



## Schaeffler AG – Corporate Governance Engagement Call

January 2024

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Investors and holders of securities of Vitesco are strongly advised to read the Offer Document and all other announcements relating to the Offer as soon as they have been made public, as they contain or will contain important information.

The Offer is being implemented solely in accordance with the applicable laws of the Federal Republic of Germany, in particular the German Securities Acquisition and Trading Act (Wertpapiererwerbs- und Übernahmegesetz) (“WpÜG”) in conjunction with the German regulation on the contents of offer documents, considerations related to tender offers and compulsory offers, and exemptions from the obligation to publish and submit an offer (WpÜG-Angebotsverordnung), and with certain provisions of the securities laws of the United States of America applicable to cross-border tender offers.

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Forward-looking statements are subject to risks and uncertainties that are difficult to predict and usually cannot be influenced by Schaeffler or the persons acting in conjunction with Schaeffler. It should be kept in mind that the actual events or consequences may differ materially from those contained in or expressed by such forward-looking statements. Schaeffler and the persons acting in conjunction with Schaeffler assume no obligation to update forward-looking statements with respect to actual developments or events, conditions events, general conditions, assumptions or other factors.

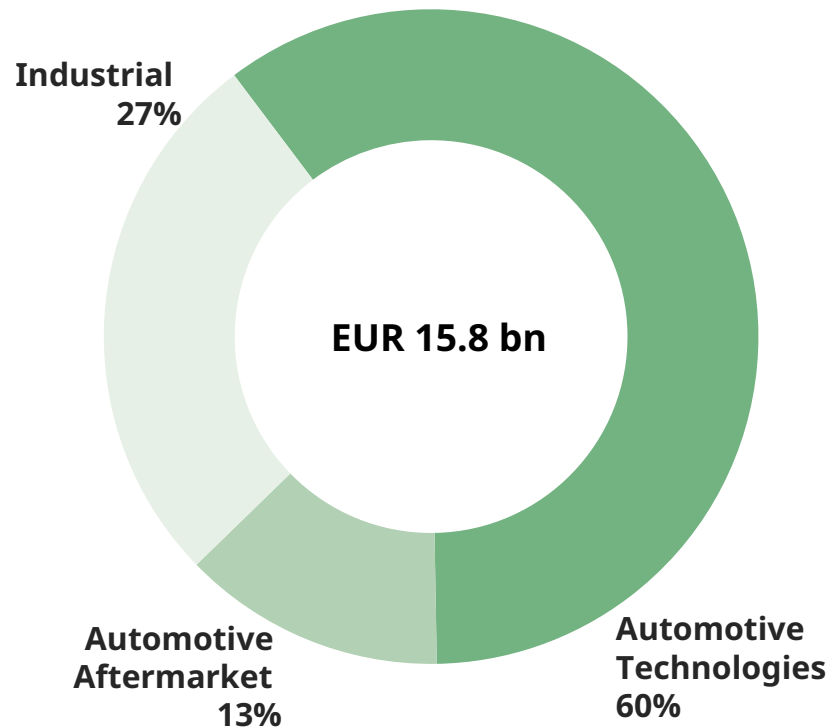
- 1 Schaeffler Group Overview
- 2 Transaction Rationale
- 3 Corporate Governance
- 4 Executive Board Remuneration
- 5 Summary and Conclusion

# AGENDA

## Schaeffler Group at a glance – The Motion Technology Company

### 3 Divisions

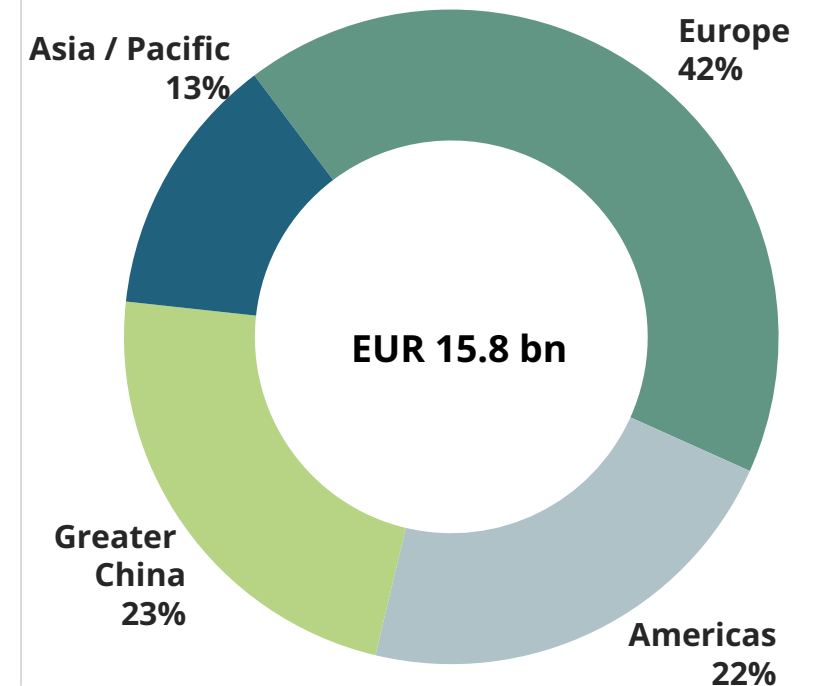
in % of FY 2022



- 3 Divisions serving attractive, sizeable Automotive and Industrial markets with secular growth
- Diversified customer base across 10 sectors
- Market leading product offering across components, systems, services
- Global footprint, in the region for the region, high customer proximity
- Experienced leadership team with focus on execution
- Family owned and listed (25% non-voting)

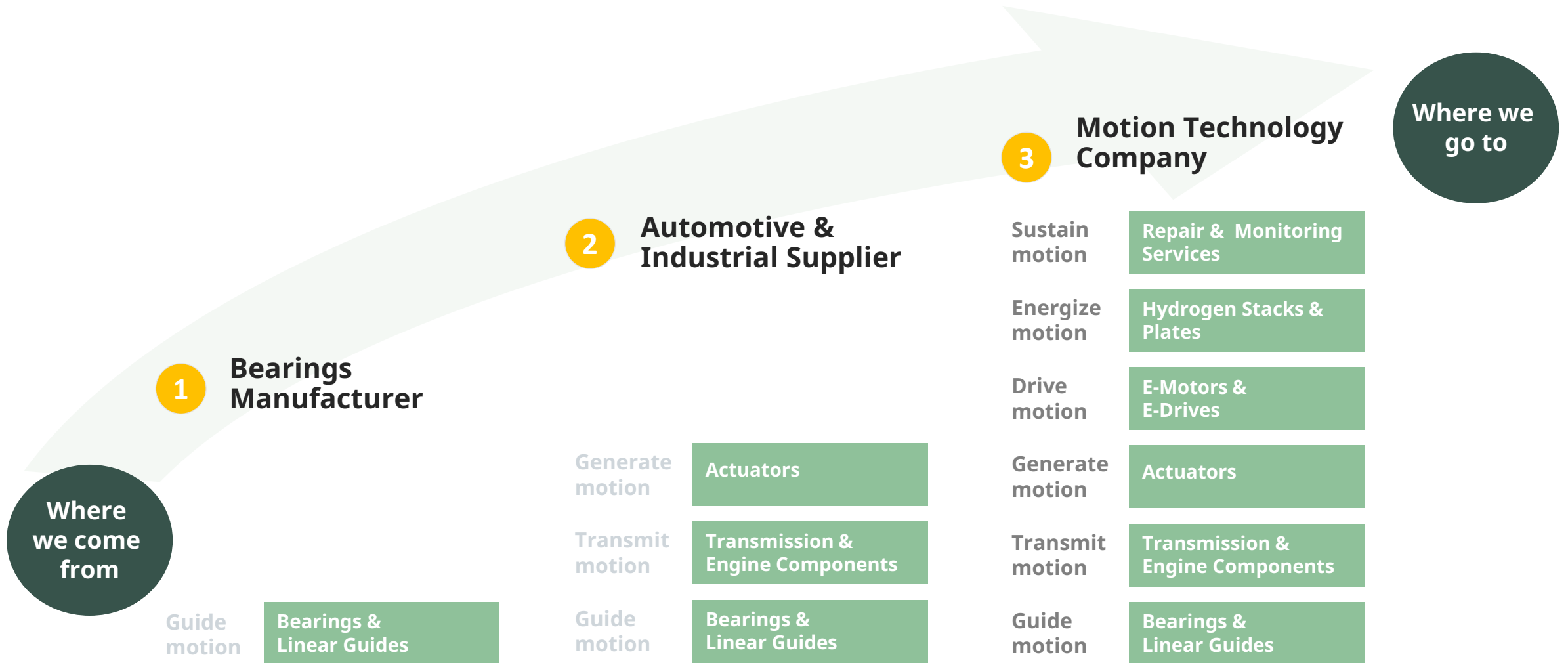
### 4 Regions

in % of FY 2022



Diversified exposure in attractive markets, synergistic businesses and global reach

## Our Evolution – From our heritage as a Bearings Manufacturer to “The Motion Technology Company”



We are proud of our heritage in bearings and prepared for the future as The Motion Technology Company



## Diversified customer base – Serving ten customer sectors



**Cars & Light Commercial Vehicles**



**Truck & Bus**



**Industrial Automation**



**Renewables**



**Two-wheelers**



**Off-road**

# We pioneer motion



**Rail**



**Aerospace**



**Raw Materials**



**Power Transmission**

— Mobility —

— Motion —

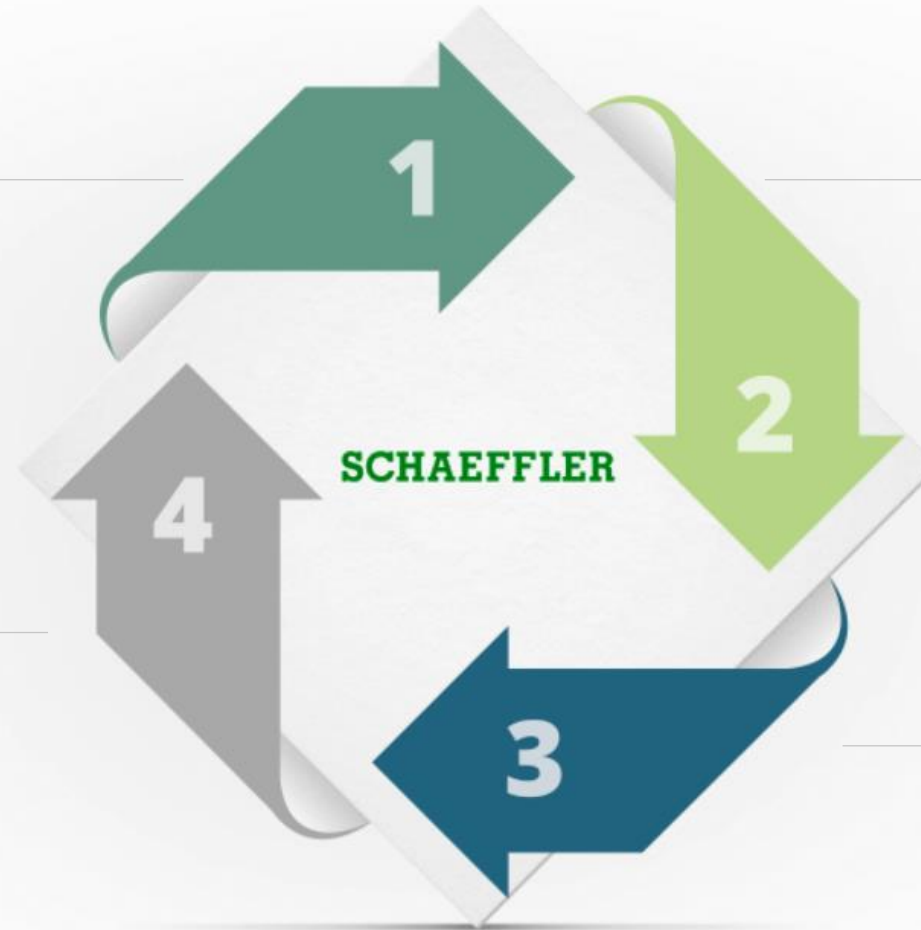
## What sets us apart – The internal strengths of our company

### INNOVATION

As a pioneer in motion, we develop and produce **innovative components, systems, and services** to address important customer needs.

### SYSTEM UNDERSTANDING

Close partnerships with our customers mean we have a **comprehensive understanding of their systems** which allows us to develop, produce, and constantly optimize complex, customized solutions.



### SUPERIOR QUALITY

Our **extremely high quality** ensures that we are able to meet our customers' demands in terms of reliability, long service life, and efficiency.

### HIGH-PRECISION MANUFACTURING

Our **manufacturing expertise** allows us to quickly introduce extremely promising innovations to the market in high volumes.

## Usage of cash – Capital Allocation, dividend payout policy and M&A

### Capital Allocation

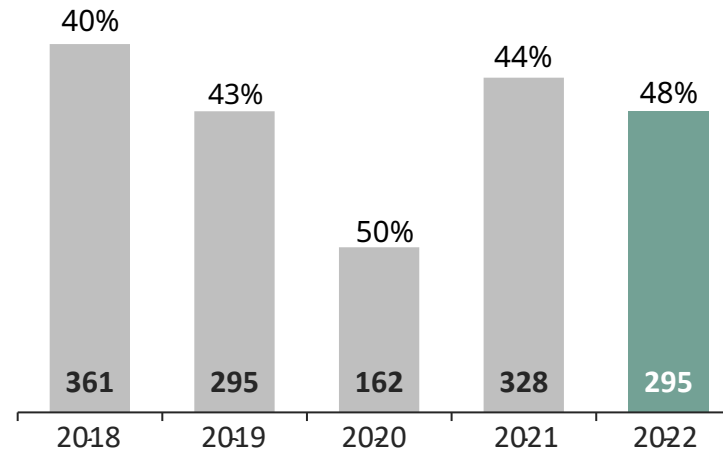
Capex categories	1	2	3	4	Total
Portfolio strategies	Growth	Rationalization & Quality	Main-tenance	Safety & Regulatory	
Build	✓✓			✓	
Grow	✓✓✓	✓✓	✓	✓	
Harvest		✓✓	✓	✓	
Exit /Divest			✓	✓	
Total					Total Capex

4 Portfolio Strategies

- Capital Allocation driven by Build/Grow/Harvest/Exit portfolio logic
- Reinvestment Rate<sup>1</sup> for “Build” and “Grow” significantly >1 to fuel growth

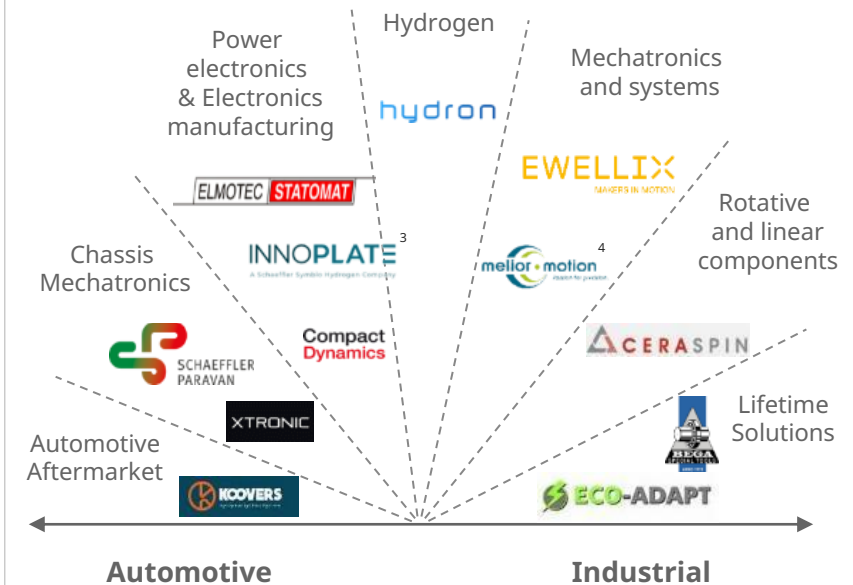
### Dividend | in EUR mn

Payout ratio<sup>2</sup> | in % per common non-voting share



- Dividend payout policy of 30 - 50% of Net income before special items
- EUR 1.4 bn** cumulative dividend paid over the past 5 years

### M&A



- Small-mid-sized acquisitions done over the past 5 years and joint ventures
- Clear gate process for evaluation of acquisitions and/or partnerships

<sup>1</sup> Reinvestment Rate defined as Capex divided by D&A | <sup>2</sup> % of Net Income before special items, attributable to Shareholders of the parent company | <sup>3</sup> Joint Venture Schaeffler and Symbio | <sup>4</sup> As of Dec 2022 renamed Schaeffler Ultra Precision Drives GmbH



