We pioneer motion

SCHAEFFLER

Annual Report 2024

Schaeffler Group at a glance

Income statement (in € millions)	2024	2023		Change
Revenue	18,188	16,313	11.5	%
• at constant currency			12.9	%
EBIT	294	834	-64.7	%
• in % of revenue	1.6	5.1	-3.5	%-pts.
EBIT before special items [1]	811	1,187	-31.6	%
• in % of revenue	4.5	7.3	-2.8	%-pts.
Net income (loss) [2]	-632	309	–	%
Earnings per share (basic/diluted, in €)	-0.86	0.46	–	%

Statement of financial position (in € millions)	12/31/2024	12/31/2023		Change
Total assets	21,370	15,016	42.3	%
Additions to intangible assets and property, plant and equipment	1,120	932	20.1	%
Amortization, depreciation, and impairment losses [3]	1,035	930	11.3	%
Reinvestment rate	1.08	1.00		
Shareholders' equity [4]	3,969	3,913	56	€ millions
• in % of total assets	18.6	26.1	-7.5	%-pts.
Net financial debt	4,834	3,189	51.6	%
• Net financial debt to EBITDA ratio before special items [1]	2.5	1.5		
• Gearing ratio (Net financial debt to shareholders' equity [3], in %)	121.8	81.5	40.3	%-pts.

Statement of cash flows (in € millions)	2024	2023		Change
EBITDA	1,419	1,836	-22.7	%
Cash flows from operating activities	1,390	1,348	42	€ millions
Capital expenditures (capex) [5]	956	938	18	€ millions
• in % of revenue (capex ratio)	5.3	5.7	-0.5	%-pts.
Free cash flow (FCF) before cash in- and outflows for M&A activities	363	421	-57	€ millions
• FCF-conversion (ratio of FCF before cash in- and outflows for M&A activities to EBIT) [6]	1.2	0.5		

Value-based management				Change
ROCE (in %)	2.6	8.8	-6.2	%-pts.
ROCE before special items (in %) [1]	7.2	12.5	-5.4	%-pts.
Schaeffler Value Added (in € millions)	-839	-115	› 100	%
Schaeffler Value Added before special items (in € millions) [1]	-322	238	–	%

Employees	12/31/2024	12/31/2023		Change
Headcount	115,055	83,362	38.0	%

Automotive Technologies division [7] (in € millions)	2024	2023		Change
Revenue	6,955	7,035	-1.1	%
• at constant currency			-0.1	%
EBIT	215	211	2.0	%
• in % of revenue	3.1	3.0	0.1	%-pts.
EBIT before special items [1]	294	339	-13.1	%
• in % of revenue	4.2	4.8	-0.6	%-pts.

Vehicle Lifetime Solutions division [7] (in € millions)				Change
Revenue	2,579	2,241	15.1	%
• at constant currency			16.9	%
EBIT	407	258	57.8	%
• in % of revenue	15.8	11.5	4.3	%-pts.
EBIT before special items [1]	427	328	30.1	%
• in % of revenue	16.6	14.6	1.9	%-pts.

Bearings & Industrial Solutions division [7] (in € millions)				Change
Revenue	6,570	6,960	-5.6	%
• at constant currency			-4.5	%
EBIT	73	372	-80.3	%
• in % of revenue	1.1	5.3	-4.2	%-pts.
EBIT before special items [1]	273	527	-48.2	%
• in % of revenue	4.2	7.6	-3.4	%-pts.

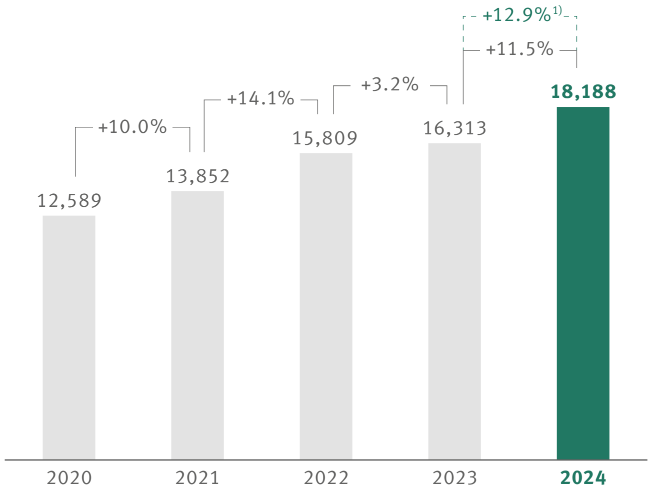
Others division [7] (in € millions)				Change
Revenue	2,084	76	› 100	%
• at constant currency			› 100	%
EBIT	-401	-7	› 100	%
• in % of revenue	-19.2	-8.9	-10.3	%-pts.
EBIT before special items [1]	-183	-7	› 100	%
• in % of revenue	-8.8	-8.9	0.1	%-pts.

[1] Please refer to pp. 25 et seq. for the definition of special items.
[2] Attributable to shareholders of the parent company.
[3] Amortization, depreciation, and impairment losses excluding depreciation of right-of-use assets under leases and impairments of goodwill.
[4] Including non-controlling interests.
[5] Capital expenditures on intangible assets and property, plant and equipment.
[6] Only reported if free cash flow before cash in- and outflows for M&A activities and EBIT positive.
[7] Prior year information presented based on 2024 segment structure.

Key financials

Revenue

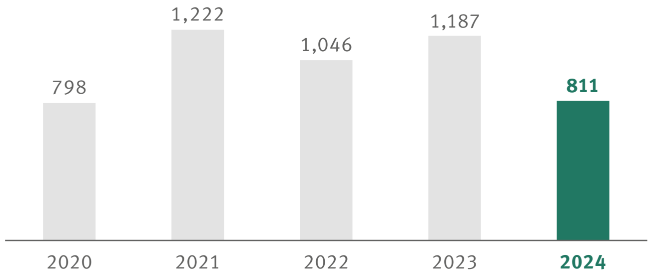
in € millions



1) Revenue growth at constant currency.

EBIT before special items

in € millions

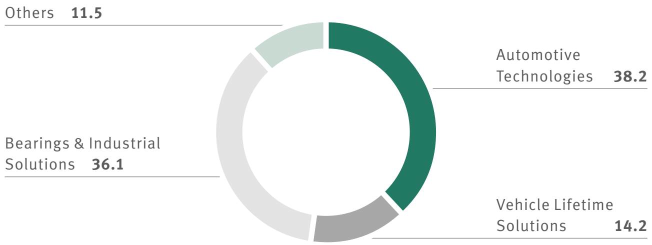


EBIT margin before special items

2020	2021	2022	2023	2024
6.3%	8.8%	6.6%	7.3%	4.5%

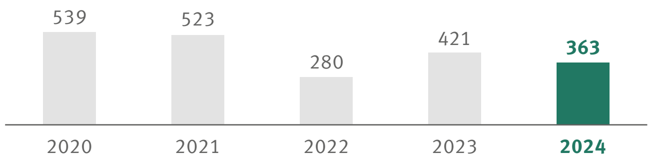
Schaeffler Group revenue by division

in percent

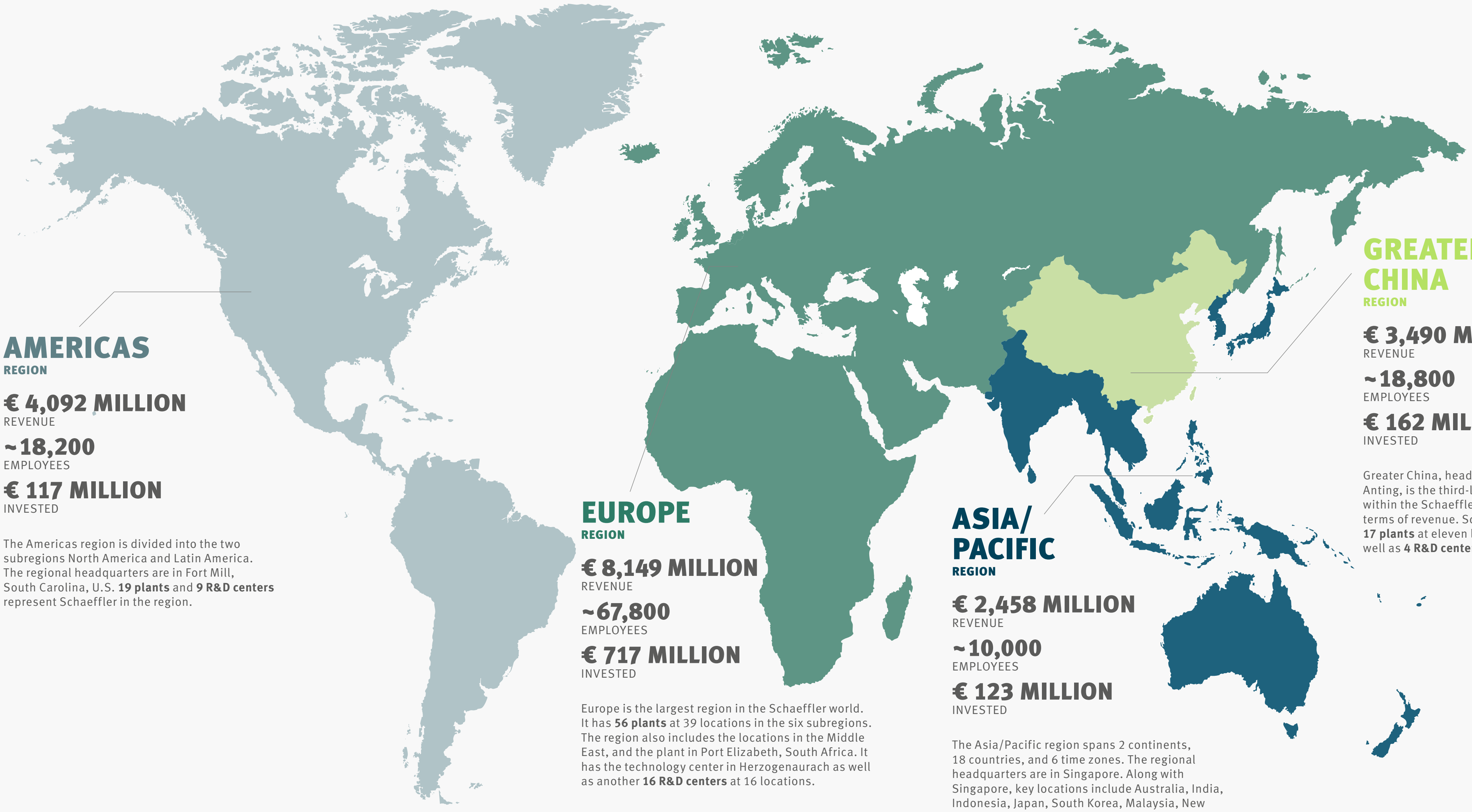


Free cash flow (FCF) before cash in- and outflows for M&A activities

in € millions



Schaeffler Group regions



AMERICAS
REGION

€ 4,092 MILLION
REVENUE

~18,200
EMPLOYEES

€ 117 MILLION
INVESTED

The Americas region is divided into the two subregions North America and Latin America. The regional headquarters are in Fort Mill, South Carolina, U.S. **19 plants** and **9 R&D centers** represent Schaeffler in the region.

EUROPE
REGION

€ 8,149 MILLION
REVENUE

~67,800
EMPLOYEES

€ 717 MILLION
INVESTED

Europe is the largest region in the Schaeffler world. It has **56 plants** at 39 locations in the six subregions. The region also includes the locations in the Middle East, and the plant in Port Elizabeth, South Africa. It has the technology center in Herzogenaurach as well as another **16 R&D centers** at 16 locations.

ASIA/ PACIFIC
REGION

€ 2,458 MILLION
REVENUE

~10,000
EMPLOYEES

€ 123 MILLION
INVESTED

The Asia/Pacific region spans 2 continents, 18 countries, and 6 time zones. The regional headquarters are in Singapore. Along with Singapore, key locations include Australia, India, Indonesia, Japan, South Korea, Malaysia, New Zealand, the Philippines, Thailand, and Vietnam. **12 plants** and **5 R&D centers** represent Schaeffler in the region.

GREATER CHINA
REGION

€ 3,490 MILLION
REVENUE

~18,800
EMPLOYEES

€ 162 MILLION
INVESTED

Greater China, headquartered in Anting, is the third-largest region within the Schaeffler Group in terms of revenue. Schaeffler has **17 plants** at eleven locations as well as **4 R&D centers**.


THE
MOTION
TECHNOLOGY
COMPANY

SCHAEFFLER – THE LEADING MOTION TECHNOLOGY COMPANY

Ever since the company was founded in 1946, Schaeffler's history has been marked by innovations that make it possible to shape motion – in various types and forms. What started in 1950 with the patenting of the cage-guided needle roller bearing by the founders has evolved into a global technology company that advances how the world moves.

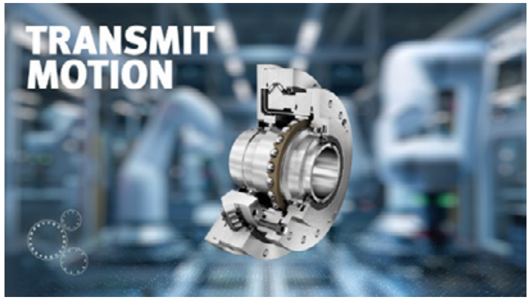
OUR 8 PRODUCT FAMILIES

With the acquisition of Vitesco Technologies Group AG in October 2024, we have realigned our product and service portfolio. It is organized into eight product families with products and services that are linked by one common theme: motion. From simple bearings to complex powertrains, from engine control units through to smart repair solutions. As expressed in our claim "We pioneer motion". That is the basis why we have resolved to become the leading Motion Technology Company.

01

Guide Motion

Bearings and linear guides for moving components in a targeted manner, ensuring high efficiency by reducing friction to a minimum – in cars, airplanes, wind turbines, and production machines



02

Transmit Motion

Solutions for transmitting mechanical energy such as transmissions, gearboxes, clutches, dampers, and various other products convert torque and speed for a wide range of applications – in cars, trucks, industrial automation, medical technology, and many others

03

Control Motion

Innovative sensors and intelligent electronic control units for controlling, regulating, and optimizing the performance and efficiency of various motion control systems – in cars, trucks, motorcycles, and many other applications

04

Generate Motion

Actuator systems for converting signals into mechanical movement, force, pressure, or torque for functionality, safety, and efficiency – in cars, trucks, agriculture, medical technology, and production

05

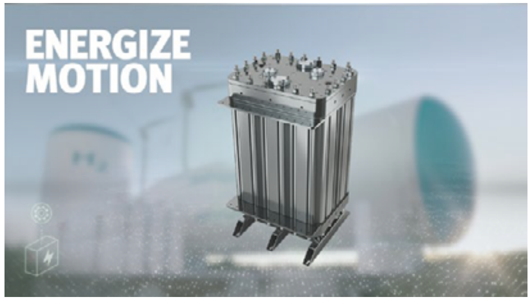
Power Motion

Power electronics for converting electric energy for the traction motor to meet the highest performance requirements – for efficient and comfortable mobility in hybrid and electric powertrains

06

Drive Motion

Electric drive systems – synergy of electric motor, transmission, and power electronics in powerful electric axles and dedicated hybrid systems for sustainable comfort and efficiency



07

Energize Motion

Systems for generating, converting, storing, and managing clean energy as the backbone of a sustainable future – with hydrogen and electricity as the main energy carriers for mobile and stationary applica-tions

08

Sustain Motion

Digital services, intelligent condition monitoring systems, as well as repair and maintenance solutions for extending the product life cycle – diverse applications across all industries

Highlights 2024

Revenue increased considerably from prior year due to Vitesco contribution

Revenue at EUR **18.2** bn
(up 12.9% at constant currency)

(prior year: EUR 16.3 bn)

EBIT margin below prior year, partly due to acquisition of Vitesco

EBIT margin before special items **4.5**%

(prior year: 7.3%)

Cash flow clearly positive despite outflows for integration of Vitesco

Free cash flow before cash in- and outflows
for M&A activities at EUR **363** m

(prior year: EUR 421 m)

Contents

TO OUR STAKEHOLDERS

Schaeffler Group at a glance u2
Message from the Schaeffler family i2
Introduction by the Chief Executive Officer i4
Executive Board i8

Corporate Governance i10
- Report of the Supervisory Board i10
- Corporate governance declaration including corporate governance report* i20
- Members of the Board of Managing Directors and the Supervisory Board* i31
- Governance systems* i34

Significant events* i41

Schaeffler on the capital markets i44

GROUP MANAGEMENT REPORT

Fundamental information about the group 2
- Organizational structure and business activities 2
- Group strategy and group management 9
- Research and development 13

Report on the economic position 15
- Economic environment 15
- Course of business 2024 17
- Earnings 19
- Financial position and finance management 27
- Net assets and capital structure 32
- Net assets, financial position, and earnings of Schaeffler AG 33
- Other components of the group management report 35

Supplementary report 36
Report on opportunities and risks 37
- Risks 37
- Opportunities 41
- Overall assessment of Schaeffler Group opportunities and risks 43

Sustainability statement 44
- General disclosures 44
- Environment 59
- Social 87
- Business conduct 109
- Additional information 113

Report on expected developments 120
- Expected economic and sales market trends 120
- Schaeffler Group outlook 121

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement 123
Consolidated statement of comprehensive income 124
Consolidated statement of financial position 125
Consolidated statement of cash flows 126
Consolidated statement of changes in equity 127
Consolidated segment information 128

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General information 130
Principles of consolidation 139
Notes to the consolidated income statement 141
Notes to the consolidated statement of financial position 145
Other disclosures 190

Independent Auditors' Report 202

Responsibility statement by the company's legal representatives 209

ADDITIONAL INFORMATION

Multi-year comparison 210
Summary 1st quarter 2023 to 4th quarter 2024 211
Financial calendar/imprint 213

* Part of the group management report.

Message from the Schaeffler family

"

Schaeffler will remain a family business following the merger with Vitesco, characterized by long-term thinking and responsible action. As family shareholders, we will continue to hold a protective hand over the company and reconcile transformation and adjustment with continuity and reliability.

Georg F. W. Schaeffler

Ladies and Gentlemen,

2024 was a historic year for our company in several ways: By merging Vitesco into Schaeffler, we have taken another landmark step in the development of our company. This takes us full circle – 15 years after we acquired a strategic investment in Continental, whose powertrain division Vitesco Technologies was until 2021. At Schaeffler, we are now bringing together technologies belonging together.

Acquisitions that strengthen the company’s position in the market have always been part of our strategy. The integration of Vitesco ranks with that of LuK and FAG. It builds on the life’s work of the company's founders and enhances Schaeffler’s ability to compete and realize future opportunities as one of the world’s leading suppliers. It is already becoming clear now: The merger brings great advantages for all stakeholders, including particularly customers, employees, and other business partners.

Our relinquishing voting rights as family shareholders in order to make the merger possible was a well-considered step. We have carefully weighed this up and decided on it in the interest of securing the company's long-term future. Because as a values-driven family that thinks and acts with an entrepreneurial mindset, we have always seen it as our responsibility to create the environment and governance that enable the company to continue to constantly evolve. Engaging with the capital markets remains a high priority for us in this.

At the same time, we would like to emphasize: Schaeffler will remain a family business following the merger with Vitesco, characterized by long-term thinking and responsible action. As family shareholders, we will continue to hold a protective hand over the company and help reconcile transformation and adjustment with continuity and reliability. This does not mean that painful structural measures are not necessary at times to strengthen the company’s ability to compete and realize future opportunities for the long term.

We are very aware of our responsibility to coming generations in this. That is why Schaeffler follows a consistent sustainability strategy that has been significantly expanded as a result of the merger with Vitesco Technologies. Sustainability now has a firmly established place in this report – on an equal footing with our results and as the foundation of the future success of our business.

We would like to take this opportunity to express our heartfelt thanks to our employees – and expressly also to those who have joined us from Vitesco – for everything they have achieved in the past year and continue to achieve every day. They provide proof: We are stronger together. As family shareholders, we are confident that we are on the right track, despite sectoral challenges, to shape the progress that moves the world.

Our gratitude also goes to the customers, and business and research partners of Schaeffler AG for the successful collaboration in a volatile environment. We would also particularly like to thank our shareholders who have placed their trust in us in challenging times once more and made a smooth merger with Vitesco possible.

Yours sincerely,

Maria-Elisabeth Schaeffler-Thumann **Georg F. W. Schaeffler**

Introduction by the Chief Executive Officer

“

Schaeffler is very well positioned to become the leading Motion Technology Company. With our innovative products, our broad technology portfolio, and highly committed employees, we will continue to successfully develop the Schaeffler Group and contribute to shaping a sustainable future.

Klaus Rosenfeld

Ladies and Gentlemen,

2024 marks an important milestone in the history of the Schaeffler Group. In the midst of a dynamic and sometimes difficult environment, we have set important strategic directions and maintained our focus on innovation, technology, and quality in order to become the leading Motion Technology Company.

The integration of Vitesco Technologies Group AG into the Schaeffler Group is a pivotal task in this journey. When the merger was entered in the commercial register on October 1, 2024, we completed preparations for the integration and began to implement it. Additionally, the new Schaeffler shares – now carrying voting rights – debuted on the Frankfurt Stock Exchange and started trading on October 2, 2024. Since then, "one share, one vote" has also held true at Schaeffler.

A significant milestone is the completion of the merger of Vitesco Technologies Group AG into Schaeffler AG, which marks the execution of the three-step transaction announced in October of 2023 in less than a year as planned. What helped us in this was that the two companies are a good match in terms of both technology and culture.

Going forward, we will operate our business in four product-focused divisions that will hold leading positions in their respective markets: E-Mobility, Powertrain & Chassis, Vehicle Lifetime Solutions, and Bearings & Industrial Solutions. We will first report our earnings on a fully consolidated basis in line with this realignment for the first quarter of 2025. In 2024, we have accounted for Vitesco at equity in the "Others" division until September 30, 2024, and have been consolidating it since then. The four regions – Europe, Americas, Greater China, and Asia/Pacific – will remain unchanged.

The combined company features a strong balance sheet, significant economies of scale, and an even more attractive product portfolio that we will be dividing into eight product families going forward. It also includes our growing range of services. Our products are developed and produced based on twelve manufacturing technologies that represent the centerpiece of our core competencies. By acquiring Vitesco, we have not only expanded our product portfolio, but have also added significantly to our manufacturing technologies. This represents the basis for making the Schaeffler Group the leading Motion Technology Company.

