. Especially in steel purchasing, most contracts are signed with terms of six or twelve months.

On an annual average basis, price trends were mixed in the commodity and energy markets significant to the Schaeffler Group in 2024, since both rising and falling prices were reported. However, compared to the years before the coronavirus pandemic and the war in Ukraine, most prices in the relevant commodity and energy markets remained high overall.

In the procurement regions significant to the Schaeffler Group, annual average prices for cold- and hot-rolled steel were between approximately 7% and approximately 16% lower than in the prior year (S&P Global Commodity Insights, January 2025). In contrast, the prices of aluminum and copper were up approximately 7% and approximately 8%, respectively (International Monetary Fund¹⁰, January 2025). Plastics and lubricants are often made based on crude oil. The annual average price of crude oil was down approximately 3% from its prior year level (International Monetary Fund, January 2025). Spot prices of natural gas in Europe and the U.S. were down approximately 15% and approximately 9%, respectively, from their comparative prior year basis (International Monetary Fund, January 2025). In the European Union, the close link between the prices of natural

gas and electricity resulted in noticeable decreases in wholesale electricity prices in the spot markets as well (European Network of Transmission System Operators for Electricity, January 2025).¹¹

2.2 Course of business 2024


Overall assessment of the 2024 business year by the Board of Managing Directors

In the view of the Board of Managing Directors, the Schaeffler Group brought 2024 to a satisfactory close in a difficult economic environment. This particularly included consistently pushing ahead with the transformation to align the group toward a successful future. In the view of the Board of Managing Directors, the merger with Vitesco Technologies Group AG as at October 1, 2024, further reinforces its position as Motion Technology Company.

In this context, the Schaeffler Group has made extensive preparations to start operating its business in four product-focused divisions, effective 2025. Additionally, the products and services of the combined company have been pooled in eight motion technology product families that cover a wide spectrum in the field of motion. This approach facilitates seamlessly integrating technologies within these product families. The Board of Managing Directors is of the view that presenting the extensive portfolio across four divisions and eight product families highlights the company's diversified positioning.

In order to safeguard its competitiveness for the long term, a comprehensive program of measures was initiated in the Europe region. This program is aimed at improving the results of the Bearings & Industrial Solutions division for the long term, realizing synergies from the merger with Vitesco, and adapting capacities to the changed environment in the automotive supply industry.

In 2024, the Schaeffler Group also succeeded in achieving important milestones under its Roadmap. One example is the technology center it completed and commissioned at the Herzogenaurach location. This center pools the development expertise in materials sciences for promising growth areas such as electric mobility, battery technology, and hydrogen.

 Please refer to the "Sustainability statement" section for progress with respect to sustainability.

¹⁰ All price information by the International Monetary Fund is based on amounts in U.S. dollars.

¹¹ Data supplied by Ember (January 2025).

Report on the economic position > Course of business 2024

Results of operations compared to outlook 2024

The full-year outlook for 2024 was issued on February 20, 2024.

On July 22, 2024, the Board of Managing Directors of Schaeffler AG decided to adjust the full-year outlook for 2024 issued on February 20, 2024.

The changes in the full-year outlook for 2024 issued February 20, 2024, are set out in the adjacent table.

The considerable **revenue growth** of 12.9%, excluding the impact of currency translation, met the guidance. This was due to the revenue contributed by the Vitesco subsidiaries which have been consolidated in the consolidated financial statements of Schaeffler AG since October 1, 2024.

The **EBIT margin before special items** of 4.5% was below the range of the guidance as adjusted on July 22, 2024, weighed down particularly by the weak fourth quarter earnings of the Bearings & Industrial Solutions division and the Vitesco subsidiaries which have been consolidated in the consolidated financial statements of Schaeffler AG since October 1, 2024. The Board of Managing Directors communicated this on January 21, 2025.

At the same time, **free cash flow before cash in- and outflows for M&A activities** of EUR 363 m exceeded the range of the guidance as adjusted on July 22, 2024.

Comparison to outlook 2024

	Actual 2023	Outlook 2024	Outlook 2024	Actual 2024
Schaeffler Group		issued February 20, 2024 ⁴⁾	issued July 22, 2024	
Revenue growth ¹⁾	5.8%	considerable revenue growth	considerable revenue growth	12.9%
EBIT margin before special items ²⁾	7.3%	6 to 9%	5 to 8%	4.5%
Free cash flow ³⁾	EUR 421 m	EUR 300 to 400 m	EUR 200 to 300 m	EUR 363 m

¹⁾ Constant-currency revenue growth compared to prior year.

²⁾ Please refer to pp. 25 et seq. for the definition of special items.

³⁾ Before cash in- and outflows for M&A activities.

⁴⁾ Confirmed on April 23, 2024.

2.3 Earnings

Schaeffler Group earnings

The considerable increase in **revenue** during the year, excluding the impact of currency translation, was due to the revenue contributed by the subsidiaries of Vitesco Technologies Group AG, which has ceased to exist as a result of the merger. These subsidiaries have been consolidated in the consolidated financial statements of Schaeffler AG since October 1, 2024, and contributed EUR 1,949 m in revenue that was recognized in the Others division. Revenue of the **Automotive Technologies division** was only slightly below the prior year level, excluding the impact of currency translation, despite a weak automotive environment, and grew faster than global automobile production. This was mainly attributable to double-digit growth rates at the E-Mobility BD in Europe and Americas. The considerable increase in **Vehicle Lifetime Solutions division** revenue was mainly due to the impact of volumes in the Independent Aftermarket in Europe and Americas. In contrast, **Bearings & Industrial Solutions division** revenue decreased, mainly due to the impact of volumes at the Industrial Automation sector cluster in Europe and to the impact of sales prices at the Wind sector cluster in Greater China.

The **EBIT margin before special items** declined in 2024. Income (loss) from equity-accounted investees largely consists of the earnings of the investment in Vitesco Technologies Group AG (approximately 38.9%) which was accounted for at equity until September 30, 2024. Adjustments by Vitesco to comply with Schaeffler AG's uniform group accounting policies reduced earnings. During the year, a change in accounting estimate regarding the valuation of inventories resulted in EUR 117 m in gains that were included in gross profit and treated as special items in EBIT. Additionally, EUR 84 m of the integration expenses included in administrative expenses in 2024 were also treated as special items in EBIT.

in € millions	2024	2023	Change in %
Revenue	18,188	16,313	11.5
• at constant currency			12.9
Revenue by division			–
Automotive Technologies	6,955	7,035	-1.1
• at constant currency			-0.1
Vehicle Lifetime Solutions	2,579	2,241	15.1
• at constant currency			16.9
Bearings & Industrial Solutions	6,570	6,960	-5.6
• at constant currency			-4.5
Others	2,084	76	> 100
• at constant currency			> 100
Revenue by region ¹⁾			–
Europe	8,149	7,221	12.8
• at constant currency			13.0
Americas	4,092	3,569	14.7
• at constant currency			17.7
Greater China	3,490	3,358	3.9
• at constant currency			5.5
Asia/Pacific	2,458	2,165	13.5
• at constant currency			16.5
Cost of sales	-14,356	-12,805	12.1
Gross profit	3,832	3,507	9.3
• in % of revenue	21.1	21.5	–
Research and development expenses	-987	-768	28.5
Selling and administrative expenses	-2,007	-1,737	15.5
Other income and expense	-452	-169	> 100
Income (loss) from equity-accounted investees	-93	1	–
Earnings before financial result and income taxes (EBIT)	294	834	-64.7
• in % of revenue	1.6	5.1	–
Special items ²⁾	517	353	46.5
EBIT before special items	811	1,187	-31.6
• in % of revenue	4.5	7.3	–
Financial result	-291	-259	12.8
Income taxes	-608	-240	> 100
Net income (loss) ³⁾	-632	309	–
Earnings per share (basic/diluted, in €)	-0.86	0.46	–

¹⁾ Based on market (customer location).

²⁾ Please refer to pp. 25 et seq. for the definition of special items.

³⁾ Attributable to shareholders of the parent company.

Report on the economic position > Earnings

The Schaeffler Group's financial result deteriorated by EUR 33 m to EUR -291 m in 2024.

Schaeffler Group financial result

in € millions	2024	2023
Interest expense on financial debt ¹⁾	-275	-137
Gains and losses on derivatives and foreign exchange	-2	5
Interest income and expense on pensions and partial retirement obligations	-68	-60
Other	53	-67
Total	-291	-259

¹⁾ Incl. amortization of transaction costs.

Interest expense on financial debt for the year amounted to EUR 275 m (prior year: EUR 137 m). The increase in interest expense on financial debt was primarily due to two bond issuances totaling EUR 1.1 bn in January 2024 and a further EUR 850 m bond issuance in March 2024, partly offset by redemption of an outstanding EUR 800 m bond series by Schaeffler AG upon maturity in March 2024. In January 2024, Schaeffler AG drew down in full the EUR 420 m loan with a six-year term under the loan agreement with the European Investment Bank signed in December 2023. Furthermore, the Schaeffler Group drew down approximately EUR 243 m under three additional lines of credit over the course of the year. The assumption of Vitesco's financial debt that became legally effective as at October 1, 2024, also increased interest expense. The debt assumed consists of a EUR 250 m loan from the European Investment Bank, two loan agreements with KfW IPEX-Bank with a volume of EUR 45 m each, and a total of EUR 187 m in Schuldschein loans.

In addition, interest expense on financial debt for 2024 also includes EUR 30 m in amortization of transaction costs incurred in connection with the bridge facility.

EUR 53 m in income was included in Other in 2024 (prior year: EUR 67 m in expenses), consisting primarily of EUR 23 m resulting from measuring derivatives embedded in a total return swap at fair value. The total return swap was entered into with a bank in support of the voluntary public tender offer issued by Schaeffler AG for the acquisition of the shares in Vitesco Technologies Group AG; the swap provided for cash settlement and did not convey any legal right to settlement in shares. A remeasurement of contingent purchase price payment obligations related to companies acquired in prior years resulted in additional gains of EUR 18 m. Further, a refund of value-added tax resulted in EUR 10 m in interest income.

Income tax expense amounted to EUR 608 m in 2024 (prior year: EUR 240 m), resulting in an effective tax rate of 22,127.4% (prior year: 41.8%). The increase in the effective tax rate compared to the prior year was primarily due to the adverse impact of derecognized and unrecognized deferred taxes on temporary differences and loss and interest carry-forwards.

Net income (loss) attributable to shareholders of the parent company for 2024 amounted to EUR -632 m (prior year: EUR 309 m).

The Board of Managing Directors and the Supervisory Board will propose a dividend for 2024 of EUR 0.25 per share (prior year: common share: EUR 0.44; common non-voting share: EUR 0.45) to the annual general meeting.

Basic and diluted **earnings per share** amounted to EUR -0.86 in 2024 (prior year: EUR 0.46). The average number of shares issued underlying the calculation of earnings per share was 736 million (prior year: 666 million).

ROCE fell to 2.6% in 2024 (prior year: 8.8%); Schaeffler Value Added declined to EUR -839 m (prior year: EUR -115 m). **ROCE before special items** was 7.2% (prior year: 12.5%); **Schaeffler Value Added before special items (SVA)** fell to EUR -322 m (prior year: EUR 238 m). Along with lower EBIT before special items, this decline was also attributable to an increase in average capital employed primarily due to the acquisition of and merger with Vitesco Technologies Group AG.

Automotive Technologies division earnings

The Bearings BD, which was previously the responsibility of the Automotive Technologies division, was assigned to the Bearings & Industrial Solutions division, effective 2024.

Revenue for 2024 was adversely affected by a weak automotive environment marked by a decline in vehicle production. Despite these challenges, the division generated revenue that was only slightly below the prior year level but grew faster than global automobile production. This performance was mainly attributable to growth at the E-Mobility BD in the Europe and Americas regions. In the Greater China region, structural changes reduced demand from foreign automobile manufacturer customers. The resulting reduction in revenue was partly offset by stronger growth with local automobile manufacturers.

Outperformance 2024

	Europe	Americas	Greater China	Asia/Pacific	Total
Revenue growth (in %) ¹⁾	-1.8	4.3	-2.3	0.6	-0.1
LVP growth (in %) ²⁾	-5.1	-1.1	4.3	-4.8	-1.1
Outperformance (in percentage points)	3.3	5.4	-6.6	5.4	1.0

E-Mobility BD revenue grew in all regions, but particularly strongly in Europe and Americas, which generated double-digit growth rates despite delays in the ramp-up of the electric mobility market. The **Engine & Transmission Systems BD**, on the other hand, experienced a decline in revenue that was mainly driven by the weak market environment. The **Chassis Systems BD** saw growth in the Americas region due to product ramp-ups in particular. However, this growth did not fully offset the decreases in the other regions that were partly attributable to lower customer requirements and deferred customer projects.

The decline in **EBIT margin before special items** was partly attributable to increased costs in distribution, higher costs in research and development – due in part to customer projects – and higher costs in administration. During the year, a change in accounting estimate regarding the valuation of inventories

resulted in EUR 30 m in gains that were included in gross profit and treated as special items in EBIT. Additionally, EUR 22 m of the division's share of integration expenses included in administrative expenses in 2024 were also treated as special items in EBIT.

in € millions	2024	2023	Change in %
Revenue	6,955	7,035	-1.1
• at constant currency			-0.1
Revenue by business division			
E-Mobility BD	1,452	1,302	11.5
• at constant currency			12.6
Engine & Transmission Systems BD	5,054	5,263	-4.0
• at constant currency			-2.9
Chassis Systems BD	449	470	-4.5
• at constant currency			-3.8
Revenue by region ³⁾			
Europe	2,591	2,643	-2.0
• at constant currency			-1.8
Americas	1,771	1,718	3.1
• at constant currency			4.3
Greater China	1,619	1,683	-3.8
• at constant currency			-2.3
Asia/Pacific	974	991	-1.7
• at constant currency			0.6
Cost of sales	-5,613	-5,771	-2.7
Gross profit	1,342	1,264	6.2
• in % of revenue	19.3	18.0	–
Research and development expenses	-529	-504	5.0
Selling and administrative expenses	-532	-486	9.6
Other income and expense	-65	-63	2.4
EBIT	215	211	2.0
• in % of revenue	3.1	3.0	–
Special items ⁴⁾	79	128	-38.1
EBIT before special items	294	339	-13.1
• in % of revenue	4.2	4.8	–

Prior year information presented based on 2024 segment structure.

¹⁾ Constant-currency revenue growth compared to prior year.

²⁾ Includes content supplied by S&P Global Mobility © [IHS Markit Light Vehicle Production Forecast (Base), January 2025]. All rights reserved.

³⁾ Based on market (customer location).

⁴⁾ Please refer to pp. 25 et seq. for the definition of special items.

Report on the economic position > Earnings

Vehicle Lifetime Solutions division earnings

The Automotive Aftermarket division was renamed Vehicle Lifetime Solutions, effective 2024.

The considerable **revenue** growth in 2024, excluding the impact of currency translation, was primarily attributable to a favorable impact of volumes. Additionally, adjustments to sales prices had a further slightly favorable impact on the revenue trend.

In the **Europe** and **Americas regions**, considerable increases in the Independent Aftermarket business contributed significantly to revenue growth excluding the impact of currency translation. In the **Greater China region**, revenue growth excluding the impact of currency translation resulted mainly from the increase in e-commerce business, with the Independent Aftermarket business also reporting considerable additional revenue. The revenue trend in the **Asia/Pacific region** was mainly attributable to the revenue contributed by the Koovers e-commerce platform that was acquired late in 2023.

The increase in **EBIT margin before special items** in 2024 resulted primarily from the favorable impact of volumes and sales prices. During the year, a change in accounting estimate regarding the valuation of inventories resulted in EUR 9 m in gains that were included in gross profit and treated as special items in EBIT. Additionally, EUR 23 m of the division's share of integration expenses included in administrative expenses in 2024 were also treated as special items in EBIT.

in € millions	2024	2023	Change in %
Revenue	2,579	2,241	15.1
• at constant currency			16.9
Revenue by region ¹⁾			
Europe	1,717	1,485	15.6
• at constant currency			14.2
Americas	527	478	10.2
• at constant currency			22.3
Greater China	174	139	25.4
• at constant currency			27.5
Asia/Pacific	161	139	15.7
• at constant currency			17.5
Cost of sales	-1,721	-1,558	10.4
Gross profit	858	683	25.7
• in % of revenue	33.3	30.5	-
Research and development expenses	-23	-20	13.1
Selling and administrative expenses	-441	-364	21.1
Other income and expense	12	-41	-
EBIT	407	258	57.8
• in % of revenue	15.8	11.5	-
Special items ²⁾	20	70	-71.7
EBIT before special items	427	328	30.1
• in % of revenue	16.6	14.6	-

Prior year information presented based on 2024 segment structure.

¹⁾ Based on market (customer location).

²⁾ Please refer to pp. 25 et seq. for the definition of special items.

Report on the economic position > Earnings

Bearings & Industrial Solutions division earnings

The Bearings BD, referred to as Automotive Bearings below, which was previously the responsibility of the Automotive Technologies division, was assigned to the renamed Bearings & Industrial Solutions division in 2024. Automotive Bearings contributed EUR 2,633 m (prior year: EUR 2,680 m) to the division's revenue in 2024.

The decrease in **revenue**, excluding the impact of currency translation, in 2024 was mainly attributable to the impact of volumes in the Europe region and the impact of sales prices in Greater China.

The **Europe region** experienced a market-related decline in revenue except for the considerably positive Aerospace sector. Especially the Industrial Automation and Automotive Bearings sector clusters were affected. The **Americas region's** revenue increased mainly due to growth in the Aerospace and Wind sector clusters and at Industrial Distribution, while especially the Industrial Automation and Offroad sector clusters experienced revenue declines. In the **Greater China region**, a challenging market environment and the local competition in the Wind sector cluster weighed heavily on the revenue trend. The Rail sector cluster and especially Automotive Bearings, on the other hand, reported growth. Higher revenue, excluding the impact of currency translation, at the **Asia/Pacific region** was mainly attributable to the trends of the Wind and Two Wheelers sector clusters while Automotive Bearings experienced a market-related decline there.

The decrease in **EBIT margin before special items** during the year was mainly attributable to the impact of volumes and sales prices. Automotive Bearings contributed only insignificantly to the EBIT margin before special items of the Bearings & Industrial Solutions division in 2024. During the year, a change in accounting estimate regarding the valuation of inventories resulted in EUR 78 m in gains

that were included in gross profit and treated as special items in EBIT. Additionally, EUR 22 m of the division's share of integration expenses included in administrative expenses in 2024 were also treated as special items in EBIT.

in € millions	2024	2023	Change in %
Revenue	6,570	6,960	-5.6
• at constant currency			-4.5
Revenue by region ¹⁾			
Europe	2,742	3,043	-9.9
• at constant currency			-9.7
Americas	1,388	1,372	1.2
• at constant currency			3.0
Greater China	1,413	1,510	-6.4
• at constant currency			-5.2
Asia/Pacific	1,027	1,035	-0.8
• at constant currency			2.1
Cost of sales	-5,095	-5,397	-5.6
Gross profit	1,475	1,563	-5.6
• in % of revenue	22.4	22.5	-
Research and development expenses	-247	-240	2.8
Selling and administrative expenses	-930	-885	5.1
Other income and expense	-226	-67	> 100
Income (loss) from equity-accounted investees	2	1	> 100
EBIT	73	372	-80.3
• in % of revenue	1.1	5.3	-
Special items ²⁾	200	155	28.9
EBIT before special items	273	527	-48.2
• in % of revenue	4.2	7.6	-

Prior year information presented based on 2024 segment structure.

¹⁾ Based on market (customer location).

²⁾ Please refer to pp. 25 et seq. for the definition of special items.

Report on the economic position > Earnings

Others division earnings

The new **Others division** was established in 2024; it combines business activities of functional units that are not assigned to any of the existing divisions, for example, the Special Machinery unit. In 2024, this division also comprises the equity-accounted investment in Vitesco Technologies Group AG (approximately 38.9%) for the first nine months as well as the activities of the subsidiaries of Vitesco Technologies Group AG, which has ceased to exist as a result of the merger, that have been consolidated in the consolidated financial statements of Schaeffler AG since October 1, 2024.

Revenue for 2024 includes EUR 1,949 m in revenue from the operations of subsidiaries of Vitesco Technologies Group AG, which has ceased to exist as a result of the merger, that have been consolidated in the consolidated financial statements of Schaeffler AG since October 1, 2024.

The negative **EBIT margin before special items** was primarily due to the earnings contributed by the subsidiaries of Vitesco Technologies Group AG, which has ceased to exist as a result of the merger, that have been consolidated in the consolidated financial statements of Schaeffler AG since October 1, 2024. This was partly attributable to the impact of volumes. In addition, the loss from the investment in Vitesco Technologies Group AG (approximately 38.9%) which was accounted for at equity until September 30, 2024, also weighed on earnings for 2024. The adjustments by Vitesco to comply with Schaeffler AG's uniform group accounting policies reduced earnings as well. EUR 17 m of the division's share of integration expenses included in administrative expenses in 2024 were treated as special items in EBIT.

The contribution of the remaining business activities of the functional units to revenue and the EBIT margin before special items was insignificant in 2024.

in € millions	2024	2023	Change in %
Revenue	2,084	76	> 100
• at constant currency			> 100
Revenue by region ¹⁾			–
Europe	1,099	50	> 100
• at constant currency			> 100
Americas	406	1	> 100
• at constant currency			> 100
Greater China	283	25	> 100
• at constant currency			> 100
Asia/Pacific	297	1	> 100
• at constant currency			> 100
Cost of sales	-1,927	-79	> 100
Gross profit	157	-2	–
• in % of revenue	7.5	-2.9	–
Research and development expenses	-188	-4	> 100
Selling and administrative expenses	-104	-2	> 100
Other income and expense	-173	2	–
Income (loss) from equity-accounted investees	-94		–
EBIT	-401	-7	> 100
• in % of revenue	-19.2	-8.9	–
Special items ²⁾	218		> 100
EBIT before special items	-183	-7	> 100
• in % of revenue	-8.8	-8.9	–

Prior year information presented based on 2024 segment structure.


¹⁾ Based on market (customer location).

²⁾ Please refer to pp. 25 et seq. for the definition of special items.

Performance indicators and special items

The information on the Schaeffler Group's earnings, net assets, and financial position is based on International Financial Reporting Standards (IFRS) and, where applicable, on German commercial law and German Accounting Standards (GAS).

In addition to the disclosures required by these standards, the Schaeffler Group also discloses certain performance indicators that are not defined in the relevant financial reporting standards. These measures are presented in accordance with the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA). They represent supplemental information that is designed to provide comparability over time and across sectors and are calculated by making certain adjustments to, or calculating ratios between, line items contained in the income statement, statement of financial position, or statement of cash flows prepared in accordance with applicable financial reporting standards.

 A detailed discussion of performance indicators can be found in the "Group management" chapter on pp. 12 et seq.

EBIT for the year was impacted by **special items**, most of which were recognized in other income and other expenses, cost of sales, and administrative expenses.

The **restructuring** category primarily includes expenses recognized in connection with the structural measures in Europe. These measures are aimed at improving the results of the Bearings & Industrial Solutions division for the long term, realizing synergies from the merger with Vitesco, and adapting capacities to the changed environment in the automotive supply industry in order to safeguard the company's competitiveness for the long term. Special items were also recognized in connection with the "Roadmap 2025" divisional subprograms and were mainly related to consolidation of the footprint in Europe.

Reconciliation

	2024	2023	2024	2023 ¹⁾	2024	2023 ¹⁾	2024	2023 ¹⁾	2024	2023 ¹⁾
Income statement (in € millions)	Total		Automotive Technologies		Vehicle Lifetime Solutions		Bearings & Industrial Solutions		Others	
EBIT	294	834	215	211	407	258	73	372	-401	-7
• in % of revenue	1.6	5.1	3.1	3.0	15.8	11.5	1.1	5.3	-19.2	-8.9
Special items	517	353	79	128	20	70	200	155	218	0
• Legal cases	0	15	0	6	0	1	0	8	0	0
• Restructuring	487	-3	89	-6	11	-2	215	5	172	0
– including structural measures Europe of	494	0	89	0	11	0	192	0	202	0
– including divisional Roadmap 2025 subprograms of	24	3	0	-3	1	-1	23	7	0	0
• M&A	83	231	15	71	16	71	18	89	34	0
• Energy derivatives and forward exchange contracts	28	131	5	56	1	1	9	74	12	0
• Impairment	39	0	0	0	0	0	39	0	0	0
• Other	-119	-21	-30	0	-9	0	-81	-21	0	0
EBIT before special items	811	1,187	294	339	427	328	273	527	-183	-7
• in % of revenue	4.5	7.3	4.2	4.8	16.6	14.6	4.2	7.6	-8.8	-8.9

The **M&A** category primarily includes integration expenses incurred to date in connection with the merger of Vitesco Technologies Group AG into Schaeffler AG, primarily in the form of external consulting fees. Measuring at fair value, the obligation to acquire shares tendered under the public tender offer to shareholders of Vitesco Technologies Group AG had an offsetting impact.

The **energy derivatives and forward exchange contracts** category comprises fair value gains on forward contracts for electricity and gas prices and on short-, medium-, and long-term price and supply agreements (power purchase agreements) held to secure the Schaeffler Group's energy supply. Unrealized fair value losses incurred on forward exchange contracts that are not subject to cash flow hedge accounting and are used to hedge currency risk related to operations are included in this category as well.

The **impairment** category consists of an impairment loss on intangible assets of a cash-generating unit operating in the field of precision gearboxes for robotics and other automation applications.

The **Other** category largely comprises special items resulting from a change in accounting estimates regarding the valuation of groupwide inventories effective January 1, 2024. The process of determining the actual cost of inventories was adjusted to increase parameter granularity and enhance harmonization with internal management instruments throughout the group. The resulting changes in estimate resulted in a one-off EUR 117 m measurement gain on inventories that impacted earnings via cost of sales and was treated as a special item.

Report on the economic position > Earnings

Reconciliation

	2024	2023
Income statement (in € millions)		Total
EBIT	294	834
• in % of revenue	1.6	5.1
Special items	517	353
• Legal cases	0	15
• Restructuring	487	-3
– including structural measures Europe of	494	0
– including divisional Roadmap 2025 subprograms of	24	3
• M&A	83	231
• Energy derivatives and forward exchange contracts	28	131
• Impairment	39	0
• Other	-119	-21
EBIT before special items	811	1,187
• in % of revenue	4.5	7.3
Net income (loss) ²⁾	-632	309
Special items	725	313
• Legal cases	0	13
• Restructuring	487	-3
• M&A	83	231
• Energy derivatives and forward exchange contracts	28	131
• Other	-119	-21
• Impairment	39	0
• Derecognition of deferred tax assets	352	0
– Tax effect ³⁾	-145	-38
Net income before special items ²⁾	93	623
Statement of financial position (in € millions)	12/31/2024	12/31/2023
Net financial debt	4,834	3,189
/ EBITDA	1,419	1,836
Net financial debt to EBITDA ratio	3.4	1.7
Net financial debt	4,834	3,189
/ EBITDA before special items	1,897	2,189
Net financial debt to EBITDA ratio before special items	2.5	1.5

	2024	2023
Statement of cash flows (in € millions)		
EBITDA	1,419	1,836
Special items	478	353
• Legal cases	0	15
• Restructuring	487	-3
• M&A	83	231
• Energy derivatives and forward exchange contracts	28	110
• Other	-119	0
EBITDA before special items	1,897	2,189
Free cash flow (FCF)	-779	-624
-/+ Cash in- and outflows for M&A activities	1,142	1,045
FCF before cash in- and outflows for M&A activities	363	421
/ EBIT	294	834
FCF-conversion ⁴⁾	1.2	0.5
FCF before cash in- and outflows for M&A activities	363	421
Special items	206	180
• Legal cases	45	-40
• Restructuring	75	208
• Other	86	12
FCF before cash in- and outflows for M&A activities and before special items	569	601
Value-based management (in € millions)		
EBIT	294	834
/ Average capital employed	11,335	9,487
ROCE (in %)	2.6	8.8
EBIT before special items	811	1,187
/ Average capital employed	11,335	9,487
ROCE before special items (in %)	7.2	12.5
EBIT	294	834
– Cost of capital	1,134	949
Schaeffler Value Added (SVA)	-839	-115
EBIT before special items	811	1,187
– Cost of capital	1,134	949
SVA before special items	-322	238

¹⁾ Prior year information presented based on 2024 segment structure.

²⁾ Attributable to shareholders of the parent company.

³⁾ Based on each entity's specific tax rate and country-specific tax environment.

⁴⁾ Only reported if free cash flow before cash in- and outflows for M&A activities and EBIT positive.

2.4 Financial position and finance management


Cash flow and liquidity

Cash flow

in € millions	2024	2023	Change in %
Cash flows from operating activities	1,390	1,348	3.1
Cash used in investing activities	-2,084	-1,900	9.7
• including acquisition of subsidiaries	304	-715	-
• including acquisition of interests in joint ventures, associated companies, and other equity investments	-1,246	-327	> 100
• including disposal of subsidiaries	0	-4	-100
• including disposal of interests in joint ventures and other equity investments	4	1	> 100
• including loans to joint ventures, associated companies, and other equity investees	-203	0	-
Cash provided by financing activities	1,188	276	> 100
• including principal repayments on lease liabilities	-84	-72	16.9
Net increase (decrease) in cash and cash equivalents	493	-276	-
Effects of foreign exchange rate changes on cash and cash equivalents	19	-24	-
Cash and cash equivalents as at beginning of period	769	1,069	-28.1
Cash and cash equivalents as at December 31	1,281	769	66.6
Free cash flow (FCF)	-779	-624	24.8
Free cash flow (FCF) before cash in- and outflows for M&A activities	363	421	-13.7


The increase in **cash flows from operating activities** was partly due to lower restructuring expenditures and a reduction in working capital, which had expanded in the prior year. Cash outflows for integration activities, interest payments for the financing transactions related to the merger, and cash outflows for legal cases were among the offsetting impacts.

Capital expenditures on intangible assets and property, plant and equipment of EUR 956 m were EUR 18 m higher than in the prior year (prior year: EUR 938 m). Additionally, proceeds from disposals of property, plant and equipment declined by EUR 66 m.

 More on investing activities on page 28.

Free cash flow before cash in- and outflows for M&A activities amounted to EUR 363 m (prior year: EUR 421 m).

Cash provided by financing activities includes the dividends of EUR 306 m (prior year: EUR 306 m) paid in the second quarter of 2024. Additionally, EUR 1,584 m in cash was provided by changes in financial debt (prior year: EUR 653 m).

 More on financing activities on pp. 29 et seq.

Cash and cash equivalents increased by EUR 512 m to EUR 1,281 m as at December 31, 2024.

At December 31, 2024, cash and cash equivalents consisted primarily of bank balances and short-term deposits. EUR 308 m (prior year: EUR 258 m) of this amount related to countries with foreign exchange restrictions and other legal and contractual restrictions. In addition, the Schaeffler Group has a revolving credit facility of EUR 3.0 bn (prior year: EUR 2.0 bn) of which EUR 78 m (prior year: EUR 79 m) were utilized in the form of letters of credit as at December 31, 2024. Further, the Schaeffler Group had a loan agreement with KfW IPEX-Bank of EUR 45 m that was undrawn as at December 31, 2024, as well as other bilateral lines of credit totaling EUR 342 m (prior year: EUR 286 m) of which EUR 67 m was drawn as at December 31, 2024. Deducting bank balances in countries with foreign exchange restrictions and other legal and contractual restrictions results in total available liquidity of EUR 3,990 m.

Investing activities

Total additions to intangible assets and property, plant and equipment amounted to EUR 1,120 m (prior year: EUR 932 m). Approx. 44% of these additions related to the **Automotive Technologies division**, approx. 5% to the **Vehicle Lifetime Solutions division**, approx. 36% to the **Bearings & Industrial Solutions division**, and approx. 16% to the **Others division**. The group's **reinvestment rate** for the reporting period amounted to 1.08 (prior year: 1.00).

Additions to intangible assets and property, plant and equipment by division

in € millions	2024	2023
Additions to intangible assets and property, plant and equipment ¹⁾ – Schaeffler Group	1,120	932
Automotive Technologies	488	443
Vehicle Lifetime Solutions	53	48
Bearings & Industrial Solutions	402	372
Others	176	69
Reinvestment rate ²⁾ – Schaeffler Group	1.08	1.00
Automotive Technologies	1.11	0.93
Vehicle Lifetime Solutions	1.50	1.59
Bearings & Industrial Solutions	0.90	0.89

¹⁾ Translated at the relevant average exchange rate.

²⁾ The reinvestment rate is the ratio of additions to intangible assets and property, plant and equipment to depreciation, amortization, and impairment losses (excluding depreciation of right-of-use assets under leases and impairments of goodwill).

The majority of additions to intangible assets and property, plant and equipment related to the **Automotive Technologies division**. These additions increased mainly due to new product start-ups in the E-Mobility BD in the Europe, Greater China, and Americas regions. Further, the division invested in projects including the ongoing expansion of the development and manufacturing campus for electric mobility in Buehl and the expansion of the new logistics center at the campus in Taicang, China.

The **Vehicle Lifetime Solutions division** invested, inter alia, in further expanding the kitting and distribution network in the Europe and Americas regions in 2024.

In the **Bearings & Industrial Solutions division**, the rise in additions to intangible assets and property, plant and equipment was primarily attributable to the continued expansion of production capacity in the Asia/Pacific region. The division invested largely in the Europe, Asia/Pacific, and Greater China regions.

The increase at the **Others division** resulted from the additions to intangible assets and property, plant and equipment made by the subsidiaries of Vitesco Technologies Group AG, which has ceased to exist, that were assigned to the Others division in the fourth quarter of 2024. They invested primarily in machinery for new customer projects in E-Mobility.

The company also invested in the two key strategic topics of **sustainability** and **digitalization** under the “Roadmap 2025”.

The “Sustainability & Infrastructure” subprogram entailed, among other things, the divisions consistently investing in energy efficiency measures and the use of renewable energy by, for instance, stepping up in-house power generation using photovoltaic systems. Moreover, the Schaeffler Group completed the new cross-divisional technology center at its corporate headquarters in Herzogenaurach.

Activities under the “Digitalization & IT” subprogram included continuing to push forward with the implementation of SAP S/4HANA. The Schaeffler Group also continued to invest in digitally connecting production facilities in its plants.

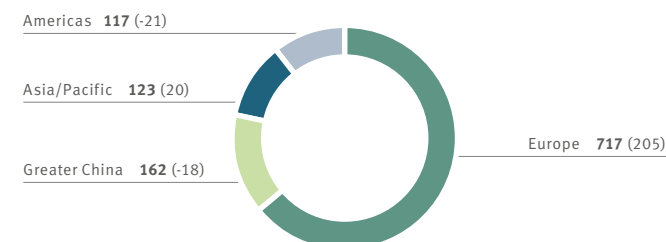
 More on the subprograms on pp. 9 et seq.

In addition, real estate transferred from Vitesco Technologies Grundstücks GmbH and Vitesco Technologies GmbH to the Schaeffler Group in a transaction was recognized in additions to property, plant and equipment in the third quarter of 2024.

At December 31, 2024, the Schaeffler Group had open commitments under fixed contracts to purchase property, plant and equipment of EUR 290 m (prior year: EUR 237 m).

Schaeffler Group capital expenditures ¹⁾ by region

in € millions (change from prior year in € millions)



¹⁾ Additions to intangible assets and property, plant and equipment.

Financial debt

The group's net financial debt increased by EUR 1,645 m to EUR 4,834 m (prior year: EUR 3,189 m) in 2024.

in € millions	12/31/2024	12/31/2023	Change in %
Bonds	4,070	2,943	38.3
Schuldschein loans	429	292	47.0
Term loans	1,604	624	> 100
Commercial paper	0	90	- 100
Other financial debt	11	9	25.9
Financial debt	6,115	3,958	54.5
Cash and cash equivalents	1,281	769	66.6
Net financial debt	4,834	3,189	51.6

The net financial debt to EBITDA ratio, defined as the ratio of net financial debt to earnings before financial result, income taxes, depreciation, amortization, and impairment losses (EBITDA), amounted to 3.4 as at December 31, 2024 (December 31, 2023: 1.7). The net financial debt to EBITDA ratio before special items was 2.5 (December 31, 2023: 1.5).

Schaeffler AG is rated by the three rating agencies Fitch, Moody's, and Standard & Poor's. The following summary shows the Schaeffler Group's credit ratings as at December 31, 2024:

Schaeffler Group ratings

as at December 31

Rating agency	2024	2023	2024	2023
	Company		Bonds	
	Rating/Outlook		Rating	
Fitch	BB+/stable	BB+/stable	BB+	BB+
Moody's	Baa3/negative	Baa3/stable	Baa3	Baa3
Standard & Poor's	BB+/stable	BB+/stable	BB+	BB+

On October 14, 2024, rating agency Moody's confirmed its issuer rating of Schaeffler AG of Baa3. The outlook was changed from stable to negative.

Schaeffler AG has a revolving credit facility of EUR 3.0 bn that was unutilized as at December 31, 2024, except for EUR 78 m (December 31, 2023: EUR 79 m) in the form of letters of credit. The revolving credit facility is due in October 2029. The credit agreement also includes a EUR 500 m term loan due in November 2027 that was fully drawn as at December 31, 2024. Additionally, Schaeffler AG has a further term loan of EUR 125 m due in August 2027 that was fully drawn as at December 31, 2024. The margins under these loan agreements are linked to two selected ESG targets.

The group had additional bilateral lines of credit in the equivalent of EUR 342 m (prior year: EUR 286 m), primarily in China, Germany, the U.S., and South Korea. EUR 276 m of these facilities were unutilized as at December 31, 2024 (prior year: EUR 274 m).

On January 2, 2024, Schaeffler AG drew down approximately EUR 1.1 bn under the existing bridge facility to finance the tender offer for all shares of Vitesco Technologies Group AG tendered on January 5, 2024.

Schaeffler AG issued a total of EUR 1.1 bn in bonds under its debt issuance program on January 15, 2024. The transaction consisted of two tranches (EUR 500 m with a coupon of 4.500%, due in August 2026, and EUR 600 m with a coupon of 4.750%, due in August 2029). The proceeds of the issuance were used to prepay in full the approximately EUR 1.1 bn drawn under the existing bridge facility for the acquisition of the shares in Vitesco Technologies Group AG on January 19, 2024. Simultaneously, the line of credit under one of the facilities was reduced from a total of EUR 2.2 bn to EUR 387 m.

On January 15, 2024, Schaeffler AG drew down in full the EUR 420 m loan with a six-year term under the loan agreement with the European Investment Bank signed in December 2023. The loan is primarily intended to support research and development for technologies in the fields of renewable energy, electric mobility, and hydrogen. Furthermore, the Schaeffler Group drew down approximately EUR 177 m under two additional lines of credit entered into in December 2023. These are presented under term loans due to their maturities.

Two unutilized lines of credit under the bridge facility totaling EUR 1.25 bn were terminated on February 16, 2024.

On March 4, 2024, Schaeffler AG made a final drawdown of EUR 370 m under the bridge facility and terminated the EUR 17 m line of credit subsequently remaining.

On March 26, 2024, Schaeffler AG redeemed an outstanding bond series of EUR 800 m upon maturity.

On March 28, 2024, Schaeffler AG issued another bond series with a principal of EUR 850 m and a coupon of 4.500% due in March 2030 under its debt issuance program. Schaeffler AG used part of the issuance proceeds to repay the EUR 370 m in drawings under the bridge facility on April 4, 2024. As a result, the bridge facility has been fully replaced and brought to an end.

On May 13, 2024, Schaeffler AG prepaid a EUR 50 m variable-interest Schuldschein tranche originally due May 13, 2030.

During the second quarter of 2024, Schaeffler AG additionally entered into transfer agreements with the investors of the Schuldschein loans of Vitesco Technologies GmbH. The debt with a principal of EUR 187 m was legally transferred effective October 1, 2024.

The Schaeffler Group entered into a line of credit of approximately EUR 65 m on July 5, 2024, and drew down the amount over the course of the third quarter. The line of credit is presented under term loans due to its maturity.

On July 11, 2024, Schaeffler AG signed an amendment agreement for the existing EUR 420 m loan agreement with the European Investment Bank that became effective as at October 1, 2024. Additionally, Schaeffler AG entered into a transfer agreement with the European Investment Bank regarding the EUR 250 m loan agreement of Vitesco Technologies GmbH on July 19, 2024. The debt was legally transferred effective October 1, 2024.

On September 20, 2024, Schaeffler AG entered into transfer agreements for two loan agreements of EUR 45 m each of Vitesco Technologies GmbH and other Vitesco group companies with KfW IPEX-Bank. The debt was legally transferred effective October 1, 2024.

Schaeffler AG entered into a EUR 45 m loan agreement with KfW IPEX-Bank on December 18, 2024. This loan was entirely undrawn as at December 31, 2024.

The EUR 90 m in short-term commercial paper outstanding as at December 31, 2023, had been repaid in full by December 31, 2024.

Under the group's existing debt financing agreements, term loans with a principal of EUR 1,385 m and the revolving credit facility are subject to certain constraints including a requirement to meet various leverage covenants on a quarterly basis. The creditors are entitled to call the debt prior to maturity under certain circumstances, including if the leverage covenant is not met, which would result in the debt becoming due immediately. Compliance with this financial covenant is monitored continually and reported to the lending banks on a regular basis. As in prior years, the company has complied with the leverage covenants throughout 2024 as stipulated in the debt agreements. Based on its forecast, the Schaeffler Group also expects to comply with all leverage covenants in subsequent years.

Schaeffler AG had the following bonds outstanding under its debt issuance program as at December 31, 2024:

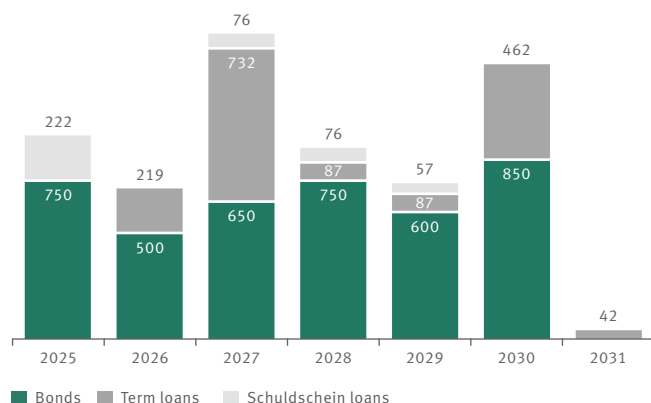
Schaeffler Group bonds

ISIN	Currency	Principal in millions		Carrying amount in € millions		Coupon	Maturity
		12/31/2024	12/31/2023	12/31/2024	12/31/2023		
DE000A2YB7A7	EUR	0	800	0	800	1.875%	03/26/2024
DE000A289Q91	EUR	750	750	749	749	2.750%	10/12/2025
DE000A2YB7B5	EUR	650	650	648	647	2.875%	03/26/2027
DE000A3H2TA0	EUR	750	750	748	747	3.375%	10/12/2028
DE000A3823R3	EUR	500	0	496	0	4.500%	08/14/2026
DE000A3823S1	EUR	600	0	592	0	4.750%	08/14/2029
DE000A383HC1	EUR	850	0	838	0	4.500%	03/28/2030
Total		4,100	2,950	4,070	2,943		

The company’s maturity profile, which consists of term loans, Schuldschein loans, and the bonds issued by Schaeffler AG, was as follows as at December 31, 2024:

Maturity profile

Principal outstanding as at December 31, 2024, in € millions



Finance management

The objective of the Schaeffler Group’s finance management is to ensure that sufficient liquidity is available to the group and to its foreign and domestic subsidiaries at all times. Finance management primarily comprises capital management and liquidity management.

Corporate capital management provides the financial resources required by Schaeffler Group entities, ensures the long-term availability of liquidity, and secures the Schaeffler Group’s credit standing. Capital management also administers and continually improves the company’s existing financial debt consisting of its external group financing arrangements. To this end, the Schaeffler Group has laid the foundations for efficiently obtaining debt and equity funding via the capital markets. The Schaeffler Group’s management will continue to value highly the group’s ability to place financial instruments with a broad range of investors and to improve financing terms. Additionally, the company aims to regain investment grade ratings from all rating agencies.

External group financing is primarily provided by capital and money market instruments, Schuldschein loans, as well as syndicated and bilateral lines of credit from international banks. These include, in particular, a EUR 500 m term loan and a EUR 3.0 bn revolving credit facility that is available to cover any short- to medium-term liquidity needs. Furthermore, Schaeffler AG has established a commercial paper program with an aggregate volume of EUR 1.0 bn to cover short-term liquidity needs. In addition, the Schaeffler Group uses receivable sale programs to a limited extent to manage liquidity and

improve its working capital. In particular, the company has access to a receivable sale program for revolving sales of trade receivables for this purpose. The program has a total volume of up to EUR 200 m of which EUR 135 m (prior year: EUR 150 m) were utilized as at December 31, 2024. Additionally, the Schaeffler Group has the ability to selectively use further receivable sale programs without a fixed committed volume.

The Schaeffler Group has a policy of financing its domestic and foreign subsidiaries from internal sources. In accordance with this policy, to the extent possible and economically justifiable, subsidiaries' financing requirements are met largely using internal loans, supplemented by bilateral lines of credit, primarily in China, Germany, the U.S., and South Korea, to meet local needs. As a result, subsidiaries are primarily financed by loans provided by Schaeffler AG and one other subsidiary. As part of the company's liquidity management measures, liquidity is balanced between group companies on a short- and medium-term basis using primarily cash pools or intercompany loans. In a few cases, Corporate Treasury also obtains lines of credit for subsidiaries from local banks. Local financing is primarily used to cover fluctuations in working capital.

Centralized finance management performed by the Corporate Treasury department ensures a uniform presence in the capital markets and when dealing with rating agencies, eliminates structural differences between the various groups of creditors, and strengthens the group's bargaining position with respect to banks and other market participants. In addition, centralized finance management facilitates the efficient allocation of liquidity as well as groupwide management of financial risk (foreign exchange and interest) on a net basis.

2.5 Net assets and capital structure


Consolidated statement of financial position (abbreviated)

in € millions	12/31/2024	12/31/2023	Change in %
ASSETS			
Non-current assets	11,569	7,971	45.1
Current assets	9,801	7,046	39.1
Total assets	21,370	15,016	42.3
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	3,969	3,913	1.4
Non-current liabilities	9,728	5,816	67.3
Current liabilities	7,673	5,287	45.1
Total shareholders' equity and liabilities	21,370	15,016	42.3

The change in net assets and in the capital structure in 2024 was largely due to the assets and liabilities (including provisions) assumed from Vitesco on October 1, 2024, and to the increase in shareholders' equity as a result of the merger.

The increase in **non-current assets** was primarily due to the EUR 2.0 bn in property, plant and equipment, EUR 780 m in goodwill, and EUR 281 m in costs to fulfill a contract assumed from Vitesco on October 1, 2024.

Current assets mainly rose due to EUR 1.5 bn in trade receivables and EUR 684 m in inventories assumed from Vitesco on October 1, 2024. Cash and cash equivalents were up EUR 512 m as well. Cash and cash equivalents assumed from Vitesco on October 1, 2024 amounted to EUR 308 m.

 More on cash flow and liquidity on page 27.

Shareholders' equity including non-controlling interests rose by 1.4%. Shareholders' equity increased by approximately EUR 1.0 bn in connection with the Vitesco merger on October 1, 2024. The net loss of EUR 605 m and EUR 295 m in dividends paid to Schaeffler AG's shareholders reduced shareholders' equity.

The equity ratio was 18.6% as at December 31, 2024 (December 31, 2023: 26.1%).

Non-current liabilities rose largely due to an increase in financial debt by approximately EUR 2.1 bn and resulted specifically from three bond issuances totaling approximately EUR 2.0 bn, the drawdown of a EUR 420 m loan, and the EUR 467 m in financial debt assumed from Vitesco on October 1, 2024. The reclassification of a EUR 750 m bond series due in 2025 to current financial debt had an offsetting effect. A further EUR 513 m in contract liabilities and EUR 509 m in provisions for pensions and similar obligations were assumed in the Vitesco merger. The non-current restructuring provisions of EUR 333 m (total relevant non-current and current provisions of EUR 488 m in 2024) recognized during the reporting period contributed to the increase as well.

The increase in **current liabilities** was due specifically to approximately EUR 1.3 bn in trade payables and EUR 422 m in provisions as well as other financial liabilities and contract liabilities assumed in the Vitesco merger on October 1, 2024. Provisions rose by an additional EUR 155 m (total relevant non-current and current provisions of EUR 488 m in 2024) as a result of the restructuring measures. Further, current financial debt increased by EUR 89 m due to the financial debt of EUR 132 m assumed from Vitesco as well as repayment of an EUR 800 m bond series and reclassification of a EUR 750 m bond series from non-current financial debt.

The Schaeffler Group's off-balance sheet commitments include mainly contingent liabilities.

2.6 Net assets, financial position, and earnings of Schaeffler AG

Schaeffler AG is a stock corporation domiciled in Germany with its registered office located at Industriestr. 1-3, 91074 Herzogenaurach. It acts as a management holding company and is responsible for directing the Schaeffler Group and managing its business as well as its financing; it also employs the staff at the Schaeffler Group's corporate headquarters.

The Board of Managing Directors of Schaeffler AG is responsible for the key management functions of the Schaeffler Group. Schaeffler AG's situation is largely determined by the Schaeffler Group's operating performance.

Under the requirements of the German Transformation Act ("Umwandlungsgesetz") and commercial law, Vitesco Technologies Group AG as the transferring entity was merged into Schaeffler AG as the acquiring entity retroactively to January 1, 2024. The merger was entered in the commercial register on October 1, 2024.

In accordance with the exchange ratio set out in the merger agreement dated March 13, 2024, previous Vitesco shareholders received 11.4 newly issued Schaeffler common shares per Vitesco share. As part of the process of standardizing Schaeffler's classes of shares, the previously exchange-traded common non-voting shares of Schaeffler were converted into common voting shares at a ratio of 1:1. As a result of the completion of the transaction with Vitesco Technologies Group AG, the number of Schaeffler shares issued has increased from 666,000,000 to 944,884,641.

The merger was performed by an upstream merger at carrying amounts, which increased share capital by EUR 100 m. Share capital was simultaneously increased by a further EUR 179 m. The carrying amounts of Vitesco Technologies Group AG were transferred to Schaeffler AG as at January 1, 2024. Schaeffler AG became the universal successor of Vitesco Technologies Group AG as at January 1, 2024, assuming all of the company's employees and all contractual agreements. The loss on the merger in accordance with the requirements of the German Commercial Code amounted to EUR -24 m and was expensed in other operating expenses.

The following discussion relates to the separate financial statements of Schaeffler AG prepared in accordance with the requirements of the German Commercial Code (HGB) and the German Stock Corporations Act (AktG).

Schaeffler AG earnings

Income statement of Schaeffler AG (abbreviated)

in € millions	2024	2023	Change in %
Revenue	37	16	› 100
Cost of sales	-34	-15	› 100
Gross profit	2	1	› 100
General and administrative expenses	-231	-171	34.8
Net other operating income (loss)	-162	71	◀ -100
Income from equity investments	1,571	1,000	57.1
Interest result	-718	-456	57.5
Income taxes	-46	-23	96.3
Earnings after income taxes	417	421	-1.0
Net income for the year	417	426	-1.9
Retained earnings brought forward	0	0	0.0
Retained earnings	417	426	-1.9

In performing its function as management holding company of the Schaeffler Group, Schaeffler AG incurred EUR 231 m (prior year: EUR 171 m) in general and administrative expenses that resulted partly from higher consulting expenses related to acquisition projects.

Schaeffler AG performs most of the Schaeffler Group's hedging activities related to currency risk. As a result, its net other operating income is characterized by foreign exchange gains and losses on hedges of currency risk arising from the operations and on financing arrangements of the Schaeffler Group.

Income from equity investments included withdrawals of EUR 1,550 m (prior year: EUR 900 m) from Schaeffler Technologies AG & Co. KG.

Interest result deteriorated compared to the prior year largely due to new term loans and significantly higher variable interest charges. Total interest expense of EUR 837 m (prior year: EUR 553 m) includes EUR 370 m (prior year: EUR 79 m) related to bonds.

Income taxes amounted to EUR 46 m in 2024 (prior year: EUR 23 m) and consisted exclusively of current income taxes. Schaeffler AG has had deferred tax assets since 2016. It has opted out of recognizing deferred tax assets in accordance with section 274 (1) sentence 2 HGB. Consequently, just as in the prior year, deferred tax did not have any impact on net income in 2024.

As was the case in the prior year, retained earnings equal net income for the year of EUR 417 m (prior year: EUR 426 m).

The Board of Managing Directors and the Supervisory Board will propose to the annual general meeting paying a dividend for 2024 of EUR 0.25 per common share (prior year: EUR 0.44 per common share and EUR 0.45 per common non-voting share) and adding the remaining retained earnings of EUR 181 m to revenue reserves.

In 2025, Schaeffler AG expects to continue to generate income from equity investments from the subsidiaries as part of its holding activities. Additionally, Schaeffler AG will maintain its financing function for the subsidiaries.

The Board of Managing Directors considers the results of operations of Schaeffler AG, which are highly dependent on the course of business of the Schaeffler Group, satisfactory overall given the difficult economic environment prevalent in 2024, the successful merger with Vitesco Technologies Group AG, and the stronger position resulting from it.