## Public tender offer to Vitesco shareholders – The story in six highlights

### Public tender offer

- Schaeffler AG Cash Offer<sup>1</sup> to acquire outstanding Vitesco Technologies Group AG shares (Step 1): Until the end of the acceptance period on December 15, 2023, 29.88% of the share capital and voting rights in Vitesco, have been tendered
- Around 23% premium on 3M VWAP

### Simplified shareholding structure

- 30% Free Float envisaged post-transaction
- Higher liquidity, voting rights and more transparency

### A 3-step transaction

- Schaeffler AG non-voting shares become voting common shares<sup>2</sup> (Step 2)
- Merger of Vitesco Technologies Group AG into Schaeffler AG (Step 3)

### Significant value creation potential

- EUR 600 mn p.a. positive EBIT impact from revenue and cost synergies
- Leading E-Mobility offering across all dimensions

### Leading Motion Technology Company

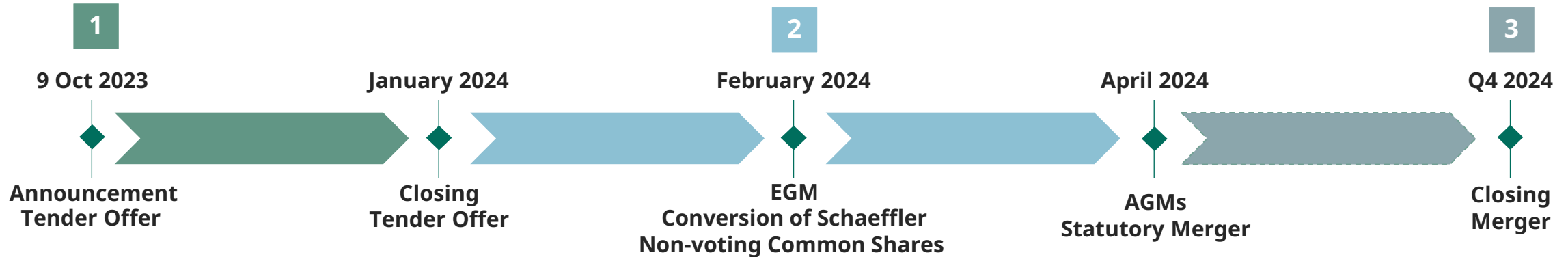
- Pro-forma Combined Revenues of EUR 25 bn
- 4 focused 'pure play' divisions

### Stronger together

- Business combination agreement signed with Vitesco Technologies Group AG
- Strong cultural fit

<sup>1</sup> "Erwerbsangebot" | <sup>2</sup> Conversion subject to merger completion

## Key Transaction Steps – Clear path to business combination



1

### Tender Offer to Vitesco's shareholders

- Public cash tender offer<sup>1</sup> at EUR 91 per Vitesco share launched on November 15 with four-week offer period, offer price increased to EUR 94 on November 27
- Until the end of the acceptance period on December 15, 2023, 29.88% of the share capital and voting rights in Vitesco have been tendered to Schaeffler
- IHO Holding (owning 49.9% of Vitesco) has signed a Non-Tender commitment

2

### Schaeffler Non-voting Common Share Conversion

- Resolution on the conversion of Schaeffler Non-voting Common Shares<sup>2</sup> into Common Shares
- 75% Non-voting Common shareholder approval required; conversion at ratio of 1:1
- Establishing one share class with enhanced liquidity and commitment to increased free float

3

### Merger of Vitesco into Schaeffler

- Merger of Vitesco into Schaeffler AG (no DPLTA<sup>3</sup>, no squeeze-out envisaged)
- No anti-trust clearance necessary for completion of the offer in the EU
- Final merger exchange ratio to be agreed between Schaeffler and Vitesco based on a statutory valuation process

<sup>1</sup> "Erwerbsangebot" | <sup>2</sup> Conversion subject to merger completion | <sup>3</sup> DLTA: Domination and Profit and Loss Transfer Agreement

## Extraordinary General Meeting – Conversion of non-voting common shares

### Rationale and goal of the Extraordinary General Meeting:

- On 9 October 2023, Schaeffler AG launched a public tender offer for outstanding shares of Vitesco Technologies Group AG.
- The tender offer was the first step of a planned three-step overall transaction that will lead to a merger of Vitesco Technologies Group AG into Schaeffler AG.
- To this end, following the successful completion of the tender offer, Schaeffler AG intends to **convert its non-voting common shares into common shares with full voting rights**, at a ratio of 1:1.
- An Extraordinary General Meeting (“**EGM**”) and a Special Meeting of the non-voting preference shareholders of Schaeffler AG (*Gesonderte Versammlung der Vorzugsaktionäre*, “**Special Meeting**”) are planned for February 2, 2024, which shall resolve on the conversion of Schaeffler AG non-voting preference shares (*Vorzugsaktien*) into common shares (*Stammaktien*).
- For such conversion, an approval of the EGM with a majority of 75% of the votes cast as well as the approval of the Special Meeting of the non-voting preference shareholders with a majority of 75% of the votes cast are required.
- The legal effectiveness of the share conversion will be subject to the prior or simultaneous commercial register registration of the merger with Vitesco Technologies Group AG as final step of the planned overall transaction. The transaction is structured in a way that Vitesco shareholders, who retain their shares until the planned merger, will receive voting common shares of Schaeffler in return.

### Agenda Items (EGM)

- Item 1: Resolution on the conversion of non-voting common shares into common shares and the corresponding amendments of the articles of association of Schaeffler AG
- Item 2: Special resolution of the holder of common shares on the approval of the share conversion

### Agenda Items (Special Meeting)

- Item 1: Special resolution of the holders of non-voting common shares on the approval of the share conversion

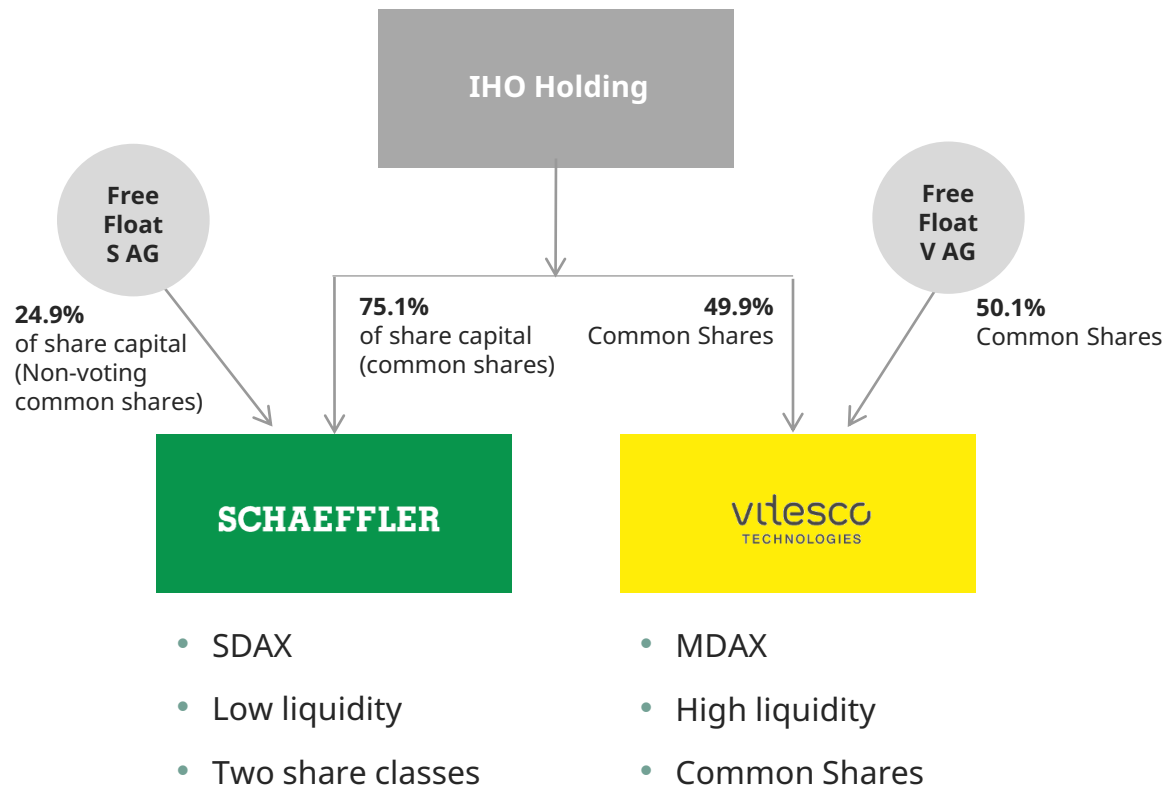
### Key aspects

- Date: February 2, 2024
- Invitation: Published on December 20, 2023
- Format: In-person
- Location: Schaeffler AG headquarter in Herzogenaurach, Germany
- Voting: In-person and absentee voting (including by means of electronic communication)

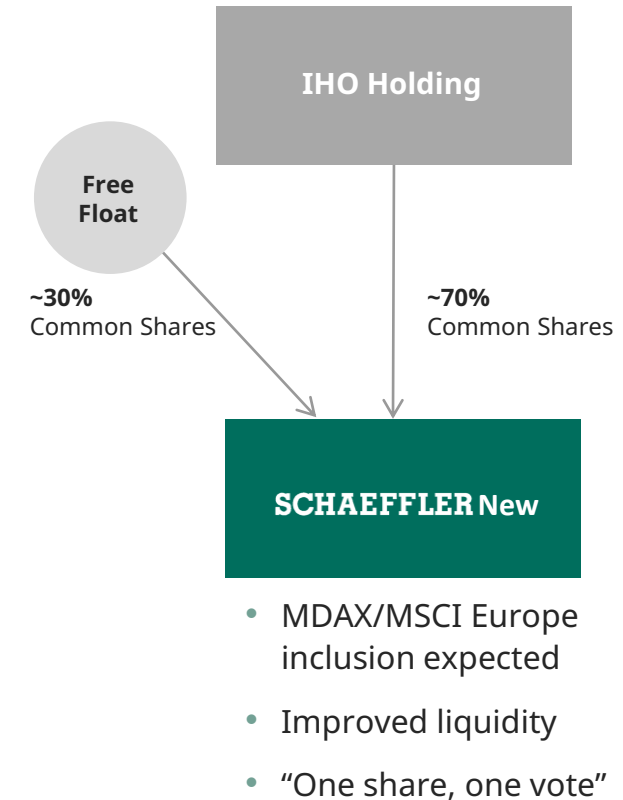
**Simplified shareholding structure with one class of voting common shares – All shareholders will have voting rights**

## Simplified shareholding structure – Intention to achieve post-transaction free float of around 30%

### Shareholding structure pre-transaction

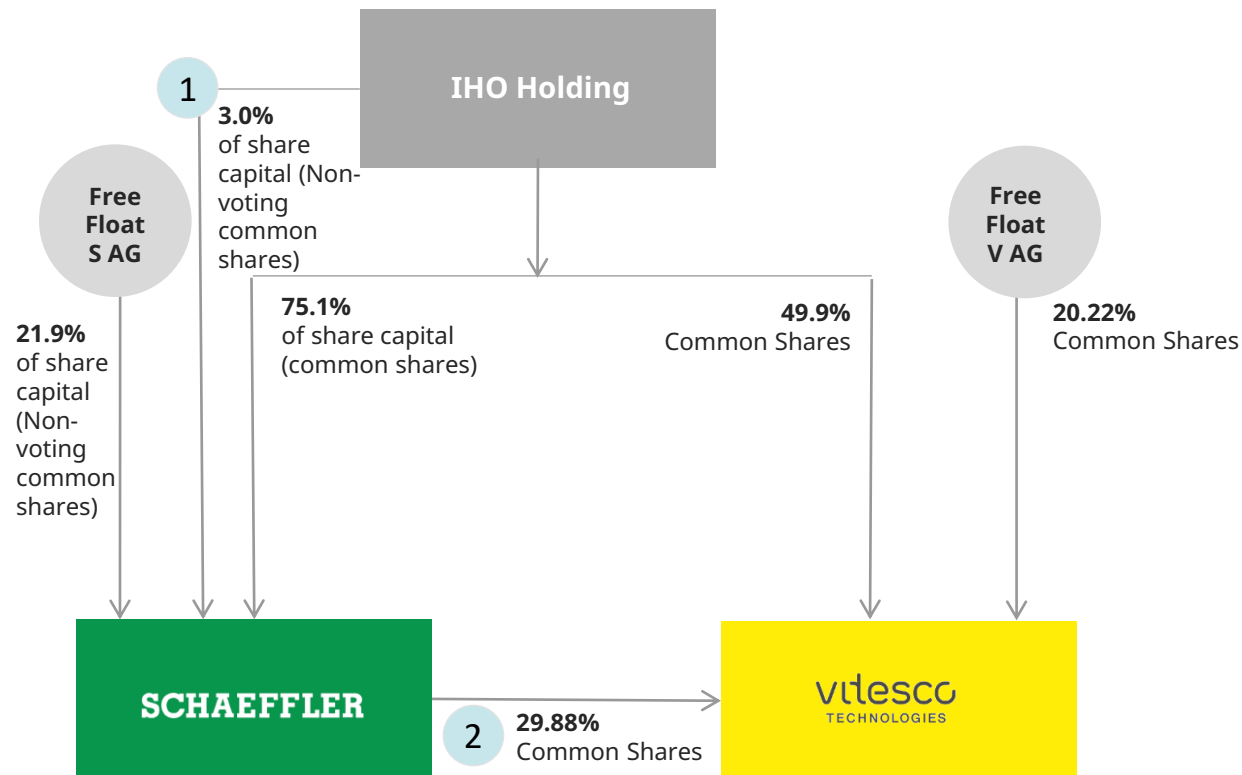


### Shareholding structure post-transaction



## Shareholding structure after completion of tender offer as an intermediate step

### Shareholding structure as of December 20, 2023



### Key Aspects

- On December 12, IHO Beteiligungs GmbH, a subsidiary company of IHO Holding, acquired a package of Schaeffler non-voting shares representing 3.0 percent of the outstanding non-voting common shares
  - The acquisition provides a stronger starting point for the planned business combination between Schaeffler AG and Vitesco Technologies Group AG.
- Until the end of the acceptance period of the public tender offer on December 15, 2023, 11,957,629 Vitesco shares have been tendered to Schaeffler
  - This corresponds to 29.88 percent of the share capital and voting rights in Vitesco.