As part of our realignment and the integration of Vitesco, we have also decided to make the following changes to the Executive Board: Thomas Stierle, previously a member of the Executive Board of Vitesco Technologies Group AG and responsible for the Electrification Solutions Division, was appointed to the Schaeffler AG Board of Managing Directors as CEO of the new E-Mobility division effective October 1, 2024. Dr. Jochen Schröder, who previously headed up the E-Mobility business division, assumed the role of Regional CEO Europe on October 1, 2024.

Christophe Hannequin, until recently Group Chief Financial Officer at the JCB Group, was appointed Chief Financial Officer and a full member of the Board of Managing Directors of Schaeffler AG, and will assume this role on September 1, 2025. Claus Bauer will end his second term of office as Schaeffler CFO as planned on August 31, 2025, at his own request. In his role, he has been instrumental in the smooth execution of the transaction and in putting Schaeffler on a stable financial footing for the current challenges.

In a volatile and challenging market environment marked by increasingly intense global competition and the ongoing transformation, especially in the automotive industry, we succeeded in raising the Schaeffler Group's revenue to more than 18 billion euros, largely as a result of consolidating Vitesco. Our EBIT margin before special items amounts to

4.5 percent. The lower end of the guidance of 5 to 8 percent was not achieved. We have explained the reasons in the ad hoc release issued on January 21, 2025. Positive EBIT before special items of 811 million euros was generated overall. At the same time, our free cash flow before cash in- and outflows for M&A activities of 363 million euros for the past year has exceeded expectations. This is further proof of the Schaeffler Group's resilience. We intend to pay a dividend to our shareholders for 2024 in order to share the Schaeffler Group's success with all shareholders. To this end, the Board of Managing Directors will propose a dividend of 0.25 euros per common share to the annual general meeting.

While the revenue of the Automotive Technologies division was slightly lower than in the prior year in 2024, the E-Mobility business division continued to grow and increased its revenue by 12.6 percent, excluding the impact of currency translation. The Vehicle Lifetime Solutions division continued its strong performance. Its revenue was up 16.9 percent, excluding the impact of currency translation. The Bearings & Industrial Solutions division, on the other hand, reported declining revenue mainly due to the impact of volumes in Europe and the impact of sales prices in the Greater China region. These impacts led to a decline in the division's EBIT margin before special items in 2024.

In light of this, we have initiated a program of measures to safeguard our long-term competitiveness, especially in the Europe region. The program is aimed at realizing the synergies from the merger with Vitesco, adapting the business of our E-Mobility and Powertrain & Chassis divisions to the changed automotive environment, and sustainably improving the profitability of the Bearings & Industrial Solutions division. We will implement these measures in a socially responsible manner, as in the past, and realize potential annual savings of about 290 million euros by the end of 2029.

At the same time, we are reaffirming our commitment to the Europe region and to Germany as an industrial base. In late 2024, we opened our new technology center in Herzogenaurach where we are combining our expertise in materials science, most notably in promising growth areas such as electric mobility, battery technology, and hydrogen. This important step is also intended to demonstrate that innovation is and will remain at the heart of our company.

Our "Roadmap 2025" continued to provide our strategic scope of action in 2024. The program is currently being adapted to our new structure and will be completed over the course of this year. The development of a new strategy program for the coming five years is already under way. The core of our new program is the vision of making Schaeffler the leading Motion Technology Company.

One of the outstanding strengths of the Schaeffler Group is its broad positioning and thus, its diversification that enables the Schaeffler Group to offset market fluctuations in individual business areas. Our potential goes beyond that, however. With the Vitesco products, Schaeffler now has an even better-positioned portfolio. What our four divisions and the eight product families have in common is cutting-edge technologies that enable motions. We express this with our long-standing claim "We pioneer motion", which drives us in offering to our customers across various sectors the best solutions possible.

We have consistently followed this direction over the past few years under the "Roadmap 2025". Its success becomes particularly clear in two dimensions: Our twelve manufacturing technologies enable us to efficiently reflect vertically integrated value and supply chains within the company at top-level quality. This starts with traditional forming techniques and winding technologies and ranges through to surface coating technologies and additive manufacturing, making Schaeffler an expert in a broad range of technologies for industrial production. This also allows us to further expand our position as an innovative, reliable, and agile partner in the increasingly competitive international environment.

Furthermore, following the merger with Vitesco, we are in an excellent position to realize cross-selling opportunities. This concept applies to developing new products in existing markets as well as to accessing new markets for existing products. The basis for this is our product portfolio with its eight product families which ranges from bearings, linear guidance systems, and transmission and engine components to power electronics and sensors through to actuators, electric motors, and a multitude of services, and is needed wherever motion plays a key role.

For us at Schaeffler, sustainability is and remains a key topic. The past year saw us making additional progress in this area: We succeeded in further reducing our environmental footprint by using more renewable energy and improving the energy efficiency of our production plants. As part of the merger with Vitesco, we are currently in the process of adjusting our ESG strategy and aligning it toward the challenges of the coming years. You will find more information on this in our sustainability statement which is part of this report for the first time as required by the Corporate Sustainability Reporting Directive (CSRD).

The success and sustainability of our company are largely founded on the commitment and know-how of our employees around the world who bring our values-based corporate culture to life. I would like to take this opportunity to sincerely thank them for their strong commitment and their contribution.

I would also like to thank you, ladies and gentlemen, for your trust and your support. I am confident that, despite all adversities, we should look to the future with optimism. Schaeffler is very well positioned to overcome the challenges ahead of us and become the leading Motion Technology Company. With our innovative products, our broad technology portfolio, and highly committed employees, we will continue to successfully develop the Schaeffler Group and contribute to shaping a sustainable future.

I hope you find this report an interesting read!

Yours sincerely,

Klaus Rosenfeld

Executive Board

Matthias Zink
CEO Powertrain & Chassis

Marc McGrath
Regional CEO Americas

Uwe Wagner
Chief Technology Officer

Klaus Rosenfeld
Chief Executive Officer

Thomas Stierle
CEO E-Mobility

Dr. Yilin Zhang
Regional CEO Greater China

Andreas Schick
Chief Operating Officer

Dharmesh Arora
Regional CEO Asia/Pacific

Dr. Jochen Schröder
Regional CEO Europe

Dr. Astrid Fontaine
Chief Human Resources Officer

Claus Bauer
Chief Financial Officer

Jens Schüler
CEO Vehicle Lifetime Solutions

Sascha Zaps
CEO Bearings & Industrial Solutions

Executive Board

Dharmesh Arora
Regional CEO Asia/Pacific

Dr. Jochen Schröder
Regional CEO Europe

Claus Bauer
Chief Financial Officer

Klaus Rosenfeld
Chief Executive Officer

Dr. Astrid Fontaine
Chief Human Resources Officer

Matthias Zink
CEO Powertrain & Chassis

Thomas Stierle
CEO E-Mobility

Uwe Wagner
Chief Technology Officer

Andreas Schick
Chief Operating Officer

Sascha Zaps
CEO Bearings & Industrial Solutions

Jens Schüler
CEO Vehicle Lifetime Solutions

Dr. Yilin Zhang
Regional CEO Greater China

Marc McGrath
Regional CEO Americas

Georg F. W. Schaeffler
Chairman of the Supervisory Board

Report of the Supervisory Board

Ladies and Gentlemen,

2024 was a historic year for the Schaeffler Group. The merger of Vitesco Technologies Group AG into Schaeffler AG represents a further landmark step in the development of our company. Another well-considered step is the conversion of the previous common non-voting shares into common voting shares of Schaeffler AG which made the merger possible and will thus contribute significantly to securing the company's long-term future. The listing on the capital market remains of great importance to the company. It is just as important to emphasize that, following the merger with Vitesco Technologies Group AG, the Schaeffler Group will remain a family business that is characterized by long-term thinking and responsible action. Consequently, the topic of sustainability also holds a firm place in the work of the Supervisory Board.

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

The Board of Managing Directors regularly informed the Supervisory Board in written and oral reports about the company's results of operations. The Board of Managing Directors briefed the Supervisory Board on an ongoing basis and in detail about the development of revenue and earnings of the group and the divisions, the financial position and earnings, short- and long-term plans and budgets, personnel issues, and sustainability as well as about compliance and risk management matters. The Supervisory Board was involved in a timely fashion in any important developments concerning the business and discussed these extensively and in detail with the Board of Managing Directors. Transactions that either the law, the company's articles of association, or the terms of reference require to be approved by the Supervisory Board were provided, along with any necessary information and documents, to the Supervisory Board in due time for such approval and – some with preparation by the committees – approved following extensive review and discussion.

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

Further information in the corporate governance report

Members of the Supervisory Board and its committees

The membership of the Supervisory Board changed as follows during the reporting period: Ulrich Schöpplein was appointed to the Supervisory Board effective March 26, 2024, as an employee representative by a decision of the Fürth Local Court.

The mandates of the shareholder representatives on the Supervisory Board, Georg F. W. Schaeffler, Sabine Bendiek, Herr Prof. Dr.-Ing. habil Prof. E.h. mult. Dr. h.c. mult. 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 ended at the close of the annual general meeting on April 25, 2024. By a resolution of the annual general meeting on April 25, 2024, all shareholder representatives were re-elected to the Supervisory Board for a term ending at the close of the general meeting that passes a resolution on granting discharge to the Supervisory Board for 2024.

Jürgen Wechsler's Supervisory Board mandate ended as a result of his resignation effective at the close of the annual general meeting on April 25, 2024. Horst Ott was appointed to the Supervisory Board effective at the close of the annual general meeting on April 25, 2024, as an employee representative by a decision of the Fürth Local Court. Andrea Grimm's Supervisory Board mandate ended as a result of her resignation effective October 31, 2024. Hanna Köhler was appointed to the Supervisory Board as an employee representative effective December 9, 2024, by a decision of the Fürth Local Court. Barbara Resch resigned from her position on the Supervisory Board effective at the end of December 31, 2024.

Georg F. W. Schaeffler was elected Chairman and Horst Ott Deputy Chairman of the Supervisory Board at the extraordinary meeting of the Supervisory Board on April 25, 2024.

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

- Mediation committee in accordance with section 27 (3) MitbestG: Georg F. W. Schaeffler (Chairman), Horst Ott (since April 25, 2024), Ulrich Schöpplein, Jürgen Wechsler (until April 25, 2024), and Prof. TU Graz e.h. KR Ing. Siegfried Wolf
- Presidential committee: Georg F. W. Schaeffler (Chairman), Sabine Bendiek, Thomas Höhn (since February 4, 2025), Horst Ott (since April 25, 2024), Barbara Resch (until December 31, 2024), Ulrich Schöpplein, Jürgen Wechsler (until April 25, 2024), and Prof. TU Graz e.h. KR Ing. Siegfried Wolf
- Audit committee: Robin Stalker (Chairman), Dr. Holger Engelmann, Andrea Grimm (until October 31, 2024), Thomas Höhn, Susanne Lau (since April 25, 2024), Georg F. W. Schaeffler, Ulrich Schöpplein (since December 13, 2024), and Jürgen Wechsler (until April 25, 2024)
- Nomination committee: Georg F. W. Schaeffler (Chairman), Dr. Holger Engelmann, Prof. Dr. Bernd Gottschalk, and Katherina Reiche
- Technology committee: Prof. Dr. Hans-Jörg Bullinger (Chairman), Horst Ott (since April 25, 2024), Georg F. W. Schaeffler, Jürgen Schenk, Ulrich Schöpplein, Jürgen Wechsler (until April 25, 2024), Prof. TU Graz e.h. KR Ing. Siegfried Wolf, Prof. Dr.-Ing. Tong Zhang, and Markus Zirkel

There were no conflicts of interest related to members of the Supervisory Board during the reporting period. In order to prevent any potential conflicts of interest due to their seats on the Supervisory Board of Vitesco Technologies Group AG, Prof. Dr. Hans-Jörg Bullinger and Prof. TU Graz e.h. KR Ing. Siegfried Wolf refrained from attending those agenda items of Supervisory Board meetings in which valuation methods and the exchange ratio of Vitesco shares for Schaeffler shares were presented and discussed in connection with the preparations for and execution of the business combination with Vitesco Technologies Group AG.

Appointments to the Board of Managing Directors

The company's Board of Managing Directors consists of Klaus Rosenfeld (Chief Executive Officer), Claus Bauer, Dr. Astrid Fontaine, Andreas Schick, Jens Schüler, Thomas Stierle, Uwe Wagner, Sascha Zaps, and Matthias Zink.

In accordance with the terms of reference of the Board of Managing Directors, Klaus Rosenfeld is responsible for the CEO functions, Claus Bauer for Finance and IT, Dr. Astrid Fontaine for Human Resources as Labor Relations Director, Andreas Schick for Operations, Supply Chain Management and Purchasing, Jens Schüler for the Vehicle Lifetime Solutions division, Thomas Stierle for the E-Mobility division, Uwe Wagner for Research and Development, Sascha Zaps for the Bearings & Industrial Solutions division, and Matthias Zink for the Powertrain & Chassis division.

At the Supervisory Board meeting on February 23, 2024, Matthias Zink was appointed 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. At this meeting, the Supervisory Board also 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 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.

At the extraordinary Supervisory Board meeting on September 26, 2024, Christophe Hannequin was appointed to the Board of Managing Directors of Schaeffler AG as Chief Financial Officer for a three-year term of office, initially effective October 1, 2025. Since Christophe Hannequin has become available at an earlier date, the Supervisory Board passed a resolution at its meeting on February 21, 2025, to appoint Christophe Hannequin to the Board of Managing Directors of Schaeffler AG as Chief Financial Officer effective September 1, 2025, for a three-year term of office ending on August 31, 2028. He succeeds Claus Bauer, who will fulfill his contract until the end of its term on August 31, 2025.

Topics of Supervisory Board plenary meetings

The Supervisory Board held four regular meetings, one strategy meeting, and five extraordinary meetings in 2024. The four regular meetings, the strategy meeting, and one extraordinary meeting were held as in-person meetings with an option to attend via video conference, and four extraordinary meetings were held in a virtual format via video conference. In addition, the Supervisory Board passed a resolution in writing to amend section 6 (1) and (2) of Schaeffler AG's articles of association to implement the resolution of the annual general meeting on April 25, 2024, on agenda item 9, taking into account the resolution of the extraordinary general meeting on February 2, 2024, on agenda item 1.

The subjects of the regular plenary discussions were the Schaeffler Group's results of operations, financial indicators, and preparation for and execution of the business combination with Vitesco Technologies Group AG. The Supervisory Board also dealt with further acquisition and disinvestment projects as the need arose as well as with the company's risks. The Board of Managing Directors regularly reported to the Supervisory Board on macroeconomic, political, and geopolitical developments and their implications for the Schaeffler Group. The Supervisory Board also ensured that it was briefed on the work of the committees on a regular basis in the plenary sessions. The personnel decisions regarding the Board of Managing Directors represented another important aspect of the work of the Supervisory Board. The Supervisory Board also met regularly without the Board of Managing Directors being present. These meetings dealt with matters relating to either the Board of Managing Directors itself or the Supervisory Board.

At an extraordinary meeting of the Supervisory Board on February 6, 2024, the Supervisory Board reviewed preliminary target achievement for the variable remuneration of the Managing Directors for 2023 and dealt with the indicative target values for the variable remuneration of the Managing Directors for 2024. The meeting also discussed the amendments proposed by the external independent remuneration consultant to adjust the remuneration of and remuneration system for Managing Directors with a view to the planned business combination with Vitesco Technologies Group AG.

The first regular meeting of the Supervisory Board was held on February 23, 2024. The Board of Managing Directors reported on the current position of the business and its financial position.

The Board of Managing Directors also presented the transfer of the Bearings business division ("Bearings") from the Automotive Technologies division to the Bearings & Industrial Solutions division and further structural changes to the organizational and reporting structure. The Supervisory Board approved an amendment to the Schaeffler Group's budget for 2024 and long-range plan for the years 2024 to 2028 that had been approved at the Supervisory Board meeting on December 15, 2023, in order to reflect the structural changes in the budget and plan.

The meeting also discussed the separate and consolidated financial statements of Schaeffler AG for 2023. This also involved KPMG AG Wirtschaftsprüfungsgesellschaft reporting to the Supervisory Board on the audit of the separate financial statements, the consolidated financial statements (along with the combined management report), and the dependency report, as well as on the limited assurance engagement performed on the combined separate group non-financial report 2023 included in the sustainability report. Further, the Supervisory Board dealt with the sustainability report 2023 and the remuneration report 2023. The Supervisory Board adopted the separate financial statements 2023 and approved the consolidated financial statements 2023, the closing statement of the Board of Managing Directors on the dependency report, and the proposal for the appropriation of earnings. The Supervisory Board prepared the remuneration report 2023 and proposed to the annual general meeting in accordance with section 162 (3) AktG that it approve the remuneration report for 2023.

In addition, the report of the Supervisory Board and the Supervisory Board's other proposed resolutions on the items on the agenda of the annual general meeting on April 25, 2024, were discussed and approved. Further, based on a recommendation by the nomination committee, the shareholder representatives on the Supervisory Board passed a resolution proposing to the annual general meeting the nominees for election to the Supervisory Board as shareholder representatives.

The Supervisory Board set the variable remuneration of the Managing Directors for 2023 based on the target achievement rates determined. Furthermore, the target values for the Managing Directors' variable remuneration for 2024 were set based on the performance criteria for the Managing Directors' variable remuneration for 2024 approved at the meeting on December 15, 2023.

With a view to the planned business combination with Vitesco Technologies Group AG and based on a recommendation of the presidential committee, the Supervisory Board also passed a resolution to adapt the remuneration of the Managing Directors and the remuneration system approved by the annual general meeting on April 21, 2022, to the size and economic significance of Schaeffler AG following the business combination, subject to approval by the annual general meeting of Schaeffler AG. In connection with this resolution, the Supervisory Board also passed a resolution to fix the target achievement rates for the EPS growth and decarbonization targets of the unvested long-term bonus tranches and the 2024 to 2027 tranche since the ability to measure achievement on a Schaeffler stand-alone basis as originally agreed is no longer ensured due to the effects of the business combinatin which are difficult to estimate over time.

The Board of Managing Directors also reported on the status of preparations for the business combination with Vitesco Technologies Group AG. Specifically and in connection with this, representatives of valuation experts ValueTrust Financial Advisors Deutschland GmbH presented the preparations for their expert opinion on the determination of the values of the companies and the valuation methods. In addition, the Supervisory Board also dealt with amendments to existing financing agreements necessary due to the merger and approved these amendments.

Finally, Matthias Zink and Jens Schüler were appointed to the Board of Managing Directors of Schaeffler AG for a further five-year term at this meeting.

At its extraordinary meeting on March 13, 2024, the Supervisory Board dealt with the current status of preparations for the merger of Vitesco Technologies Group AG into Schaeffler AG. The Supervisory Board approved the signing of the merger agreement between Schaeffler AG and Vitesco Technologies Group AG and the proposed exchange ratio of Vitesco shares for Schaeffler shares. The Supervisory Board acknowledged and approved the merger report jointly submitted by the Schaeffler AG Board of Managing Directors and the Vitesco Technologies Group AG Executive Board. In addition, the meeting adopted additional proposed resolutions by the Supervisory Board regarding the merger-related items on the agenda of the annual general meeting on April 25, 2024.

The Supervisory Board also agreed to Schaeffler Group USA, Inc. granting a loan to Vitesco Technologies USA LLC.

In an extraordinary meeting immediately following the annual general meeting on April 25, 2024, the Supervisory Board elected both the Chairman and the Deputy Chairman of the Supervisory Board. It also elected one representative each of the shareholders and the employees to the committee to be established in accordance with section 27 (3) MitbestG. The members of the presidential committee, the audit committee, the nomination committee, and the technology committee were elected as well.

At the second regular meeting of the Supervisory Board on May 24, 2024, the Board of Managing Directors reported on the current position of the business and its financial position including the results for the first quarter of 2024.

The Board of Managing Directors reported on preparations for and the process of preparation of the listing prospectus for the admission to trading on the regulated market of the Frankfurt Stock Exchange of the common voting shares of Schaeffler AG with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard).

Furthermore, adjustments to the financing structure following the merger were presented and discussed. The Supervisory Board agreed to the assumption of financing agreements of Vitesco Technologies Group AG by Schaeffler AG upon completion of the merger.

At its extraordinary meeting of the Supervisory Board on September 12, 2024, the Board of Managing Directors provided a strategic overview of the situation of the new Bearings & Industrial Solutions division created at the beginning of 2024 and reported that measures to increase the profitability of the division were being reviewed due to the division's weakening market environment.

At the extraordinary Supervisory Board meeting on September 26, 2024, Thomas Stierle was appointed 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. Additionally, Christophe Hannequin was appointed to the Board of Managing Directors of Schaeffler AG as Chief Financial Officer for a three-year term of office. Following the resolution of the Supervisory Board passed on February 21, 2025, Christophe Hannequin will take office on September 1, 2025.

The annual strategy meeting of the Supervisory Board was held on September 26, 2024, at the Vitesco location in Nuremberg. The strategic direction of the Schaeffler Group was presented to this meeting and discussed extensively by the Supervisory Board. One focal point of this was the situation in the markets and of the business as well as the strategic direction of the Greater China region. The Board of Managing Directors also reported on the strategic direction of the new E-Mobility division and the Powertrain & Chassis, Vehicle Lifetime Solutions, and Bearings & Industrial Solutions divisions. During a tour, members of the Supervisory Board were shown Vitesco's center of excellence for electric mobility.

As part of a presentation on strategic topics key to the Schaeffler Group, the meeting heard reports on enhancement of the ESG strategy, the status of the introduction of SAP S/4HANA, and the future human resources strategy – each taking into account the planned business combination with Vitesco Technologies Group AG. The Board of Managing Directors also explained the project to streamline and optimize the group's legal structure.

Schaeffler employees then presented development priorities of the Energy Solutions, eDrive Solutions, and Robotics Solutions innovation clusters to the members of the Supervisory Board in a market square format.

At its third regular meeting on September 27, 2024, the Board of Managing Directors reported on the current position of the business and the financial position of the Schaeffler Group as well as on the results for the first half of 2024 and the interim report as at June 30, 2024. The Board of Managing Directors presented the preparations for the integration of Vitesco into the Schaeffler Group and the plans for its implementation starting from the expected completion of the merger on October 1, 2024.