Schaeffler AG financial position and net assets

Balance sheet of Schaeffler AG (abbreviated)

in € millions	12/31/2024	12/31/2023	Change in %
ASSETS			
Fixed assets	18,753	14,875	26.1
Current assets	11,701	10,674	9.6
Prepaid expenses and deferred charges	9	1	> 100
Excess of plan assets over post-employment benefit liability	5	4	13.0
Total assets	30,468	25,554	19.2
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	9,987	7,659	30.4
Provisions	270	263	2.5
Liabilities	20,211	17,632	14.6
Total shareholders' equity and liabilities	30,468	25,554	19.2

Fixed assets consist primarily of the shares in Schaeffler Technologies AG & Co. KG and the shares in Vitesco Technologies GmbH.

Current assets consist primarily of short-term loans and other financial receivables related to Schaeffler AG's cash pooling function and responsibility for the internal group financing of the Schaeffler Group. This line item further includes Schaeffler AG's claim to the net income of Schaeffler Technologies AG & Co. KG of EUR 1,550 m (prior year: EUR 900 m) that had not yet been paid as at December 31, 2024. Schaeffler Technologies AG & Co. KG paid EUR 900 m in respect of the net income for 2023 to Schaeffler AG in 2024, and Schaeffler AG used these funds entirely to pay off existing liabilities due to Schaeffler Technologies AG & Co. KG.

Schaeffler AG manages the Schaeffler Group's cash pool and held bank balances of EUR 237 m (prior year: EUR 271 m) at the end of the reporting period.

On April 25, 2024, Schaeffler AG's annual general meeting passed a resolution to pay a dividend of EUR 295 m (prior year: EUR 295 m) to Schaeffler AG's shareholders for 2023 and to add the remaining retained earnings of EUR 131 m (prior year: EUR 245 m) to revenue reserves.

The increase in financial debt compared to December 31, 2024, was primarily due to two bond issuances totaling EUR 1.1 bn in January 2024 and a further EUR 850 m bond issuance in March 2024, partly offset by redemption of an outstanding EUR 800 m bond series by Schaeffler AG upon maturity in March 2024.

In January 2024, Schaeffler AG drew down in full the EUR 420 m loan with a six-year term under the loan agreement with the European Investment Bank signed in December 2023.

On May 13, 2024, Schaeffler AG prepaid a EUR 50 m variable-interest Schuldschein tranche originally due May 13, 2030.

During the second quarter of 2024, Schaeffler AG additionally entered into transfer agreements with the investors of the Schuldschein loans of Vitesco Technologies GmbH. The debt with a principal of EUR 187 m was legally transferred effective October 1, 2024.

Additionally, Schaeffler AG entered into a transfer agreement with the European Investment Bank regarding the EUR 250 m loan agreement of Vitesco Technologies GmbH on July 19, 2024.

Report on the economic position > Other components of the group management report

On September 20, 2024, Schaeffler AG entered into transfer agreements for two loan agreements of EUR 45 m each of Vitesco Technologies GmbH and other Vitesco group companies with KfW IPEX-Bank.

Schaeffler AG entered into a EUR 45 m loan agreement with KfW IPEX-Bank on December 18, 2024. This loan was entirely undrawn as at December 31, 2024.

The EUR 90 m in short-term commercial paper outstanding as at December 31, 2023, had been repaid in full by December 31, 2024.

The company has short-term loans payable to affiliated companies related to Schaeffler AG's cash pooling function and responsibility for the internal group financing of the Schaeffler Group.



More on financial debt on pp. 29 et seq.

Closing statement on the dependency report

Closing statement on the report on relations with affiliated companies prepared by the Board of Managing Directors in accordance with section 312 AktG.

Schaeffler AG has been a company dependent on IHO Verwaltungs GmbH, Herzogenaurach, in accordance with section 312 AktG since October 24, 2014. Therefore the Board of Managing Directors of Schaeffler AG has prepared a report on relations with affiliated companies by the Board of Managing Directors in accordance with section 312 (1) AktG which contains the following closing statement:

“In the legal transactions and measures listed in the report on relations with affiliated companies, our company has in each legal transaction received appropriate compensation in the circumstances known to us at the time the legal transactions were executed or the measures were executed or not executed, and has not been disadvantaged by the fact that such measures were executed or not executed.”

2.7 Other components of the group management report

The following chapters are also part of the combined management report:

- “Corporate governance declaration including the corporate governance report” on pp. i2 et seq.,
- “Members of the Board of Managing Directors and the Supervisory Board” on pp. i13 et seq.,
- “Governance systems” on pp. i16 et seq.

The following reference also forms part of the combined management report:



Corporate governance declaration including the corporate governance report in accordance with sections 289f HGB and 315d HGB incl. the declaration of conformity pursuant to section 161 AktG at: www.schaeffler.com/ir

Supplementary report

3. Supplementary report

On January 21, 2025, Schaeffler AG released results for 2024 based on preliminary and unaudited figures and announced that, based on the preliminary results, its EBIT margin before special items for 2024 is anticipated to amount to 4.5% and, hence, is below the guidance for the group. The EBIT margin before special items was weighed down particularly by the weak fourth quarter earnings of the Bearings & Industrial Solutions division and of Vitesco.

On February 7, 2025, rating agency Standard & Poor's confirmed its issuer rating of Schaeffler AG of BB+. The outlook was changed from stable to negative.

No other material events expected to have a significant impact on the net assets, financial position, or results of operations of the Schaeffler Group occurred after December 31, 2024.


4. Report on opportunities and risks

4.1 Risks

As described in the "Risk management system" chapter, the Schaeffler Group identifies, assesses, and manages opportunities and risks in a structured process.

For purposes of internal and external risk reporting, the Schaeffler Group considers net risks that could take on a medium or high impact on the Schaeffler Group's earnings, financial position, and net assets within the planning horizon. They are divided into strategic, operational, legal, and financial risks and presented in decreasing order of the magnitude of their impact on the Schaeffler Group's net assets, financial position, and earnings. The risk information provided applies to all of the Schaeffler Group's divisions unless explicitly attributed to specific divisions. The aggregated overview of the opportunities identified in the Strategy Dialog and in a separate identification process for ESG-related opportunities is also included in internal and external reports. Opportunities are not quantified.

ESG-related risks and opportunities are also part of this reports and are also described separately in the sustainability statement.


 More on ESG-related opportunities and risks in the sustainability statement on pp. 67 et seq.

Strategic risks

The key strategic risks of the Schaeffler Group are described below.

Climate-related transition risks (market, technology, reputation)

The transition to a low-carbon, climate-resilient economy may give rise to risks for the Schaeffler Group resulting from changing technological requirements and changed market preferences. The Schaeffler Group has defined an environmental and climate scenario and referred to it in assessing risks.

 More information on the environmental and climate scenario in the sustainability statement on pp. 57 et seq.

The company identified various action fields in light of this scenario. For example, adapting processes and products in line with the circular economy can entail high capital expenditures that could have a high impact on the Schaeffler Group's net assets, financial position, and earnings. Additionally, implementing closed-loop water circulation systems in the production process could lead to extensive and costly adjustments. Finally, growing demand for the use of low-emission and eco-friendly materials can similarly increase costs in the procurement and production process. A medium impact on the Schaeffler Group's net assets, financial position, and earnings could derive from this.

Electric mobility and autonomous driving

Electrification of automobiles is progressing, and as a result, the further development of conventional powertrains is coming under pressure. Firstly, further increases in the efficiency of conventional powertrains may become less relevant, and secondly, existing products and applications may be replaced. E-Mobility intends to further expand a portfolio of products for this field in order to offset any potential losses in revenue from conventional powertrains in the years ahead. Should the

strategic initiatives undertaken not have the desired effect, this could have a high impact on the net assets, financial position, and earnings of the Automotive Technologies and Others divisions. Initiating cost reduction measures can reduce the amount of damage.

There is significant uncertainty throughout the ten-year risk-identification timeframe as to what technologies and customers will prevail in the market for electric mobility. In contrast to the traditional components business, revenue in the systems business with electric mobility is heavily concentrated on individual customer projects. As a result, the Schaeffler Group is more dependent on the market success of individual customer projects in this business. As no set standards have become established in electric mobility to date, customers are trying out a variety of technological solutions. Therefore, there is a risk of developing technological approaches for customers that fail to succeed in the market in the long term, which could result in assets becoming impaired before they are fully amortized. The company strives to diversify these risks by maintaining a balanced portfolio of customers and product technologies and supplying components to programs where the Schaeffler Group does not necessarily act as system integrator.

Along with the progressive electrification of automobiles, developments and the offered range of assistance systems are accelerating toward fully automated vehicles as well as the introduction of people movers. This trend is reflected in the Schaeffler Group's Vision Autonomous Vehicle. Should actual developments deviate from the Automotive Technologies and Others divisions' expectations, this could have a medium impact on the Schaeffler Group's financial position, net assets, and earnings. The assumptions underlying these developments are subject to continual strategic review.

Macroeconomic environment

The implications of macroeconomic, political, and geopolitical developments could hamper the Schaeffler Group's operations or planned growth.

Persistent geopolitical conflicts, particularly the tensions in the South China Sea, the war in Ukraine, and the conflicts in the Middle East, are weighing on global economic growth. The risks of volatile oil and gas prices and renewed disruptions to supply chains remain. This is a major factor that could keep business and consumer confidence at a low level in many economies.

2025 will be influenced by the macroeconomic and industrial policy impact of protectionist governments. Various economies have already introduced tariffs in certain sectors in 2024, and 2025 could see a further rise in protectionist actions and counteractions. From a macroeconomic perspective, individual countries will be affected to varying degrees and asymmetrically. Growth will be stimulated in some economies and curbed in others. Protectionist actions could also have a severe impact on inflation, as they render trade more fragmented and more complex. The decisive factor will be which sectors will be affected by tariffs. Even before the impact of new tariffs and corresponding countermeasures, most significant economies are expected to continue to exhibit heterogeneous macroeconomic trends in 2025. The macroeconomic environment could have a medium impact on the Schaeffler Group's net assets, financial position, and earnings.

Structural measures

In 2024, the Board of Managing Directors of Schaeffler AG adopted additional structural measures focusing on Germany and Europe to, firstly, realize the synergies from the merger with Vitesco Technologies Group AG and, secondly, address the transformation and improve the company's ability to compete and realize future opportunities as well as its cost structure for the long term and to strengthen its profitability. The measures consist of adjusting capacity and consolidating locations as well as expanding local capabilities. Adapting the organization and production footprint could potentially not proceed as planned, the benefits turn out to be fewer than originally expected, or the impact occur later than expected. Implementation of the adaptation could result in additional expenditures. This could have a medium impact on the Schaeffler Group's net assets, financial position, and earnings. The transformation process is closely monitored and its impact is constantly reviewed in order to ensure it is executed in a targeted manner and to prevent negative deviations.

Portfolio measures

The Schaeffler Group has made various acquisitions and financial investments in the past and plans to continue entering into such transactions. These specific investments, too, may carry the risk that the intended development or planned benefits do not materialize to the extent expected or are delayed. These could have a medium impact on the Schaeffler Group's net assets. Along with acquisitions, disposals of certain business operations or activities that are no longer considered core strategic activities or not considered sufficiently profitable could expose the Schaeffler Group to contractual risks.

Protectionism

Growing protectionism in trade policy or changes in the political and regulatory environment in markets in which the Schaeffler Group maintains business relations could have a medium impact on the Schaeffler Group's net assets, financial position, and earnings. Import/export control regulations, customs regulations, and other trade barriers could have a significant impact on sales in certain countries. The environment is continually being monitored in order to facilitate initiating targeted action.

Operational risks

The key operational risks of the Schaeffler Group are listed below.

Market developments

Demand for the Schaeffler Group's products is to a large extent driven by global economic conditions and depends considerably on the overall economic trend and the related cyclical fluctuations. Since especially the Bearings & Industrial Solutions division is impacted significantly by the economic environment, any deterioration in the economic environment may lead to a medium impact on the Schaeffler Group's net assets, financial position, and earnings.

In the Automotive Technologies and Others divisions, demand is further affected by other factors, including changes in consumption patterns and fuel prices and changes in exchange rates and interest rate levels. Similarly, the persistent uncertainty regarding the political environment could continue to adversely affect market growth. The large number of economic and political factors can render automobile production highly volatile, which makes exact sales forecasts considerably more difficult.

In addition, customer-specific products limit the company's ability to offset fluctuations in demand from individual customers. Similarly, the Schaeffler Group is dependent on the success of individual vehicles or individual vehicle platforms in the market, which could have a medium impact on the Schaeffler Group's net assets, financial position, and earnings.

Markets are analyzed on an ongoing basis in order to detect changes in market structure or regulations early on. The company uses cost efficiency programs to flexibly and dynamically reduce the amount of damage from unexpected market slowdowns. This also applies to the Schaeffler Group's production, which is very capital-intensive and, therefore, a large proportion of its costs are fixed, which could lower the company's profitability if plant capacity utilization declines. Being a global corporation, the Schaeffler Group regularly reviews market conditions and compares them to regional necessities. Several factors play a role in this process, including the economy, supply and demand, as well as decisions made by original equipment manufacturers. Improving the global footprint could require plants or parts of plants to be relocated. Remaining spare capacity and unused assets can lead to additional costs.

Warranty and liability risks

One significant factor in customers' decision to purchase the products offered by the Schaeffler Group is their quality. To secure this level of quality for the long term, the Schaeffler Group employs a certified quality management system, supported by additional quality improvement processes. However, there is a risk that poor quality products end up getting delivered, causing product liability risk. The use of defective products can lead to damage, unplanned repairs, or recalls on the part of the customer which can result in liability claims or reputational damage. Furthermore, deteriorating product quality can result in increased warranty and liability

risk vis-à-vis the Schaeffler Group's customers. Along with conventional production risk, the increasing electrification and digitalization of the Schaeffler Group's products means that cyber risks could result in warranty and liability risk in the future, especially in the Automotive Technologies and Others divisions. The Schaeffler Group responds to such risks with strict quality control measures, continuous improvement processes, and monitoring of vulnerabilities in order to minimize the probability of warranty and liability risks materializing. Individual risks becoming reality could have a medium impact on the Schaeffler Group's financial position and earnings. All product liability risks are insured. The extent of actual reimbursements that can be claimed from insurers can only be assessed on a case-by-case basis.

Climate-related physical risks and risks from force majeure

More frequent and more intense extreme weather conditions form part of the worldwide consequences of global warming; to date, they have only affected the company's locations, the supply chain, or customers in isolated cases. The Schaeffler Group has an established environmental management system to address these immediate physical risks. This is highlighted by the large number of production and manufacturing locations certified under EMAS. Nevertheless, the consequences of climate-related physical risks and force majeure events could have a medium impact on the Schaeffler Group's net assets, financial position, and earnings. The Schaeffler Group uses systems providing global information on safety related events, such as natural disasters and geopolitical developments, to ensure a timely response to these developments.

Cyber risks

The IT systems used in all areas of the company are essential to the Schaeffler Group. Cyber security focuses on the security of these systems, including the underlying data, technology, and processes. Effective cyber security mitigates the risk of unauthorized access and damage to digital processes and systems and provides resilience. It also safeguards the confidentiality, integrity, and availability of data and systems. In order to achieve these protection goals, the Schaeffler Group refers to recognized international standards for information security management systems (ISMS) such as ISO 27001 and Trusted Information Security Assessment Exchange (TISAX). Attacks on IT systems, reputational damage due to the loss of sensitive business data, or any failure of processes relevant to the business could have a medium impact on the Schaeffler Group's net assets, financial position, and earnings.

Legal risks

The Schaeffler Group's operations give rise to legal risks, for instance those resulting from potential non-compliance with relevant regulations. Legal risks are reflected in provisions recognized in accordance with financial reporting standards.

Compliance risks

As a company with operations worldwide, the Schaeffler Group has to comply with varying laws and regulations around the globe. Under certain circumstances, violations of existing national or international law, including regulatory requirements of the EU, could occur in the future despite careful observance of such legal requirements. Shortcomings in meeting due diligence obligations (such as a lack of remedial action for human rights violations) could have a medium impact on the Schaeffler Group's net assets, financial position, and earnings as well as on its reputation.

Climate-related transition risks (policies and legal)

The transition to a low-carbon, climate-resilient economy may lead to a tightening of existing regulatory requirements, such as CBAM or CO₂ prices, resulting from a changing political environment. Additionally, further regulatory requirements may arise in the future, for example in relation to biodiversity and ecosystems. For the Schaeffler Group, meeting these requirements may be associated with increasing costs and limited availability of sustainable raw materials and components. These risks could have a medium impact on the Schaeffler Group's net assets, financial position, and earnings.

Regulatory risks

The Schaeffler Group operates in numerous countries worldwide and, as a result, is subject to a large number of varying legal requirements. This applies particularly to the areas of environment, chemicals, and hazardous materials, but also to health and safety regulations. New legislation and changes in the legal environment could entail risks to business activities and have a medium impact on the Schaeffler Group's financial position, net assets, and earnings. The Schaeffler Group continually monitors regulatory changes to be able to react on a timely basis. A current topic here is the EU's proposed ban on PFAS, which could have adverse implications for the product portfolio. The risk arises from the as yet unresolved legal situation.

Financial risks

The Schaeffler Group's financial risks comprise tax risks, pension risks, as well as counterparty risks and liquidity risks.

Tax risks

The Schaeffler Group is subject to tax audits worldwide. Tax authorities' interpretation of the tax law or of relevant facts made in current or future tax audits may differ from that of the Schaeffler Group. This may lead to adjustments to tax bases and increases in the tax liability. An additional tax payment as a result of an adjustment to the tax base could have a medium impact on the Schaeffler Group's net assets, financial position, and earnings.

Pension risks

The Schaeffler Group has significant pension obligations, particularly in Germany, the U.S., and the United Kingdom. The obligations in the Anglo-Saxon countries are covered by pension funds. Pension obligations are measured based on actuarial assumptions regarding factors such as discount rates, increases in wages, salaries, and pensions, and statistical life expectancy. Plan assets invested in various asset classes, such as equity instruments, fixed-income securities, or real estate, are subject to market fluctuations. Changes in these parameters, particularly in Germany, could have a medium impact on the Schaeffler Group's net assets.

Counterparty risks

Obtaining financing and entering into derivatives gives rise to counterparty risks. Partial or complete default of a counterparty may result in repayment, in part or in full, of financing obtained, or loss of credit facilities. This could have a medium impact on the Schaeffler Group's net assets and financial position. In order to minimize the risk of such a default, the Schaeffler Group generally uses banks assigned at least one investment-grade credit rating by a global rating agency. The banks' credit ratings are

monitored continuously. The Schaeffler Group also sets limits for each bank based on how the rating agencies rate each bank's creditworthiness. Compliance with the limits is monitored continuously.

Liquidity risks

Liquidity risk refers to the risk that the Schaeffler Group will not be able to meet its payment obligations as they come due. The company differentiates between short-, medium- and long-term liquidity risks.

Liquidity risks can arise if financing needs cannot be met by existing equity or debt financing arrangements. The Schaeffler Group's financing requirements were met throughout 2024 by existing financing instruments and refinancing arrangements completed.

Short- and medium-term liquidity risk is monitored and managed using a rolling liquidity budget with a forecasting period of 12 months. Short-term fluctuations in cash flow are monitored daily and can be offset using existing bilateral lines of credit or a revolving credit facility of EUR 3.0 bn.

Compliance with financial covenants is monitored on an ongoing basis and regularly reported to the lending banks. The creditors are entitled to call the debt prior to maturity under certain circumstances, including if financial covenants are not met, which would result in the debt becoming due immediately. To date, the Schaeffler Group has consistently complied with all financial covenants as stipulated in the debt agreements. The Schaeffler Group also expects to comply with these covenants in the future. Any non-compliance with the debt covenants as well

as any liquidity needs that cannot be covered could have a medium impact on the Schaeffler Group’s net assets, financial position, and earnings, with actual occurrence considered improbable.

Liquidity tied up in working capital in the Automotive Technologies and Others divisions reduces financial flexibility. In order to improve capital allocation, the Schaeffler Group closely monitors

changes in its working capital and takes measures to improve it. Should the company be unable to counteract an unplanned increase in working capital, this could have a medium impact on the Schaeffler Group’s financial position.

Risk assessment

	Amount of damage	Probability of occurrence	Risk class	Change
Strategic risks				
• Climate-related transition risks (market, technology, reputation)	high	possible	high	new
• Electric mobility and autonomous driving	high	possible	high ¹⁾	→
• Macroeconomic environment	high	improbable	medium	→
• Structural measures	high	improbable	medium	new
• Portfolio measures	high	improbable	medium	↘
• Protectionism	low	probable	medium	new
Operational risks				
• Market development	high	improbable	medium	↘
• Warranty and liability risks	low	highly probable	medium	↗
• Climate-related physical risks and risks from force majeure	high	improbable	medium	→
• Cyber risks	high	improbable	medium	→
Legal risks				
• Compliance	high	improbable	medium	new
• Climate-related transition risks (policies and legal)	high	improbable	medium	new
• Regulatory risks	medium ¹⁾	possible	medium	↘
Financial risks				
• Tax risks	low	highly probable	medium	↘
• Pension risks	high	improbable	medium	→
• Counterparty risks	high	improbable	medium	new
• Liquidity risks	high	improbable	medium	→

↗ increased → unchanged ↘ reduced

Assessment refers to the highest assessed individual risk within each risk category. Risk classes for the prior year were not adjusted to the current risk matrix.

¹⁾ These changes result from the amendments to the risk matrix.

4.2 Opportunities

The Schaeffler Group with its range of products and services has a worldwide presence in order to participate in the expected megatrends of the future. Opportunities are divided into strategic and financial opportunities. Strategic opportunities are presented in descending order of revenue of the divisions or of the significance of new growth businesses to the Schaeffler Group. Opportunities specifically result from the factors below.

Strategic opportunities

Increasing demand for electric mobility solutions

Increasing demand for electric mobility solutions in the automotive environment, including especially hybrid drives, offers an opportunity for additional growth in revenue and income. This relates to rising demand for battery-electric vehicles in the European market as well as stronger global demand for vehicles with hybrid drives.

Business combination with Vitesco Technologies Group AG

A recovery from the current slowdown in the growth of electric mobility offers the possibility of realizing additional potential from the merger with Vitesco Technologies Group AG.

Machinery & Materials

Structural changes in modern mobility and continual population growth will require higher spending in the future to adapt and expand existing infrastructure as well as more extensively extract, treat, and process raw materials. Simultaneously, the rise in the

level of automation and application of new technologies in production is expected to increase capital expenditures on plant and equipment and lengthen machine life cycles, resulting in energy efficiency and reliable operations growing more important.

The Bearings & Industrial Solutions division addresses this need with a broad range of rolling and plain bearings in nearly all sizes. Examples of typical applications in drive technology include electric motors, hydraulic systems, and industrial transmissions. The company also offers specific components and services for the industries extracting and processing raw materials. The portfolio is rounded out by solutions for preventive maintenance, such as sensor-based condition monitoring and intelligent lubrication, as well as by various expert and remanufacturing services that extend machine uptime, reduce operating cost, and lower carbon emissions.

Industrial Automation

Increasing digitalization and automation as well as rising cost pressure and a shortage of skilled labor in production accompanied by higher safety and sustainability requirements result in growing demand for innovative production solutions in many industries. Simultaneously, investing activities are intensifying in selected sectors, triggered, for instance, by a rising need for food and medical care.

In this field, the Bearings & Industrial Solutions division has a comprehensive portfolio of innovative solutions aimed at the growing industrial automation, including supporting autonomous production. It ranges from individual components such as sensor-enabled bearings through to complex mechatronic systems and is constantly being expanded by adding innovative solutions, for example to generate efficiency increases in medical technology.

The advancing technological transition from hydraulic and pneumatic actuators toward electromechanical solutions offers considerable opportunities for growth due to the acquisition of the Ewelix Group. Assembly automation, for example, is considered to hold great additional future potential. The Schaeffler Group is already an established and qualified supplier for many market players with comprehensive experience in projects and applications, and this offers significant opportunities to participate in this trend.

Wind power

In the coming years and decades, global demand for renewable energy will continue to grow in the context of global climate change and due to the resulting climate policy. The Schaeffler Group supports the expansion of renewable energy generation with the necessary components and solutions. The company's innovative bearing solutions for wind turbines help make wind turbines more reliable and reduce the cost of generating renewable energy.

Transportation & Mobility

With a view to an ever expanding population, the resulting rise in passenger and freight transport volumes, as well as the growing demand for food, extensive capital expenditures are expected in the medium to long term in the transport sector and on other industrial mobility applications such as those in construction and agriculture.

Especially rail vehicles, which are also becoming increasingly important from a sustainability standpoint, represent a highly interesting growing market for the Schaeffler Group. Reliable, efficient, and innovative rolling bearing solutions for applications ranging from bogie to the powertrain are a key element of modern rail transport – and also promise growth for mechatronic products in the age of advancing digitalization. In addition, the extensive stresses and resulting wear and tear as well as high

safety standards make this market not only a market of the future with respect to original equipment but also one that offers attractive business potential in the aftermarket business.

For air transport, the Schaeffler Group offers efficient high-precision bearings that are used in jet engines, for instance. By improving fuel consumption and lowering weight, these products make a valuable contribution to reducing CO₂ that is expected to become even more important in the future in light of the ongoing sustainability initiatives in the aerospace sector.

In parallel with the activities of the Bearings & Industrial Solutions division, the company's additional cross-divisional development activities are designed to continually expand the range of solutions offered for electrified powertrains, thereby also addressing the growing trend toward electrification in industrial mobility applications such as construction machinery, agricultural machinery, and two wheelers.

Electric mobility in the automotive aftermarket

Electric mobility is increasingly gaining significance in the Vehicle Lifetime Solutions division as part of the efforts toward more sustainable mobility. The electric and electronics segment could emerge as one of the most important drivers of growth within the aftermarket. Expanding the portfolio toward that of a comprehensive provider of electric mobility components, solutions, and systems will prove the company's capabilities regarding the forthcoming technological challenges and thus improve the company's position in this as yet unstructured market for the long term and access new business.

Report on opportunities and risks > Overall assessment of Schaeffler Group opportunities and risks

Fleet management

Demand for full service leasing and the related fleet management has grown significantly in recent years. Fleet management services have evolved from pure financing options into vehicle- and driver-related services. Fleets impact not only vehicle use (e.g., more extensive use or higher mileage), but also decision processes and points of interaction (e.g., the driver can be relieved of decisions about repairs). New players emerging in the aftermarket has significantly increased awareness of the total cost of ownership (TCO) and could harbor great potential for a channel shift toward the independent aftermarket or for the creation of new use-based business models.

Humanoid robotics

The use of humanoid robots can fundamentally change traditional work models and multiply industrial productivity. As a result, demand for humanoid robots is expected to grow in the long term. The Humanoid Robotics unit of the Others division can actively benefit from this growth trend by developing state-of-the-art mechanical precision drive modules and intelligent mechatronic actuators.

Battery cell

In the high-growth battery market for electric vehicles, the Battery Cell unit of the Others division can successfully position itself for competitively superior solid-state batteries by providing an innovative metallic anode solution based on the Schaeffler Group's many years of experience with coating processes.

Hydrogen

The growing awareness of sustainability and ambitious climate targets are increasingly reinforcing the significance of hydrogen as a source of energy. The Hydrogen unit of the Others division will drive the industrialization of electrolyzer stacks using innovative designs and highly efficient production processes. The Schaeffler Group aims to establish itself within the value chain for hydrogen technologies for the long term in this regard, enabling it to benefit greatly from the various sectors of the hydrogen economy developing worldwide. One critical success factor for the market ramp-up of these technologies is establishing reliable supply chains as well as industrializing and scaling up the related core components.

Circular systems and circular products

The company's intention to more extensively use sustainable and recycled materials and other conceptual plans to increase circularity will help reduce the carbon footprint of products and meet relevant customer requirements. A clear circular economy strategy for the Schaeffler Group's products can lead to additional orders and thus to a stronger market position.

Financial opportunities

Financial markets

Favorable trends in interest and foreign exchange rates can positively impact the Schaeffler Group's financial result and earnings. The company constantly monitors the financial markets in order to detect any possible impact on the Schaeffler Group on a timely basis and identify any potential need for action.

4.3 Overall assessment of Schaeffler Group opportunities and risks

In the assessment of the Board of Managing Directors, the Schaeffler Group's risk position has deteriorated compared to the prior year. This is primarily due to the assessment of ESG-related risks, the inherent risks of Vitesco Technologies Group AG assumed in the merger, and a more volatile macro-economic environment. In addition to the risks described in the group management report, unexpected developments significantly damaging or harming the company's production process, customer relationships, or reputation can occur at any time.

The overall assessment of the significant opportunities and risks does not indicate any risks which, either individually or in combination with other risks, jeopardize the company's continued existence as a going concern.

5. Sustainability statement

Introduction

Combined group non-financial declaration

This chapter represents the combined group non-financial declaration of Schaeffler AG (also referred to as “sustainability statement” below) in accordance with sections 315b and 315c of the German Commercial Code (“Handelsgesetzbuch” – HGB) in conjunction with sections 289b to 289e HGB and includes additional disclosures in accordance with the EU Taxonomy Regulation 2020/852. This sustainability statement discloses required non-financial information for 2024 for both the Schaeffler Group and Schaeffler AG.

The group non-financial declaration has been prepared in accordance with the European Sustainability Reporting Standards (ESRS), which were applied as a framework as required by section 289d HGB. Since all matters described apply equally to Schaeffler AG and the group, the company has not applied a framework within the meaning of section 289d HGB for the parent company.

The sustainability statement for 2024 was reviewed by the Supervisory Board of Schaeffler AG and by KPMG AG Wirtschaftsprüfungsgesellschaft on behalf of the audit committee with respect to the disclosures legally required by sections 315b and 315c in conjunction with 289b to 289e HGB for the purpose of obtaining limited assurance. This engagement was performed in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): “Assurance Engagements other than Audits or Reviews of Historical Financial Information” issued by the International Auditing and Assurance Standards Board (IAASB).

The sustainability statement includes a description of policies and due diligence processes and their results in accordance with the five non-financial aspects under sections 315c in connection with 289c HGB “environmental matters”, “employee-related matters”, “social matters”, “respect for human rights”, and “combating corruption and bribery”. The following table provides an overview of on what pages of the sustainability statement this information is located.

Matters per section 289c (2) HGB	Pages in 2024 sustainability statement
Environmental matters	67–86
Employee-related matters	87–99
Social matters	100–108
Human rights	87–108
Combating corruption and bribery	109–112

The general structure of the sustainability statement follows that of the ESRS. For better orientation and more precise referencing within the statement, the titles of the disclosure requirements (DR) are included after the relevant chapter headings.

5.1 General disclosures [ESRS 2]

Basis for preparation

General basis for preparation of the sustainability statement [BP-1]

This sustainability statement of Schaeffler AG was prepared based on the European Sustainability Reporting Standards (ESRS) on a consolidated basis. The scope of consolidation is the

same as that for financial reporting purposes. Please refer to Note 2.1 “Principles of consolidation” to the consolidated financial statements for further details on the scope of consolidation. The merger of Vitesco Technologies Group AG into Schaeffler AG was completed effective October 1, 2024. The data of the subsidiaries of Vitesco Technologies Group AG, which has ceased to exist as a result of the merger, has been integrated into the sustainability statement since that date.

The Schaeffler Group’s impacts, risks, and opportunities (IROs) with respect to environment, social, and governance (ESG) topics were considered in a double materiality assessment in accordance with ESRS. This assessment covered the company’s own operations and upstream and downstream value chain. This sustainability statement sets out the IROs identified as material and the related policies, actions, and, where applicable, targets and metrics.

The company has not made use of the option to omit specific information for reasons of confidentiality and the exemption from disclosure of impending developments or matters in the course of negotiation.

Disclosures in relation to specific circumstances [BP-2]

In identifying its impacts, the Schaeffler Group has adopted the definition of the short-, medium-, and long-term time horizons set out in ESRS 1, section 6.4. These have been used in preparing the sustainability statement. Hence, the short-term time horizon represents the one-year period adopted by the company as the reporting period in its financial statements, the medium-term time horizon the period from the end of the short-term reporting period up to five years, and the long-term time horizon a period of more than five years.

The same time horizons were applied in identifying the company’s risks and opportunities. They are based on the outlook period (1 year), the long-range plan (5 years), and the strategic plan (10 years).

Disclosures on value chain estimation and on sources of estimation and outcome uncertainty are provided in the relevant sections on metrics within the various subchapters.

Unless indicated otherwise, the metrics set out in this sustainability statement have not been validated by any third party other than the assurance provider engaged by the company.

Incorporation by reference

The following table lists the information disclosed by reference.

Overview ESRS disclosure requirements and related references

Disclosure requirements	Reference
GOV-1 21 c	Corporate governance declaration including the corporate governance report on pp. i7 et seq.,
GOV-1 23 a	Corporate governance declaration including the corporate governance report on pp. i7 et seq.,
SBM-1 40 a i, ii	Organizational structure and business activities on pp. 2 et seq.,
G1-GOV-1 5 b	Corporate governance declaration including the corporate governance report on pp. i7 et seq.,

Governance

The role of the administrative, management, and supervisory bodies [GOV-1]

The management and supervisory bodies consist of the executive Board of Managing Directors and the non-executive Supervisory Board of Schaeffler AG. Schaeffler AG does not have an additional administrative body within the meaning of ESRS due to its legal form. The Schaeffler Group is managed by the Board of Managing Directors of Schaeffler AG. The Board of Managing Directors consists of the CEO and the members of the Board of Managing Directors responsible for the divisions and functions. The Board of Managing Directors of Schaeffler AG is directly responsible for managing the company, sets objectives and the company’s strategic direction, and manages the implementation of the company’s strategy. As at December 31, 2024, the Board of Managing Directors consisted of nine members. Jointly with the four regional CEOs, it represents the Schaeffler Group’s Executive Board. The percentage of female members of the Board of Managing Directors was 11.1% (1/9) as at December 31, 2024. The average ratio of female to male members during the year was 13.8% (1:7.3).

The Schaeffler AG Supervisory Board appoints, advises, and oversees the Schaeffler AG Board of Managing Directors. The Schaeffler AG Supervisory Board is subject to member parity under the German Co-Determination Act (“Mitbestimmungsgesetz” – MitbestG) and consists of a total of 20 members. Ten of these members are appointed by the annual general meeting, and ten members are elected by the employees in accordance with the requirements of the German Co-Determination Act. The percentage of female members of the Supervisory Board was 35.0% (7/20) as at December 31, 2024. The average ratio of female to male members during the year was 53.9% (6.9:12.8).

The Supervisory Board of Schaeffler AG takes the German Corporate Governance Code into account in its work. Therefore, it ensures, among other things, that more than half of the

shareholder representatives are independent from the company and its Board of Managing Directors, and that at least two shareholder representatives are independent from the controlling shareholder, and that no more than two former members of the Board of Managing Directors are members of the Supervisory Board. As at December 31, 2024, 90.0% of the shareholder representatives on the Supervisory Board were independent as defined in the German Corporate Governance Code. The percentage of independent members is 60.0% with respect to the Supervisory Board as a whole, because, along with one shareholder representative who is not independent, seven employee representatives are employed by subsidiaries of Schaeffler AG and, therefore, are classified as not independent.

Information on the composition and diversity of the Supervisory Board of Schaeffler AG and on the roles and responsibilities is set out in the qualifications matrix of the members of the Supervisory Board. The members of the Board of Managing Directors are assisted by relevant departments with the necessary expertise and skills in the area of sustainability and on business conduct matters. The members of the Supervisory Board take responsibility for undertaking professional development measures on these topics.

 Supplemental information on ESRS 2 GOV-1 21 c and ESRS 2 GOV-1 23 a on pp. i7 et seq.

The Board of Managing Directors of Schaeffler AG represents the key decision-making body for sustainability matters and is assisted by the regional CEOs in making decisions. Responsibility for the sustainability strategy lies with the CEO. Being a supervisory body, the Supervisory Board is tasked with overseeing fundamental decisions relating to the sustainability strategy and its implementation.

The Board of Managing Directors is assisted by topic-specific steering groups which share information regularly, assess implementation progress, and prepare discussions for the Board of Managing Directors. Steering groups for the relevant topics are managed by sponsors defined at the Board of Managing

Directors level and coordinated by the sustainability strategy department. The company’s global sustainability network does preparatory content-related work for the steering groups and reflects the Schaeffler Group’s organizational structure by comprising representatives of all divisions, functions, and regions. These steering groups were defined as follows during the year: Strategy, Green Purchasing, Green Production, Green Products, Finance & IT, and People. The sustainability strategy was realigned as at January 1, 2025, which also involved defining new steering groups (see section ESRS 2 SBM-1).

More detailed discussions of the responsibilities of the Schaeffler AG Board of Managing Directors regarding implementation of various sustainability-related policies are set out in the sections on the relevant topical standard.

Below the level of the Board of Managing Directors of Schaeffler AG, various boards and committees have been established to oversee and manage the company’s sustainability processes. Specifically, this includes the **Sustainability Committee** which consists of the members of the Board of Managing Directors, the regional CEOs, and the heads of the relevant technical departments. The Sustainability Committee is chaired by the CEO and is responsible for defining and adjusting the sustainability strategy as well as the ESG targets and monitors progress towards meeting these targets. It establishes roles and responsibilities in order to manage and implement the sustainability strategy, especially for topics affecting more than one organizational unit. Additionally, it manages sustainability initiatives and projects, defines and adapts their structure under the Schaeffler execution program, and reviews the status, progress, and budgets of these initiatives.

The **Governance, Risk & Compliance Committee (GRCC)** is responsible for monitoring and managing high-level governance, risk, and compliance management requirements and for implementing the relevant appropriate actions. In this manner, it assists the Board of Managing Directors in meeting its due diligence obligations. The GRCC is co-chaired by the CEO and the CFO who both represent the GRCC on the Board of Managing Directors as well as on the Supervisory Board.

On behalf of the GRCC, the **Risk Sub-Committee** headed up by the CFO regularly reviews in detail the Schaeffler Group’s risks and opportunities, makes adjustments as necessary, approves the risk position, and assists the Board of Managing Directors and the GRCC with ensuring an appropriate and effective risk management system.

Board of Managing Directors of Schaeffler AG – information on diversity and experience

		Klaus Rosenfeld	Claus Bauer	Dr. Astrid Fontaine	Andreas Schick	Jens Schüler	Thomas Stierle	Uwe Wagner	Sascha Zaps	Matthias Zink
Date appointed		10/24/2014	09/01/2021	01/01/2024	04/01/2018	01/01/2022	10/01/2024	10/01/2019	05/01/2024	01/01/2017
Diversity	Gender	m	m	f	m	m	m	m	m	m
	Year of birth	1966	1966	1969	1970	1974	1969	1964	1974	1969
	Nationality	German	German/ American	German/ American	German	German	German	German	German	German
Relevant experience, expertise, and skills										
International experience	Europe region	●	●	●	●	●	●	●	●	●
	Americas region	●	●	●	●	●	●		●	
	Greater China region			●						●
	Asia/Pacific region				●					●
Sectors and products	Automotive sector	●	●	●	●	●	●	●	●	●
	Industrial sector	●	●		●			●	●	
Sustainability expertise	Environmental sustainability	●	●	●	●	●	●	●	●	●
	Social sustainability	●	●	●	●					
	Compliance and/or business conduct	●	●	●	●	●	●	●	●	●

● Criterion met, based on self-assessment by members of the Board of Managing Directors.

Information provided to and sustainability matters addressed by the company's administrative, management, and supervisory bodies [GOV-2]

As described in section ESRS 2 GOV-1, the Sustainability Committee, the Governance, Risk & Compliance Committee, and the Risk Sub-Committee represent the Schaeffler Group's relevant bodies overseeing and managing sustainability processes. It is in the context of these bodies that the Board of Managing Directors is regularly informed about material IROs identified in the double materiality assessment and about actions to address them. The Board of Managing Directors is also briefed on the ESG target implementation status during quarterly Sustainability Committee meetings.

The GRCC manages and monitors the implementation and development of appropriate governance, risk, and compliance management systems. This also includes sustainability matters such as ESG risks, opportunities, and actions as well as human rights compliance.

At its quarterly meetings, the Risk Sub-Committee addresses all of the Schaeffler Group's material risks and opportunities, including ESG-related risks and opportunities. It provides its risk management report to the Board of Managing Directors semi-annually to update the Board on material opportunities and risks. Reporting to the audit committee of the Supervisory Board is performed annually.

Like the Board of Managing Directors, the Supervisory Board is also provided with information on material IROs as well as the sustainability strategy at the regular Supervisory Board meetings. The Board of Managing Directors and the Supervisory Board of Schaeffler AG have addressed the material IROs during the year. A list of material IROs is set out in section ESRS 2 SBM-3.

Integration of sustainability-related performance in incentive schemes [GOV-3]

Selected targets are incorporated into the annual performance-based remuneration of Managing Directors, management, and eligible employees to further incentivize the achievement of the ESG targets set by the company.

ESG targets are reflected in both the short-term bonus (STB) and the long-term bonus (LTB) of all eligible employee groups.

In the STB, ESG targets are weighted at 20% and defined annually. Since such ESG targets can include climate targets, climate targets can be weighted at up to 20% of the STB. In setting targets, care is taken to ensure that remuneration reflects different ESG dimensions and that there is sufficient continuity in remuneration-relevant targets.

The Supervisory Board defines the targets for the variable remuneration of the Board of Managing Directors of Schaeffler AG, which then cascades these targets on to other management levels and eligible employees in the Schaeffler Group.

The following Schaeffler ESG targets were defined for the STB 2024:

- **“Increase energy efficiency”** by implementing energy efficiency measures that will result in minimum annual energy savings of 20 GWh due to the measures implemented in 2024, and
- **“Improve occupational safety”** by reducing the occupational accident rate, measured as a reduction in the lost-time injury rate (LTIR) to at most 2.65 per one million man hours worked.

The Schaeffler Group's long-term strategy focuses on the topic of sustainability and, in particular, the topic of climate. A climate-related target was included in the LTB 2024. For each LTB performance period, the Supervisory Board sets one or more targets that contribute to achieving the Schaeffler Group's climate-related targets. Target achievement for the relevant performance period is determined by comparing the relevant actual amount to the target amount set by the Supervisory Board. Unless otherwise specified, the decarbonization target is weighted at 25%, the percentage of the non-financial performance criteria for the LTB.

During the year, a target to reduce the Scope 1 and Scope 2 emissions by 2027 was set for the LTB. Scope 1 refers to the Schaeffler Group's direct emissions from combustion of fuel – defined as the primary emission sources of natural gas, heating oil, propane, and methanol – in stationary systems. Scope 2 covers the Schaeffler Group's indirect emissions resulting from the consumption of electricity and district heating. The Supervisory Board passed a resolution to fix the target achievement rates for the climate target of the unvested LTB tranches and the 2024–2027 tranche because the incentivization originally intended is no longer achievable with the original targets due to the merger.

The proportion of variable target-based remuneration linked to sustainability-related targets was 22.6% in 2024. The percentage of the total variable remuneration recognized in the current period that is linked to climate targets amounts to 5.7%. Please refer to the remuneration system and/or the remuneration report for further details.

As the Supervisory Board of Schaeffler AG does not receive any variable remuneration, no sustainability targets have been incorporated.

Statement on due diligence [GOV-4]

The main aspects and steps of due diligence are closely related to a number of cross-cutting and topical disclosure requirements under the ESRS. The following mapping sets out the core elements of the due diligence process and describes how and where these are reflected within this sustainability statement.

References to core elements of due diligence

Core elements of due diligence	Paragraphs in the sustainability statement
(1) Embedding due diligence in governance, strategy, and business model	ESRS 2 GOV-1 ESRS 2 GOV-2 ESRS 2 GOV-3 ESRS 2 SBM-3
(2) Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 GOV-2 ESRS 2 SBM-2 ESRS 2 IRO-1 Disclosures on targets in the relevant topical standards
(3) Identifying and assessing adverse impacts	ESRS 2 IRO-1 ESRS 2 SBM-3
(4) Taking actions to address those adverse impacts	Disclosures on actions and transition plans in the relevant topical standards
(5) Tracking the effectiveness of these efforts and communicating	Disclosures on actions and targets in the relevant topical standards

Risk management and internal controls over sustainability reporting [GOV-5]

The Board of Managing Directors of Schaeffler AG is required to put in place a risk management system that is appropriate and effective in light of the scope of the company’s business activities and its risk situation as well as a corresponding internal control system (ICS). Under the German Corporate Governance Code, this should also encompass sustainability targets. The

groupwide risk management system and the ICS over sustainability reporting are based on the management-oriented enterprise risk management (ERM) approach, which in turn has its basis in the globally recognized framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The objective of the Schaeffler Group’s risk management system is to ensure risks are identified, assessed, prioritized, and managed on a timely basis. Sustainability-related risks are integrated into the risk management system. The objective of the ICS over sustainability reporting is to ensure that ESG data is complete and accurate, to transparently document the associated processes for collecting, processing, and approving data, and to point out potential for improvement where needed. The reportable quantitative and qualitative data was identified in the materiality assessment (see section ESRS 2 IRO-1). The ICS over sustainability reporting is designed to ensure that the quantitative and qualitative data disclosed in the sustainability statement is free from material error and that the reliability of sustainability reporting is assured. Implemented controls are designed to detect and prevent errors in collecting, processing, and approving data.

The company started implementing its ICS over sustainability reporting in 2023. The methodology of the ICS over sustainability reporting is based on uniform standards in the same manner as the company-wide ICS. As soon as sustainability-related risks and controls have been identified, documented, rolled out, and tested for appropriateness and effectiveness for initial piloting entities, they are transferred to the normal operations of the company-wide ICS the following year.

The Schaeffler Group assesses the quantitative and qualitative data to be disclosed using a risk-based approach, and works with the technical departments to identify the standard controls required, focusing on processes. These standard controls are rolled out in material operating units, regions, and corporate departments. Additionally, the company performs relevant quality assurance measures. The appropriateness and effectiveness of internal controls over sustainability reporting was tested for selected processes and locations by an independent tester during the year. Based on the results of these control tests, remediation actions for any control deficiencies are defined and the data collection processes are optimized iteratively together with the relevant technical departments. Further, quantitative datapoints are approved by the technical departments relevant to compilation under the two-person principle. The datapoints supplied are reviewed at the corporate level for consistency and completeness.

The risk position and the appropriateness and effectiveness of internal controls over sustainability reporting are reported on annually to Schaeffler AG's Board of Managing Directors and audit committee. The reports include all net exposures with a medium or high impact as well as an aggregated summary of opportunities. Between regular reporting dates, the Board of Managing Directors is informed of any significant changes in the risk situation timely in a defined process. Reports are also provided to the management of the operating units and the regions on a similar basis.

Strategy

Strategy, business model and value chain [SBM-1]

The Schaeffler Group has 115,937 employees¹². Being a Motion Technology Company, the Schaeffler Group actively supports its customers in the wide range of motion technology with its comprehensive expertise in development, systems, and manufacturing. The revenue line in the consolidated income statement for 2024 amounts to EUR 18,188 m.


Number of employees by geographical area

headcount as at 12/31/2024	2024
Europe	68,391
Americas	18,279
Greater China	19,137
Asia/Pacific	10,130

 Supplemental information on ESRS 2 SBM-1 40 a i, ii, on pp. 4 et seq.

Sustainability and climate change mitigation are pivotal elements of the group strategy and significantly shape the Schaeffler Group’s entire product range. The company strives to assume environmental and social responsibility toward its stakeholders throughout the value chain. Along with developing sustainable products and

technologies, this also encompasses promoting decarbonization and improving working conditions and workplace safety in all geographic areas the Schaeffler Group operates in either directly or indirectly. The Schaeffler Group focuses on developing sustainable products and technologies, especially solutions for electrified drives and in the field of circular economy and remanufacturing, to provide its customers with sustainable solutions for the mobility and energy systems of the future. The company optimizes energy-efficient products and reduces its consumption of resources in production with the aim of minimizing its environmental footprint.

 More on the group strategy on pp. 9 et seq.

The merger with Vitesco Technologies Group AG effective October 1, 2024, and the gradual realignment are visibly influencing the Schaeffler Group’s strategic direction. The company intends to communicate a comprehensively updated group strategy 2030 at the Capital Markets Day planned for 2025.

To date, the group strategy has been executed via the execution program which consists of four divisional and four cross-divisional subprograms following the realignment as at October 1, 2024. The cross-divisional “Sustainability & Infrastructure” subprogram (referred to as “Sustainability & Engagement” in the prior year) is dedicated to embedding environmental and social responsibility in the company’s value chain as a key success factor for sustainable management and forms the framework for implementing the sustainability strategy and meeting sustainability targets.

In 2024, the “Sustainability & Infrastructure” subprogram was divided into six overarching sustainability initiatives aimed at promoting the Schaeffler Group’s sustainable transformation by topic:

- (1) Strategy
- (2) Green Purchasing
- (3) Green Production
- (4) Green Products
- (5) Finance & IT
- (6) People

The “Green Purchasing”, “Green Production”, and “Green Products” initiatives set priorities along the entire value chain. They encompass projects featuring, among other things, specific decarbonization activities in the supply chain, in production, and in the product portfolio, as well as additional reduction measures in the company’s own production such as those for freshwater withdrawal. The higher-level “Strategy”, “Finance & IT”, and “People” initiatives form the data- and qualifications-related foundation for the sustainability transformation. By embedding sustainability topics in the execution program as a key component, potential dependencies on and interactions with other strategic topics and subprograms can be identified and addressed early on. The structure of the Schaeffler Group’s subprogram with its six sustainability initiatives as described above was in place throughout 2024.

¹² This figure differs from the number of employees reported in the “Organizational structure and business activities” chapter since, under ESRS, the term employee is considered to include all temporary employees.


The Schaeffler Group's sustainability strategy was updated in 2024. To this end, the company has developed five overarching fields of action that replace the ten fields of action previously addressed in the sustainability strategy. The initiatives are derived from priorities that were set for each of these fields of action. The five newly defined fields of action are:

- **“Driving Climate Action towards Net-Zero”**, to reduce greenhouse gas emissions in the company's own operations and along the value chain
- **“Transitioning towards a Circular Economy”**, aimed at reducing the impact on the environment by integrating circular economy principles
- **“Protecting Human Rights & Work Conditions”**, to ensure and promote human rights and fair working conditions
- **“Empowering People for a Sustainable Future”**, to improve the skills of the company's own employees and workers in the value chain, focusing on diversity, equity and inclusion, and retaining talents
- **“Ensuring Integrity in Decision Making”**, aimed at ensuring that the Schaeffler Group's decisions are guided by standards of integrity and stakeholder dialog with reliable data and transparent reporting.

Hence, the structure of the subprogram will be realigned with the new fields of action in 2025.

Schaeffler Group business model and value chain

The Schaeffler Group develops and manufactures components and systems for powertrains and chassis. The company also offers rolling and plain bearing solutions for various industries. Additionally, the company provides repair solutions in original-equipment quality for the global automotive spare parts market.

 More on the Schaeffler Group's business activities on pp. 4 et seq.

The Schaeffler Group requires raw materials from large and small-scale mining, including ores for steel, aluminum, precious metals, copper, crude oil for polymers, rare earths, and processed components such as electronics for its production. Following extraction, these materials are processed in processes such as crushing, grinding, concentrating, refining, and smelting and are sourced from a global base of suppliers. The company sources parts and components such as castings and forgings, injection-molded plastic parts, as well as electronics components and raw steel from suppliers ranging from Tier 1 to indirect Tier n suppliers and processes and refines them in its own production plants worldwide. Manufacturing processes include tempering steel, heat treatment, forging and assembling end products, and manufacturing electronics.

In order to appropriately take into account the requirements along the value chain, the Schaeffler Group has established formats for engaging with various stakeholders, including project workshops and events. The company uses these formats to further establish and gradually implement sustainability in its portfolio and own operations. In this manner, the Schaeffler Group also aims to secure its inputs¹³ while improving the quality of its offering to customers, investors, and other relevant stakeholders.

The Schaeffler Group, an integrated automotive and industrial supplier, serves automobile and industrial manufacturers operating worldwide who install Schaeffler products in various end products in the downstream value chain, making them part of the relevant life cycle. These end products include vehicles with internal combustion engines as well as hybrid and electric vehicles, machines for metal fabrication and processing, for mining and raw materials processing, for agriculture, and construction machinery, wind turbines, and hydroelectric and solar power plants.

At the end of their life cycle, both the Schaeffler Group's products and the end products containing them are intended to be recycled, incinerated to generate energy, or disposed of in a manner that is as eco-friendly as possible.

Interests and views of stakeholders [SBM-2]

The Schaeffler Group communicates regularly with its stakeholders in a variety of formats and takes the interests and views of stakeholders, for instance on ESG topics, into account in its strategic and entrepreneurial decisions. The Schaeffler Group has established various principles for its interaction with certain stakeholders.

The summary on the following page provides an overview of the key stakeholders, the nature and purpose of engagement, and of how its outcomes are taken into account by the company. Further, there is dialog with additional stakeholder groups, such as users and end users, workers in the value chain, affected communities, and vulnerable groups, as well as scientists and media representatives. Protecting nature is considered indirectly by NGOs and studies.