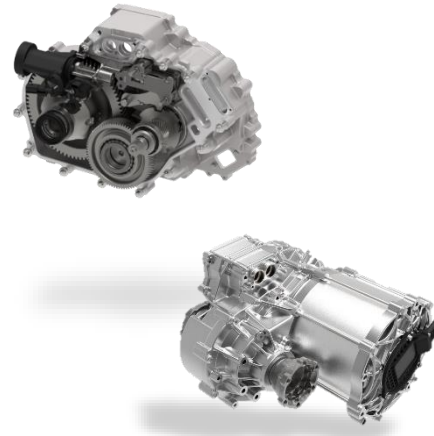
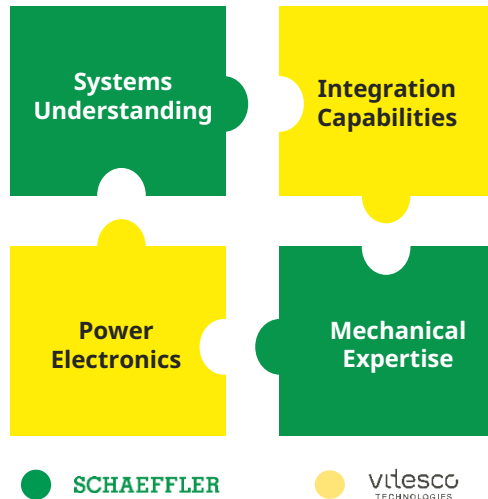
## Four focused, 'pure play' divisions – Creating a leading Motion Technology Company

SCHAEFFLER New				
Divisions <sup>1</sup>	① E-Mobility	② Powertrain & Chassis	③ Vehicle Lifetime Solutions	④ Bearings & Industrial Solutions
Business units	E-Mobility	Engine & Transmission	Automotive Aftermarket	Industrial
	Electrification	Chassis Powertrain	Aftermarket <sup>2</sup>	Automotive Bearings
Value proposition	<ul style="list-style-type: none"> <li>High-growth business supported by large orderbook</li> <li>Managed for profitable growth with margin improvement</li> </ul>	<ul style="list-style-type: none"> <li>Mature powertrain business with declining market growth, plus chassis growth opportunities</li> <li>Managed for value generation, margin and free cash flow</li> </ul>	<ul style="list-style-type: none"> <li>Growth business with high margins and low capital intensity</li> <li>Managed for profitable growth and free cash flow</li> </ul>	<ul style="list-style-type: none"> <li>Growth business with clear margin improvement pathway</li> <li>Managed for value generation, margin and free cash flow</li> </ul>
Sales development <sup>5</sup> in EUR bn	Sales share <sup>4</sup>			
	<div> <div>9%</div> <div>~31%</div> </div>	<div> <div>53%</div> <div>~28%</div> </div>	<div> <div>10%</div> <div>~12%</div> </div>	<div> <div>28%</div> <div>~29%</div> </div>
Ambition				
	<div> <div>2.4</div> <div>2.4</div> </div>	<div> <div>13.1</div> <div>13.1</div> </div>	<div> <div>2.5</div> <div>2.5</div> </div>	<div> <div>6.9</div> <div>6.9</div> </div>
Ambition				
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Ambition				
	<div> <div>6.9</div> <div>6.9</div> </div>	<div> <div>6.9</div> <div>6.9</div> </div>	<div> <div>6.9</div> <div>6.9</div> </div>	<div> <div>6.9</div> <div>6.9</div> </div>
Ambition	<ul style="list-style-type: none"> <li>Establish leader in E-Mobility with best-in-class technologies and strong product portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Maximize value with conventional Powertrain and capture profitable Chassis growth</li> </ul>	<ul style="list-style-type: none"> <li>Develop a global integrated platform provider addressing customer needs along the vehicle lifecycle</li> </ul>	<ul style="list-style-type: none"> <li>Build the leading global Bearings &amp; Industrial Solutions company operating in four market clusters</li> </ul>

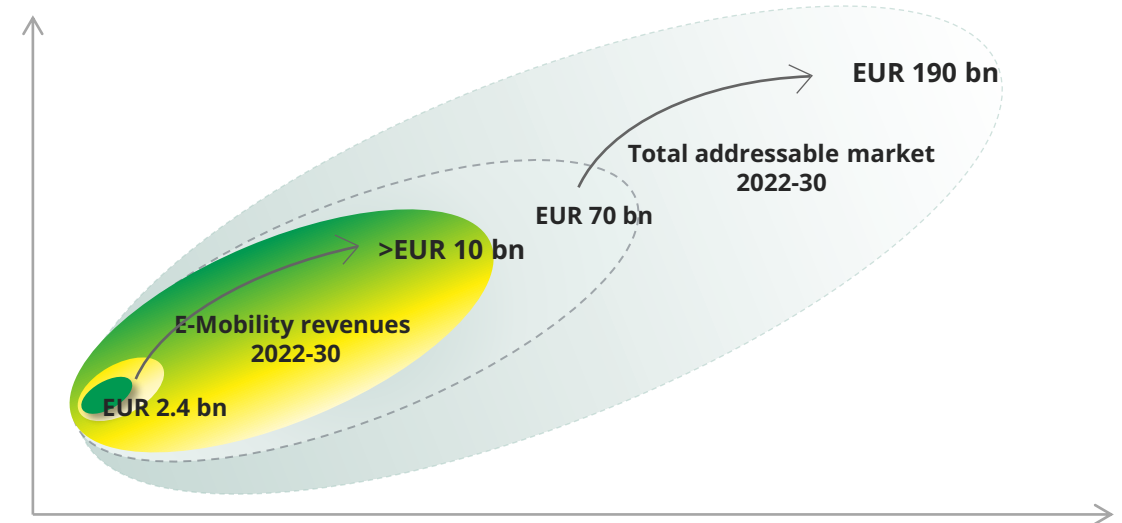
<sup>1</sup> Division names are illustrative | <sup>2</sup> Currently included in Powertrain division | <sup>3</sup> Includes Vitesco Powertrain non-core business but excludes contract manufacturing | <sup>4</sup> Group sales share | <sup>5</sup> For illustrative purposes only, not to scale, excluding any potential revenue synergies; FX-adjusted, based on outside-in analysis

# ① E-Mobility – Combining highly complementary strengths and capabilities for future growth

## Complementary strengths



## Significant market growth potential<sup>1</sup>



### Key characteristics

- Enlarged product portfolio
- Coverage of all mission critical capabilities
- Increasing relevance for global OEMs
- Joint scale funds required investments in R&D to capture overall market growth



### Combinational synergies

- Joint procurement and supply chain management
- Cross-selling opportunities and enhanced cost competitiveness



### Outlook

- Combined orderbook of >EUR 40 bn<sup>2</sup>
- Revenue expected to grow ~4x by 2030e
- Reaching solid profitability in the medium term



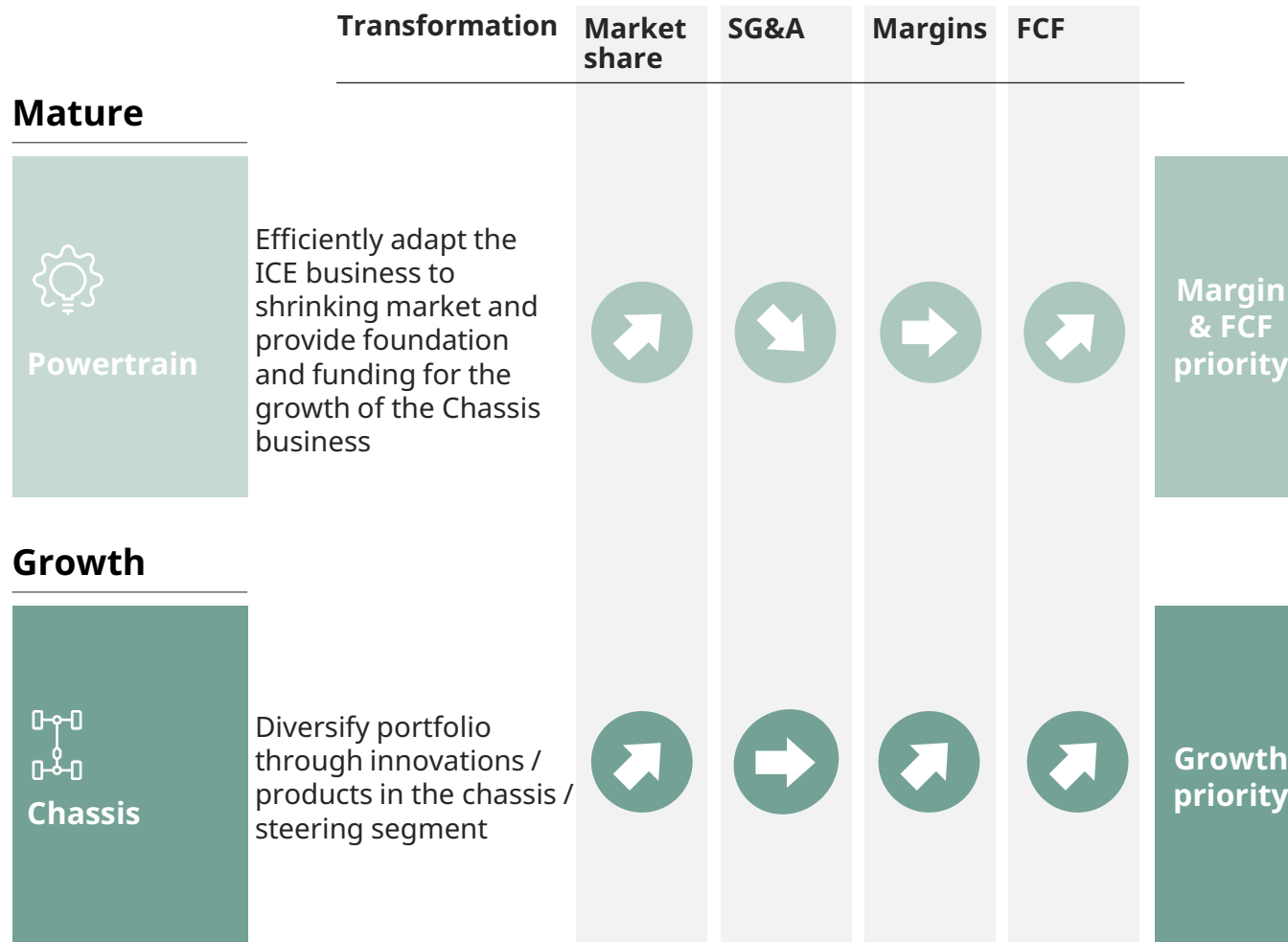
### Key Peers




BORGWARNER




## ② Powertrain & Chassis – Maximize value with a broad Powertrain portfolio and grow Chassis





**Key characteristics**


- Leveraging joint scale to optimize profitability with capacity consolidation
- Broad product portfolio through combination
- Sharing of best practice and joint R&D
- Value-accretive ramp-down of components offering






**Combinational synergies**





- High profitability strengthened by combination
- Synergies from procurement, rationalisation of production footprint and SG&A


**Outlook**

- Market share gains and growth businesses help mitigate conventional powertrain gradual decline<sup>1</sup>
- Chassis with strong growth potential in new products
- Manage for stable margin & high cash generation





**Key Peers**





















### ③ Vehicle Lifetime Solutions – Becoming a leading integrated platform

#### Growth drivers

 <b>Share of Wallet</b>	<ul style="list-style-type: none"> <li>Increased relevance due to enlarged future-ready product portfolio</li> <li>Further transition from parts to solutions provider</li> </ul>
 <b>Solutions &amp; Service Offer</b>	<ul style="list-style-type: none"> <li>Increased electronics and sensor capabilities</li> <li>Additional scale for lifecycle solutions</li> </ul>
 <b>Way to Market</b>	<ul style="list-style-type: none"> <li>Higher relevance and scale for new distributors and digital sales channels</li> <li>Joint expansion in Americas and Asia</li> </ul>












#### Growth enablers

 <b>Digital Competence</b>	<ul style="list-style-type: none"> <li>Best-in-class practice sharing</li> <li>Increased scale allows for accelerated investment</li> </ul>
 <b>Operational Excellence</b>	<ul style="list-style-type: none"> <li>State of the art global operations</li> <li>Efficient and scalable structures</li> </ul>

 <b>Key characteristics</b>	<ul style="list-style-type: none"> <li>Integrated multi-vendor service platform enhanced by Vitesco</li> <li>Future-relevant portfolio irrespective of drive technology</li> <li>Resilient, counter-cyclical growth</li> <li>Low capital intensity</li> </ul>
 <b>Combinational synergies</b>	<ul style="list-style-type: none"> <li>Combined scale drives revenue synergies and enhances competitiveness</li> <li>Enlarged product range and sales volume allows for further logistics optimization</li> </ul>
 <b>Outlook</b>	<ul style="list-style-type: none"> <li>Growth driven by aging car parc</li> <li>Margin expansion potential</li> <li>Strong free cash flow</li> </ul>
 <b>Key Peers</b>	  
<b>Suppliers</b>	  
<b>Distributors</b>	  

## ④ Bearings & Industrial Solutions – Building a global market leader

### Well-diversified portfolio focused on 4 market clusters

56% <sup>1</sup>	Transportation & Mobility						
		Two-Wheeler	Cars & LCVs	Truck & Bus	Offroad	Rail	Aerospace
21% <sup>1</sup>	Machinery & Materials						
		Raw Materials	Power Transmission				
12% <sup>1</sup>	Industrial Automation						
		Industrial Automation					
11% <sup>1</sup>	Renewables						
		Wind	Hydrogen as strategic business field				



#### Key characteristics

- Secular growth markets
- Addressing full spectrum of bearings and linear motion solutions
- Over-proportional growth with service solutions
- Entering emerging hydrogen business



#### Transformational impact

- Sizable benefits from economies of scale
- Strengthening technology and innovation power in bearings across all sectors



#### Outlook

- Revenue growth potential ahead of market
- Further accelerated growth through M&A



#### Key Peers





Strong combined portfolio – Positioned for maximum value with enlarged global footprint in key markets

Sales FY 2022

Sales by divisions  
FY 2022

Sales by regions  
FY 2022

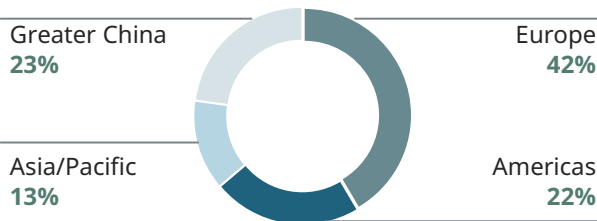
Production plants

R&D sites

Employees

SCHAEFFLER

EUR 16 bn



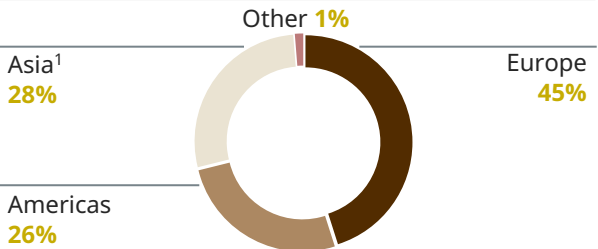
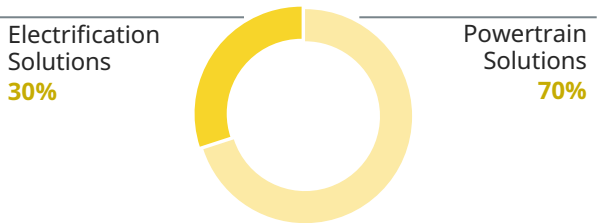
83<sup>3</sup>

20

~84,000

vitesco  
TECHNOLOGIES

EUR 9 bn



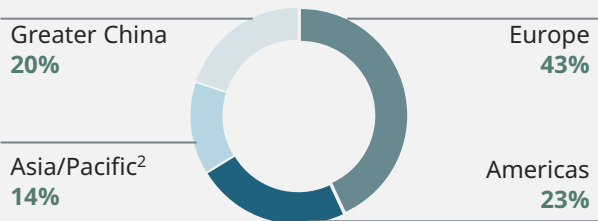
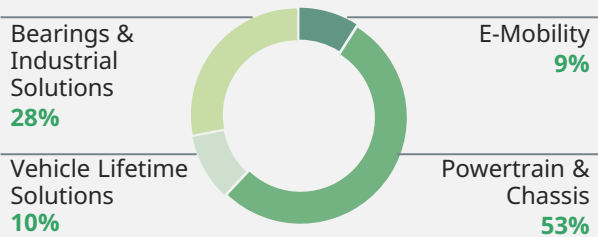
20<sup>4</sup>