The Supervisory Board also passed a resolution to adjust the service contracts of the Managing Directors effective January 1, 2025, with respect to the amendments to the remuneration system approved by the annual general meeting on April 25, 2024, and the remuneration of the Managing Directors discussed at the Supervisory Board meeting on February 23, 2024. Additionally, the Supervisory Board heard presentations on potential targets to be established as non-financial ESG targets for the short-term bonus 2025 and decarbonization targets for the 2025 to 2028 long-term bonus tranche and discussed them.

Additionally, a resolution appointing KPMG AG Wirtschaftsprüfungsgesellschaft auditor of the remuneration report for 2024 was passed.

The Supervisory Board dealt with the legally required periodic external rotation of the auditors as at the end of 2024. At the recommendation of the audit committee, the Supervisory Board passed a resolution to recommend PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft as auditors to the annual general meeting 2025.

Finally, the Supervisory Board decided to perform another assessment of the efficiency of the work of the Supervisory Board and its committees and to discuss the results at the first regular Supervisory Board meeting in 2025 – prior to the election of a new Supervisory Board in 2025 – to enable the results to serve as a basis for the work of the newly elected Supervisory Board.

At its fourth and final regular meeting during the reporting period on December 13, 2024, the Supervisory Board was briefed on the Schaeffler Group's most recent results of operations and the results of the third quarter of 2024. The Supervisory Board dealt with the annual review of the remuneration of the Managing Directors and, based on preparations and recommendations made by the presidential committee, specified the performance criteria and their relative weights for the variable remuneration of each Managing Director as well as the individual total target remuneration for 2025. Indicative target achievement for 2024 was reported on as well. A further focal point of the meeting was the discussion and approval of the Schaeffler Group's budget for 2025, its long-range plan for the years 2025 to 2030, and the financing plan for 2025. The Supervisory Board passed a resolution to establish an ad hoc committee to advise the Board of Managing Directors on the implementation of the financing plan for 2025.

The Supervisory Board also passed a resolution to expand the profile of expertise of the Supervisory Board to include requirements of the European Sustainability Reporting Standards (ESRS) and to amend the Supervisory Board's qualifications matrix accordingly.

The Supervisory Board dealt with the declaration of conformity with the German Corporate Governance Code (section 161 AktG). Additionally, the Supervisory Board passed a resolution in accordance with section 32 MitbestG to appoint a member to the Supervisory Board of Vitesco Technologies Group AG.

Topics of Supervisory Board committee meetings

The Supervisory Board's presidential committee held four regular meetings during the year that were held as in-person meetings with an option to attend via video conference. Presidential committee meetings were used to prepare the plenary meetings of the Supervisory Board, especially the personnel decisions to be made by the Supervisory Board. The Supervisory Board also approved positions assumed by Managing Directors on supervisory or similar boards of other companies and institutions.

In addition, the presidential committee dealt with and approved the transfer of real estate held by Vitesco Technologies Grundstücks GmbH and Vitesco Technologies GmbH to Schaeffler Immobilien AG & Co. KG.

The presidential committee also dealt with the preparation of potential targets to be established as non-financial ESG targets and the variable remuneration of Managing Directors in 2025.

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

The audit committee held regular discussions with the auditors – both with and without the Board of Managing Directors being present – as part of the preparation for and performance of the audit. During its meetings, the audit committee also regularly held discussions with neither the Board of Managing Directors nor the auditors being present. The chairman of the audit committee regularly discussed the progress of the audit with the auditors outside of meetings and reported to the committee on this.

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

Audit committee meetings heard reports on the structure of the technical compliance management system and its enhancement in accordance with IDW PS 980 as well as the further roll-out of the tax compliance management system. Reports heard on compliance & corporate security dealt with progress on the human rights compliance management system, the improvement in the results of the regular evaluation of the maturity of the information security management systems in accordance with the cybersecurity framework of the US National Institute of Standards and Technology (NIST), and extreme weather risks. Further, the audit committee was briefed on the status of the implementation of SAP S/4HANA.

The audit committee regularly dealt with the preparations for the business combination with Vitesco Technologies Group AG and discussed issues including the integration of risk management and internal control system as well as compliance. It also dealt with harmonization of the risk management and internal control systems and the compliance management systems of the two companies and with updating the Schaeffler Code of Conduct and the Business Partner Code of Conduct for the combined company.

Additionally, the preparations for integrating the sustainability statement into the management report in the 2024 annual report and the regulatory ESRS requirements for sustainability reporting were presented to and discussed by the audit committee.

The Supervisory Board recommended to the annual general meeting on April 25, 2024, that it appoint KPMG AG Wirtschaftsprüfungsgesellschaft auditors of the separate and consolidated financial statements and auditors for purposes of reviews of interim financial statements and financial information. The audit committee engaged KPMG AG Wirtschaftsprüfungsgesellschaft as auditors and determined areas of focus for the audit. The audit committee engaged KPMG AG Wirtschaftsprüfungsgesellschaft to perform a separate limited assurance review on the disclosures legally required by sections 315b and 315c in conjunction with 289b to 289e HGB (sustainability statement).

As a periodic external rotation of auditors is required as at the end of 2024, the audit committee also dealt with the selection process for the 2025 financial statement audit. Following careful review and discussion, the audit committee recommended to the Supervisory Board that it recommend Pricewaterhouse-Coopers GmbH Wirtschaftsprüfungsgesellschaft as auditors for 2025 to the annual general meeting 2025.

The technology committee held two regular meetings during the reporting period that were held as in-person meetings with an option to attend via video conference. The first meeting focused on technological innovations in R&D. To this end, selected topics from the Schaeffler Group's Technology Dialog 2024 and the updated innovation clusters were presented. Further, the meeting heard presentations on the results of the technical compliance risk assessment, the systematic methodology for identifying and monitoring risks, and on establishing risk mitigation measures and controls, and discussed these matters.

At its second meeting, which was held at the Vitesco location in Nuremberg, the technology committee mainly dealt with the preparations for the integration of Vitesco and the implications of the business combination for the Schaeffler Group's innovation strategy for products, production, and innovative technologies. This was followed by a tour of Vitesco's center of excellence for electric mobility where committee members were shown innovative manufacturing technologies for manufacturing electronics.

No nomination committee meetings were called during the reporting period. The nomination committee passed a resolution in writing in which it proposed to the Supervisory Board the candidates to be proposed to the annual general meeting on April 25, 2025, for election as shareholder representatives.

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

Disclosure of attendance at meetings by individual

Members' attendance rate at meetings of the Supervisory Board or its committees was 88%. The attendance of Supervisory Board members at meetings of the Supervisory Board and its committees is disclosed by individual as follows:

Meeting attendance

	Full Supervisory Board		Presidential committee		Audit committee		Technology committee		Nomination committee		Mediation committee	
Number of meetings/attendance in %	Number	in %	Number	in %	Number	in %	Number	in %	Number	in %	Number	in %
Georg F. W. Schaeffler Chairman	10/10	100	4/4	100	5/5	100	2/2	100				
Horst Ott Deputy Chairman (since April 25, 2024)	4/7	57	2/3	67			0/1	0				
Jürgen Wechsler Deputy Chairman (until April 25, 2024)	3/3	100	1/1	100	1/1	100	1/1	100				
Sabine Bendiek	10/10	100	4/4	100								
Prof. Dr. Hans-Jörg Bullinger	10/10	100					2/2	100				
Dr. Holger Engelmann	9/10	90			5/5	100						
Prof. Dr. Bernd Gottschalk	10/10	100										
Andrea Grimm (until October 31, 2024)	9/9	100			3/5	60						
Ulrike Hasbargen	10/10	100										
Thomas Höhn	10/10	100			5/5	100						
Hanna Köhler (since December 9, 2024)	1/1	100										
Susanne Lau	10/10	100			3/4	75						
Dr. Alexander Putz	10/10	100										
Barbara Resch	8/10	80	3/4	75								
Katherina Reiche	9/10	90										
Jürgen Schenk	8/10	80					1/2	50				
Helga Schönhoff	10/10	100										
Ulrich Schöpplein	10/10	100	4/4	100			2/2	100				
Robin Stalker	9/10	90			5/5	100						
Prof. TU Graz e.h. KR Ing. Siegfried Wolf	7/10	70	2/4	50			2/2	100				
Prof. Dr.-Ing. Tong Zhang	10/10	100					2/2	100				
Markus Zirkel	10/10	100					2/2	100				
		94		**85**		**91**		**83**				

Training and continuing education

Supervisory Board members take responsibility for undertaking any training or professional development measures necessary to fulfill their duties, such as training on changes in the legal environment and on new technologies, and Schaeffler AG supports them in this by providing internal professional development measures.

Separate and consolidated financial statements 2024

KPMG AG Wirtschaftsprüfungsgesellschaft has audited the separate financial statements, the consolidated financial statements, and the combined management report as at December 31, 2024, prepared by the Board of Managing Directors in accordance with German commercial law, including the accounting records and the system of internal control over financial reporting as well as the early warning risk identification system. The consolidated financial statements of Schaeffler AG as at and for the year ended December 31, 2024, were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the additional requirements of German commercial law pursuant to section 315e (1) German Commercial Code.

KPMG AG Wirtschaftsprüfungsgesellschaft has also audited the report on relations with affiliated companies (“dependency report”) prepared by the Board of Managing Directors in accordance with section 312 AktG. The report covers the period from January 1, 2024, to December 31, 2024.

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

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

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

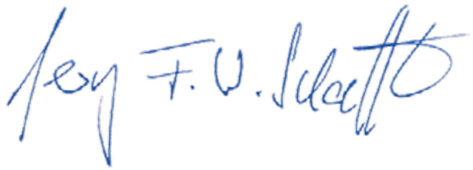
Schaeffler AG has prepared a combined group non-financial declaration of the company for 2024 as part of the management report (sustainability statement). KPMG AG Wirtschaftsprüfungsgesellschaft performed a limited assurance engagement on the sustainability statement. KPMG AG Wirtschaftsprüfungsgesellschaft found that, based on the assurance procedures performed, nothing has come to its attention that causes it to believe that the attached group non-financial declaration has not been prepared, in all material respects, in accordance with the legal requirements (including the requirements of the CSRD).

The audit committee finalized its discussions of the financial statement documents, the sustainability statement, the dependency report, the long-form audit reports, and the report on the limited assurance engagement with the Board of Managing Directors and the auditors on February 20, 2025. The audit committee scrutinized the development of earnings for 2024, the financial position and net assets as at the reporting date and, particularly, provisions for risks. The financial statement documents, the sustainability statement, the dependency report, the long-form audit reports, and the report on the limited assurance engagement were also finalized in the Supervisory Board meeting on February 21, 2025. The required documents had been distributed to all members of the audit committee and the Supervisory Board in due time before these meetings to give members sufficient opportunity to examine them. The auditor was present during the discussion. He reported on significant findings of the financial statement audit and the limited assurance review and was available to provide additional information to the audit committee and the Supervisory Board. Based on its own examinations of the separate financial statements, the dependency report (including the closing statement of the Board of Managing Directors), and the consolidated financial statements together with the combined management report and the sustainability statement contained therein, and based on recommendations made by the audit committee, the Supervisory Board concurs with the result of the auditors’ audits. There was no cause for objection, including objection to the closing statement on the dependency report prepared by the Board of Managing Directors. The Supervisory Board has approved the separate financial statements and the consolidated financial statements. The separate financial statements have thus been adopted.

The Supervisory Board has reviewed the appropriation of retained earnings proposed by the Board of Managing Directors and will, together with the Board of Managing Directors, propose to the annual general meeting the payment of a dividend of EUR 0.25 per common share in respect of 2024.

On behalf of the Supervisory Board, I would like to express my sincere gratitude to the members of the Executive Board, to the remaining management, and to all employees of Schaeffler AG, the group companies – and expressly also of the Vitesco Technologies companies – for their commitment and dedication and their constructive teamwork during this challenging year 2024.

For the Supervisory Board



Georg F. W. Schaeffler
Chairman

Herzogenaurach, February 21, 2025

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.

More on the governance systems on pp. i34 et seq.

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 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. i31 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 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.

Qualifications matrix – employee representatives

		Horst Ott	Thomas Höhn	Hanna Köhler	Susanne Lau	Dr. Alexander Putz	Barbara Resch [3]	Jürgen Schenk	Helga Schönhoff	Ulrich Schöpplein	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 i29.

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 Schöpplein, 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 Schöpplein, 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 Schöpplein (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 Schöpplein, 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 Schöpplein*
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**.

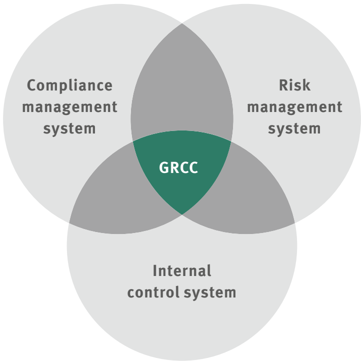
First line: The operative business units are responsible for establishing measures required to achieve objectives and for appropriately managing the risks within the assigned responsibilities. It is imperative that individual risks potentially jeopardizing the continued existence of the company are avoided. 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).

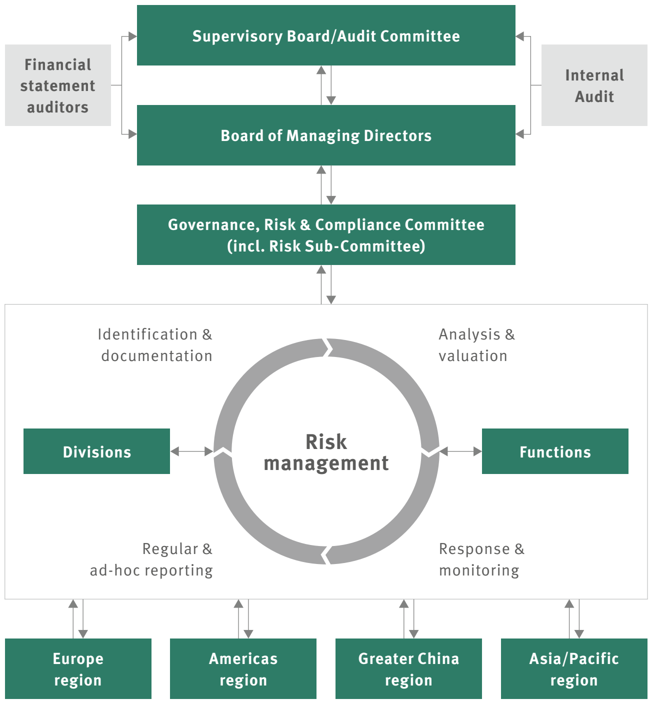
The Schaeffler Group's risk management system is aimed at identifying, assessing, and managing risks and opportunities in accordance with the company's risk strategy on a timely basis. The Schaeffler Group's risk strategy calls for the group to judiciously take on calculated business risks in order to 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.

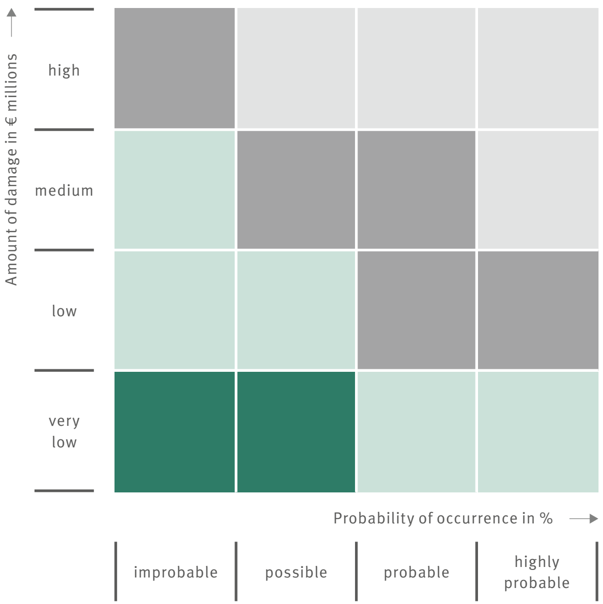
Risks are identified using the groupwide catalog of risk categories. All strategic, operational, legal, and financial risks along the value chain are captured under these categories. This also applies to ESG-related risks, which are fully integrated into this catalog and are identified based on the European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



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 classes [1]

very low | low | medium | high

Impact on net assets, financial position, and earnings

[1] Internal and external reports address high and medium risks.

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.

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.

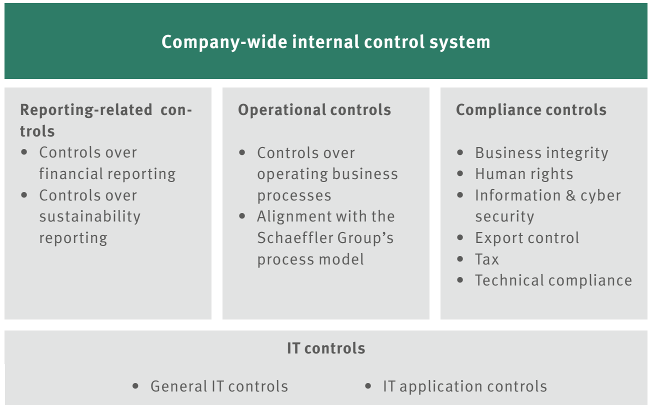
Features of the company-wide control system [1]

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 interdependent 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. i38 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) Akt G, 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.

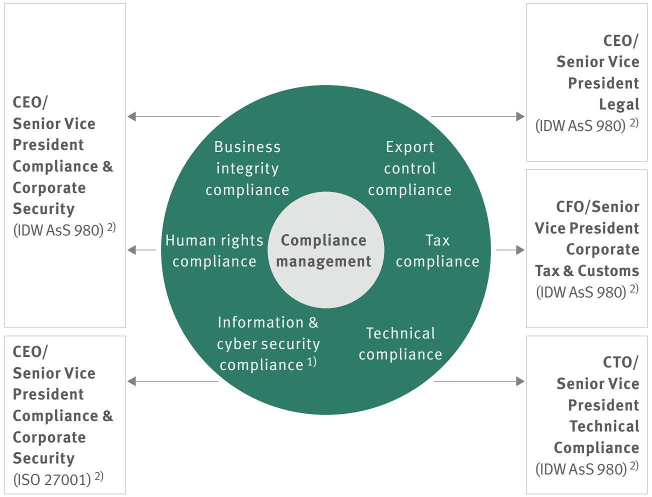
Responsibility for uniform compliance management systems that are aligned with industry and assurance standards rests with the Group Chief Compliance Officer who reports directly to the CEO and the Chairman of the Supervisory Board and maintains a continual dialog with the chairman of the audit committee.

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

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.

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.

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.

Schaeffler on the capital markets

Conversion of common non-voting shares into common voting shares

As part of the merger with Vitesco Technologies Group AG, 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 of Schaeffler AG and a separate general meeting of the common non-voting shareholders on February 2, 2024.

Since the merger completed on October 1, 2024, all Schaeffler AG shareholders – family shareholders and all other shareholders – have been holding the same class of shares. The number of Schaeffler shares issued has increased from 666,000,000 to 944,884,641.

The new common voting shares (ISIN: DE000SHA0019) have been listed since October 2, 2024, and are traded on the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the Prime Standard. Trading in the previously exchange-traded common non-voting Schaeffler shares (ISIN: DE000SHA0159) has ceased.

Shareholders now benefit from increased influence on decision making. The conversion of the common non-voting shares into common voting shares has implemented the "one share, one vote" principle, i.e., each share also carries one voting right at the general meeting.

Schaeffler share price trend 2024

in percent (12/31/2023 = 100)

Source: Bloomberg (closing prices).

The Schaeffler share price began 2024 with a considerable recovery, reaching its annual high of EUR 6.72 on February 29, 2024.

The share price responded favorably to the earnings release for the 1st quarter on May 7, 2024. The largest trading volume of the year, more than 5.5 million shares, reached at the end of December considerably exceeded the average daily Xetra trading volume for 2024 of approximately 583,000 shares.

Particularly at the beginning of the second half of the year, both Schaeffler shares and the automotive market began to deteriorate, resulting in a decline in the STOXX Europe 600 Automobiles & Parts automotive index. The performance of the SDAX, on the other hand, remained stable in the second half of the year. In 2024, the dominant themes in the automotive industry were, firstly, the weak ramp-up of electric mobility in Europe and sluggish demand for passenger cars and light commercial vehicles in general. Secondly, the ongoing transformation of automobile manufacturers and suppliers as well as competition from Chinese competitors led to high volatility in the capital markets.

The adjustment of the outlook for the EBIT margin before special items and free cash flow before cash in- and outflows for M&A activities by the Schaeffler AG Board of Managing Directors on July 22, 2024, led to a further decline in the share price when it was announced. The company's 3rd quarter results fell short of market expectations and triggered a negative response of the share price.

Schaeffler AG's shares closed 2024 down 24.2% from the prior year-end.

Schaeffler shares at a glance

	2024	2023
Share price 12/31 (in €) 1)	4.24	5.60
Number of shares	944,884,641	666,000,000
• Common shares	944,884,641	500,000,000
• Common non-voting shares		166,000,000
Market capitalization 12/31 (in € millions)	4,006	3,729
Market capitalization free float 12/31 (in € millions)	833	928
Earnings per share (in €)		
• Common shares	-0.82	0.46
• Common non-voting shares	–	0.47
Dividend per share (in €) 2)		
• Common shares	0.25	0.44
• Common non-voting shares	–	0.45
Dividend yield 12/31 2),3)	6%	8%
Free float 12/31	20.8%	21.9%

1) Source: Bloomberg (closing prices).
2) 2024 dividend proposed to the annual general meeting on April 24, 2025.
3) 2023 dividend yield relates to common non-voting shares.

Please refer to pp. 15 et seq. for more information on the economic environment.

Dividend trend and dividend payout ratio

The Board of Managing Directors had decided in consultation with the Supervisory Board, before the annual general meeting 2024, to raise the range for the annual dividend payout ratio from previously 30 – 50% to 40 – 60% of net income adjusted for special items. This makes the dividend policy even more attractive to shareholders, allowing them to more extensively participate in the company's earnings going forward.

For 2024, the Board of Managing Directors and the Supervisory Board will propose a dividend of EUR 0.25 [3] per common share to the annual general meeting. The resulting dividend payout ratio for 2024 would significantly exceed the range established. This will allow all shareholders to share in the Schaeffler Group's success.

For 2023, the company paid a dividend of EUR 0.44 per common share and EUR 0.45 per common non-voting share by April 30, 2024.

Base data relevant to the capital markets

	2024	2023
Class	Common shares	Common non-voting shares 1)
German securities identification number (WKN)	SHA001	SHA015
ISIN	DE000SHA0019	DE000SHA0159
Stock symbol	SHA	SHA
German stock exchange (Prime Standard)	Frankfurt	Frankfurt
Index	SDAX	SDAX
Reuters ticker symbol	SHA0.DE	
Bloomberg ticker symbol	SHA0	

1) Only common non-voting shares listed.