The regular dialog described herein has allowed the company to take the interests of stakeholder groups into account when assessing IROs in the materiality assessment. The assessment showed that many of the IROs identified as material are already being addressed in the sustainability strategy or the management systems for sustainability-related due diligence. A need for adjustments to the strategy and management systems was identified for selected IROs and for certain sections of the value chain – especially the deeper supply chain and indirect business partners in the downstream value chain.

¹³ In the context of ESRS, “inputs” should be understood to mean, for instance, materials and raw materials.

Interests and views of stakeholders

Stakeholders	Type of engagement	Purpose of engagement	Engagement outcomes taken into account
Customers	<ul style="list-style-type: none"> Schaeffler Stakeholder Dialog workshops and bilateral meetings multi-stakeholder initiatives trade fairs responding to customer requests 	<ul style="list-style-type: none"> ensuring customer satisfaction gaining insight and meeting expectations establishing strategic partnerships 	<ul style="list-style-type: none"> collaborations in various sustainability projects cooperation in meeting sustainability targets exchanging relevant ESG data
Employees	<ul style="list-style-type: none"> information sessions employee meetings training formats employee surveys internal communication formats, e.g., Intranet MySchaeffler whistleblowing system 	<ul style="list-style-type: none"> attracting and retaining employees ensuring adequate working conditions and human rights raising awareness and providing support with respect to sustainability 	<ul style="list-style-type: none"> measures promoting personal and career development measures to improve communications, cooperation & processes sustainability and climate training
Labor unions	<ul style="list-style-type: none"> dialog negotiations contracts 	<ul style="list-style-type: none"> attracting and retaining employees ensuring adequate working conditions taking into account employees' interests 	<ul style="list-style-type: none"> good working conditions for employees creating and preserving jobs
Suppliers and service providers	<ul style="list-style-type: none"> Schaeffler Stakeholder Dialog multi-stakeholder initiatives, e.g., Sector Dialogue Automotive Industry supplier meetings supplier section of Schaeffler website whistleblowing system 	<ul style="list-style-type: none"> assuming responsibility in the supply chain partnerships, including for respecting human rights, decent working conditions, environmental protection, climate targets improving cooperation and increasing influence within the supply chain 	<ul style="list-style-type: none"> long-term and sustainable business relationships and environment improving working conditions of affected groups strengthening resilience and increasing transparency along the upstream supply chain carrying out joint pilot projects
Investors, analysts, and shareholders	<ul style="list-style-type: none"> conferences bilateral meetings roadshows responding to requests financial/ESG reporting annual general meeting 	<ul style="list-style-type: none"> meeting expectations and requirements regarding ESG matters in order to favorably influence investment decisions 	<ul style="list-style-type: none"> transparent and stringent ESG reporting, including on the transformation trajectory communication of relevant ESG metrics
Banks and lenders	<ul style="list-style-type: none"> financial/ESG reporting bilateral meetings 	<ul style="list-style-type: none"> meeting expectations and requirements regarding ESG matters for better credit terms 	<ul style="list-style-type: none"> publication of the Green and Sustainability-Linked Financing Framework including sustainability-linked KPIs in debt agreements
Civil society organizations and NGOs	<ul style="list-style-type: none"> Schaeffler Stakeholder Dialog multi-stakeholder initiatives cross-sector partnerships responding to requests whistleblowing system 	<ul style="list-style-type: none"> good relations with civil society and its protection obtaining feedback and recommendations for action 	<ul style="list-style-type: none"> strengthening human and environmental rights to contribute to a sustainable supply chain
Industry associations	<ul style="list-style-type: none"> working groups 	<ul style="list-style-type: none"> sharing challenges and best practices strengthening cooperation 	<ul style="list-style-type: none"> sharing best-practice approaches and know-how developing joint industry standards
Governments, politics, and authorities	<ul style="list-style-type: none"> bilateral meetings information sessions forums and events consultations 	<ul style="list-style-type: none"> complying with legislation lobbying taking into account the development of new regulatory requirements 	<ul style="list-style-type: none"> complying with legal requirements deriving measures based on political developments

Initial actions to address the need for these adjustments have been launched and partly already implemented as part of strategic projects under the Schaeffler Sustainability Strategy in 2024. These projects are aimed at increasing engagement with affected stakeholders, such as workers in the value chain and affected communities, and effectively addressing in the Schaeffler Group's sustainability strategy and management systems impacts and risks identified as material within the deeper supply chain. The company's aim in this is to build a stronger relationship with the relevant stakeholders and to promote trust. It also became clear that stakeholders are taking advantage of the increased opportunities to exert influence.

The Sustainability Committee is updated quarterly on the progress of the strategic projects regarding ESG topics, including on engagement with and expectations of stakeholders. The Supervisory Board is briefed as the need arises as well.

Material IROs and their interaction with strategy and business model [SBM-3]

The overview on pp. 53 et seq lists the material IROs identified by the Schaeffler Group in its double materiality assessment.

The sustainability-related opportunities for 2024 were identified in the risk management process. Due to the ongoing integration of Vitesco Technologies Group AG and the related update of the group strategy, the materiality of opportunities will first be assessed in the coming year.

Material IROs are described in detail in the introductions to the topic-specific chapters. The approach followed in the double materiality assessment is discussed in further detail in section ESRS 2 IRO-1.

The current and future influence of IROs on the company's strategy, business model, value chain, and decision-making is continually reviewed and corresponding actions are developed. In 2024, no IROs identified and no actions taken or planned have resulted in any changes to the company's strategy or business model.

No events resulting in any material financial effects occurred during the year in connection with the material sustainability-related risks and identified sustainability-related opportunities. Hence, there are also no indications that any material adjustments to the assets and liabilities reported in the related financial statements are expected within the next year.

Similarly, the resilience of the company's strategy and business model as well as its capacity to address current and future material impacts and risks and to take advantage of identified opportunities are continually monitored and actions are developed as needed. Findings from the climate and environmental resilience analyses described in ESRS E1 SBM-3 and ESRS E4-1 are reflected in these activities as well.

Management of impacts, risks, and opportunities (IROs)

Description of the process to identify and assess material impacts, risks, and opportunities [IRO-1]

The Schaeffler Group's material IROs were identified and assessed in accordance with the double materiality assessment process set out in ESRS 1 and was based on the implementation guidance issued by EFRAG in May 2024. This process was performed for the first time during the year and will be enhanced in the coming years.

Two dimensions (double materiality) were considered when determining the materiality of sustainability matters – firstly, the materiality of the Schaeffler Group's impacts on people or the environment (inside-out), and secondly, the materiality of the financial risks and opportunities on the Schaeffler Group's business activities (outside-in) generated by sustainability matters.

The methodology for the double materiality assessment and the interim results were presented to the Schaeffler Group's Executive Board over the course of the year. The final approval of the IROs identified as material was also granted by the Executive Board.

The company also aims to ensure, via internal controls, that the methodology for the double materiality assessment is documented and material IROs are completely and properly included in the sustainability statement.

Impacts, risks, and opportunities ¹⁾ (IROs)	Time horizon ²⁾			Value chain			Reference
	short-term	medium-term	long-term	upstream	own operations	downstream	
ESRS E1 Impacts associated with climate change							
CLIMATE CHANGE MITIGATION							
● Emission of greenhouse gases (Actual negative impacts)	■	□	□	■	■	■	ESRS E1
ENERGY							
● High consumption of energy (Actual negative impacts)	■	□	□	■	■	■	ESRS E1
ESRS E1 Physical risks associated with climate change							
● Damage and interruption of operations due to extreme weather events (Physical risks)	■	□	□	□	■	□	ESRS E1
● Damage and interruption of operations due to earthquakes (Physical risks)	■	□	□	□	■	□	ESRS E1
ESRS E1 Transition risks and opportunities associated with climate change							
● Increasing costs due to stricter climate-related regulatory requirements (e.g., CBAM, CO ₂ e pricing) (Transition risks)	□	■	□	■	■	□	ESRS E1
● Growing stakeholder demands for use of low-emission and eco-friendly materials (Transition risks)	□	□	■	□	□	■	ESRS E1
● Sales opportunities from changed customer preferences and increased demand for electric mobility solutions (Automotive Technologies & Vehicle Lifetime Solutions divisions) (Opportunities)	□	■	□	□	□	■	ESRS E1
● Sales opportunities from solutions for renewable energy (Opportunities)	□	■	□	□	□	■	ESRS E1
● Sales opportunities from development and/or expansion of low-emission products and services (Transportation & Mobility/Machinery & Materials) (Opportunities)	□	■	□	□	□	■	ESRS E1

Impacts, risks, and opportunities ¹⁾ (IROs)	Time horizon ²⁾			Value chain			Reference
	short-term	medium-term	long-term	upstream	own operations	downstream	
ESRS E2 Impacts and risks associated with pollution							
POLLUTION OF AIR							
● Pollution of air through processes and products (Actual negative impacts)	■	□	□	■	□	■	ESRS E2
POLLUTION OF WATER, SOIL, LIVING ORGANISMS, AND FOOD RESOURCES							
● Pollution through raw material extraction processes (Actual negative impacts)	■	□	□	■	□	■	ESRS E2
SUBSTANCES OF (VERY HIGH) CONCERN AND PFAS							
● Use of substances of (very high) concern and PFAS (Actual and potential negative impacts)	■	□	□	■	□	■	ESRS E2
● General ban on PFAS (EU ban proposal) (Risks)	□	■	□	■	□	■	ESRS E2
ESRS E3 Impacts and risks associated with water							
WATER							
● Large freshwater withdrawals through own operations (Actual negative impacts)	■	□	□	□	■	□	ESRS E3
● Large water withdrawals and discharges in the value chain (Actual negative impacts)	■	□	□	■	□	■	ESRS E3
● Limited availability of water for own business processes and supply chain vulnerability to water scarcity in certain regions (Physical risks)	□	□	■	■	■	□	ESRS E3
● Growing stakeholder demands for closed-loop water circulation systems (Transition risks)	□	■	□	□	□	■	ESRS E3

¹⁾ The opportunities listed are identified opportunities. Due to the ongoing integration of Vitesco Technologies Group AG and the related update of the group strategy, the materiality of opportunities will first be assessed in the coming year.
²⁾ Time horizons identified represent the estimated earliest time of occurrence of material impacts, risks, and identified opportunities.

Impacts, risks, and opportunities ¹⁾ (IROs)	Time horizon ²⁾			Value chain			Reference
	short-term	medium-term	long-term	upstream	own operations	downstream	
ESRS E4 Impacts and risks associated with biodiversity and ecosystems							
DIRECT IMPACT DRIVERS OF BIODIVERSITY LOSS							
● Contribution to direct impact drivers of biodiversity loss (Actual negative impacts)	■	□	□	■	■	■	ESRS E4
IMPACTS AND RISKS RELATED TO THE STATE OF SPECIES, EXTENT AND CONDITION OF ECOSYSTEMS, AND ON ECOSYSTEM SERVICES							
● Impacts on the state of species, extent and condition of ecosystems, and on ecosystem services from raw material extraction processes (Actual negative impacts)	■	□	□	■	□	■	ESRS E4
● Increasing costs due to growing ecosystem-related regulatory requirements (e.g., extraction of raw materials) (Transition risks)	□	■	□	■	□	□	ESRS E4
ESRS E5 Impacts, risks, and opportunities associated with resource use and circular economy							
RESOURCE INFLOWS, INCLUDING RESOURCE USE							
● Use of large quantities of primary materials (Actual negative impacts)	■	□	□	■	■	□	ESRS E5
● Limited availability of sustainable raw materials and components (Transition risks)	□	■	□	■	□	□	ESRS E5
● High capital expenditures for circularity of processes and products (Transition risks)	□	■	□	□	■	□	ESRS E5
RESOURCE OUTFLOWS RELATED TO PRODUCTS AND SERVICES							
● Low recyclability of certain product materials (Actual negative impacts)	■	□	□	□	■	■	ESRS E5
● Sales opportunities from use of sustainable & recycled materials in products (Opportunities)	□	■	□	□	■	■	ESRS E5
WASTE							
● Generation of hazardous and non-hazardous waste (Actual negative impacts)	■	□	□	■	■	■	ESRS E5

Impacts, risks, and opportunities ¹⁾ (IROs)	Time horizon ²⁾			Value chain			Reference
	short-term	medium-term	long-term	upstream	own operations	downstream	
ESRS S1 Impacts and risks associated with own workforce							
WORKING CONDITIONS							
● Decent and healthy working conditions (Actual and potential positive impacts)	■	□	□	□	■	□	ESRS S1
● Poor working conditions in risk-prone countries (Potential negative impacts)	■	□	□	□	■	□	ESRS S1
● Occurrence of work-related accidents (Actual negative impacts)	■	□	□	□	■	□	ESRS S1
● Job losses due to transformation processes (Actual negative impacts)	■	□	□	□	■	□	ESRS S1
EQUAL TREATMENT AND OPPORTUNITIES FOR ALL							
● Training and development programs (Actual positive impacts)	■	□	□	□	■	□	ESRS S1
● Challenges related to equal treatment and opportunities for all of the company's own workforce (Actual and potential negative impacts)	■	□	□	□	■	□	ESRS S1
OTHER WORK-RELATED RIGHTS							
● Violations of other work-related rights (Potential negative impacts)	■	□	□	□	■	□	ESRS S1
● Violation of legal obligation to take remedial action on human rights violations against the company's own workforce (Risks)	□	■	□	□	■	□	ESRS S1
● Data protection breaches (Potential negative impacts)	■	□	□	□	■	□	ESRS S1

¹⁾ The opportunities listed are identified opportunities. Due to the ongoing integration of Vitesco Technologies Group AG and the related update of the group strategy, the materiality of opportunities will first be assessed in the coming year.

²⁾ Time horizons identified represent the estimated earliest time of occurrence of material impacts, risks, and identified opportunities.

Impacts, risks, and opportunities ¹⁾ (IROs)	Time horizon ²⁾			Value chain			Reference
	short-term	medium-term	long-term	upstream	own operations	downstream	
ESRS S2 Impacts and risks associated with workers in the value chain							
WORKING CONDITIONS							
● Poor working conditions of value chain workers (Actual and potential negative impacts)	■	□	□	■	□	■	ESRS S2
EQUAL TREATMENT AND OPPORTUNITIES FOR ALL							
● Discriminatory practices and harassment of value chain workers (Actual and potential negative impacts)	■	□	□	■	□	■	ESRS S2
OTHER WORK-RELATED RIGHTS							
● Violation of other work-related rights of value chain workers (Actual and potential negative impacts)	■	□	□	■	□	■	ESRS S2
● Violation of legal obligation to take remedial action on human rights violations against workers in the value chain (Risks)	□	■	□	■	□	□	ESRS S2
ESRS S3 Impacts associated with affected communities							
COMMUNITIES' ECONOMIC, SOCIAL, AND CULTURAL RIGHTS							
● Violations of economic, social, and cultural rights of surrounding communities (Potential negative impacts)	■	□	□	■	□	■	ESRS S3
COMMUNITIES' CIVIL AND POLITICAL RIGHTS							
● Disregard of civil and political rights of surrounding communities (Potential negative impacts)	■	□	□	■	□	■	ESRS S3
RIGHTS OF INDIGENOUS PEOPLES							
● Violations of rights of indigenous peoples (Potential negative impacts)	■	□	□	■	□	■	ESRS S3

Impacts, risks, and opportunities ¹⁾ (IROs)	Time horizon ²⁾			Value chain			Reference
	short-term	medium-term	long-term	upstream	own operations	downstream	
ESRS G1 Impacts associated with business conduct							
CORPORATE CULTURE							
● Strong corporate culture (Actual positive impacts)	■	□	□	□	■	□	ESRS G1
WHISTLEBLOWER PROTECTION							
● Lack of adequate whistleblower protection (Potential negative impacts)	■	□	□	■	■	■	ESRS G1
MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS, INCLUDING PAYMENT PRACTICES							
● Impacts of payment practices on suppliers' economic situation (Potential negative impacts)	■	□	□	□	■	■	ESRS G1
CORRUPTION AND BRIBERY							
● Impacts of corruption and bribery (Potential negative impacts)	■	□	□	■	■	■	ESRS G1

¹⁾ The opportunities listed are identified opportunities. Due to the ongoing integration of Vitesco Technologies Group AG and the related update of the group strategy, the materiality of opportunities will first be assessed in the coming year.
²⁾ Time horizons identified represent the estimated earliest time of occurrence of material impacts, risks, and identified opportunities.

Process for identifying material impacts

The process for identifying, assessing, and prioritizing potential and actual positive and negative impacts on people and the environment was performed in three steps:


Step 1 – Understanding the context: The starting point of the double materiality assessment was an assessment of the Schaeffler Group’s business model and the relevant activities along the value chain including their potential relevance especially for the sustainability matters listed in ESRS 1 AR 16. This included analyzing the requirements of relevant stakeholders, considering the results of prior years’ materiality assessments, and conducting workshops with external experts. The analysis of relevant stakeholders’ interests referred to pre-existing surveys and analyses as well as external studies.

Step 2 – Identification of impacts: Based on this understanding of the context, actual and potential positive and negative impacts were identified along the sustainability matters listed in ESRS 1 AR 16 and the time horizons defined in ESRS 1 section 6.4. This process considered the impacts with which the company is involved through its own operations and/or as a result of its business relationships. Along with ESRS topic-related matters, the Schaeffler Group also considered potential entity-specific topics as well as impacts that could potentially arise from the merger of Vitesco Technologies Group AG into Schaeffler AG.

Step 3 – Assessment of materiality: The impacts identified were assessed along the value chain based on the parameters required by ESRS – severity and likelihood – with likelihood only considered for potential impacts. For purposes of assessing negative impacts, severity was calculated as the average of the three factors scale, scope, and irremediable character. For positive impacts, severity was assessed based on scale and scope.


In order to facilitate a consistent approach to assessing these parameters, the Schaeffler Group applied uniform qualitative assessment scales in 2024. In addition, the company ensured that the severity of impacts carried greater weight than their likelihood.

Finally, the assessed results for each impact were mapped to a matrix with materiality thresholds. This matrix is harmonized with the matrix of the risk management system (RMS) with respect to the qualitative parameters of severity¹⁴ and likelihood.

 More on the risk management system in the “Governance systems” chapter on pp. i16 et seq.

Impacts assessed as exceeding the defined thresholds were classified as material to the Schaeffler Group and are reported on in this sustainability statement. A total of 30 impacts were classified as material. These are set out in the table in section ESRS 2 SBM-3 and discussed in detail in the relevant “Environment”, “Social”, and “Business conduct” chapters.

Process for identifying material risks and opportunities
Identification of sustainability-related risks and opportunities is integrated in the Schaeffler Group’s existing RMS and, therefore, in its management process. Material risks were identified in three steps. The materiality of identified opportunities will first be fully assessed in the coming year, similarly based on the methodology described below.

 More on the risk management system in the “Governance systems” chapter on pp. i16 et seq.

Step 1 – Understanding the context and preparing for identification:

In order to ensure the completeness of sustainability-related risks and opportunities considered, the company first analyzed the relevance of all sustainability matters set out in ESRS 1 AR 16. The Schaeffler Group then added the relevant sustainability matters to its existing catalog of risk and opportunity categories. Further, all identified impacts on people and the environment along with the associated stages of the value chain were input into the process in order to ensure that any financial risks and dependencies they could give rise to are captured and assessed as well.

Step 2 – Identification of risks and opportunities: The process of identifying all risks and opportunities was part of the Schaeffler Group’s existing RMS. The timeframes for identifying risks and opportunities are also the same as the time horizons defined in ESRS 1 section 6.4 and are based on the Schaeffler Group’s outlook period (1 year), long-range plan (5 years), and strategic plan (10 years).

Step 3 – Assessment of materiality: The materiality of sustainability-related risks was assessed using the same methodology as that used for the other risks the Schaeffler Group is exposed to that are captured in the RMS. Hence, the same qualitative and quantitative thresholds were used for the potential amount of damage and likelihood parameters. As a result, risks assessed as exceeding the defined thresholds were classified as material to the Schaeffler Group and are reported on in this sustainability statement.

¹⁴ Severity replaces the amount of damage parameter in the RMS matrix.

A total of 12 risks were classified as material and 4 opportunities were identified. These are set out in the table in section ESRS 2 SBM-3 and discussed in detail in the relevant Environment and Social chapters.

The identification process for sustainability-related risks and opportunities identified climate-related physical risks as well as transition risks and opportunities.

Identification of physical risks

Climate-related physical risks were identified as part of the Schaeffler Group's existing RMS.

Step 1 – Selection of scenario: The Schaeffler Group bases its identification of physical risks on the global database of an external service provider that contains simulations of climate-related natural hazards under various scenarios and up-to-date scientific findings. The SSP5-8.5 environmental and climate scenario of the Intergovernmental Panel on Climate Change (IPCC) was selected as the key scenario. It describes a shared socioeconomic pathway (SSP) with high emissions and an expected increase in temperature to more than 4°C above pre-industrial levels.

Step 2 – Identification and assessment of physical risks: Based on this scenario, the Schaeffler Group used exact geographic coordinates to identify those locations in its own operations that may be affected by physical risks over the time horizons set out in the RMS. A large number of acute natural hazards such as floods and earthquakes, extreme weather events such as storms and extreme precipitation, as well as chronic climate hazards such as heat stress and water scarcity were taken into account. Along with locations in its own operations, the company also considered locations of critical suppliers in the upstream value chain.

The Schaeffler Group's quantitative assessment of the vulnerability of assets and operations to these hazards followed a systematic approach that reflected the length of potential operation downtimes until operations are restored. Potential losses in the form of assets destroyed and their replacement cost are included in the assessment as well. As set out in the description of the standard process, the materiality of these physical risks was determined along the parameters of potential amount of damage and likelihood, and the thresholds defined for these parameters.

Identification of transition risks and opportunities

As part of the existing RMS, the Schaeffler Group also held workshops with internal experts of the various functions with the aim of identifying environmental and climate-related transition risks and opportunities along the value chain.

Step 1 – Selection of scenario: Here, the Schaeffler Group has defined an environmental and climate scenario termed "Ahead of the Game" that corresponds to an increase in temperature of 1.5°C above pre-industrial levels. The scenario reflects up-to-date scientific findings from the Net Zero Emissions (NZE) 2050 scenario of the International Energy Agency (IEA), the SSP1 scenario of the IPCC, and additional recognized sources and key drivers of change for the Schaeffler Group until the year 2050. That year represents the life cycle of relevant assets of the group, primarily its production plants, and the global time horizon of the Paris Agreement.

The scenario narrative describes effective and consistent cooperation of governments, private businesses, and society with implementation of strict global environmental regulations. The automotive industry experiences a major shift away from vehicles with internal combustion engines toward electric vehicles and renewable energies that are considered socially acceptable

sources of energy. This trend continues to be driven by technological progress. In addition, demographic change is accelerating and changing mobility patterns are leading to an increase in passenger rail transport. All of this helps reduce impacts on the environment, with only minor changes in the availability of ecosystem services and in climate change.

Step 2 – Identification and assessment of transition risks and opportunities:

Given this scenario, the company defined the shift away from internal combustion engines toward electric mobility and the increasing demand for renewable energy as its most notable relevant transition events needing significant efforts toward decarbonization of the economy. On that basis, the Schaeffler Group identified – for the time horizons set out in the RMS – both transition risks and opportunities affecting primarily the Automotive Technologies and Bearings & Industrial Solutions divisions. The materiality of these transition risks was similarly determined as set out in the description of the standard process; however, the materiality of opportunities identified was not yet explicitly assessed for 2024 due to the ongoing integration of Vitesco Technologies Group AG and the related update of the group strategy.

The processes described herein also considered possible biodiversity and ecosystems-related dependencies, physical risks, and transition risks and opportunities. Any systemic risks resulting from a severe failure of ecosystems and ecosystem services were not considered since they are not expected under the "Ahead of the Game" scenario. These systemic risks would result in a dramatic impact on society and the financial and economic system. A collapse of the financial system and economy would always also have a significant impact on the Schaeffler Group.

The climate scenarios are generally consistent with the climate-related assumptions made in the group management report, since all of the risks identified are covered by the company-wide RMS. As a result, climate-related risks are an integral component of managing the company, facilitating comprehensive and coherent management of risks.

Additional information on methodologies and topic-specific IRO-1 datapoints

IROs for the company's own locations and operations for all ESRS matters¹⁵ were identified in close collaboration with the relevant functions and experts from the relevant technical departments. In order to reach the most objective and evidence-based assessments possible, the company drew on the knowledge gained from their regular dialog with locations and regional coordinators as well as data from the established Energy, Environment, Health and Safety (EnEHS) management system and the EMAS environmental management system. These systems are based on the ISO 50001, ISO 14001, ISO 45001 standards on energy, the environment, and occupational health and safety, and are subject to regular internal and external audits. Additionally, results from existing due diligence systems were taken into account to the extent possible; along with the company's own operations, these systems also cover direct suppliers as well as selected parts of the deeper supply chain and include addressing impacts and risks in supply chains for conflict commodities, for instance.

Due to the complexity and the scope of the processes to be considered, data availability for the value chain is still limited for this first year. Therefore, material impacts and risks, particularly in the deeper supply chain, were primarily identified via an abstract risk analysis performed internally, the Critical Raw Materials Analysis. This analysis is based on findings from

country and sector studies, such as those by the Responsible Minerals Initiative, and analyzes environmental, social, and governance problems related to the extraction of raw materials contained in the Schaeffler Group's products.

As a result, the Schaeffler Group has identified numerous impacts on environmental, social, human rights, and governance topics – especially in connection with the value chain and raw material extraction – which it could be indirectly involved in via its connection with companies in the deeper up- and downstream value chain.

Although there was no evidence of a specific connection to the Schaeffler Group's value chain during the reporting period, the company follows an approach of transparency while striving for increased availability of entity-specific data along the entire value chain. The results of the analyses described were validated with customers, suppliers, a union, scientists, and representatives of civil society.

While there was not yet any direct dialog with potentially affected communities regarding identified impacts during the year, such direct dialog is planned for initial pilot projects (see sections ESRS S3-2 and ESRS S2-4). The materiality assessment took into account the fact that the Schaeffler Group has three locations situated in or near biodiversity-sensitive areas. However, there are no indications that operations at these locations would negatively affect these areas by leading to the deterioration of natural habitats and the habitats of species and to the disturbance of the species for which the protected area has been designated. Therefore, the company has concluded that no remedial actions need to be implemented in this context.

The Schaeffler Group identifies impacts on climate change from direct and indirect greenhouse gas emissions using the GHG Protocol methodology (see section ESRS E1-6).

Additional information

A list of the disclosure requirements complied with in preparing the sustainability statement based on the outcome of the materiality assessment and a table of all the datapoints that derive from other EU legislation as listed in ESRS 2 Appendix B are set out in chapter 5.5 "Additional information".

¹⁵ This includes, inter alia, the ESRS topical IRO-1 datapoints for: E1 "Climate change", E2 "Pollution", E3 "Water and marine resources", E4 "Biodiversity and ecosystems", E5 "Resource use and circular economy" and G1 "Business conduct".

5.2 Environment

EU Taxonomy

Basis for preparation

The Taxonomy Regulation (EU) 2020/852 (taxonomy) requires Schaeffler AG to disclose turnover¹⁶, capital expenditure (CapEx), and operating expenditure (OpEx) related to environmentally sustainable economic activities as defined by Articles 3 and 9 for the Schaeffler Group. To ensure comparability across companies, the Taxonomy Regulation prescribes a classification system for environmentally sustainable activities. Based on this system, the company's economic activities are classified according to their environmental sustainability. The classification system is broken down into six environmental objectives:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

The Taxonomy Regulation defines economic activities that have the potential to contribute to the environmental objectives and that are referred to as taxonomy-eligible. The portion of taxonomy-eligible activities that is actually environmentally sustainable is referred to as taxonomy-aligned. Taxonomy alignment requires fulfillment of the following three sets of criteria:

1. Substantial contribution to one of the six environmental objectives
2. No significant harm to the other five environmental objectives ("Do no significant harm", DNSH)

3. Compliance with minimum social and governance requirements (minimum safeguards)

For 2024, taxonomy-alignment has to be reported on for all six environmental objectives for the first time.

General assumptions

Materiality thresholds for inclusion of individual economic activities were defined as part of the EU taxonomy implementation process. To prevent capital expenditures related to more than one economic activity from being counted twice, the company developed a detailed process with relevant control procedures at the level of individual capital expenditure items. Taxonomy eligibility and existence of a substantial contribution were assessed at the economic activity level, as were the specific DNSH criteria. The criteria outlined in Appendixes A, B, C, and D of Annex I of Delegated Regulation (EU) 2021/2139, including the amendments made by Delegated Regulation (EU) 2023/2485, and the requirements for minimum safeguards were assessed centrally.

DNSH assessment

The Schaeffler Group meets the DNSH criteria of the appendixes for all taxonomy-aligned activities. As required by Appendix A, a climate risk and vulnerability assessment was performed for all relevant locations. Certain climate risks were ruled out as a result of this assessment. All relevant climate risks were then reviewed in detail and addressed as part of risk management for each of these locations. Based on the criteria addressed in EMAS certification, internal guidelines, and risk mitigation measures taken, all relevant locations were evaluated for the potential risk of environmental degradation related to water scarcity and compromised water quality as outlined in Appendix B. The results do not indicate any significant harm as specified in Appendix B. As the relevant taxonomy-aligned activities meet the

requirements set out in Appendix C, there is no significant harm as specified in Appendix C. For Appendix D, it has been determined that none of the relevant locations are situated in or near biodiversity-sensitive areas, with local regulations being verified as part of the existing EMAS validation. A limit of 500 meters was defined for this purpose. The other DNSH criteria were assessed on the basis of the economic activity.

Assessment of minimum safeguards

The assessment of minimum safeguards focused on human rights, anti-corruption, fair competition, and taxation with reference to the recommendations made by the EU Platform on Sustainable Finance, and examined the relevant stages of the value chain, including direct and indirect suppliers, own operations, customers, and other business partners.

The Schaeffler Group is guided by the six-step due diligence process set out in the Guidelines for Multinational Enterprises of the Organisation for Economic Co-operation and Development (OECD), which are aligned with the UN Guiding Principles on Business and Human Rights. The six steps are:

1. Embed responsible business conduct (RBC) into policies and management systems
2. Perform due diligence by identifying actual and potential adverse impacts on RBC matters
3. Cease, prevent, and mitigate adverse impacts
4. Track implementation and results
5. Communicate how adverse impacts are addressed
6. Provide for or cooperate in remediation when appropriate

¹⁶ The term "turnover" used in the "EU Taxonomy" section of this report corresponds to the term "revenue" used elsewhere in this report.

These six steps are addressed as part of the three relevant compliance management systems on human rights (Human Rights CMS), business integrity (Business Integrity CMS), and tax (Tax CMS) in accordance with IDW AsS 980.

Information about the requirements for minimum safeguards is provided both internally and to all business partners (including direct and indirect suppliers) by way of publicly available documents such as the Schaeffler Code of Conduct and the Schaeffler Business Partner Code of Conduct (see section ESRs S2-1 Policies). Additional measures that build on these requirements such as risk analyses and preventive and control measures are carried out regularly. Potential violations in any of the areas can be reported through the whistleblowing system, the Schaeffler Group's central grievance mechanism.

The Board of Managing Directors of Schaeffler AG has also introduced a tax compliance management system (tax CMS) aimed at loss prevention and risk control that is designed to ensure compliance with tax requirements throughout the company and is consistent with the Schaeffler Group's governance model. An independent audit firm provided assurance on the appropriateness and implementation of the tax CMS of Schaeffler AG and its German subsidiaries, the majority of whose shares are held directly or indirectly by Schaeffler AG. This audit was carried out in accordance with IDW AsS 980 Standard on Auditing Compliance Management Systems as well as IDW Practice Statement 1/2016 "Design of and Assurance Engagements Relating to Tax Compliance Management Systems in Accordance with IDW AsS 980". An audit of the effectiveness of the Tax CMS relating to the companies referred to above in accordance with IDW AsS 980 for 2023 was completed in 2024 and confirmed the appropriateness and effectiveness.

- The Schaeffler Group did not have any convictions in any of the four areas – human rights, anti-corruption, fair competition, and tax – in 2024, which the company considers an indication that the management systems in place are

effective. Similarly, an analysis of the new areas to be considered for the minimum safeguards – “controversial weapons” and “science, technology, and innovation” did not find any violations of the minimum safeguard requirements. The assessment of DNSH and the minimum safeguards requirements outside Europe does not differ from the assessment within Europe.

Economic activity assessment

The Schaeffler Group's cross-divisional and cross-functional project team identified several relevant economic activities. Unless indicated otherwise, all economic activities discussed below relate to the environmental objective of climate change mitigation.

The Schaeffler Group contributes to expanding the use of renewable energies by manufacturing components for wind power. All wind business is therefore taxonomy-eligible for all three key performance indicators (KPIs) under **3.1 Manufacture of renewable energy technologies**. Since it also meets the substantial contribution criteria as well as the DNSH criteria for circular economy, it is also taxonomy-aligned.

With respect to economic activity **3.2 Manufacture of equipment for the production and use of hydrogen**, the Schaeffler Group pursues two different business activities: stack solutions and services for electrolyzers to produce hydrogen as well as components for fuel cell vehicles, i.e., for using hydrogen. The Schaeffler Group has refrained from disclosing a CapEx plan and therefore from reporting under 3.2.

Activities of significant scope were identified in connection with economic activity **3.4 Manufacture of batteries** following the merger of Vitesco Technologies Group AG into Schaeffler AG. The manufacture of components for batteries and battery management systems can clearly be attributed to this activity. The substantial contribution by activity 3.4 to the environmental

objective of climate change mitigation is evidenced by the fact that the electronic components manufactured are destined for the transport sector and are part of the electrification solutions contained in the product portfolio. Preference is given to the use of secondary raw materials in production to the extent technologically possible. The applicable sustainability rules for placing batteries on the market are complied with. Therefore, the technical screening criteria are met. No evidence of meeting the specific DNSH criteria was provided for the portion that is taxonomy-eligible but not taxonomy-aligned.

Economic activity **3.18 Manufacture of automotive and mobility components** includes both automotive and two-wheeler activities. The description of the economic activity, from which taxonomy eligibility is derived, is interpreted to mean that taxonomy eligibility already requires meeting the technical screening criteria. The activities identified as taxonomy-eligible reflect the components contained in the list provided in Commission Delegated Regulation (EU) 2023/2485 of June 27, 2023. They also include chassis parts used exclusively in battery-electric vehicles as well as parts for emission-free two-wheelers. Since these activities also meet the specific DNSH criteria for circular economy and pollution prevention and control, they are also taxonomy-aligned.

The description of economic activity **3.19 Manufacture of rail rolling stock constituents** is also interpreted to mean that the technical screening criteria are already relevant for taxonomy eligibility. All non-diesel rail activities (including bimode vehicles) meet the specific DNSH criteria for circular economy and pollution prevention and control, and are therefore both taxonomy-eligible and taxonomy-aligned.

The Schaeffler Group also produces components that fall under economic activity **3.21 Manufacturing of aircraft**. Since the substantial contribution criteria are not met, however, the company reports only taxonomy eligibility.

Regarding the company’s internal infrastructure, the Schaeffler Group also identified material CapEx in connection with its vehicle fleet and buildings.

In accordance with taxonomy requirements, additions to the vehicle fleet were evaluated as CapEx associated with economic activity **6.5 Transport by motorbikes, passenger cars, and light commercial vehicles**. It was possible to evaluate the substantial contribution criteria, but due to data availability, not all requirements outlined in DNSH could be evaluated. As a result, only taxonomy eligibility is reported.

Real estate-related investments made during the year mainly relate to **7.7 Acquisition and ownership of buildings**. CapEx reported under 7.7 almost exclusively relates to the construction of new buildings for the company’s own use and real estate-related leases as well as real estate additions of Vitesco Technologies Group AG, which has ceased to exist as a result of the merger. Taxonomy alignment of each individual construction project with a CapEx above EUR 250,000 was assessed by comparing the building features to the technical screening criteria set out in sector 7. Due to the extent of substantial contribution criteria and specific DNSH criteria, only part of these activities is classified as taxonomy-aligned.

Overview of 2024 taxonomy metrics

in percent	Taxonomy-aligned	Taxonomy-eligible but not aligned	Taxonomy-eligible	Taxonomy-non-eligible
Turnover	8.4	1.7	10.1	89.9
CapEx	7.8	5.0	12.8	87.2
OpEx	27.7	1.1	28.8	71.2

The proportion of the Schaeffler Group’s turnover that is taxonomy-eligible is 10.1%. It is generated by the Automotive Technologies and Others as well as the Vehicle Lifetime Solutions division and the Wind, Rail, Aerospace, and Two Wheeler sector clusters of the Bearings & Industrial Solutions division. The taxonomy-eligible turnover can be attributed to economic activities **3.1 Manufacture of renewable energy technologies, 3.18 Manufacture of automotive and mobility components, 3.19 Manufacture of rail rolling stock constituents, and 3.21 Manufacturing of aircraft**. The proportion of the Schaeffler Group’s turnover that is taxonomy-aligned is 8.4%. The deviation from taxonomy eligibility is due to economic activity 3.21, for which the specific technical screening criteria are not met. Material differences to the prior year are the result of the merger of Vitesco Technologies Group AG into Schaeffler AG and of 3.18 and 3.19 being reported as aligned for the first time. The basis for the relative disclosures is the revenue metric in the consolidated income statement for 2024. The calculation is based on attributing turnover to relevant customers. All of the Schaeffler Group’s turnover is revenue from contracts with customers.

The proportion of the Schaeffler Group’s **CapEx** that is taxonomy-eligible is 12.8% and includes investment associated with the core automotive, wind, manufacture of batteries, aerospace, and

two-wheelers business activities as well as investment in real estate, renewable energies, vehicle fleet, and IT. The proportion of the Schaeffler Group’s CapEx that is taxonomy-aligned is 7.8%. This difference results from the fact that the technical screening criteria are not met, either in part or in full, for economic activities **3.4 Manufacture of batteries** and **3.21 Manufacturing of aircraft** as well as vehicle fleet and real estate. Material differences to the prior year are the result of 3.18 and 3.19 being reported as aligned for the first time and of the merger of Vitesco Technologies Group AG into Schaeffler AG and the resulting first-time presentation of 3.4. CapEx KPIs are calculated based on evaluation of individual capital expenditure items. The basis for the relative disclosures is the sum of the additions to intangible assets, right-of-use assets under leases, and property, plant and equipment set out in the “Notes to the consolidated statement of financial position” chapter, including the relevant additions from initial consolidation of subsidiaries during the year, in accordance with the definition in the EU Taxonomy Regulation. As the items resulting from initial consolidation of subsidiaries were first included in 2024, the CapEx denominator and the corresponding percentages for the prior year were adjusted as well. In accordance with Annex I of Delegated Regulation (EU) 2021/2178, additions from initial consolidation of subsidiaries were considered in the CapEx denominator before depreciation, amortization, and any remeasurements. The numerator includes additions net

Quantitative breakdown of the CapEx numerator

in € millions	CCM ¹⁾ 3.1	CCM 3.4	CCM 3.18	CCM 7.7	Total
Additions to property, plant and equipment ²⁾	27	66	370	109	573
CapEx taxonomy-aligned, total	27	66	370	109	573
• of which resulting from business combinations	–	66	202	0	269

¹⁾ CCM climate change mitigation.

²⁾ None of the taxonomy-aligned CapEx is associated with intangible assets, investment properties, or capitalized right-of-use assets.

of depreciation, amortization, and remeasurements in order to appropriately reflect the actual addition to intangible assets, right-of-use assets under leases, and property, plant and equipment. In contrast to prior years, the addition from initial consolidation of subsidiaries has rendered amounts related to energy efficiency, renewable energy, and renovations no longer material in 2024. All taxonomy-aligned CapEx is the result of additions to property, plant and equipment. All taxonomy-aligned CapEx is associated with taxonomy-aligned economic activities and is not part of any CapEx plans.

The proportion of **OpEx** that is taxonomy-eligible is 28.8% and is associated with automotive, battery, wind, rail, aerospace, and two-wheeler activities and building maintenance. The proportion

of the Schaeffler Group’s OpEx that is taxonomy-aligned is 27.7%. This difference results from the fact that the technical screening criteria are not met, either in part or in full, for economic activities 3.4 Manufacture of batteries and 3.21 Manufacturing of aircraft as well as real estate. OpEx KPIs are calculated based on evaluation of individual projects as well as an allocation model for projects directly associated with taxonomy-relevant turnover based on turnover KPIs. Material differences to the prior year are the result of 3.18 and 3.19 being reported as aligned for the first time and of the merger of Vitesco Technologies Group AG into Schaeffler AG and the resulting first-time presentation of 3.4. The basis for these relative disclosures, as defined in the EU Taxonomy Regulation, is the research and development costs from the group’s consolidated income

statement for 2024 plus the maintenance costs associated with the Schaeffler Group’s production plants, including the costs associated with daily maintenance of property, plant and equipment, excluding the non-relevant costs contained therein.

All taxonomy-aligned OpEx is associated with taxonomy-aligned economic activities and is not part of any CapEx plans. None of the taxonomy-aligned OpEx falls under the categories of short-term lease or any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment.

Quantitative breakdown of the OpEx numerator

in € millions	CCM ¹⁾ 3.1	CCM 3.4	CCM 3.18	CCM 3.19	CCM 7.7	Total
Research and development	17	19	278	4	–	317
Building renovation measures	–	–	–	–	1	1
Short-term leases	–	–	–	–	–	0
Maintenance and repair	17	0	78	8	–	102
Other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment	–	–	–	–	–	0
OpEx taxonomy-aligned, total	34	19	356	11	1	420

¹⁾ CCM climate change mitigation.

Turnover

Economic activities	Code	Turnover in € millions	Proportion of turnover 2024	Substantial contribution criteria						DNSH criteria ("No significant harm")						Minimum safeguards	Proportion of taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) turnover, 2023	Enabling activities	Transitional activities
				CCM ¹⁾	CCA ²⁾	WTR ³⁾	PPC ⁴⁾	CE ⁵⁾	BIO ⁶⁾	CCM ¹⁾	CCA ²⁾	WTR ³⁾	PPC ⁴⁾	CE ⁵⁾	BIO ⁶⁾				
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Manufacture of renewable energy technologies	CCM 3.1	511	2.8%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	3.8%	E	
Manufacture of automotive and mobility components	CCM 3.18	770	4.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	n.a.	E	
Manufacture of rail rolling stock constituents	CCM 3.19	242	1.3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	n.a.	E	
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		1,522	8.4%	8.4%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	3.8%		
• of which enabling		1,522	8.4%	8.4%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	3.8%	E	
• of which transitional		0	0.0%														0.0%	T	
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
Manufacturing of aircraft	CCM 3.21	310	1.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.6%		
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		310	1.7%	1.7%	0.0%	0.0%	0.0%	0.0%	0.0%								5.7% ⁷⁾		
A. Turnover of taxonomy-eligible activities (A1+ A2)		1,832	10.1%	10.1%	0.0%	0.0%	0.0%	0.0%	0.0%								9.5%		
B. Taxonomy-non-eligible activities																			
Turnover of taxonomy-non-eligible activities		16,356	89.9%																
Total		18,188	100%																

¹⁾ CCM climate change mitigation

⁴⁾ PPC pollution prevention and control

²⁾ CCA climate change adaptation

⁵⁾ CE circular economy

³⁾ WTR water and marine resources

⁶⁾ BIO biodiversity and ecosystems

⁷⁾ The difference between the prior year amount shown and the total for the economic activities presented is due to the fact that only taxonomy eligibility was required to be reported for economic activities 3.18 and 3.19 for their initial reporting year. The corresponding amounts for these economic activities for 2024 are included in full under A1 without prior year amounts.

Y yes, activity taxonomy-eligible and taxonomy-aligned with the relevant environmental objective

N no, activity taxonomy-eligible but not taxonomy-aligned with the relevant environmental objective

E enabling activity

T transitional activity

N/EL "not eligible", activity not taxonomy-eligible for the relevant environmental objective

EL "eligible", activity taxonomy-eligible for the relevant environmental objective

CapEx

Economic activities	Code	CapEx in € millions	Proportion of CapEx 2024	Substantial contribution criteria						DNSH criteria ("No significant harm")						Minimum safeguards	Proportion of taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) CapEx, 2023 ⁷⁾	Enabling activities	Transitional activities
				CCM ¹⁾	CCA ²⁾	WTR ³⁾	PPC ⁴⁾	CE ⁵⁾	BIO ⁶⁾	CCM ¹⁾	CCA ²⁾	WTR ³⁾	PPC ⁴⁾	CE ⁵⁾	BIO ⁶⁾				
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Manufacture of renewable energy technologies	CCM 3.1	27	0.4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1.9%	E	
Manufacture of batteries	CCM 3.4	66	0.9%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	n.a.	E	
Manufacture of automotive and mobility components	CCM 3.18	370	5.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	n.a.	E	
Acquisition and ownership of buildings	CCM 7.7	109	1.5%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	6.2%		
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		573	7.8%	7.8%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	8.9% ⁸⁾		
• of which enabling		464	6.3%	6.3%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	2.7%	E	
• of which transitional		0	0.0%														0.0%	T	
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
Manufacturing of aircraft	CCM 3.21	26	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.8%		
Manufacture of batteries	CCM 3.4	1	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n.a.		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	46	0.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.3%		
Acquisition and ownership of buildings	CCM 7.7	291	4.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								4.3%		
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		364	5.0%	5.0%	0.0%	0.0%	0.0%	0.0%	0.0%								17.0% ⁹⁾		
A. CapEx of taxonomy-eligible activities (A.1 + A.2)		937	12.8%	12.8%	0.0%	0.0%	0.0%	0.0%	0.0%								25.8%		
B. Taxonomy-non-eligible activities																			
CapEx of taxonomy-non-eligible activities		6,393	87.2%																
Total		7,331	100%																

¹⁾ CCM climate change mitigation

⁴⁾ PPC pollution prevention and control

⁷⁾ The CapEx denominator for the prior year was adjusted from EUR 1,006 m to EUR 1,463 m due to the change in its calculation described herein. The relative prior year amounts at the economic activity level presented here were adjusted accordingly.

⁸⁾ The difference between the prior year amount shown and the total for the economic activities presented is due to the fact that economic activities 7.3 Installation, maintenance, and repair of energy efficiency equipment and 7.6 Installation, maintenance, and repair of renewable energy technologies were no longer material in 2024 and, therefore, are not presented.

⁹⁾ The difference between the prior year amount shown and the total for the economic activities presented is due to the fact that only taxonomy eligibility was required to be reported for economic activities 3.18 and 3.19 for their initial reporting year. The corresponding amounts for these economic activities for 2024 are included in full under A1 without prior year amounts. The difference is also due to the fact that economic activities 7.2 Renovation of existing buildings and 7.3 Acquisition and ownership of buildings were not material in 2024 and, therefore, are not presented.

Y yes, activity taxonomy-eligible and taxonomy-aligned with the relevant environmental objective
 N no, activity taxonomy-eligible but not taxonomy-aligned with the relevant environmental objective

E enabling activity
 T transitional activity

³⁾ WTR water and marine resources

⁶⁾ BIO biodiversity and ecosystems

N/EL "not eligible", activity not taxonomy-eligible for the relevant environmental objective
 EL "eligible", activity taxonomy-eligible for the relevant environmental objective

OpEx

Economic activities	Code	OpEx in € millions	Proportion of OpEx 2024	Substantial contribution criteria						DNSH criteria ("No significant harm")						Minimum safeguards	Proportion of taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) OpEx, 2023	Enabling activities	Transitional activities
				CCM ¹⁾	CCA ²⁾	WTR ³⁾	PPC ⁴⁾	CE ⁵⁾	BIO ⁶⁾	CCM ¹⁾	CCA ²⁾	WTR ³⁾	PPC ⁴⁾	CE ⁵⁾	BIO ⁶⁾				
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Manufacture of renewable energy technologies	CCM 3.1	34	2.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2.3%	E	
Manufacture of batteries	CCM 3.4	19	1.3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	n.a.	E	
Manufacture of automotive and mobility components	CCM 3.18	356	23.5%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	n.a.	E	
Manufacture of rail rolling stock constituents	CCM 3.19	11	0.7%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	n.a.	E	
Acquisition and ownership of buildings	CCM 7.7	1	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	n.a.		
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		420	27.7%	27.7%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	2.3%		
• of which enabling		420	27.7%	27.7%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	2.3%	E	
• of which transitional		0	0.0%	0.0%													0.0%	T	
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
Manufacturing of aircraft	CCM 3.21	10	0.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.8%		
Manufacturing of batteries	CCM 3.4	1	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n.a.		
Acquisition and ownership of buildings	CCM 7.7	6	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n.a.		
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		16	1.1%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%								17.2% ⁷⁾		
A. OpEx of taxonomy-eligible activities (A.1 + A.2)		437	28.8%	28.8%	0.0%	0.0%	0.0%	0.0%	0.0%								19.6%		
B. Taxonomy-non-eligible activities																			
OpEx of taxonomy-non-eligible activities		1,079	71.2%																
Total		1,516	100%																

¹⁾ CCM climate change mitigation

⁴⁾ PPC pollution prevention and control

⁷⁾ The difference between the prior year amount shown and the total for the economic activities presented is due to the fact that only taxonomy eligibility was required to be reported for economic activities 3.18 and 3.19 for their initial reporting year. The corresponding amounts for these economic activities for 2024 are included in full under A1 without prior year amounts.

Y yes, activity taxonomy-eligible and taxonomy-aligned with the relevant environmental objective
 N no, activity taxonomy-eligible but not taxonomy-aligned with the relevant environmental objective

²⁾ CCA climate change adaptation

⁵⁾ CE circular economy

E enabling activity
 T transitional activity

³⁾ WTR water and marine resources

⁶⁾ BIO biodiversity and ecosystems

N/EL "not eligible", activity not taxonomy-eligible for the relevant environmental objective
 EL "eligible", activity taxonomy-eligible for the relevant environmental objective

Disclosure of extent of taxonomy eligibility and alignment by environmental objective

in percent	Proportion of turnover/total turnover		Proportion of CapEx/total CapEx		Proportion of OpEx/total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective	Taxonomy-aligned per objective	Taxonomy-eligible per objective	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	8.4%	10.1%	7.8%	12.8%	27.7%	28.8%
CCA	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
WTR	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
PPC	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
BIO	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

CCM climate change mitigation
 CCA climate change adaptation
 WTR water and marine resources
 CE circular economy
 PPC pollution prevention and control
 BIO biodiversity and ecosystems

Nuclear and fossil gas related activities ¹⁾

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds, or has exposures to research, development, demonstration, and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	no
2.	The undertaking carries out, funds, or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	no
3.	The undertaking carries out, funds, or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	no
	Fossil gas related activities	
4.	The undertaking carries out, funds, or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	no
5.	The undertaking carries out, funds, or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	no
6.	The undertaking carries out, funds, or has exposures to construction, refurbishment, and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	no

¹⁾ Template 1 of Annex III to Commission Delegated Regulation (EU) 2022/1214.
 In this context, the Schaeffler Group interprets the term "to carry out" as referring to activities directly generating turnover.

Climate change [ESRS E1]

Impacts, risks, and opportunities (IROs) [SBM-3]

Material climate-related impacts on the environment and people as well as material risks to the Schaeffler Group were identified within the company’s own operations and along the upstream and downstream value chain in the materiality assessment. Opportunities for the Schaeffler Group were identified as well. These are set out in the following overview.^{17, 18}

Impacts associated with climate change

CLIMATE CHANGE MITIGATION

● Emission of greenhouse gases (Actual negative impacts)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

There are actual negative impacts on the environment across the entire value chain, caused by greenhouse gas (GHG) emissions that are driving climate change and contributing to an increase in the intensity and frequency of extreme weather events.

Emissions are generated within the Schaeffler Group as, for instance, some energy-intensive production processes, such as the processing of raw steel, are powered by energy that is not yet fully generated from renewable sources.

Emissions in the upstream and downstream value chain primarily arise from extraction and processing of raw materials, from production of intermediate products and components, and in the use phase. However, automotive and industrial production at the customer, end-of-life treatment, as well as transport and logistics processes are also associated with significant GHG emissions.

ENERGY

● High consumption of energy (Actual negative impacts)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

There are actual negative impacts on the environment across the entire value chain, caused by high consumption of energy that is not yet fully covered by renewable energy sources.

Within the Schaeffler Group, some processes, such as processing of raw steel, are associated with considerable energy consumption.

In addition, there are numerous energy-intensive processes along the entire upstream and downstream value chain, ranging from raw material extraction and processing to transport and end-of-life treatment.

Physical risks associated with climate change

● Damage and interruption of operations due to extreme weather events (Physical risks)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

Extreme weather events such as hail, storms, and heavy precipitation can damage assets of the Schaeffler Group such as production sites, offices, or research and development laboratories. Direct consequences are production stoppages that can result in loss of revenue, while indirect costs include rising insurance costs and risks to the health and safety of employees. Four locations have been identified as having a material risk of extreme weather.

● Damage and interruption of operations due to earthquakes (Physical risks)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

Severe earthquakes have the potential to damage assets of the Schaeffler Group such as production sites, offices, or research and development laboratories, as well as transport routes in the vicinity of production locations. Direct consequences are property damage and interruption of operations that can result in loss of revenue, while indirect costs include rising insurance costs and risks to the health and safety of employees. Two locations have been identified as having a material risk of earthquakes.