24<sup>4</sup>

~38,000

Pro-forma  
SCHAEFFLER New

EUR 25 bn



103<sup>4</sup>

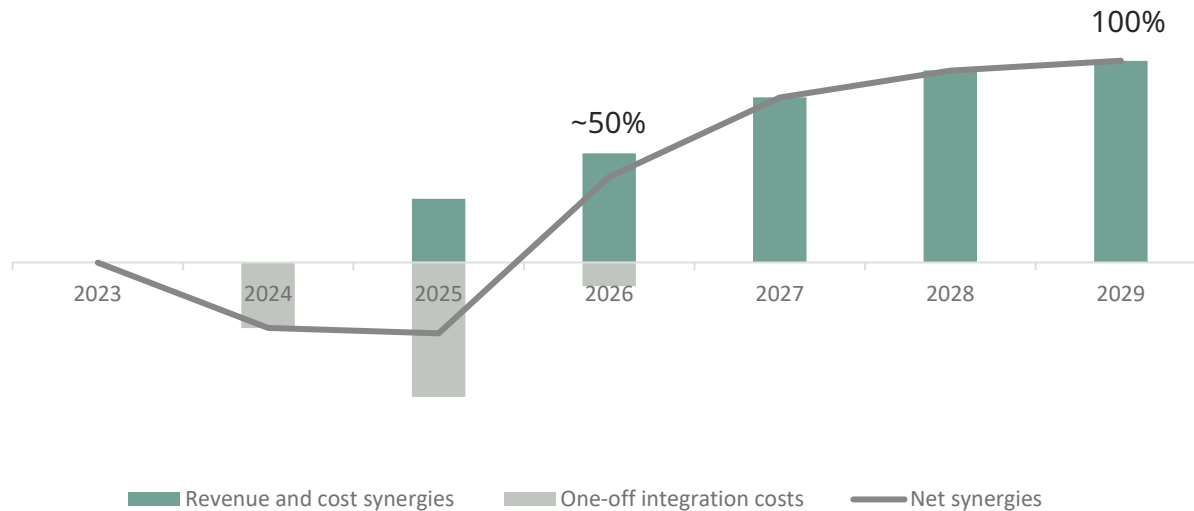
44<sup>4</sup>

~122,000

## Significant synergy potential – EUR 600 mn p.a. revenue and cost synergies identified

### Revenue and cost synergies<sup>1</sup>

FCF impact in EUR mn



### Key cost levers

Economies of scale  
in procurement

R&D and SG&A  
efficiencies

Supply chain  
efficiencies

Best practice  
sharing

### Synergy breakdown

EBIT impact



Revenue  
synergies

EUR 100 mn



Cost synergies

EUR 500 mn

### Integration costs



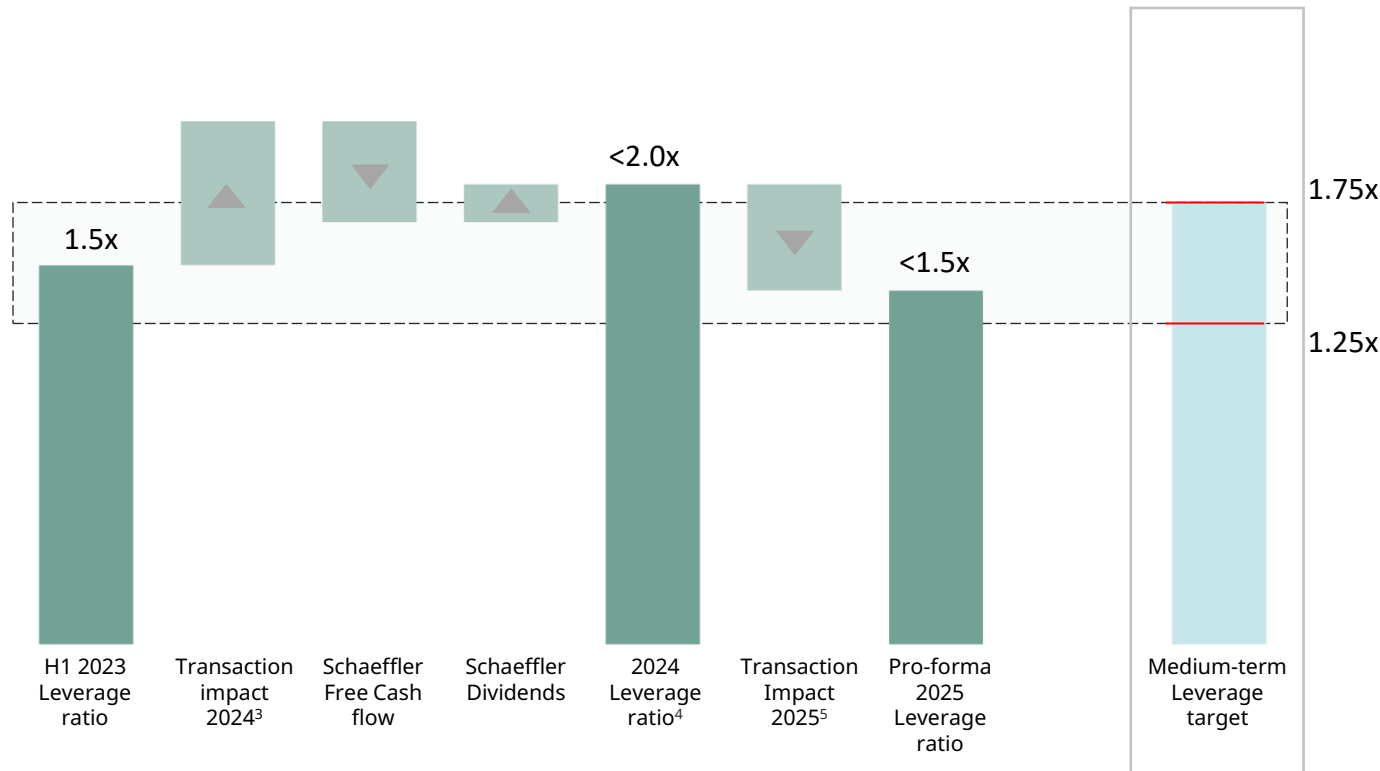
Total one-time  
integration costs

EUR 665 mn

Driving long-term value creation

## Financial impact – Earnings per share accretive in 2026 and leverage positive in 2025

### Development of Leverage ratio over transaction<sup>1,2</sup>



#### Earnings per share

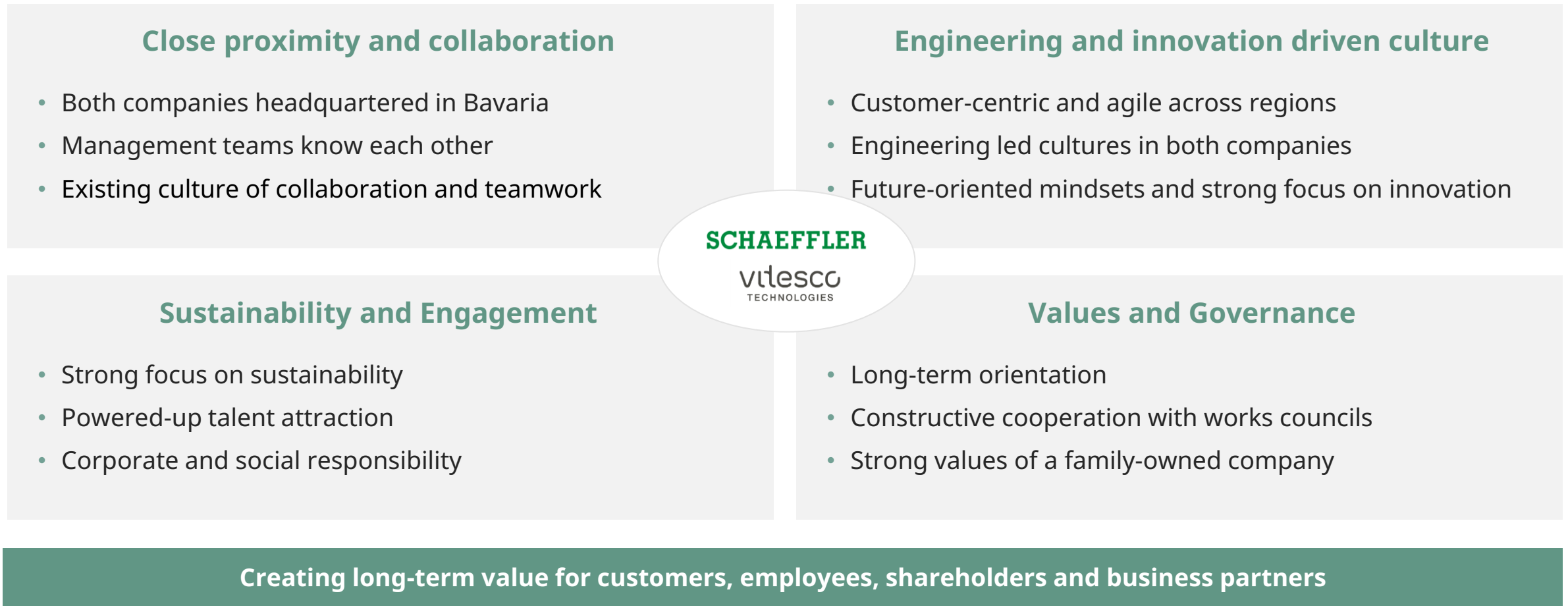
- Only marginally dilutive in 2025 and increasingly accretive from 2026
- Accelerating EPS growth from 2025

#### Leverage ratio

- Acquisition financing increases leverage in 2024 above 1.5x
- Consolidation of Vitesco reduces leverage to a level below 1.5x in 2025

Financial strength and flexibility

## Strong cultural fit – Shared values to support integration



## Capital markets feedback – Schaeffler/Vitesco analyst research headlines

Schaeffler:



**Acquisition expected to improve footprint, earnings, and leverage ratio**

Schaeffler:



**Schaeffler acquires Vitesco – good match and good price**

Vitesco:



**No more upside based on tender offer by Schaeffler; Downgrade to Hold**

Schaeffler:



**Schaeffler looks to roll-up Vitesco and simplify share structure**

Schaeffler:



**Vitesco takeover makes sense, in our view**

Schaeffler:



**The planned acquisition of Vitesco will be value-accretive over the mid-term**

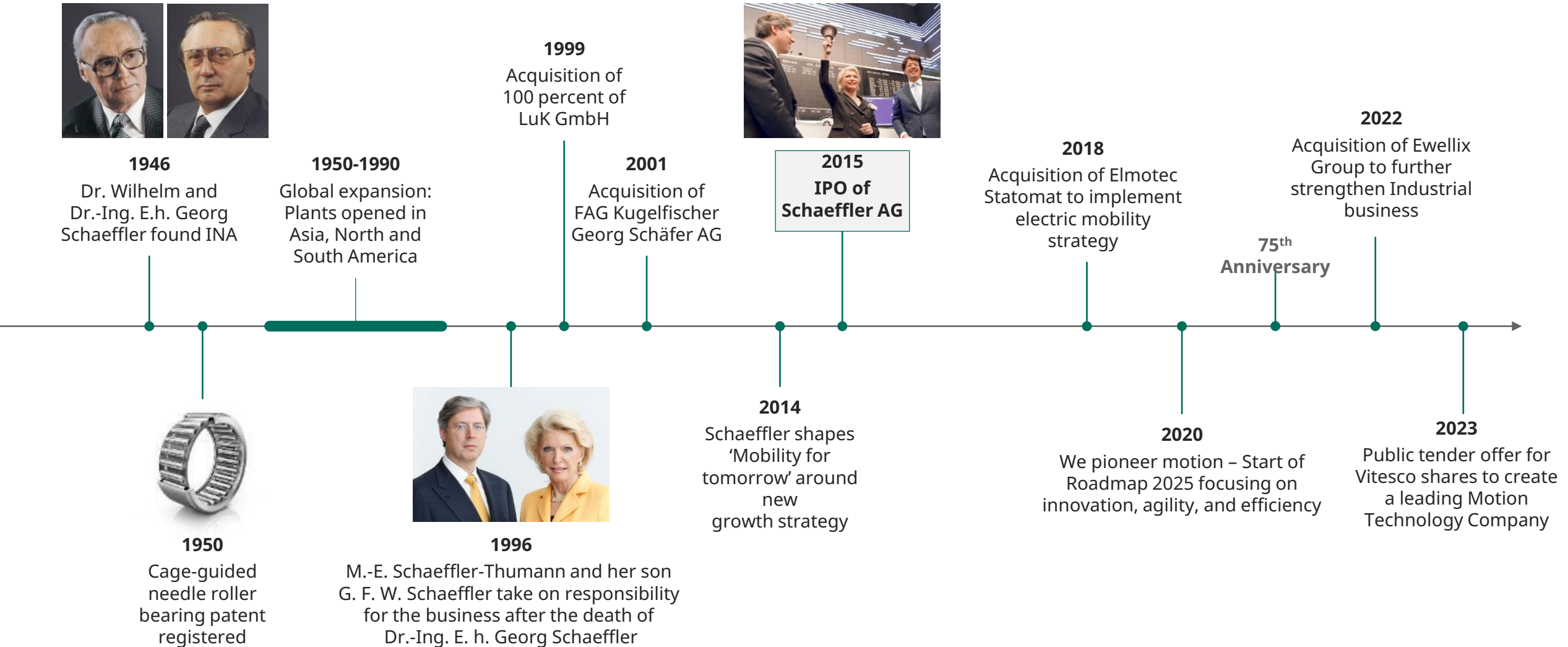
Schaeffler:



**Schaeffler AG to launch takeover offer on Vitesco, sees significant synergies**

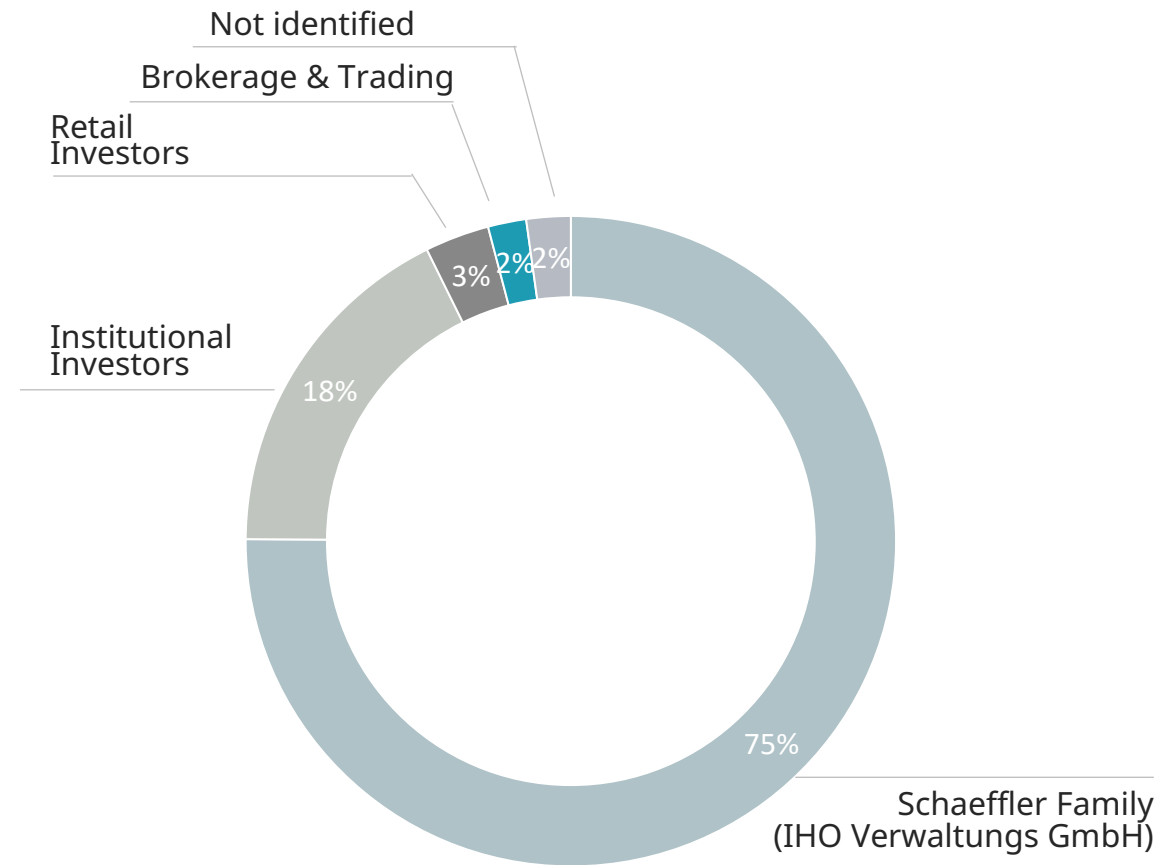


## Our history – More than 75 years of technology and innovation



## Schaeffler AG – Shareholder structure and share conversion

### Shareholder distribution (% of total shares<sup>1</sup>)



<sup>1</sup> As of Aug. 2023

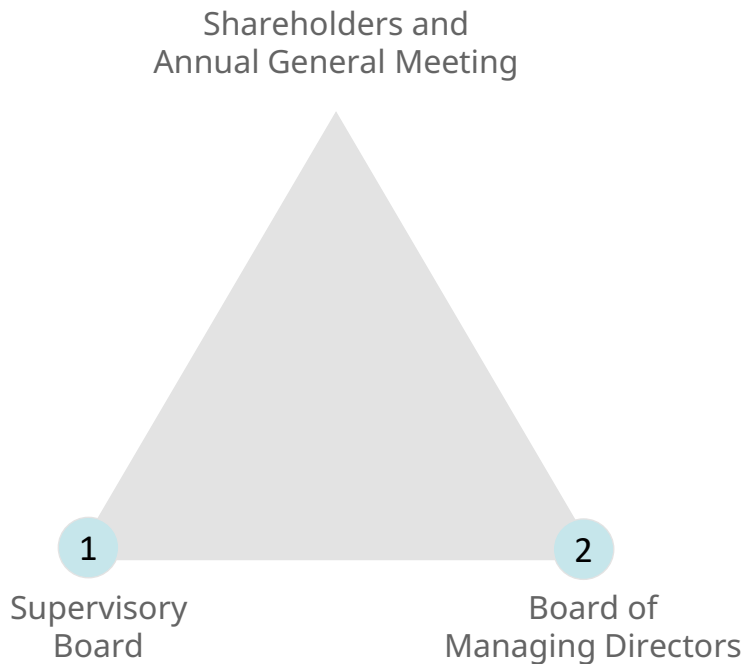
### Key Aspects

- To date, Schaeffler AG's share capital consists of a total of 666m shares
  - 500m shares are unlisted common shares and are held by IHO Verwaltungs GmbH, which is part of IHO Holding
  - 166m shares are common non-voting shares with preferential dividend of EUR 0.01 per share and listed at Frankfurt stock exchange
- The existing non-voting shares shall be converted into common shares at a ratio of 1:1, by cancelling the existing preferential dividend rights
- Future concentration on one class of shares in line with recognized and widespread corporate governance, according to which each share also entitles the holder to exercise one vote ("*one share - one vote*")
- The conversion of preference shares into ordinary shares is clearly in the interests of the company and its shareholders