Shareholder structure

The geographic distribution of the free float was determined using a shareholder identification survey [4] following the merger with Vitesco Technologies Group AG. The free float did not include the 79.2% interest held by IHO companies. Schaeffler AG's shareholder structure consists largely of institutional investors. Geographically, free-float investors were mainly distributed across the U.S. (approx. 15%), the United Kingdom (approx. 11%), Norway (approx. 5%), Canada (approx. 3%), and Germany (approx. 2%) in 2024.

More information on shareholders holding an interest of at least 3%: https://www.schaeffler.com/en/investor-relations/events-publications/voting-rights-announcements/

Investor relations activities

An open and continuous dialog with equity and bond investors and all other capital market participants is important to Schaeffler AG.

The extraordinary general meeting of Schaeffler AG and the separate meeting of the common non-voting shareholders took place on site at the company's corporate headquarters in Herzogenaurach on February 2, 2024. The annual general meeting was held in a virtual format on April 25, 2024.

Following the merger with Vitesco, an opening ceremony at the Frankfurt Stock Exchange on October 2, 2024, accompanied the start of trading of Schaeffler shares carrying full voting rights.

More information under: www.schaeffler.com/ir

See back cover for financial calendar.

3 Subject to approval by the annual general meeting.
4 Covers (institutional) investors required to disclose their holdings.

Group management report

Corporate Governance i10
Report of the Supervisory Board i10
Corporate governance declaration including corporate governance report* i20
Members of the Board of Managing Directors and the Supervisory Board* i31
Governance systems* i34
Significant events* i41

Schaeffler on the capital markets i44

1. FUNDAMENTAL INFORMATION ABOUT THE GROUP 2
1.1 Organizational structure and business activities 2
1.2 Group strategy and group management 9
1.3 Research and development 13

2. REPORT ON THE ECONOMIC POSITION 15
2.1 Economic environment 15
2.2 Course of business 2024 17
2.3 Earnings 19
2.4 Financial position and finance management 27
2.5 Net assets and capital structure 32
2.6 Net assets, financial position, and earnings of Schaeffler AG 33
2.7 Other components of the group management report 35

3. SUPPLEMENTARY REPORT 36

4. REPORT ON OPPORTUNITIES AND RISKS 37
4.1 Risks 37
4.2 Opportunities 41
4.3 Overall assessment of Schaeffler Group opportunities and risks 43

5. SUSTAINABILITY STATEMENT 44
5.1 General disclosures 44
5.2 Environment 59
5.3 Social 87
5.4 Business conduct 109
5.5 Additional information 113

6. REPORT ON EXPECTED DEVELOPMENTS 120
6.1 Expected economic and sales market trends 120
6.2 Schaeffler Group outlook 121

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 employees [5]. 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 facilities [6], 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.

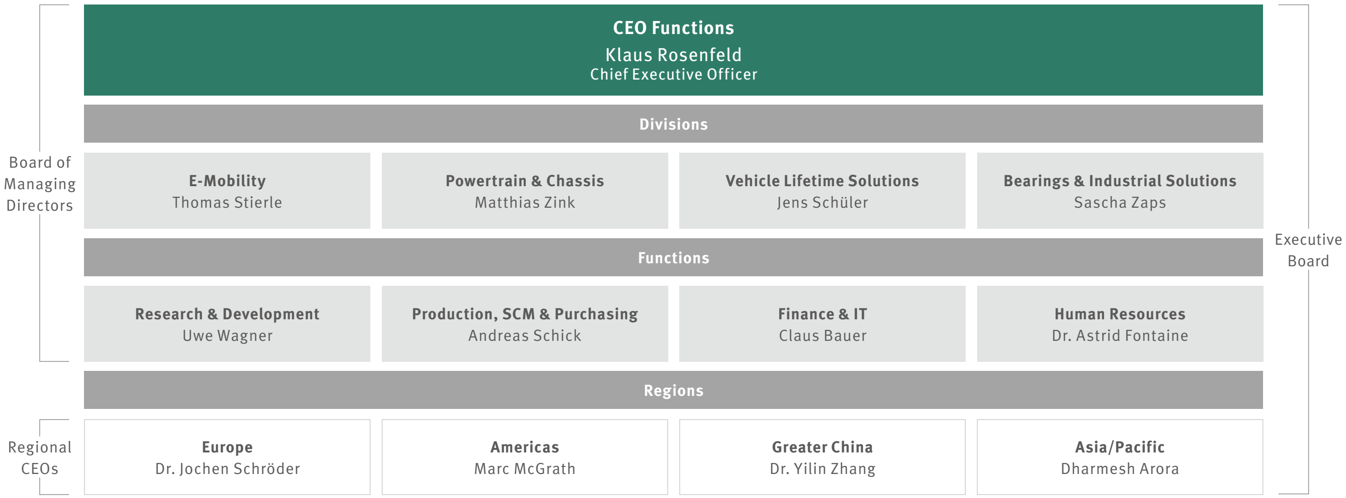
The Others division established at the beginning of 2024 combines business activities that were not assigned to any of the other divisions. In 2024, the equity-accounted investment in Vitesco Technologies Group AG (approximately 38.9%) for the first nine months of 2024 and the business activities of 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.

[5] 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.
[6] 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.

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.

Schaeffler Group organizational and leadership structure

since 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.

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. i41.

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
Engine and Transmission Systems BD	Americas region	Americas region	Minority interests in innovative business models
Chassis Systems BD	Greater China region	Greater China region	Income (loss) from equity-accounted Vitesco investment until 09/30.
	Asia/Pacific region	Asia/Pacific region	Consolidation Vitesco since 10/01. – Electrification Solutions – Powertrain Solutions

- **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
Controls BD	Powertrain Solutions BD	Platform Business BD	Automotive Bearings BD	Start-up/new growth business
Mechatronics & Modules BD	Chassis Systems BD	Specialty Business BD	Linear Motion BD	End-of-life business
		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 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 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.

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

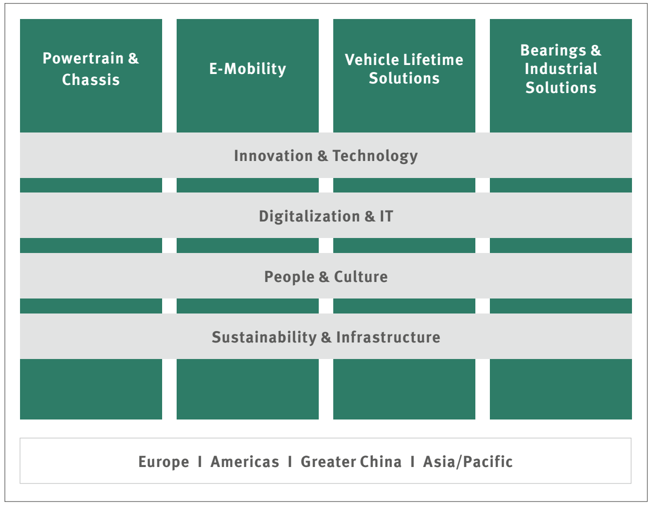
The Schaeffler Group's current strategy was approved in 2020 and validated and enhanced each year since as part of a Strategy Dialog. The strategic framework is based on five focus areas that were derived from key future trends and reflected the product and service range of all four divisions. Along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

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.

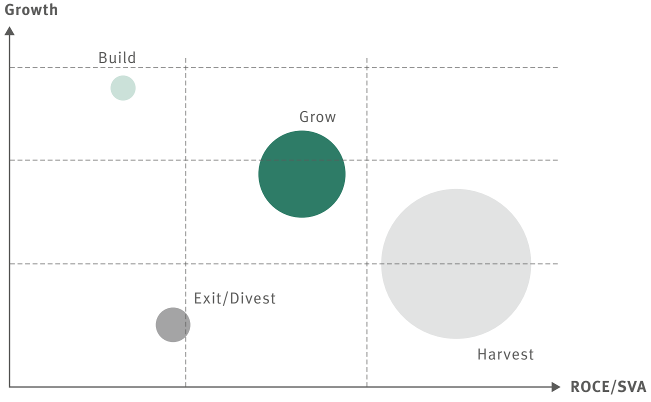
In the **"Sustainability & Infrastructure"** subprogram, further significant measures of the Climate Action Plan were implemented during the year. Consistently decarbonizing the company's own production and supply chain is an essential element of the various specific sustainability initiatives. Other 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 Growth [1]	2 Rationalization and quality	3 Replacement	4 Safety and regulatory	Total
A Build	✓			✓	
B Grow	✓	✓	✓	✓	
C Harvest		✓	✓	✓	
D Exit/Divest			✓	✓	
Total					Total investments

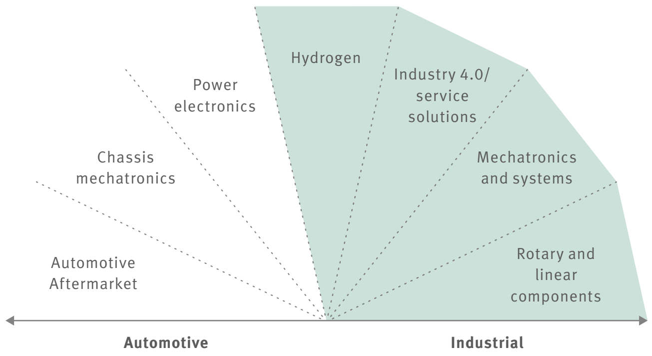
[1] Capacity expansion and new products.

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

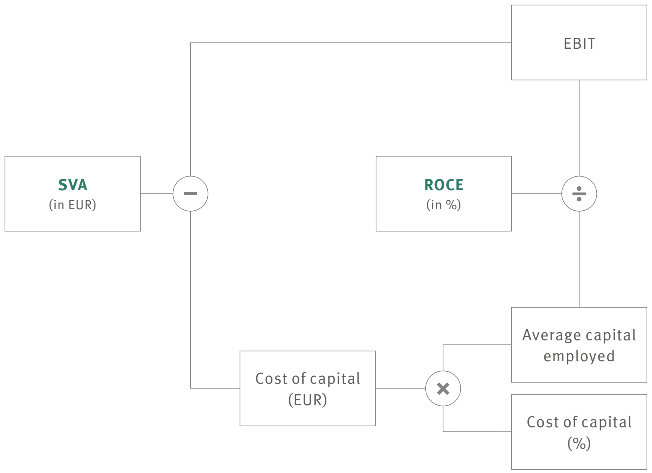


The company's search for opportunities to expand the profile of its expertise and its portfolio specifically targets these clearly defined areas. Except for the acquisition of Vitesco, it focuses primarily on the acquisition of smaller targets intended to complement and strengthen the technology spectrum, 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. "Innoplate 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 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.

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

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 Trademark 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).

2. Report on the economic position

2.1 Economic environment

Macroeconomic environment

Gross domestic product

	Change in %
Europe	**1.5**
	1.2
Americas	**2.6**
	2.7
Greater China	**4.9**
	5.1
Asia/Pacific	**2.9**
	3.4
World	**2.7**
	2.8

2024 2023

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 product [7] 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).

More on foreign currency translation on pp. 131 et seq.

Sector-specific environment

Automobile production

	Change in %	Million units
Europe	**-5.1**	**18.9**
	11.2	19.9
Americas	**-1.1**	**18.3**
	8.6	18.5
Greater China	**4.3**	**30.8**
	10.5	29.5
Asia/Pacific	**-4.8**	**21.5**
	9.1	22.5
World	**-1.1**	**89.4**
	9.9	90.5

2024 2023

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

The decrease in global **automobile production** [8] 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.

[7] 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.
[8] 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	2024	**1.7**	**544.2**	**13.2**
	2023	1.8	534.9	12.9
Americas	2024	**1.1**	**441.7**	**12.3**
	2023	1.0	437.0	12.1
Greater China	2024	**5.3**	**332.9**	**7.7**
	2023	6.0	316.1	7.4
Asia/Pacific	2024	**2.7**	**265.5**	**10.5**
	2023	3.0	258.5	10.3
World	2024	**2.4**	**1,584.3**	**11.3**
	2023	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 population** [9] 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	2024	**-3.0**
	2023	3.5
Americas	2024	**-1.7**
	2023	1.4
Greater China	2024	**4.5**
	2023	5.4
Asia/Pacific	2024	**-1.0**
	2023	-2.3
World	2024	**0.4**
	2023	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) [10], 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 equipment [11] – 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%.

[9] 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.
[10] 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.
[11] 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 Fund [12], 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). [13]

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.

[12] All price information by the International Monetary Fund is based on amounts in U.S. dollars.
[13] Data supplied by Ember (January 2025).

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.

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).

See Note 3.7 "Earnings per share" to the consolidated financial statements for further details.

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.

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.

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.

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

Income statement (in € millions)	Total 2024	Total 2023	Automotive Technologies 2024	Automotive Technologies 2023 1)	Vehicle Lifetime Solutions 2024	Vehicle Lifetime Solutions 2023 1)	Bearings & Industrial Solutions 2024	Bearings & Industrial Solutions 2023 1)	Others 2024	Others 2023 1)
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.

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.

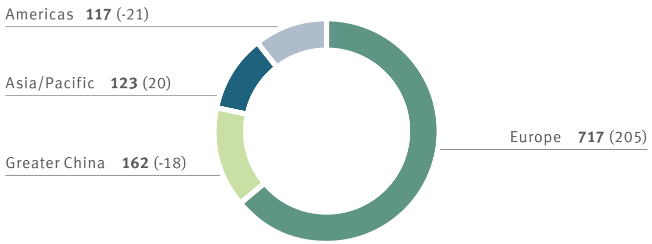
Activities under the "Digitalization & IT" subprogram included continuing to push forward with the implementation of SAP S/4HANA. The Schaeffler Group also continued to invest in digitally connecting production facilities in its plants.

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

	2024	2023	2024	2023
	Company		Bonds	
Rating agency	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). [14]

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.

[14] See Note 4.12 to the consolidated financial statements for further details.

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:

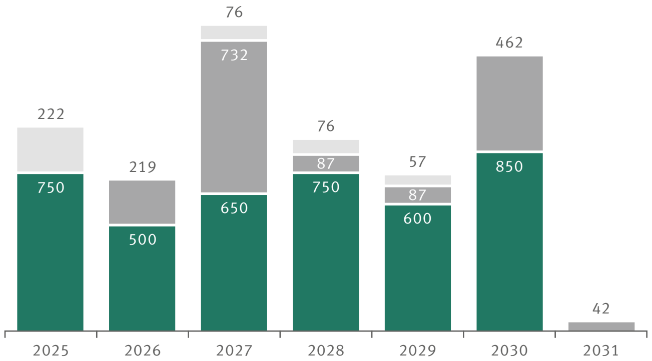
Schaeffler Group bonds

		12/31/2024	12/31/2023	12/31/2024	12/31/2023		
ISIN	Currency	Principal in millions		Carrying amount in € millions		Coupon	Maturity
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.

More on acquisitions and disposals of companies in the notes to the consolidated financial statements on pp. 139 et seq.

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%).

More on the consolidated statement of changes in equity on page 127.

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 (see Note 5.2 to the consolidated financial statements for further details).

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.

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. i20 et seq.,
- "Members of the Board of Managing Directors and the Supervisory Board" on pp. i31 et seq.,
- "Governance systems" on pp. i34 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

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 CO_2 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 Ewellix 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 CO_2 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.

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 macroeconomic 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. i25 et seq.,
GOV-1 23 a	Corporate governance declaration including the corporate governance report on pp. i25 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. i25 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. i25 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 semiannually 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 employees [15]. 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.

[15] 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 inputs [16] 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.

[16] 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	• Schaeffler Stakeholder Dialog • workshops and bilateral meetings • multi-stakeholder initiatives • trade fairs • responding to customer requests	• ensuring customer satisfaction • gaining insight and meeting expectations • establishing strategic partnerships	• collaborations in various sustainability projects • cooperation in meeting sustainability targets • exchanging relevant ESG data
Employees	• information sessions • employee meetings • training formats • employee surveys • internal communication formats, e.g., Intranet MySchaeffler • whistleblowing system	• attracting and retaining employees • ensuring adequate working conditions and human rights • raising awareness and providing support with respect to sustainability	• measures promoting personal and career development • measures to improve communications, cooperation & processes • sustainability and climate training
Labor unions	• dialog • negotiations • contracts	• attracting and retaining employees • ensuring adequate working conditions • taking into account employees' interests	• good working conditions for employees • creating and preserving jobs
Suppliers and service providers	• Schaeffler Stakeholder Dialog • multi-stakeholder initiatives, e.g., Sector Dialogue Automotive Industry • supplier meetings • supplier section of Schaeffler website • whistleblowing system	• 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	• 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	• conferences • bilateral meetings • roadshows • responding to requests • financial/ESG reporting • annual general meeting	• meeting expectations and requirements regarding ESG matters in order to favorably influence investment decisions	• transparent and stringent ESG reporting, including on the transformation trajectory • communication of relevant ESG metrics
Banks and lenders	• financial/ESG reporting • bilateral meetings	• meeting expectations and requirements regarding ESG matters for better credit terms	• publication of the Green and Sustainability-Linked Financing Framework • including sustainability-linked KPIs in debt agreements
Civil society organizations and NGOs	• Schaeffler Stakeholder Dialog • multi-stakeholder initiatives • cross-sector partnerships • responding to requests • whistleblowing system	• good relations with civil society and its protection • obtaining feedback and recommendations for action	• strengthening human and environmental rights to contribute to a sustainable supply chain
Industry associations	• working groups	• sharing challenges and best practices • strengthening cooperation	• sharing best-practice approaches and know-how • developing joint industry standards
Governments, politics, and authorities	• bilateral meetings • information sessions • forums and events • consultations	• complying with legislation • lobbying • taking into account the development of new regulatory requirements	• 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_2eq 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 ● 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 ● 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.

● Impacts ● Risks ● 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 severity [17] and likelihood.

More on the risk management system in the “Governance systems” chapter on pp. i34 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. i34 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.

[17] 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 matters [18] 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".

[18] 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 turnover [19], 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

[19] 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

				Substantial contribution criteria						DNSH criteria ("No significant harm")								Category	
Economic activities	**Code**	**Turnover in € millions**	**Proportion of turnover 2024**	**CCM 1)**	**CCA 2)**	**WTR 3)**	**PPC 4)**	**CE 5)**	**BIO 6)**	**CCM 1)**	**CCA 2)**	**WTR 3)**	**PPC 4)**	**CE 5)**	**BIO 6)**	**Minimum safeguards**	**Proportion of taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) turnover, 2023**	**Enabling activities**	**Transi-tional activities**
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
2) **CCA** climate change adaptation
3) **WTR** water and marine resources
4) **PPC** pollution prevention and control
5) **CE** circular economy
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

				Substantial contribution criteria						DNSH criteria ("No significant harm")								Category	
Economic activities	**Code**	**CapEx in € millions**	**Proportion of CapEx 2024**	**CCM [1]**	**CCA [2]**	**WTR [3]**	**PPC [4]**	**CE [5]**	**BIO [6]**	**CCM [1]**	**CCA [2]**	**WTR [3]**	**PPC [4]**	**CE [5]**	**BIO [6]**	**Minimum safeguards**	**Proportion of taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) CapEx, 2023 [7]**	**Enabling activities**	**Transi-tional activities**
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
[2] **CCA** climate change adaptation
[3] **WTR** water and marine resources
[4] **PPC** pollution prevention and control
[5] **CE** circular economy
[6] **BIO** biodiversity and ecosystems

[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
N/EL "not eligible", activity not taxonomy-eligible for the relevant environmental objective
EL "eligible", activity taxonomy-eligible for the relevant environmental objective

OpEx

				Substantial contribution criteria						DNSH criteria (“No significant harm”)								Category	
Economic activities	**Code**	**OpEx in € millions**	**Proportion of OpEx 2024**	**CCM [1]**	**CCA [2]**	**WTR [3]**	**PPC [4]**	**CE [5]**	**BIO [6]**	**CCM [1]**	**CCA [2]**	**WTR [3]**	**PPC [4]**	**CE [5]**	**BIO [6]**	**Minimum safeguards**	**Proportion of taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) OpEx, 2023**	**Enabling activities**	**Transi-tional activities**
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
[2] **CCA** climate change adaptation
[3] **WTR** water and marine resources
[4] **PPC** pollution prevention and control
[5] **CE** circular economy
[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

Disclosure of extent of taxonomy eligibility and alignment by environmental objective

	Proportion of turnover/total turnover		Proportion of CapEx/total CapEx		Proportion of OpEx/total OpEx	
in percent	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.[20, 21]

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, CO_2eq pricing)**
(Transition risks)

Time horizon:	□ short-term	■ medium-term	□ long-term
Stage of the value chain:	■ upstream	■ own operations	□ downstream

Rising CO_2eq 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, CO_2eq 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, CO_2eq 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.

[20] Time horizons identified represent the estimated earliest time of occurrence of material impacts, risks, and identified opportunities.
[21] 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.

● Impacts ● Risks ● Opportunities

- **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 CO_2eq, 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 CO_2eq and a reduced total energy consumption. At the Wooster location, approximately 450 t CO_2eq 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 CO_2eq 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 CO_2eq.[22] In 2024, the amount was 6,928 thousand t CO_2eq. Hence, greenhouse gas emissions have increased by 6% between 2019 and 2024.

[22] 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. [23] 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 counterbalance unavoidable emissions.

Most CO_2eq 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 CO_2eq. [24] In 2024, the amount was 193 thousand t CO_2eq. 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.

[23] 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.
[24] 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_2eq	14,983,463
Total GHG emissions (market-based)	t CO_2eq	14,089,398
Scope 1 GHG emissions		
Gross Scope 1 GHG emissions [1]	t CO_2eq	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_2eq	897,551
Gross market-based Scope 2 GHG emissions [1]	t CO_2eq	3,486
Significant Scope 3 GHG emissions		
Total gross indirect (Scope 3) GHG emissions	t CO_2eq	13,890,930
3.1 Purchased goods and services	t CO_2eq	6,941,958
3.2 Capital goods	t CO_2eq	398,382
3.3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)	t CO_2eq	262,410
3.4 Upstream transportation and distribution	t CO_2eq	414,234
3.10 Processing of sold products	t CO_2eq	525,655
3.11 Use of sold products	t CO_2eq	5,348,291
Total GHG emissions and intensity		
Total GHG emissions (location-based) per net revenue	t CO_2eq / EUR thousands	0.82
Total GHG emissions (market-based) per net revenue	t CO_2eq / 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 CO_2eq associated with Scope 1 activity data amount to 3,342 t CO_2eq and those associated with Scope 2 activity data to 108,802 t CO_2eq. Biogenic emissions of CO_2eq 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 CO_2eq.