Transition risks and opportunities associated with climate change

● Increasing costs due to stricter climate-related regulatory requirements (e.g., CBAM, CO₂eq pricing) (Transition risks)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

Rising CO₂eq taxes and charges increase operating costs and can reduce income. At the same time, the Carbon Border Adjustment Mechanism (CBAM) is increasing costs in the upstream value chain. In many European countries where the Schaeffler Group has operations, CO₂eq pricing has already been introduced or is being planned. As there is a possibility that suppliers will pass on their costs, this can lead to higher prices of raw materials and components. Similarly, CO₂eq pricing can also directly impact the Schaeffler Group via its own operations, increasing operating costs.

● Growing stakeholder demands for use of low-emission and eco-friendly materials (Transition risks)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

Growing stakeholder demands on the Schaeffler Group regarding the use of low-emission and eco-friendly materials and their limited availability represent a risk to the company. This scarcity can lead to increased raw materials prices and production bottlenecks, which result in higher costs and potential loss of revenue. Non-compliance with regulatory requirements and the resulting liability risks can damage the company’s reputation.

● Sales opportunities from changed customer preferences and increased demand for electric mobility solutions (Automotive Technologies & Vehicle Lifetime Solutions divisions) (Opportunities)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

The markets the Schaeffler Group operates in are marked by rapid technological change (e.g., transition from internal combustion engines to electric vehicles), changes in technical and regulatory standards, and changing customer preferences. The growing importance of electric mobility will give rise to increased potential for the Schaeffler Group – a comprehensive provider of components, solutions, and systems for hybrid and electric mobility – to improve its own position in the market for the long term and to generate sales.

¹⁷ Time horizons identified represent the estimated earliest time of occurrence of material impacts, risks, and identified opportunities.

¹⁸ The opportunities listed are identified opportunities. Due to the ongoing integration of Vitesco Technologies Group AG and the related update of the group strategy, the materiality of opportunities will first be assessed in the coming year.

● Sales opportunities from solutions for renewable energy (Opportunities)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

Demand for renewable energy will continue to grow in the context of global climate change and due to the resulting climate policy. Developing and selling innovative components and solutions for wind turbines as well as the advancing hydrogen-related activities will generate additional market opportunities for the Schaeffler Group.

● Sales opportunities from development and/or expansion of low-emission products and services (Transportation & Mobility/Machinery & Materials) (Opportunities)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

In view of an ever expanding population and the resulting rise in passenger and freight transport volumes, extensive capital expenditures are expected in the transport sector and on other industrial mobility applications in the future. Additionally, since many industrial sectors are experiencing increasing automation and longer life cycles of production machinery, energy efficiency and the reliability of operating processes will continue to gain importance. The Schaeffler Group addresses this trend with a broad product portfolio of rolling, plain, and high-precision bearings with reduced friction, electric motors, hydraulic systems, and industrial transmissions. In addition, the company offers solutions for preventive maintenance that extend machine uptime, reduce operating cost, and lower greenhouse gas emissions.

Resilience analysis [SBM-3]

As part of the risk identification process and taking into account the scenarios described in ESRS 2 IRO-1, the Schaeffler Group has also qualitatively assessed the resilience of its strategy and business model in relation to transition risks and physical risks associated with climate change.

As set out above, the company is faced with various climate-related transition risks such as growing and stricter regulatory requirements, reputation risks, and a changing market environment. The Schaeffler Group actively pursues protecting the environment and has set its own environmental targets and climate strategies with a clear road map in order to proactively address these risks. For instance, climate and procurement strategies

can reduce emissions within the company’s own operations and in the upstream and downstream value chain as well as financial charges for greenhouse gas emissions. In addition, the Schaeffler Group considers itself well-positioned in the electric vehicle market through its own portfolio.

Further, the Schaeffler Group is exposed to the material physical risks set out above. Various adaptation and mitigation actions have been taken to minimize material negative impacts of natural hazards (e.g., earthquakes) and extreme weather events (e.g., hailstorms). The company is also insured against direct damage and interruption of operations.

As ESG risks are reported to the Schaeffler AG Board of Managing Directors as part of the group’s risk management (see sections ESRS 2 GOV-1 and GOV-2), they are already reflected in the strategy and in decisions regarding planned or future climate change mitigation actions at top-management level. Additionally, the Schaeffler Group is pushing ahead with internal actions to educate workers on the topic of sustainability, including through the “Fit4Sustainability” development program (see section ESRS S1-4).

The Schaeffler Group firmly believes that the use of sustainable finance can help ease the transition to decarbonization of the economy and be instrumental in increasing transparency and engagement on sustainability matters.

As a result, the Schaeffler Group has sufficient resilience regarding the material transition risks and physical risks and can adapt its strategy and business model to climate change in the short, medium, and long term.

The Schaeffler Group has also set itself targets related to climate change that are relevant to remuneration. These are set out in section ESRS 2 GOV-3.

Transition plan for climate change mitigation [E1-1]

The Schaeffler Group has set itself medium-term climate targets that have been validated by the Science Based Targets initiative (SBTi). According to the SBTi’s criteria, these targets are compatible with limiting global warming to 1.5°C in line with the Paris Agreement (see section ESRS E1-4). The Schaeffler Group does not yet have a net-zero-target that is validated by the SBTi.

In order to meet its medium-term climate targets, the company has developed a transition plan for climate change mitigation that defines the key decarbonization levers. In order to reduce its own greenhouse gas emissions (Scope 1 and Scope 2), the company focuses on energy efficiency actions, the use of self-generated and purchased renewable energy, and actions to transition from fossil fuels to renewable energy sources (see section ESRS E1-3). Actions similar to those for Scope 1 and Scope 2 are planned to reduce upstream greenhouse gas emissions in Scope 3. The company also plans to increase the proportion of secondary materials used. The company intends to further elaborate and specify decarbonization levers and actions in connection with the merger with Vitesco Technologies Group AG, which has ceased to exist.

The Schaeffler Group has assessed its key assets and products and the related locked-in greenhouse gas emissions. Before relevant assets are purchased, they are reviewed against certain defined sustainability aspects to minimize the risk of lock-in effects. Existing assets are included in the investigation of opportunities to reduce GHG (e.g., energy efficiency actions for buildings and machinery.) Hence, locked-in GHG emissions related to relevant assets are covered by the planned pathway to achieving the GHG emissions targets.

In accounting for emissions from the product use phase, all emissions for the entire product life cycle are included at the time of sale in accordance with the Greenhouse Gas Protocol; as a result, lock-in effects with respect to products do not play any significant role for the Schaeffler Group.

The transition plan for climate change mitigation was presented to and approved by the Schaeffler AG Board of Managing Directors as part of the Strategy Dialog, which included linking it to the group strategy. The transition plan is part of the Schaeffler Group's execution program which provides for capital (CapEx) and operating expenditures (OpEx) for its implementation. The transition plan was included in financial planning to the extent financially possible. The company's progress in implementing the transition plan is explained in further detail in sections ESRS E1-3, E1-4, E1-5, and E1-6.

The Schaeffler Group is not exempted from the Paris-aligned EU benchmarks.

Policies [E1-2]

The Schaeffler Group has implemented various policies and policy statements in order to manage its material impacts and risks as well as identified opportunities related to climate change. These are the **ESG Policy**, the **EnEHS Policy**, and the **Business Partner Code of Conduct**.

ESG Policy

The ESG Policy outlines the company's sustainability strategy and targets, their implementation, and the reduction of legal, financial, and entrepreneurial risks. With respect to climate change, the ESG Policy emphasizes the "Driving Climate Action towards Net-Zero" action field, including reducing and preventing emissions, and increasing energy efficiency. As the Policy applies to the entire Schaeffler Group, it covers the company's own operations.

The ESG Policy is reviewed annually as part of the strategy and planning process to ensure that current internal and external requirements are complied with. The ESG Policy was approved by the Schaeffler Group's Executive Board. The CEO represents the most senior level accountable for its implementation.

In order to achieve the company's objective of promoting and strengthening sustainable development worldwide, the Schaeffler Group closely aligns its business activities and business conduct with the following standards and principles: the Paris Agreement on Climate Change, United Nations (UN) Sustainable Development Goals, the United Nations International Bill of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the Core Conventions of the International Labour Organization (ILO Declaration on Fundamental Principles and Rights at Work), and the OECD (Organisation for Economic Cooperation and Development) Guidelines for Multinational Enterprises. The Schaeffler Group is also a signatory to the UN Global Compact and is committed to its ten principles. Moreover, the company is committed to maintaining and improving external ESG ratings as well as ensuring the delivery of external reports such as CDP.

Customer-specific requirements are collected in a structured manner along the ten action fields of the sustainability strategy and classified based on how critical they are to the business and their degree of fulfillment. Other stakeholders' requirements that are critical to the business are collected as well, including from ESG ratings. Especially requirements critical to the business are discussed with technical departments and initiative leads and form part of the basis for decisions on future target definitions. The ESG Policy has been published internally.

EnEHS Policy

In its EnEHS Policy, the Schaeffler Group has laid down its fundamental values and principles with respect to energy, environment, and health and safety (EnEHS) topics. These values and principles are operationalized in the EnEHS management system in order to

continuously improve the company's EnEHS performance by, for instance, using resources more sustainably, minimizing risks, and raising employee awareness. The Schaeffler Group is also committed to implementing the requirements of ISO 14001, ISO 45001, ISO 50001, and EMAS at relevant locations, focusing on plants and research and development centers. The percentage of Schaeffler Group employees who are covered by these management systems as at December 31, 2024 is 92.2% for ISO 14001, 92.2% for ISO 45001, 92.0% for ISO 50001, and 64.3% for EMAS.

With respect to negative environmental impacts of the Schaeffler Group's own operations that have been identified as material, the Policy is aimed at reducing greenhouse gas emissions and replacing fossil fuels with renewable energy. Projects to manufacture products in the most energy-efficient and climate-friendly manner possible are designed to avoid in advance harmful impacts on the environment at the Schaeffler Group's locations, e.g., by careful handling of chemicals. Furthermore, resources should be used efficiently and sustainably. As the EnEHS Policy applies to the entire Schaeffler Group, it covers the company's own operations.

The EnEHS Policy was approved by the Schaeffler Group's Executive Board. The Chief Operating Officer and the Chief Human Resources Officer represent the most senior level accountable for its implementation.

Within in the framework of the EnEHS Policy, the Schaeffler Group's EnEHS management system encompasses a systematic approach to identifying and analyzing stakeholder interests and implementing actions to meet these interests. Stakeholders considered in this process include, for example, authorities, employees, and customers. The EnEHS Policy has been published internally. A summary of the main contents of the Policy has been made publicly available on the Schaeffler Group's corporate website in the form of the EnEHS Policy Statement.

Business Partner Code of Conduct

The Schaeffler Group has committed to standards and minimum requirements for its own business conduct and expects its business partners to meet these as well. The Business Partner Code of Conduct describes these requirements, providing binding rules for conducting business relations with the Schaeffler Group (see section ESRS S2-1). With respect to the negative environmental impacts identified as material, this Code of Conduct requires the company's business partners to:

- develop and promote proactive approaches to environmental responsibility, apply environmental protection practices, conserve natural resources, and reduce the environmental footprint of their products, goods, and services,
- actively pursue protection of the climate, for example by increasing their energy efficiency, using renewable energy, and reducing their greenhouse gas emissions, and
- disclose their carbon footprint or other sustainability information upon request.

Furthermore, the Schaeffler Group recommends that its business partners set targets for reducing emissions and switching to renewable energy that are science-based, defined in terms of time, and aligned with the Paris Agreement, and that business partners take actions to drive decarbonization of the value chain.

Actions [E1-3]

The Schaeffler Group has implemented various actions in order to manage its material impacts and risks as well as identified opportunities related to climate change.

The "Sustainability & Infrastructure" subprogram is a key pillar of the Schaeffler Group's overarching execution program (see section ESRS 2 SBM-1). The "Driving Climate Action towards Net-Zero" action field embedded in the subprogram is pivotal to enhancing the company's climate strategy. Additionally, the Schaeffler Group has been executing a comprehensive climate action plan since 2022. It forms the basis for designing and implementing the

necessary climate change mitigation actions such as greenhouse gas reduction and consists of six key elements: (1) Strategy, (2) Green Purchasing, (3) Green Production, (4) Green Products, (5) Finance & IT, and (6) People. Each of the six elements is allocated to one or more members of the Board of Managing Directors and features specific implementation actions.

The Green Purchasing element combines the Schaeffler Group's actions to **decarbonize the supply chain (Scope 3)**. In 2024, several departments – including Strategic Sustainability, Sustainable Products & Advanced Material, Supplier Sustainability and the divisions – collaborated on investigating the decarbonization levers for key production materials such as steel, aluminum, plastic, and electronic components and for further processes ranging from packaging to logistics as well as on deriving potential reduction pathways for 2025.

Particularly the **procurement of steel** plays an important role in the Schaeffler Group's sustainability strategy because this material has a large carbon footprint. Using green hydrogen can make the steel production process largely emission-free in the long term. Therefore, the company has had an agreement with Swedish start-up Stegra AB (H2GS AB until December 11, 2024) in place since 2021 to procure 100,000 metric tons of nearly carbon-free, hydrogen-produced steel per year beginning in 2027. On January 29, 2024, the Schaeffler Group increased its existing equity investment in Stegra AB by a further EUR 28 m to a total of EUR 100 m. The Schaeffler Group is also working closely with other steel suppliers to develop decarbonization strategies.

The Schaeffler Group is also in **discussions with suppliers** in other purchasing categories in order to develop specific steps for reducing production-related greenhouse gas emissions. In 2024, for instance, suppliers were surveyed extensively on the topic of product carbon footprint, and preparations were made for suppliers' switch to renewable energy. Among other things, 2024 was already the second year in which the suppliers with the highest emissions were encouraged to provide environmental

and climate-related information through the CDP Supply Chain program in addition to the self-assessment questionnaires (SAQ) in order to increase transparency in the supply chain. Additionally, voluntary sustainability targets are agreed with the aim of aligning suppliers with the Schaeffler Group's sustainability targets and expectations.

The Green Production element combines the Schaeffler Group's actions to **decarbonize the company's own operations** (Scope 1 and Scope 2). For the journey there, the company has set itself specific targets for expanding production processes that are as decarbonized as possible and for increasing energy efficiency (see section ESRS E1-4). Decarbonization actions are primarily based on a switch to more energy-efficient production processes as well as the use of self-generated and purchased renewable energy.

Starting in 2024, the Schaeffler Group meets 100% of its demand for purchased electricity from renewable energy at all locations with annual electricity consumption of more than 150 MWh. This represents 99.8% of the Schaeffler Group's total **external electricity purchases** and includes all 104 plants. This was already the case for all plants in the Europe, Americas, and Greater China regions as well as the plants of the former Vitesco Technologies Group AG in 2023, and in 2024, all plants in the Asia/Pacific region and other administrative, logistics, and F&E locations with a consumption of more than 150 MWh also sourced 100% of purchased electricity from renewable energy for the first time. Purchasing green electricity represents the key decarbonization action in 2024. This action facilitated saving 849,483 t CO₂eq, and the company plans to continue this action in the coming year as well. In addition to external electricity purchases, the Schaeffler Group is expanding self-generation of renewable energy at its locations – with photovoltaic systems, for example.

With respect to the **use of alternative renewable energy**, the Schaeffler Group has developed specific actions for all fossil fuel-driven production and infrastructure facilities captured in

its energy management system, such as replacing natural gas with electricity for heating hardening furnaces. The Schaeffler Group has compiled all of these actions by their cost efficiency in a global decarbonization roadmap for the years up to 2030. In the next step, each plant's contribution to reducing greenhouse gases can be derived and defined from this roadmap. In 2024, for instance, two hardening furnaces at the Skalica (Slovakia) location were replaced with a new facility with adapted capacity that is heated electrically, resulting in an annual reduction of approximately 200 t CO₂eq and a reduced total energy consumption. At the Wooster location, approximately 450 t CO₂eq will be saved starting in 2024 due to implementation of cold cleaning. In the coming years, the Schaeffler Group plans to continue to consistently implement and optimize this reduction pathway.

Since 2020, the Schaeffler Group has been pooling, in a single **energy efficiency program**, relevant resources with an interdisciplinary team at the local, regional, divisional, and corporate level. For 2024, the company has set a target within the energy efficiency program that was reflected in short-term variable remuneration (see sections ESRS 2 GOV-3 and ESRS E1-4). A total of 107 energy efficiency measures implemented and externally verified for 2024 will lead to annual savings of at least 25.76 GWh starting in 2025. One of the energy efficiency actions implemented in 2024 to be highlighted is the heat treatment technology field where the company realized, for instance, fully automated covers on salt baths, the reduction of the working temperature in energy-intensive cleaning processes using adapted cleaning agents, and entire process optimizations ranging from atmospheric gassing and the drying process through to the salt bath exhaust system.

In 2024, the Schaeffler Group made capital expenditures and provided funding in the low double-digit million range under its "Sustainability & Infrastructure" subprogram to implement actions. Disclosures of capital (CapEx) and operating

expenditures (OpEx) are only provided for clearly defined amounts directly contributing to achieving ESG targets. Capital expenditures or operating expenditures related to other business activities as well are not included. The company plans to make a similar level of capital expenditures in 2025. These amounts cannot be reconciled directly to the disclosures under the Taxonomy Regulation since the relevant activities are either not covered by defined economic activities or are not presented in 2024 for reasons of materiality.

The exposure to extreme weather events and natural hazards is assessed at group level for the Schaeffler Group's own locations, supply chains, and suppliers. The risk of damage from extreme weather events and natural hazards at the company's own locations is addressed by implementing construction, technical, and organizational actions that take into account local circumstances based on a local risk assessment and action plan.

The Schaeffler Group's locations have to comply with local and regional building regulations which generally take into account resilience to natural hazards and extreme weather events. New construction, expansion of locations, and renovation is performed with increased resilience to natural hazards where necessary, such as by using vibration-resistant construction methods against earthquakes or reinforced building exteriors against extreme weather. These construction features serve to effectively prevent failure of the building structure. Additionally, factors such as exposure to natural hazards are already considered during site selection.

Moreover, resilience to physical risks is strengthened by targeted protection of critical structures and facilities by technical measures such as automatic shut-off devices for critical processes or detection and alarm systems.

Organizational actions are defined at the global level in regulations on loss prevention and precautions, on emergency and crisis management, and on business continuity management. Locally, a coordinator for extreme weather events and natural hazards is appointed who, along with implementing actions, is also responsible for continually monitoring the weather and official hazard and warning notifications as well as for training employees specifically on natural hazards and raising their awareness of them. Additionally, the company is insured against property damage caused by extreme weather events and natural hazards.

Targets and metrics

Targets [E1-4]

Supply chain

In order to evaluate the actions to decarbonize the supply chain (Scope 3), the Schaeffler Group has a target of reducing greenhouse gas emissions in the supply chain by 25% by 2030 compared to 2019. This target includes the Scope 3 upstream categories of 3.1 Purchased goods and services, 3.3 Fuel- and energy-related activities, and 3.4 Upstream transportation and distribution.

The planned CO₂eq savings are based on the following decarbonization levers, among others: suppliers' transition to renewable energy sources, converting production technology in the supply chain, increasing the percentage of recyclates in the Schaeffler Group's products, and increasing efficiency. Exact quantification of the decarbonization levers is not yet possible at this time, however.

The amount for the 2019 base year was 6,559 thousand t CO₂eq.¹⁹ In 2024, the amount was 6,928 thousand t CO₂eq. Hence, greenhouse gas emissions have increased by 6% between 2019 and 2024.

¹⁹ This figure was reviewed in 2024. No adjustment was necessary.

Own production

In order to evaluate the actions to decarbonize its own operations, the Schaeffler Group has a target of reducing greenhouse gas emissions (Scope 1 and Scope 2) by 90% by 2030 compared to 2019.²⁰ In accordance with the Greenhouse Gas Protocol, the Schaeffler Group has selected the market-based approach of accounting for Scope 2 emissions. The company aims to counter-balance unavoidable emissions.

Most CO₂eq savings will be achieved by changing to renewable energy sources. Another decarbonization lever consists of increasing energy efficiency in production and infrastructure.

The amount for the 2019 base year was 986 thousand t CO₂eq.²¹ In 2024, the amount was 193 thousand t CO₂eq. Hence, greenhouse gas emissions have decreased by 80% between 2019 and 2024. The trend in the Scope 1 and Scope 2 categories is reviewed annually.

The above climate targets for the Schaeffler Group’s supply chain (Scope 3.1, Scope 3.3, Scope 3.4) and for its own production (Scope 1 and Scope 2) were set in accordance with the standards of the Science Based Target initiative (SBTi) based on the cross-sector decarbonization pathway and validated by the SBTi. Based on the information available, the Schaeffler Group believes that the climate targets were consistent with the Paris Agreement when they were set. SBTi claims to validate the targets on a scientific basis.

Key assumptions used in setting the two targets are partly based on business development scenarios and on external influences such as the decarbonization of the electricity grid. The company also took into account various SBTi ambition levels and considered scenarios of the International Energy Agency (IEA) in setting climate targets and in forecasting how energy emissions may develop. Except for the involvement of SBTi, no further stakeholders were actively involved in target setting.

The subsidiaries of Vitesco Technologies Group AG, which has ceased to exist as a result of the merger, are not reflected in the above targets.

The percentage of the remuneration recognized in the current period that is related to the climate targets is described in section ESRS 2 GOV-3.

Metrics on energy consumption and energy mix [E1-5]

The metrics with respect to energy, water, and waste are generally captured based on primary data (e.g., invoices, meter readings) and are stored in a central database. For entities that are not covered by primary data capturing due to their limited size in terms of number of employees, area, or their influence, an estimation methodology is applied at the corporate level. Within the estimation methodology, there is a risk that the assumptions do not fully reflect reality, which can result in deviations.

Metric measurement is validated by various external and internal audits to ensure accuracy and quality. Specific examples of audits performed are EMAS audits and/or ISO audits.

Energy consumption and energy mix

	Unit	2024
Total energy consumption	MWh	3,341,023
Total fossil energy consumption	MWh	888,299
Share of fossil sources in total energy consumption	%	26.6
• Fuel consumption from coal and coal products	MWh	0
• Fuel consumption from crude oil and petroleum products	MWh	92,086
• Fuel consumption from natural gas	MWh	634,263
• Fuel consumption from other fossil sources	MWh	138,103
• Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	MWh	23,847
Consumption from nuclear sources	MWh	63
Share of consumption from nuclear sources in total energy consumption	%	0.0
Total renewable energy consumption	MWh	2,452,661
Share of renewable sources in total energy consumption	%	73.4
• Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	MWh	9,649
• Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	MWh	2,424,063
• Consumption of self-generated non-fuel renewable energy	MWh	18,948
Energy intensity (total energy consumption per net revenue)	MWh/€m	183.7

Since the Schaeffler Group as a whole is part of high climate impact sector C Manufacturing under the NACE codes, energy intensity is calculated based on total energy consumption and the total revenue line in the consolidated income statement for 2024.

²⁰ The target comprises total Scope 1 and Scope 2 emissions. Target achievement is not tracked separately. Please refer to pg. 73 for an overview of GHG emissions.

²¹ This figure was reviewed in 2024. No adjustment was necessary.

Metrics on greenhouse gas emissions [E1-6]

Greenhouse gas emissions (GHG-emissions)

	Unit	2024
Total GHG emissions		
Total GHG emissions (location-based)	t CO ₂ eq	14,983,463
Total GHG emissions (market-based)	t CO ₂ eq	14,089,398
Scope 1 GHG emissions		
Gross Scope 1 GHG emissions ¹⁾	t CO ₂ eq	194,982
Percentage of Scope 1 GHG emissions from regulated emission trading schemes	%	1.6
Scope 2 GHG emissions		
Gross location-based Scope 2 GHG emissions ¹⁾	t CO ₂ eq	897,551
Gross market-based Scope 2 GHG emissions ¹⁾	t CO ₂ eq	3,486
Significant Scope 3 GHG emissions		
Total gross indirect (Scope 3) GHG emissions	t CO ₂ eq	13,890,930
3.1 Purchased goods and services	t CO ₂ eq	6,941,958
3.2 Capital goods	t CO ₂ eq	398,382
3.3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)	t CO ₂ eq	262,410
3.4 Upstream transportation and distribution	t CO ₂ eq	414,234
3.10 Processing of sold products	t CO ₂ eq	525,655
3.11 Use of sold products	t CO ₂ eq	5,348,291
Total GHG emissions and intensity		
Total GHG emissions (location-based) per net revenue	t CO ₂ eq / EUR thousands	0.82
Total GHG emissions (market-based) per net revenue	t CO ₂ eq / EUR thousands	0.77

¹⁾ All Scope 1 and 2 emissions are associated with the group consolidated for financial reporting purposes in accordance with ESRS E1 50a.

The Schaeffler Group calculates and reports greenhouse gas emissions based on the Corporate Accounting and Reporting Standard 2004 and in accordance with the Corporate Value Chain (Scope 3) Accounting and Reporting Standard 2011 of the Greenhouse Gas Protocol Initiative (GHG Protocol). The company

reports all direct greenhouse gas emissions resulting from its own emissions sources (Scope 1), indirect greenhouse gas emissions resulting from the generation of purchased electricity and district heating (Scope 2), and greenhouse gas emissions resulting from the upstream and downstream value chain (Scope 3). The company reports on six Scope 3 categories of the GHG Protocol Initiative; the nine Scope 3 categories not reported on are not significant (< 5% in total). The consolidation approach selected is operational control. Emission factors applied in calculating Scope 1 to 3 emissions include all relevant gases. The emission factors applied have generally not been updated yet for the global warming potential values most recently published by the Intergovernmental Panel on Climate Change (IPCC), as these are not yet available in the databases used.

The level of accuracy of greenhouse gas emissions is determined based on the representativeness of activity data with respect to technology, time, geography, completeness, and reliability. Activity data is normally based on location- and technology-specific measurements taken during the year. Estimates are used to a small extent. Calculated greenhouse gas emissions (Scope 1-3) were assigned a data quality score of “good” using an internal assessment based on the GHG Protocol.

Scope 1 greenhouse gas emissions comprise combustion of fuels in stationary and mobile processes, emissions from physical and chemical processes, and fugitive emissions resulting from all activities under the Schaeffler Group’s financial and operational control in accordance with ESRS. Scope 1 greenhouse gas emissions resulting from combustion of fuels are calculated by multiplying fuel-specific consumption data by the corresponding DEFRA (2023) emission factors. Fugitive emissions were converted using global warming potential values provided by the German Federal Environmental Agency (“Umweltbundesamt”) (2023).

Scope 2 greenhouse gas emissions are calculated based on the GHG Protocol Scope 2 Guidance and comprise indirect emissions resulting from using purchased electricity and heat, steam, and

cooling in all activities under the Schaeffler Group’s operational control. Scope 2 greenhouse gas emissions are calculated by multiplying energy-specific consumption data by the corresponding emission factors. In its calculation of location-based greenhouse gas emissions, the Schaeffler Group uses the DEFRA (2023) and IEA (2023) emission factors. In its calculation of market-based greenhouse gas emissions, the Schaeffler Group additionally uses contract-based emission factors and a factor of zero for renewable electricity.

Scope 3 greenhouse gas emissions are calculated based on the GHG Protocol Scope 3 Calculation Guidance. The greenhouse gas emissions of **Scope 3.1 “Purchased goods and services”** and of **Scope 3.2 “Capital goods”** include all upstream (cradle-to-gate) emissions resulting from the production of goods and services purchased or acquired by the Schaeffler Group during the year. An external service provider calculates Scope 3.1 and Scope 3.2 greenhouse gas emissions by multiplying the physical or monetary volume of purchased goods and services by the relevant sector- and country-specific emission factors from the input-output tables of OECD ICIO, Exiobase, and BEA. For certain groups of materials in Scope 3.1, the Schaeffler Group calculated weight-based emission factors with an external service provider using the LCA for Experts (GaBi) software.

The greenhouse gas emissions of **Scope 3.3 “Fuel- and energy-related activities”** include greenhouse gas emissions associated with the production of fuels and energy that are purchased and consumed by the Schaeffler Group during the year and are not yet included in Scope 1 or Scope 2. This includes the extraction, production, and transport of fuels used by the company either directly or indirectly through the generation of electricity, steam, heating, and cooling, as well as transmission and distribution losses. Scope 3.3 greenhouse gas emissions are calculated by multiplying fuel- and energy-specific consumption data by the relevant DEFRA (2023) emission factors.

The greenhouse gas emissions of **Scope 3.4 “Upstream transportation and distribution”** include emissions resulting from the transport and distribution of products purchased during the year between the Schaeffler Group’s direct suppliers (Tier 1) and its locations using vehicles that the Schaeffler Group does not own or operate. This also covers the transport and distribution services purchased by the company during the year, including inbound and outbound logistics as well as transport and distribution between internal locations using vehicles that the Schaeffler Group does not own or operate. Emissions associated with third-party operation of storage and transshipment facilities are included. Scope 3.4 greenhouse gas emissions for transport services are calculated by determining the mass, distance, and mode of transports and applying the corresponding specific emission factors. For certain transports, the Schaeffler Group used emissions calculated by logistics providers. Emissions associated with the operation of third-party warehouses are calculated and added on the basis of a “spend-based approach” using the Scope 3.1 calculation method based on the monetary volume of the services purchased.

Scope 3.10 “Processing of sold products” greenhouse gas emissions are calculated by multiplying revenue from customers by specific emissions intensity factors obtained from sustainability ratings and sustainability statements. For revenue from customers for which specific emissions intensities are not available, the Schaeffler Group uses weighted-average emissions intensities.

Scope 3.11 “Use of sold products” greenhouse gas emissions of the direct use phase are calculated by multiplying the relative weight of Schaeffler products in end products – taking into account end product-specific metrics such as lifetime or consumption data – by specific IEA (2023) or DEFRA (2023) emission factors.

The Schaeffler Group’s greenhouse gas intensity under the location- and the market-based methods is calculated as the total of Scope 1, Scope 2, and Scope 3 divided by revenue.

The percentage of Scope 3 greenhouse gas emissions determined using **primary data** amounts to 57.0% and is calculated by dividing Scope 3 greenhouse gas emissions determined using primary data by total Scope 3 greenhouse gas emissions.

Under the GHG Protocol, carbon dioxide emissions from the combustion of biomass are net zero for Scope 1 emissions since the amount of carbon absorbed by the biomass during the growth phase is released during combustion. To ensure complete reporting, these **biogenic emissions** are reported separately from Scope 1 to 3 emissions as recommended by the GHG Protocol. Direct biogenic Scope 1 and 2 greenhouse gas emissions are calculated by multiplying activity data on biogenic origin by specific DEFRA (2023), IEA (2023), and VDA (2024) emission factors. Direct biogenic Scope 3 greenhouse gas emissions are calculated by multiplying total Scope 3 greenhouse gas

emissions by the ratio of direct biogenic Scope 1 and 2 greenhouse gas emissions to total location-based Scope 1 and 2 greenhouse gas emissions. Biogenic emissions of CO₂eq associated with Scope 1 activity data amount to 3,342 t CO₂eq and those associated with Scope 2 activity data to 108,802 t CO₂eq. Biogenic emissions of CO₂eq associated with Scope 3 categories are estimated based on the biogenic emissions for Scope 1 and Scope 2 and amount to 1,425,847 t CO₂eq.

The share of contractual instruments used to cover the population of purchased or acquired energy²² amounts to 94.1%. The company distinguishes between the following types of contractual instruments:

- Energy attribute certificates (EACs) that may be purchased bundled or unbundled. EACs purchased unbundled refer to contracts under which energy and EACs are purchased separately from different sources. Bundled EACs purchased refer to power purchase agreements (PPAs) under which energy is purchased bundled with EACs from a single source.
- Supplier-specific emissions factor, mainly comprising green electricity plans offered by energy suppliers.
- Green electricity contracts for which EACs are not applicable or not necessary; for the Schaeffler Group, these comprise supply from third-party facilities that are connected directly to the power grid of the relevant location.

²² Represents the total of consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources and consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources as set out in the Energy consumption and energy mix table on pg. 72.

Sustainability statement > Environment > Climate change [ESRS E1]

Contractual instruments

in %	2024
Unbundled EACs	84.6
Bundled EACs	3.1
Supplier-specific emission factor	5.7
Green electricity contracts for which EACs are not applicable or not necessary	0.7

Amounts for facilities directly connected to locations are based on measurements. All other amounts were determined based on supplier data, invoices, and contracts.

Pollution [ESRS E2]

Impacts, risks, and opportunities (IROs) [SBM-3]

Material impacts and material risks to the Schaeffler Group related to pollution were identified along the value chain in the materiality assessment. These are set out in the following overview.²³ No material impacts related to the company’s own operations were identified.

Impacts and risks associated with pollution

POLLUTION OF AIR

● Pollution of air through processes and products (Actual negative impacts)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

Actual negative impacts on the quality of air and health of people arise due to particles, toxic vapors, dust, and gas emissions released during extraction and processing of raw materials and production of intermediate products and components in the upstream value chain.

In the downstream value chain, actual negative impacts on the quality of air and health of people primarily result from the use phase of powertrains in vehicles with internal combustion engines and transport processes, during which large quantities of harmful nitrogen oxides and particulate matter are produced.

In addition, the Schaeffler Group’s Bearings & Industrial Solutions (B&IS) division serves customers in the raw materials extraction sector whose activities in the downstream value chain are also associated with significant air pollution.

POLLUTION OF WATER, SOIL, LIVING ORGANISMS, AND FOOD RESOURCES

● Pollution through raw material extraction processes (Actual negative impacts)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

Actual negative impacts on the environment and people arise from the use of chemicals and generation of large quantities of waste products during extraction and processing of raw materials in the upstream value chain.

Especially toxic substances such as arsenic, lead, and bauxite released in mining activities often pollute water, soil, living organisms, and food resources of surrounding communities.

In addition, the Schaeffler Group’s B&IS division serves customers in the raw materials extraction sector whose activities in the downstream value chain are associated with negative impacts for the same reasons.

SUBSTANCES OF (VERY HIGH) CONCERN AND PFAS

● Use of substances of (very high) concern and PFAS (Actual and potential negative impacts)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

Substances of concern and substances of very high concern

There are actual negative impacts on the environment and people arising from the use of substances of concern and substances of very high concern during extraction and processing of raw materials in the upstream value chain. These substances are often released in mining activities, subsequently accumulate in the environment, and may thus harm people and surrounding communities.

Furthermore, the Schaeffler Group’s B&IS division serves customers in the raw materials extraction sector whose activities in the downstream value chain are associated with negative impacts for the above reasons as well.²⁴

Along with these extraction-related impacts, there are also potential negative impacts on the environment and people which can arise from potential mishandling of these substances or accidents during production of intermediate products in the upstream value chain.

PFAS

Per- and polyfluoroalkyl substances (PFAS) are synthesized in the upstream value chain for production of supplies and intermediate products and components, such as membranes and sealings; they are later used by the Schaeffler Group.

As part of these processes, improper handling and/or accidents can occur that can negatively impact the environment and people as well as communities.

● General ban on PFAS (EU ban proposal) (Risks)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

PFAS are used along the value chain of the Schaeffler Group and are currently indispensable for certain automotive industry products and components. As PFAS can have negative impacts on the health of people and the environment, the EU is considering banning these substances.

The as yet unresolved legal situation related to the EU PFAS ban proposal may give rise to a risk that could have a negative impact on the Schaeffler Group’s business.

Policies [E2-1]

In its Business Partner Code of Conduct, the Schaeffler Group has a fundamental document addressing material negative impacts related to pollution and substances of concern of its business partners. The material risks related to a potential PFAS ban by the EU are continuously reviewed to facilitate the necessary adjustments to the relevant fundamental documents when the legal situation is resolved.

Business Partner Code of Conduct

The Schaeffler Group has committed to standards and minimum requirements for its own business conduct and expects its business partners to meet these as well. The Business Partner Code of Conduct describes these requirements, providing binding rules for conducting business relations with the Schaeffler Group (see section ESRS S2-1).

These include systematically monitoring, disclosing, controlling, minimizing, and – to the extent possible – eliminating emissions contributing to water, air, soil, and noise pollution. Additionally, business partners are required to identify, minimize, and replace restricted substances in their production processes. Chemicals and substances of concern are to be labeled and business partners have to ensure their safe handling, storage, recycling, and disposal.

²³ Time horizons identified represent the estimated earliest time of occurrence of material impacts and risks.

²⁴ Since this is not a taxonomy-relevant activity, this does not have any effect on the results of the DNSH Appendix C assessment.

Sustainability statement > Environment > Pollution [ESRS E2]

Further, criteria and relevant regulatory frameworks for both supplier selection and orders are outlined in the Schaeffler Group's "Prohibited and declarable substances" standard, which is regularly updated and provided to suppliers. Prohibited substances in a concentration exceeding the specified limit must not be contained in products purchased by the Schaeffler Group or be produced or released during subsequent use. This can include, for instance, acutely toxic substances, flammable substances with H phrases, explosive substances with H phrases, and radioactive substances. Declarable substances have to be declared in accordance with the requirements of the standard if their concentration exceeds the applicable limit.

Actions [E2-2]

The annual abstract risk analysis covers the aspects of "environmental regulation" and "pollution" in accordance with the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichten-gesetz – LkSG). Using a risk-based approach, direct suppliers are then requested to obtain certification under ISO 14001/EMAS.

Beyond that, the Schaeffler Group has not yet implemented any other specific actions related to the pollution-related impacts and risks identified as material. The reasons for this include the lack of data on pollution in the value chain and the unresolved legal situation with respect to PFAS. The company's pollution-related activities have thus far focused on minimizing the impacts related to its own operations. However, by introducing the Business Partner Code of Conduct, the Schaeffler Group has already taken action to raise initial awareness of the material pollution-related impacts in the upstream value chain.

Targets and metrics [E2-3/E2-4/E2-5]

Therefore, the Schaeffler Group has not yet set any strategic targets related to the impacts and risks in the upstream and/or downstream value chain that were identified as material. Among other things, this is due to the lack of data referred to above. Furthermore, the company does not collect any metrics for the upstream and/or downstream value chain.

Water and marine resources [ESRS E3]

Impacts, risks, and opportunities (IROs) [SBM-3]

Material impacts and material risks to the Schaeffler Group related to water were identified in the company’s own operations as well as in the upstream and downstream value chain in the materiality assessment. These are set out in the following overview.²⁵

Impacts and risks associated with water

WATER

● Large freshwater withdrawals through own operations (Actual negative impacts)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

Actual negative impacts on water status arise from large freshwater withdrawals at the Schaeffler Group’s locations, primarily as cooling water for industrial applications such as steel processing and for sanitary purposes. This harbors risks for local ecosystems and surrounding communities, especially in regions with water scarcity.

● Large water withdrawals and discharges in the value chain (Actual negative impacts)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

Actual negative impacts on water status arise from large water withdrawals and discharges in the upstream value chain resulting from water-intensive processes in raw material extraction and processing, such as mineral washing, and from production of intermediate products, such as electronics manufacturing.

Water withdrawals and discharges negatively impact local ecosystems and surrounding communities, particularly in regions with water scarcity.

In addition, the Schaeffler Group’s Bearings & Industrial Solutions (B&IS) division serves customers in the downstream value chain in the raw materials extraction sector whose activities are associated with negative impacts for the same reasons.

● Limited availability of water for own business processes and supply chain vulnerability to water scarcity in certain regions (Physical risks)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

Schaeffler Group locations in regions with water scarcity may experience production losses, increased operating costs, and reputational damage due to limited water resources. Water scarcity and resulting restrictions on the water supply to production, R&D, and office locations could lead to bottlenecks, disrupt operations, and drive up the cost of alternative water supply solutions. This could ultimately impact the company’s financial performance and increase the risk of a negative impact on the company’s image.

Moreover, interruptions in the upstream value chain may occur in regions with high water scarcity and have a negative impact on the company. The uncertainty regarding the availability of water in these regions could lead to shortages of important raw materials or components, which could lead to delays or stops in production. This could in turn lead to lost revenue, additional costs of looking for alternative suppliers, and a potential loss of market share.

● Growing stakeholder demands for closed-loop water circulation systems (Transition risks)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

Increasing demands by stakeholders for more sustainable use of water, especially closed-loop water circulation systems, represent a risk for the Schaeffler Group. Meeting these demands requires investing more in new technological solutions, which increases operating costs. Failure to meet these demands could lead to loss of revenue and loss of reputation, which negatively affect the company’s market position.

Policies [E3-1]

The Schaeffler Group’s locations use water primarily for sanitation, cooling, and industrial applications. The company has implemented policies and/or policy statements in order to manage its material water resources-related impacts and risks. These are the **EnEHS Policy**, the **ESG Policy**, and the **Business Partner Code of Conduct**, which defines the company’s expectations of its business partners when it comes to managing water resources.

EnEHS Policy

In its EnEHS Policy, the Schaeffler Group has laid down its fundamental values and principles with respect to energy, environment, and health and safety (EnEHS) topics (see section ESRS E1-2). In its EnEHS Policy, the Schaeffler Group commits to be a responsible steward of water resources as a fundamental part of its sustainability strategy. To this end, the company analyzes, measures, and controls its direct impacts and dependencies. This includes preventive actions to minimize water withdrawal, consumption, and discharge as well as pollution of water and soil. Additional actions consist of protecting freshwater ecosystems and proper treatment. The Schaeffler Group aims to implement these actions particularly at those of its locations that are located in areas with water scarcity.

ESG Policy

The overarching objectives of the ESG Policy are to outline the company’s sustainability strategy and targets as well as its implementation, and reduce legal, financial, and entrepreneurial risks (see section ESRS E1-2). With a view to negative water-related impacts identified as material, the Schaeffler Group defines protecting and maintaining the resource water as an action field. The ESG Policy is designed to make its own employees aware of the need to use water as sparingly and sustainably as possible, especially employees at production locations situated in areas at water risk.

Business Partner Code of Conduct

The Schaeffler Group has committed to standards and minimum requirements for its own business conduct and expects its business partners to meet these as well. The Business Partner Code of Conduct describes these requirements, providing binding

²⁵ Time horizons identified represent the estimated earliest time of occurrence of material impacts and risks.

rules for conducting business relations with the Schaeffler Group (see section ESRS S2-1). This includes that business partners systematically monitor, disclose, appropriately control, minimize, and – to the extent possible – eliminate emissions contributing to water pollution. Business partners are also expected to reduce their consumption of water, effectively reuse and recycle water, and appropriately treat wastewater. Particularly in areas of water scarcity, water withdrawal must be minimized.

Actions [E3-2]

The Schaeffler Group would like to systematically address its material water resources-related impacts and risks. The actions described below address, in particular, the impacts from the company's own operations as well as the risk of water scarcity at its own locations and in the upstream value chain. For material upstream and downstream impacts, however, there is currently no action program in place yet. However, by introducing the Business Partner Code of Conduct, the Schaeffler Group has already taken action to raise awareness of material water resources-related impacts in the upstream value chain.

Under its strategy and the "Sustainability & Infrastructure" subprogram, the Schaeffler Group invests in actions, for instance in improving production processes and in saving resources. One of the elements defined to this end is termed Green Production. Since 2022, the Schaeffler Group has been pooling all relevant resources in a single **program to reduce freshwater withdrawal** at its own locations by identifying and introducing water conservation measures. A global interdisciplinary team is responsible for implementing the program.

In addition, the Schaeffler Group Executive Board has decided to minimize water-related production risks by systematically reducing water dependency. Based on the results of the Aqueduct database of the World Research Institute (WRI), the company has

identified manufacturing locations that are situated in areas with severe or extremely severe water scarcity. Chronic physical risks are particularly relevant regarding areas of high water stress in India, Mexico, China, and Romania. Other plants in Germany, South Africa, Spain, and the U.S. are expected to be under high water stress over the next decade.

The results of the water-related risk assessment were taken into account in internal decision processes. For the Schaeffler Group, this leads to increased requirements and resulting investment and technological changes, such as projects for recycling and recirculation of water, some of which were already implemented in 2024. As part of this, possible location-specific actions were identified and their implementation planned: For instance, evaporator facilities were commissioned in Mexico, Slovakia, and Italy, and production plants and processes were optimized with respect to recirculation of treated cooling water in cooling towers.

The Schaeffler Group also increasingly relies on water recycling to conserve freshwater. To this end, the company plans to expand closed-loop water circulation systems and recycling systems. Locations with industrial wastewater – which is generated in electroplating and needle production processes – are equipped with systems that enable processes ranging from treatment to nearly complete recycling. A variety of technologies are used for this purpose, including evaporation technology, membrane filtration, ion exchange systems, and chemical and physical treatment processes. Where this is not possible, wastewater is treated in accordance with applicable requirements and discharged into the public sewer system.

For the upstream value chain, the company's ability to directly reduce the risk of interruption of supplier's operations caused by water scarcity is limited. Therefore, the risk of interruption of operations due to failure of suppliers is minimized via supplier assessments and appropriate purchasing strategies.

The actions described do not result in any significant specific capital (CapEx) or operating expenditures (OpEx) and are implemented as part of regular operations and planned for 2025. The Schaeffler Group aims to continually develop and take further actions to reduce its water withdrawal quantities. In this context, it plans to continually monitor changes in freshwater withdrawal.

Targets and metrics

Targets [E3-3]

As part of the merger with Vitesco Technologies Group AG, the Schaeffler Group's previous target for the reduction of freshwater withdrawal is being revalidated. Therefore, this target is not reported on in 2024. The company plans to communicate the revision of the target in 2025.

Metric on water withdrawal [E3-4]

In 2024, the Schaeffler Group withdrew 5,195,582 m³ of water. The company takes into account water from third parties, groundwater, well water, and surface water, while rain water is not considered relevant. The remaining methodologies and assumptions for collecting data on water withdrawal correspond to those disclosed for energy consumption and energy mix (see section ESRS E1-5).

Biodiversity and ecosystems [ESRS E4]

Impacts, risks, and opportunities (IROs) [SBM-3]

Material impacts and material risks to the Schaeffler Group related to biodiversity and ecosystems were identified in the company’s own operations as well as along the upstream and downstream value chain in the materiality assessment. These are set out in the following overview.²⁶

Impacts and risks associated with biodiversity and ecosystems

DIRECT IMPACT DRIVERS OF BIODIVERSITY LOSS

- **Contribution to direct impact drivers of biodiversity loss**
(Actual negative impacts)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

Actual negative impacts on biodiversity and ecosystems along the entire value chain arise from the use and combustion of fossil fuels at all value chain stages, which further accelerate climate change as a direct driver of biodiversity loss.

Beyond this primary impact driver, actual negative impacts arise in the upstream value chain from direct exploitation of natural resources for the extraction of raw materials as well as from land use changes and landscape alterations associated with large and small-scale mining.

In addition, the Schaeffler Group’s Bearings & Industrial Solutions (B&IS) division serves customers in the raw materials extraction sector whose activities in the downstream value chain are associated with negative impacts for the same reasons.

IMPACTS AND RISKS RELATED TO THE STATE OF SPECIES, EXTENT AND CONDITION OF ECOSYSTEMS, AND ON ECOSYSTEM SERVICES

- **Impacts on the state of species, extent and condition of ecosystems, and on ecosystem services from raw material extraction processes**
(Actual negative impacts)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

There are actual negative impacts on the state of species, the extent and condition of ecosystems, and on ecosystem services arising from extraction and processing of raw materials in the upstream value chain.

These impacts result from removal of vegetation during construction of mines, the associated soil degradation, chemical contamination of surface and groundwater with chemicals, and the toxicity of these substances for organisms.

Mining also leads to habitat loss and fragmentation, combined with the disturbance of wildlife and potentially threatened species, which contributes to a decline in species populations.

Ecosystem services are also negatively impacted by pollution and soil degradation associated with mine development and operation. This is particularly problematic for local communities that rely on these ecosystem services.

In addition, the Schaeffler Group’s B&IS division serves customers in the raw materials extraction sector whose activities in the downstream value chain are associated with similar negative impacts for the same reasons.

- **Increasing costs due to growing ecosystem-related regulatory requirements (e.g., extraction of raw materials)**
(Transition risks)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

Due to growing pressure on governments to preserve biodiversity and restore ecosystems, extraction of raw materials could be subject to costly legal requirements in the future or, in some cases, be prohibited altogether, which would make it increasingly difficult to maintain and expand mining capacities and develop new mines. It can lead to production bottlenecks and restrictions on productivity that affect meeting production targets and market requirements. These operational challenges can lead to loss of revenue and loss of reputation since stakeholders and customers might view the company as unreliable.

The materiality assessment reviewed all locations operated by the Schaeffler Group for their impacts on biodiversity and ecosystems, including locations under its operational control. The Schaeffler Group has three locations situated in or near biodiversity-sensitive areas. However, there are no indications that operations at these locations negatively affect these areas (see section ESRS 2 IRO-1).

Transition plan and consideration of biodiversity and ecosystems in strategy and business model [E4-1]

As part of the risk identification process, the Schaeffler Group has also qualitatively assessed the resilience of its strategy and business model to biodiversity and ecosystems-related transition risks.

In this context, the entire value chain was considered and the assumptions and time horizons described in ESRS 2 IRO-1 were used. The “Ahead of the Game” scenario utilized for this purpose was supplemented with biodiversity-specific factors of the Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES), and its long-term perspective is aligned with the Kunming-Montreal Global Biodiversity Framework (GBF), among others.

The result of the analysis demonstrates that the material transition risks resulting from rising costs due to growing ecosystem-related regulatory requirements will continue to increase and may have a greater financial impact on the Schaeffler Group in the future. Therefore, the Schaeffler Group aims to develop suitable adaptation actions in the medium to long term in order to continue to safeguard and expand the existing resilience of its strategy and business model in the future.

The company did not engage with external stakeholders in the context of the resilience analysis in 2024.

²⁶ Time horizons identified represent the estimated earliest time of occurrence of material impacts and risks.

Policies [E4-2]

In its Business Partner Code of Conduct, the Schaeffler Group has a fundamental document addressing material negative impacts of its business partners with respect to biodiversity and ecosystems.

Business Partner Code of Conduct

The Schaeffler Group has committed to standards and minimum requirements for its own business conduct and expects its business partners to meet these as well. The Business Partner Code of Conduct describes these requirements, providing binding rules for conducting business relations with the Schaeffler Group (see section ESRS S2-1).

Beyond the Business Partner Code of Conduct, the Schaeffler Group has implemented various other policies to mitigate climate change (see section ESRS E1-2). Climate change is accelerated by the use and combustion of fossil fuels at all of the Schaeffler Group's value chain stages and is a direct driver of biodiversity loss. Therefore, these policies are indirectly also aimed at limiting biodiversity loss. In addition, the Schaeffler Group has a policy to protect biodiversity and ecosystems with respect to operating locations it operates in or near protected areas or biodiversity-sensitive areas.

At this point in time, however, no disclosures can be made regarding whether and how the Schaeffler Group's policies and/or fundamental documents support traceability of products, components, and raw materials with material impacts on biodiversity and ecosystems, or whether and how they address

related social consequences. Further, no disclosures can be made regarding whether and how the policies and/or fundamental documents address production, sourcing, or consumption from ecosystems that are managed to maintain or enhance conditions for biodiversity.

The material risks related to potentially increasing costs due to growing ecosystem-related regulatory requirements (e.g., for extraction of raw materials) are currently not fully addressed by the existing policies and/or fundamental documents.

Actions [E4-3]

According to the descriptions of material impacts and risks, the Schaeffler Group has identified its contribution to climate change as the main driver for biodiversity loss – both in its own operations and along the upstream and downstream value chain (see section ESRS E4 SBM-3). In order to manage its impacts and risks related to climate change and, hence, biodiversity loss, that it has identified as material, the Schaeffler Group has implemented various actions, set targets, and collects metrics (see sections ESRS E1-3, E1-4, E1-5, and E1-6).

Meanwhile, the Schaeffler Group has identified material negative impacts on biodiversity and ecosystems as well as biodiversity and ecosystems-related risks that are not directly related to its contribution to climate change; examples are the extraction of raw material and land-use changes due to large and small-scale mining, or increasing costs due to growing ecosystem-related regulatory requirements. The Schaeffler Group has not implemented any specific actions addressing these impacts and

risks to date for reasons including the lack of data in the value chain. However, by introducing the Business Partner Code of Conduct, the Schaeffler Group has already raised awareness of the material biodiversity and ecosystem-related impacts in the upstream value chain. Its effectiveness with respect to the material impacts identified is currently not being tracked.

Targets and metrics [E4-4/E4-5]

Thus far, the Schaeffler Group's biodiversity-related activities have focused on minimizing the material impacts in its own operations. Therefore, the company has not yet set any strategic targets related to the material impacts and risks in the upstream and/or downstream value chain. This is due to the lack of data referred to above, among other things. Furthermore, the company does not collect any metrics for the upstream and/or downstream value chain.

Resource use and circular economy [ESRS E5]

Impacts, risks, and opportunities (IROs) [SBM-3]

Material impacts and material risks to the Schaeffler Group associated with resource use and circular economy were identified in the company’s own operations as well as along the upstream and downstream value chain in the materiality assessment. Opportunities for the Schaeffler Group were identified as well. These are set out in the following overview.^{27, 28}

Impacts, risks, and opportunities associated with resource use and circular economy

RESOURCE INFLOWS, INCLUDING RESOURCE USE

- **Use of large quantities of primary materials**
(Actual negative impacts)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

To manufacture its products, the Schaeffler Group depends on the use of large quantities of primary materials that are extracted in the upstream value chain, which has actual negative impacts on the environment and people.