## Schaeffler AG Governance – Composed of 3 governing bodies

See Backup 1  
for details

### 3 Governing Bodies



### Schaeffler House of Governance



### Key Aspects

- Schaeffler AG has established monitoring systems for early detection of developments that could jeopardize the continued existence of the company
- Regular reporting on the risk management system occurs within annual reports
- Consciously addressing of risks and regularly observing risk-driving factors to heighten the risk awareness and support a continuous improvement process

**Schaeffler House of Governance provides the framework for our Corporate Governance**

## 1 Supervisory Board – Supported by 5 committee structure according to German Corporate Stock Act

See Backup 2  
for CVs

- Supervisory Board consists of 20 members
- 10 members appointed by an AGM resolution
- 10 members elected as employee representatives
- Term of office of shareholder representatives ends at conclusion of AGM 2024
- Term of office of employee representatives ends at conclusion of AGM 2025

**Shareholder representatives:** Georg F.W. Schaeffler (chairman), Sabine Bendiek, Prof. Dr.-Ing. Hans-Jörg Bullinger, Dr. Holger Engelmann, Prof. Dr. Bernd Gottschalk, Ulrike Hasbargen, Katherina Reiche, Robin Stalker, Prof. KR Ing. Siegfried Wolf, Prof. Dr.-Ing. Tong Zhang

**Employee representatives:** Jürgen Wechsler (co-chairman), Andrea Grimm, Thomas Höhn, Susanne Lau, Dr. Alexander Putz, Barbara Resch, Jürgen Schenk, Helga Schönhoff, Ulrich Schöpplein, Markus Zirkel

### Supervisory Board Committees

#### Presidential committee

- Georg F.W. Schaeffler (chairman)
- Sabine Bendiek
- Prof. KR Ing. Siegfried Wolf
- Barbara Resch
- Ulrich Schöpplein
- Jürgen Wechsler

#### Audit committee

- Robin Stalker (chairman)
- Georg F.W. Schaeffler
- Dr. Holger Engelmann
- Andrea Grimm
- Thomas Höhn
- Jürgen Wechsler

#### Nomination committee

- Georg F.W. Schaeffler (chairman)
- Dr. Holger Engelmann
- Prof. Dr. Bernd Gottschalk
- Katherina Reiche

#### Committee as per sec. 27 (3) German Co-Determination Act

- Georg F.W. Schaeffler (chairman)
- Katherina Reiche
- Jürgen Wechsler
- Ulrich Schöpplein

#### Technology committee

- Prof. Dr. Hans-Jörg Bullinger (chairman)
- Georg F.W. Schaeffler
- Jürgen Schenk
- Ulrich Schöpplein
- Jürgen Wechsler
- Prof. KR Ing. Siegfried Wolf
- Prof. Dr.-Ing- Tong Zhang
- Markus Zirkel

## 1 Supervisory Board – Profile of Expertise

- The Supervisory Board of Schaeffler AG developed a profile of expertise in 2017 and expanded the profile in 2021, and 2022.
- As per the profile of expertise, the Supervisory Board should collectively cover the following areas of technical expertise. The profile of expertise assumes that every board member has the personal qualifications, integrity, sufficient time, commitment, and discretion required to successfully carry out the responsibilities of a board member.
  - **Sector knowledge:** Supervisory Board should have knowledge of and experience with the automotive sector and with the sectors in which the Industrial division operates.
  - **Law/compliance:** Supervisory Board should have members with basic knowledge of stock corporation and corporate law and of compliance.
  - **Finance:** Supervisory Board should be knowledgeable about and experienced in finance, financial reporting, financial statement audits, risk management, and systems of internal control.
  - **Leadership:** Supervisory Board should have members experienced in leadership, incl. experience in managing and supervising companies.
  - **Research and development:** Supervisory Board should be knowledgeable about and experienced in research and development, preferably in future-oriented fields such as electric mobility and digitalization.
  - **Sustainability:** Supervisory Board should have expertise regarding sustainability issues significant to the company.
- **Expertise required in the Audit committee:**
  - At least one member to possess expert knowledge about financial reporting (particularly knowledgeable about and experienced in the application of accounting principles and internal control and risk management).
  - At least one other member to possess expert knowledge about financial statement audits (particularly knowledgeable about and experienced in financial statement audits, including sustainability reports and reviews thereof).
  - Chairman of the audit committee to have expert knowledge about at least one of these two fields.

### Key Aspects:

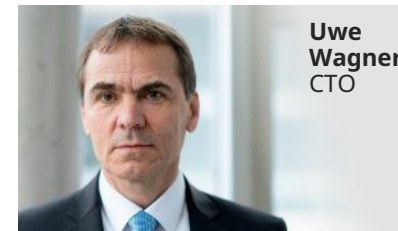
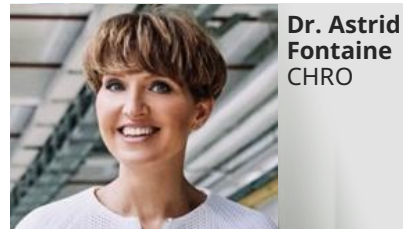
- Nomination committee nominates candidates for board considering profile of expertise
- Profile of expertise is compliant with recommendation C.1 of German Corporate Governance Code
- Implementation status of profile of expertise disclosed in the Qualification Matrix (see next slide) and published in Annual Report
- It is planned to adjust the composition of the Supervisory Board taking into account the needs of Schaeffler New

**Profile of expertise defined to successfully carry out responsibilities as Supervisory Board**

## 2 Schaeffler AG – Executive Board Schaeffler Group (as of today)

See Backup 4  
for CVs

### Board of Managing Directors of Schaeffler AG

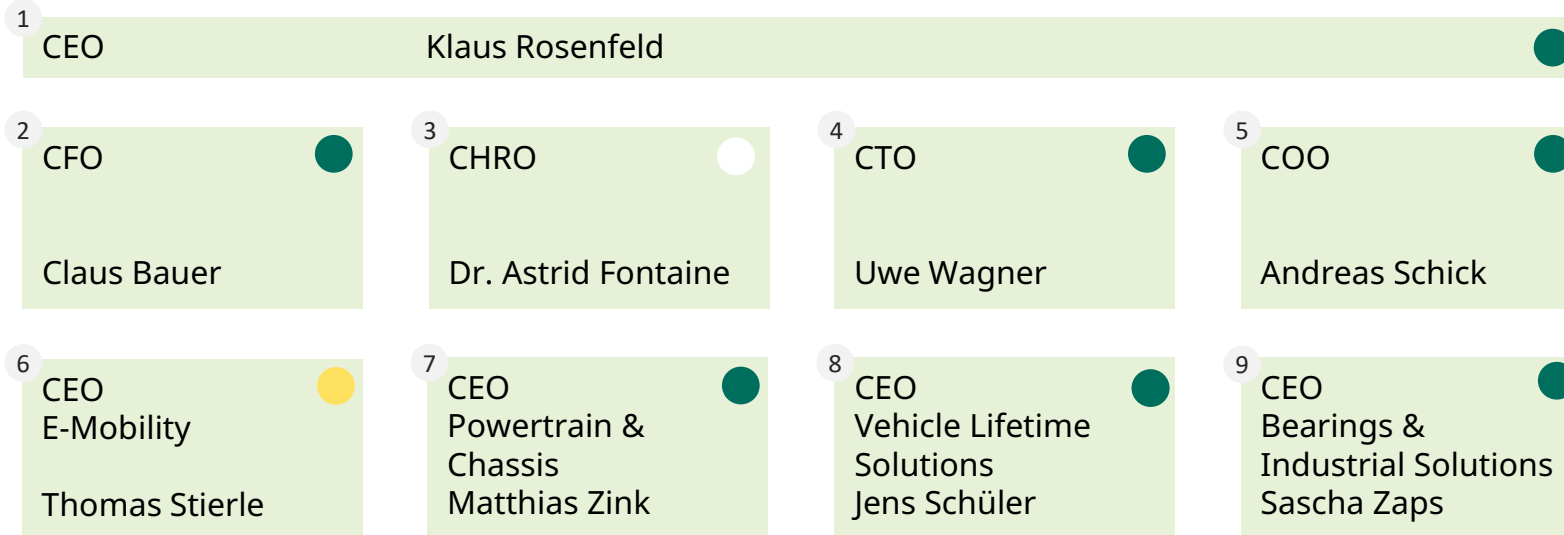


### Regional CEOs

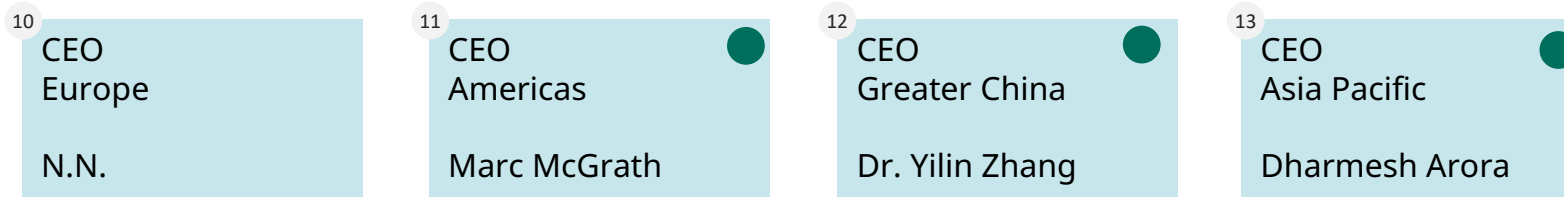


## 2 Executive Board – Targeted new structure in Schaeffler AG (combined company)

### Board of Managing Directors of Schaeffler AG



### Regional CEOs



9 Board of Managing Directors

4 Regional CEOs

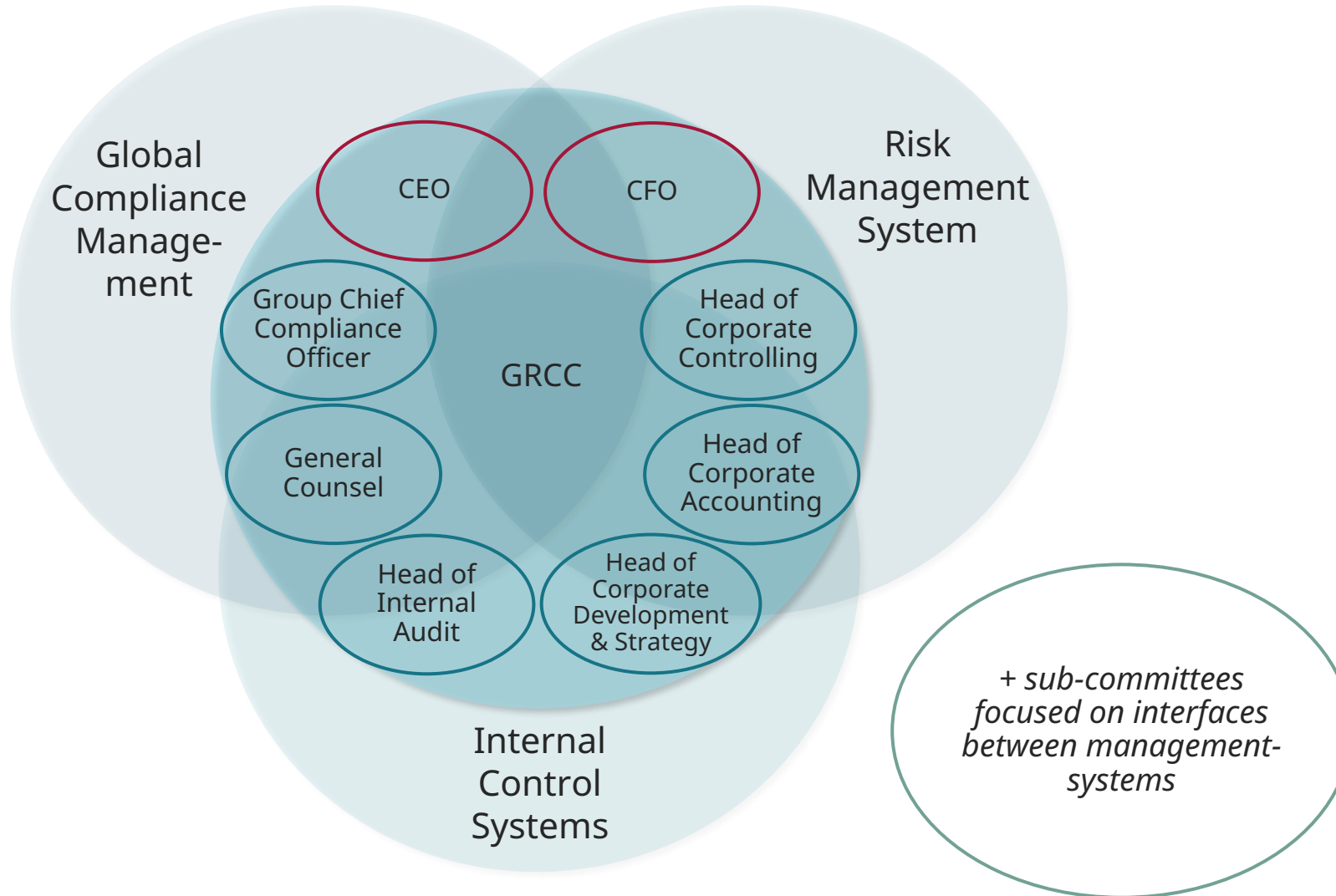
### Key Aspects

- Executive Board of Schaeffler AG New with 13 members, 4 divisional, 5 functional and 4 regional to come into place with closing of the merger (envisaged for Q4 2024)
- Of the 13 members of the Executive Board, 9 will be part of the Board of Managing Directors ("Vorstand") of Schaeffler AG and 4 Regional CEOs
- Thomas Stierle from Vitesco will lead the E-Mobility Division
- Agreement on the composition of the Executive Board as a key prerequisite to start the integration preparation

**Composition of the Executive Board of the future combined entity agreed**



### 3 Group Compliance & Risk Committee – Holistic view



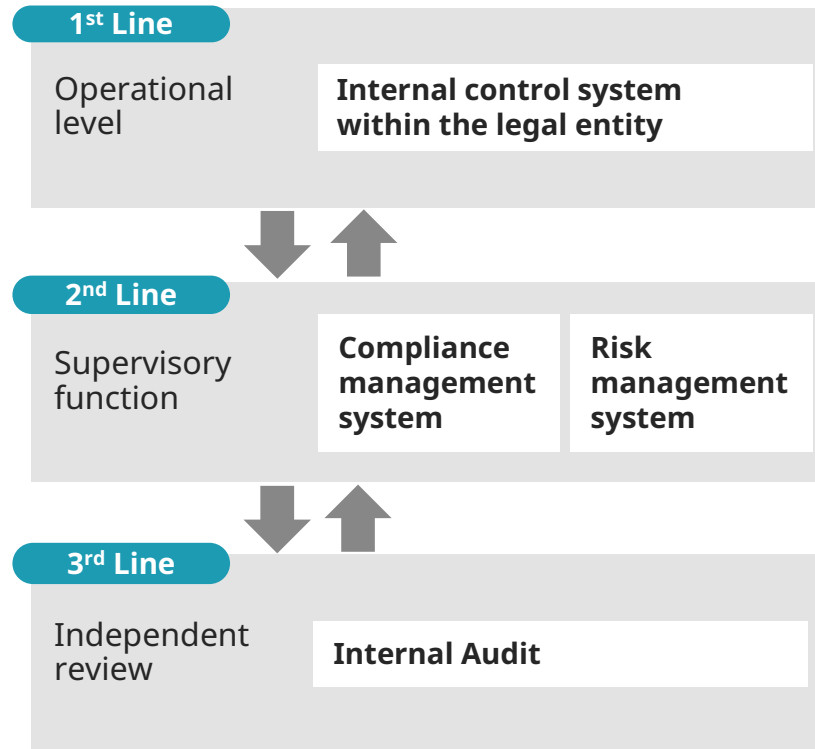
#### Key Aspects

- Central monitoring of the completeness of Schaeffler's coverage of relevant governance, risk and compliance management requirements
- Steering appropriate, effective and consistent implementation of relevant governance, risk and compliance management requirements
- Providing assurance and disclosure
- Fostering a holistic view on top risks

## 4 Risk Management System – Within the Three Lines Model of the Schaeffler Group

See Backup 5  
for details

### Three Lines Model



- Develop and perform controls to prevent risks
- Identify and evaluate risks
- Communicate change in business environment involving new risks
- Strategic risk management
- Define and implement guidelines and instructions
- Monitoring of compliance
- Independent and objective reviews
- Evaluation of control effectiveness
- Identifies improvements for supervisory function

### Key Aspects

- The three lines define the relation between operational level, supervisory functions and independent review
- The first line is responsible for any risks materializing
- If the first line can demonstrate that it has performed all relevant controls in full and in accordance with the standards and control requirements set by the second line, responsibility rests with the second line of defense
- The second line defines global standards and controls, regularly monitors compliance with them, and reports on their effectiveness

**The aim is to identify and evaluate risks and implement appropriate measures**

## Board of Managing Directors of Schaeffler AG – Guiding principles of the remuneration system

The Supervisory Board of Schaeffler AG defines the remuneration system for the Board of Managing Directors based on the following principles and in compliance with the German Stock Corporation Act (ARUG II) and the German Corporate Governance Codex (DCGK).