The share of contractual instruments used to cover the population of purchased or acquired energy [25] 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.

[25] 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.

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. [26] 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. [27]

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.

[26] Time horizons identified represent the estimated earliest time of occurrence of material impacts and risks.
[27] Since this is not a taxonomy-relevant activity, this does not have any effect on the results of the DNSH Appendix C assessment.

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 (Lieferkettensorgfaltspflichtengesetz – 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. [28]

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

[28] 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 m^3 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. [29]

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.

[29] Time horizons identified represent the estimated earliest time of occurrence of material impacts and risks.

● Impacts ● Risks ● Opportunities

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.[30, 31]

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).

[30] Time horizons identified represent the estimated earliest time of occurrence of material impacts, risks, and identified opportunities.
[31] 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.

● Impacts ● Risks ● Opportunities

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.

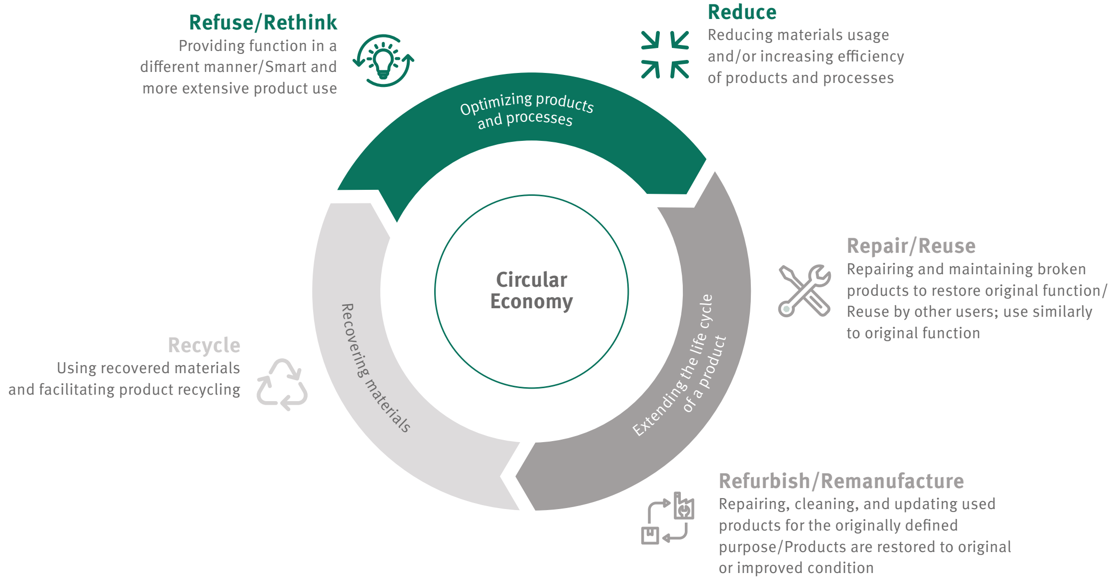
Business Partner Code of Conduct

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.

Circular Economy framework



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 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 repairability 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. [32]

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 repairability 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.

[32] 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. [33]

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).

[33] Time horizons identified represent the estimated earliest time of occurrence of material impacts and risks.

● Impacts ● Risks ● Opportunities

● **Data protection breaches**
(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 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.

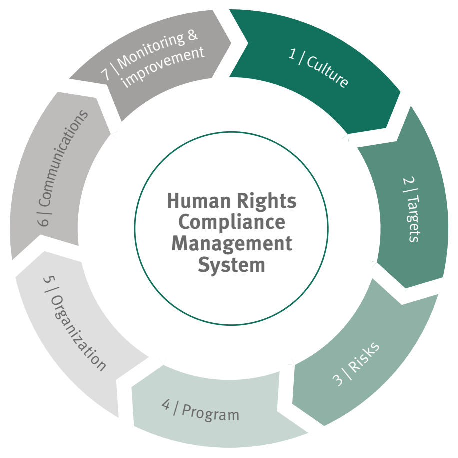
Within the framework of the EnEHS management system, all managers and employees are required to comply with the occupational safety regulations. They are also obliged to report unsafe situations or hazards to their supervisors. Hazards are identified and evaluated using activity- and workstation-related 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 revalidated. 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 [34] 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.

[34] 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. [35]

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.

[35] 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. [36] 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.

[36] 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. [37]

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. i25 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.

[37] 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. i38 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 responsibles 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

	Standard payment terms		
Main category of suppliers	Description	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
ESRS 2 BP-2	Disclosures in relation to specific circumstances	ESRS 2
ESRS 2 GOV-1	The role of the administrative, management, and supervisory bodies	ESRS 2
ESRS 2 GOV-2	Information provided to and sustainability matters addressed by the company's administrative, management, and supervisory bodies	ESRS 2
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	ESRS 2
ESRS 2 GOV-4	Statement on due diligence	ESRS 2
ESRS 2 GOV-5	Risk management and internal controls over sustainability reporting	ESRS 2
ESRS 2 SBM-1	Strategy, business model, and value chain	ESRS 2
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 2
ESRS 2 IRO-1	Description of the process to identify and assess material impacts, risks, and opportunities	ESRS 2
ESRS 2 IRO-2	Disclosure requirements in ESRS covered by the company's sustainability statement	ESRS 2
Environment		
ESRS E1 Climate change		
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	ESRS 2
E1-1	Transition plan for climate change mitigation	ESRS E1
ESRS 2 SBM-3	Material impacts, risks, and opportunities and their interaction with strategy and business model	ESRS E1
ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks, and opportunities	ESRS 2
E1-2	Policies related to climate change mitigation and adaptation	ESRS E1
E1-3	Actions and resources in relation to climate change policies	ESRS E1
E1-4	Targets related to climate change mitigation and adaptation	ESRS E1
E1-5	Energy consumption and energy mix	ESRS E1
E1-6	Gross Scopes 1, 2, 3 and total GHG emissions	ESRS E1
ESRS E2 Pollution		
ESRS 2 IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks, and opportunities	ESRS 2
E2-1	Policies related to pollution	ESRS E2
E2-2	Actions and resources related to pollution	ESRS E2
E2-3	Targets related to pollution	ESRS E2
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	ESRS 2
E3-1	Policies related to water and marine resources	ESRS E3
E3-2	Actions and resources related to water and marine resources	ESRS E3
E3-3	Targets related to water and marine resources	ESRS E3
E3-4	Water consumption	ESRS E3
ESRS E4 Biodiversity and ecosystems		
E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	ESRS E4
ESRS 2 SBM-3	Material impacts, risks, and opportunities and their interaction with strategy and business model	ESRS E4
ESRS 2 IRO-1	Description of the processes to identify and assess material biodiversity and ecosys-tem-related impacts, risks, and opportunities	ESRS 2
E4-2	Policies related to biodiversity and ecosystems	ESRS E4
E4-3	Actions and resources related to biodiversity and ecosystems	ESRS E4
E4-4	Targets related to biodiversity and ecosystems	ESRS E4
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	ESRS 2

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.

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

- 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	Wiegand
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[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) [38], the Schaeffler Group anticipates growth in **global gross domestic product** [39] 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) [40], the Schaeffler Group anticipates **global automobile production** [41] 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) [42], the Schaeffler Group expects growth in **global vehicle population** [43] 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) [44], the Schaeffler Group expects **global industrial production** [45] 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%).

[38] Includes content supplied by S&P Global Market Intelligence © [World Economic Service Forecast, January 2025]. All rights reserved.
[39] Measured as gross domestic product in real terms based on market exchange rates.
[40] Includes content supplied by S&P Global Mobility © [IHS Markit Light Vehicle Production Forecast (Base), January 2025]. All rights reserved.
[41] Measured as the number of vehicles up to six tons in weight produced.
[42] Includes content supplied by S&P Global Mobility © [IHS Markit Vehicles in Operation (VIO) Forecast, November 2024]. All rights reserved.
[43] Measured as the number of passenger cars and light commercial vehicles less than 3.5 tons in weight.
[44] Includes content supplied by S&P Global Market Intelligence © [Comparative Industry Service Forecast, January 2025]. All rights reserved.
[45] Measured as value added in real terms.

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

Consolidated financial statements

1. CONSOLIDATED INCOME STATEMENT 123

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 124

3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION 125

4. CONSOLIDATED STATEMENT OF CASH FLOWS 126

5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 127

6. CONSOLIDATED SEGMENT INFORMATION 128

1. Consolidated income statement

in € millions	Note	2024	2023 [1]	Change in %
Revenue	3.1	18,188	16,313	11.5
Cost of sales		-14,356	-12,805	12.1
Gross profit		**3,832**	**3,507**	**9.3**
Research and development expenses		-987	-768	28.5
Selling expenses		-1,219	-1,088	12.1
Administrative expenses		-788	-649	21.3
Other income	3.2	149	258	-42.3
Other expenses	3.3	-601	-428	40.4
Income (loss) from equity-accounted investees	2.2, 4.4	-93	1	–
Earnings before financial result and income taxes (EBIT)	1.4	**294**	**834**	**-64.7**
Financial income	3.5	93	77	20.3
Financial expenses	3.5	-384	-336	14.4
Financial result	3.5	**-291**	**-259**	**12.8**
Earnings before income taxes		**3**	**575**	**-99.5**
Income taxes	3.6	-608	-240	› 100
Net income (loss)		**-605**	**335**	**–**
Attributable to shareholders of the parent company		-632	309	–
Attributable to non-controlling interests		27	26	5.7
Earnings per share (basic/diluted, in €)	3.7	-0.86	0.46	–

[1] Prior year amounts amended, see “Change in accounting policy and change in accounting estimates” section for further details.

2. Consolidated statement of comprehensive income

in € millions	Note	2024	2023 [1]
Net income (loss)		**-605**	**335**
Items that will not be reclassified to profit or loss			
Remeasurement of net defined benefit liability	4.13	25	-188
Net change in fair value of financial assets at fair value through other comprehensive income	4.16	-9	2
Reclassification to other reserves on disposal of an unconsolidated equity investment accounted for at fair value through other comprehensive income		24	0
Share of other comprehensive income (loss) of equity-accounted investees	2.2	5	0
Tax effect	4.5	-57	54
Total other comprehensive income (loss) that will not be reclassified to profit or loss		**-12**	**-131**
Items that have been or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations		88	-141
Effective portion of changes in fair value of cash flow hedges	4.16	-71	9
Share of other comprehensive income (loss) of equity-accounted investees	2.2	-30	0
Tax effect	4.5	20	-3
Total other comprehensive income (loss) that has been or may be subsequently reclassified to profit or loss		**7**	**-134**
Total other comprehensive income (loss)		**-5**	**-265**
Total comprehensive income (loss)		**-610**	**70**
Total comprehensive income (loss) attributable to shareholders of the parent company		-641	49
Total comprehensive income (loss) attributable to non-controlling interests		31	20

[1] Prior year amounts amended, see “Change in accounting policy and change in accounting estimates” section for further details.

3. Consolidated statement of financial position

in € millions	Note	12/31/2024	12/31/2023 1)	Change in %
ASSETS				
Intangible assets	4.1	2,383	1,617	47.3
Right-of-use assets under leases	4.2	506	236	› 100
Property, plant and equipment	4.3	6,718	4,555	47.5
Investments in joint ventures and associated companies	4.4	18	7	› 100
Costs to fulfill a contract	3.1	621	330	88.0
Contract assets	3.1	5		–
Other financial assets	4.8	320	192	66.8
Other assets	4.8	168	174	-3.6
Income tax receivables	4.5	73	75	-3.9
Deferred tax assets	4.5	757	783	-3.3
Total non-current assets		**11,569**	**7,971**	**45.1**
Inventories	4.6	3,570	2,822	26.5
Contract assets	3.1	233	65	› 100
Trade receivables	4.7	3,909	2,575	51.8
Other financial assets	4.8	185	389	-52.5
Other assets	4.8	499	363	37.5
Income tax receivables	4.5	113	38	› 100
Cash and cash equivalents	4.9	1,281	769	66.6
Assets held for sale	4.10	12	25	-51.1
Total current assets		**9,801**	**7,046**	**39.1**
Total assets		**21,370**	**15,016**	**42.3**

in € millions	Note	12/31/2024	12/31/2023 1)	Change in %
SHAREHOLDERS' EQUITY AND LIABILITIES				
Share capital		945	666	41.9
Capital reserves		2,348	2,348	0.0
Other reserves		956	1,240	-22.9
Accumulated other comprehensive income (loss)		-435	-476	-8.6
Equity attributable to shareholders of the parent company		**3,814**	**3,778**	**0.9**
Non-controlling interests		155	135	15.0
Total shareholders' equity	4.11	**3,969**	**3,913**	**1.4**
Provisions for pensions and similar obligations	4.13	2,355	1,832	28.6
Provisions	4.14	760	208	› 100
Financial debt	4.12	5,137	3,068	67.4
Contract liabilities	3.1	741	173	› 100
Income tax payables	4.5	79	62	27.4
Other financial liabilities	4.15	77	91	-14.8
Lease liabilities	4.2	375	175	› 100
Other liabilities	4.15	39	6	› 100
Deferred tax liabilities	4.5	166	201	-17.6
Total non-current liabilities		**9,728**	**5,816**	**67.3**
Provisions	4.14	775	313	› 100
Financial debt	4.12	979	890	10.0
Contract liabilities	3.1	261	136	91.6
Trade payables	4.16	3,707	2,357	57.3
Income tax payables	4.5	107	114	-6.0
Other financial liabilities	4.15	893	811	10.1
Lease liabilities	4.2	120	63	89.3
Refund liabilities	4.16	362	282	28.5
Other liabilities	4.15	468	320	46.4
Total current liabilities		**7,673**	**5,287**	**45.1**
Total shareholders' equity and liabilities		**21,370**	**15,016**	**42.3**

1) Prior year amounts amended, see "Change in accounting policy and change in accounting estimates" section for further details.

4. Consolidated statement of cash flows

in € millions	Note	2024	2023 [1]	Change in %
Operating activities				
EBIT		294	834	-64.7
Interest paid		-261	-168	55.9
Interest received		36	19	87.3
Income taxes paid		-414	-359	15.2
Dividends received		3	0	> 100
Amortization, depreciation, and impairment losses		1,125	1,002	12.3
(Gains) losses on disposal of assets		-4	-44	-91.5
Changes in:				
• Inventories		-49	-9	> 100
• Trade receivables		146	-142	–
• Trade payables		-17	48	–
• Provisions for pensions and similar obligations		-45	-47	-4.2
• Other assets, liabilities, and provisions		576	215	> 100
Cash flows from operating activities		**1,390**	**1,348**	**3.1**
Investing activities				
Proceeds from disposals of property, plant and equipment		18	84	-78.3
Capital expenditures on intangible assets		-62	-77	-20.3
Capital expenditures on property, plant and equipment		-895	-861	3.9
Acquisition of subsidiaries	2.2, 5.1	304	-715	–
Acquisition of interests in joint ventures, associated companies, and other equity investments	2.2, 5.1	-1,246	-327	> 100
Disposal of subsidiaries		0	-4	- 100
Disposal of interests in joint ventures and other equity investments		4	1	> 100
Loans to joint ventures, associated companies, and other equity investees	5.4	-203	0	–
Other investing activities		-4	-1	> 100
Cash used in investing activities		**-2,084**	**-1,900**	**9.7**
Financing activities				
Dividends paid to shareholders and non-controlling interests		-306	-306	0.2
Receipts from bond issuances and loans	5.1	2,599	716	> 100
Redemptions of bonds and repayments of loans	5.1	-1,015	-62	> 100
Principal repayments on lease liabilities		-84	-72	16.9
Acquisition of non-controlling interests		-1	0	–
Other financing activities		-4	-0	> 100
Cash provided by financing activities		**1,188**	**276**	**> 100**
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	4.9	**1,281**	**769**	**66.6**

[1] Prior year amounts amended, see “Change in accounting policy and change in accounting estimates” section for further details.

5. Consolidated statement of changes in equity

	Note	Share capital	Capital reserves	Other reserves	Accumulated other comprehensive income (loss)					Equity attributable to share-holders [1]	Non-controlling interests	Total
in € millions					Translation reserve	Hedging reserve	Fair value reserve	Defined benefit plan remeasure-ment reserve	Total			
Balance as at January 01, 2023, before change in accounting policy IAS 8		**666**	**2,348**	**1,218**	**-148**	**22**	**-5**	**-85**	**-216**	**4,016**	**125**	**4,141**
Change in accounting policy IAS 8				8						8	0	8
Balance as at January 01, 2023		**666**	**2,348**	**1,226**	**-148**	**22**	**-5**	**-85**	**-216**	**4,023**	**125**	**4,149**
Net income [2]				309						309	26	335
Other comprehensive income (loss)	4.5				-136	7	2	-133	-260	-260	-5	-265
Total comprehensive income (loss)				**309**	**-136**	**7**	**2**	**-133**	**-260**	**49**	**20**	**70**
Dividends	4.11			-295						-295	-11	-305
Total amount of transactions with shareholders				**-295**						**-295**	**-11**	**-305**
Balance as at December 31, 2023		**666**	**2,348**	**1,240**	**-283**	**28**	**-3**	**-218**	**-476**	**3,778**	**135**	**3,913**
Balance as at January 01, 2024, before change in accounting policy IAS 8		**666**	**2,348**	**1,233**	**-283**	**28**	**-3**	**-218**	**-476**	**3,771**	**135**	**3,905**
Change in accounting policy IAS 8				7						7	0	7
Balance as at January 01, 2024		**666**	**2,348**	**1,240**	**-283**	**28**	**-3**	**-218**	**-476**	**3,778**	**135**	**3,913**
Net income (loss)				-632						-632	27	-605
Other comprehensive income (loss)	4.5				54	-52	15	-26	-10	-10	4	-5
Total comprehensive income (loss)				**-632**	**54**	**-52**	**15**	**-26**	**-10**	**-641**	**31**	**-610**
Issuance of new shares	4.11	279								279		279
Dividends	4.11			-295						-295	-12	-306
Transactions with non-controlling interests				-2						-2	1	-1
Total amount of transactions with shareholders		**279**		**-297**						**-18**	**-11**	**-29**
Changes in the scope of consolidation	4.11			668	59	1		-10	50	719		719
Disposal of unconsolidated equity investment				-24						-24		-24
Balance as at December 31, 2024		**945**	**2,348**	**956**	**-170**	**-22**	**12**	**-254**	**-435**	**3,814**	**155**	**3,969**

[1] Equity attributable to shareholders of the parent company.
[2] Prior year amounts amended, see "Change in accounting policy and change in accounting estimates" section for further details.

See Note 4.11 to the consolidated financial statements for further details.

6. Consolidated segment information

(Part of the notes to the consolidated financial statements)

in € millions	Automotive Technologies 2024	Automotive Technologies 2023	Vehicle Lifetime Solutions 2024	Vehicle Lifetime Solutions 2023 [1]	Bearings & Industrial Solutions 2024	Bearings & Industrial Solutions 2023	Others 2024	Others 2023	Total 2024	Total 2023 [1]
Revenue	6,955	7,035	2,579	2,241	6,570	6,960	2,084	76	18,188	16,313
EBIT	215	211	407	258	73	372	-401	-7	294	834
• in % of revenue	3.1	3.0	15.8	11.5	1.1	5.3	-19.2	-8.9	1.6	5.1
EBIT before special items [2]	294	339	427	328	273	527	-183	-7	811	1,187
• in % of revenue	4.2	4.8	16.6	14.6	4.2	7.6	-8.8	-8.9	4.5	7.3
Amortization, depreciation, and impairment losses	468	504	52	43	483	451	122	4	1,125	1,002
Working capital [3, 4]	820	741	627	553	1,592	1,638	733	108	3,771	3,040
Additions to intangible assets and property, plant and equipment [5]	488	443	53	48	402	372	176	69	1,120	932

Prior year information presented based on 2024 segment structure.
[1] Prior year amounts amended, see "Change in accounting policy and change in accounting estimates" section for further details.
[2] Please refer to pp. 25 et seq. for the definition of special items.
[3] Working capital defined as inventories plus trade receivables less trade payables.
[4] Amounts as at December 31.
[5] Translated at the relevant average exchange rate.

See Note 5.3 to the consolidated financial statements for further details.

Notes to the consolidated financial statements

1. GENERAL INFORMATION 130
1.1 Reporting entity 130
1.2 Basis of preparation 130
1.3 Summary of significant accounting policies 131
1.4 Change in accounting policy and change in accounting estimates 137
1.5 New accounting pronouncements 137

2. PRINCIPLES OF CONSOLIDATION 139
2.1 Scope of consolidation 139
2.2 Acquisitions and disposals of companies 139

3. NOTES TO THE CONSOLIDATED INCOME STATEMENT 141
3.1 Revenue 141
3.2 Other income 142
3.3 Other expenses 142
3.4 Personnel expense and headcount 142
3.5 Financial result 143
3.6 Income taxes 143
3.7 Earnings per share 144

4. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION 145
4.1 Intangible assets 145
4.2 Right-of-use assets under leases 148
4.3 Property, plant and equipment 150
4.4 Investments in joint ventures and associated companies 151
4.5 Deferred tax assets and liabilities and income tax receivables and payables 152
4.6 Inventories 153
4.7 Trade receivables 154
4.8 Other financial assets and other assets 154
4.9 Cash and cash equivalents 155
4.10 Assets held for sale and liabilities associated with assets held for sale 155
4.11 Shareholders’ equity 155
4.12 Current and non-current financial debt 156
4.13 Provisions for pensions and similar obligations 158
4.14 Provisions 169
4.15 Other financial liabilities and other liabilities 171
4.16 Financial instruments 171
4.17 Share-based payment 185
4.18 Capital management 189

5. OTHER DISCLOSURES 190
5.1 Additional disclosures on the consolidated statement of cash flows 190
5.2 Contingent liabilities 190
5.3 Segment information 190
5.4 Related parties 193
5.5 Auditors’ fees 195
5.6 Declaration of conformity with the German Corporate Governance Code 195
5.7 Events after the reporting period 196
5.8 List of shareholdings required by section 313 (2) HGB 197
5.9 Members of the Board of Managing Directors and the Supervisory Board 200
5.10 Preparation of consolidated financial statements 201

1. General information

1.1 Reporting entity

Schaeffler AG, Herzogenaurach, is a publicly listed stock corporation domiciled in Germany, with its registered office located at Industriestraße 1–3, 91074 Herzogenaurach. The company was founded on April 19, 1982, and is registered in the Commercial Register of the Fürth Local Court (HRB No. 14738). The consolidated financial statements of Schaeffler AG as at December 31, 2024, comprise Schaeffler AG and its subsidiaries, investments in associated companies, and joint ventures (together referred to as the "Schaeffler Group").