Only a limited proportion of the materials used come from recycling or renewable sources, which runs counter to the goal of a circular economy.

- **Limited availability of sustainable raw materials and components**
(Transition risks)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

The limited availability of sustainable raw materials and components such as green steel and natural rubber represents a risk for the Schaeffler Group’s operations since it can lead to increased raw materials prices and bottlenecks in production. Especially the upcoming deforestation regulations could increase natural rubber prices which results in production delays and loss of revenue. This scarcity could also hamper the company’s innovative ability and increase operating costs.

- **High capital expenditures for circularity of processes and products**
(Transition risks)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

High capital expenditures on research, development, and infrastructure in order to transition to a circular economy can lead to financial charges and affect profitability. There is also a risk that market demand for recyclable products will fall short of expectations or that competitors will launch similar initiatives. Changes in the regulatory landscape could result in additional costs of complying with new standards.

RESOURCE OUTFLOWS RELATED TO PRODUCTS AND SERVICES

- **Low recyclability of certain product materials**
(Actual negative impacts)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

Actual negative impacts on the environment arise from the use of certain materials contained in many of the Schaeffler Group’s products as well as in customers’ products. As these materials are difficult to recycle at the end of their life cycle, parts of the products have to be disposed of in landfills or incinerated, which runs counter to the goal of a circular economy.

- **Sales opportunities from use of sustainable & recycled materials in products**
(Opportunities)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

The company’s intention to more extensively use sustainable and recycled materials and other conceptual plans in the future to increase circularity will help reduce the carbon footprint of products and meet relevant customer requirements. A clear circular economy strategy for the Schaeffler Group’s products can lead to additional orders and thus to a stronger market position.

WASTE

- **Generation of hazardous and non-hazardous waste**
(Actual negative impacts)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

Actual negative impacts on the environment arise from processes throughout the upstream and downstream value chain, ranging from raw material extraction and processing to end-of-life treatment or logistics, which generate significant quantities of waste (e.g., tailings and sludges from raw material extraction frequently containing hazardous substances, but also disposable transport packaging).

Actual negative impacts on the environment also result from the Schaeffler Group’s own operations, as they generate various types of hazardous and non-hazardous waste, such as scrap metal or packaging waste.

Additionally, a significant amount of waste across the entire value chain is not recyclable and has to be disposed of in landfills or incinerated with the corresponding negative effects.

Policies [E5-1]

The Schaeffler Group has implemented various policies in order to manage its material impacts and risks and identified opportunities that are related to resource use and circular economy. These are the **EnEHS Policy** and the **ESG Policy**. In its **Business Partner Code of Conduct**, the Schaeffler Group also has a fundamental document which sets out the company’s expectations of its business partners in this regard.

EnEHS Policy

In its EnEHS Policy, the Schaeffler Group has laid down its fundamental values and principles with respect to energy, environment, and health and safety (EnEHS) topics (see section ESRS E1-2).

²⁷ Time horizons identified represent the estimated earliest time of occurrence of material impacts, risks, and identified opportunities.

²⁸ The opportunities listed are identified opportunities. Due to the ongoing integration of Vitesco Technologies Group AG and the related update of the group strategy, the materiality of opportunities will first be assessed in the coming year.

With respect to resource use and circular economy, the policy specifically focuses on:

- taking into account the entire product life cycle when assessing material and resource efficiency,
- using raw materials sparingly and sustainably,
- minimizing waste, taking into account the established waste hierarchy of prevention, reuse, recycling, energy recovery, and disposal.

ESG Policy

The ESG Policy outlines the company’s sustainability strategy and targets, their implementation, and the reduction of legal, financial, and entrepreneurial risks (see section ESRS E1-2). With respect to resource use and circular economy, the policy establishes that:

- resources are used in a sustainable and environmentally sound manner and materials usage in production processes is minimized,
- the use of secondary materials is preferred,
- waste is minimized by a waste management system and is properly disposed of,
- eco-friendliness should already be considered during product development in order to minimize the environmental impact of products throughout their entire life cycle and beyond, and
- reducing energy consumption and increasing product efficiency have to be prioritized during product development.

Business Partner Code of Conduct

The Schaeffler Group has committed to standards and minimum requirements for its own business conduct and expects its business partners to meet these as well. The Business Partner Code of Conduct describes these requirements, providing binding rules for conducting business relations with the Schaeffler Group (see section ESRS S2-1). With respect to resource use and circular economy, it states that business partners are expected to:

- identify, manage, reduce, reuse, recycle, and responsibly dispose of waste,
- use natural resources in a sustainable manner, i.e., the consumption of energy, water, raw materials, and supplies is demonstrably reduced, and
- foster a circular economy approach from development to manufacturing of products and support the use of sustainable, renewable natural resources.

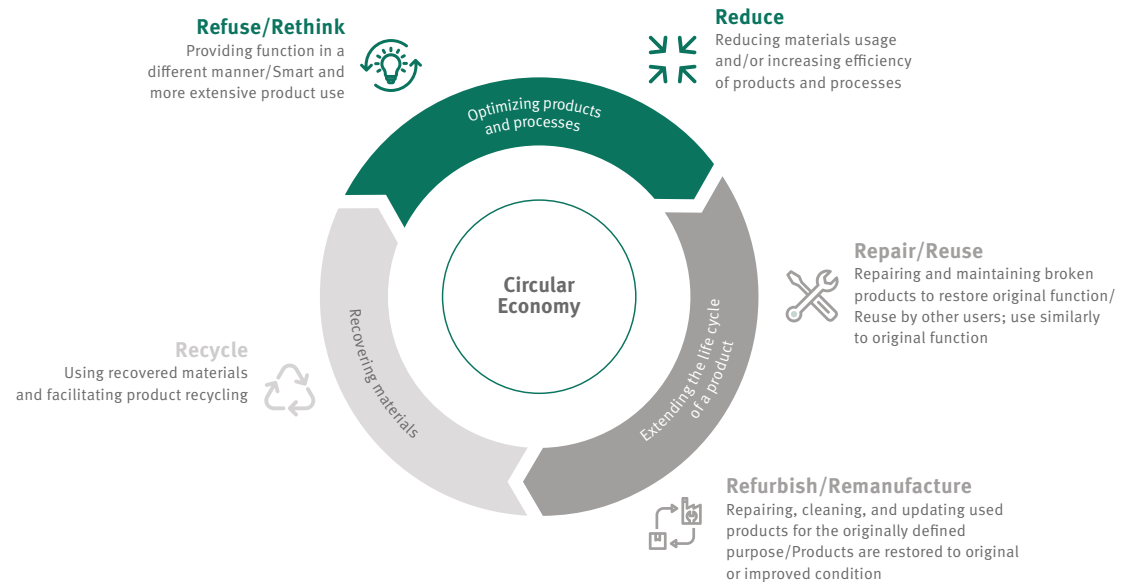
The Schaeffler Group has also introduced technical procurement specifications for certain materials purchased in high volumes such as specialized steel bar materials. These specifications require a scrap content of at least 95%. Suppliers who want to supply under this standard have to comply with this requirement. This standard is applied especially in cases where customers request a similar minimum scrap content.

Strategic circular economy framework

In addition to the above policies, the Schaeffler Group has developed a **strategic circular economy framework** that consists of what are referred to as R-Strategies. The company continually enhances the strategic framework, increasingly focusing on the potential for retaining products and materials in the cycle rather than recovering energy by incinerating them. The Schaeffler Group’s activities cover eight R-Strategies: Refuse, Rethink, Reduce, Reuse, Repair, Refurbish, Remanufacture, and Recycle.

Along with the materials from which the Schaeffler Group’s products are manufactured, materials used during production also have a major impact on the circularity of Schaeffler Group products. As part of the implementation of the R-Strategies selected, the Schaeffler Group has set a target of complying with all relevant requirements for materials and substances used and taking

Circular Economy framework



them into account when selecting suppliers. Relevant requirements refer to legislation, public standards such as especially the ELV Directive 2000/53/EC, and customer requirements regarding the use of recycled materials and the recyclability of Schaeffler products. These requirements are regularly reviewed and analyzed to keep the strategic framework up to date. Material requirements also apply to substances, purchased parts, and packaging as well as to materials used in manufacturing processes and products, among others.

Actions [E5-2]

The Schaeffler Group has implemented various actions in order to manage its material impacts and risks as well as identified opportunities that are associated with resource efficiency and circular economy. Unless stated otherwise, all actions should be considered ongoing.

Under the Schaeffler Group's strategy and the "Sustainability & Infrastructure" subprogram, the company invests in actions designed to, for example, help achieve its climate targets. One of the three elements defined to this end is termed **Green Products**. The Schaeffler Group defines Green Products as products that cause less negative environmental impacts than their substitutes. This advantage has to exist throughout the entire life cycle – i.e., production, transport, and use through to disposal and/or application of potential circular economy approaches.

To this end, the results of the life cycle assessment are integrated into the **product development process** to reduce the use of primary resources and increase recyclability, implementing the selected R-Strategies at the product level. This occurs both in production and, prior to that, during product design and material selection in the development phase. The R-Strategies follow the fundamental idea of using raw materials, components, and products as reusable and for as long as possible. Where economically

feasible, the Schaeffler Group is working to utilize potential for materials efficiency, using less critical and rare raw materials, a long service life, and reparability of its products.

For Green Products, the Schaeffler Group also aims to ensure the best possible recyclability at the end of the use phase of products. A variety of projects are aimed at using materials with a high percentage of secondary materials and adapting product design to promote circularity. The basis of relevant actions are life cycle assessments at the product level that can be used to determine the impact of recycling activities or secondary materials on the carbon footprint.

In order to drive sustainable product development and the topic of circular economy, the Schaeffler Group also participates in various multi-stakeholder initiatives and offers new repair solutions for electric mobility.

The Schaeffler Group has defined **waste management** principles for its own operations in order to minimize waste generation. At all locations that generate more than 25 metric tons of non-hazardous waste or more than two metric tons of hazardous waste per year, a waste coordinator must be appointed regardless of legal requirements. In addition to monitoring waste generation, collection, and disposal, these coordinators' responsibilities include developing and introducing low-waste and eco-friendly processes. Providers of disposal services are assessed in accordance with the requirements of the EnEHS (Energy, Environment, Health and Safety) Manual. The type and frequency of assessment depend on whether the service provider disposes of hazardous waste, scrap metals, or non-hazardous waste.

Standardized waste databases are used for purposes of reporting global waste quantities. Categorization of hazardous and non-hazardous waste, for example, follows the definitions prescribed by the relevant countries.

The actions described do not result in any significant specific capital (CapEx) or operating expenditures (OpEx) and are implemented as part of regular operations and planned for 2025.

Targets and metrics

Targets [E5-3]

The Schaeffler Group has not yet set any strategic targets for material resource use and circular economy-related impacts and risks and identified opportunities that meet the criteria for company-wide sustainability targets. Therefore, no target is reported on here.

Metrics on resource inflows [E5-4]

Steel is the most important resource for the Schaeffler Group, followed by aluminum and plastics, and is primarily used in the form of warm and cold rolled strip, bar, and tube materials, and rough-turned rings. Aluminum is usually used as cast aluminum in housings, while plastics are found in a variety of products such as electrical insulation layers, seals, and rolling bearing cages. Magnets are another important component and are primarily used in motors, but also in sensors. Further, the Schaeffler Group requires water for various production processes and various types of packaging to facilitate safe transport of products.

The resulting material flows have a material impact on the environment arising from resource extraction, production waste generated, and treatment at the end of the product use phase. The Schaeffler Group relies on a variety of ways to use secondary materials and thus reduces the environmental impact and geographic dependencies associated with using resources.

The total overall weight of products and technical and biological materials used during the reporting period was approximately 11,400,000 metric tons.²⁹

As the Schaeffler Group's production manages highly stable and/or minimal inventories, the company assumed that the quantity of products used equals that of products purchased. The datapoints were determined based on relevant purchasing and/or sales data. Product weights were obtained from internal data sources and partly supplemented with primary data from the International Material Data System (IMDS). All amounts reported have been rounded to the nearest metric mega ton.

In 2024, the weight of secondary reused or recycled components, secondary intermediary products, and secondary materials used to manufacture the company's products (and in rendering services) amounted to 700,000 metric tons, representing a percentage of 35% of total product and packaging weight.

The secondary content and recyclability of products was calculated by categorizing purchased materials, products, and merchandise and having internal materials experts estimate the secondary content of individual categories. This was based on supplier surveys and publicly available basic research, e.g., on materials recycling rates. All estimates and definitions are based on recognized standards and publications such as the ISO definitions for the recycled content, always following a conservative approach. However, a certain amount of estimation uncertainty

and of estimation inaccuracy cannot be ruled out. Secondary content rates were added up to an overall total amount based on the relative weights in the various categories.

Metrics on resource outflows [E5-5]

Products and materials

The Schaeffler Group's key products include rolling bearings and drive systems that are largely made of steel, which is considered particularly highly recyclable. In 2024, an initially still small proportion of the products supplied by the Schaeffler Group consisted of recycled, refurbished products.

With respect to the expected durability of the Schaeffler Group's products in relation to the industry average, it should be noted that the latter is defined based on customer requirements and that, therefore, no meaningful industry averages are available. Since its customers' requirements are being met, the Schaeffler Group assumes, based on internal estimates, that it is in line with the industry average.

The Schaeffler Group promotes the reparability of vehicles by offering the repair solutions of the Vehicle Lifetime Solutions division. However, there is currently no comprehensive established rating system covering the entire company.

The rate of recyclable content is 80% for products and 85% for packaging. The recyclable content in products is determined in a manner similar to that used for the secondary content under

resource inflow (see section ESRS E5-4). The remaining methodologies and assumptions for collecting data on resource outflows correspond to those disclosed for resource inflows (see section ESRS E5-4). The Schaeffler Group's estimates of recyclable content in products are based on the knowledge and experience of materials experts, information obtained in discussions with recycling companies, and public sources on the potential recyclability of certain materials; however, a certain amount of estimation inaccuracy cannot be ruled out. The recyclable content of packaging is theoretically higher than shown above. However, the calculation of the content took into account that packaging may be contaminated, rendering it unrecyclable. As the percentage of contaminated packaging is unknown, it was estimated by internal experts based on professional experience, without performing any data-based analysis.

Waste

The methodologies and assumptions used to determine the waste metrics are the same as those for energy consumption and energy mix (see section ESRS E1-5). The following summary provides an overview of information on the total amount and the amount of relevant subsets of waste generated in the Schaeffler Group's own operations.

²⁹ As the percentage of biological materials is not material, it is not shown separately.

Waste generation

in metric tons	2024
Total amount of waste generated	742,865
Total amount of non-hazardous waste	671,247
• of which diverted from disposal	653,570
• by preparation for reuse	0
• by recycling	630,167
• by other recovery operations	23,403
• of which disposal	17,676
• by incineration	1,418
• by landfill	12,263
• by other types	3,995
Total amount of hazardous waste	71,619
• of which diverted from disposal	47,302
• by preparation for reuse	0
• by recycling	26,259
• by other recovery operations	21,043
• of which disposal	24,317
• by incineration	5,333
• by landfill	1,171
• by other types	17,813

The table results in a total amount of non-recycled waste of 86,439 metric tons, representing a percentage of 11.6%. There is no radioactive waste. The waste streams most relevant to the Schaeffler Group's activities is waste from mechanical forming processes. The materials present in the waste are primarily metals and, in smaller quantities, plastics.

5.3 Social

Own workforce [ESRS S1]

Impacts, risks, and opportunities (IROs) [SBM-3]

The Schaeffler Group is a company with global operations and 115,937 employees. Material impacts associated with the company's own workforce and material risks to the Schaeffler Group were identified within the company's own operations in the materiality assessment. These are set out in the following overview.³⁰

The Schaeffler Group's own workforce comprises all employees and non-employees. The term employee refers to persons permanently or temporarily employed by a Schaeffler Group company on a full- or part-time basis. The term employees as used in the sustainability statement also includes, in addition to the number of employees presented in the "Organizational structure and business activities" chapter, all temporary employees. Non-employees are self-employed people or people provided by third parties and, hence, are not formally employed by a Schaeffler Group company, and who supply labor to a Schaeffler Group company on a regular basis or over a longer period of time. Some policies and actions also cover other individuals (such as apprentices) who are not considered employees under the ESRS definition.

Impacts and risks associated with own workforce

WORKING CONDITIONS

● Decent and healthy working conditions (Actual and potential positive impacts)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

The Schaeffler Group is experiencing actual positive impacts on its employees resulting from the company's efforts to ensure decent working conditions and secure employment. Employees in Germany in particular benefit from collective agreements and the existence of works councils in terms of fair treatment and adequate wages as well as a good work-life balance, for instance as a result of hybrid work models.

Additionally, potential positive impacts on the company's employees result from various activities, programs, and initiatives designed to promote physical and mental health as well as safety.

● Poor working conditions in risk-prone countries (Potential negative impacts)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

There are potential negative impacts on the company's own workforce with respect to secure employment, working time, adequate wages, freedom of association, and collective bargaining in certain countries at risk.

In such countries, workers may be exposed to long and excessive working hours, wages below the minimum subsistence level, a lack of union power, and a high proportion of temporary workers. Such working conditions are associated with adverse social consequences and potential health problems.

● Occurrence of work-related accidents (Actual negative impacts)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

Actual negative impacts on the health and safety of the company's own workforce arise from the occurrence of work-related accidents involving the use of heavy machinery or the handling of hazardous substances, for instance.

● Job losses due to transformation processes (Actual negative impacts)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

Actual negative impacts on secure employment of employees arise from transformation processes – triggered by macroeconomic changes – that lead to the closing of locations and to job losses.

EQUAL TREATMENT AND OPPORTUNITIES FOR ALL

● Training and development programs (Actual positive impacts)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

There are actual positive impacts on employees arising from a wide range of training and development programs to support employees in achieving their personal and professional goals.

● Challenges related to equal treatment and opportunities for all of the company's own workforce (Actual and potential negative impacts)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

Potential negative impacts on the company's own workforce can arise related to gender equality, including in management positions and in the form of gender pay gaps, both unadjusted and adjusted, that violate the principle of equal pay for work of equal value. Physical barriers at some locations may also cause a lack of integration and inclusion of people with disabilities.

There are actual negative impacts originating from reported incidents of harassment and discrimination as well as from one severe case of abuse of power in the workplace.

OTHER WORK-RELATED RIGHTS

● Violations of other work-related rights (Potential negative impacts)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

Within the Schaeffler Group, there are potential negative impacts on the company's own workforce in countries where child and forced labor are widespread.

● Violation of legal obligation to take remedial action on human rights violations against the company's own workforce (Risks)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

There is a risk if actions to remedy human rights violations against the company's own workforce are not implemented appropriately resulting in a breach of due diligence under the German Supply Chain Due Diligence Act ("Lieferkettensorgfaltspflichtengesetz" – LkSG).

³⁰ Time horizons identified represent the estimated earliest time of occurrence of material impacts and risks.

● **Data protection breaches**
(Potential negative impacts)

Time horizon:	<input checked="" type="checkbox"/> short-term	<input type="checkbox"/> medium-term	<input type="checkbox"/> long-term
Stage of the value chain:	<input type="checkbox"/> upstream	<input checked="" type="checkbox"/> own operations	<input type="checkbox"/> downstream

There are potential negative impacts on the privacy of the company's own workforce arising from the possibility of data breaches that could lead to personal and professional damage.

The material actual and potential impacts associated with the company's own workforce identified in the materiality assessment are connected with the Schaeffler Group's business activities and, therefore, originate from its business model. The groups of people in the company's own workforce who are particularly affected by material negative impacts can include employees in production and, additionally, apprentices or external service providers on the plant premises.

The Schaeffler Group recognizes its responsibility in the areas of "working conditions", "equal treatment and opportunities for all", and "other work-related rights". The company promotes actions targeted at safe work spaces, fair and performance-linked wages, and family-friendly arrangements to achieve the best work-life balance possible (see section ESRS S1-4).

However, material negative impacts with respect to the company's own workforce cannot be ruled out. In particular, these impacts identified as material relate to equal treatment and opportunities for the company's entire own workforce and to respecting work-related rights. The material potential negative impacts set out above are widespread in several of the countries the Schaeffler Group operates in. Any material actual negative impacts represent individual incidents that have occurred in the company's activities.

In order to prevent, mitigate, and improve the material negative impacts on its own employees, promote positive impacts, and mitigate the company's related risks, the Schaeffler Group implements actions with respect to working conditions, equal treatment and opportunities for all, and other work-related rights (see section ESRS S1-4). Neither the corporate strategy nor the business model were adjusted due to identified material impacts and risks during the reporting period.

Policies [S1-1]

To the Schaeffler Group, respecting human rights, including workers' rights, is an important aspect of all its business activities and its corporate culture. This especially encompasses responsibility for the rights of employees and of the workers along the value chain. In order to live up to its corporate responsibility as far as possible and promote good working conditions, diversity, and inclusion, as well as compliance with and reinforcement of ethical principles and human and social rights standards, the Schaeffler Group, unless otherwise stated, has closely aligned all of its policy statements and policies with the following global standards:

- the UN Guiding Principles on Business and Human Rights,
- the OECD Guidelines on Responsible Business Conduct,
- the UN International Bill of Human Rights, and
- the core labor standards of the International Labour Organization (ILO)

Additionally, the Schaeffler Group is a signatory to the UN Global Compact and is committed to its ten principles.

The Schaeffler Group has implemented fundamental documents and policies in order to comply with national and legal requirements. They are aimed at identifying, reducing, and eliminating

as necessary the material negative impacts on employees and the associated material risks for the company with respect to working conditions, equal treatment and equal opportunities, as well as other work-related rights, and to promote material positive impacts.

Schaeffler Code of Conduct

The Schaeffler Group's Code of Conduct is designed to establish a corporate culture in which integrity, fairness, and mutual respect represent the foundation of its worldwide business activities in order to create the prerequisites for its sustained success.

The Schaeffler Code of Conduct comprehensively describes the Schaeffler Group's values and principles of conduct as summarized below. The company is consistently committed to respect for human rights and fair working conditions. This encompasses adequate wages, a work-life balance, the right to freedom of association and collective bargaining, occupational health and safety, promoting diversity and the principle of equal treatment, rejecting human trafficking as well as forced and child labor, and protecting personal data. The Schaeffler Code of Conduct also stipulates that the Schaeffler Group does not tolerate any form of discrimination or harassment. No person shall be discriminated against or disadvantaged on the grounds of factors including age, handicap, ethnic origin, marital status, gender, skin color, membership in workers' organizations, nationality, political views, religion or ideology, sexual orientation, pregnancy, social background, or other characteristics protected by law. Perceived violations can be reported using the Schaeffler Group's Whistleblowing System (see section ESRS S1-3). The effectiveness of key stipulations of the Schaeffler Code of Conduct on human rights matters is reviewed by the Compliance department using controls. The significant changes to the Schaeffler Code of Conduct made effective October 1, 2024, relate to a new comprehensive section on human rights and fair working conditions aimed at the

safest and most respectful interaction with one another possible. Under the Schaeffler Code of Conduct, the Schaeffler Group Executive Board and all employees undertake to comply with the values and principles of conduct established as well as all applicable laws and regulations. The CEO represents the most senior level accountable for its implementation. The Schaeffler Code of Conduct was approved by the Schaeffler Group's Executive Board. The Schaeffler Code of Conduct has been made publicly available on the Schaeffler Group's corporate website.

Additionally, the Business Partner Code of Conduct describes the standards and minimum requirements of conduct that the Schaeffler Group adheres to and expects its business partners to observe as a mandatory basis for business relationships with the Schaeffler Group. The Business Partner Code of Conduct contains requirements related to the safety of workers, adequate working conditions, as well as human trafficking, and forced and child labor. The Business Partner Code of Conduct expresses the Schaeffler Group's expectation that business partners operate in close alignment with the core labor standards of the International Labour Organization (ILO) (see section ESRS S1-1).

ESG Policy

The overarching objectives of the ESG Policy (see section ESRS E1-2) are to outline the company's sustainability strategy and targets as well as its implementation, and reduce legal, financial, and entrepreneurial risks. With respect to material impacts of the company's business activities on the company's employees, the ESG Policy defines the following action fields: "Diversity", "Employees and people development", "Occupational health and safety", and "Responsibility in society and the value chain".

Human Resources Policy

The aim of the Human Resources Policy is to create a framework for global minimum employment standards and to clarify the principles of human resources work. The policy puts a particular

focus on human resources management topics such as recruiting, personnel development, qualification and training, and remuneration, while also providing flexibility with a view to local market requirements, typical practices, and local legal regulations. The policy is also aimed at promoting diversity and appreciation in the workplace by all employees. The effectiveness of processes referred to in the policy is evaluated, for instance, in annual internal and external audits. The Human Resources Policy applies to the entire Schaeffler Group, falls under the responsibility of the Chief Human Resources Officer, and is approved by the Schaeffler Group's Executive Board. It is available internally.

Compensation Policy

The Compensation Policy creates a framework for global standards in the remuneration system for managers and employees. Additionally, the Compensation Policy defines an objective grading system to be applied to positions within the company to facilitate comparing functions across the various countries. This system aims to reinforce non-discriminatory, function-based setting of remuneration in the various local markets. The Policy is also intended to provide flexibility in taking into account local market requirements, common practices, and local legal requirements. The Compensation & Pension Committee is responsible for monitoring compliance with the principles and makes recommendations on any adjustments to the Board of Managing Directors of Schaeffler AG.

As the Policy applies to the entire Schaeffler Group, it covers the company's own operations. Exceptions may arise from local legal requirements, collective bargaining agreements, and works agreements with local employee representatives. The interests of shareholders, investors, management, and employees are taken into account as far as possible via common targets embedded in annual variable remuneration. The Compensation Policy is approved by

the Schaeffler Group's Executive Board. The Chief Human Resources Officer represents the most senior level accountable for its implementation. The Policy is available internally.

EnEHS Policy

In its EnEHS Policy (see section ESRS E1-2), the Schaeffler Group has laid down its fundamental values and principles with respect to energy, environment, and health and safety (EnEHS) topics. These values and principles are operationalized in the EnEHS management system (see section ESRS S1-3) in order to continuously improve the company's EnEHS performance by, for instance, minimizing or eliminating hazards and raising employee awareness. With respect to the actual negative own workforce-related impacts identified as material, the EnEHS Policy focuses on the aspects of health and safety, hazard prevention and emergency management as well as training.

Human Rights Compliance Policy

The Human Rights Compliance Policy is intended to ensure respect for human rights for all those affected by the activities of the Schaeffler Group's own operations and by operations along the entire value chain. The Policy defines binding minimum requirements for all employees regarding compliance with national and international requirements and standards with regard to human rights due diligence within the Schaeffler Group and the supply chain. As part of the statutory due diligence obligations, human rights risks have to be analyzed and appropriate measures taken and continuously evaluated for their effectiveness. The Policy serves as a general preventive measure to protect human rights. In addition, all companies belonging to the group are obligated to remedy any human rights violations in their area of responsibility. As the Policy applies to the entire Schaeffler Group, it covers the company's own operations; it was approved by the Schaeffler Group's Executive Board. The CEO represents the most senior level accountable for its implementation. The Human Rights Compliance Policy is available internally.

Statement on Respect for Human Rights

The Statement on Respect for Human Rights sets out the Schaeffler Group's human rights strategy taking into account the requirements of the German Supply Chain Due Diligence Act ("Lieferkettensorgfaltspflichtengesetz" – LkSG). It formulates the goal of adequately meeting human rights and environment-related due diligence obligations, working toward the implementation of these rights in the company's global supply chains, and respecting the rights of affected parties. The Statement on Respect for Human Rights encompasses, in particular, the rights of the company's own workforce, workers in the supply chain, as well as affected communities and indigenous peoples. The human rights strategy is designed to preclude and/or minimize risks and to prevent or cease the violation of human rights or environment-related obligations. The responsibility for the operational implementation of human rights and environment-related due diligence obligations, especially for anchoring the human rights strategy in departments and processes, rests with the respective nominated technical department. The company reviews the effectiveness of its measures and processes, including its whistleblowing system, regularly and on an ad hoc basis. The Statement was developed in a dialog with the competent technical departments, external experts, and with the Schaeffler Group's Economic Committee. The Schaeffler Group's Executive Board is responsible for issuing the Statement. The Statement is updated on a continuous basis.

Schaeffler Group Human Trafficking Policy

The Schaeffler Group uses this Policy to position itself externally and set out the fundamental principles by which it aims to prevent human trafficking, modern slavery, and forced labor – including fraudulent practices in the recruitment of employees. The principles set out in the Policy apply to all areas of the company and to all subcontractors. The Policy is based on the Schaeffler Code of Conduct, the Business Partner Code of Conduct, and the fundamental principles of the Human Rights Compliance Policy. The document itself is not legally binding, but is effective in conjunction with the documents referred to above.

The Chief Human Resources Officer represents the most senior level accountable for implementation of the Policy. It is available on the company's website.

Processes for engaging with own workforce and workers' representatives [S1-2]

The Schaeffler Group cultivates relationships with its employees throughout the company and works with workers' representatives to promote dialog and engagement. Additionally, when enhancing its Human Rights Compliance Management System (Human Rights CMS), the Schaeffler Group gives due consideration to the interests of its employees, workers within its supply chains, and those who may otherwise be directly affected in a protected legal position by the economic activities of the company or by the activities of a company in its supply chains.

This takes the form of a variety of communication formats and dialogs and under a multi-stakeholder approach. The Schaeffler Group has been inviting relevant stakeholders to an open discussion on the topic of human rights once a year since 2022. A comprehensive **Stakeholder Dialog** was held in Herzogenaurach in October of 2024, with the circular economy and climate action on the agenda along with human rights issues. Participants came from among the Schaeffler Group's employee representatives, customers, suppliers, companies from other industries, scientists, as well as consulting firms and civil society organizations. During the dialog, participants i.a. reflected upon the results of the human rights risk assessment in accordance with the LkSG (see section ESRS S1-3) and discussed key issues relating to implementation of preventive actions. Beyond the engagement processes above, there are no additional separate concepts for engaging with the groups who may be particularly vulnerable to material impacts.

All workers are considered via the grievance channel and the annual risk analysis in accordance with the LkSG. Targeted preventive and remedial measures are taken if violations are identified.

Operational responsibility for regularly engaging with the company's own workforce on human rights issues rests with the head of Human Rights in the Strategic Sustainability department.

Transparency, trust, and teamwork between management, employees, and employee representatives are integral to the corporate culture. Personal performance and development has to be discussed with employees on a regular basis, at least once a calendar year, and the discussion has to be documented. The relevant manager is responsible for this.

Moreover, the right of the Schaeffler Group's employees to freedom of association and/or collective bargaining is laid down in the Schaeffler Code of Conduct. The company aims to work with employee representatives in a constructive interaction based on trust (see section ESRS S1-4). Especially in Germany, regular **dialogs with employee representatives** are held at the Schaeffler Group's locations, in which participants share information on, for instance, local economic conditions and the resulting consequences for the employer and employee representatives. Information gained in the dialogs is centralized by the Group Works Council and the Schaeffler Group's Economic Committee on the works council side and by HR Germany and Labor Relations on the employer side.

Regular surveys represent another important tool used by the Schaeffler Group to engage with employees. For instance, a total of seven spot surveys – five at Vitesco Technologies Group AG and two at Schaeffler AG – focusing on human resources were conducted in 2024 to assist with the integration of Vitesco Technologies Group AG. The results of these surveys provide important indicators of the status of the business combination with Vitesco Technologies Group AG and of the company's relationship with its employees. Actively obtaining feedback is intended to promote open and transparent communications and provide insight into employee satisfaction and engagement. Based on the results, weaknesses can be identified and potential opportunities for improvement derived. Based on feedback from

employees, change management was reinforced using, for example, “change hacks” and a change management best practices platform, and overall communication in this regard was expanded. In order to assess the effectiveness of the derived actions, the company plans to conduct these spot surveys containing five core questions in a similar format on a quarterly basis in 2025 as well. The Schaeffler Group also plans a comprehensive global pulse survey for 2025 as part of its regular 1.5-year engagement survey cycle.

Processes to remediate negative impacts and channels for raising concerns [S1-3]

The Schaeffler Group has a number of processes to prevent and/or remediate material negative impacts on its own employees. Additionally, the company offers employees and external persons various channels through which they can raise complaints. This is also where reports on human rights violations are received, for instance.

EnEHS management system

To comply with legal requirements and to further develop internal processes and standards for occupational health and safety, the Schaeffler Group uses a comprehensive energy, environment, and health and safety (EnEHS) management system. This system reflects international occupational safety standards, among other things, and is audited groupwide in accordance with ISO 45001.

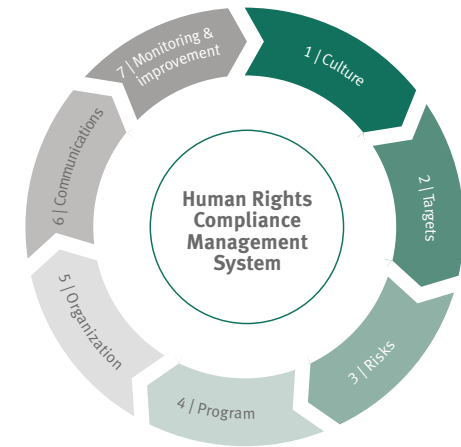
Within the framework of the EnEHS management system, all managers and employees are required to comply with the occupational safety regulations. They are also obliged to report unsafe situations or hazards to their supervisors. Hazards are identified and evaluated using activity- and workstation-related risk assessments and preventive actions established where necessary. Occupational safety staff provide advice to managers on how to fulfill their responsibilities in the respective production plants. The results relating to occupational safety are regularly discussed with the relevant Managing Directors of Schaeffler AG. If necessary, further actions are agreed upon. In this way, the EnEHS management system is continually enhanced. The actions referred to above that are part of the management system are discussed in further detail in section ESRS S1-4.

Human Rights Compliance Management System

The Schaeffler Group’s Human Rights CMS assists the company in meeting its human rights due diligence obligations and in monitoring that human rights are respected in its own operations and its supply chains. It is structured in accordance with IDW AsS 980.

The Human Rights CMS is based on the values and principles of the Schaeffler Code of Conduct and on compliance with applicable national legal requirements and international standards the company has committed to complying with. It is also designed to meet employees' expectations and customers' and other stakeholders' requirements with respect to fulfilling human rights due diligence obligations. The Human Rights CMS identifies and assesses human rights risks related to the company’s own operations and develops preventive measures for prioritized risks. Remedial action is taken for actual negative impacts of the company’s own operations that are identified as material.

Human Rights Compliance Management System



Responsibility for the effectiveness of the Human Rights CMS rests with the Sustainability Strategy department for the company’s own operations and the Purchasing Strategy & Strategic Supplier Management Sustainability department for the supply chain. The Compliance & Corporate Security department oversees the Human Rights CMS and holds the higher-level governance role. This also includes reporting on the key elements of the Human Rights CMS to the Executive Board on a regular basis, for instance on the results of the risk analysis in accordance with LkSG.

The **risks** element represents a key component of the Human Rights CMS. It comprises actively and regularly identifying, evaluating, and prioritizing human rights risks and violations in a risk analysis in accordance with the LkSG. The company has been performing a risk analysis in which it assesses relevant human rights issues at least once a year since 2022. During the year, the company has reviewed the Human Rights Risk

Assessment (HRRA) relating to its own operations for all locations and all topics covered by the LKSG. The methodology applied in this step of the process initially consisted of identifying country- and sector-specific human rights risks based on indicators obtained from global, publicly available statistics including those of the World Bank, the International Labour Organization (ILO), and the United Nations (UN) on risk topics. The results of this gross risk analysis allow for initial prioritization of issues and locations.

Building on this, the company performed a detailed, location-specific risk analysis that identified and prioritized risks to the Schaeffler Group in the areas of discrimination, freedom of association, and working time. The background for these risks are confirmed human rights grievances and country risks that are not yet adequately addressed by preventive measures. The results of the risk analysis lead to an action plan and the status of implementation and appropriateness of the actions are reviewed at regular intervals. The preventive measures and remedial actions that are part of the action plan are explained in section ESRS S1-4.

Grievance mechanism and whistleblowing system

Additionally, the Schaeffler Group has a groupwide, transparent, public grievance mechanism that is as barrier-free as possible. Both the company's own workforce and workers along the value chain and external parties can use it to report potential human rights violations and other non-compliant conduct. All reports are processed regardless of by whom and through which reporting channel they were made.

To this end, the company provides various reporting channels, including an electronic whistleblowing system, an e-mail inbox, a 24/7 phone hotline, and a mailing address. People raising complaints and/or whistleblowers can also report incidents in person. The electronic whistleblowing system was available in more than 20 languages in 2024 and enables whistleblowers to communicate confidentially, encrypted, and securely. It also

allows for reports to be made anonymously. All other channels provide for reporting in various languages as well. A publicly available, written guideline on the whistleblowing system describes the reporting channels and categories available, the information required for a report, the procedure following receipt of the report, and the measures destined to ensure the protection of the whistleblower.

The internal processes and requirements aim at protecting the whistleblower against disadvantage or punishment as effectively as possible by specifying that reports have to be examined impartially and processed independently without being bound to directions. The specialists entrusted with this task are bound to secrecy. Investigations are to be conducted in an objective, open-ended, factual, efficient, and effective manner as soon as possible.

Internally, the Forensics & Investigations department is responsible for processing reports. It falls under the responsibility of the head of Compliance & Corporate Security. Investigations are subject to the need-to-know principle under company-wide rules, which means that anyone affected by an investigation, including the decision makers, only become privy to the reports and/or related further information and data to the extent necessary for them to fulfill their responsibilities.

The effectiveness of the complaints procedure was reviewed internally during the year. The review was based on the effectiveness criteria of the UN Guiding Principles on Business and Human Rights and the BAFA handout "Complaints Procedure under the German Supply Chain Due Diligence Act". The Schaeffler Group's complaints procedure was assessed as effective based on an assessment and results logic defined by the company, and a need for enhancement was defined.

All Schaeffler Group employees are informed of the various reporting channels, especially the electronic whistleblowing system, via the Schaeffler Code of Conduct, information on the

corporate website, and the "Integrity & Security@Schaeffler" online training course, among others. The Schaeffler Code of Conduct stipulates that retaliation against reporters who speak up in good faith regarding misconduct within the company is forbidden. The policies governing this are described in section ESRS G1-1.

Actions [S1-4]

At the Schaeffler Group, commercial success, a long-term focus, and awareness of social and ecological matters have traditionally been closely linked. The Schaeffler Group is committed to ensuring that its practices do not cause or contribute to any material negative impacts on the company's own workforce. To this end, the Schaeffler Group relies on various fundamental documents, policies (see section ESRS S1-1), and management systems (see section ESRS S1-3) covering aspects such as procurement (see section ESRS S2-1) and data protection. The Schaeffler Group is guided by national and international standards to ensure compliance with human rights, including workers' rights in its own operations as far as possible.

The company has established processes for identifying and addressing material potential and actual negative impacts on its own workforce and the material risks to the Schaeffler Group. These processes include, among other things, management systems (see section ESRS S1-3), communications formats and dialogs with stakeholders (see section ESRS S1-2), as well as a corresponding data report that can be used to develop and implement actions in a targeted manner.

During the year, various actions were implemented that should be considered ongoing unless stated otherwise. The actions described do not result in any significant specific capital (CapEx) or operating expenditures (OpEx) and are implemented as part of regular operations and planned for 2025.

Working conditions

Decent working conditions: Appropriate preventive and remedial actions are defined and implemented as part of the Human Rights CMS. The starting point for deriving actions are risks derived in the annual risk analysis in accordance with the LkSG and from publicly available reports, reports from the grievance mechanism (see section ESRS S1-3), and audits. The focus is on standard preventive actions designed to ensure respect for human rights in the company's own operations and supply chain and to avoid violations of occupational health and safety regulations. For example, the company provided training on human rights on the shop floor, communicated the Schaeffler Code of Conduct more widely, and increased awareness of the grievance mechanism (see section ESRS S1-3) in 2024. The Human Rights CMS requires the actions to correctly address the impacts and risks identified as material and the desired target of the relevant action to be achieved.

Promoting occupational health and safety: Through its "Sustainability & Infrastructure" subprogram, the Schaeffler Group drives initiatives to promote health and occupational safety among its employees. In this context, the Schaeffler Group's occupational health and safety relies particularly on preventive health-promoting actions that are oriented toward needs and target groups. These actions include preventive medical check-ups, online courses, and virtual training sessions that take place during and outside working hours. The actions are intended to reduce general workplace stress, such as shift-specific challenges, psychological demands, and inadequate workplace ergonomics, and are aimed at promoting healthy behavior and preventing work-related accidents.

Health and Safety Days have been held each year since 2023, with online events and in some cases at face-to-face events for all regions. In April 2024, the Health & Safety Days focused on the health and protection of hands. The aim was to raise awareness of how to prevent accidents and occupational illnesses. At

another health day – the Mental Health Day in October of 2024 – there were various presentations and practical exercises for employees on the topic of "Effects of the digital transformation on mental health". Their focus included providing information on preventive actions and mindfulness.

The following occupational health and safety actions are in place to mitigate material actual and potential negative impacts in this context:

- All employees receive training that includes instruction on safe behavior, existing hazards, and occupational safety measures at workstations, as well as on appropriate conduct in medical emergencies.
- Comprehensive risk assessments are carried out for all workstations. Managers receive specialist support from the safety coordinator or company medical staff.
- Following the risk assessment, occupational safety measures are implemented in line with the following hierarchy: Substitution/avoidance of the source of the danger (e.g., hazardous chemicals), technical measures (e.g., enclosure of machines), organizational measures (e.g., restricting access rights), personal protective clothing (e.g., gloves), personal conduct (e.g., through training).
- The company has to design workstations, equipment and processes to be safe, healthy, and ergonomic. When planning, operating, and maintaining machinery and systems, the system operator must ensure state-of-the-art machinery safety. Depending on the topic, advice is provided by safety and/or ergonomics coordinators or by occupational health staff.
- Harmful influences on the physical and mental health of employees, e.g., from noise or hazardous substances, must be identified in the risk analysis and minimized through suitable measures such as noise protection.

If a work-related accident occurs, initial emergency care is initiated, such as providing first aid materials and further care by medical professionals. The cause is then investigated, and plant-specific actions such as awareness training sessions and technical measures are derived and implemented as a result. The effectiveness of implemented actions is reviewed in internal audits and site inspections on a sample basis and actions are adjusted if necessary.

Work-life balance: Creating attractive working conditions and a safe and balanced working environment is particularly important to the Schaeffler Group as a global family business. This includes family-friendly arrangements to help achieve the best possible work-life balance. Prerequisites for working from anywhere are in place at all of the company's regions. The formal regulations are specified by the applicable regional and/or local guidelines and laws.

In Germany for instance, the Schaeffler Group follows the approach of enabling the design of hybrid working models depending on work tasks, business requirements, and personal preferences as part of its "Future of Work" program. The relevant managers are responsible for implementing these hybrid working models. All managers and employees have access to a "Future of Work" guide with suggestions for implementation.

In addition, all employees have access to a workshop format for developing a team working model. This includes, for example, job-sharing models, which are possible after individual coordination with a manager. A full-time position is split between two people who then share the responsibilities in close cooperation. To accommodate individual circumstances such as caring for family members, the company enables all employees in Germany to reduce their working hours with an income adjustment.

Among the important elements of reviewing the effectiveness of the actions is the direct dialog of HR business partners with management and employees.

Adequate wages: The Schaeffler Group aims for adequate wages for all employees in accordance with the internal compensation policy. Since rules differ around the world, remuneration is structured on a country-by-country basis. Nearly all employees at the company's locations in Germany are covered by either remuneration requirements under collective agreements or by remuneration systems agreed on with the works councils via a company agreement. Remuneration arrangements under collective agreements also comply with the legally guaranteed minimum wage in the relevant labor markets as well as principles such as equal pay. The Schaeffler Group has an objective assessment system that is used as a basis for setting remuneration in order to counteract discrimination. As established in the Schaeffler Code of Conduct, the company advocates an appreciative and unprejudiced working environment. Overall, the company is aiming for a market-oriented and performance-based remuneration structure with harmonized, digitalized, and documented processes. The assessment of effectiveness is monitored using specific metrics (see section ESRS S1-10).

(Helping to) shape the transformation process: The Schaeffler Group strives to work with workers' representatives to shape the fundamental transformation within the company and identify balanced solutions in order to minimize negative impacts on employees that have been identified as material. This requires all employees to understand the relevant interrelationships. Therefore, employees have had the opportunity to learn more about climate change and its relevance to companies in a voluntary online training session since 2022. This also involves the practical implementation within the company, i.e., the transformation process toward more eco-friendly and decarbonized operations.

Any job cuts necessary in connection with the transformation process are made in the most socially responsible manner possible via partial retirement arrangements and mutually agreed severance agreements. Internal relocation and natural employee turnover are used as tools as well. Effectiveness of the measures is reviewed by individual discussions and in the dialog between employees and managers.

Equal treatment and opportunities for all

Training and skills development: The Schaeffler Group stands for a culture of lifelong learning. Well-qualified employees are a key success factor in global competition. In light of this, the Schaeffler Group extensively promotes employee training offerings. These offerings are developed worldwide by Schaeffler Academy in cooperation with technical departments and selected external partners and are offered centrally via existing learning systems. A variety of training possibilities with defined learning paths are available there in order to accommodate the different experiences and backgrounds of the various target groups. These include both digital training offerings and classroom training sessions made available globally via the Learning Management System (LMS). Examples are the Fit4Production, Fit4Mechatronics, Fit4Sustainability, and Fit4Digital strategic development programs and professional qualification programs for purchasing and sales employees. Due to the merger of Vitesco Technologies Group AG into Schaeffler AG, the company is currently using two learning systems. A transition to one uniform learning system is planned for the future. The formal learning activities offered and provided via the learning systems are reviewed in a satisfaction survey immediately following training and an effectiveness evaluation at a later date.

Additionally, there is a performance & goal management process in place that is designed to promote employee performance and continuing development. In this transparent process, managers and employees agree on individual goals and discuss each

other's conduct as well as the technical skills required for a career within the Schaeffler Group. Moreover, development measures are discussed that are relevant both for the current position as well as for the potential next development step. In this context, the company follows its learning and development scheme, which is based on three core areas: (1) learning in practice, for instance through projects, tasks, and job shadowing, (2) learning from others via mutual feedback, mentoring, and coaching, and (3) formal learning through training sessions and courses.

Promoting diversity: The Schaeffler Group has various global measures in place to promote equal rights, equal opportunities, and a sense of belonging of its employees. This is aimed at ensuring that all employees feel appreciated and can contribute their experiences and ideas as well as their personality.

In 2018, the company founded its global DE&I Council in order to institutionalize diversity, equity, and inclusion at the top of the company and to strategically embed, in the company, the concept of diversity, raise its visibility, and link differing perspectives in the Schaeffler Group. Along with members of the Schaeffler Group Executive Board, the Council also includes top managers from all areas of the company. In 2024, the company launched the process of transforming the Council into a decision-making body to ensure that the DE&I actions are driven forward even more intensively.

The Schaeffler Group has numerous employee communities to actively foster an inclusive and safe working environment. "Women@Schaeffler" considers itself a network for women that promotes sharing information and mutual support. It is also intended to strengthen the career prospects of women within the company. Personal and technical skills are fostered and opportunities for development are supported by mentoring programs. "Pride@Schaeffler" aims to create an inclusive, safe, and open working environment and is committed, for example, to fostering

awareness and education, as well as promoting mental health. The “ABLE” (Employees Beyond Limits & Expectations) employee community actively fosters successful social interaction and the needs of people with various forms of limitations. Additionally, the “Working Parents” community aims to raise awareness of the challenges with respect to work-life balance and is working on joint pathways and solutions that are supported by the company.

Voluntary training sessions on “Visual Awareness”, “Dignity & Inclusion”, “Interaction with Employees and Co-workers”, and “Psychological Risk Factors in the Workplace” represent further measures offered to promote and address awareness of inclusion, discrimination risks, and a generally appreciative and respectful interaction with one another. This is supported by target group-oriented communication in the form of town hall meetings and the “Tone from the Top” and/or “Tone from the Middle” formats that cover the related expectations with reference to the Schaeffler Code of Conduct. A particular priority during development of the employee training sessions was the issue of unequal treatment. Training sessions on this issue contain information on the Schaeffler grievance mechanism in order to encourage employees to make reports to the Forensics & Investigations department, which is responsible for this area. Among the important elements of reviewing the effectiveness of actions related to equal treatment and equal opportunities are surveys conducted regularly (see section ESRS S1-2).

Other work-related rights

Solution to address forced and child labor: The Schaeffler Group’s Human Rights Compliance Policy sets out fundamental principles whose respective implementation address the issues of forced and child labor.

In order to address the issue of forced labor identified in both the double materiality analysis and in the risk analysis performed in accordance with the LkSG as part of the Human Rights CMS, the Schaeffler Group strictly prohibits its employees and subcontractors from using forced laborers and from participating in any form of forced labor. Employees are free to terminate their employment at any time, subject to contractual notice periods. Destroying, withholding, or otherwise denying access to employees’ identity documents or immigration documents such as passports or driver’s licenses is not permitted.

In addition, the Schaeffler Group publishes job opportunities in a format and language accessible by applicants. All relevant information about key working conditions – particularly salary, terms and conditions of housing, and costs that might be incurred by the employees – has to be set out transparently during the hiring process. The Schaeffler Group is also working on removing language barriers in employment contracts and operating instructions.

The Schaeffler Group does not tolerate child labor. In general, people who are still subject to compulsory school attendance may not be employed. Hiring children below the age of 15 is not permitted either. In addition, employees under the age of 18 must not be assigned to hazardous tasks. To this end, it has to be ensured that proof of age has been obtained and that this fact is documented.

For incidents in the company’s own operations, the Schaeffler Group deals with the specific issue as part of its complaints procedure. The company works with the affected location to search for a solution that will remediate the situation. For instance, disciplinary action was taken and/or compensatory measures (financial or non-financial) were offered to those

affected in 2024. The Human Rights CMS requires the actions to correctly address the impacts and risks identified as material and the desired target of the relevant action to be achieved.

Data protection: Protecting personal rights is a high priority for the Schaeffler Group and is part of the Schaeffler Code of Conduct. Data belonging to business partners and employees is to be processed with care and sensitivity. The objective is to have processes complying with legal requirements regarding data protection. Schaeffler AG’s data protection officer plays a key management role in this. This officer is assigned to the Compliance & Corporate Security department and, therefore, comes under the responsibility of the CEO. The Schaeffler Group has a security by design process that is based on national and international standards and already takes data security into account during the early phase of system and application development. Protective measures are integrated into the process and tracked based on the relevant protection requirements. The company regularly performs risk assessment and evaluations to review effectiveness.

Targets and metrics

Targets [S1-5]

Occupational safety

The Schaeffler Group strives to continuously reduce the lost-time injury rate (LTIR) in order to minimize the material negative impacts of work-related accidents on the health and safety of its employees. The LTIR is defined as work-related accidents with at least one lost day per 1 million hours worked. Accidents are considered work-related if medical treatment was provided and they are directly connected to work; for better comparability,

national deviations are not taken into account. In this context, the company has set a strategic target of reducing the lost-time injury rate by an average of 10% annually by 2024.

The company has a target of reducing the LTIR for 2024 to a maximum of 3.3. The target was established with a figure of 6.2 in the 2018 base year, taking into account prior year trends and benchmarks. The target for purposes of the short-term variable remuneration (the short-term bonus, STB) for 2024 was set at 2.65. The LTIR was reduced to 1.6 in 2024, less than both of the above targets. Progress is reviewed regularly.

Along with employees, the LTIR also considers apprentices, interns, and undergraduate and graduate students writing an academic paper. The subsidiaries of Vitesco Technologies Group AG, which has ceased to exist as a result of the merger, are not included.

The Schaeffler Group’s Supervisory Board is a stakeholder involved by setting the global target figure. The target figure is agreed with the divisions to ensure that it is implemented at all levels of the company. The target was approved by the Board of Managing Directors and the Supervisory Board of Schaeffler AG. Changes in the LTIR are regularly reported to both the Supervisory Board and the Group Works Council. Additionally, derived projects are coordinated within the E, H & S (Environment, Health & Safety) committee of the Group Works Council, for instance.

Disclosure of targets on equal treatment and opportunities and other work-related rights

The Schaeffler Group has not adopted, at this point in time, any outcome-oriented and time-bound targets related to equal treatment and opportunities and other work-related rights, since its reporting process is currently still in the process of being established.

As part of the merger of Vitesco Technologies Group AG into Schaeffler AG, the Schaeffler Group’s previous target for increasing the percentage of women in top management is being re-evaluated. Therefore, this target is not reported on in 2024. However, the company still tracks – using management systems (see section ESRS S1-3), surveys (see section ESRS S1-2), and specific metrics – the effectiveness of its actions to safeguard equal treatment and opportunities for all as well as other work-related rights in relation to the impacts and risks identified as material.

Metrics

To determine the number of employees and the types of contracts, the Schaeffler Group’s internal employee categories in the existing globally available reporting system were mapped to the ESRS requirements and the relevant reports produced using this system. This applies to the information on number of employees by gender and contract type, employees leaving, and age, and for all metrics with employee headcount as the denominator and/or population. Complying with the ESRS requirement necessitates clearly differentiating between employment and training contracts in particular. The evaluation of whether the focus is on training or education was based on the internal employee categories applicable globally. Which of these categories an individual is assigned to is decided locally. As a result, apprentices and interns, for example, are not considered employees under the ESRS definition of that term and are therefore not part of the company’s own workforce.