### Alignment of pay and performance

The variable performance-based remuneration components shall exceed the fixed remuneration components with reference to the total target remuneration amount in order to create a strong link between pay and performance.

### Focus on value creation and Free Cash Flow

The remuneration shall support the achievement of the main strategic objectives of Schaeffler AG: ensuring sustainable value creation and Free Cash Flow. The related strategic and operative performance indicators shall be reflected in the variable remuneration of the members of the Board of Managing Directors as performance criteria.

### Focus of variable remuneration on long-term and sustainable company value creation

The variable remuneration shall be predominantly long-term oriented and linked to the company's value appreciation. Furthermore, sustainability targets shall be addressed in the variable remuneration to emphasize the increasing importance of sustainability as a part of the business strategy.

### Fostering the capital market orientation and alignment with shareholder interests

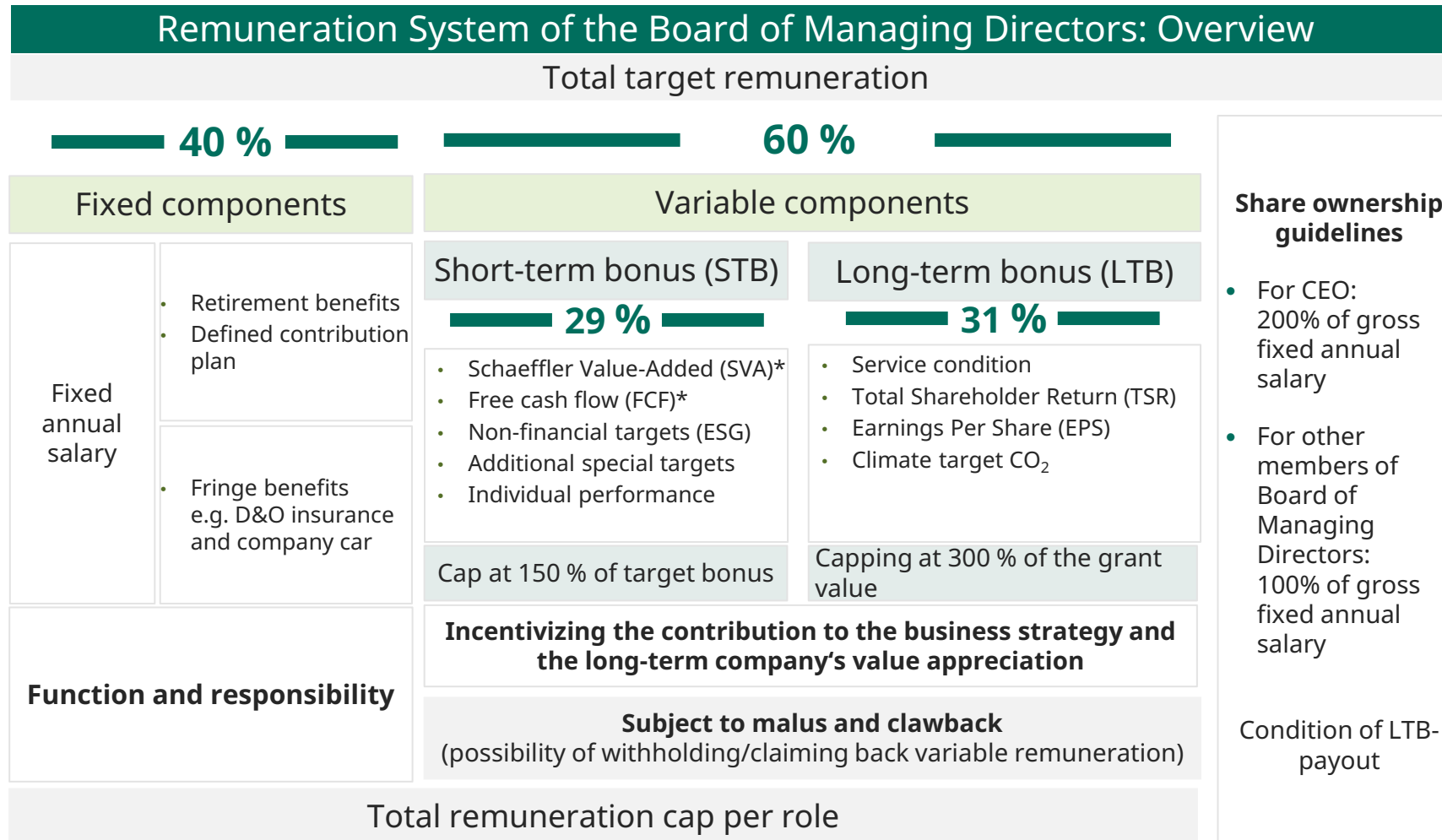
Members of the Board of Managing Directors are obligated to purchase shares of Schaeffler AG in a pre-defined amount and to hold them until the termination of their service agreement with Schaeffler AG (Share Ownership Guidelines).

### Key Aspects

- Remuneration system implemented in FY 2020 in compliance with ARUG II and DCGK requirements
- Sustainability targets introduced in the variable compensation since FY 2020
- Appropriateness of remuneration system and compensation amount regularly reviewed by independent compensation expert (Ernst & Young)
- Share ownership guidelines set incentives towards long-term company value creation

**Remuneration system with focus on sustainability for Schaeffler Group**

## The remuneration system – Overview



### Key Aspects

- Short-term bonus (STB): financial performance targets weighted 80%; non-financial targets weighted 20%
- Up to 2 annual non-financial targets relating to environmental, social and governance (ESG) performance criteria
- Long-term bonus includes climate neutrality target (weighted 25%) linked with Schaeffler's strategic sustainability program „Path to Net Zero“
- Future remuneration system for Schaeffler New developed based on current remuneration structure

**Future remuneration system for Schaeffler New to be presented at AGM 2024 for approval**

The weightings of remuneration components as a % of total target remuneration (provided above) may slightly vary for various Managing Directors depending on the individual amounts of the fringe benefits.

Target total remuneration and maximum remuneration of Board of Managing Directors (FY 2023) included in Back-up.

\*For the divisional CEOs, division specific performance indicators Schaeffler Value Added of the Division (SVA Division) and Divisional Cash Flow (FCF Division) are considered in addition to the above performance criteria

## Financial performance targets – Reflected in STB

**Financial performance targets for CEO and functional Chief Officers:** include Schaeffler Value Added of the Schaeffler Group (SVA Group) and Free Cash Flow of the Schaeffler Group (FCF Group), both equally weighted.

**Financial performance targets for divisional CEO:** reflect divisional performance, financial performance targets for divisional CEOs are measured on Group and divisional levels; financial performance targets SVA Group, Schaeffler Value Added of the division (SVA Division), FCF Group and Divisional Cash-Flow of the division (DCF Division) are all equally weighted.

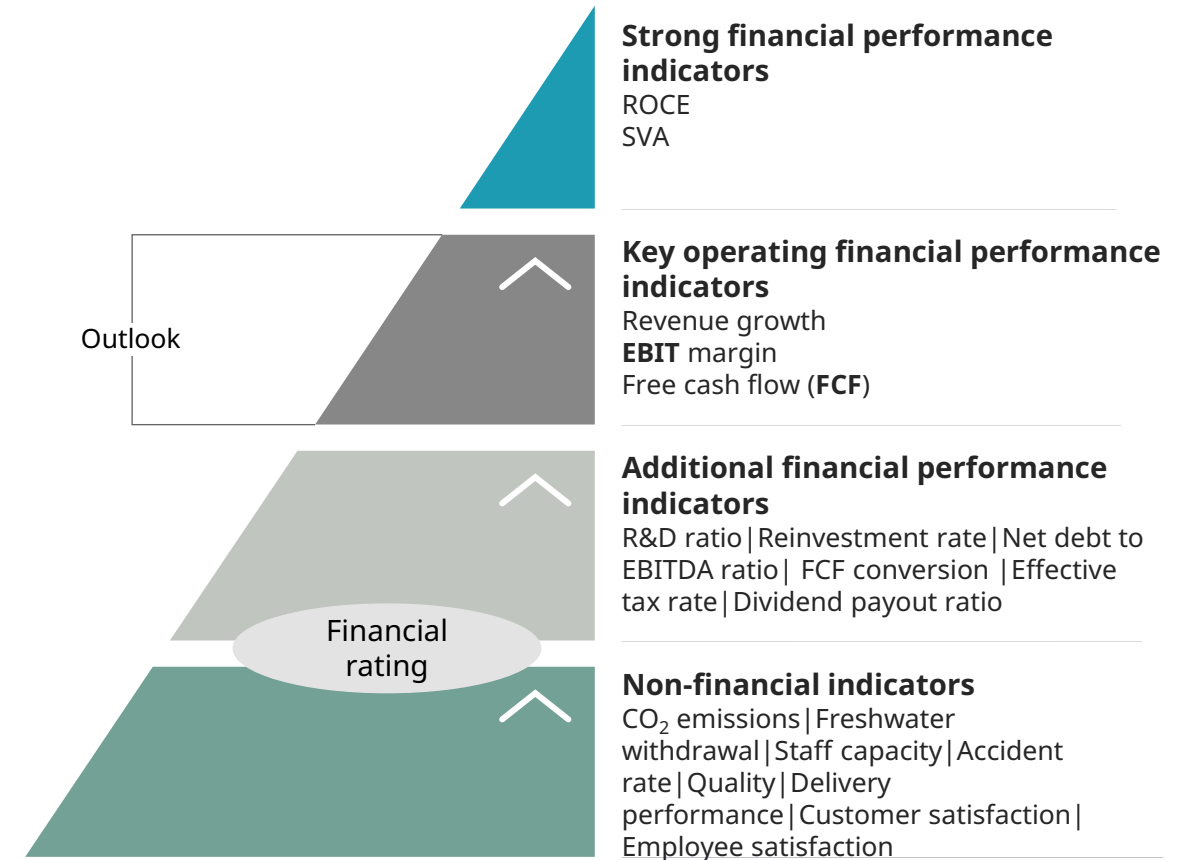
### Schaeffler Value Added:

- Central performance indicator for contribution to sustainable company value creation to grow profitably and create long-term value, earnings must be sufficient to cover the cost of capital.
- SVA Group is based on the Schaeffler Group's **EBIT** gross of special effects less its cost of capital.
- SVA Division is determined using the same methodology as Schaeffler Value Added but using parameters segmented in accordance with IFRS 8.

### Free Cash Flow:

- Most important operative performance indicator in terms of the current business strategy, measures company's ability to convert operating performance to cash inflows.
- **FCF** Group is based on Schaeffler Group's (1) Cash Flow from operating activities, (2) Cash Flow from investment activities, (3) repayments of lease liabilities, (4) excluding payments made and received for M&A activities in the relevant financial year.
- DCF Division is calculated from Schaeffler's internal divisional standard management reporting for the divisions.

## Management System



## Non-financial targets – Sustainability targets reflected in STB and LTB

See Backup 7  
for details

### ESG action fields

#### ENVIRONMENT

- 1) Climate neutrality
- 2) Circularity
- 3) Resource efficiency and environmental protection
- 4) Green products

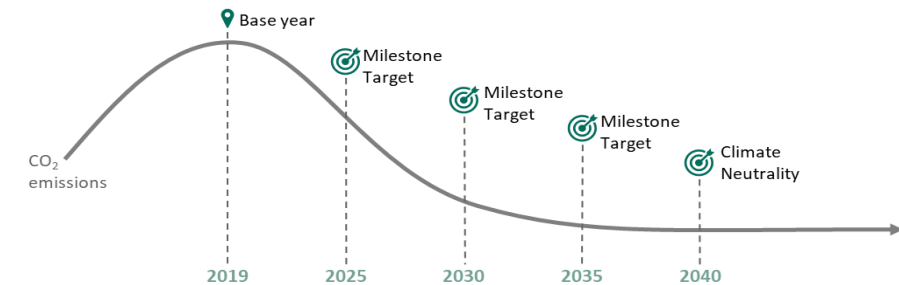
#### SOCIAL

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

#### GOVERNANCE

- 9) Corporate governance
- 10) Business integrity

### Road to Climate Neutrality



### Short-Term Bonus

- Non-financial targets are included in STB; these are supposed to reflect the key action fields of Schaeffler's ESG strategy.
- At least 2 measurable ESG targets need to be selected from the 10 action fields.

### Long-Term Bonus

- A separate element with a clear focus on the "Road to Climate Neutrality" has been added to LTB.
- Milestone targets 2025, 2030 and 2035 have been decomposed on annual targets, which are used as target for LTB tranches 2024-2027.

Next steps – Towards becoming a leading Motion Technology Company





## Conclusion

- 1 Transaction with a compelling strategic rationale** – We will create a leading Motion Technology Company with 4 focused, ‘pure play’ divisions
- 2 Business combination agreement signed** – Vitesco constructively supports the business combination
- 3 Tender offer successful** – Around 30% of Vitesco shares tendered
- 4 Extraordinary General Meeting at beginning of February in preparation** – Conversion of non-voting preference shares into common shares as an advantage for shareholders

**Stronger together –  
Compelling transaction to  
create a leading Motion  
Technology Company**

**Backup 1:** Corporate Documents

**Backup 2:** Curriculum Vitae – Supervisory Board

**Backup 3:** Qualification Matrix

**Backup 4:** Curriculum Vitae – Executive Board

**Backup 5:** Risk Management

**Backup 6:** Remuneration Overview

**Backup 7:** Sustainability

**Backup 8:** Transaction

BACKUP

## Corporate Documents

**Please click to download:**

[Articles of Association of Schaeffler AG](#)

[Terms of References Board of Managing Directors of Schaeffler AG](#)

[Terms of References for the Supervisory Board of Schaeffler AG](#)

## Curriculum Vitae – Shareholder representatives

Members CV - click to download	Title
<a href="#">Georg F. W. Schaeffler</a>	Chairman of the Supervisory Board of Schaeffler AG Partner of INA-Holding Schaeffler GmbH & Co. KG Managing Director of IHO Verwaltungs GmbH
<a href="#">Sabine Bendiek</a>	Chief People & Operating Officer, Labor Relations Director and Member of the Executive Board SAP SE
<a href="#">Prof. Dr.-Ing. Hans-Jörg Bullinger</a>	Professor of Technology Management
<a href="#">Dr. Holger Engelmann</a>	Chairman of the Management Board of Webasto SE
<a href="#">Prof. Dr. Bernd Gottschalk</a>	Owner and Managing Partner of AutoValue GmbH
<a href="#">Ulrike Hasbargen</a>	Tax consultant/auditor, member of the supervisory board of Ernst & Young GmbH
<a href="#">Katherina Reiche</a>	Chairwoman of the Board of Managing Directors at Westenergie AG
<a href="#">Robin Stalker</a>	Supervisory Board Member of Commerzbank AG, Schmitz Cargobull AG and Hugo Boss AG
<a href="#">Prof. KR Ing. Siegfried Wolf</a>	Entrepreneur / Investor Supervisory Board Member of, i.a., Vitesco Technologies Group AG
<a href="#">Prof. Dr.-Ing. Tong Zhang</a>	Director of the Academic Commission Department of Automotive Engineering, Tongji University, Shanghai, People's Republic of China

## Curriculum Vitae – Employee representatives

Members CV - click to download	Title
<a href="#">Jürgen Wechsler</a>	Representative of IG Metall at Schaeffler AG Deputy Chairperson of the Supervisory Board
<a href="#">Andrea Grimm</a>	Deputy Chairperson of the Works Council Schaeffler Technologies AG & Co. KG
<a href="#">Thomas Höhn</a>	1st authorized representative for IG Metall, Schweinfurt Company representative of Schaeffler AG
<a href="#">Susanne Lau</a>	Chairwoman of the Group Works Council Schaeffler AG Chairwoman of the General Works Council Schaeffler AAM GmbH & Co. KG, Automotive Aftermarket Division Chairwoman of the Works Council Hamburg
<a href="#">Dr. Alexander Putz</a>	Plant Manager Herzogenaurach Chairman of the Executive Staff Representation Committee
<a href="#">Barbara Resch</a>	Secretary of IG Metall regional directorate of Baden-Württemberg
<a href="#">Jürgen Schenk</a>	Chairman of the General Works Council Schweinfurt Deputy Chairman of the General Works Council of Schaeffler Technologies AG & Co. KG
<a href="#">Helga Schönhoff</a>	Member of the Works Council of Schaeffler Automotive Bühl GmbH & Co. KG
<a href="#">Ulrich Schöpplein</a>	Deputy Chairman of the Works Council Schaeffler Technologies AG & Co. KG, plant Schweinfurt Chairman of the General Works Council Schaeffler Technologies AG & Co. KG Deputy Chairman of the Group Works Council Schaeffler AG Chairman of the European Works Council Schaeffler
<a href="#">Markus Zirkel</a>	Chairman of the Works Council at the Hirschaid location