The Schaeffler Group is an integrated automotive and industrial supplier with approximately 115,100 employees [46]. 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. Schaeffler AG, Herzogenaurach, is consolidated in the consolidated financial statements of INA-Holding Schaeffler GmbH & Co. KG, Herzogenaurach, which are filed with and published in the Company Register.

1.2 Basis of preparation

In accordance with section 315e (1) HGB, the consolidated financial statements of the Schaeffler Group for the year ended December 31, 2024, have been compiled in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union (EU) by Regulation (EC) No. 1606/2002 of the European Parliament and of the Council on the application of international accounting standards as well as with the additional requirements of German commercial law. The term IFRS includes all International Financial Reporting Standards and International Accounting Standards (IAS) in effect as well as all interpretations and amendments issued by the IFRS Interpretations Committee (IFRIC) and the former Standing Interpretations Committee (SIC). Comparative figures for the prior year were also determined based on these standards.

General presentation

These consolidated financial statements are presented in euros (EUR), the functional and presentation currency of the Schaeffler Group's parent company. Unless stated otherwise, all amounts are in millions of euros (EUR m). The consolidated statement of financial position is classified using the current/non-current distinction.

The financial statements of all entities included in these consolidated financial statements have been prepared as of the same date as these consolidated financial statements.

As amounts (in EUR m) and percentages have been rounded, rounding differences may occur.

Estimation uncertainty and management judgment

In compiling financial statements, management exercises judgment in making appropriate estimates and assumptions affecting the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual amounts may differ from these estimates.

Estimates and the basis on which assumptions are made are reviewed regularly. Changes in estimates are recognized in the period in which the changes are made, as well as in all subsequent periods affected by the changes.

The following significant issues are subject to estimation uncertainty with respect to the application of accounting policies and management judgment:

- identification and measurement of intangible assets in business combinations
- evaluation of recognition criteria for capitalization of development costs as intangible assets
- identification of cash-generating units and determination of recoverable amounts for purposes of impairment tests of goodwill and non-current assets
- assessment of the lease term of leases with extension or termination options
- evaluation of control in disposals
- judgment regarding the date costs to fulfill a contract are capitalized and determination of impairments of costs to fulfill a contract

[46] 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.

- assessment of the recoverability of deferred tax assets
- accounting for post-employment employee benefits, especially selecting actuarial assumptions
- recognition and measurement of warranty and restructuring provisions
- assessment of risks related to uncertain tax positions
- determination of the fair value of financial instruments
- accounting for associated companies
- Except for the measurement of defined benefit pension obligations, changes in assumptions made in the past and the resolution of previously existing uncertainties did not have a significant impact in 2024. The discount rate used to measure defined benefit pension obligations was increased to reflect higher interest rate levels, affecting the recognized amounts of the provision and shareholders' equity (see Note 4.13).

In accounting for the merger of Vitesco Technologies Group AG as a business combination under common control, management exercised options and judgment with respect to the following accounting policies (see Note 2.2):

- Judgment regarding accounting for business combinations of entities under common control at carrying amounts rather than under the acquisition method, and regarding presenting comparative information prospectively rather than retrospectively. Moreover, judgment with respect to gross presentation rather than net presentation of additions recognized at carrying amount at the time of the merger.
- Judgment with respect to recognizing the IFRS carrying amounts from the consolidated financial statements of Vitesco Technologies Group AG rather than those from the consolidated financial statements of INA-Holding Schaeffler GmbH & Co. KG.
- Judgment with respect to recognizing the accumulated other comprehensive income (loss) of Vitesco Technologies Group AG at the date of the merger rather than non-recognition in analogy to the acquisition method.

1.3 Summary of significant accounting policies

The accounting policies set out below have been applied consistently by all Schaeffler Group entities for all periods presented in these consolidated financial statements.

Consolidation principles

All significant domestic and foreign subsidiaries of the Schaeffler Group that are directly or indirectly controlled by Schaeffler AG have been consolidated in the company's consolidated financial statements. Subsidiaries are consolidated in the consolidated financial statements from the date the Schaeffler Group obtains control until the date control ceases.

Subsidiaries are consolidated using the acquisition method as at the acquisition date. Non-controlling interests are measured at the fair value of assets acquired and liabilities assumed. In a business combination achieved in stages, any equity interests previously held by the Schaeffler Group are remeasured at the acquisition-date fair value through profit or loss. Balances and transactions with consolidated subsidiaries and any related income and expenses are eliminated in full in compiling the consolidated financial statements. Intercompany profits or losses on intra-group transactions are also eliminated in full. Deferred taxes on temporary differences related to the elimination of such balances and transactions are measured at the tax rate of the acquiring entity.

If the relevant activities of a joint arrangement are operated jointly (joint operation), any of its assets, liabilities, income, and expenses attributable to the Schaeffler Group are consolidated.

Foreign currency translation

The exchange rates between the group's most significant currencies and the euro with respect to external revenue are as follows:

Selected foreign exchange rates

Currencies		12/31/2024	12/31/2023	2024	2023
1 € in			Closing rates		Average rates
CNY	China	7.58	7.85	7.79	7.66
INR	India	88.93	91.90	90.53	89.33
KRW	South Korea	1,532.15	1,433.66	1,475.27	1,413.35
MXN	Mexico	21.55	18.72	19.82	19.19
USD	U.S.	1.04	1.11	1.08	1.08

Foreign currency transactions

Exchange gains and losses on operating receivables and payables and on derivatives used to hedge the related currency risk are presented within earnings before financial result and income taxes (EBIT). Exchange gains and losses on the translation of financial assets and liabilities and on derivatives obtained to hedge the related currency risk are reflected in financial result.

Foreign entities

Foreign exchange differences resulting from translating the financial statements of foreign subsidiaries are recognized in other comprehensive income and reported in accumulated other comprehensive income. The impact of currency translation recognized in shareholders' equity is reversed to profit or loss when consolidation of the subsidiary ceases.

Revenue recognition

Revenue is recognized when the related performance obligation is satisfied, i. e., when the customer obtains control of the promised goods or services. This occurs either at a point in time or over time. The transaction price is the amount of consideration to which the Schaeffler Group expects to be entitled in exchange for transferring the promised goods or services to the customer. The Schaeffler Group recognizes revenue in the amount of the agreed price relating to the relevant performance obligation. The Schaeffler Group's customers are granted rebates, bonuses, discounts, credits, price concessions, or other variable price concessions. These types of variable consideration are recognized as a reduction of revenue during the year based on historical experience, contractually agreed bonus scales, and prior period sales. Since it expects that the period between when control over a promised good or service transfers and when payment is received will be one year or less, the Schaeffler Group applies the practical expedient in IFRS 15.63 and does not adjust the promised amount of consideration for any financing component. Warranties provided in connection with the sale of goods or services are only intended to provide assurance that the product complies with agreed-upon specifications. Therefore, Schaeffler continues to account for warranties under IAS 37.

Customers typically have 30 to 60 days from the date the invoice is issued to pay for performance obligations under contracts with customers. Invoices are normally issued as at the date the performance obligation is satisfied.

Revenue is recognized over time for products that have no alternative use due to their specifications, provided the Schaeffler Group has an enforceable right to payment from the customer for these products amounting to at least any costs of performance completed to date plus a reasonable profit margin.

For all customer projects, payments received from customers for development services are accrued as contract liabilities starting when a volume supply contract with the customer becomes highly probable, and then appropriately amortized to revenue over the period of volume production.

Recognition of revenue from the sale of tools depends on whether the customer obtains legal ownership of the tool and the Schaeffler Group has a contractual right to consideration.

The dates on which performance obligations under contracts with customers are satisfied can be summarized as follows:

Performance obligations under contracts with customers

Type of revenue	Date performance obligation satisfied
Revenue from the sale of goods	Depending on specific customer contracts and purchase orders, revenue is normally recognized at the date of delivery.
Revenue from the sale of customer-specific products	Revenue is recognized over time for customer-specific products for which the Schaeffler Group has an enforceable right to payment for performance completed to date amounting to any costs incurred plus a reasonable profit margin. This will result in revenue being recognized before the date of actual delivery. Revenue for customer-specific finished goods is recognized at the amount of the full price of the finished good in the period in which the customer is obligated to take delivery. For customer-specific goods in progress, the amount of revenue for the period in which the customer is obligated to take delivery is derived from the acquisition cost of the goods in progress rather than being determined as the amount of the full price of the goods when they are finished. The method described above best represents the transfer of customer-specific products to the customer.
Revenue from the sale of tools	Depending on specific customer contracts and purchase orders, revenue is normally recognized at the date of delivery.
Revenue from services	Revenue is mostly recognized at a point in time upon completion of the service.

Research and development expenses

Expenses incurred for research activities and advance development are expensed immediately.

Development costs are only recognized as intangible assets where development projects are considered to involve new technology and generate economic benefits in accordance with the capitalization criteria of IAS 38. Capitalized development costs are measured at cost less accumulated amortization and impairment losses. Amortization is recognized in profit or loss on a straight-line basis over a period of six years beginning when the intangible asset is ready for use. Amortization expense is reported in cost of sales.

Development costs for all customer projects not considered to involve new technology as set out in the IAS 38 recognition criteria are capitalized as costs to fulfill a contract starting when a volume supply contract with the customer becomes highly probable, and then appropriately amortized to cost of sales over the period of volume production.

Goodwill

Goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortized, but is tested for impairment annually as at December 31 and if there is an indication (“triggering event”).

The goodwill impairment test is performed by comparing the carrying amount of the cash-generating unit or group of cash-generating units to which the goodwill has been allocated with its recoverable amount. Recoverable amount is initially determined using fair value less costs of disposal, since restructurings and capacity expansions are not shown separately in current plans and budgets. Both fair value less costs of disposal and value in use are determined using the discounted cash flow method. If circumstances giving rise to an impairment loss subsequently cease to exist, impairment losses on goodwill are not reversed.

Expected cash flows are based on a detailed five-year forecast – unless a longer period is required to reach a steady state – and on a perpetuity for the period beyond that timeframe. This detailed forecast is based on specific assumptions regarding macroeconomic trends (currency, interest, and commodity price trends), external sales forecasts and internal assessments of demand and projects, sales prices, and the volume of additions to intangible assets and property, plant and equipment. Past trends and historic experience are also used in developing the forecast. The discount rate reflects current market expectations and specific risks. The key assumptions underlying fair value less costs of disposal of a cash-generating unit are the EBIT margin, the discount rate, and the long-term growth rate.

Other intangible assets and property, plant and equipment

Other intangible assets and property, plant and equipment are recognized at acquisition or production cost plus incidental acquisition costs and, where applicable, subsequent acquisition cost and are amortized or depreciated over their expected useful life on a straight-line basis, provided they have a determinable useful life. The expected useful lives of software and capitalized development costs are 3 and 6 years, respectively, and range from 15 to 25 years for buildings, from 2 to 10 years for technical equipment and machinery, and from 3 to 8 years for other equipment.

The Schaeffler Group tests other intangible assets and property, plant and equipment for impairment when there is an indication that these assets may be impaired (“triggering event”). If it is not possible to attribute to an individual asset cash inflows that are largely independent of those from other assets or groups of assets, the asset is tested for impairment based on the smallest cash-generating unit to which it belongs. The methodology and implications of this test are identical to those of the goodwill impairment test (see discussion of goodwill above). The cash-generating unit is impaired if its carrying amount exceeds its recoverable amount. Impairment losses are recognized for impairments. If circumstances giving rise to an impairment loss subsequently cease to exist, impairment losses recognized on assets are reversed. The revised carrying amount is limited to the amount that would have resulted had amortization or depreciation been charged.

Leases

Leases for assets with a value of more than EUR 5,000 or with a total lease term of more than twelve months are capitalized as discounted lease liabilities with corresponding right-of-use assets. Right-of-use assets are depreciated on a straight-line basis over the total lease term. Payments for leases of low-value assets, short-term lease payments, and variable lease payments are expensed.

Financial instruments

Regular-way sales and purchases of financial assets are accounted for using settlement date accounting.

Primary financial instruments

Primary financial instruments are initially measured at fair value or, in the case of trade receivables without any significant financing component, at the transaction price. Transaction costs directly attributable to the acquisition or issue of a financial instrument are only included in the carrying amount if the financial instrument is not measured at fair value through profit or loss. Subsequent measurement depends on how the financial instrument is categorized.

The Schaeffler Group fundamentally has three categories for the classification of financial instruments: measured at amortized cost, measured at fair value through other comprehensive income (FVOCI), and measured at fair value through profit or loss (FVTPL). Financial assets are classified based on the Schaeffler Group's business model for managing the financial assets and on their contractual cash flow characteristics.

Financial assets at fair value through profit or loss

This category mainly includes a portion of the trade receivables that is regularly available for sale under receivable sale programs (see Note 4.16). Due to the short maturity of these receivables, their transaction price represents their fair value. The fair value of marketable securities, on the other hand, is derived from market prices. This category also includes financial investments in minority investments for which changes in fair value are recognized in profit or loss.

Financial assets at fair value through other comprehensive income

Financial investments in strategic long-term minority investments are measured at fair value, and, for certain investments for which this option has been exercised, changes in fair value are recognized in other comprehensive income. Accumulated other comprehensive income is not reclassified to the consolidated income statement upon disposal. This category also includes notes receivable and trade receivables that are available for sale under sale programs. Due to the short maturity of these receivables, their transaction price represents their fair value.

Financial assets at amortized cost

This category comprises trade receivables (except those that are available for sale under various receivable sale programs), cash and cash equivalents, and other financial assets. These assets are measured at amortized cost less impairment losses recognized for expected credit losses. The Schaeffler Group uses the simplified impairment approach for trade receivables (with and without a financing component) as well as for contract assets and lease receivables. Under this approach, credit loss allowances are based on credit losses expected over the entire life of the receivable, determined using customer-specific probabilities of default and taking into account information about future conditions. The general approach is used for the remaining financial assets, mainly cash and cash equivalents. Consequently, credit loss allowances should be measured and recognized at the amount of credit losses resulting from default events expected to occur during the next twelve months, unless credit risk has increased significantly since initial recognition. If credit risk has increased significantly, the credit loss allowance recognized has to be based on lifetime expected credit losses. Impairments are initially recognized in an allowance account unless it is clear at the time the impairment loss occurs that the receivable will be either partially or entirely uncollectible. See the "Credit risk" section in Note 4.16 "Financial instruments" for further details.

Cash equivalents are liquid funds held for the purpose of meeting short-term cash commitments. Cash equivalents include term deposits and money market funds with an original maturity of generally three months or less that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value. While the majority of cash equivalents, such as term deposits, are measured at amortized cost, money market funds are measured at fair value with changes in value recognized in profit or loss (FVTPL).

Financial liabilities

Except for derivative financial instruments, the Schaeffler Group measures its financial liabilities at amortized cost using the effective interest method.

Derivative financial instruments

Derivative financial instruments are generally classified and measured at fair value through profit or loss unless they are subject to hedge accounting. Fair value changes of undesignated derivatives are presented either in other income/other expenses or in financial income/financial expenses, depending on whether the related hedged item is presented as operating or financial. Energy procurement contracts are not recognized as financial instruments if the own-use exemption applies.

Derivatives embedded in financial assets or financial liabilities are separated from the host instrument when the economic characteristics and risks of the embedded derivative are considered not closely related to the economic characteristics and risks of the host instrument.

Hedge accounting

In accordance with the option provided for hedge accounting in the transition requirements of IFRS 9, the Schaeffler Group will continue to apply the hedge accounting requirements of IAS 39 and intends to initially apply IFRS 9 at a later date.

Hedging relationships are accounted for using the cash flow and net investment hedge models. The effective portion of changes in the fair value of the hedging instrument is included in accumulated other comprehensive income until the hedged item occurs. These gains and losses are reclassified to profit or loss in the same period in which the hedged item affects profit or loss. The ineffective portion is recognized in profit or loss.

Costs to fulfill a contract

Costs to fulfill a contract arise from the relationship between development services and future volume production. To reflect this relationship, development costs for all customer projects not considered to involve new technology as set out in the IAS 38 recognition criteria are capitalized as costs to fulfill a contract starting when a volume supply contract with the customer becomes highly probable, and then amortized appropriately over the period of volume production. Capitalized costs to fulfill a contract are tested for impairment as soon as there is an indication that they may be impaired (“triggering event”).

Inventories

Inventories are measured at the lower of cost and net realizable value. The acquisition cost of raw materials, supplies, and purchased merchandise includes purchase prices and incidental acquisition costs net of discounts and rebates. For work in progress and manufactured finished goods, production cost is calculated as directly attributable production costs plus production overheads based on normal capacity. Acquisition and production cost is determined using the average method. Inventories are written down to net realizable value if lower.

Contract assets

Contract assets mainly result from revenue for customer-specific products recognized over time. This affects products that have no alternative use due to their specifications, provided the Schaeffler Group has an enforceable right to payment from the customer for these products amounting to at least any costs of performance completed to date plus a reasonable profit margin. Contract assets are reclassified to trade receivables when they represent an unconditional right to receive the consideration. This is the case when the invoice is issued to the customer. The Schaeffler Group uses the simplified impairment approach for contract assets; under this approach, a credit loss allowance is recognized based on lifetime expected credit losses.

Income taxes

Except where the recognition of deferred taxes is not permitted, deferred taxes are recognized on temporary differences between carrying amounts in the consolidated IFRS statement of financial position and the company’s tax balance sheets, on loss and interest carry-forwards, and on tax credits. Deferred tax assets are recognized only to the extent that it is probable that taxable profit will be available against which temporary differences and unused tax loss and interest carry-forwards can be utilized. Group entities are assessed individually with respect to whether it is probable that profits will be generated in the future.

Management regularly reviews tax returns, mainly with respect to issues subject to interpretation, and reflects these in income tax payables as appropriate, based on amounts expected to be payable to taxation authorities. Any interest related to income taxes falling in the scope of IAS 37 is recognized at the amount required to settle the current obligation as at the reporting date. Appropriate provisions for potential risks related to uncertain tax positions have been recognized in accordance with IFRIC 23. Depending on which amount best reflects expectations, measurement is based on either the most likely amount or the expected value.

Provisions for pensions and similar obligations

The Schaeffler Group provides post-employment benefits to its employees in the form of defined benefit plans and defined contribution plans.

The Schaeffler Group's obligations under defined benefit plans are calculated annually using the projected unit credit method separately for each plan based on an estimate of the amount of future benefits that employees have earned in return for their service in current and prior periods. Estimating the obligations and costs related to pensions and accrued vested rights involves the use of assumptions based on market expectations, including those related to anticipated future compensation increases. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows. The discount rate is determined by reference to the market yield of senior fixed-rate corporate bonds, with mortgage-backed corporate bonds, whose risk-return profile is closer to that of government bonds, not considered in determining the discount rate in the euro region. The provisions for pensions and similar obligations recognized in the consolidated statement of financial position represent the present value of the defined benefit obligation at the end of the reporting period, net of the related plan assets measured at fair value where applicable. In addition to the pension funds maintained to fund the obligation, plan assets include all assets and rights under reimbursement insurance policies if the proceeds of the policy can be used only to make payments to employees entitled to pension benefits and are not available to satisfy claims of the company's other creditors. If plan assets exceed the related pension obligation, the net pension asset is presented under other assets to the extent the Schaeffler Group is entitled to a refund or reduction of future contributions to the fund.

Actuarial gains and losses arising from defined benefit plans are recognized in other comprehensive income, and interest expense on provisions for pensions and similar obligations and the return on plan assets are considered separately for each plan and presented in financial result on a net basis.

Past service cost arising from plan amendments or curtailments as well as settlement gains or losses are presented under other income or other expenses. Pension plan amendments, curtailments, and settlements during the year result in recalculation of service cost and net interest for the remainder of the period.

For defined contribution plans, the Schaeffler Group pays fixed contributions to an independent third party. As the Schaeffler Group does not in any way guarantee a return on the assets, neither up to the date pension payments commence nor beyond, the group's obligation is limited to the contributions it makes during the year. The contributions are recognized in personnel expense.

Provisions

Provisions are recognized when the Schaeffler Group has a present legal or constructive obligation as a result of a past event, it is probable that the outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at best estimate. Non-current provisions are recognized at present value calculated by discounting expected future cash flows using a pre-tax rate that reflects current market assessments of the time value of money. Interest expense and the impact of any changes in discount rates are presented within financial result.

Contract liabilities

Contract liabilities partly result from payments received from customers for development services with a subsequent volume supply contract. For all customer projects, payments received from customers are accrued as contract liabilities starting when a volume supply contract with the customer becomes highly probable, and then appropriately amortized to revenue over the period of volume production.

Share-based payment

The Schaeffler Group's Performance Share Unit Plan (PSUP) is accounted for as a cash-settled share-based payment plan. The company recognizes a provision in the amount of the fair value of the payment obligation attributable to the period up to the reporting date. The liability is remeasured at the end of each reporting period from the grant date until settlement. The fair value per Performance Share Unit (PSU) is determined based on a Monte Carlo simulation. The fair value is recognized as personnel expense over the period between grant date and settlement date.

1.4 Change in accounting policy and change in accounting estimates

Effective January 1, 2024, the company changed its accounting policy for determining production cost with respect to the value added by the Vehicle Lifetime Solutions division. The cost of packaging and kitting – previously expensed – is now capitalized in inventories. As a result of the change, all added-value processes involved in creating repair solutions and the resulting costs are presented uniformly in the financial information of the Vehicle Lifetime Solutions division.

The policy change retrospectively increased the value of inventories by EUR 10 m as at January 1, 2023, with a credit to other reserves in shareholders' equity and deferred taxes, and also by EUR 10 m as at December 31, 2023. As a result of the policy change, selling expenses of EUR 89 m were retrospectively reclassified to cost of sales during the period from January 1 to December 31, 2023. The net impact of the change on the consolidated income statement and earnings per share for this period was insignificant. In the current reporting period, the policy change resulted in an increase in the value of inventories by EUR 13 m as at December 31, 2024, and a reclassification of selling expenses of EUR 100 m to cost of sales. The policy change increased net income (loss) for 2024 by EUR 3 m. The impact on earnings per share was insignificant.