Characteristics of the company’s employees [S1-6]

Information on number of employees by gender

Headcount	12/31/2024 ¹⁾	2024 average
Gender		
Male	85,564	70,149
Female	30,373	22,242
Other	0	0
Not reported	0	0
Total number of employees	115,937	92,931

¹⁾ Numbers of employees shown below always refer to numbers as at the end of the reporting period except where numbers are explicitly stated to be averages.

The difference between the average number of employees and the number of employees as at the end of the reporting period is the result of the merger of Vitesco Technologies Group AG into Schaeffler AG as at October 1, 2024. The number of employees differs from the number of employees reported in the “Organizational structure and business activities” chapter since under ESRS, the term employee is considered to include all temporary employees.

Information on countries with significant number ¹⁾ of employees

Headcount	Employees
Country	
Germany	35,529
China	18,946

¹⁾ Per ESRS defined as countries where the company has at least 50 employees representing at least 10% of its total number of employees.

Presentation of information on employees by contract type, broken down by gender

Headcount	Female	Male	Other	Not reported	Total
Number of employees	30,373	85,564	0	0	115,937
Number of permanent employees	26,887	77,376	0	0	104,263
Number of temporary employees	3,285	7,839	0	0	11,124
Number of non-guaranteed hours employees	201	349	0	0	550

Employees are largely employed on a permanent basis. Examples of reasons for temporary contracts include capacity peaks, special projects, and replacements due to illness and/or parental leave; the percentage of temporary employees is 9.6% in 2024.

Information on employee turnover

	Unit	2024
Number of employees who have left the company	Number	9,866
Rate of employee turnover as a percentage of the total number of employees	%	10.7

Employee turnover is 10.7% and, along with employee-initiated terminations, was mainly due to retirements, employer-initiated terminations, and the scheduled terminations of employees hired on a temporary basis in 2024.

Collective bargaining coverage and social dialog [S1-8]

The percentage of employees in the European Economic Area covered by collective bargaining agreements is 97.3% in 2024.

Collective bargaining coverage and social dialog reported at country level ¹⁾

	Collective bargaining coverage	Social dialog
Coverage rate	Employees – EEA	Workplace representation (EEA only)
80–100%	Germany	Germany

¹⁾ For countries in the EEA with > 50 employees who represent > 10% of the total.

Collective bargaining coverage was calculated based on whether employees were employed by locations that are bound by collective bargaining agreements. Since the Schaeffler Group has a European works council, all employees in Europe are covered by workers’ representatives.

Health and safety [S1-14]

The percentage of employees covered by the ISO 45001 certification of the occupational health and safety management system in 2024 is 92.2%.

Local and regional coordinators enter work-related accidents into the accident data base where the accidents are classified; recordable work-related accidents ³¹ are derived from these classifications. Accidents are considered recordable and work-related if medical treatment was provided and they are directly connected with the work activity. The number of employees’ recordable work-related accidents during the reporting period is

769, representing a rate of 4.8 work-related accidents per 1 million hours worked. These figures only include accidents considered work-related under the general ESRS definition. Accidents considered work-related under deviating national requirements are not included in these metrics due to limited comparability both between the company’s locations and externally with other companies.

Accidents resulting in at least one lost day are relevant to the LTIR; like the above target, this does not take into account subsidiaries of Vitesco Technologies Group AG, which has ceased to exist as a result of the merger. Along with employees, the metric includes apprentices, interns, and undergraduate and graduate students writing an academic paper. The LTIR for the year amounts to 1.6.

There were no fatalities – neither of the Schaeffler Group’s own workers nor of other workers working at its locations – as a result of work-related injuries.

Diversity [S1-9]

For the disclosure on gender equality at top management level, top management is defined as the two levels of management immediately below the Board of Managing Directors.

³¹ In accordance with the ESRS definition, this is not the number of accidents recordable under local legal requirements but rather of accidents recordable for reporting purposes under ESRS.

Gender distribution at top management level

	Number of employees	%
Number of female employees at top management level	179	19.8
Number of male employees at top management level	723	80.2
Number of other employees at top management level	0	0
Number of employees with gender not reported at top management level	0	0

Distribution of employees by age group

	Number of employees	%
Employees under 30 years old	17,304	14.9
Employees 30 – 50 years old	72,002	62.1
Employees over 50 years old	26,631	23.0

Adequate wages and remuneration metrics [S1-10/S1-16]

In 2024, the three remuneration metrics required by ESRS are determined and published for the first time. The three metrics are:

1. Adequate wages
2. Unadjusted gender pay gap
3. Annual total remuneration ratio

Due to the merger of Vitesco Technologies Group AG into Schaeffler AG, the complex system landscapes, and the resulting manual collection and consolidation of data, the metrics were calculated as at the defined key date October 1, 2024 (“calculation date”). All employees of the Schaeffler Group, including the employees of the subsidiaries of Vitesco Technologies Group AG,

which has ceased to exist as a result of the merger, are considered as at the calculation date. The approach described below with respect to methodology, data collection, consolidation, and calculation of the three remuneration metrics was applied equally to all employees as at the calculation date. Schaeffler has conducted a global data collection process at the individual person level to obtain the relevant remuneration components underlying calculation of these metrics. This process was conducted in the Schaeffler regions and countries to obtain relevant remuneration components per employee; at the corporate level, the data was then consolidated and validated for consistency and larger deviations and the metrics calculated. These metrics were generally determined based on every employee’s annual target pay for each remuneration component as at the defined calculation date. One-time payments and recurring allowances paid before October 1, 2024, were included as actual payments and, where applicable, manually extrapolated to the last quarter in order to reflect the full year 2024. There are no indications that collecting the data as at the end of the reporting period would lead to significantly different results. However, slight deviations cannot be ruled out as data was collected manually and was based on target remuneration.

Additional benefits in kind, such as insurance and pension benefits or amounts for company cars, which are relevant to the unadjusted gender pay gap under ESRS, were not reflected in calculating the unadjusted gender pay gap. These can only be determined with disproportionate effort due to varying system landscapes and local market conditions. However, the Schaeffler Group offers such additional benefits in kind in accordance with global and local internal policies that do not provide for differences in the treatment of female and male employees. These benefits in kind were not included based on the assumption that their omission does not have any significant impact on the key information provided by the unadjusted gender pay gap, which was confirmed on a sample basis. Slight deviations cannot be ruled out.

Schaeffler defines the applicable benchmark for **adequate wages** in terms of a country’s statutory minimum wage. Where a country has several statutory minimum wages, these amounts are taken into account. The statutory minimum wage of an economically comparable country is used for countries where no statutory minimum wage exists. The sum of the fixed annual base pay and guaranteed annual allowances was used to represent employee wages.

No Schaeffler Group employees paid less than the benchmark for adequate wages defined above were identified during the year.

The **unadjusted gender pay gap** illustrates the gap in the average pay of women and men, albeit without adjusting for structural factors such as age, job family, grading level, performance, etc. As such, the unadjusted gender pay gap does not provide any information about unequal pay for work of equal value. The gender pay gap is calculated based on hourly wage. It consists of the annual base pay, guaranteed fixed payments, short-term and long-term variable components, profit-sharing, one-time payments, other allowances, as well as overtime pay and shift premiums. This annual amount is divided by the contractually agreed annual working hours per employee. The company then calculates the average hourly wage of men and women for each country to determine, in a first step, the unadjusted gender pay gap per country. In a second step, it calculates the Schaeffler Group’s weighted unadjusted gender pay gap, taking into account the number of employees per country in relation to all employees of the Schaeffler Group.

The Schaeffler Group’s unadjusted global gender pay gap is 16.1%. This corresponds to the difference of average pay levels between female and male employees, expressed as a percentage of the average pay level of male employees.

The **annual total remuneration ratio** is based on the median of the annual total remuneration of all employees and the annual total remuneration of the highest paid individual. It consists of the annual base pay, guaranteed fixed payments, short-term and long-term variable components, profit-sharing, one-time payments, other allowances, as well as overtime pay and shift premiums. The annual total remuneration is extrapolated to full-time equivalents to ensure the annual total remuneration is comparable across all employees (e.g., due to part- and full-time employment). Purchasing power parity is applied to take into account different currencies and differences in the value of money between countries. This enables the standard of living to be compared more accurately across countries by taking into account the relative cost of living and inflation rates. The median annual total remuneration for all employees (excluding the highest-paid individual) and the corresponding employee are determined from the total population. The highest paid individual is the CEO of Schaeffler AG.

The ratio of the annual total remuneration of the highest paid individual to the median annual total remuneration for all Schaeffler Group employees is 68:1.

Incidents, complaints and severe human rights impacts [S1-17]

Four incidents of discrimination, including harassment, were reported in 2024. An additional 29 further human rights complaints were raised via channels for the company's own workforce to raise concerns. These included one human rights incident connected to the company's own workforce that is classified as severe and represents a case of non-respect of the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises.

Since internal guidelines require all allegations of human rights violations to be entered into the incident management database regardless of the reporting channel, this database is considered the relevant source for reporting purposes. To mitigate the potential risk that not all incidents are reported directly to the central unit, confirmations are requested from regional contacts on a quarterly basis to close potential reporting gaps.

During the reporting period, no fines, sanctions, or compensation payments related to the aforementioned human rights incidents and complaints were reported. This was confirmed by a survey conducted by Corporate Compliance & Corporate Security with regional contacts.

On a quarterly basis, the company reviews the National Contact Points for OECD Multinational Enterprises for any reports received; no such reports were received during the reporting period.

Workers in the value chain [ESRS S2]

Impacts, risks, and opportunities (IROs) [SBM-3]

The Schaeffler Group maintains a comprehensive network of suppliers in various countries. Due to the complex supply chain, the company is subject to a certain exposure to human rights violations. Material impacts related to workers in the company’s upstream and downstream value chain and material risks to the Schaeffler Group were identified in the materiality assessment. These are set out in the following overview.³²

The workers listed below tend to be exposed to an increased risk of human rights violations:

- Workers employed in extracting conflict minerals like gold, tantalum, tin, and tungsten and critical raw materials such as aluminum, copper, mica, and palladium. This also applies to individuals involved in refining and manufacturing materials such as plastics. The EU guidelines for the identification of conflict-affected and high-risk areas define these as areas in a state of armed conflict or fragile post-conflict, as well as areas witnessing weak or non-existing governance and security, such as failed states.

Additionally, they are characterized by systematic violations of international law, including human rights abuses. The actual negative impacts identified as material represent individual incidents that have occurred in the company’s upstream value chain.

- Furthermore, workers engaged in processing or treating raw materials or in smelting intermediate products, workers in the international shipping and logistics industry, and workers in the downstream value chain, e.g., in assembly work in automobile production, can also be affected by poor working conditions or working conditions in violation of human rights.
- These workers also include marginalized groups and rights holders who are particularly exposed to discrimination due to their special position in society and in its structures and whose rights are therefore particularly worthy of protection. They also include trade union members who may potentially be put at a disadvantage.
- Workers working at the company’s location but not part of the company’s own workforce are covered by ESRS S1. Workers working in the operations of a joint venture or special purpose vehicle involving the reporting company are not affected by the material impacts identified in the materiality assessment.

Impacts and risks associated with workers in the value chain

WORKING CONDITIONS

- **Poor working conditions of value chain workers**
(Actual and potential negative impacts)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

The Schaeffler Group has potential negative impacts on value chain workers related to working conditions in the upstream and downstream value chain.

Impacts may most notably arise in the upstream value chain, i.e., during extraction and processing of raw materials, production of intermediate products and components, and as part of transportation activities.

There are risks including risks to workers’ health and safety when handling hazardous chemicals and heavy machinery. Value chain workers may also face inadequate wages, barriers to collective bargaining, and a lack of unionization. Mining in particular might be carried out in countries with weak jurisdictions, where there are few laws and regulations, or where the authorities have only limited respect for human rights.

There are also potential negative impacts on working conditions in the downstream value chain, e.g., at customers and in logistics and transportation processes. This may lead to impacts on health and safety arising from the handling of heavy machinery and hazardous materials. Workers may also be exposed to precarious working conditions, such as excessive working hours, obstacles to collective bargaining, and a low level of unionization in certain countries.

In addition, actual negative impacts on value chain workers were identified during audits at direct suppliers. For example, there was a severe violation with respect to paying adequate wages.

³² Time horizons identified represent the estimated earliest time of occurrence of material impacts and risks.

EQUAL TREATMENT AND OPPORTUNITIES FOR ALL

● **Discriminatory practices and harassment of value chain workers**
(Actual and potential negative impacts)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

Potential negative impacts on value chain workers related to equal treatment and opportunities arise from the risk of discrimination, (sexual) harassment in the workplace, and gender inequality. Especially women may be affected by this, but agency workers may also increasingly be exposed to discriminatory practices.

These impacts can most notably arise at direct and indirect business partners during extraction and processing of raw materials and production of intermediate products and components, as well as at customers in the downstream value chain.

In addition, actual negative impacts on value chain workers were identified during audits at direct suppliers. For example, there was an incident of discrimination.

OTHER WORK-RELATED RIGHTS

● **Violation of other work-related rights of value chain workers**
(Actual and potential negative impacts)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

Potential negative impacts on value chain workers arise from the risk of violations of other work-related rights, as activities performed there may take place in countries where child and forced labor are widespread. The risk is particularly high when employees are placed through labor agencies.

These impacts can most notably arise at direct and indirect business partners during extraction and processing of raw materials and production of intermediate products and components, as well as at customers in the downstream value chain.

In addition, actual negative impacts on value chain workers were identified during audits at direct suppliers. For example, there was an incident of restricted freedom of movement (forced labor practice).

● **Violation of legal obligation to take remedial action on human rights violations against workers in the value chain**
(Risks)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

There is a risk if actions to remedy human rights violations against workers in the value chain are not implemented appropriately resulting in a breach of due diligence under the German Supply Chain Due Diligence Act ("Lieferkettensorgfaltspflichtengesetz" – LkSG).

Material potential negative impacts on working conditions, equal treatment and equal opportunities, and other work-related rights were identified, particularly in sourcing and extracting raw materials and processing them in the international logistics chains. These material impacts are connected with the Schaeffler Group's business activities and originate from its business model.

The company's dependency on workers and materials in the upstream value chain and the increased risk of human rights violations may also give rise to financial risks for the Schaeffler Group if the due diligence obligations under the LkSG are violated in this regard.

In its "Sustainability & Infrastructure" subprogram, the Schaeffler Group puts a specific focus on embedding environmental and social responsibility in the company's value chain. It aims to make its supplier network more transparent in order to identify material potential impacts and risks at an early stage and minimize human rights violations through appropriate remedial actions. The company strives to meet the requirements and expectations of its customers and other stakeholders in these areas. The Schaeffler Group expects the same commitment from its suppliers. Additionally, the Schaeffler Group has identified a need to adjust its strategy and management systems with respect to the deeper supply chain.

As part of this, the Schaeffler Group has performed a Critical Raw Materials Analysis in 2024 in order to identify critical raw materials in its supply chains. The company has assessed the environmental, human rights, and governance risks arising in the extraction of raw materials in the upstream supply chain (also referred to as "Tier n supply chain" below). In an abstract risk assessment, more than 30 raw materials were assessed with respect to 35 sustainability criteria. In 2024, the assessment focused especially on mining companies in the main countries where these commodities are mined. With respect to affected workers, the assessment most notably identified risks relating to collective bargaining, child and forced labor, occupational

safety, and discrimination. The company intends to prioritize these identified abstract risks in future specific risk assessments. The methodology and results of the Critical Raw Materials Analysis were discussed and validated with external stakeholders such as civil society organizations, suppliers, and scientists, as well as an independent advisory body. The results form the basis for a Tier n due diligence system to be developed in the future that facilitates strategically prioritizing raw materials supply chains and will be designed to ensure compliance with due diligence obligations along the entire supply chain.

Policies [S2-1]

To the Schaeffler Group, respecting human rights, including workers' rights, is an important aspect of all its business activities. The company also expects the same of its business partners.

This also includes that they operate in alignment with the following global standards:

- the UN Guiding Principles on Business and Human Rights,
- the OECD Guidelines on Responsible Business Conduct,
- the UN International Bill of Human Rights, and
- the core labor standards of the International Labour Organization (ILO)

Additionally, the Schaeffler Group is a signatory to the UN Global Compact and is committed to its ten principles.

The Schaeffler Group's fundamental documents and policies are aimed at identifying, reducing, and eliminating – where necessary – the material negative impacts on value chain workers and the associated material risks to the company with respect to **working conditions, equal treatment and equal opportunities**, as well as **other work-related rights**. In this manner, the Schaeffler Group aims to help create good working conditions and strengthen diversity and inclusion as well as compliance with ethical principles and human and social rights standards.

Business Partner Code of Conduct

The Schaeffler Group has committed to standards and minimum requirements for its own business conduct and expects its partners in the supply chain to meet these as well. Until September 30, 2024, the Supplier Code of Conduct set out these requirements. Acceptance of the Supplier Code of Conduct by suppliers of production materials and non-production materials was monitored while it was in force. The Business Partner Code of Conduct became effective as at October 1, 2024. In this Code of Conduct, the Schaeffler Group calls on its business partners, according to their size and business activities, to make a best and risk-based effort to implement the standards and minimum requirements set out in the Business Partner Code of Conduct in their operations and address them along their supply chain.

The significant changes to the Business Partner Code of Conduct and the expanded set of the company's expectations of its business partners' business conduct relate to human rights, the environment, conflict minerals, and collaboration in the supply chain. The company also added to the Code of Conduct the expectation that the rights of local communities and indigenous peoples be respected.

The Business Partner Code of Conduct applies to all natural or legal persons who sell or provide products, processes, or services to the Schaeffler Group, either directly or via third parties, e.g., affiliated companies, distribution partners, subcontractors, and agents.

Regarding human rights and working conditions, the Schaeffler Group expects the following from its business partners:

- respect for human rights in accordance with recognized international standards and guidelines,
- prohibition of child labor and protection of young workers,
- prohibition of forced labor and human trafficking,
- ethical recruiting of workers,
- promotion of health and safety,
- respect of freedom of association and right to collective bargaining,
- prohibition of discrimination and promotion of diversity, and
- promotion of adequate compensation and working hours.

The Business Partner Code of Conduct was approved by the Schaeffler Group Executive Board. The CEO of Schaeffler AG represents the most senior level accountable for its implementation. The Business Partner Code of Conduct was adopted taking into account internal stakeholders. The company did not engage with any other stakeholders, such as workers in the value chain, in 2024. The Business Partner Code of Conduct has been made publicly available on the Schaeffler Group's corporate website.

The following sets out the three fundamental documents and/or policies that are part of the Human Rights CMS. The processes relating to preventive measures and remedial actions in case of material negative impacts on workers are set out in the Human Rights CMS (see section ESRS S1-3).

Statement on Respect for Human Rights

The Statement on Respect for Human Rights sets out the Schaeffler Group's human rights strategy taking into account the requirements of the German Supply Chain Due Diligence Act ("Lieferkettensorgfaltspflichtengesetz" – LkSG) (see section ESRS S1-1). Along with the company's own employees, affected communities, and indigenous peoples, the Statement also includes workers in the supply chain in the group of people potentially affected. The Statement is updated on a continuous basis.

Human Rights Compliance Policy

The policy is part of the Human Rights CMS and defines binding minimum requirements for all employees regarding compliance with national and international requirements and standards with respect to human rights due diligence within the Schaeffler Group and the supply chain (see section ESRS S1-1). With its Human Rights CMS, the Schaeffler Group is actively preventing violations of human rights in the supply chain. If it becomes apparent that the Schaeffler Group's business activities contribute to actual human rights violations or are indirectly linked to them, the company endeavors to eliminate and remediate them. With respect to business partners, the company reserves the right to respond appropriately, ranging from requesting that the violation be eliminated immediately to taking legal action and terminating the business relationship.

Schaeffler Group Human Trafficking Policy

The Schaeffler Group uses this Policy to position itself externally and set out the fundamental principles by which the Schaeffler Group aims to prevent human trafficking, modern slavery, and forced labor - including fraudulent practices during the recruitment of employees (see section ESRS S1-1).

Processes for engaging with value chain workers [S2-2]

Along with the interests of its own workforce, the Schaeffler Group would like to also consider, in its due diligence processes, the interests of workers in its upstream and downstream value chain. This took the form of a multi-stakeholder approach in 2024. The **Schaeffler Stakeholder Dialog** is one of the components of this approach (see section ESRS S1-2). During the reporting period, this dialog focused on issues including the question of how risks in complex raw materials supply chains can be addressed with the involvement of all affected stakeholders. In addition, workshops were held to discuss handling outlined cases of the human rights violations by suppliers.

In order to promote collaboration with stakeholders and develop appropriate risk mitigation actions, the Schaeffler Group also actively participates in sector dialogs and initiatives and is a member of various organizations. One example is the Schaeffler Group's participation in the **Sector Dialogue of the Automotive Industry** held as part of the National Action Plan for Business and Human Rights. Working with industry delegates, trade unions, NGOs, and other stakeholders, the company is also regularly involved in **Sector Dialogue initiatives**, such as analyzing certifications for critical raw materials (see section ESRS S2-4).

The Schaeffler Group is a member of the Responsible Minerals Initiative (RMI) and has been involved with the Initiative for Responsible Mining Assurance (IRMA) since 2021 (see section ESRS S2-4). IRMA independently assesses the performance of individual mines using a multi-stakeholder and consensus-based approach which focuses on reducing negative social and environmental impacts. A particular focus is on effectively engaging with affected workers and the population and groups affected by mining activities. A continuous dialog takes place via IRMA.

To review effectiveness, the company evaluates annually, during the action planning phase, whether the processes described above address the impacts and risks identified as material and

whether the defined target is achieved. The company is currently developing an internal guideline to define the function and the most senior position within the company to be operationally accountable for engaging with value chain workers and to facilitate incorporating the results into the policies.

Processes to remediate negative impacts and channels for raising concerns [S2-3]

The Schaeffler Group, a company with international operations, cannot rule out material negative impacts and risks on the environment and people in the value chain. However, the Schaeffler Group aims to prevent and/or avoid them along the value chain. The Schaeffler Group also expects the same of its business partners. Among the key elements of the Human Rights CMS is the annual risk analysis in accordance with the LkSG described in detail in section ESRS S1-3. This analysis involves capturing human rights-related and environmental risks and violations resulting from the company's own operations or those of its business partners. In 2024, about 30,000 suppliers were reviewed and about 1,300 suppliers with risks were identified. Occupational safety, forced labor, and freedom of association were identified as high-priority risks in the supply chain. The preventive measures and remedial actions and their effectiveness are discussed in section ESRS S2-4. The Schaeffler Group expects its suppliers to follow a similar approach.

Grievance mechanism and whistleblowing system

Like employees and external persons, value chain workers have access to a grievance system consisting of various reporting channels and especially an electronic whistleblowing system. Section ESRS S1-2 contains a detailed description of this system along with information on monitoring and effectiveness. The availability of the whistleblowing system and the various reporting channels are discussed in the Guideline on the Whistleblowing System, in the Schaeffler Code of Conduct, and in the Supplier Code of Conduct and/or, since October 1, 2024, in the Business Partner Code of Conduct.

Since October 1, 2024, the Schaeffler Group's business partners are requested, via the Business Partner Code of Conduct, to make their workers as well as their partners in the value chain and potentially affected stakeholders aware of the Schaeffler Group channels available for reporting misconduct.

Business partners are also expected to make a grievance mechanism in line with UN Guiding Principles available to rights holders potentially affected by their business activities, or at a minimum support or recommend an existing external grievance mechanism. The use of the whistleblowing system by supply chain workers in 2024 has provided the Schaeffler Group with evidence that it is effective. Additionally, the Schaeffler Group makes arrangements to protect potential parties involved against disadvantage and retaliation or punishment. Protecting rights holders is of the highest priority in all investigations of reports. The guidelines designed to ensure this are described in section ESRS G1-1.

Actions [S2-4]

Various actions were implemented during the year to address the material impacts on value chain workers as well as the risks to the Schaeffler Group. Unless stated otherwise, annual reviews involve evaluating whether the actions address the material impacts and risks and whether the target of the action is achieved. Additionally, all actions are considered ongoing.

Appropriate preventive measures and remedial actions are defined and implemented as part of the Human Rights CMS (see section ESRS S2-3). The starting point for deriving appropriate actions are risks that were identified in the risk analysis in accordance with the LkSG and publicly available reports, the grievance mechanism (see section ESRS S1-3), and audits. The following standard preventive measures are designed to ensure respect for human rights in the company's own operations and in the supply chain and to avoid violations of occupational health and safety regulations. The standard measures are communicated to suppliers in writing and explained in discussions. In the Asia/Pacific

region, for example, selected suppliers were invited to an on-site training session that included highlighting the importance the Schaeffler Group attaches to protecting employees. The company also offers online training sessions on specific topics to explain the risk mitigation measures to suppliers. Additionally, the company has a public supplier landing page primarily directed at its suppliers. Key guidelines and sample contracts including general terms and conditions, general conditions of purchase, project contracts can be downloaded from this page, as can information on supplier training sessions and training documents.

Responsible sourcing of raw materials such as tin, tungsten, tantalum, and gold is an important issue for the Schaeffler Group, as their sale can be used to finance armed conflicts and contribute to human rights violations in some countries. The company uses the Reasonable Country of Origin Inquiries (RCOI) procedure to ascertain from which regions Tier n suppliers source components with **critical raw materials**. Targeted measures can be initiated in the value chain as needed to avoid material potential negative impacts and risks related to the working conditions and other work-related rights of workers in the upstream value chain. The company's approach corresponds to the OECD Due Diligence Five Steps Framework. As a final step, the company reserves the right to not enter into any new contracts with suppliers appearing suspicious.

The company investigates not only mines, but also smelters. To this end, the Schaeffler Group conducts an annual survey in which its direct suppliers are requested to disclose whether their smelting plants are certified by the **Responsible Minerals Initiative** (RMI). The survey is performed using standardized questionnaires issued by the RMI and includes information about the use of conflict minerals by their own suppliers. As at December 31, 2024, the smelting plants in the Tier n supply chain of direct suppliers were

primarily certified by the RMI or were located outside the risk areas defined in the RCOI. The Schaeffler Group's Conflict Minerals Report summarizes the findings and is provided to its customers on request. A separate report is also available for cobalt and mica.

Certification initiatives such as the Responsible Minerals Initiative (RMI) or the Initiative for Responsible Mining Assurance (IRMA) can contribute significantly to the implementation of due diligence actions in the Tier n supply chain. As part of the execution program, the Schaeffler Group is developing an analytical framework for **quality assessments of certification systems** for critical raw materials supply chains. Such certifications, which are normally offered by multi-stakeholder and industry initiatives, cover various raw materials and supply chain stages and vary widely in quality. In light of this, the Schaeffler Group has developed a set of criteria for assessing the contribution of certification initiatives to effectively addressing material negative impacts on the environment, society, and affected communities; this set of criteria serves as the basis of the analytical framework referred to above. Based on this set of criteria, the company assesses whether and how a certification system is used in the sustainability due diligence within the supply chain. The set of criteria is used to derive actions to improve the certification system – by participating in multi-stakeholder bodies, for instance – or to initiate actions that go beyond using the certification system. The set of criteria and the actions derived from it are based on an analytical framework for assessing the suitability of voluntary sustainability standards that was developed by the Schaeffler Group and other companies and civil society organizations as part of the Sector Dialogue of the Automotive Industry. The certification systems are to be re-evaluated every one to two years.

The Schaeffler Group is currently working on a pilot project for the copper supply chain in Peru. The company plans to realize the project in cooperation with other automotive industry

companies with the support of civil society organizations as part of the Sector Dialogue of the Automotive Industry. The objective of the project is to identify opportunities for purchasing companies to positively impact the situation of affected rights holders such as mining company workers or communities affected by mining operations. This involves jointly analyzing and addressing the human rights-related and environmental risks in the upstream copper supply chain.

In 2024, an abstract risk assessment of the copper mining industry in Peru was performed, as was a stakeholder mapping. In addition, a framework for the ongoing analysis of environmental and human rights-related risks and opportunities to make an impact was defined. Deriving specific actions with the involvement of the affected rights holders is scheduled to start in 2025. The aim is to subsequently transfer the findings and experiences from the project to other raw materials supply chains and extraction contexts. The company plans to review the effectiveness of the measures once the measures have been implemented.

The Schaeffler Group actively addresses the risk of forced labor in its supply chain and takes a stand on this in its Business Partner Code of Conduct in order to prevent the violation of the corresponding work-related rights of supply chain workers. As a result, the company does not tolerate any forced or compulsory labor, modern slavery, involuntary or exploitative labor, human trafficking, or other forms of exploitation in its direct and indirect supply chain. To this end, the Schaeffler Group has developed a policy for the Tier n supply chain that is also designed to ensure that these requirements are complied with in accordance with regulations against forced labor that apply internationally. The Schaeffler Group is guided in this process by, among other things, the requirements of the U.S. Uyghur Forced Labor Prevention Act (UFLPA). To mitigate the Schaeffler Group's procurement

and import risks, selected supply chains are analyzed for indications of forced labor. For incidents involving direct suppliers, the Schaeffler Group deals with the specific issue as part of its complaints procedure. The company works with the supplier to search for a solution that will remediate the situation and then reviews its implementation in an independent audit as necessary.

The Schaeffler Group is among the founding members of the Responsible Supply Chain Initiative (RSCI) e.V., a sustainability initiative under the auspices of the German Association of the Automotive Industry (VDA). The RSCI supports its members in creating more **transparency along global supply chains** and in preventing potential violations of workers' rights with the help of an assessment standard specifically developed for this purpose. The Schaeffler Group actively promotes the establishment of this assessment standard by requesting selected suppliers to conduct an audit according to the RSCI standard. During RSCI audits, potential violations of labor rights can be identified through interviews. Sharing audit results with the Schaeffler Group offers the possibility to jointly develop remedial actions. The implementation and effectiveness of these measures are reviewed by a re-audit.

Additionally, there is a regular exchange with other RSCI member companies in order to benefit from shared experiences. These discussions also cover sector- and country-specific risks and appropriate actions.

The Schaeffler Group continues to systematically advance sustainability in its supply chains. Since 2020, the company has been sending standardized self-assessment questionnaires (SAQ) to selected suppliers and verifying them in order to prevent material potential negative impacts and material risks related to

the working conditions, equal treatment and opportunities for all, and other work-related rights of workers in the upstream value chain. This **Sustainability Self-Assessment Questionnaire** is a joint questionnaire of the Drive Sustainability initiative which collaborates with the CSR Europe associations to improve supply chain sustainability in the automotive industry. The SAQ includes questions on sustainability management, the environment, human rights and working conditions, ethics and compliance, and responsible sourcing of raw materials. It is based on a common standard of the automotive industry on sustainability in the supply chain known as the "Automotive Industry Guiding Principles to Enhance Sustainability Performance in the Supply Chain" and was created as a standardized tool for measuring the performance of stakeholders in the automotive industry.

During the reporting period, one case of discrimination and two cases of human rights violations were found at a supplier; these cases involved violations of the international standards applicable to value chain workers referred to in section ESRS S1-1 and represented one case of severe violation with respect to adequate wages and one case of restriction of freedom of movement in India.

The actions described do not result in any significant specific capital (CapEx) or operating expenditures (OpEx) and are implemented as part of regular operations and planned for 2025.

Targets and metrics [S2-5]

The Schaeffler Group has not set, at this point in time, any outcome-oriented and time-bound targets and metrics related to value chain workers, since its reporting process is currently still in the process of being established. Nevertheless, the

Schaeffler Group aims to make its supplier network more transparent and to appropriately deal with the negative impacts identified as material in the supply chain as part of its Human Rights CMS in accordance with the requirements of the LkSG.

The actions and policies to ensure adequate working conditions, equal treatment and opportunities for all, as well as other work-related rights in relation to the impacts and risks identified are evaluated for effectiveness annually. In addition, actions are communicated in writing and tracked.

Affected communities [ESRS S3]

Impacts, risks, and opportunities (IROs) [SBM-3]

Being a manufacturing company for a large number of industrial applications, the Schaeffler Group is dependent on the sourcing, extracting, and processing of raw materials in the upstream value chain. In the downstream value chain, the Schaeffler Group's Bearings & Industrial Solutions division serves customers in the raw materials extraction sector. The Schaeffler Group's business model and activities described herein could give rise to material impacts affecting communities and indigenous peoples in the Tier n supply chain and in the downstream value chain, for instance in the extraction of metals, minerals, or raw materials. These may involve violations of their economic, social, cultural, civil, and political rights. The impacts identified as material in this regard are set out in the following overview.³³ They are systemically widespread in the contexts the Schaeffler Group operates in.

Impacts associated with affected communities

COMMUNITIES' ECONOMIC, SOCIAL, AND CULTURAL RIGHTS

● **Violations of economic, social, and cultural rights of surrounding communities**
(Potential negative impacts)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

Potential negative impacts arise from violation of the economic, social, and cultural rights of surrounding communities as a result of extraction and processing of raw materials and production of intermediate products and components in the upstream value chain.

The associated destruction of ecosystems, exploitation of natural resources, environmental pollution, violation of land rights, and cultural dilution, that is, the loss or weakening of cultural characteristics and traditions, can have a negative impact on the livelihoods and living standards of these communities.

In addition, the Schaeffler Group's Bearings & Industrial Solutions (B&IS) division also serves customers in the raw materials extraction sector whose activities in the downstream value chain can be associated with negative impacts for the same reasons.

COMMUNITIES' CIVIL AND POLITICAL RIGHTS

● **Disregard of civil and political rights of surrounding communities**
(Potential negative impacts)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

Potential negative impacts on these communities arise due to the disregard of their civil and political rights during extraction and processing of raw materials and production of intermediate products and components in the upstream value chain.

In some geographic areas, tolerance for freedom of expression and assembly is low and human rights defenders are not adequately protected by local governments. Thus, raising concerns or highlighting grievances can lead to an increased risk of persecution, repression, and violent displacement of protesters.

The use of private and/or public security forces by suppliers can also lead to human rights violations due to a lack of training or inadequate monitoring.

In addition, the Schaeffler Group's B&IS division also serves customers in the raw materials extraction sector whose activities in the downstream value chain can be associated with negative impacts for the same reasons.

RIGHTS OF INDIGENOUS PEOPLES

● **Violations of rights of indigenous peoples**
(Potential negative impacts)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

Potential negative impacts on the rights of indigenous peoples arise during extraction and processing of raw materials and production of intermediate products and components in the downstream value chain.

Particularly mining activities around the world pose serious risks to the human rights of indigenous peoples. These include conflicts over land use and ownership, especially in regions where rights are not fully documented, and the loss of their livelihoods, natural resources and cultural rights, jeopardizing local traditions, customs, or cultural sites.

In addition, the Schaeffler Group's B&IS division also serves customers in the raw materials extraction sector whose activities in the downstream value chain can be associated with negative impacts for the same reasons.

Material impacts are identified based on the Critical Raw Materials Analysis (see section ESRS S2 SBM-3) launched as part of the Schaeffler Sustainability Roadmap 2024. It forms the basis for a Tier n due diligence system to be developed in the future that facilitates strategically prioritizing raw materials supply chains and will be designed to ensure compliance with due diligence obligations along the entire supply chain. Along with value chain workers, this analysis also considered affected communities and indigenous peoples in the upstream value chain. Results of the analysis show that risks for affected communities can be especially high in relation to certain raw materials, particularly with respect to the economic, social, and cultural rights of affected communities and violation of the rights of indigenous peoples such as by violation of the principle of free, prior, and informed consent (FPIC). Moreover, there are increased health and environmental risks due to a possible exposure to poisonous substances or pollution of water and soil.

³³ Time horizons identified represent the estimated earliest time of occurrence of material impacts.

Policies [S3-1]

To the Schaeffler Group, respecting human rights, including workers' rights, is an important aspect of all its business activities. This includes the rights of affected communities and indigenous peoples. The company expects its business partners to share this commitment.

The Schaeffler Group's fundamental documents and policies are aligned with global standards and frameworks (see sections ESRS S1-1 and ESRS S2-1) and also reflect compliance with the United Nations' international conventions on civil, political, economic, social, and cultural rights. Further, the Schaeffler Group recognizes the principle of free, prior, and informed consent (FPIC). The FPIC principle is described in the Declaration on the Rights of Indigenous Peoples (UNDRIP) and is a protective measure aimed at safeguarding the rights of indigenous peoples. It is based on the right to self-determination and the right to be free from discrimination, both of which are guaranteed in various agreements under international law.

Schaeffler Code of Conduct

The Schaeffler Code of Conduct comprehensively describes the Schaeffler Group's values and principles of conduct (see section ESRS S1-1). The Schaeffler Group respects applicable local national, international, and traditional rights concerning land, water, and resources, as well as the rights of local communities and indigenous peoples to a decent standard of living that might be affected by the group's business operations. The Code of Conduct was extensively expanded to include these rights in October of 2024.

Business Partner Code of Conduct

The Schaeffler Group has committed to standards and minimum requirements for its own business conduct and expects its business partners to meet these as well. The Business Partner Code of Conduct (previously Supplier Code of Conduct) describes these requirements and thus provides binding rules for conducting business relations with the Schaeffler Group. The Business

Partner Code of Conduct was expanded significantly in October of 2024 (see section ESRS S2-1), including to strengthen the rights of local communities and indigenous peoples.

Statement on Respect for Human Rights

The Statement on Respect for Human Rights sets out the Schaeffler Group's human rights strategy taking into account the requirements of the German Supply Chain Due Diligence Act ("Lieferkettensorgfaltspflichtengesetz" – LkSG). Along with the company's own employees and workers in the supply chain, the Statement also includes affected communities and indigenous peoples in the group of people potentially affected. It is updated on a continuous basis.

Human Rights Compliance Policy

Additionally, the Human Rights Compliance Policy defines binding minimum requirements for all employees regarding compliance with national and international requirements and standards with regard to human rights due diligence within the Schaeffler Group and the supply chain. As part of the binding minimum requirements, the Policy defines the human rights due diligence obligations for respecting land and community rights in the company's business activities. This includes the rights of affected communities and indigenous peoples regarding prohibition of forced resettlement and respect for land rights. The Schaeffler Group respects the rights of communities, including indigenous peoples, in accordance with applicable law. In its Human Rights Compliance Policy, the Schaeffler Group stipulates that acquiring, developing, or otherwise using land, forests, or waters forming the basis of the survival and quality of life of people or communities must not interfere with their rights in any of the company's business activities.

The company's latter two documents govern how human rights are handled with a view to the rights of local communities and indigenous peoples (see section ESRS S1-1). Both are integral components of the Human Rights CMS, along with other sets of regulations (see section ESRS S1-3).

The company did not engage directly with affected communities and indigenous peoples during the year. Active engagement with affected rights holders is planned for the future (see section ESRS S3-2).

Processes for engaging with affected communities [S3-2]

The Schaeffler Group aims to more extensively consider the interests of affected communities and indigenous peoples in the company's due diligence processes in the future. However, the company did not yet engage in a direct dialog with affected communities and indigenous peoples during the year.

Nevertheless, the Schaeffler Group actively participates in sector dialogs and initiatives and is a member of various organizations. Examples include the Schaeffler Group's participation in the **Sector Dialogues of the Automotive Industry**; as part of these dialogs, the Schaeffler Group, in cooperation with other automotive industry companies and with the support of civil society organizations, is pushing ahead with a pilot project in the copper supply chain (see section ESRS S2-4), for example.

Moreover, the Schaeffler Group is active in other initiatives such as the Responsible Minerals Initiative (RMI) and the Initiative for Responsible Mining Assurance (IRMA). Especially IRMA attaches great importance to ensuring that the rights and interests of indigenous peoples are respected and complied with. Additional information is set out in section ESRS S2-2.

The company is currently developing an internal guideline that will define the function and the most senior position within the company to be operationally accountable for engaging with affected communities and ensure that the results are incorporated into the Schaeffler Group's policies.

The Schaeffler Group has developed a set of criteria to evaluate the effectiveness of certification systems such as IRMA and RMI, for instance (see section ESRS S2-4).

Processes to remediate negative impacts and channels for raising concerns [S3-3]

Being a company with international operations, the Schaeffler Group cannot fundamentally rule out that material negative impacts on affected communities and indigenous peoples may arise in its value chain. However, the Schaeffler Group aims to prevent and/or avoid these material impacts. The Schaeffler Group includes its business partners in this aim. An annual risk analysis in accordance with the LkSG (see section ESRS S1-3) involves capturing human rights-related and environmental risks and violations resulting from the company's own operations or those of its business partners. The results of the risk analysis lead to an action plan.

Grievance mechanism and whistleblowing system

In order to address potential violations of the law, the company's own workforce and value chain workers as well as other external persons such as affected communities have access to a grievance system consisting of various reporting channels and especially an electronic whistleblowing system. Section ESRS S1-3 contains a description of this system along with information on monitoring and effectiveness. The availability of the whistleblowing system and the various reporting channels are discussed in the Guideline on the Whistleblowing System, in the Schaeffler Code of Conduct, and in the Supplier Code of Conduct and/or, since October 1, 2024, in the Business Partner Code of Conduct.

Since October 1, 2024, the Schaeffler Group's business partners are requested, via the Business Partner Code of Conduct, to make potentially affected stakeholders aware of the Schaeffler Group channels available for reporting misconduct and to inform them about the grievance mechanism. Additionally, the Schaeffler Group

makes arrangements to protect potential parties involved, and especially rights holders, against disadvantage and retaliation or punishment. Protecting rights holders is of the highest priority in all investigations. The relevant regulations are set out in the Guideline on the Whistleblowing System and are discussed in section ESRS G1-1. The company has not yet verified whether potentially affected communities know and trust the reporting channels.

Actions [S3-4]

The Schaeffler Group is committed to ensuring that its practices do not cause or contribute to any material negative impacts on affected communities. It relies on various fundamental documents, policies (see section ESRS S3-1), and management systems (see section ESRS S3-3) and refers to national and international standards to ensure compliance with human rights, including workers' rights. The approach is closely linked with the company's expectation of its business partners that they, too, will comply with these standards and minimum requirements. Actions related to responsible sourcing and extraction of raw materials are described in section ESRS S2-4. Measures related to using natural resources and managing environmental impacts are explained in sections ESRS E5-2 and ESRS E1-3, respectively.

As part of the pilot project of the copper supply chain in Peru, the Schaeffler Group aims to identify opportunities for purchasing companies to positively impact the situation of affected rights holders such as mining company workers or communities affected by mining operations. Further details are set out in section ESRS S2-4. The action is considered ongoing. The company plans to appropriately review its effectiveness once it has been implemented.

The action described does not result in any significant specific capital (CapEx) or operating expenditures (OpEx) and is implemented as part of regular operations and planned for 2025.

Since no human rights issues and/or incidents associated with affected communities were reported during the reporting period, no remedial actions were taken.

Targets [S3-5]

To date, the Schaeffler Group has not set any outcome-oriented and time-bound target related to affected communities, since its reporting process is still in the process of being established. The company plans to review effectiveness during the period after implementation of the measures described.

5.4 Business conduct

Business conduct [ESRS G1]

Impacts, risks, and opportunities (IROs) [SBM-3]

Material negative as well as positive impacts related to corporate culture, protection of whistleblowers, management of relationships with suppliers, and corruption and bribery were identified in the materiality assessment. These are set out in the following overview.³⁴

Impacts associated with business conduct

CORPORATE CULTURE

- Strong corporate culture (Actual positive impacts)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

Actual positive impacts on employees and society arise from the strong and values-oriented corporate culture of the Schaeffler Group.

As a global family-owned company, the Schaeffler Group and its employees are committed to the values of integrity, fairness, and mutual respect. The corporate culture promotes a sense of belonging and increases employee loyalty and productivity.

WHISTLEBLOWER PROTECTION

- Lack of adequate whistleblower protection (Potential negative impacts)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

There are potential negative impacts on whistleblowers across the value chain, whose protection from repression and retaliation cannot be guaranteed at all times if their anonymity is jeopardized and cases are not treated as confidential.

This applies especially to potential whistleblowers in the value chain where the Schaeffler Group may not be in a position to ensure effective safeguards against retaliation due to limited capacities to influence other parties related to these cases.

In consequence, potential whistleblowers may be deterred from reporting their concerns for fear of retaliation and punishment. Insufficient protection of whistleblowers may result in severe environmental or social/human rights violations being reported too late, which in turn could lead to delays in the implementation of remedial actions.

MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS, INCLUDING PAYMENT PRACTICES

- Impacts of payment practices on suppliers' economic situation (Potential negative impacts)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream

Potential negative impacts on suppliers arise from the Schaeffler Group's payment practices. Agreeing on longer payment terms and exhausting them is widespread in the automotive industry. In principle, all of the Schaeffler Group's suppliers receive the same contractual terms, but extended payment terms can have more serious consequences for small- and medium-sized entities (SMEs), including liquidity problems.

CORRUPTION AND BRIBERY

- Impacts of corruption and bribery (Potential negative impacts)

Time horizon: short-term medium-term long-term
Stage of the value chain: upstream own operations downstream


Potential negative impacts on people, society, and the environment arise from the risk of corruption and bribery along the entire value chain, from extraction and processing of raw materials to the company's own operations through to end-of-life treatment.

For instance, the mining sector is particularly susceptible to corruption, as there are very few economically viable mineral deposits worldwide. Therefore, there is enormous pressure to explore and develop these deposits despite potential severe negative consequences for the environment and/or people.

Furthermore, some direct and indirect suppliers, but also some of the Schaeffler Group's own locations are located in countries with a high risk of corruption and bribery which in turn can have multiple negative impacts on people, society, and the environment.

The same applies to business partners in the downstream value chain. The recycling and waste industry, for example, operates in some countries with weak regulations. Due to corruption and bribery, waste might be disposed of or traded illegally for profit despite potential severe consequences for the environment.

Please refer to section ESRS 2 GOV-1 for disclosures on the role of the administrative, management and supervisory bodies and their expertise on business conduct matters.

 Supplemental information on ESRS 2 GOV-1 5 b on pp. i7 et seq.

Business conduct policies and corporate culture [G1-1]

To the Schaeffler Group, economic success, a sustainable corporate vision, and awareness of the social and environmental concerns of its own operations are traditionally closely interlinked. Like the values of Innovative, Excellent, and Passionate, Sustainable is anchored in the Schaeffler Group's corporate culture.

³⁴ Time horizons identified represent the estimated earliest time of occurrence of material impacts.

The corporate culture is practiced based on the fundamental documents and policies described below. Along with the **Schaeffler Code of Conduct** serving as the fundamental document, these also include the **Purchasing and Supplier Management Policy** and the **Business Integrity Compliance Policy**.

Schaeffler Code of Conduct

The Schaeffler Code of Conduct comprehensively describes the Schaeffler Group's values and principles of conduct (see section ESRS S1-1) that promote the corporate culture. They must be adhered to by the members of the Executive Board as well as all managers and employees of the Schaeffler Group. Integrity, fairness, and mutual respect represent the foundation of its worldwide business activities. In this manner, the company would like to create the prerequisites for its sustained success. Further, the Schaeffler Code of Conduct also contains guidelines for the conduct vis-à-vis business partners and third parties, including ensuring fair competition and combating corruption.

Purchasing and Supplier Management Policy

The Purchasing and Supplier Management Policy describes the fundamental responsibilities of all purchasing departments. Its aim is to ensure that legal, social, and customer-related requirements are met in the external supply chain. The policy applies to the entire Schaeffler Group; in particular, to all employees within the purchasing organization as well as to employees who work outside of purchasing but perform tasks within purchasing processes. The Chief Operating Officer is the most senior level accountable for implementation of the Purchasing and Supplier Management Policy. The Policy was approved by the Schaeffler Group's Executive Board. The Policy is aligned with the international standards listed in chapter S1. The interests of key stakeholders were taken into account via the requirements analysis – customer-specific requirements, for instance – as well as in the annual stakeholder dialog with civil society and other parties involved. The Policy has been published internally.

Business Integrity Compliance Policy

Updated during the year, the Business Integrity Compliance Policy provides binding instructions on business integrity, particularly in the following compliance risk areas: corruption and bribery, conflicts of interest, lobbying and representation of interests, and money laundering and financing of terrorism. The Policy specifies the requirements of the Schaeffler Code of Conduct and is aimed at reducing the risk of relevant violations of the law. As the Policy is binding on the Schaeffler Group, it covers the company's own operations and business relationships with direct business partners. It was approved by the Schaeffler Group's Executive Board. The CEO represents the most senior level accountable for its implementation. Along with the international standards listed in section ESRS S1-1 above, the Policy is also aligned with the United Nations Convention against Corruption. The Policy has been published internally.

Whistleblowing system and whistleblower protection

The Schaeffler Group's compliance management system (CMS) includes the groupwide whistleblowing system which can be used to report potential misconduct such as violations of the Schaeffler Code of Conduct, company policies, and non-compliance with legal requirements. The section on the Guideline on the Whistleblowing System in section ESRS S1-3 contains further details on reporting channels and categories, procedures following receipt of a report, and the Schaeffler Group's measures aimed at ensuring the protection of whistleblowers.



More on the compliance management system on pp. i20 et seq.

Reports received are to be investigated as independently, objectively, and promptly as possible. If the investigation cannot be conducted independently because investigators are biased or there is a conflict of interest, the investigation is conducted by an independent unit. The internal processes and requirements are designed to offer whistleblowers effective protection against

disadvantage or punishment. This also applies to the investigation of reported incidents of corruption and bribery. Especially employees in purchasing and sales are particularly exposed to the risk of corruption and bribery. The Schaeffler Group's employees are informed about the whistleblower system in compliance training courses.

Compliance training

The company would like to foster conduct in compliance with the law and in accordance with the Schaeffler Group's regulations and values through a systematic training program specific to the various target groups. Web-based and classroom training sessions are used to familiarize employees and managers with the Schaeffler Code of Conduct and relevant group policies and to raise their awareness of compliance risks in their day-to-day business. Training sessions are continually refined and updated and adapted to the employees' areas of responsibility. They cover topics such as integrity, the Schaeffler Code of Conduct, competition and antitrust law, combating corruption, human rights, tax compliance, and export control compliance. The whistleblowing system and its operation are part of the training program as well. Assignment of the various training sessions follows a risk-based approach, which makes taking the training sessions mandatory for high-risk employee groups. Supervisors are responsible for enabling employees to take the web-based training sessions and/or attend a classroom training session. The frequency of compliance training varies with training type. Some training sessions are only required once or when the content changes significantly, for instance, while others, such as "Refreshing Integrity & Security @ Schaeffler", have to be retaken each year.

Management of relationships with suppliers [G1-2]

Global supply chains are currently heavily affected by geopolitical tensions, technological progress, and changing consumer requirements; therefore, the Schaeffler Group's success is heavily dependent on the agility and resilience of its suppliers. In this context, the most efficient supplier management possible, based on close, fair, and coordinated collaboration, is crucial to increasing customer satisfaction and achieving the company's ESG goals.

At the Schaeffler Group, such supplier management is founded on the values and principles of conduct that are described in the Business Partner Code of Conduct (see section ESRS S2-1) and have to be adhered to by all suppliers and their workers as well as along their supply chain. The Business Partner Code of Conduct sets clear expectations regarding ethical business practices, protection of the environment, human rights due diligence obligations, and working conditions. Suppliers are expected to establish relevant appropriate due diligence processes and management systems to adhere to these values and related expectations and to identify, mitigate, and prevent risks. Further, the corporate Purchasing Strategy & Strategic Supplier Management department has to ensure that risks are considered from a geopolitical, operational, sustainability, and financial perspective. Regional and divisional purchasing responsables initiate measures to reduce risks in the supply chain. Hence, purchasing risk management represents an integral component of strategic supplier management.

Moreover, suppliers can only be considered for becoming a business partner of the Schaeffler Group if they have undergone a defined approval process. The company selects suppliers based on objective and verifiable criteria and evaluates delivery performance against transparent criteria on an ongoing basis. Those responsible for purchasing always consider social and environmental criteria, such as handling conflict materials and/or critical raw materials, when making decisions. Legal and internal

requirements, including additional policies, call for regular risk assessments to be performed by the relevant Schaeffler Group functions. The relevant social and environmental criteria are considered in the risk assessment during supplier selection; the results of the risk assessment are taken into account when contracts are awarded.

The Purchasing Strategy & Strategic Supplier Management function continuously reviews and adjusts the Schaeffler Group's purchasing conditions and/or selection and decision processes with respect to the Schaeffler Group's general strategic requirements. This occurs in coordination with other technical departments or technical functions within the company. Requirements are implemented by the responsible departments.

Extended payment terms can have more serious consequences for small- and medium-sized entities (SMEs). In accordance with the Schaeffler Code of Conduct and the Business Partner Code of Conduct (see section ESRS S2-1), the Schaeffler Group aims to make payments as contractually agreed. There are no indications that the Schaeffler Group's suppliers are not treated equally regardless of their size with respect to payment terms (see section ESRS G1-6). Payment terms, including prevention of late payments, are governed by the Purchasing and Supplier Management Policy. The Policy refers to individual purchasing contracts, which are mutually agreed upon.