# 1 Supervisory Board – Qualification 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. TU Graz e.h. KR Ing. Siegfried Wolf	Prof. Dr.-Ing. Tong Zhang
Member since		01.12.2014	24.04.2019	01.12.2014	01.12.2014	01.12.2014	23.04.2021	20.04.2023	01.12.2014	01.12.2014	01.12.2014
Personal suitability	Independence		•	•	•	•	•	•	•	•	•
	no overboarding	•	•	•	•	•	•	•	•	•	•
Diversity	Gender	m	w	m	m	m	w	w	m	m	m
	Year of birth	1964	1967	1944	1965	1943	1961	1973	1958	1957	1960
Qualification	Nationality	german	german	german	german	german	german	german	new zealand	austria	german
	Knowledge/experience regarding the automotive sector	•		•	•	•				•	•
	Knowledge / experience regarding the sector in which the Schaeffler Industrial division operates	•		•		•		•			
	Basic knowledge of stock corporation and corporate law	•	•	•	•	•	•	•	•	•	•
	Basic knowledge of compliance	•	•	•	•	•	•	•	•	•	•
	Knowledge / experience regarding financial reporting, financial statement audits, risk management, and internal control procedures	•			•		•		•		
	Experience regarding managing and/or supervising companies	•	•	•	•	•	•	•	•	•	•
	Knowledge/ experience regarding research and development (preferably electric mobility and digitalization)		•	•		•					•
	Financial expertise	•			•	•			•	•	
	Expertise regarding the sustainability issues significant to the company		•	•				•	•		

# 1 Supervisory Board – Qualification matrix

## Employee representatives

		Jürgen Wechsler	Andrea Grimm	Thomas Höhn	Susanne Lau	Dr. Alexander Putz	Barbara Resch	Jürgen Schenk	Helga Schönhoff	Ulrich Schöpplein	Markus Zirkel
Member since		02.12.2014	08.04.2017	08.05.2020	08.08.2018	01.10.2022	19.11.2015	08.05.2020	08.05.2020	01.08.2023	08.05.2020
Diversity	Gender	m	w	m	w	m	w	m	w	m	m
	Year of birth	1955	1981	1979	1975	1976	1975	1980	1963	1974	1969
	Nationality	german	german	german	german	german	german	german	german	german	german
Qualification	Knowledge/ experience regarding the automotive sector	•	•	•	•	•	•		•	•	•
	Knowledge/ experience regarding the sectors in which the Schaeffler Industrial division operates	•		•		•	•	•		•	
	Basic knowledge of stock corporation and corporate law	•	•	•	•	•	•	•	•	•	•
	Basic knowledge of compliance	•	•	•	•	•	•	•	•	•	•
	Knowledge/ experience regarding financial reporting, financial statement audits, risk management, and internal control procedures	•	•				•				•
	Experience regarding managing and/or supervising companies	•	•	•	•	•	•	•	•	•	•
	Knowledge/ experience regarding research and development (preferably electric mobility) and digitalization										
	Financial expertise										
	Expertise regarding the sustainability issues significant to the company					•					



## Curriculum Vitae – Executive Board

### Executive Board Members CV - click to download



**Klaus Rosenfeld**  
CEO



**Claus Bauer**  
Chief Financial Officer



**Andreas Schick**  
Chief Operating Officer



**Dr. Astrid Fontaine**  
Chief Human Resources Officer



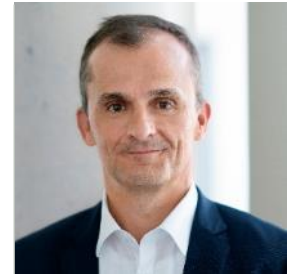
**Jens Schüler**  
CEO Automotive Aftermarket



**Dr. Stefan Spindler**  
CEO Industrial



**Uwe Wagner**  
Chief Technology Officer



**Matthias Zink**  
CEO Automotive Technologies

### Regional CEO Members CV - click to download



**Sascha Zaps**  
Regional CEO Europe



**Marc McGrath**  
Regional CEO Americas

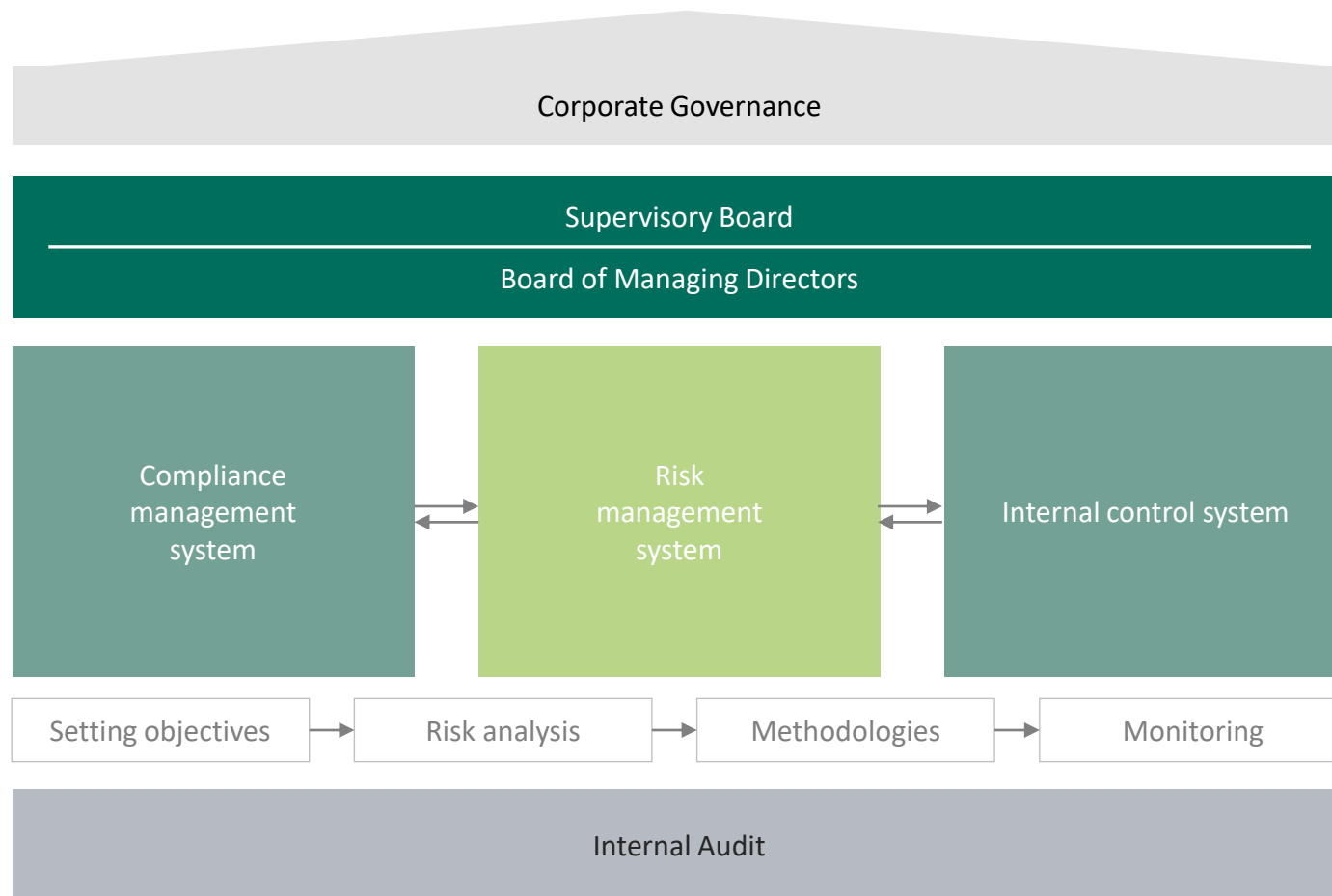


**Dr. Yilin Zhang**  
Regional CEO Greater China



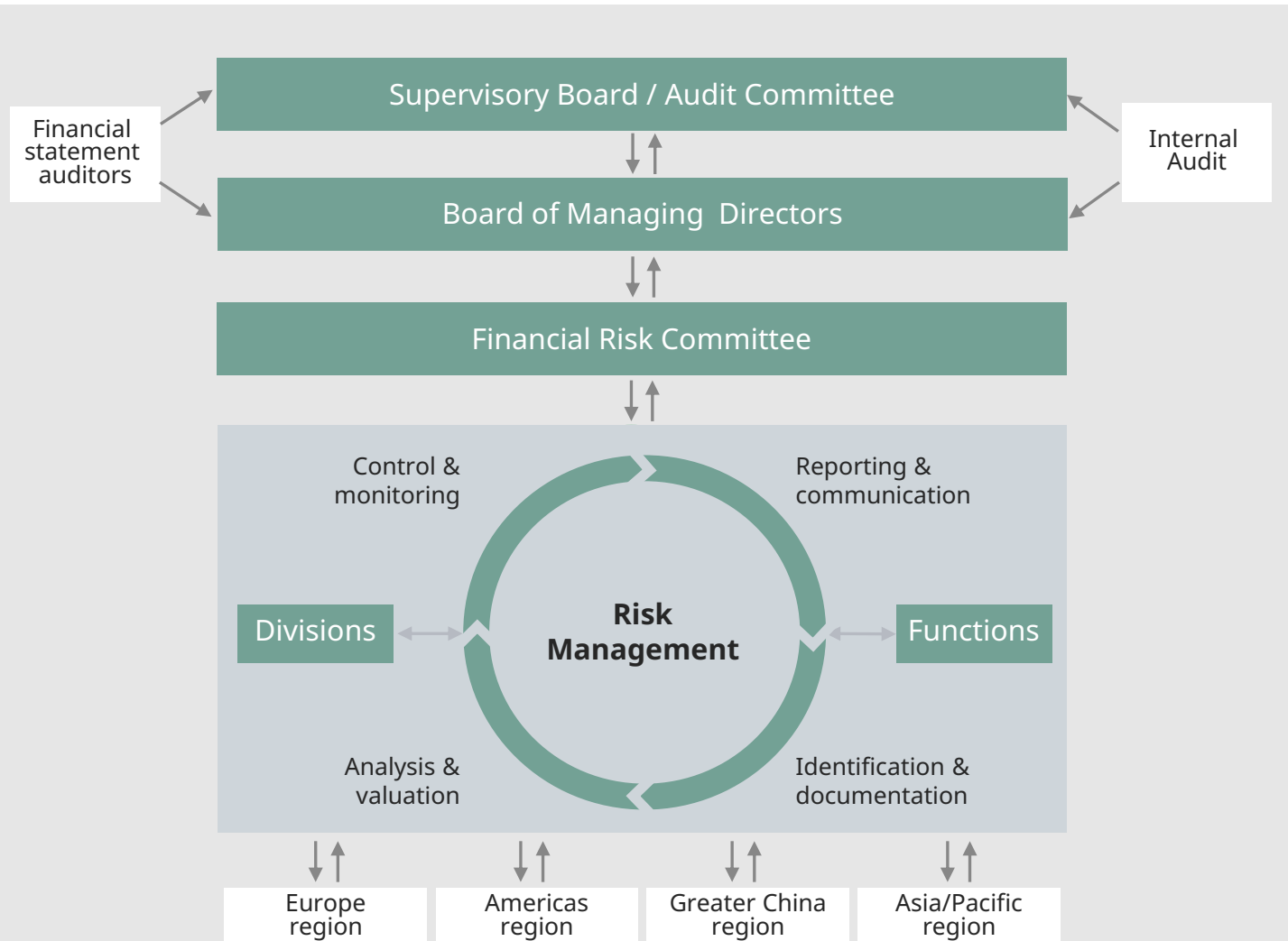
**Dharmesh Arora**  
Regional CEO Asia/Pacific

## Risk Management – Key building block of capital market governance



- Capital market companies are legally bound to introduce a monitoring system for the early detection of developments that could jeopardize the continued existence of the company (e.g. § 91 AktG, German Corporate Governance codex, Law on Monitoring and Transparency in Businesses (KonTraG)) and to report about the risk management system within their annual reports (§ 289 / 316 HGB, German Commercial Code).
- The aim of the Risk Management is to identify and valuate especially risks which could jeopardize continued existence or development at an early stage and to control the risks by implementing appropriate measures.
- Consciously addressing of risks and regularly observing risk-driving factors to heighten the risk awareness and support a continuous improvement process.

## Risk Management – Combined top-down and bottom-up process to ensure a complete overview



- Corporate Reporting Risk Management as part of Corporate Reporting as process owner
- Local Managing Director / Financial Director responsible for half-yearly risk assessment and valuation
- Regional CFO prepares a regional risk report
- Risk evaluation to be discussed with divisions and central functions (i.e. Purchasing, Treasury)
- Financial Risk Committee validates the risk position quarterly, headed up by the Chief Financial Officer
- Local risk reports are summarized by Corporate Reporting Risk Management in order to create a Schaeffler Group risk report
- Half-yearly reporting to and discussion with the Board of Managing Directors and yearly presentation and discussion to the Audit Committee

## Remuneration overview 2023 – Board of Managing Directors

The Supervisory Board establishes the target total remuneration for each member of the Board of Managing Directors on the basis of the remuneration system.

	Fixed salary	Target STB (100% target achievement)	Target LTB (100% target achievement)	Retirement Benefits	Fringe benefits <sup>1</sup>	Target total remuneration In FY 2023	Maximum remuneration
<b>K. Rosenfeld</b> (CEO)	1.200.000 EUR	1.200.000 EUR	1.300.000 EUR	390.000 EUR	42.000 EUR	4.132.000 EUR	7.650.000 EUR
<b>M. Zink</b> (Automotive Technologies)	600.000 EUR	600.000 EUR	650.000 EUR	195.000 EUR	42.000 EUR	2.087.000 EUR	3.875.000 EUR
<b>J. Schüler</b> (Automotive Aftermarket)	600.000 EUR	600.000 EUR	650.000 EUR	195.000 EUR	42.000 EUR	2.087.000 EUR	3.875.000 EUR
<b>Dr. S. Spindler</b> (Industrial)	600.000 EUR	750.000 EUR	800.000 EUR	195.000 EUR	42.000 EUR	2.387.000 EUR	4.580.000 EUR
<b>C. Bauer</b> (Finance)	600.000 EUR	600.000 EUR	650.000 EUR	195.000 EUR	42.000 EUR	2.087.000 EUR	3.875.000 EUR
<b>A. Schick</b> (Production)	600.000 EUR	600.000 EUR	650.000 EUR	195.000 EUR	42.000 EUR	2.087.000 EUR	3.875.000 EUR
<b>C. Schittenhelm</b> (Human Resources)	600.000 EUR	600.000 EUR	650.000 EUR	195.000 EUR	42.000 EUR	2.087.000 EUR	3.875.000 EUR
<b>U. Wagner</b> (Research & Development)	600.000 EUR	600.000 EUR	650.000 EUR	195.000 EUR	42.000 EUR	2.087.000 EUR	3.875.000 EUR

Note: Fringe benefits include D&O insurance, company car, allowance for health and long-term care insurance

## Sustainability – Our goal is to be climate-neutral from 2040 onwards



**Ten Action Fields:** In order to achieve the goal of climate neutrality by 2040, we have refined our sustainability strategy in a holistic approach and designed it along the three ESG\* dimensions.