Additionally, the company changed its 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 valuation parameter granularity and further harmonize management methods throughout the group. The resulting changes in estimate resulted in a one-off EUR 117 m measurement gain on inventories that was recognized in cost of sales and was treated as a special item.

1.5 New accounting pronouncements

New accounting pronouncements effective in 2024

Amendments to IFRS 16 (Lease Liability in a Sale and Leaseback), Amendments to IAS 1 (classification of liabilities as current or non-current), and Amendments to IAS 7/IFRS 7 (additional disclosures regarding supplier finance arrangements) are required to be applied for the first time in 2024. Application of the new standards has not had any significant impact on these financial statements.

New accounting pronouncements endorsed by the EU effective in 2025

The Schaeffler Group is not yet required to apply the following amendments to standards issued by the International Accounting Standards Board (IASB) in its financial statements for 2024, and none were adopted early.

New accounting pronouncements endorsed by the EU but not yet effective

Standard/Interpretation	Effective date	Subject of Standard/Interpretation or amendment	Expected impact on the Schaeffler Group
Amendment to IAS 21	01/01/2025	Requirements regarding exchange rate to be applied for currencies that are not exchangeable	none

New accounting pronouncements not endorsed by the EU

In addition, the IASB has issued the following new standards and amendments to existing standards which had not yet been adopted by the EU as at the date these consolidated financial statements were authorized for issue. The company has not applied any of them early, and is currently not planning to apply any of them early.

New accounting pronouncements – not yet endorsed by the EU

Standard/Interpretation	Effective date	Subject of Standard/Interpretation or amendment	Expected impact on the Schaeffler Group
Annual Improvements – Volume 11	01/01/2026	Minor amendments to various standards to provide clarification and eliminate inconsistencies	under examination [1]
Amendments to IFRS 9 and IFRS 7	01/01/2026	Derecognition of a financial liability settled using an electronic payment system; clarification regarding classification of financial assets as well as amendments of and additions to disclosures	under examination [1]
Amendments to IFRS 9 and IFRS 7	01/01/2026	Clarification of the requirements for application of the own-use exemption, accounting for hedging instruments, and disclosure relating to power purchase agreements	under examination [1]
IFRS 18	01/01/2027	Introduction of defined subtotals and categories in the statement of profit or loss; introduction of disclosures about management-defined performance measures; new principles for aggregation and disaggregation of information; minor amendments to the statement of cash flows	under examination [1]
IFRS 19	01/01/2027	Reduced disclosures in the separate IFRS financial statements of certain entities	none

[1] Detailed statements regarding the extent of the impact are not yet possible.

2. Principles of consolidation

2.1 Scope of consolidation

In 2024, the consolidated financial statements of Schaeffler AG cover, in addition to Schaeffler AG, 209 (prior year: 177) subsidiaries; 58 (prior year: 51) entities are domiciled in Germany and 151 (prior year: 126) in other countries; these figures include 28 subsidiaries from the merger with Vitesco Technologies Group AG as at December 31, 2024.

Other changes are mainly the result of entities newly established and further acquisitions.

In the consolidated financial statements as at December 31, 2024, four (prior year: four) joint ventures and three associated companies (prior year: three) are accounted for at equity.

More on the Schaeffler Group's companies in Note 5.8 to the consolidated financial statements

2.2 Acquisitions and disposals of companies

Schaeffler AG has completed the business combination with Vitesco Technologies Group AG announced on October 9, 2023, effective as at the beginning of the fourth quarter of 2024. The overall transaction was structured in three steps.

In the first step, Schaeffler AG acquired a total of 38.87% of the shares of Vitesco Technologies Group AG on January 5 and 22, 2024. Net of collateral posted in 2023, the company paid approximately EUR 1.2 bn to acquire the shares in 2024. In order to finance the transaction, Schaeffler AG issued two bond series with a total principal of EUR 1.1 bn under its debt issuance program. From January 5, 2024, to September 30, 2024, Schaeffler AG accounted for Vitesco Technologies Group AG under the equity method as an associated company in its consolidated financial statements due to significant influence. The acquisition resulted in recognition of an equity investment at a carrying amount of EUR 1,269 m. The company recognized in its income statement an equity-method loss of EUR 95 m on the investment in 2024. EUR 33 m of this loss was recognized in the fourth quarter since the equity-method carrying amount was still provisional as at September 30, 2024. Schaeffler AG and INA-Holding Schaeffler GmbH & Co. KG jointly held the majority of the voting rights in Vitesco Technologies Group AG.

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 became effective upon the completion of the merger as part of the business combination on October 1, 2024.

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. The subsidiaries of Vitesco Technologies Group AG, which has ceased to exist as a result of the merger, (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.

In accounting for the merger of Vitesco Technologies Group AG as a business combination under common control, the company had the option of doing so either under the acquisition method under IFRS 3 or at carrying amounts. Schaeffler AG opted to account for the merger at carrying amounts. This explicitly also applied to recognition of the accumulated other comprehensive income (loss) of Vitesco Technologies Group AG at the date of the merger.

Since IFRS do not contain any binding requirements for accounting for a business combination of entities under common control at carrying amounts, management had to exercise judgment in making decisions on various accounting matters. Hence, judgment was exercised with respect to whether to recognize carrying amounts retrospectively or prospectively. Retrospective recognition involves recognizing the prior year amounts and, therefore, adjusting the prior year comparison period as well. If, on the other hand, carrying amounts are recognized prospectively, the carrying amounts recognized are those at the date of the merger, that is, as at October 1, 2024. Schaeffler AG opted to recognize carrying amounts prospectively. Further, judgment was exercised with respect to whether to recognize carrying amounts on a gross or a net basis. Schaeffler AG opted to recognize carrying amounts on a gross basis. Moreover, judgment was also exercised with respect to which carrying amounts to recognize, that is, the carrying amounts in the consolidated IFRS financial statements of Vitesco Technologies Group AG or those in the consolidated IFRS financial statements of INA-Holding Schaeffler GmbH & Co. KG. Schaeffler AG opted to recognize the carrying amounts in the consolidated IFRS financial statements of Vitesco Technologies Group AG. Judgment also had to be exercised in harmonizing the accounting policies between the accounting manuals of Vitesco Technologies Group AG and Schaeffler AG.

The former Vitesco Group has generated EUR 1,949 m in consolidated revenue and lowered consolidated net income (loss) by EUR 126 m since October 1, 2024. If the merger had occurred as at January 1, 2024, consolidated revenue would have increased by a further EUR 6,185 m and consolidated net income (loss) would have been lowered by a further EUR 128 m. The loss from the equity-accounted investee for the reporting period of EUR 95 m is not reflected in these figures.

As at October 1, 2024, the carrying amounts of the Vitesco Technologies Group AG assets and liabilities assumed amounted to:

Assets acquired and liabilities assumed

in € millions	Vitesco Group
Intangible assets	798
Right-of-use assets under leases	256
Property, plant and equipment	2,025
Investments in joint ventures and associated companies	9
Costs to fulfill a contract	281
Contract assets	4
Other financial assets	36
Other assets	18
Deferred tax assets	406
Total non-current assets	**3,831**
Inventories	684
Contract assets	177
Trade receivables	1,496
Other financial assets	94
Other assets	187
Income tax receivables	52
Cash and cash equivalents	308
Assets held for sale	7
Total current assets	**3,005**

in € millions	Vitesco Group
Provisions for pensions and similar obligations	509
Provisions	243
Financial debt	467
Contract liabilities	513
Income tax payables	52
Lease liabilities	190
Other liabilities	8
Deferred tax liabilities	70
Total non-current liabilities	**2,052**
Provisions	422
Financial debt	132
Contract liabilities	163
Trade payables	1,260
Income tax payables	20
Other financial liabilities	229
Lease liabilities	48
Refund liabilities	63
Other liabilities	156
Total current liabilities	**2,494**

Contingent liabilities assumed as at October 1, 2024, amounted to EUR 28 m.

3. Notes to the consolidated income statement

3.1 Revenue

Revenue from contracts with customers can be analyzed by category and segment as follows:

IFRS 15 – analysis of revenue by category

in € millions	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	Automotive Technologies		Vehicle Lifetime Solutions		Bearings & Industrial Solutions		Others		Total	
Revenue by type										
• Revenue from the sale of goods	6,864	6,964	2,579	2,241	6,476	6,881	1,899	4	17,818	16,091
• Revenue from the sale of tools and machinery	66	43	0	0	14	11	119	55	199	109
• Revenue from services	24	28	0	0	80	67	66	17	170	112
• Other revenue	0	0	0	0	1	1	0	0	1	1
Total	**6,955**	**7,035**	**2,579**	**2,241**	**6,570**	**6,960**	**2,084**	**76**	**18,188**	**16,313**
Revenue by region [1]										
• Europe	2,591	2,643	1,717	1,485	2,742	3,043	1,099	50	8,149	7,221
• Americas	1,771	1,718	527	478	1,388	1,372	406	1	4,092	3,569
• Greater China	1,619	1,683	174	139	1,413	1,510	283	25	3,490	3,358
• Asia/Pacific	974	991	161	139	1,027	1,035	297	1	2,458	2,165
Total	**6,955**	**7,035**	**2,579**	**2,241**	**6,570**	**6,960**	**2,084**	**76**	**18,188**	**16,313**

Prior year information presented based on 2024 segment structure.
[1] Based on market (customer location).

The following overview shows receivables, contract assets, and contract liabilities from contracts with customers.

Contract balances

	12/31/2024	12/31/2023
in € millions		
Trade receivables	3,909	2,575
Contract assets	237	65
Contract liabilities	1,002	309
Revenue recognized in the reporting period [1]		
• that was included in the contract liabilities balance at the beginning of the year	107	95
• from performance obligations satisfied in previous years	5	4

[1] Amounts for the reporting period from January 1 to December 31.

Contract assets on hand as at December 31, 2024, resulted from revenue that has been recognized over time for customer-specific products.

Contract liabilities on hand as at December 31, 2024, partly result from payments received from customers for development services. These payments are accrued as contract liabilities starting when a volume supply contract with the customer becomes highly probable, and then appropriately amortized to revenue over the period of volume production.

The merger of Vitesco Technologies Group AG into Schaeffler AG led to an increase in contract assets of EUR 181 m and in contract liabilities of EUR 676 m.

As at December 31, 2024, the remaining performance obligations largely related to contracts with an original expected duration of less than one year. Therefore, the Schaeffler Group is omitting the disclosure of remaining performance obligations, applying the practical expedient provided by IFRS 15.121 (a).

Costs to fulfill a contract of EUR 621 m as at December 31, 2024, (prior year: EUR 330 m) arise from the relationship between development services and future volume production. To reflect this relationship, development costs are capitalized as costs to fulfill a contract starting when a volume supply contract with the customer becomes highly probable, and then amortized appropriately over the period of volume production. Amortization of costs to fulfill a contract recognized in cost of sales amounted to EUR 89 m (prior year: EUR 81 m) in 2024. In addition, the company recognized impairments of EUR 7 m (prior year: EUR 17 m).

3.2 Other income

Other income

in € millions	2024	2023
Gains on reversal of provisions	38	115
Exchange gains	0	26
Miscellaneous other income	111	117
Total	**149**	**258**

Gains on reversal of provisions consisted of EUR 38 m (prior year: EUR 79 m) in reversals of provisions recognized in prior years related to personnel measures, including EUR 33 m in reversals of restructuring provisions.

In 2024, netting foreign exchange gains and losses resulted in a loss of EUR 22 m (prior year: gain of EUR 26 m).

Miscellaneous other income included EUR 35 m (prior year: EUR 27 m) in government grants. During the year, the company recognized EUR 21 m in other income (prior year: EUR 188 m in other expenses) on remeasuring at fair value the obligation to acquire the shares tendered under the public tender offer to the shareholders of Vitesco Technologies Group AG.

3.3 Other expenses

Other expenses

in € millions	2024	2023
Exchange losses	22	0
Miscellaneous other expenses	578	428
Total	**601**	**428**

Exchange losses largely related to operations and forward exchange contracts. In 2024, netting foreign exchange gains and losses resulted in a loss of EUR 22 m (prior year: gain of EUR 26 m).

Miscellaneous other expenses consisted mainly of EUR 496 m (prior year: EUR 24 m) in expenses related to personnel measures (termination benefits) that included EUR 488 m for the recognition of restructuring provisions for the restructuring measures adopted by Schaeffler AG's Board of Managing Directors in November 2024. In addition, the company recognized an impairment loss of EUR 39 m (prior year: EUR 0 m) on intangible assets (see Note 4.1 "Intangible assets" for further details).

3.4 Personnel expense and headcount

Average number of employees by region

	2024	2023
Europe	54,669	51,738
Americas	13,755	12,013
Greater China	14,582	13,182
Asia/Pacific	8,222	6,749
Total	**91,228**	**83,682**

Prior year information presented based on 2024 regional structure.

The number of employees as at December 31, 2024, was 115,055, 38.0% above the prior year level of 83,362.

The increase was largely due to the merger with Vitesco Technologies Group AG.

The Schaeffler Group's personnel expense can be analyzed as follows:

Personnel expense

in € millions	2024	2023
Wages and salaries	4,622	4,051
Social security contributions	866	760
Other personnel expense	611	64
Total	**6,099**	**4,874**

Other personnel expense included EUR 496 m in expenses related to personnel measures. EUR 151 m (prior year: EUR 116 m) in retirement benefit expenses were recognized in other personnel expense as well.

3.5 Financial result

This summary presents financial expenses and income on a net basis.

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.

3.6 Income taxes

Income taxes

in € millions	2024	2023
Current income taxes	311	355
Deferred income taxes	294	-114
Global minimum tax	2	0
Total	**608**	**240**

As a corporation, Schaeffler AG was subject to German corporation and trade taxes during the reporting period 2024.

The average tax rate within Schaeffler AG's tax group was 28.8% in 2024 (prior year: 28.8%). This tax rate consisted of corporation tax, including the solidarity surcharge, of 15.9% (prior year: 15.9%) as well as the average trade tax rate of 12.9% (prior year: 12.9%).

Current tax benefit related to prior years amounted to EUR 43 m (prior year: benefit of EUR 71 m) in 2024. Deferred tax expense related to prior years amounted to EUR 70 m (prior year: expense of EUR 12 m) in 2024. Taxes for previous years mainly contain the impact of reassessments of tax issues from prior years.

The following tax rate reconciliation shows the tax effects required to reconcile expected income tax expense to income tax expense as reported in the consolidated income statement. The calculation for 2024 is based on the Schaeffler Group's 28.8% (prior year: 28.8%) effective combined trade and corporation tax rate including solidarity surcharge.

Tax rate reconciliation

in € millions	2024	2023
Earnings before income taxes	3	576
Expected tax expense	**1**	**166**
Addition/reduction due to deviating local tax bases	4	3
Foreign/domestic tax rate differences	-13	-33
Change in tax rate and law	-1	2
Non-recognition of deferred tax assets	552	38
• including: recognition of previously unrecognized deferred taxes on loss carry-forwards and temporary differences	-5	-3
• including: derecognition and re-recognition of deferred taxes on loss carry-forwards and temporary differences	357	13
Tax credits and other tax benefits	-28	-14
Non-deductible expenses and non-taxable income	43	78
Income (loss) from equity-accounted investees	28	0
Change in permanent differences	0	54
Taxes for previous years	27	-59
Other	-5	5
Reported tax expense	**608**	**240**

Foreign/domestic tax rate differences primarily represent the impact of differences in country-specific tax rates applicable to the Schaeffler Group's German and foreign entities.

Non-recognition of deferred tax assets mainly represents the derecognition of deferred tax assets of domestic companies.

The **income (loss) from equity-accounted investees** included in net income (loss) results in a reconciling item of EUR 28 m (prior year: EUR 0 m) in 2024.

Non-deductible expenses and **non-taxable income** include non-deductible operating expenses and non-creditable withholding taxes as well as current and deferred tax liabilities on dividends paid or expected to be paid by subsidiaries.

The BEPS Pillar 2 rules ("Mindestbesteuerungsrichtlinie-Umsetzungsgesetz" – MinBestRL-UmsG) had been transposed into German law ("MindeststeuerGesetz" – MinStG) by the reporting date and have been effective since 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 Schaeffler Group applies the temporary mandatory exemption regarding recognition of deferred taxes that arise from introduction of the global minimum tax and recognizes these as current income tax as incurred.

3.7 Earnings per share

Earnings per share

in € millions	2024	2023 [1]
Net income (loss)	-605	335
Net income (loss) attributable to shareholders of the parent company	-632	309
Net income (loss) attributable to shares	-632	309
Average number of shares issued in millions	736	666
Earnings per share (basic/diluted, in €)	**-0.86**	**0.46**

[1] Prior year amounts amended, see "Change in accounting policy and change in accounting estimates" section for further details.

Resolutions approving the conversion of all of the 166 million common non-voting shares into common voting shares were passed by the extraordinary general meeting of Schaeffler AG and a separate meeting of the common non-voting shareholders on February 2, 2024. This conversion became effective upon entry of the merger of Vitesco Technologies Group AG into Schaeffler AG in the commercial register on October 1, 2024.

Since this entry, Schaeffler AG has one standard class of shares with each vote carrying one voting right. Since the shares were converted at a ratio of 1:1, the interest in total share capital represented by each share has not changed. As required by IAS 33, the number of shares is adjusted retrospectively for the current and prior year period; as a result, only one uniform earnings per share metric will be presented going forward.

As part of the merger of Vitesco Technologies Group AG into Schaeffler AG, Schaeffler AG's share capital was increased by EUR 279 m. The capital increase was performed by issuing 279 million new common shares that were allocated to the shareholders of Vitesco Technologies Group AG at an exchange ratio of 57 to 5 (11.4). The capital increase was entered in the commercial register on October 1, 2024.

In accordance with IAS 33, earnings per share are calculated based on the weighted average number of common shares outstanding. Since the capital increase did not become effective until the last quarter of 2024, the additional shares issued were included in the weighted average for the remaining 92 days until year-end. The 2024 leap year with 366 days was reflected in the calculation.

There were no dilutive items as at December 31, 2024, or in the prior year. Diluted earnings per share equal basic earnings per share.

4. Notes to the consolidated statement of financial position

4.1 Intangible assets

As part of the impairment test performed as at December 31, 2024, it became apparent that the Schaeffler Group's market capitalization would potentially fall below the carrying amount of its net assets after the merger with Vitesco Technologies Group AG. In accordance with IAS 36.12(d), this represented an indication that the assets were potentially impaired (triggering event). Due to this triggering event, the Schaeffler Group performed full impairment tests of all of its cash-generating units as at December 31, 2024. In the impairment tests, the recoverable amount of the relevant cash-generating unit was initially determined based on the fair value less costs of disposal calculated in accordance with IFRS 13 using unobservable inputs (level 3).

As a result of the impairment tests, Schaeffler AG identified an impairment, based on fair value less costs of disposal, in a cash-generating unit within the Bearings & Industrial Solutions segment and group of cash-generating units due to the difficult market trend and the considerable decline in revenue with one main customer. The affected unit operates in the field of precision gearboxes for automation applications. The value in use of the cash-generating unit is less than its fair value less costs of disposal since it does not include cash flows from future restructurings to which the company is not committed. Therefore, the recoverable amount of the cash-generating unit is its fair value less costs of disposal. The total impairment loss relates to EUR 39 m in intangible assets representing customer relationships and technology. In principle, the impairment loss was allocated pro rata to non-current assets except that the carrying amounts of individual assets were not reduced below their recoverable amount. The full amount of the impairment loss on non-current assets was recognized in other expenses in the income statement (see Note 3.3 “Other expenses”).

Regardless of any triggering event, the Schaeffler Group has performed an impairment test of the group of cash-generating units to which goodwill has been allocated of the Automotive Technologies segment, the Vehicle Lifetime Solutions (previously: Automotive Aftermarket) segment and cash-generating unit, the Bearings & Industrial Solutions (previously: Industrial) segment and group of cash-generating units, as well as the Vitesco group of cash-generating units as at December 31, 2024. The Vitesco group of cash-generating units reflects the cash-generating units and operations of Vitesco Technologies Group AG – which has ceased to exist as a result of the merger – including its subsidiaries. These impairment tests performed by Schaeffler AG did not result in recognition of an impairment loss.

The impairment test performed by comparing the carrying amount of the group of cash-generating units and segments with their recoverable amount demonstrated that the recoverable amount – as determined based on the assumptions made – of all Schaeffler Group segments and (groups of) cash-generating units to which goodwill has been allocated exceeded their carrying amounts. The impairment tests performed did not result in recognition of an impairment loss by the Schaeffler Group.

The carrying amounts of the cash-generating units tested to which goodwill has been allocated were EUR 151 m for the Automotive Technologies segment (prior year: EUR 186 m), EUR 85 m for the Vehicle Lifetime Solutions segment (prior year: EUR 85 m), EUR 744 m (prior year: EUR 709 m) for the Bearings & Industrial Solutions segment, and EUR 792 m for the Vitesco group of cash-generating units as at December 31, 2024.

The impairment test of goodwill as at December 31, 2024, was performed by comparing the carrying amounts of the cash-generating units to which goodwill has been allocated with their recoverable amounts. The recoverable amount was at least equal to fair value less costs of disposal and was determined based on unobservable inputs (level 3). In performing the impairment test, the company identified the cash-generating units based on existing production, sales, and management relationships, as was the case in the prior year. The structure with respect to the impaired cash-generating unit in the field of precision gearboxes for automation applications has changed from the prior year (a stand-alone cash-generating unit for the first time, previously integrated with the Bearings & Industrial Solutions segment). This change is due to the intended disposal process.

The cash flows used to determine fair value less costs of disposal reflect detailed forecasting periods covering the years up to 2030 or 2035. These extended detailed forecasting periods reflect the transformation the segment and (groups of) cash-generating units will experience in the coming years, particularly as a result of the shift between powertrain types (“Schaeffler Vision Powertrain 2035” with percentages changed from prior year).

The underlying detailed forecasts took into account various factors:

The geopolitical and economic environment, such as the war in Ukraine and other current political and economic crises, including the conflicts in the Middle East have an influence. There are also uncertainties due to the outcome of the U.S. presidential election and the associated potential adverse economic consequences. Further uncertainties arise from the still volatile market environment as well as material and energy prices that have stabilized compared to prior years but remain high.