Prevention and detection of corruption and bribery [G1-3]

As stated in the Schaeffler Code of Conduct, the Business Partner Code of Conduct (see section ESRS S2-1), and in the Schaeffler Group's Business Integrity Compliance Policy (see sections ESRS G1-1 and ESRS G1-2), integrity and compliance are fundamentally important to business conduct. The Schaeffler Group does not tolerate any form of corruption or bribery. All employees must adhere to the anti-corruption laws applicable in the countries the company operates in.

In order to prevent, detect, and combat corruption and bribery, the company has established a Business Integrity CMS. It encompasses, in particular, management and monitoring of the activities to prevent and/or detect early any legal violations with regard to corruption and bribery, money laundering and financing of terrorism, competition and antitrust law, and business crime violations. The Business Integrity CMS also contains regulations regarding active risk management and is thus also aimed at protecting both the Schaeffler Group and its employees. The introduction, implementation, appropriateness, and effectiveness of the Business Integrity CMS were last confirmed by an independent audit firm in accordance with the IDW AsS 980 standard on reasonable assurance engagements on CMS. The reasonable assurance engagement on the Business Integrity CMS covered the entire Schaeffler Group.

The CMS follows a risk-based approach, requiring a risk assessment in order to introduce and develop relevant preventive and detective measures. Measures aimed at preventing corruption and bribery consist of the implementation of fundamental documents and policies such as the Schaeffler Code of Conduct, the Business Partner Code of Conduct, and the Business Integrity Compliance Policy, review and approval processes, for benefits, for example, and training. The Schaeffler Group's training program, which also includes e-learning courses, provides an overview of the relevant anti-corruption legislation and regulations. In addition, there is a mandatory in-depth e-learning module for target groups with a higher risk of bribery and corruption, as well as specific training for people who perform the due diligence process on behalf of third parties. Moreover, the company performs compliance checks, performs compliance investigations for suspected violations, and takes remedial action if a compliance violation is found.

All functions at risk are covered by training programs, with functions at risk considered to represent purchasing and sales in particular. The members of the Board of Managing Directors and the Supervisory Board did not take any mandatory anti-corruption and anti-bribery compliance training in 2024.

The Forensics & Investigations department is responsible for independently, objectively, and promptly investigating suspected compliance violations in accordance with the principles and policies of the Schaeffler Group. The department is part of the corporate team of compliance experts. The Group Chief Compliance Officer of the Schaeffler Group reports to the Schaeffler Group Executive Board and the audit committee on the results of investigations of identified compliance violations quarterly and as the need arises.

Metrics

Incidents of corruption or bribery [G1-4]

The Forensics & Investigations department is responsible for addressing and documenting possible violations of anti-corruption and anti-bribery laws for the entire Schaeffler Group and processes all information relevant in this regard that is received from internal or external sources. During the reporting period, this did not give rise to any convictions for violation of anti-corruption and anti-bribery laws and, hence, any fines. Therefore, the Schaeffler Group currently considers its procedures set out in section ESRS G1-3 for preventing, detecting, and combating allegations or incidents of corruption and bribery to be effective. No further actions were necessary.

Payment practices [G1-6]

Days payables outstanding (DPO) amount to 69.2 days and represent the average period the Schaeffler Group takes to pay supplier invoices. The metric was calculated based on the average ratio of the balance of trade payables at the end of each of the quarters of

the year to cost of sales for those quarters. The following summary shows the Schaeffler Group’s standard payment terms in number of days by main categories of suppliers and the percentage of its payments aligned with these standard terms.

Standard payment terms by main category of suppliers

Main category of suppliers	Description	Standard payment terms	
		Average in days	Percentage aligned in %
Automotive Technologies	75 days end of month	90	14.8
Bearings & Industrial Solutions	90 days end of month	105	13.6
Vehicle Lifetime Solutions	60 days end of month	75	20.5
Vitesco	Within 90 days	90	35.6
Corporate & Others	Payable immediately	0	15.1

The Schaeffler Group interprets standard payment terms in the context of the ESRS as the most frequently used payment term per main category of supplier in terms of payments made. In principle, the Schaeffler Group has a wide range of options for agreeing payment terms. The relevant datapoints were determined by analyzing information available from internal accounting systems.

As at December 31, 2024, six proceedings were pending in which suppliers are demanding payment of contractual consideration allegedly owed, such as the purchase price of delivered goods. This does not include reminder notices for which no litigation proceedings have been initiated. In the above proceedings, the courts are currently examining whether the company is in default on the payment. The company considers this not to be the case

in any of these cases. Rather, these are situations such as payments deliberately held back for deliveries considered defective by the Schaeffler Group.

Breaking down the metrics by SME is not currently possible throughout, since the Schaeffler Group’s data systems do not capture this categorization. There are no indications that suppliers are not treated equally regardless of their size with respect to processes and systems as well as standard payment terms offered.

5.5 Additional information

Disclosure requirements in ESRS covered by the company's sustainability statement

The following table lists all disclosure requirements the Schaeffler Group has complied with based on the results of the double materiality analysis and indicates where the corresponding disclosures can be found in the sustainability statement. The datapoints to be reported and, hence, the material

sustainability matters were determined based on the criteria set out under ESRS 1 (see section ESRS 2 IRO-1). ESRS S4 was assessed as not material to the Schaeffler Group and, as a result, is not listed in the ESRS index.

ESRS index

Disclosure requirement	Section/chapter
General disclosures	
ESRS 2 BP-1	General basis for preparation of the sustainability statement
ESRS 2 BP-2	Disclosures in relation to specific circumstances
ESRS 2 GOV-1	The role of the administrative, management, and supervisory bodies
ESRS 2 GOV-2	Information provided to and sustainability matters addressed by the company's administrative, management, and supervisory bodies
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes
ESRS 2 GOV-4	Statement on due diligence
ESRS 2 GOV-5	Risk management and internal controls over sustainability reporting
ESRS 2 SBM-1	Strategy, business model, and value chain
ESRS 2 SBM-2	Interests and views of stakeholders
ESRS 2 SBM-3	Material impacts, risks, and opportunities and their interaction with strategy and business model
ESRS 2 IRO-1	Description of the process to identify and assess material impacts, risks, and opportunities
ESRS 2 IRO-2	Disclosure requirements in ESRS covered by the company's sustainability statement
Environment	
ESRS E1 Climate change	
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes
E1-1	Transition plan for climate change mitigation
ESRS 2 SBM-3	Material impacts, risks, and opportunities and their interaction with strategy and business model
ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks, and opportunities
E1-2	Policies related to climate change mitigation and adaptation
E1-3	Actions and resources in relation to climate change policies
E1-4	Targets related to climate change mitigation and adaptation

Disclosure requirement	Section/chapter
E1-5	Energy consumption and energy mix
E1-6	Gross Scopes 1, 2, 3 and total GHG emissions
ESRS E2 Pollution	
ESRS 2 IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks, and opportunities
E2-1	Policies related to pollution
E2-2	Actions and resources related to pollution
E2-3	Targets related to pollution
ESRS E3 Water and marine resources	
ESRS 2 IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks, and opportunities
E3-1	Policies related to water and marine resources
E3-2	Actions and resources related to water and marine resources
E3-3	Targets related to water and marine resources
E3-4	Water consumption
ESRS E4 Biodiversity and ecosystems	
E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model
ESRS 2 SBM-3	Material impacts, risks, and opportunities and their interaction with strategy and business model
ESRS 2 IRO-1	Description of the processes to identify and assess material biodiversity and ecosystem-related impacts, risks, and opportunities
E4-2	Policies related to biodiversity and ecosystems
E4-3	Actions and resources related to biodiversity and ecosystems
E4-4	Targets related to biodiversity and ecosystems
ESRS E5 Resource use and circular economy	
ESRS 2 IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks, and opportunities

Disclosure requirement		Section/chapter
E5-1	Policies related to resource use and circular economy	ESRS E5
E5-2	Actions and resources related to resource use and circular economy	ESRS E5
E5-3	Targets related to resource use and circular economy	ESRS E5
E5-4	Resource inflows	ESRS E5
E5-5	Resource outflows	ESRS E5

Social

ESRS S1 Own workforce

ESRS 2 SBM-2	Interests and views of stakeholders	ESRS 2
ESRS 2 SBM-3	Material impacts, risks, and opportunities and their interaction with strategy and business model	ESRS S1
S1-1	Policies related to own workforce	ESRS S1
S1-2	Processes for engaging with own workforce and workers' representatives about impacts	ESRS S1
S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	ESRS S1
S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	ESRS S1
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	ESRS S1
S1-6	Characteristics of the company's employees	ESRS S1
S1-7	Characteristics of non-employees in the company's own workforce	ESRS S1
S1-8	Collective bargaining coverage and social dialog	ESRS S1
S1-9	Diversity metrics	ESRS S1
S1-10	Adequate wages	ESRS S1
S1-13	Training and skills development metrics	ESRS S1
S1-14	Health and safety metrics and additional company-specific metric "lost-time injury rate (LTIR)"	ESRS S1
S1-16	Remuneration metrics	ESRS S1
S1-17	Incidents, complaints and severe human rights impacts	ESRS S1

Disclosure requirement		Section/chapter
ESRS S2 Workers in the value chain		
ESRS 2 SBM-2	Interests and views of stakeholders	ESRS 2
ESRS 2 SBM-3	Impacts, risks, and opportunities and their interaction with strategy and business model	ESRS S2
S2-1	Policies related to value chain workers	ESRS S2
S2-2	Processes for engaging with value chain workers about impacts	ESRS S2
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	ESRS S2
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	ESRS S2
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	ESRS S2
ESRS S3 Affected communities		
ESRS 2 SBM-2	Interests and views of stakeholders	ESRS 2
ESRS 2 SBM-3	Impacts, risks, and opportunities and their interaction with strategy and business model	ESRS S3
S3-1	Policies related to affected communities	ESRS S3
S3-2	Processes for engaging with affected communities about impacts	ESRS S3
S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	ESRS S3
S3-4	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	ESRS S3
S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	ESRS S3

Business conduct

ESRS G1 Business conduct

ESRS 2 GOV-1	The role of the administrative, management, and supervisory bodies	ESRS 2
ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks, and opportunities	ESRS 2
G1-1	Business conduct policies and corporate culture	ESRS G1
G1-2	Management of relationships with suppliers	ESRS G1
G1-3	Prevention and detection of corruption and bribery	ESRS G1
G1-4	Incidents of corruption or bribery	ESRS G1
G1-6	Payment practices	ESRS G1

Disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements

The following table contains all datapoints stemming from other EU legislation as listed in ESRS 2 Appendix B. It indicates where in the Schaeffler Group’s sustainability statement the datapoints identified as material can be found and which datapoints were assessed as “not material”.

Disclosure requirement	Datapoint	Description	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality	Section/ chapter
ESRS 2 GOV-1	21d	Board's gender diversity	●		●			ESRS 2 GOV-1
ESRS 2 GOV-1	21e	Percentage of board members who are independent			●			ESRS 2 GOV-1
ESRS 2 GOV-4	30	Statement on due diligence	●					ESRS 2 GOV-4
ESRS 2 SBM-1	40d i	Involvement in activities related to fossil fuel activities	●	●	●		not material	
ESRS 2 SBM-1	40d ii	Involvement in activities related to chemical production	●		●		not material	
ESRS 2 SBM-1	40d iii	Involvement in activities related to controversial weapons	●		●		not material	
ESRS 2 SBM-1	40d iv	Involvement in activities related to cultivation and production of tobacco			●		not material	
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050				●		ESRS E1-1
ESRS E1-1	16g	Companies excluded from Paris-aligned Benchmarks		●	●			ESRS E1-1
ESRS E1-4	34	GHG emission reduction targets	●	●	●			ESRS E1-4
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	●					ESRS E1-5
ESRS E1-5	37	Energy consumption and energy mix	●					ESRS E1-5
ESRS E1-5	40-43	Energy intensity associated with activities in high climate impact sectors	●					ESRS E1-5
ESRS E1-6	44	Gross Scopes 1, 2, 3 and total GHG emissions	●	●	●			ESRS E1-6
ESRS E1-6	53-55	Gross GHG emissions intensity	●	●	●			ESRS E1-6
ESRS E1-7	56	GHG removals and carbon credits				●	not material	
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks			●		n.a. ¹⁾	
ESRS E1-9	66a 66c	Disaggregation of monetary amounts by acute and chronic physical risk/location of significant assets at material physical risk		●			n.a. ¹⁾	
ESRS E1-9	67c	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		●			n.a. ¹⁾	
ESRS E1-9	69	Degree of exposure of the portfolio to climate-related opportunities			●		n.a. ¹⁾	
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water, and soil	●				not material	
ESRS E3-1	9	Water and marine resources	●					ESRS E3-1
ESRS E3-1	13	Dedicated policy	●					ESRS E3-1
ESRS E3-1	14	Sustainable oceans and seas	●				not material	
ESRS E3-4	28c	Total water recycled and reused	●				not material	
ESRS E3-4	29	Total water consumption in m ³ per net revenue from own operations	●				not material	
ESRS 2 SBM-3 E4	16a i		●				not material	
ESRS 2 SBM-3 E4	16b		●					ESRS 2 E4 IRO-1
ESRS 2 SBM-3 E4	16c		●					ESRS 2 E4 IRO-1

¹⁾ Application of ESRS phase-in option.

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Disclosure requirement	Datapoint	Description	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality	Section/ chapter
ESRS E4-2	24b	Sustainable land / agriculture practices or policies	●					ESRS E4-2
ESRS E4-2	24c	Sustainable oceans / seas practices or policies	●				not material	
ESRS E4-2	24d	Policies to address deforestation	●				not material	
ESRS E5-5	37d	Non-recycled waste	●					ESRS E5-5
ESRS E5-5	39	Hazardous waste and radioactive waste	●					ESRS E5-5
ESRS 2 SBM-3 – S1	14f	Risk of incidents of forced labor	●					ESRS 2 S1 SBM-3
ESRS 2 SBM-3 – S1	14g	Risk of incidents of child labor	●					ESRS 2 S1 SBM-3
ESRS S1-1	20	Human rights policy commitments	●					ESRS S1-1
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			●			ESRS S1-1
ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	●					ESRS S1-1
ESRS S1-1	23	Workplace accident prevention policies or management system						ESRS S1-1
ESRS S1-3	32c	Grievance/complaints handling mechanisms	●					ESRS S1-3
ESRS S1-14	88b 88c	Number of fatalities and number and rate of work-related accidents	●		●			ESRS S1-14
ESRS S1-14	88e	Number of days lost to injuries, accidents, fatalities, or illness	●				n. a. ¹⁾	ESRS S1-14
ESRS S1-16	97a	Unadjusted gender pay gap	●		●			ESRS S1-16
ESRS S1-16	97b	Excessive CEO pay ratio	●					ESRS S1-16
ESRS S1-17	103a	Incidents of discrimination	●					ESRS S1-17
ESRS S1-17	104a	Non-respect of UNGPs on Business and Human Rights and OECD Guidelines	●		●			ESRS S1-17
ESRS 2 SBM3 – S2	11b	Significant risk of child labor or forced labor in the value chain	●					ESRS 2 S2 SBM3
ESRS S2-1	17	Human rights policy commitments	●					ESRS S2-1
ESRS S2-1	18	Policies related to value chain workers	●					ESRS S2-1
ESRS S2-1	19	Non-respect of UNGPs on Business and Human Rights and OECD Guidelines	●		●			ESRS S2-1
ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	●					ESRS S2-1
ESRS S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	●					ESRS S2-4
ESRS S3-1	16	Human rights policy commitments	●					ESRS S3-1
ESRS S3-1	17	Non-respect of UNGPs on Business and Human Rights, ILO principles, or OECD Guidelines	●		●			ESRS S3-1
ESRS S3-4	36	Human rights issues and incidents	●					ESRS S3-4
ESRS S4-1	16	Policies related to consumers and end-users	●				not material	
ESRS S4-1	17	Non-respect of UNGPs on Business and Human Rights and OECD Guidelines	●		●		not material	
ESRS S4-4	35	Human rights issues and incidents	●				not material	
ESRS G1-1	10b	United Nations Convention against Corruption	●					ESRS G1-1
ESRS G1-1	10d	Protection of whistleblowers	●					ESRS G1-1
ESRS G1-4	24a	Fines for violation of anti-corruption and anti-bribery laws	●		●			ESRS G1-4
ESRS G1-4	24b	Standards of anti-corruption and anti-bribery	●					ESRS G1-4

¹⁾ Application of ESRS phase-in option.

Assurance report of the independent German Public Auditor

on a limited assurance engagement in relation to the combined group non-financial declaration

To the Supervisory Board of Schaeffler AG, Herzogenaurach

Assurance Conclusion

We have conducted a limited assurance engagement on the combined group non-financial declaration, included in section “Sustainability Statement” of the group management report, of Schaeffler AG, Herzogenaurach, for the financial year from January 1, 2024 to December 31, 2024. The combined group non-financial declaration was prepared to fulfil the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 (Corporate Sustainability Reporting Directive, CSRD) and Article 8 of Regulation (EU) 2020/852 as well as Sections §§315b and 315c of the HGB [Handelsgesetzbuch: German Commercial Code] for a consolidated non-financial statement and Sections §§ 289b to 289e HGB for a non-financial statement of the company.

The reports of other assurance practitioners in relation to the assurance of information, from sources within the value chain, contained in the combined group non-financial declaration and as referred to in the combined group non-financial declaration are not subject to our assurance engagement.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying combined group non-financial declaration is not prepared, in all material respects, in accordance with the requirements of the CSRD and Article 8 of Regulation (EU) 2020/852, Sections 315b and 315c HGB for a consolidated non-financial statement, Sections 289b to 289e HGB for a non-financial statement of the company and the supplementary

criteria presented by the Board of Managing Directors of the company. This assurance conclusion includes that nothing has come to our attention that causes us to believe that:

- the accompanying combined group non-financial declaration does not comply, in all material respects, with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the entity to identify information to be included in the combined group non-financial declaration (the materiality assessment) is not, in all material respects, in accordance with the description set out in section “General Disclosures” of the combined group non-financial declaration, or
- the corresponding disclosures in the combined group non-financial declaration do not comply, in all material respects, with Article 8 of Regulation (EU) 2020/852.

We do not express an assurance conclusion on references in the combined group non-financial declaration to assurance reports or reports of other assurance practitioners.

Basis for the Assurance Conclusion

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in the section “German Public Auditor’s Responsibilities for the Assurance Engagement on the combined group non-financial declaration”.

We are independent of the entity in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has applied the requirements for a system of quality control as set forth in the IDW Quality Management Standard issued by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW): Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)) and the International Standard on Quality Management (ISQM) 1 issued by the IAASB. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Responsibilities of the Board of Managing Directors and the Supervisory Board for the combined group non-financial declaration

The Board of Managing Directors is responsible for the preparation of the combined group non-financial declaration in accordance with the requirements of the CSRD and the applicable German legal and other European requirements as well as with the supplementary criteria presented by the Board of Managing Directors of the company and for designing, implementing and maintaining such internal control that they have considered necessary to enable the preparation of a combined group non-financial declaration in accordance with these requirements that is free from material misstatement, whether due to fraud (i.e., fraudulent sustainability reporting in the combined group non-financial declaration) or error.

This responsibility of the Board of Managing Directors of the company includes establishing and maintaining the materiality assessment process, selecting and applying appropriate reporting policies for preparing the combined group non-financial declaration, as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The Supervisory Board is responsible for overseeing the process for the preparation of the combined group non-financial declaration.

Inherent Limitations in Preparing the combined group non-financial declaration

The CSRD and the applicable German legal and other European requirements contain wording and terms that are subject to considerable interpretation uncertainties and for which no authoritative, comprehensive interpretations have yet been published. Therefore, the Board of Managing Directors have disclosed their interpretations of such wording and terms in the respective sections of the combined group non-financial declaration. The Board of Managing Directors are responsible for the reasonableness of these interpretations. As such wording and terms may be interpreted differently by regulators or courts, the legality of measurements or evaluations of sustainability matters based on these interpretations is uncertain. As further set forth in the respective sections of the combined group non-financial declaration, the quantification of the non-financial performance indicators, particularly in the areas of ESRS E1 Scope-3 emissions, ESRS E5 resource inflows and outflows, and ESRS S1 fair remuneration and compensation metrics, is also subject to inherent uncertainties due to limited data availability and the necessity of estimates.

These inherent limitations also affect the assurance engagement on the combined group non-financial declaration.

German Public Auditor's Responsibilities for the Assurance Engagement on the combined group non-financial declaration

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the combined group non-financial declaration has not been prepared, in all material respects, in accordance with the CSRD, the applicable German legal and other European requirements and the supplementary criteria presented by the company's Board of Managing Directors, and to issue an assurance report that includes our assurance conclusion on the combined group non-financial declaration.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism. We also:

- obtain an understanding of the process used to prepare the combined group non-financial declaration, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the combined group non-financial declaration.
- identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. In addition, the risk of not detecting a material misstatement in information obtained from sources not within the entity's control (value chain information) is ordinarily higher than the risk of not detecting a material misstatement in information obtained from sources within the entity's control, as both the entity's Board of Managing Directors and we as practitioners are ordinarily subject to restrictions on direct access to the sources of the value chain information.
- consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

Summary of the Procedures Performed by the German Public Auditor

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgment.

In performing our limited assurance engagement, we, among others,:

- evaluated the overall suitability of the criteria presented by the Board of Managing Directors in the combined group non-financial declaration
- inquired of the Board of Managing Directors and relevant employees involved in the preparation of the combined group non-financial declaration about the preparation process, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the combined group non-financial declaration, and about the internal controls relating to this process
- evaluated the reporting policies used by the Board of Managing Directors to prepare the combined group non-financial declaration
- evaluated the reasonableness of the estimates and related information provided by the Board of Managing Directors. If, in accordance with the ESRS, the Board of Managing Directors estimate the value chain information to be reported for a case in which the Board of Managing Directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the Board of Managing Directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the Board of Managing Directors were unable to obtain
- performed analytical procedures and made inquiries in relation to selected information in the combined group non-financial declaration
- reviewed selected documents and records
- conducted site visits
- considered the presentation of the information in the combined group non-financial declaration

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- considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the combined group non-financial declaration.

Restriction of Use/Clause on General Engagement Term

This assurance report is addressed to Schaeffler AG, Herzogenaurach and is intended exclusively for them.

The engagement, in the performance of which we have provided the services described above on behalf of Schaeffler AG, Herzogenaurach, was carried out on the basis of the General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüferinnen, Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) dated as of January 1, 2024 (www.kpmg.de/AAB_2024). By taking note of and using the information as contained in our report each recipient confirms to have taken note of the terms and conditions stipulated in the aforementioned General Engagement Terms (including the liability limitations of EUR 4 million for negligence specified in item No. 9 of the General Terms and Conditions) and acknowledges their validity in relation to us.

Nuremberg, 19 February 2025

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Schieler
Wirtschaftsprüfer
[German Public Auditor]

Wiegand
Wirtschaftsprüfer
[German Public Auditor]

6. Report on expected developments

6.1 Expected economic and sales market trends

Based on the forecast by S&P Global (January 2025)³⁵, the Schaeffler Group anticipates growth in **global gross domestic product**³⁶ to approximate the prior year level in 2025 (2024: 2.7%).

Please refer to the discussion in the report on opportunities and risks for potential risks to global economic growth.

Based on the forecast by S&P Global Mobility (January 2025)³⁷, the Schaeffler Group anticipates **global automobile production**³⁸ to decline by approximately 0.5% to around 89.0 million vehicles in 2025 (2024: 89.4 million vehicles).

Based on the forecast by S&P Global Mobility (November 2024)³⁹, the Schaeffler Group expects growth in **global vehicle population**⁴⁰ of 2.0% to 2.5% and a further rise in the average vehicle age in 2025 (2024: growth of 2.4%, average age 11.3 years).

Based on the forecast by S&P Global Market Intelligence (January 2025)⁴¹, the Schaeffler Group expects **global industrial production**⁴² to grow by approximately 2.5% in 2025 (2024: 1.9%), while production in the sectors particularly relevant to the company – mechanical engineering, transport equipment, and electrical equipment – is anticipated to expand by 2.0% to 2.5% (2024: 0.4%).

³⁵ Includes content supplied by S&P Global Market Intelligence © [World Economic Service Forecast, January 2025]. All rights reserved.

³⁶ Measured as gross domestic product in real terms based on market exchange rates.

³⁷ Includes content supplied by S&P Global Mobility © [IHS Markit Light Vehicle Production Forecast (Base), January 2025]. All rights reserved.

³⁸ Measured as the number of vehicles up to six tons in weight produced.

³⁹ Includes content supplied by S&P Global Mobility © [IHS Markit Vehicles in Operation (VIO) Forecast, November 2024]. All rights reserved.

⁴⁰ Measured as the number of passenger cars and light commercial vehicles less than 3.5 tons in weight.

⁴¹ Includes content supplied by S&P Global Market Intelligence © [Comparative Industry Service Forecast, January 2025]. All rights reserved.

⁴² Measured as value added in real terms.

Report on expected developments > **Schaeffler Group outlook**

6.2 Schaeffler Group outlook

The **Schaeffler Group** anticipates considerable year-on-year revenue growth, excluding the impact of currency translation, in 2025.

At the same time, the company expects to generate an EBIT margin before special items for 2025 of 3 to 5%, with the expected EBIT margin before special items for the Powertrain & Chassis division likely positive and higher than the group guidance and negative for the E-Mobility division.

The Schaeffler Group anticipates free cash flow before cash in- and outflows for M&A activities of EUR -200 to 0 m for 2025. This expectation reflects significant cash outflows for integration activities and restructurings.

This guidance is based on earnings for 2024 which have been significantly influenced by the acquisition of Vitesco Technologies Group AG. For the period from January 1, 2024, to September 30, 2024, the proportionate share of its consolidated net loss was included in the Schaeffler Group's EBIT under the equity method based on the 38.9% equity interest. It was not until the period from October 1, 2024, to December 31, 2024, that all income statement line items for this period as well as free cash flow were integrated into the consolidated financial statements of Schaeffler AG by consolidation.

Outlook 2025

	Actual 2024	Outlook 2025
Schaeffler Group		
Revenue growth ¹⁾	12.9%	considerable revenue growth
EBIT margin before special items ²⁾	4.5%	3 to 5%
Free cash flow ³⁾	EUR 363 m	EUR -200 to 0 m

¹⁾ Constant-currency revenue growth compared to prior year.

²⁾ Please refer to pp. 25 et seq. for the definition of special items.

³⁾ Before cash in- and outflows for M&A activities.

Therefore, the considerable revenue growth forecasted for 2025 is largely acquisition-related. The expectations of an EBIT margin before special items slightly below and free cash flow before M&A activities considerably below the prior year are also largely the result of the above acquisition. They reflect the anticipated adverse impact of the new E-Mobility division on earnings in 2025 as well as the cash outflows for integration and restructuring activities.

Herzogenaurach, February 18, 2025

The Board of Managing Directors

Financial statements 2024

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Balance sheet

1. Balance sheet

in €	12/31/2024	12/31/2023	Change in %
ASSETS			
Intangible assets	591.00	901.00	-34.4
Property, plant and equipment	2,559,426.00	638,437.00	> 100
Shares in affiliated companies	17,549,543,034.11	14,688,784,417.13	19.5
Loans receivable from affiliated companies	1,201,076,559.56	185,843,144.40	> 100
Long-term financial assets	18,750,619,593.67	14,874,627,561.53	26.1
Fixed assets	18,753,179,610.67	14,875,266,899.53	26.1
Receivables from affiliated companies	11,387,190,008.93	10,074,041,105.87	13.0
Receivables from entities to which the company is linked by equity ownership	944.68	16,526.70	-69.9
Other assets	76,633,803.07	329,199,805.02	-76.7
Receivables and other assets	11,463,824,756.68	10,403,257,437.59	10.2
Cash at banks	236,707,734.75	270,561,298.19	-12.5
Current assets	11,700,532,491.43	10,673,818,735.78	9.6
Prepaid expenses and deferred charges	9,126,726.21	690,599.38	> 100
Excess of plan assets over post-employment benefit liability	5,194,542.10	4,597,369.13	13.0
Total assets	30,468,033,370.41	25,554,373,603.82	19.2

in €	12/31/2024	12/31/2023	Change in %
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	944,884,641.00	666,000,000.00	41.9
Capital reserves	4,291,692,932.87	2,359,000,000.00	81.9
Revenue reserves	4,332,890,571.35	4,208,133,697.72	3.0
Retained earnings	417,372,260.72	425,592,764.88	-1.9
Shareholders' equity	9,986,840,405.94	7,658,706,462.60	30.4
Provisions for pensions and similar obligations	80,911,620.06	75,453,279.08	7.2
Tax provisions	40,912,010.60	21,753,519.93	88.1
Other provisions	148,095,325.83	166,119,167.13	-10.8
Provisions	269,918,956.49	263,325,966.14	2.5
Bonds	4,100,000,001.17	2,950,000,001.15	39.0
Bank debt	1,814,500,000.01	917,500,391.75	97.8
Trade payables	32,391,547.01	10,125,014.31	> 100
Amounts payable to affiliated companies	14,164,009,351.55	13,605,431,706.39	4.1
Other liabilities (including taxes of EUR 2,068,391.26 (prior year: EUR 2,021,506.18), including social security contributions of EUR 2,457.11 (prior year: EUR 2,768.79))	100,373,108.24	149,284,061.48	-32.8
Liabilities	20,211,274,007.98	17,632,341,175.08	14.6
Total shareholders' equity and liabilities	30,468,033,370.41	25,554,373,603.82	19.2

Income statement

2. Income statement

in €	2024	2023	Change in %
1 Revenue	36,791,558.93	15,549,917.72	› 100.0
2 Cost of sales	-34,387,952.93	-14,756,966.41	› 100.0
3 Gross profit	2,403,606.00	792,951.31	› 100.0
4 General and administrative expenses	-230,720,796.37	-171,181,048.90	34.8
5 Other operating income	576,560,185.53	626,709,139.48	-8.0
6 Other operating expenses	-739,032,749.62	-556,286,703.14	32.9
7 Income from equity investments	1,571,446,255.57	1,000,139,356.16	57.1
• from affiliated companies EUR 1,571,446,255.57 (prior year: EUR 1,000,139,356.16)			
8 Income from other securities and long-term loans receivable	35,732,998.56	3,015,517.16	› 100.0
• from affiliated companies EUR 35,732,998.56 (prior year: EUR 3,015,517.16)			
9 Other interest and similar income	83,088,470.60	94,245,375.67	-11.8
• from affiliated companies EUR 69,419,680.72 (prior year: EUR 88,572,338)			
10 Write-downs of long-term financial assets and securities included in current assets	0.00	0.00	0.0
11 Interest and similar expenses	-836,722,041.15	-552,837,389.29	51.4
• from affiliated companies EUR 546,596,199.16 (prior year: EUR 384,870,947.08)			
12 Income taxes	-45,716,669.11	-23,293,310.47	96.3
13 Earnings after income taxes	417,039,260.01	421,303,887.98	-1.0
14 Other taxes	333,000.71	4,288,876.90	-92.2
15 Net income for the year	417,372,260.72	425,592,764.88	-1.9
16 Retained earnings brought forward	0.00	0.00	0.0
17 Withdrawal from other revenue reserves	0.00	0.00	0.0
18 Retained earnings	417,372,260.72	425,592,764.88	-1.9

3. Notes to the financial statements

3.1 General information on the financial statements

Schaeffler AG, Herzogenaurach, is registered in the Commercial Register B of the Fürth Local Court under No. HRB 14738.

These financial statements were prepared in accordance with the requirements of the German Commercial Code (“Handelsgesetzbuch” – HGB) and the supplementary provisions of the German Stock Companies Act (“Aktiengesetz”). The income statement has been prepared in the cost of sales format.

Vitesco Technologies Group AG as the transferring entity was merged into Schaeffler AG as the acquiring entity retroactively as at January 1, 2024. The merger was entered in the commercial register on October 1, 2024. The conversion of the common non-voting shares of Schaeffler AG into common voting shares was also completed on that date.

In accordance with the exchange ratio set out in the merger agreement dated March 13, 2024, previous Vitesco shareholders received 11.4 newly issued Schaeffler common shares per Vitesco share. As part of the process of standardizing Schaeffler’s classes of shares, the previously exchange-traded common non-voting shares of Schaeffler were converted into common voting shares at a ratio of 1:1. As a result of the completion of the transaction with Vitesco Technologies Group AG, the number of Schaeffler shares issued has increased from 666,000,000 to 944,884,641.

The merger was partly performed by an upstream merger at carrying amounts. Share capital was simultaneously increased by a further EUR 179 m. The carrying amounts of Vitesco Technologies Group AG were transferred to Schaeffler AG as at January 1,

2024. Schaeffler AG became the universal successor of Vitesco Technologies Group AG as at January 1, 2024, assuming all of the company’s employees and all contractual agreements. The loss on the merger amounted to EUR -24 m and was expensed in other operating expenses. The merger as at January 1, 2024, has led to limited comparability to prior year within the meaning of section 265 (2) HGB. Any significant changes arising from the merger are explained in the relevant section of the notes to the financial statements.

3.2 Accounting policies

Intangible assets are recognized at acquisition cost and amortized on a straight-line basis over their expected useful life of two to four years.

Property, plant and equipment is measured at acquisition or manufacturing cost net of straight-line depreciation. The company expects useful lives to be two to eight years.

Shares in affiliated companies and **loans receivable from affiliated companies** are recognized at acquisition cost or, where there is a permanent impairment, at their lower fair value. Write-downs are reversed when the cause of the permanent impairment no longer exists.

Receivables and other assets are measured at face value taking into account all known risks. Non-interest-bearing receivables and other assets with a remaining term of more than one year are discounted back to the balance sheet date.

Cash at banks is measured at face value.

Prepaid expenses and deferred charges are recognized at the amount that is reasonably attributable to periods subsequent to the balance sheet date.

Excess of plan assets over post-employment benefit liability is the net amount of retirement benefit obligations and assets that are protected from access by all other creditors and whose exclusive purpose is settling liabilities and similar long-term obligations. The assets offset in this balance are valued at fair value or at the price quoted for the plan assets in the capital markets.

Deferred taxes are calculated on temporary differences between amounts recognized for financial reporting and for tax purposes for assets, liabilities, prepaid expenses and deferred charges, as well as deferred income and on interest- and loss carry-forwards. This includes the differences between financial reporting and tax balance sheets of subsidiaries that are part of the same tax group as Schaeffler AG and of partnerships. The tax rate used to calculate deferred taxes is the rate expected to apply when the differences reverse or loss carry-forwards are utilized and amounts to 28.8% (prior year: 28.8%). Deferred tax liabilities are offset against deferred tax assets. The net asset balance is not recognized in the balance sheet.

By the reporting date, the BEPS Pillar 2 rules (“Mindestbesteuerungsrichtlinie-Umsetzungsgesetz” – MinBestRL-UmsG) had been transposed into German law (“MindeststeuerGesetz” – MinStG), becoming effective January 1, 2024. The Schaeffler Group is subject to these rules.

The minimum tax is charged at the level of INA-Holding Schaeffler GmbH & Co. KG, the parent company of the IHO Group as a whole (referred to as “ultimate parent entity”). Schaeffler AG, the parent company of the Schaeffler subgroup, is considered a “partially owned parent entity”.

The minimum tax charge for Schaeffler AG amounts to approximately EUR 333 thousand. INA-Holding Schaeffler GmbH & Co. KG can charge the minimum tax attributable to Schaeffler AG under section 3 (6) MinStG.

Applying the exemption under section 274 (3) HGB, the Schaeffler Group does not recognize any deferred tax assets or liabilities for income tax arising from the BEPS Pillar 2 rules and does not provide any disclosures in this regard.

Provisions for pensions and similar obligations are determined by actuarial calculations using the projected unit credit method (PUC) based on the “Heubeck-Richttafeln 2018 G” (prior year: “Heubeck-Richttafeln 2018 G”) mortality tables. The valuation of pension provisions reflects future annual salary increases of 3.25% (prior year: 3.25%), pension increases of 1.0 and 2.2%, and an employee turnover rate of 2.1%. Pension obligations are discounted at the average of the previous ten years’ market interest rate based on an assumed term of 15 years, as published by the German Central Bank (“Deutsche Bundesbank”) as at December 31, 2024. This discount rate is 1.90% (prior year: 1.82%).

Tax and other provisions are recognized at their expected settlement amount taking into account all known risks, uncertain obligations, and pending losses evaluated using reasonable business judgment. Future increases in prices and costs are reflected in the calculation to the extent sufficient objective evidence of their occurrence exists. Provisions due in more than one year have been discounted at the average of the previous seven years’ market interest rate appropriate to their remaining term to maturity as published by the German Central Bank.

Derivative financial instruments are measured separately using market prices. Fair value is determined using discounted cash flow valuation models and the exchange rates in effect at the end of the reporting period as well as risk-adjusted interest and discount rates appropriate to the instruments’ terms. Any resulting unrealized losses are recognized in profit or loss.

Cross-currency swaps with parties external to the group are accounted for using hedge accounting together with intragroup hedging instruments with identical but opposite features. The company uses the net hedge presentation method of hedge accounting.

The Performance Share Unit Plan (PSUP) is accounted for as a cash-settled share-based payment plan and the related provision, measured at the fair value of the payment obligation attributable to the period up to the reporting date, is presented under other provisions. The obligations are remeasured as at each balance sheet date. The fair value is determined using a Monte Carlo simulation. The model reflects the terms of the relevant contract (including payout floors and caps, performance scale for the TSR-based performance target, expected dividend payments, as well as the volatility of Schaeffler AG common/common non-voting shares and the SXAGR and SXNGR benchmark indexes). The resulting changes are recognized as personnel expense and presented under administrative expenses.

Bonds, bank debt, trade payables, amounts payable to affiliated companies, and other liabilities are recognized at their settlement amount.

Transactions denominated in foreign currency are translated at the mean spot exchange rate applicable on the balance sheet date. Any resulting unrealized losses are reflected in corresponding provisions for pending losses. Unrealized foreign exchange gains are only recognized to the extent they relate to receivables and liabilities due in up to one year. Balance sheet items denominated in foreign currency that form part of a hedging relationship

designed to hedge currency risk and are subject to hedge accounting are translated at the mean spot exchange rate applicable on the transaction date.

3.3 Notes to the balance sheet

Fixed assets

in € thousands	Licenses	Intangible assets	Furniture and fixtures	Assets under construction	Property, plant and equipment	Shares in affiliated companies	Loans receivable from affiliated companies	Long-term financial assets	Total
Historical cost									
Balance as at January 01, 2024	208	208	1,512	0	1,512	14,787,444	185,843	14,973,287	14,975,007
Additions	0	0	300	1,941	2,241	3,347,157	1,026,223	4,373,381	4,375,622
Disposals	0	0	-75	0	-75	-585,059	-10,990	-596,049	-596,124
Transfers	0	0	0	0	0	0	0	0	0
Balance as at December 31, 2024	208	208	1,736	1,941	3,677	17,549,543	1,201,077	18,750,620	18,754,504
Accumulated amortization, depreciation, and write-downs									
Balance as at January 01, 2024	207	207	873	0	873	98,660	0	98,660	99,740
Additions	0	0	320	0	320	0	0	0	320
Write-up	0	0	0	0	0	98,660	0	98,660	98,660
Disposals	0	0	-75	0	-75	0	0	0	-75
Balance as at December 31, 2024	207	207	1,118	0	1,118	0	0	0	1,325
Net book values									
as at January 01, 2024	1	1	639	0	639	14,688,784	185,843	14,874,627	14,875,266
as at December 31, 2024	1	1	619	1,941	2,559	17,549,543	1,201,077	18,750,620	18,753,180

Additions to shares in affiliated companies represent primarily the acquisition of the shares in Vitesco Technologies Group AG of EUR 3,012,235 thousand in connection with the merger with Vitesco Technologies Group AG.

The shares in Schaeffler Holding Sverige AB were transferred to Schaeffler Technologies AG & Co. KG as a contribution in kind on October 30, 2024, based on a shareholder resolution; Schaeffler Holding Sverige AB largely comprises the operations of the Ewelix Group that was acquired in 2023. Consequently, Schaeffler AG recognized a disposal of the book value of EUR 585,059 thousand of the equity investment which Schaeffler AG had acquired in the prior year. An expert opinion dated October 28, 2024, established

the fair value of the shares at EUR 338,616 thousand partly due to the weaker results of operations and the as yet unrealized synergies resulting from the delayed integration of the business. This differed from the book value by EUR 246,445 thousand which was recognized in other operating expenses. The contribution in kind increased the interest in Schaeffler Technologies AG & Co. KG by the fair value of EUR 338,616 thousand.

EUR 98,660 thousand of a previous write-down of the carrying amount of the shares in Schaeffler Immobilien AG & Co. KG was reversed during the year (prior year: EUR 57,825 thousand) due to a strategic realignment that was initiated in 2023 and included adjustments to the business model.

Long-term loans receivable from affiliated companies classified as fixed assets consist of EUR 474,358 thousand (prior year: EUR 0 thousand) due from Vitesco Technologies GmbH, EUR 431,000 thousand (prior year: EUR 0 thousand) due from Schaeffler Immobilien AG & Co. KG, EUR 146,569 thousand (prior year: EUR 56,853 thousand) due from Schaeffler Invest GmbH, EUR 118,000 thousand (prior year: EUR 128,800 thousand) due from Schaeffler Verwaltungsholding Vier GmbH, and EUR 31,150 thousand (prior year: EUR 0 thousand) due from Schaeffler Ultra Precision Drives GmbH. Unlike in the prior year, the company no longer has any loans receivable from LUK do Brasil Embreagens Ltda. (prior year: EUR 190 thousand).

Receivables and other assets

Receivables and other assets

in € thousands	12/31/2024			12/31/2023		
	Due in up to one year	Due in 1 to 5 years	Due in more than 5 years	Due in up to one year	Due in 1 to 5 years	Due in more than 5 years
Receivables from affiliated companies	11,365,744	0	0	10,074,041	0	0
• including short-term loans of	9,692,658	0	0	9,114,165	0	0
• including other financial receivables of	61,026	0	0	26,920	0	0
• including trade receivables of	62,051	0	0	26,636	0	0
• including other receivables of	1,550,008	0	0	906,320	0	0
Receivables from entities to which the company is linked by equity ownership	1	0	0	16	0	0
• including trade receivables of	1	0	0	16	0	0
Other assets	76,634	0	0	329,200	0	0

Other receivables from affiliated companies comprise Schaeffler AG's claim to the net income of Schaeffler Technologies AG & Co. KG of EUR 1,550,000 thousand (prior year: EUR 900,000 thousand), which has not yet been paid. Schaeffler Technologies AG & Co. KG paid EUR 900,000 thousand in respect of net income for the prior year to Schaeffler AG during the year. Schaeffler AG in turn used these funds entirely to pay off existing liabilities due to Schaeffler Technologies AG & Co. KG.

Due to the imparity principle, the company has not capitalized forward exchange contracts with positive market values of EUR 102,956 thousand (prior year: EUR 87,397 thousand) used to hedge currency risk from operations. The notional amount of these contracts is EUR 5,273,885 thousand (prior year: EUR 4,123,885 thousand).

In the prior year, other assets included mainly EUR 263 m in current financial assets representing collateral posted for a derivative embedded in a total return swap that was repaid in 2024.

Excess of plan assets over post-employment benefit liability

The assets offset against pension obligations consist mostly of reimbursement insurance policies as well as equity, fixed-income, and money market fund units.

The Managing Directors' company retirement benefit commitments are protected from insolvency by reimbursement insurance from Allianz. The assets transferred to Allianz in connection with this insurance policy represent plan assets.

The remaining company retirement benefit commitments (employees covered by collective agreements and senior managers) are protected from insolvency via the statutory insolvency protection from the German mutual pension protection association ("Pensions-Sicherungs-Verein auf Gegenseitigkeit" – PSVaG). Additional protection in the form of transferred assets is not obtained for these retirement benefits.

Excess of plan assets over post-employment benefit liability

in € thousands	12/31/2024	12/31/2023
Settlement amount of pensions and similar obligations	30,246	31,893
Fair value of plan assets offset	35,440	36,491
Excess of plan assets over post-employment benefit liability	5,195	4,597
Acquisition cost of plan assets offset	35,201	36,391

in € thousands	2024	2023
Interest income on plan assets offset	3,465	1,801
Interest expense on pensions and similar obligations ¹⁾	-828	-1,556
Net interest income (expense)	2,637	245

¹⁾ Interest expense relates to all of the company's pensions and similar obligations.

Shareholders' equity

Share capital

Schaeffler AG's share capital increased by EUR 100 m in 2024 as a result of the upstream merger of Vitesco Technologies Group AG. Additionally, the merger was performed by way of an increase in share capital by EUR 179 m to EUR 945 m (prior year: EUR 666 m) under a resolution passed at the annual general meeting on April 25, 2024.

Share capital is divided into 944,884,641 (prior year: 666,000,000) no-par-value shares, each representing an interest in share capital of EUR 1.00. The standardization of the classes of shares under a resolution passed by the extraordinary annual general meeting on February 2, 2024, eliminated the distinction between common shares (prior year: 500 million) and common non-voting shares (prior year: 166 million). All of the shares are now common voting shares.

INA-Holding Schaeffler GmbH & Co. KG held approximately 79% of Schaeffler's common shares at the start of trading on October 1, 2024. The free float amounts to approximately 21%.

The annual general meeting on April 25, 2024, passed a resolution to create new authorized capital in accordance with the company's obligation under the merger agreement with Vitesco Technologies Group AG dated March 13, 2024. The resolution authorized the Board of Managing Directors, subject to approval by the Supervisory Board, to increase share capital in one or more installments until April 24, 2029, by a total of up to EUR 125 m by issuing up to 125 million new no-par-value shares in return for a contribution in kind in the form of claims of eligible shareholders to receive additional shares that have been confirmed by a court decision (section 11 (1) of the German Act on Appraisal Proceedings) or a court settlement (section 11 (2) to (4) of the German Act on Appraisal Proceedings) or recognized by the company in an out-of-court settlement to avoid or terminate appraisal proceedings. The exchange ratio set out in the merger agreement with Vitesco Technologies Group AG is the subject of appraisal proceedings pending at the Nuremberg-Fürth Regional Court since October 4, 2024.

Schaeffler AG had neither contingent capital nor any resolutions for the creation of contingent capital as at December 31, 2024.

Capital reserves

Capital reserves increased by EUR 1,932 m to EUR 4,292 m (prior year: EUR 2,359 m) in 2024 as a result of the Vitesco Technologies Group AG merger. The increase represents the share premium arising from the difference between the book value of the net assets of Vitesco Technologies Group AG and the par value of the new shares, which was added to capital reserves in accordance with section 272 (2) No. 4 HGB and certain debt agreements. The new shares are the shares created as a result of the capital increase under the resolution passed by the annual general meeting on April 25, 2024.

Revenue reserves

Revenue reserves amount to EUR 4,333 m (prior year: EUR 4,208 m) as at the reporting date and consist entirely of other revenue reserves.

Retained earnings

In 2024, a dividend of EUR 295 m (prior year: EUR 295 m) was paid to shareholders from retained earnings and the remaining EUR 131 m (prior year: EUR 245 m) was added to revenue reserves.

Retained earnings equal net income for the year of EUR 417 m (prior year: EUR 426 m).

The Board of Managing Directors and the Supervisory Board will propose to the annual general meeting to pay a dividend for 2024 of EUR 236 m and to add the remaining retained earnings of EUR 181 m to other revenue reserves.

Pension provisions

Pension provisions largely represent company retirement benefits for employees covered by collective agreements based on pension schemes and individual commitments made to senior managers.

Net amount of pensions and similar obligations

in € thousands	12/31/2024	12/31/2023
Settlement amount of pensions and similar obligations	-99,429	-88,616
Fair value of plan assets offset	18,517	13,163
Net amount of pensions and similar obligations	-80,912	-75,453
Acquisition cost of plan assets offset	19,936	19,089

Other provisions

Other provisions

in € thousands	12/31/2024	12/31/2023
Provisions for pending losses on open transactions	90,941	111,471
Provisions for profit sharing, other bonuses, and share-based payments	20,437	22,168
Miscellaneous other provisions	36,717	32,480
Total other provisions	148,095	166,119

The company has recognized EUR 90,905 thousand (prior year: EUR 66,234 thousand) in provisions for pending losses for negative market values of forward exchange contracts used to hedge currency risk from operations. The notional amount of these contracts is EUR 4,463,054 thousand (prior year: EUR 4,719,387 thousand). There are no longer any provisions for pending losses on a total return swap (prior year: EUR 41,081 thousand).

Liabilities

Liabilities

in € thousands	12/31/2024			12/31/2023		
	Due in up to one year	Due in 1 to 5 years	Due in more than 5 years	Due in up to one year	Due in 1 to 5 years	Due in more than 5 years
Bonds (not convertible)	750,000	500,000	2,850,000	800,000	2,150,000	0
Bank debt	221,390	847,030	746,080	0	917,500	0
Trade payables	32,392	0	0	10,125	0	0
Amounts payable to affiliated companies	14,164,009	0	0	13,605,432	0	0
• including loans of	10,863,130	0	0	11,253,018	0	0
• including other financial debt of	3,266,374	0	0	2,321,085	0	0
• including trade payables of	1,664	0	0	3,004	0	0
• including other liabilities of	32,842	0	0	28,324	0	0
Other liabilities	100,373	0	0	149,284	0	0
• including taxes of	2,068	0	0	2,022	0	0

The increase in financial debt compared to December 31, 2023, was primarily due to two bond issuances totaling EUR 1.1 bn in January 2024 and a further EUR 850 m bond issuance in March 2024, partly offset by redemption of an outstanding EUR 800 m bond series by Schaeffler AG upon maturity in March 2024.

In January 2024, Schaeffler AG drew down in full the EUR 420 m loan with a six-year term under the loan agreement with the European Investment Bank signed in December 2023.

On May 13, 2024, Schaeffler AG repaid prematurely a EUR 50 m variable-interest Schuldschein tranche originally due May 13, 2030.

During the second quarter of 2024, Schaeffler AG additionally entered into transfer agreements with the investors of the Schuldschein loans of Vitesco Technologies GmbH. The debt with a principal of EUR 187 m was legally transferred effective October 1, 2024.

Additionally, Schaeffler AG entered into a transfer agreement with the European Investment Bank regarding the EUR 250 m loan agreement of Vitesco Technologies GmbH on July 19, 2024.

On September 20, 2024, Schaeffler AG entered into transfer agreements for two loan agreements of EUR 45 m each of Vitesco Technologies GmbH and other Vitesco group companies with KfW IPEX-Bank.

Schaeffler AG entered into a EUR 45 m loan agreement with KfW IPEX-Bank on December 18, 2024. This loan was entirely undrawn as at December 31, 2024.

The EUR 90 m in short-term commercial paper outstanding as at December 31, 2023, had been repaid in full by December 31, 2024.

The company has short-term loans payable to affiliated companies related to its cash pooling function and responsibility for the internal group financing of the Schaeffler Group.

There were no liens or similar rights as at the balance sheet date. As in the prior year, amounts payable to affiliated companies do not include any amounts payable to shareholders as at the reporting date.

Deferred taxes (net)

Deferred tax liabilities significant in amount result from differences between amounts recognized in financial reporting and tax balance sheets with respect to fixed assets. Deferred tax assets offset against these deferred tax liabilities mainly result from provisions and from interest- and loss carry-forwards.

3.4 Notes to the income statement

Analysis of revenue

Analysis of revenue

in € thousands	2024	2023
Domestic	35,650	14,580
Foreign	1,141	970
Total revenue	36,792	15,550

As Schaeffler AG is the ultimate parent company of the Schaeffler Group, it provides services as part of managing the group; these services include public relations activities, treasury, legal consulting, tax consulting, compliance, human resources, internal audit, quality management, and general management.

EUR 17 m in revenue was assumed from Vitesco Technologies Group AG as part of the merger.

Disclosures required for the cost of sales format

Disclosures required for the cost of sales format

in € thousands	2024	2023
Wages and salaries	100,760	78,723
Social security, post-employment, and other employee benefit costs	14,723	16,322
• including post-employment benefits of	5,033	8,225
Personnel expense	115,483	95,045

Foreign exchange gains and losses and income and expenses from discounting/compounding provisions

Other operating income includes foreign exchange gains of EUR 416,852 thousand (prior year: EUR 563,628 thousand). Other operating expenses include foreign exchange losses of EUR 433,310 thousand (prior year: EUR 506,562 thousand).

Other interest and similar income includes EUR 427 thousand (EUR 28 thousand) in income from discounting provisions and EUR 828 thousand (prior year: EUR 1,556 thousand) in expenses from compounding provisions, as offsetting is required under section 246 (2) sentence 2 HGB.

Other operating expenses

Other operating expenses include a loss on the disposal of the Ewellix Group of EUR 246 thousand and the impact from the merger with Vitesco Technologies Group AG of EUR 24 thousand.

Expenses and income related to prior years

Expenses and income related to prior years

in € thousands	2024	2023
Tax expense and benefits related to prior years	-13,933	7,212
Gains on reversal of provisions	1,313	3,518
Expenses (prior year: income) related to prior years	-12,620	10,730

Interest result

Interest result deteriorated compared to the prior year largely due to new term loans and significantly higher variable interest charges. Total interest expense of EUR 837 m (prior year: EUR 553 m) includes EUR 370 m (prior year: EUR 79 m) related to bonds.

3.5 Other disclosures

Contingent liabilities

The company had EUR 212,056 thousand (prior year: EUR 198,622 thousand) in guarantees outstanding for the benefit of affiliated companies as at December 31, 2024.