### ENVIRONMENT

- 1 Climate neutrality
- 2 Circularity
- 3 Resource efficiency and environmental protection
- 4 Green products

### SOCIAL

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

### GOVERNANCE

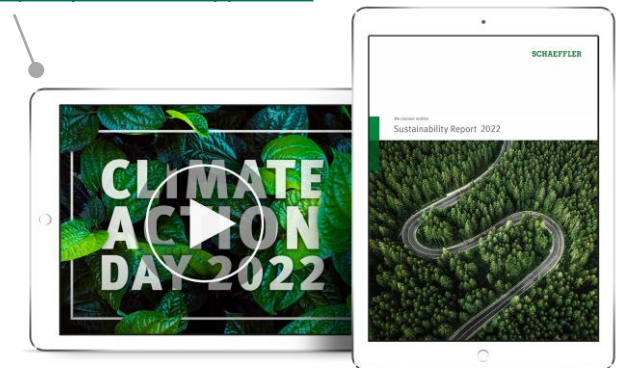
- 9 Corporate governance
- 10 Business integrity

### Key Aspects

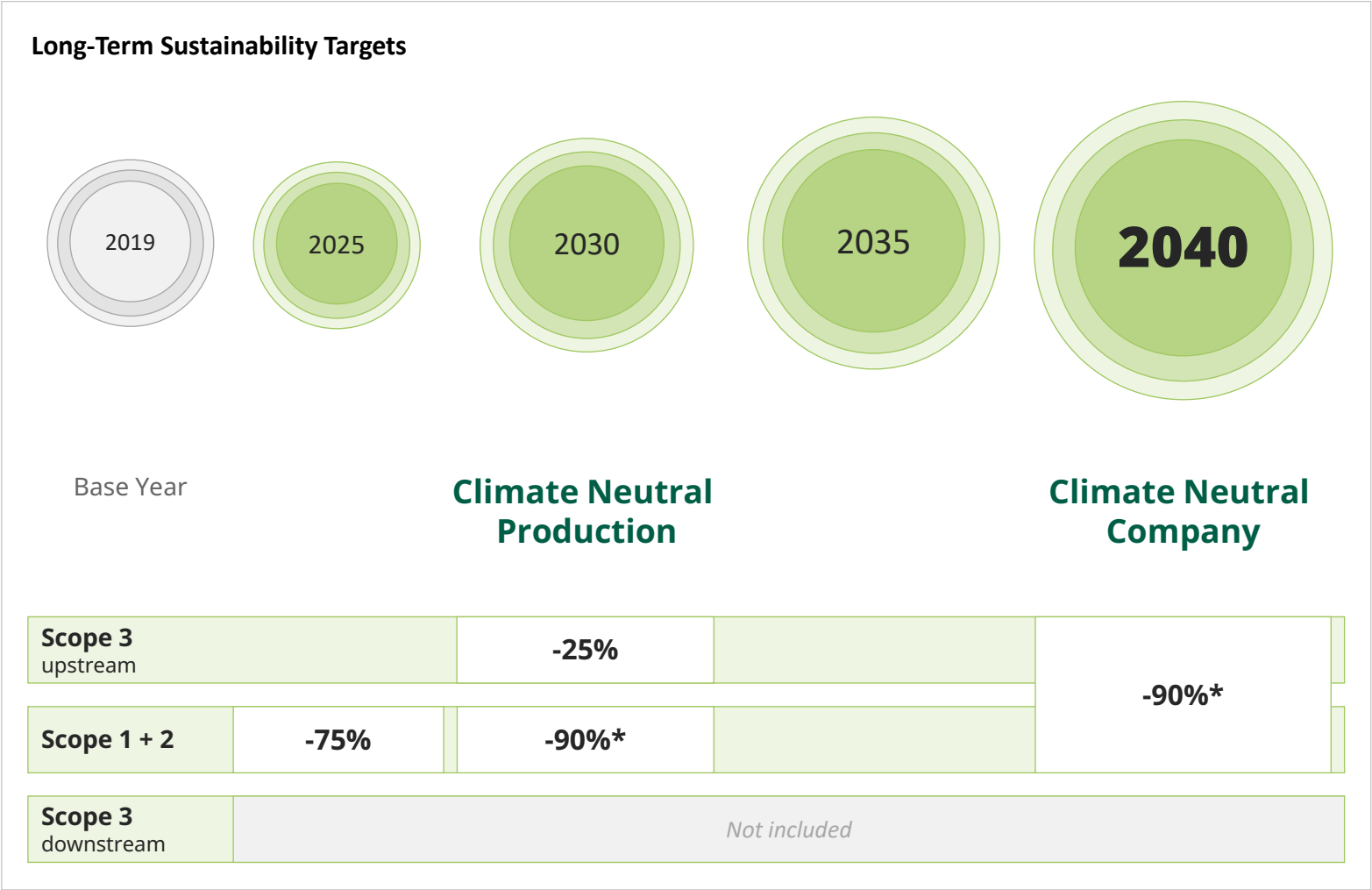
- Successful sustainability management through cross-functional and cross-divisional activities
- Structure of the sustainability management approach reflected in internal & external reporting

The online version of the Sustainability Report is available at:  
<https://www.schaeffler-sustainability-report.com>

Some highlights of our global Climate Action Day can be viewed at:  
<https://youtu.be/VIBpp-3fAYA>



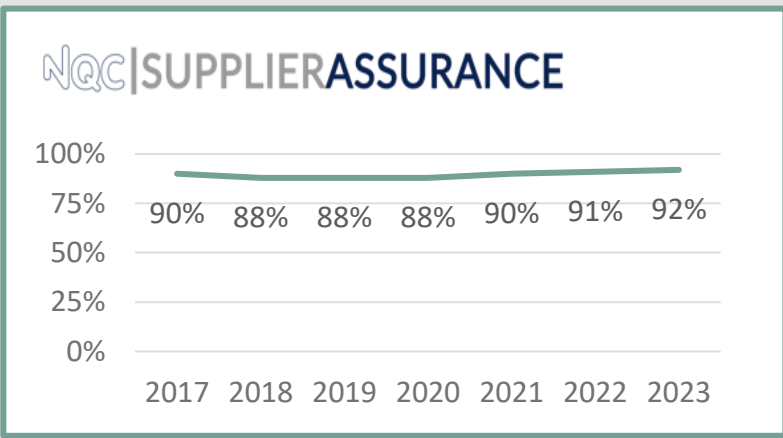
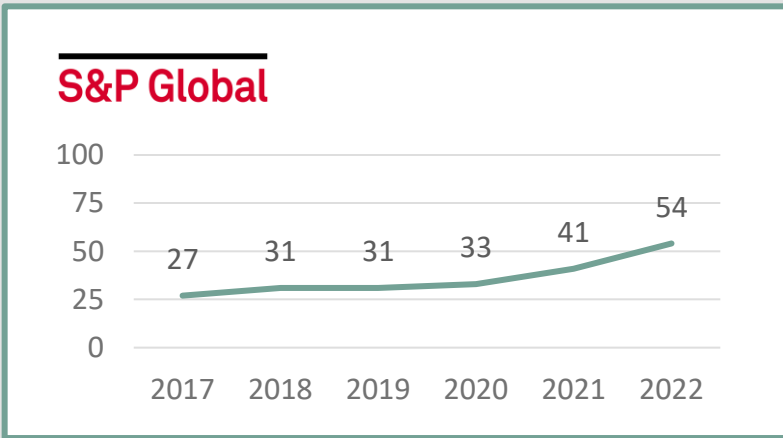
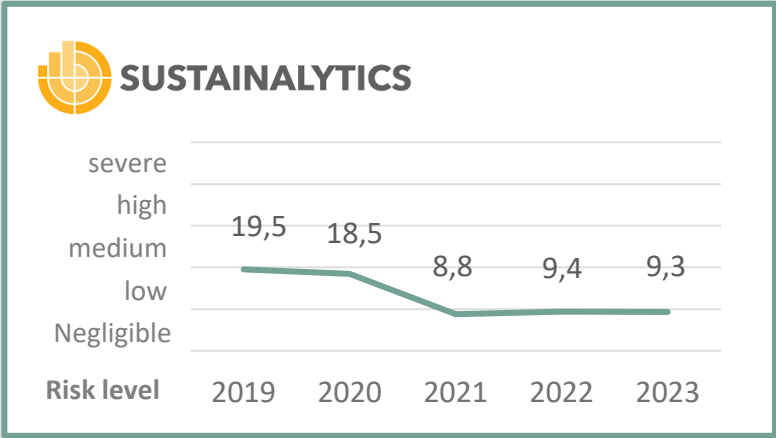
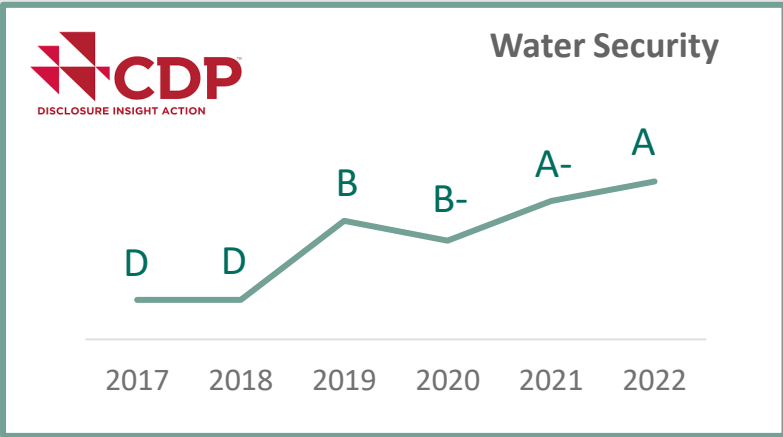
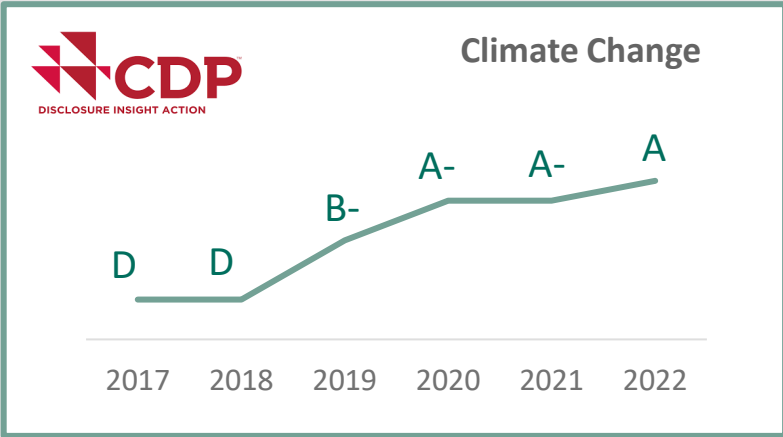
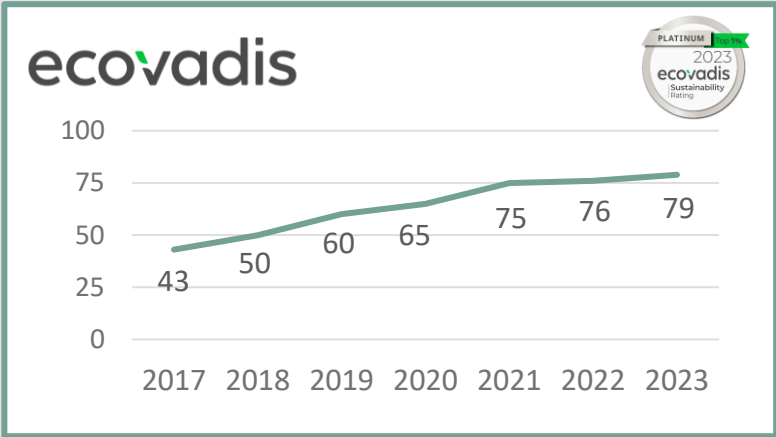
Path to Climate Neutrality – Ambitious Scope targets defined



KEY ASPECTS

- Decarbonization as top priority
- Emissions occurring in the supply chain (Scope 3 upstream):
  - Climate neutral from 2040
  - Emission reduction of 25% until 2030
  - From 2025, Schaeffler will source 100,000 tons of green steel on an annual basis from Swedish start-up H2greensteel
- Production facilities (Scope 1+2):
  - Climate neutral from 2030
  - Emission reduction of 75% until 2025
- Clear strategy with specific measures being defined and implemented across the company

Overview Sustainability Ratings – Strong track record





# Corporate Sustainability Reporting Directive (CSRD) – All necessary steps are initiated and continuously enhanced

## Roadmap for CSRD-Compliance



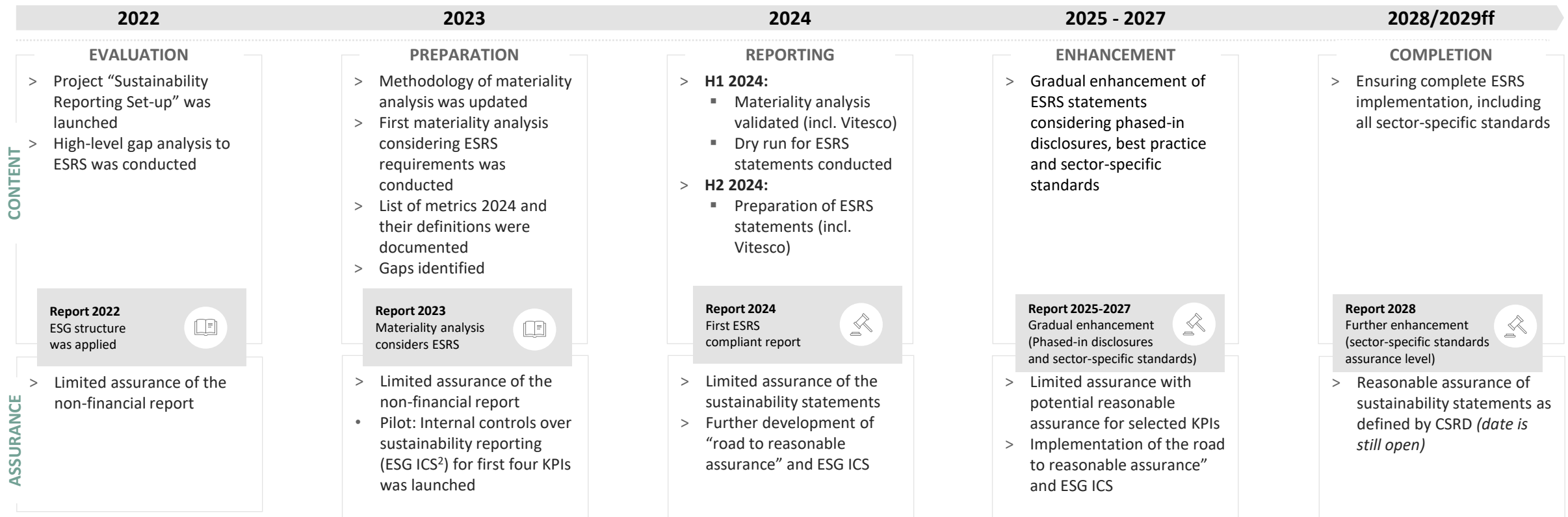
### Current reporting landscape: Sustainability Report

HGB-compliance and in reference to GRI<sup>1</sup>



### Future reporting landscape: Sustainability Statements, *part of the management report*

ESRS compliance is top priority, further reporting frameworks will be considered (TCFD / GRI / SASB)



1) GRI = Global Reporting Initiative

2) ESG ICS = Environmental, Social, Governance Internal Control System

3) ESRS = European Sustainability Reporting Standards

## A Transformational Transaction – Creating a leading Motion Technology Company

### Creating a leading Motion Technology Company

- Four focused, 'pure play' divisions leading in their respective sectors
- Leveraging the accelerating growth opportunity in E-Mobility, while harvesting the conventional powertrain business and grow Chassis
- Establishing leaders in Vehicle Lifetime Solutions and Bearings & Industrial Solutions
- Driving significant synergies, best-in-class technology and global footprint

### With an attractive financial profile

- Combined FY22 Pro Forma Revenues of EUR 25 bn and E-Mobility Orderbook of >EUR 40 bn<sup>1</sup>
- EUR 600 mn revenue and cost synergy potential per annum, full run-rate to be achieved in 2029
- Continued financial strength with Leverage ratio<sup>2</sup> post-transaction expected to fall below 1.5x in 2025
- Full focus on Free Cash Flow, disciplined capital allocation and 30-50% Dividend Payout ratio

### That will drive significant value for all shareholders

- Attractive offer to all Vitesco shareholders with a premium of around 23% 3M VWAP
- Financing package fully underwritten by leading international banks; syndication successfully completed
- Transaction is significantly returns enhancing, EPS accretive from 2026<sup>3</sup>

### With enhanced liquidity, voting rights, and more transparency

- Transaction intended to lead to simplified shareholding structure with one class of voting Common Shares
- Intention to achieve post-transaction free float of around 30% with enhanced liquidity
- Schaeffler shares expected to be included in the MDAX/MSCI Europe after completion of the transaction
- Further enhanced transparency through new divisional structure

<sup>1</sup> As of June 30, 2023; Considering Vitesco's disclosure on "Electrification" | <sup>2</sup> Net financial debt to EBITDA ratio before special items | <sup>3</sup> Run-rate

## Strict Financial Performance Management – 30-50% dividend payout ratio

### Strong Cash Flow

- Rigorous financial discipline, throughout the transformation phase and beyond
  - Efficient working capital management
  - Strong resilience through the cycle with steady improvement in FCF expected
- 

### Disciplined Capital Allocation

- Clear Portfolio Steering based on Build/Grow/Harvest/Exit-logic
  - Focused investment in strategic growth areas
  - Strengthening of Digitalization and Sustainability
- 

### Operational Excellence

- Operational efficiency driving optimized production costs
  - Leveraging economies of scale in procurement
  - Harmonization of supply chains
- 

### Dividends

- Maintaining medium-term leverage target
- Significant FCF improvement
- Unchanged dividend policy: 30-50% payout ratio

# SCHAEFFLER