Given the earnings of the affiliated companies, the company considers the financial risk to Schaeffler AG potentially arising from claims under its guarantees for the liabilities of others to be low.

The company is the general partner of the following companies:

- Schaeffler Technologies AG & Co. KG, Herzogenaurach,
- Schaeffler Immobilien AG & Co. KG, Herzogenaurach,

- Schaeffler Industrial Remanufacturing Services AG & Co. KG, Herzogenaurach
- Schaeffler Sondermaschinenbau AG & Co. KG, Herzogenaurach

Other financial obligations

Other financial obligations

in € thousands	2024	2023	Change in %
Off-balance sheet payment obligations	26,422	4,145	> 100
• including obligations under multi-year leases of	25,745	3,468	> 100
• including obligations to affiliated companies of	677	677	0.0

The change of EUR 22,276 thousand in off-balance sheet payment obligations is mainly the result of the land and building lease agreement assumed from Vitesco Technologies Group AG as part of the merger. The term of the lease agreement ends on December 31, 2028, and the agreement can only be terminated for good cause.

Average number of employees for the year

Average number of employees

	2024	2023	Change in %
Salaried employees	587	533	10.1
Temporary staff	33	24	37.5
Total	620	557	11.3

Notes to the financial statements > Other disclosures

Governing bodies of the company

Board of Managing Directors

The members of the Board of Managing Directors of Schaeffler AG, Herzogenaurach, are as follows:

Klaus Rosenfeld

Chief Executive Officer

Appointed: October 24, 2014

Term of office ends: June 30, 2029

Seats on supervisory and similar boards: member of the Supervisory Board of Continental AG, Hanover; member of the Supervisory Board of Vitesco Technologies Group AG, Regensburg (until October 1, 2024); Supervisor of Schaeffler Holding (China) Co. Ltd., Shanghai, China; member of the Advisory Board of Schaeffler Immobilien AG & Co. KG, Herzogenaurach

Claus Bauer

Chief Financial Officer

Appointed: September 1, 2021

Term of office ends: August 31, 2025

Seats on supervisory and similar boards: member of the Advisory Board of Schaeffler Immobilien AG & Co. KG, Herzogenaurach

Dr. Astrid Fontaine

Chief Human Resources Officer

Appointed: January 1, 2024

Term of office ends: December 31, 2026

Seats on supervisory and similar boards: member of the Advisory Board of Schaeffler Consulting GmbH, Herzogenaurach

Andreas Schick

Chief Operating Officer

Appointed: April 1, 2018

Term of office ends: March 31, 2026

Seats on supervisory and similar boards: member of the Supervisory Board of SupplyOn AG, Hallbergmoos; member of the Advisory Board of Schaeffler Immobilien AG & Co. KG, Herzogenaurach; member of the board of directors of Schaeffler India Ltd., Pune, India

Jens Schüler

CEO Vehicle Lifetime Solutions

Appointed: January 1, 2022

Term of office ends: December 31, 2029

Seats on supervisory and similar boards: member of the shareholder committee of Caruso GmbH, Mannheim; member of the shareholder committee of TecAlliance GmbH, Ismaning; chairman of the Advisory Board of Partslife GmbH, Neu-Isenburg; member of the board of directors of Schaeffler India Ltd., Pune, India

Thomas Stierle (since October 1, 2024)

CEO E-Mobility

Appointed: October 1, 2024

Term of office ends: September 30, 2027

Uwe Wagner

Chief Technology Officer

Appointed: October 1, 2019

Term of office ends: September 30, 2027

Seats on supervisory and similar boards: member of the Advisory Board of Compact Dynamics GmbH, Starnberg; member of the Advisory Board of Schaeffler ByWire Technologie GmbH & Co. KG, Herzogenaurach; member of the Advisory Board of Xtronic GmbH, Boeblingen

Sascha Zaps (since May 1, 2024)

CEO Bearings & Industrial Solutions

Appointed: May 1, 2024

Term of office ends: April 30, 2027

Seats on supervisory and similar boards: member of the Advisory Board of Schaeffler Consulting GmbH, Herzogenaurach (until September 30, 2024)

Matthias Zink

CEO Powertrain & Chassis

Appointed: January 1, 2017

Term of office ends: December 31, 2029

Seats on supervisory and similar boards: chairman of the Advisory Board of Schaeffler ByWire Technologie GmbH & Co. KG, Herzogenaurach; Supervisor of Schaeffler (China) Co., Ltd., Taicang, China

The following member left the Board of Managing Directors in 2024

Dr. Stefan Spindler (until April 30, 2024)

CEO Bearings & Industrial Solutions

Appointed: May 1, 2015

Term of office ended: April 30, 2024



More on the functions and divisions on pp. 2 et seq.

Notes to the financial statements > Other disclosures

Supervisory Board

The company has a Supervisory Board consisting of 20 members in accordance with section 11 of its articles of incorporation. The members of the Supervisory Board are as follows:

Georg F. W. Schaeffler

Shareholder of INA-Holding Schaeffler GmbH & Co. KG
Chairman of the Supervisory Board of Schaeffler AG

Appointed: October 24, 2014

Seats on supervisory and similar boards: member of the Advisory Board of ATESTEO Management GmbH, Herzogenaurach; member of the Supervisory Board of Continental AG, Hanover; member of the Supervisory Board of Vitesco Technologies Group AG, Regensburg (until October 1, 2024)

Horst Ott* (since April 25, 2024)

Regional Director of IG Metall Bavaria
Deputy Chairman of the Supervisory Board of Schaeffler AG

Appointed: April 25, 2024

Seats on supervisory and similar boards: member of the Supervisory Board of BMW AG, Munich (since May 15, 2024)

Sabine Bendiek

Senior advisor

Appointed: April 24, 2019

Seats on supervisory and similar boards: member of the Supervisory Board of Suse S.A., Luxemburg (since February 1, 2024); member of the Advisory Board of Vistra Ltd., Singapore (since February 1, 2024); member of the Advisory Board of Sunlight Group Energy Storage Systems Industrial and Commercial Single Member Société Anonyme, Athens, Greece (since July 1, 2024)

Prof. Dr. Hans-Jörg Bullinger

CEO of Fraunhofer Foundation

Appointed: December 1, 2014

Seats on supervisory and similar boards: Chairman of the Supervisory Board of ARRI AG, Munich (until November 15, 2024); member of the Supervisory Board of Bauerfeind AG, Zeulenroda-Triebes; member of the Supervisory Board of Bilz AG, Leonberg; member of the Advisory Board of Friedhelm Loh Stiftung GmbH & Co. KG, Haiger (until April 30, 2024); member of the Supervisory Board of Vitesco Technologies Group AG, Regensburg (until October 1, 2024)

Dr. Holger Engelmann

Chairman of the Management Board of Webasto SE

Appointed: December 1, 2014

Prof. Dr. Bernd Gottschalk

Owner and Managing Partner of AutoValue GmbH

Appointed: December 1, 2014

Seats on supervisory and similar boards: member of the board of directors of AEye, Inc., Dublin, U.S.; member of the Supervisory Board of BENTELER International AG, Salzburg, Austria; member of the Supervisory Board of OPmobility SE, Levallois-Perret, France

Ulrike Hasbargen

Tax consultant/auditor

Appointed: April 23, 2021

Seats on supervisory and similar boards: member of the Supervisory Board of Ernst & Young GmbH, Stuttgart (until February 1, 2024); member of the Supervisory Board of EY Verwaltungs-GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart (since February 1, 2024); member of the Supervisory Board of EY Deutschland GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart (since July 15, 2024)

Thomas Höhn*

1st authorized representative IG Metall Schweinfurt

Appointed: May 8, 2020

Hanna Köhler* (since December 9, 2024)

Chair of the Works Council Schaeffler Technologies AG & Co. KG

Appointed: December 9, 2024

Susanne Lau*

Industrial management assistant
Chairwoman of the Works Council Hamburg

Appointed: August 8, 2018

Dr. Alexander Putz*

Plant manager Herzogenaurach

Appointed: October 1, 2022

* Employee representative on the Supervisory Board.

Notes to the financial statements > Other disclosures

Katherina Reiche

Chairwoman of the Board of Managing Directors of Westenergie AG

Appointed: April 20, 2023

Seats on supervisory and similar boards: member of the Supervisory Board of DEW21 GmbH, Dortmund; Deputy Chairwoman of the Supervisory Board of NEW AG, Moenchengladbach; member of the Supervisory Board of RheinEnergie AG, Cologne; member of the board of directors of VGP NV, Antwerp, Belgium

Maja Reusch* (since January 8, 2025)

1st authorized representative IG Metall – Offenburg office

Appointed: January 8, 2025

Seats on supervisory and similar boards: member of the Supervisory Board of Grohe AG, Hemer

Jürgen Schenk*

Chairman of the General Works Council Schweinfurt

Appointed: May 8, 2020

Helga Schönhoff*

Member of the Works Council Schaeffler Automotive Bühl GmbH & Co. KG

Appointed: May 8, 2020

Ulrich Schöppler*

Deputy Chairman of the Works Council Schaeffler Technologies AG & Co. KG Schweinfurt plant
Chairman of the Group Works council Schaeffler AG
Deputy Chairman of the European Works Council Schaeffler

Appointed: March 26, 2024

Robin Stalker

Chartered Accountant

Appointed: December 1, 2014

Seats on supervisory and similar boards: member of the Supervisory Board of Hugo Boss AG, Metzingen; Deputy Chairman of the Supervisory Board of Schmitz Cargobull AG, Horstmar

Prof. TU Graz e.h. KR Ing. Siegfried Wolf

Entrepreneur

Appointed: October 24, 2014

Seats on supervisory and similar boards: member of the Supervisory Board of Miba AG, Laakirchen, Austria; member of the Supervisory Board of Mitterbauer Beteiligungs-AG, Laakirchen, Austria; member of the Supervisory Board of Porsche Automobil Holding SE, Stuttgart; Chairman of the Supervisory Board of Steyr Automotive GmbH, Steyr, Austria; Chairman of the Supervisory Board of Vitesco Technologies Group AG, Regensburg (until October 1, 2024)

Prof. Dr.-Ing. Tong Zhang

Director of Institute of Fuel Cell Vehicle Technology at Tongji University in Shanghai, China

Appointed: December 1, 2014

Seats on supervisory and similar boards: Independent director of Zhejiang Tieliu Clutch Co., Ltd., Hanzhou, China

Markus Zirkel*

Chairman of the Works Council Hirschaid

Appointed: May 8, 2020

Seats on supervisory and similar boards: member of the Supervisory Board of VR-Bank Bamberg Forchheim eG, Bamberg

The following members left the Supervisory Board in 2024

Jürgen Wechsler* (until April 25, 2024)

Former Regional Director of IG Metall Bavaria
Deputy Chairman of the Supervisory Board of Schaeffler AG

Appointed: December 2, 2014

Andrea Grimm* (until October 31, 2024)

Deputy Chairwoman of the Works Council Herzogenaurach

Appointed: April 8, 2017

Barbara Resch* (until December 31, 2024)

Regional Director IG Metall Baden-Wuerttemberg

Appointed: November 19, 2015

Seats on supervisory and similar boards: member of the Supervisory Board of ElringKlinger AG, Dettingen (until December 31, 2024); member of the Supervisory Board of Rheinmetall AG, Duesseldorf

* Employee representative on the Supervisory Board.

Total remuneration of the company's governing bodies

Total remuneration of the Board of Managing Directors in accordance with section 285 (9a) (1-3) HGB amounted to EUR 18 m (prior year: EUR 19 m) in 2024.

The following share-based remuneration was granted to members of the Board of Managing Directors in 2024 under the Performance Share Unit Plan (PSUP) implemented in 2015 and amended in 2020: 466,346 Performance Share Units (PSU) subject to a service condition (fair value at grant date per PSU of EUR 4.21 for grant date February 23, 2024), a maximum of 408,052 PSUs subject to an EPS-based performance target (fair value at grant date per PSU of EUR 4.21 for February 23, 2024), a maximum of 408,052 PSUs subject to a TSR-based performance target tied to the sector basket (fair value at grant date per PSU of EUR 1.84 for February 23, 2024), and a maximum of 582,934 PSUs with a climate target (fair value at grant date per PSU of EUR 4.21 for February 23, 2024). The maximum number of EPS-, TSR-, and climate-related PSUs granted corresponds to a target achievement rate of 200%.

The following share-based remuneration was granted to members of the Board of Managing Directors in the prior year: 404,722 Performance Share Units (PSU) subject to a service condition (fair value at grant date per PSU of EUR 4.77 for grant date March 3, 2023), a maximum of 354,130 PSUs subject to an EPS-based performance target (fair value at grant date per PSU of EUR 4.77 for March 3, 2023), a maximum of 354,130 PSUs subject to a TSR-based performance target tied to the sector basket (fair value at grant date per PSU of EUR 1.86 for March 3, 2023), and a maximum of 505,902 PSUs with a climate target (fair value at grant date per PSU of EUR 4.77 for March 3, 2023). The maximum number of EPS-, TSR-, and climate-related PSUs granted corresponds to a target achievement rate of 200%.

Short-term benefits paid to members of Schaeffler AG's Supervisory Board amounted to EUR 1.8 m (prior year: EUR 1.8 m).

The remuneration system for the Board of Managing Directors and the Supervisory Board of Schaeffler AG is outlined in the remuneration report.

Former members of the Board of Managing Directors (and their surviving dependants) of Schaeffler AG and its legal predecessors received remuneration of EUR 4 m in 2024 (prior year: EUR 2 m).

Provisions for pensions and similar obligations for former members of the Board of Managing Directors (and their surviving dependants) of Schaeffler AG and its legal predecessors, before netting of related plan assets, amounted to EUR 33 m as at December 31, 2024 (prior year: EUR 33 m).

Information about the excess of plan assets over the post-employment benefit liability and about amounts not available for distribution

The difference between the amount recognized under section 253 (6) HGB for the provision for pensions and similar obligations based on the relevant average market interest rate for the past ten years and the amount that would have been recognized based on the relevant average market interest rate for the past seven years amounts to EUR -923 thousand (prior year: EUR 1,301 thousand).

Under section 268 (8) HGB, EUR 239 thousand (prior year: EUR 730 thousand) are not available for distribution, as they relate to assets measured at fair value.

Earnings are only available for distribution to the extent that distributable reserves remaining after such distribution plus any retained earnings brought forward less any losses brought forward are at least equal to the amounts not available for distribution.

Declaration of conformity with the German Corporate Governance Code

Schaeffler AG's Board of Managing Directors and the Supervisory Board issued the declaration of conformity with the German Corporate Governance Code pursuant to section 161 AktG in

December 2024 and have made it publicly available on the Schaeffler Group's website (www.schaeffler.com/ir).

Auditors' fees

The information on auditors' fees required by section 285 (17) HGB is disclosed in the consolidated financial statements of Schaeffler AG, Herzogenaurach.

Group affiliation

The company prepares consolidated financial statements and, in addition, is consolidated in the consolidated financial statements of INA-Holding Schaeffler GmbH & Co. KG, Herzogenaurach. Both of these sets of financial statements are filed with the operator of the electronic Company Register, formerly Federal Gazette (Bundesanzeiger Verlag GmbH, Cologne) and published in the electronic Company Register.

Events after the reporting period

On January 21, 2025, Schaeffler AG released results for 2024 based on preliminary and unaudited figures and announced that, based on the preliminary results, its EBIT margin before special items for 2024 is anticipated to amount to 4.5%, and, hence, is below the guidance for the group. The EBIT margin before special items was weighed down particularly by the weak earnings of the Bearings & Industrial Solutions division and of Vitesco Technologies.

On February 7, 2025, rating agency Standard & Poor's confirmed its issuer rating for Schaeffler AG of BB+. The outlook was changed from stable to negative.

No other material events expected to have a significant impact on the net assets, financial position, or results of operations of the Schaeffler Group occurred after December 31, 2024.

List of shareholdings

List of shareholdings of Schaeffler AG as at 12/31/2024

Entity	Location	Country code	Ownership interest in %	Equity in € thousands	Net income (loss) in € thousands
A. Affiliated companies					
I. Germany					
CBF Europe GmbH ^{2) 3)}	Wuppertal	DE	100.0	-3,865	0
Compact Dynamics GmbH ¹⁾	Starnberg	DE	100.0	4,555	0
Ewellix GmbH	Schweinfurt	DE	100.0	9,296	2,482
Ewellix Holding Germany GmbH ¹⁾	Frankfurt/Main	DE	100.0	-3,473	0
Industriewerk Schaeffler INA-Ingenieurdienst-, GmbH ¹⁾	Herzogenaurach	DE	100.0	897,050	0
LuK Unna GmbH & Co. KG	Unna	DE	100.0	4,168	447
Schaeffler Aerospace Germany Beteiligungs GmbH	Schweinfurt	DE	100.0	57	2
Schaeffler Aerospace Germany GmbH & Co. KG	Schweinfurt	DE	100.0	111,443	11,878
Schaeffler AS Auslands-holding GmbH ¹⁾	Buehl	DE	100.0	20,369	0
Schaeffler Automotive Aftermarket International Holding GmbH ¹⁾	Buehl	DE	100.0	56,928	0
Schaeffler Automotive Buehl GmbH & Co. KG ¹⁾	Buehl	DE	100.0	2,317,738	0
Schaeffler Beteiligungs-gesellschaft mbH	Herzogenaurach	DE	100.0	379	2
Schaeffler Beteiligungs-verwaltungs GmbH ¹⁾	Herzogenaurach	DE	100.0	40,841	0
Schaeffler Buehl Auslands-holding GmbH ¹⁾	Buehl	DE	100.0	59,029	0
Schaeffler Buehl Verwal-tungs GmbH ¹⁾	Buehl	DE	100.0	1,809,970	0

Entity	Location	Country code	Own-ership inter-est in %	Equity in € thousands	Net income (loss) in € thousands
Schaeffler ByWire Management GmbH	Herzogenaurach	DE	100.0	31	0
Schaeffler ByWire Technologie GmbH & Co. KG	Herzogenaurach	DE	100.0	-110,484	-103,327
Schaeffler Consulting GmbH ¹⁾	Herzogenaurach	DE	100.0	2,025	0
Schaeffler Digital Solutions GmbH ¹⁾	Chemnitz	DE	100.0	622	0
Schaeffler Elmotec Statomat GmbH	Karben	DE	100.0	-1,267	-3,113
Schaeffler Engineering GmbH ¹⁾	Werdohl	DE	100.0	6,512	0
Schaeffler Europa Logistik GmbH ¹⁾	Herzogenaurach	DE	100.0	25	0
Schaeffler Friction Products GmbH ¹⁾	Morbach	DE	100.0	5,131	0
Schaeffler Hydrogen Europe GmbH (until 01/06/2025: Blitz 24-243 GmbH)	Herzogenaurach	DE	100.0	25	0
Schaeffler IAB Beteiligungs GmbH ¹⁾	Herzogenaurach	DE	100.0	4,567,977	0
Schaeffler IAB Verwaltungs GmbH ¹⁾	Herzogenaurach	DE	100.0	1,322,860	0
Schaeffler IDAM Beteiligungs GmbH	Herzogenaurach	DE	100.0	26	1
Schaeffler Immobilien AG & Co. KG	Herzogenaurach	DE	100.0	194,214	-19,052
Schaeffler Industrial Drives AG & Co. KG	Suhl	DE	100.0	7,668	122
Schaeffler Industrial Remanufacturing Services AG & Co. KG	Herzogenaurach	DE	100.0	288	707
Schaeffler Invest GmbH ¹⁾	Herzogenaurach	DE	100.0	100	0
Schaeffler KWK Verwaltungs GmbH	Langen	DE	100.0	29	0
Schaeffler Monitoring Services GmbH ¹⁾	Herzogenrath	DE	100.0	816	0

Entity	Location	Country code	Own-ership inter-est in %	Equity in € thousands	Net income (loss) in € thousands
Schaeffler Raytech Verwaltungs GmbH ¹⁾	Morbach	DE	100.0	15,781	0
Schaeffler Schweinfurt Beteiligungs GmbH ¹⁾	Schweinfurt	DE	100.0	726,565	0
Schaeffler Sonder-maschinenbau AG & Co. KG	Erlangen	DE	100.0	17,770	-18,522
Schaeffler Technologies AG & Co. KG	Herzogenaurach	DE	100.0	12,427,763	-630,682
Schaeffler Ultra Precision Drives GmbH	Hameln	DE	100.0	-12,242	-5,653
Schaeffler Vehicle Lifetime Solutions Germany GmbH & Co. KG	Frankfurt/Main	DE	100.0	1,901,368	371,203
Schaeffler Versicherungs-Vermittlungs GmbH ¹⁾	Herzogenaurach	DE	100.0	8,282	0
Schaeffler Verwaltungs-holding Drei GmbH ¹⁾	Herzogenaurach	DE	100.0	2,232,178	0
Schaeffler Verwaltungs-holding Eins GmbH ¹⁾	Herzogenaurach	DE	100.0	4,567,977	0
Schaeffler Verwaltungs-holding Sechs GmbH ¹⁾	Herzogenaurach	DE	100.0	1,586,863	0
Schaeffler Verwaltungs-holding Vier GmbH ¹⁾	Herzogenaurach	DE	100.0	36,526	0
Schaeffler Verwaltungs-holding Zwei GmbH ¹⁾	Herzogenaurach	DE	100.0	1,748,118	0
softwareinmotion GmbH	Schorn-dorf	DE	100.0	-1,456	41
SPV Solarpark 106. GmbH & Co. KG	Kammerstein	DE	100.0	1,480	-86
Unterstützungskasse der FAG Kugelfischer e.V.	Schweinfurt	DE	100.0	-14	20
Vitesco Technologies 2. Verwaltungs GmbH ^{1) 2)}	Regens-burg	DE	100.0	2,950,875	0
Vitesco Technologies Beteiligungs GmbH ^{4) 5)}	Regens-burg	DE	100.0	122,351	0
Vitesco Technologies Germany GmbH ^{2) 5)}	Regens-burg	DE	100.0	24	0

Notes to the financial statements > Other disclosures

Entity	Location	Country code	Ownership interest in %	Equity in € thousands	Net income (loss) in € thousands
Vitesco Technologies GmbH ²⁾	Regensburg	DE	100.0	1,535,730	-91,962
Vitesco Technologies Grundstücks GmbH ^{4) 5)}	Regensburg	DE	100.0	22,361	0
Vitesco Technologies Roding GmbH ^{2) 5)}	Roding	DE	100.0	364	0
Vitesco Technologies Versicherungsdienst GmbH ^{2) 5)}	Regensburg	DE	100.0	25	0
WPB Water Pump Bearing Beteiligungsgesellschaft mbH	Herzogenaurach	DE	100.0	78	2
WPB Water Pump Bearing GmbH & Co. KG	Herzogenaurach	DE	100.0	108,266	6,935
Xtronic GmbH ¹⁾	Boeblingen	DE	100.0	5,467	0
II. Foreign					
Schaeffler Middle East FZE	Jebel Ali	AE	100.0	10,652	915
Schaeffler Vehicle Lifetime Solutions Argentina S.R.L.	Buenos Aires	AR	100.0	3,990	972
Schaeffler Austria GmbH	Berndorf-St. Veit	AT	100.0	12,339	-27,778
Schaeffler Australia Pty Ltd.	Belrose	AU	100.0	17,499	3,197
Schaeffler Belgium BV/SRL	Ghent	BE	100.0	14,053	767
Schaeffler Aerosint SA	Herstal	BE	100.0	-3,251	-1,802
Schaeffler Bulgaria OOD	Sofia	BG	100.0	1,544	606
Ewellix Bulgaria EOOD	Sofia	BG	100.0	-1,755	-1,614
Schaeffler Brasil Ltda.	Sorocaba	BR	100.0	159,771	34,802
LuK do Brasil Embreagens Ltda.	Sorocaba	BR	100.0	64	-40
Schaeffler Canada Inc.	Oakville	CA	100.0	47,274	2,846
Schaeffler Aerospace Canada Inc.	Stratford	CA	100.0	76,309	22,804
Ewellix Canada Ltd.	Toronto	CA	100.0	2,268	263
Vitesco Technologies Canada, Inc. ^{2) 3)}	Chatham	CA	100.0	2,827	-1,600

Entity	Location	Country code	Ownership interest in %	Equity in € thousands	Net income (loss) in € thousands
Schaeffler Schweiz GmbH	Romanshorn	CH	100.0	6,005	1,154
Ewellix Switzerland AG	Liestal	CH	100.0	23,046	-660
Schaeffler Chile Rodamientos Ltda.	Santiago	CL	100.0	1,172	534
Schaeffler (China) Co., Ltd.	Taicang	CN	100.0	670,481	227,934
Schaeffler Holding (China) Co., Ltd.	Shanghai	CN	100.0	918,338	418,876
Schaeffler Trading (Shanghai) Co., Ltd.	Shanghai	CN	100.0	121,465	81,799
Schaeffler (Ningxia) Co., Ltd.	Yinchuan	CN	100.0	92,216	16,260
Schaeffler Friction Products (Suzhou) Co., Ltd.	Suzhou	CN	100.0	46,238	5,248
Schaeffler Aerospace Bearings (Taicang) Co., Ltd.	Taicang	CN	100.0	949	639
Schaeffler (Nanjing) Co., Ltd.	Nanjing City	CN	100.0	290,723	46,546
Schaeffler (Xiangtan) Co., Ltd.	Xiangtan	CN	100.0	62,190	11,990
Schaeffler Automotive Aftermarket Services Consulting (Shanghai) Co.	Shanghai	CN	100.0	30,272	-6
RepXpert Automotive Aftermarket Services Consulting (Shanghai) LLP	Shanghai	CN	70.4	3,124	-1,451
Schaeffler Intelligent Driving Technology (Changsha) Co., Ltd.	Changsha	CN	100.0	1,330	-1,838
ETC Technology (Shanghai) Co., Ltd.	Shanghai	CN	92.6	3,817	-5,777
Schaeffler Smart Machinery (Taicang) Co., Ltd.	Taicang	CN	100.0	6,808	2,136
Ewellix Motion Technologies (Pinghu) Co., Ltd.	Pinghu City	CN	100.0	24,175	191
Ewellix Motion Technologies System (Shanghai) Co., Ltd.	Shanghai	CN	100.0	590	477

Entity	Location	Country code	Ownership interest in %	Equity in € thousands	Net income (loss) in € thousands
Wuhan Cathay Anqing Equity Investment Fund Partnership (LP)	Wuhan	CN	100.0	7,455	840
Vitesco Technologies Holding China Co., Ltd. ^{2) 3)}	Shanghai	CN	100.0	994,491	295,748
Vitesco Automotive Shanghai Co., Ltd. ^{2) 3)}	Shanghai	CN	100.0	37,905	2,230
Vitesco Automotive Tianjin Co., Ltd. ^{2) 3)}	Tianjin	CN	100.0	262,463	87,163
Vitesco Automotive Wuhu Co., Ltd. ^{2) 3)}	Wuhu	CN	100.0	179,308	20,787
Vitesco Automotive Changchun Co., Ltd. ^{2) 3)}	Changchun	CN	100.0	522,132	76,868
Schaeffler Hydrogen Technology (Shanghai) Co., Ltd.	Shanghai	CN	100.0	0	0
Schaeffler Colombia Ltda.	Bogota	CO	100.0	488	101
Schaeffler CZ s.r.o.	Prague	CZ	100.0	6,712	1,754
Schaeffler Production CZ s.r.o.	Lanskroun	CZ	100.0	48,174	463
Vitesco Technologies Czech Republic s.r.o. ^{2) 3)}	Trutnov	CZ	100.0	768,435	100,942
Schaeffler Danmark ApS	Aarhus	DK	100.0	14,987	487
Schaeffler Iberia, S.L.U.	Elgoibar	ES	100.0	29,553	513
Schaeffler Vehicle Lifetime Solutions Spain S.L.	Madrid	ES	100.0	14,178	3,751
Schaeffler Finland Oy	Espoo	FI	100.0	12,857	490
Schaeffler France SAS	Haguenau	FR	100.0	130,426	9,466
Schaeffler Vehicle Lifetime Solutions France SAS	Clamart	FR	100.0	11,512	4,370
Ewellix France SAS	Chambéry	FR	100.0	16,560	-5,136
Eco Adapt SAS	Paris	FR	100.0	3,733	649
Vitesco Technologies France S.A.S. ^{2) 3)}	Toulouse	FR	100.0	196,912	25,054
Schaeffler (UK) Limited	Sheffield	GB	100.0	99,507	72,334
Schaeffler Vehicle Lifetime Solutions UK Limited	Hereford	GB	100.0	11,027	1,698

Notes to the financial statements > Other disclosures

Entity	Location	Country code	Ownership interest in %	Equity in € thousands	Net income (loss) in € thousands
Ewellix UK Limited	Milton Keynes	GB	100.0	826	500
Vitesco Technologies UK Ltd. ^{2) 3)}	Basildon	GB	100.0	15,459	710
Schaeffler Greece Automotive and Industrial Products and Services M.E.P.E.	Athens	GR	100.0	621	126
Schaeffler Hong Kong Company Limited	Hong Kong	HK	100.0	28,909	2,561
Schaeffler Hrvatska d.o.o.	Zagreb	HR	100.0	1,652	553
Schaeffler Magyarorszag Ipari Kft.	Budapest	HU	100.0	5,797	820
Schaeffler Savaria Kft.	Szombathely	HU	100.0	239,438	29,869
Schaeffler Debrecen Kft.	Debrecen	HU	100.0	19,553	-1,389
Schaeffler Special Machinery Kft.	Szombathely	HU	100.0	11	11
Vitesco Technologies Hungary Kft. ^{2) 3)}	Debrecen	HU	100.0	185,449	-67,222
PT. Schaeffler Solutions Indonesia	Jakarta	ID	100.0	6,070	1,146
Schaeffler Israel Ltd.	Yokneam Illit	IL	100.0	515	116
Schaeffler India Ltd.	Pune	IN	74.1	605,328	108,000
Schaeffler Technology Solutions India Pvt. Ltd.	Pune	IN	100.0	7,704	1,846
Ewellix India Private Limited	Pune	IN	100.0	36	-40
KRSV Innovative Auto Solutions Private Limited	Bengaluru	IN	74.1	-4,032	-3,266
Vitesco Technologies India Private Limited ^{2) 3)}	Pune	IN	100.0	42,648	15,335
Dhruva Automation and Controls Pvt. Ltd.	Baner, Pune	IN	100.0	404	-101
Schaeffler Water Pump Bearing Italia S.r.l.	Momo	IT	100.0	12,085	1,299
Schaeffler Italia S.r.l.	Momo	IT	100.0	77,971	28,390
INA Invest S.r.l.	Momo	IT	100.0	23,880	9,039

Entity	Location	Country code	Ownership interest in %	Equity in € thousands	Net income (loss) in € thousands
Schaeffler Vehicle Lifetime Solutions Italy S.R.L.	Milan	IT	100.0	3,483	1,857
Ewellix Italy S.r.l.	Turin	IT	100.0	3,516	169
Schaeffler Japan Co., Ltd.	Yokohama	JP	100.0	31,844	7,282
Vitesco Technologies Japan KK ^{2) 3)}	Yokohama	JP	100.0	11,010	7,054
Schaeffler Ansan Corporation	Ansan-shi	KR	100.0	47,051	9,971
Schaeffler Korea Corporation	Changwon-si	KR	100.0	238,102	20,738
Schaeffler Special Machinery Corporation	Changwon	KR	100.0	4,012	-435
Ewellix Korea Ltd.	Dangjeong-dong	KR	100.0	1,130	-21
Vitesco Technologies Korea LLC ^{2) 3)}	Icheon-si (Gyeonggi-do)	KR	100.0	137,477	20,348
Schaeffler Kazakhstan TOO	Almaty	KZ	100.0	-76	94
Schaeffler Industrial Ceramics SARL	Roeser	LU	100.0	3,175	-388
SIA "Schaeffler Baltic"	Riga	LV	100.0	1,795	259
Schaeffler Transmisión, S. de R.L. de C.V.	Puebla	MX	100.0	363,066	68,908
Schaeffler Automotive Aftermarket Mexico, S. de R.L. de C.V.	Mexico City	MX	100.0	56,965	13,265
Rodamientos FAG S.A. de C.V.	Puebla	MX	100.0	726	-149
Schaeffler Mexico, S. de R.L. de C.V.	Guajuato	MX	100.0	79,648	26,823
Schaeffler Mexico Servicios, S. de R.L. de C.V.	Guajuato	MX	100.0	5,753	-207
Schaeffler Mexico Holding, S. de R.L. de C.V.	Puebla	MX	100.0	149,831	30
Schaeffler Special Machinery S. de RL de CV	Puebla	MX	100.0	4,274	-449
Vitesco Technologies Mexico, S. de R.L. de C.V. ^{2) 3)}	Silao de la Victoria	MX	100.0	247,246	4,873

Entity	Location	Country code	Ownership interest in %	Equity in € thousands	Net income (loss) in € thousands
Vitesco Technologies Maquila Mexico, S. de R.L. de C.V. ^{2) 3)}	Silao de la Victoria	MX	100.0	81,711	12,653
Schaeffler (Malaysia) Sdn. Bhd.	Kuala Lumpur	MY	100.0	12,334	-62
Schaeffler Nederland B.V.	Barneveld	NL	100.0	709	-3,650
Schaeffler Special Machinery Netherlands B.V.	Barneveld	NL	100.0	1,597	565
Hydron Energy B.V.	Barneveld	NL	100.0	841	-107
Schaeffler Smart Maintenance Tools B.V.	Epe	NL	100.0	5,432	947
Ewellix Benelux B.V.	Utrecht	NL	100.0	2,658	402
Vitesco Technologies Holding Netherlands B.V. ^{2) 3)}	Maas-tricht	NL	100.0	2,931,503	256,617
Schaeffler Norge AS	Sandnes	NO	100.0	5,654	421
Schaeffler Peru S.A.C.	Lima	PE	100.0	708	79
Schaeffler Philippines Inc.	Makati City	PH	100.0	571	-279
Schaeffler Vehicle Lifetime Solutions Poland Spolka z.o.o.	Warsaw	PL	100.0	70,767	9,169
Schaeffler Global Services Europe Sp. z o.o.	Wroclaw	PL	100.0	6,342	2,132
Schaeffler Industrial Poland Spolka z.o.o.	Warsaw	PL	100.0	4,906	436
Schaeffler Portugal, Unipessoal, Lda.	Caldas da Rainha	PT	100.0	20,632	645
Schaeffler Romania S.R.L.	Brasov	RO	100.0	231,990	-1,200
Vitesco Technologies Engineering Romania S.R.L. ^{2) 3)}	Timisoara	RO	100.0	4,624	15,038
Vitesco Technologies Romania S.R.L. ^{2) 3)}	Ghimbav	RO	100.0	32,800	1,227
Schaeffler SR d.o.o.	Belgrade	RS	100.0	735	134
OOO Vitesco Technologies RUS ^{2) 3)}	Kaluga	RU	100.0	8,245	127
Schaeffler Sverige AB	Arlanda-stad	SE	100.0	10,131	1,714
Schaeffler Invest AB	Stockholm	SE	100.0	96,120	-905

Notes to the financial statements > Other disclosures

Entity	Location	Country code	Ownership interest in %	Equity in € thousands	Net income (loss) in € thousands
Schaeffler Holding Sverige AB	Stockholm	SE	100.0	343,691	-2
Triatic Holdco AB	Partille	SE	100.0	145,291	14,559
Ewellix AB	Partille	SE	100.0	299,047	136,795
Schaeffler (Singapore) Pte. Ltd.	Singapore	SG	100.0	32,838	936
Schaeffler Aerospace (Singapore) Pte. Ltd.	Singapore	SG	100.0	-5,004	-268
Schaeffler Slovenija d.o.o.	Maribor	SI	100.0	970	212
Schaeffler Slovensko, spol. s r.o.	Kysucke Nove Mesto	SK	100.0	2,353	450
Schaeffler Kysuce, spol. s r.o.	Kysucke Nove Mesto	SK	100.0	258,490	11,063
Schaeffler Skalica, spol. s r.o.	Skalica	SK	100.0	146,359	4,216
Schaeffler Special Machinery, spol. s r.o.	Kysucke Nove Mesto	SK	100.0	4,406	411
Schaeffler Manufacturing (Thailand) Co., Ltd.	Rayong	TH	100.0	1,125	-3,231
Vitesco Technologies (Thailand) Co., Ltd. ^{2) 3)}	Rayong	TH	100.0	48,155	14,827
Schaeffler Turkey Endüstri ve Otomotiv Ticaret Limited Sirketi	Istanbul	TR	100.0	6,100	958
Schaeffler Taiwan Co., Ltd.	Taipei	TW	100.0	1,369	147
Vitesco Technologies Taiwan Co., Ltd. ^{2) 3)}	Taipei	TW	100.0	469	-6
ABBA Linear Tech Co., Ltd.	Taoyuan	TW	100.0	7,089	-5,175
Schaeffler Ukraine GmbH	Kyiv	UA	100.0	760	272
Schaeffler Group USA, Inc.	Fort Mill	US	100.0	710,020	-60,348
LuK-Aftermarket Service, LLC	Valley City	US	100.0	-3,628	0
LuK Clutch Systems, LLC	Wooster	US	100.0	162,725	7,423
Schaeffler Transmission, LLC	Wooster	US	100.0	212,973	7,304

Entity	Location	Country code	Ownership interest in %	Equity in € thousands	Net income (loss) in € thousands
Schaeffler Transmission Systems, LLC	Wooster	US	100.0	802,645	109,471
FAG Bearings LLC	Danbury	US	100.0	-37,594	-1,629
Schaeffler Aerospace USA Corporation	Danbury	US	100.0	251,712	16,760
Schaeffler Holding LLC	Danbury	US	100.0	0	0
Schaeffler Invest USA LLC	Wilmington	US	100.0	-429	-277
Schaeffler Special Machinery LLC	Wilmington	US	100.0	-2,117	-2,615
Triatic HoldCo LLC	Wilmington	US	100.0	-834	-1,296
Ewellix USA LLC	Wilmington	US	100.0	14,989	-607
Schaeffler Battery Technology LLC	Wilmington	US	100.0	508	488
Schaeffler Vehicle Lifetime Solutions USA LLC	Wilmington	US	100.0	28,669	-1,732
Vitesco Technologies USA, LLC ⁶⁾	Auburn Hills	US	100.0		
Schaeffler Vietnam Co., Ltd.	Bien Hoa City	VN	100.0	21,123	-4,216
INA Bearings (Pty) Ltd.	Port Elizabeth	ZA	100.0	16,069	602
Schaeffler South Africa (Pty.) Ltd.	Johannesburg	ZA	100.0	24,817	4,143

B. Investments

I. Germany

Cofinity-X GmbH ^{2) 3)}	Cologne	DE	10.0	21,042	-9,370
Contitech-INA Beteiligungsgesellschaft mbH	Hanover	DE	50.0	23	2
Contitech-INA GmbH & Co. KG	Hanover	DE	50.0	210	0
Earlybird-X Seed Fund I GmbH & Co. KG ^{2) 3)}	Munich	DE	20.8	14,017	-4,143
GET Fund I GmbH & Co. KG ⁷⁾	Munich	DE	12.6		

Entity	Location	Country code	Ownership interest in %	Equity in € thousands	Net income (loss) in € thousands
GKS-Gemeinschaftskraftwerk Schweinfurt GmbH ^{2) 3)}	Schweinfurt	DE	10.3	46,202	2,025
SupplyOn AG ^{2) 3)}	Hallbergmoos	DE	16.7	41,069	6,050
up2parts GmbH ^{2) 3)}	Weiden/Upper Palatinate	DE	14.3	10,112	-2,327

II. Foreign

Hubei Cathay Smart New Energy Fund Partnership (LP) ^{2) 3)}	Wuhan	CN	5.5	140,551	719
Leadrive Technology (Shanghai) Co., Ltd. ^{2) 3)}	Shanghai	CN	3.4	96,481	-85,313
Schaeffler-CARS Railway Technology Co. Ltd. ^{2) 3)}	Tianjing City	CN	50.0	7,267	1,225
Clean H2 Infra Fund S.L.P. ^{2) 3)}	Paris	FR	1.5	235,114	-26,550
Clean Hydrogen Equipment Fund S.L.P. ⁷⁾	Paris	FR	34.5		
Innplate SAS ^{2) 3)}	Haguenau	FR	50.0	23,234	91
Eurings Zrt. ^{2) 3)}	Debrecen	HU	37.0	7,126	1,075
Napino Control Systems Pvt.Ltd. ^{2) 3)}	Gurgaon	IN	30.0	24,751	4,038
Statomat Special Machines (India) Pvt. Ltd. ^{2) 3)}	Mumbai	IN	79.9	-1,220	-246
Stegra AB ^{2) 3)}	Stockholm	SE	4.0	992,754	-74,333
Agility Robotics Inc. ^{2) 3)}	Dover	US	1.1	75,127	-49,714
Baukunst Fund I LP ^{2) 3)}	Wilmington	US	10.3	25,037	-929
Colinx, LLC ^{2) 3)}	Greenville	US	20.0	2,909	-88

¹⁾ There is a profit and loss transfer agreement.

²⁾ Information per 2023 financial statements.

³⁾ Financial statements not yet issued.

⁴⁾ Information per financial statements as at August 31, 2024.

⁵⁾ There was a profit and loss transfer agreement in 2023.

⁶⁾ Exempted from preparing financial statements under local law.

⁷⁾ No financial statement information as entity is in process of incorporation.

3.6 Preparation of financial statements

The Board of Managing Directors of Schaeffler AG prepared the financial statements on February 18, 2025, and released them for submission to the Supervisory Board of Schaeffler AG. The Supervisory Board of Schaeffler AG is responsible for examining and approving the financial statements.

Herzogenaurach, February 18, 2025

Schaeffler Aktiengesellschaft
The Board of Managing Directors

Klaus Rosenfeld
Chief Executive Officer

Andreas Schick

Uwe Wagner

Claus Bauer

Jens Schüler

Sascha Zaps

Dr. Astrid Fontaine

Thomas Stierle

Matthias Zink

Independent Auditors' Report

To Schaeffler AG, Herzogenaurach

Report on the Audit of the Annual Financial Statements and of the Management Report

Opinions

We have audited the annual financial statements of Schaeffler AG, which comprise the balance sheet as at December 31, 2024, and the income statement for the financial year from January 1 to December 31, 2024, and notes to the financial statements, including the accounting policies presented therein. In addition, we have audited the report on the situation of the Company and of the group ("management report" below) of Schaeffler AG for the financial year from January 1 to December 31, 2024.

In accordance with German legal requirements, we have not audited the content of the parts of the management report which are listed in the "Other information" section of our report.

The management report includes references not provided for by the law that have been marked as unaudited. In accordance with German legal requirements, we have audited neither the content of these references nor the content of the information referred to by these references.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2024, and of its financial performance for the financial year from January 1 to December 31, 2024, in compliance with German legally required accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of the parts of the management report which are listed in the "Other information" section. The management report includes references not provided for by the law that have been marked as unaudited. Our opinion covers neither these references nor any information referred to by these references.

Pursuant to section 322 (3) sentence 1 German Commercial Code ("Handelsgesetzbuch" – HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with section 317 HGB and the EU Audit Regulation No. 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with

German generally accepted standards for financial statement audits promulgated by the Institute of Public Auditors in Germany ("Institut der Wirtschaftsprüfer" – IDW). Our responsibilities under those requirements and principles are further described in the "Auditors' Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditors' report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided any non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Key Audit Matter in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1 to December 31, 2024. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Recoverability of Long-Term Financial Assets

For information on the accounting policies used, please refer to Note 3.2 to the annual financial statements.

Independent Auditors' Report

The risk for the financial statements Long-term financial assets in Schaeffler AG's annual financial statements include EUR 17,550 m in shares in affiliated companies and EUR 1,201 m in loans receivable from affiliated companies as at December 31, 2024. The Company's long-term financial assets represent approximately 62% of total assets, and therefore have a material impact on the Company's net assets.

Long-term financial assets are stated at acquisition cost or, where impairment is likely to be permanent, at their lower fair value. The Company determines the fair value of shares in affiliated companies using a valuation model based on a discounted cash flow method.

The cash flows used in the discounted cash flow method are based on detailed forecasts for the three or five years following the balance sheet date that are extrapolated using company-specific growth rates. For one investee, the calculation included a transition period following the detailed forecasting period. The corresponding discount rates are derived from the rate of return for an alternative investment of similar risk. If fair value is lower than the carrying value, qualitative and quantitative criteria are used to determine whether the impairment is likely to be permanent.

The impairment test, including the calculation of fair value using the discounted cash flow method, is complex and depends to a large extent on the Company's estimates and judgments regarding the assumptions made. This applies, inter alia, to the estimation of future cash inflows and the company-specific growth rates, the determination of the discount rates, and the assessment of whether the impairment is permanent. Due to the technological transition in the automotive industry, underlying future cash inflows remain subject to an increased level of estimation uncertainty.

There is a risk to the annual financial statements that long-term financial assets may not be recoverable. The Company has not recognized any write-downs of long-term financial assets in 2024.

Our audit approach We assessed whether there are any indications of a need to recognize a write-down on shares in affiliated companies or on loans receivable based on evidence obtained in our audit. Our audit procedures included evaluating the forecast of future revenue and earnings trends for the various companies. We discussed the company-specific forecasts with those responsible for the planning process. In addition, we assessed whether Schaeffler AG's expectations for market growth were within a reasonable range as compared to peer-group industry information and other publicly available information, as well as whether the company-specific budgeted and planned amounts, underlying assumptions, and company-specific growth rates were within a reasonable range. In addition, we assessed the quality of the Company's past plans by comparing projections for previous years with actual results and analyzing deviations.

We assessed the appropriateness of the assumptions and data used in determining the discount rate, including the weighted average cost of capital, as well as whether the calculation methodology used was appropriate. We consulted with internal valuation specialists in order to assess the appropriateness of the method used to calculate the discount rate as well as the Company's plans and budgets.

Our observations The approach applied in testing shares in affiliated companies and loans receivable for recoverability is appropriate and consistent with valuation principles.

The assumptions, data, and estimates used by the Company are appropriate.

Other Information

The Board of Managing Directors and the Supervisory Board are responsible for the other information. The other information comprises the following unaudited parts of the management report:

- The sustainability statement including the combined non-financial declaration of the Company and the group in accordance with sections 315b, 315c in conjunction with sections 289 (1), 289c HGB, which is contained in the combined management report,
- the combined corporate governance declaration of the Company and the group referred to in the management report, and
- the disclosures extraneous to management reports which have been included in the management report and which have been marked as unaudited.

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information referred to above and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, the information within the management report whose content has been audited, or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

We performed a separate limited assurance review of the sustainability statement with respect to the disclosures legally required by sections 315b and 315c in conjunction with 289b to 289e HGB on the non-financial declaration. We refer to our limited assurance report dated February 19, 2025, for the nature, extent, and results of this limited assurance engagement.

Independent Auditors' Report

Responsibilities of the Board of Managing Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The Board of Managing Directors is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position, and financial performance of the Company in compliance with German legally required accounting principles. In addition, the Board of Managing Directors is responsible for such internal controls as it, in accordance with German legally required accounting principles, has determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e. manipulation of financial reports and misappropriation of assets) or error.

In preparing the annual financial statements, the Board of Managing Directors is responsible for assessing the Company's ability to continue as a going concern. It also has the responsibility for disclosing, as applicable, any matters related to going concern. In addition, it is responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the Board of Managing Directors is responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Board of Managing Directors is responsible for such arrangements and measures (systems) as it has considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditors' Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements, and appropriately presents the opportunities and risks of future development, as well as to issue an auditors' report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with section 317 HGB and the EU Audit Regulation and in compliance with German generally accepted standards for financial statement audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform

audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls or on these arrangements and measures.
- evaluate the appropriateness of accounting policies used by the Board of Managing Directors and the reasonableness of estimates and related disclosures made by the Board of Managing Directors.
- conclude on the appropriateness of the Board of Managing Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditors' report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

Independent Auditors' Report

- evaluate the presentation, structure, and content of the annual financial statements as a whole, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position, and financial performance of the Company in compliance with German legally required accounting principles.
- evaluate the consistency of the management report with the annual financial statements, its conformity with law, and the view of the Company's position it provides.
- perform audit procedures on the prospective information presented by the Board of Managing Directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Board of Managing Directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where relevant, the actions taken or safeguards implemented to eliminate matters jeopardizing our independence.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on Assurance in accordance with Section 317 (3a) HGB on the Electronic Reproductions of the Annual Financial Statements and of the Management Report Prepared for Publication Purposes

We have performed an assurance engagement in accordance with section 317 (3a) HGB to obtain reasonable assurance about whether the reproduction of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the file provided named „JA.xhtml“ (SHA256-Hashwert: 49a50f29be48a9b277f7793c7c7b7860e640c68f4ce345da77e55e26052ed949) and prepared for publication purposes complies in all material respects with the requirements of section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained in these reproductions nor any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the annual financial statements and the management report contained in the above-mentioned electronic file provided and prepared for publication purposes complies, in all material respects, with the requirements of section 328 (1) HGB regarding the electronic reporting format. We do not express any opinion on the information

contained in this reproduction nor on any other information contained in the above-mentioned electronic file beyond this reasonable assurance opinion and our audit opinions on the attached annual financial statements and the accompanying management report for the financial year from January 1 to December 31, 2024, contained in the "Report on the Audit of the Annual Financial Statements and of the Management Report" above.

We conducted our assurance engagement on the reproduction of the annual financial statements and the management report contained in the above-mentioned electronic file provided in accordance with section 317 (3a) HGB and the IDW Assurance Standard "Assurance in Accordance with Section 317 (3a) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes" (IDW AsS 410 (06.2022)). Our responsibilities under these requirements are described in further detail below. Our audit firm has applied IDW Standard on Quality Management: "Requirements for Quality Management in Audit Firms" (IDW QMS 1 (09.2022)).

The Company's Board of Managing Directors is responsible for preparing the ESEF documents including the electronic reproduction of the annual financial statements and the management report in accordance with section 328 (1) sentence 4 no. 1 HGB.

In addition, the company's Board of Managing Directors is responsible for such internal controls as they consider necessary to enable the preparation of the ESEF documents that are free from material non-compliance, whether due to fraud or error, with the requirements of section 328 (1) HGB regarding the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparation of the ESEF documents as part of the financial reporting process.

Independent Auditors' Report

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance, whether due to fraud or error, with the requirements of section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance engagement. We also:

- identify and assess the risks of material non-compliance, whether due to fraud or error, with the requirements of section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, that is, whether the electronic file provided containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815, in the version in effect as at the reporting date, regarding the technical specifications for this electronic file.
- evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited annual financial statements and the audited management report.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected auditors by the annual general meeting on April 25, 2024. We were engaged by the Supervisory Board on November 21, 2024. We have been the auditors of Schaeffler AG without interruption since the financial year 2010.

We declare that the opinions expressed in this auditors' report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to the Company or its subsidiaries the following services that are not disclosed in the Company's annual financial statements or in the management report:

In addition to the consolidated financial statements, we have audited the annual financial statements of Schaeffler AG and conducted various audits of the annual financial statements of subsidiaries and joint ventures. As part of our audit, we audited parts of the system of internal control over financial reporting. Furthermore, we audited selected processes in connection with an IT migration as part of our audit of the consolidated financial statements. We audited the report on relations with affiliated companies prepared by the Board of Managing Directors of Schaeffler AG in accordance with section 312 AktG. In addition, we performed a review of the consolidated interim financial report as at June 30, 2024, audited the combined separate group non-financial report of Schaeffler AG, and performed various statutory and contractual audits, such as EMIR audits in accordance with section 32 (1) of the German Securities Trading Act ("Wertpapierhandelsgesetz" – WpHG), audited the effectiveness of the tax CMS, issued comfort letters in connection with the annual update of the existing EMTN program and as part of the admission to trading of new shares, audited an earnings forecast and pro-forma financial information in accordance with Regulation (EU) 2027/1129, audited the remuneration report in accordance with IDW AuS 490 with reasonable assurance, and performed TISAX audits. Furthermore, we provided assistance with the project to implement the EU Taxonomy and CSRD, with the tendering procedure for the audit of the separate and consolidated financial statements, and with quality assurance as part of an IT migration.

Other Matter – Use of the Auditors' Report

Our auditors' report should always be read in conjunction with the audited annual financial statements and the audited management report as well as the audited ESEF documents. The annual financial statements and the management report converted into ESEF format – including the versions to be filed with the Company Register – are merely electronic reproductions of the audited annual financial statements and the audited management report and do not replace these. In particular, the ESEF assurance report and our assurance conclusion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Prof. Dr. Bernd Grottel.

Nuremberg, February 19, 2025

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Prof. Dr. Grottel
Wirtschaftsprüfer
[German Public Auditor]

Schieler
Wirtschaftsprüfer
[German Public Auditor]

Responsibility statement by the company's legal representatives

Responsibility statement by the company's legal representatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements provide a true and fair view of the assets, liabilities, financial position, and profit or loss of the company, and the combined management report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.

Herzogenaurach, February 18, 2025

Schaeffler Aktiengesellschaft
The Board of Managing Directors

Klaus Rosenfeld
Chief Executive Officer

Andreas Schick

Uwe Wagner

Claus Bauer

Jens Schüler

Sascha Zaps

Dr. Astrid Fontaine

Thomas Stierle

Matthias Zink