The technological transformation toward electric mobility in the automotive industry and the resulting shift away from complex conventional internal combustion engines and transmission components toward transmission-less electric motors with significantly fewer parts continues to progress globally. At the same time, however, the use of conventional ICE technology is expected to be extended at the expense of market growth for hybrid drive technologies.

Additionally, the necessary requirements and fundamentals for sustainability are being actively anchored in the planning process. These include: climate-neutral production by 2030, the digital transformation regarding smart and sustainable products, digital value chains, digital workplaces, and digital systems.

Factors reflected also include the results of and positive synergies from the merger of Schaeffler and Vitesco as well as the positive impacts of other programs communicated externally. The key elements here are consistent and future-oriented product portfolio management as well as a considerable reduction in overhead rates.

The EBIT margin for the Automotive Technologies segment for the forecasting period and in perpetuity ranges from 3.6% to 7.3% (prior year: from 4.5% to 7.1%), for the Vehicle Lifetime Solutions segment from 9.0% to 16.6% (prior year: from 5.0% to 8.0%), for the Bearings & Industrial Solutions segment from 4.9% to 10.9% (prior year: from 9.2% to 12.5%), and for the Vitesco group of cash-generating units from -1.4% to 6.8%. Please refer to chapter 2.3, “Earnings”, for additional assumptions regarding the EBIT margin.

Depending in part on the transformation of the automotive industry toward electric mobility, the perpetuity was determined based on an annual long-term growth rate of 0.0% to 1.5% (prior year: 0.0% to 1.5%) for the Automotive Technologies segment, 0.0% (prior year: 1.0%) for the Vehicle Lifetime Solutions segment, 1.0 to 1.5% (prior year: 1.0%) for the Bearings & Industrial Solutions segment, as well as 0.0% to 1.5% for the Vitesco group of cash-generating units. Depending on the underlying business and its country of operation, the Schaeffler Group used an assumed post-tax interest rate of 8.5% (prior year: 8.3%) as the weighted average discount rate for the Automotive Technologies segment and 9.0% (prior year: 9.4%) for the Vehicle Lifetime Solutions segment, as well as 8.5% (prior year: 9.2%) for the Bearings & Industrial Solutions segment and 8.5% for the Vitesco group of cash-generating units.

Based on the assumptions made, the recoverable amount determined for the Automotive Technologies segment of EUR 4,530 m (prior year: EUR 6,795 m, prior to assignment of the Bearings business division to the Bearings & Industrial Solutions segment) exceeded the carrying amount by EUR 1,304 m (prior year: EUR 2,315 m, prior to assignment of the Bearings business division to the Bearings & Industrial Solutions segment). In the Vehicle Lifetime Solutions segment, the recoverable amount of EUR 2,678 m (prior year: EUR 1,283 m) exceeded the carrying amount by EUR 2,017 m (prior year: EUR 611 m). In the Bearings & Industrial Solutions segment, the recoverable amount of EUR 4,910 m (prior year: EUR 4,778 m, prior to assignment of the Bearings business division to the Bearings & Industrial Solutions segment) exceeded the carrying amount – following recognition of the impairment loss on the relevant cash-generating unit – by EUR 468 m (prior year: EUR 1,347 m, prior to assignment of the Bearings business division to the Bearings & Industrial Solutions segment). In the Vitesco group of cash-generating units, the recoverable amount of EUR 4,635 m exceeded the carrying amount by EUR 2,015 m.

If the post-tax WACC was increased to 11.5% in the Automotive Technologies segment, 9.1% in the Bearings & Industrial Solutions segment, and 10.9% in the Vitesco group of cash-generating units, the recoverable amount would continue to equal the carrying amount of the relevant cash-generating unit to which goodwill has been allocated. If the sustainable EBIT margin underlying the calculation was reduced to 1.9% for the Automotive Technologies segment and to 7.1% for the Bearings & Industrial Solutions segment as well as to 3.9% for the Vitesco group of cash-generating units, the recoverable amount would equal the carrying amount of the relevant cash-generating unit to which goodwill has been allocated.

As at December 31, 2024, internally generated intangible assets consisted largely of development costs with a net carrying amount of EUR 41 m (prior year: EUR 37 m) that mainly included EUR 34 m (prior year: EUR 27 m) in assets not yet available for use.

As at December 31, 2024, purchased intangible assets consisted largely of assets related to the acquisition of Schaeffler ByWire Technologie GmbH & Co. KG in 2022/2023 of EUR 104 m (prior year: EUR 115 m) and the Ewellix Group in 2023 of EUR 175 m (prior year: EUR 202 m) as well as EUR 189 m (prior year: EUR 147 m) in assets not yet available for use representing software applications that were not yet subject to amortization.

Amortization of intangible assets totaled EUR 66 m (prior year: EUR 69 m) and was recognized in the following line items in the consolidated income statement: cost of sales EUR 47 m (prior year: EUR 51 m), research and development expenses EUR 12 m (prior year: EUR 12 m), selling expenses EUR 3 m (prior year: EUR 2 m), and administrative expenses EUR 4 m (prior year: EUR 4 m).

Intangible assets

in € millions	Goodwill	Purchased intangible assets	Internally generated intangible assets	Total
Historical cost				
Balance as at January 01, 2023	**789**	**1,423**	**342**	**2,554**
Additions from initial consolidation of subsidiaries	439	277	0	716
Additions	0	64	13	77
Disposals	0	-6	0	-6
Transfers	0	-4	5	1
Reclassification to IFRS 5	0	1	0	1
Foreign currency translation	0	-1	0	-1
Balance as at December 31, 2023	**1,229**	**1,753**	**360**	**3,343**
Balance as at January 01, 2024	**1,229**	**1,753**	**360**	**3,343**
Additions from initial consolidation of subsidiaries	2,204	128	3	2,335
Additions	0	53	8	61
Disposals	0	-5	-7	-12
Transfers	0	2	0	2
Foreign currency translation	15	1	1	18
Balance as at December 31, 2024	**3,448**	**1,933**	**365**	**5,746**
Accumulated amortization and impairment losses				
Balance as at January 01, 2023	**249**	**1,074**	**315**	**1,638**
Additions from initial consolidation of subsidiaries	0	25	0	25
Amortization	0	61	8	69
Disposals	0	-6	0	-6
Reclassification to IFRS 5	0	1	0	1
Foreign currency translation	0	-1	0	-1
Balance as at December 31, 2023	**249**	**1,153**	**324**	**1,725**
Balance as at January 01, 2024	**249**	**1,153**	**324**	**1,725**
Additions from initial consolidation of subsidiaries	1,424	114	0	1,537
Amortization	0	61	5	66
Impairments	0	39	2	41
Disposals	0	-5	-7	-12
Foreign currency translation	4	2	0	6
Balance as at December 31, 2024	**1,677**	**1,363**	**324**	**3,364**
Net carrying amounts				
As at January 01, 2023	**540**	**350**	**27**	**916**
As at December 31, 2023	**980**	**600**	**37**	**1,617**
As at January 01, 2024	**980**	**600**	**37**	**1,617**
As at December 31, 2024	**1,772**	**570**	**41**	**2,383**

4.2 Right-of-use assets under leases

Right-of-use assets under leases

in € millions	Land, land rights, and buildings	Vehicles	Other equipment	Total
Historical cost				
Balance as at January 01, 2023	**274**	**77**	**25**	**377**
Additions from initial consolidation of subsidiaries	18	0	0	18
Additions	46	29	6	81
Disposals	-37	-20	-8	-65
Transfers	1	0	-1	0
Reclassification to IFRS 5	3	0	0	3
Foreign currency translation	-5	0	-1	-6
Balance as at December 31, 2023	**300**	**86**	**22**	**408**
Balance as at January 01, 2024	**300**	**86**	**22**	**408**
Additions from initial consolidation of subsidiaries	345	24	14	383
Additions	48	42	13	103
Disposals	-28	-18	-4	-50
Transfers	1	0	-1	0
Foreign currency translation	8	0	0	8
Balance as at December 31, 2024	**674**	**134**	**44**	**851**
Accumulated depreciation and impairment losses				
Balance as at January 01, 2023	**105**	**39**	**12**	**155**
Additions from initial consolidation of subsidiaries	5	0	0	5
Depreciation	45	20	6	71
Impairments	0	0	0	1
Disposals	-32	-19	-8	-59
Reclassification to IFRS 5	2	0	0	2
Foreign currency translation	-2	0	0	-3
Balance as at December 31, 2023	**123**	**40**	**10**	**172**
Balance as at January 01, 2024	**123**	**40**	**10**	**172**
Additions from initial consolidation of subsidiaries	114	11	3	128
Depreciation	58	26	6	90
Disposals	-26	-19	-3	-48
Foreign currency translation	4	0	0	4
Balance as at December 31, 2024	**272**	**57**	**16**	**345**
Net carrying amounts				
As at January 01, 2023	**169**	**38**	**14**	**222**
As at December 31, 2023	**178**	**47**	**12**	**236**
As at January 01, 2024	**178**	**47**	**12**	**236**
As at December 31, 2024	**402**	**77**	**28**	**506**

Other equipment consists of production equipment and technical equipment and machinery.

Liabilities related to lease agreements capitalized are due as follows:

Lease liabilities

	12/31/2024		12/31/2023	
in € millions	Discounted	Undiscounted	Discounted	Undiscounted
Less than one year	120	130	63	70
Between one and five years	271	298	129	144
More than five years	104	113	46	49
Total	**495**	**541**	**238**	**264**

The impact on the consolidated income statement and the consolidated statement of cash flows is as follows:

Impact of right-of-use assets under leases on consolidated income statement

in € millions	2024	2023
Depreciation	90	71
Interest expense	11	7
Expense relating to short-term leases (lease term of up to 12 months)	5	5
Expense relating to leases of low-value assets	2	2
Variable lease payments	44	1

Impact of right-of-use assets under leases on consolidated statement of cash flows

in € millions	2024	2023
Variable lease payments, short-term leases (term of up to 12 months), leases of low-value assets recognized in EBIT	51	8
Principal repayments on lease liabilities	84	72
Interest paid	11	7

Sale and leaseback transactions did not give rise to any gains (prior year: EUR 2 m) in 2024.

The Schaeffler Group recognizes the exercise of extension options included in real estate leases only if it is reasonably certain. Exercise is reassessed upon the occurrence of significant events or changes in circumstances that might lead to a change in assessment.

As at the reporting date, potential future lease payments of EUR 111 m (prior year: EUR 0 m) from options largely resulting from the merger with Vitesco Technologies Group AG were not included in the measurement of lease liabilities.

The amount of future obligations arising from leases to which the company was committed but that had not yet commenced as at the reporting date is EUR 7 m (prior year: EUR 0 m) and largely results from the merger with Vitesco Technologies Group AG.

Contract manufacturing for the Continental Group

The Schaeffler Group has a contract manufacturing agreement with the Continental Group as a result of the merger with Vitesco Technologies Group AG. Expenses for variable lease payments due to contract manufacturing amount to EUR 43 m (prior year: EUR 0 m). The Schaeffler Group expects future cash outflows from variable lease payments due to contract manufacturing for the remaining lease term of EUR 108 m (prior year: EUR 0 m).

The Schaeffler Group manufactures products for the Continental Group at contract manufacturing plants under a contract manufacturing agreement. Income from variable lease payments under contract manufacturing agreements amounts to EUR 36 m (prior year: EUR 0 m).

4.3 Property, plant and equipment

Property, plant and equipment

in € millions	Land, land rights, and buildings	Technical equipment and machinery	Other equipment	Assets under construction	Total
Historical cost					
Balance as at January 01, 2023	**3,013**	**11,048**	**1,394**	**749**	**16,204**
Additions from initial consolidation of subsidiaries	46	104	7	3	160
Additions	39	199	82	529	849
Disposals	-38	-263	-56	-7	-364
Transfers	46	324	49	-420	-1
Reclassification to IFRS 5	-28	-3	-1	0	-31
Foreign currency translation	-40	-171	-7	-8	-226
Balance as at December 31, 2023	**3,039**	**11,240**	**1,467**	**846**	**16,592**
Balance as at January 01, 2024	**3,039**	**11,240**	**1,467**	**846**	**16,592**
Additions from initial consolidation of subsidiaries	532	4,063	565	431	5,592
Additions	149	344	88	480	1,060
Disposals	-7	-282	-72	-5	-365
Transfers	123	307	56	-489	-2
Reclassification to IFRS 5	-12	-11	-3	0	-26
Foreign currency translation	7	87	7	7	109
Balance as at December 31, 2024	**3,832**	**15,748**	**2,109**	**1,271**	**22,960**

in € millions	Land, land rights, and buildings	Technical equipment and machinery	Other equipment	Assets under construction	Total
Accumulated depreciation and impairment losses					
Balance as at January 01, 2023	**1,687**	**8,833**	**1,071**	**6**	**11,598**
Additions from initial consolidation of subsidiaries	23	64	4	0	90
Depreciation	86	656	107	0	848
Impairments	0	10	1	2	14
Impairment reversals	0	-1	0	0	-1
Disposals	-22	-255	-55	-1	-333
Reclassification to IFRS 5	-15	-2	-1	0	-18
Foreign currency translation	-18	-136	-6	-1	-161
Balance as at December 31, 2023	**1,741**	**9,168**	**1,121**	**6**	**12,037**
Balance as at January 01, 2024	**1,741**	**9,168**	**1,121**	**6**	**12,037**
Additions from initial consolidation of subsidiaries	262	2,859	442	4	3,567
Depreciation	93	703	129	0	925
Impairments	0	3	0	0	3
Disposals	-5	-277	-71	-1	-355
Transfers	0	7	-7	0	0
Reclassification to IFRS 5	-7	-7	-2	0	-16
Foreign currency translation	6	68	7	0	81
Balance as at December 31, 2024	**2,090**	**12,522**	**1,619**	**10**	**16,241**
Net carrying amounts					
As at January 01, 2023	**1,326**	**2,215**	**323**	**743**	**4,607**
As at December 31, 2023	**1,297**	**2,072**	**346**	**840**	**4,555**
As at January 01, 2024	**1,297**	**2,072**	**346**	**840**	**4,555**
As at December 31, 2024	**1,742**	**3,226**	**489**	**1,261**	**6,718**

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).

4.4 Investments in joint ventures and associated companies

Investments in joint ventures and associated companies consisted of EUR 5 m (prior year: EUR 3 m) in investments in joint ventures and EUR 13 m (prior year: EUR 4 m) in investments in associated companies.

In 2024, Napino Control Systems Private Limited, Guragon, India, is included as an associated company with a carrying amount of EUR 10 m as a result of the acquisition of Vitesco Technologies Group AG. Vitesco Technologies Holding Netherlands B.V., Maastricht, The Netherlands, holds 30% of its voting rights. The main business purpose of the company is manufacturing electronic injection valves and related products.

The impact of other equity-accounted joint ventures and of associated companies taken as a whole on the Schaeffler Group's net assets, financial position, and earnings as at the end of the reporting period was insignificant.

4.5 Deferred tax assets and liabilities and income tax receivables and payables

Deferred tax assets and liabilities

The following items gave rise to recognized deferred tax assets and liabilities:

Deferred tax assets and liabilities

in € millions	12/31/2023 Net	Recognized in profit or loss	Initial consolidation Vitesco	Recognized in other comprehen-sive income	12/31/2024 Net	Deferred tax assets	Deferred tax liabilities
Intangible assets	-42	110	25	0	93	481	-388
Property, plant and equipment	-39	-17	-7	0	-63	195	-258
Financial assets	-62	1	9	7	-45	25	-70
Inventories	191	-66	37	0	162	185	-23
Trade receivables and other assets	-24	-17	6	0	-35	278	-313
Provisions for pensions and similar obligations	226	-137	39	-57	71	141	-70
Other provisions and other liabilities	150	16	196	14	376	871	-495
Interest- and loss carry-forwards	212	-171	32	0	73	73	0
Outside basis differences	-28	-13	0	0	-41	0	-41
Deferred taxes (gross)	**584**	**-294**	**337**	**-36**	**591**	**2,249**	**-1,658**
Netting						-1,492	1,492
Deferred taxes (net)	**584**	**-294**	**337**	**-36**	**591**	**757**	**-166**

As at the reporting date, no deferred tax assets were recognized on EUR 326 m (prior year: EUR 7 m) in interest carry-forwards and tax credits. The increase was largely due to derecognized and unrecognized deferred taxes on interest carry-forwards of domestic companies.

As at December 31, 2024, the Schaeffler Group had gross loss carry-forwards of EUR 1,584 m (prior year: EUR 774 m) for corporation tax and EUR 776 m (prior year: EUR 556 m) for trade tax. EUR 761 m of the gross loss carry-forwards for corporation tax and EUR 202 m of those for trade tax relate to the Vitesco Group as at December 31, 2024.

No deferred taxes have been recognized on EUR 1,361 m (prior year: EUR 168 m) in corporation tax loss carry-forwards and EUR 733 m (prior year: EUR 116 m) in trade tax loss carry-forwards. The total amount includes EUR 641 m in corporation tax loss carry-forwards and EUR 176 m in trade tax loss carry-forwards of the Vitesco Group. The increase was additionally due to derecognized and unrecognized deferred taxes on loss carry-forwards of domestic companies.

EUR 469 m (prior year: EUR 101 m) of the corporation tax loss carry-forwards on which no deferred tax assets were recognized can be carried forward for a limited period. The increase was largely due to inclusion of the Vitesco Group. The corporation tax loss carry-forwards of the Vitesco Group that can be carried forward for a limited period amount to EUR 406 m. The interest carry-forwards can be utilized indefinitely.

No deferred tax assets were recognized on EUR 1,330 m (prior year: EUR 51 m) in temporary differences, as it is not considered probable that they will be utilized in the future. The total amount includes EUR 189 m relating to the Vitesco Group. The increase was largely due to derecognized deferred taxes on temporary differences of domestic companies.

No deferred taxes have been recognized on EUR 8,884 m (prior year: EUR 2,992 m) in undistributed profits of certain subsidiaries, as the company intends to continually reinvest these profits.

As at the end of the reporting period, certain group companies that have suffered tax losses in 2023 or 2024 have recognized EUR 298 m (prior year: EUR 486 m) in net deferred tax assets. Realization of deferred tax assets was assessed as probable. The losses are attributable to a challenging geopolitical and economic environment. However, the companies expect to generate sufficient future taxable income.

As at December 31, 2024, the net amount of deferred tax recognized in accumulated other comprehensive income was EUR 78 m (prior year: EUR 116 m). The tax included in other comprehensive income is as follows:

Income tax recognized in other comprehensive income

			2024			2023
in € millions	Before tax	Tax	After tax	Before tax	Tax	After tax
Items that will not be reclassified to profit or loss						
Remeasurement of net defined benefit liability	25	-58	-33	-188	55	-133
Net change in fair value of financial assets at fair value through other comprehensive income	-9	1	-7	2	-1	2
Reclassification to other reserves on disposal of an unconsolidated equity investment accounted for at fair value through other comprehensive income	24	0	24	0	0	0
Share of other comprehensive income (loss) of equity-accounted investees	5	0	5			
Total other comprehensive income (loss) that will not be reclassified to profit or loss	**45**	**-57**	**-12**	**-185**	**54**	**-131**
Items that have been or may be reclassified subsequently to profit or loss						
Foreign currency translation differences for foreign operations	88	0	88	-141	0	-141
Effective portion of changes in fair value of cash flow hedges	-71	20	-51	9	-3	7
Share of other comprehensive income (loss) of equity-accounted investees	-30	0	-30	0	0	0
Total other comprehensive income (loss) that has been or may be subsequently reclassified to profit or loss	**-13**	**20**	**7**	**-132**	**-3**	**-134**
Total other comprehensive income (loss)	**31**	**-36**	**-5**	**-317**	**51**	**-265**

Income tax receivables and payables

As at December 31, 2024, income tax receivables amounted to EUR 185 m (prior year: EUR 113 m), including non-current balances of EUR 73 m (prior year: EUR 75 m).

As at December 31, 2024, income tax payables amounted to EUR 186 m (prior year: EUR 176 m), including non-current balances of EUR 79 m (prior year: EUR 62 m).

In current or future tax audits, the fiscal authorities and the Schaeffler Group may arrive at different conclusions regarding tax laws or tax-related facts. The fiscal authorities may change original tax assessments, potentially increasing the Schaeffler Group's tax charges. Identifiable tax audit-related risks have been recognized in income tax receivables and payables in the Schaeffler Group's consolidated financial statements.

4.6 Inventories

Inventories

in € millions	12/31/2024	12/31/2023 [1]
Raw materials and supplies	1,185	635
Work in progress	834	771
Finished goods and merchandise	1,545	1,412
Advance payments	6	5
Total	**3,570**	**2,822**

[1] Prior year amounts amended, see "Change in accounting policy and change in accounting estimates" section for further details.

EUR 13,891 m (prior year: EUR 12,435 m) [1] in inventories used were expensed as cost of sales in the consolidated income statement in 2024.

The impairment allowance on inventories amounted to EUR 630 m (prior year: EUR 352 m) as at December 31, 2024. The impairment allowance on inventories that was assumed from the Vitesco Group in the merger amounted to EUR 216 m.

4.7 Trade receivables

Trade receivables

in € millions	12/31/2024	12/31/2023
Trade receivables (gross)	**3,944**	**2,590**
Impairment allowances	-35	-16
Trade receivables (net)	**3,909**	**2,575**

Movements in impairment allowances on these trade receivables can be reconciled as follows:

Impairment allowances on trade receivables

in € millions	2024	2023
Impairment allowances as at January 01	**-16**	**-21**
Initial consolidation of subsidiaries	-13	
Additions	-21	-6
Allowances used to cover write-offs	5	5
Reversals	11	6
Impairment allowances as at December 31	**-35**	**-16**

Aging of trade receivables

in € millions		12/31/2024	12/31/2023
Trade receivables (gross)		**3,944**	**2,590**
Not past due		**3,637**	**2,390**
Past due	up to 60 days	**179**	**115**
	61–120 days	**20**	**27**
	121–180 days	**16**	**17**
	181–360 days	**20**	**30**
	› 360 days	**72**	**11**

As at December 31, 2024, trade receivables outstanding with a carrying amount of EUR 95 m (prior year: EUR 90 m) had been sold under receivable sale programs.

More on the Schaeffler Group's exposure to credit, currency, and liquidity risk in Note 4.16

4.8 Other financial assets and other assets

Other financial assets (non-current/current)

	12/31/2024			12/31/2023		
in € millions	Non-current	Current	Total	Non-current	Current	Total
Other investments	185	0	185	120	0	120
Derivative financial assets	4	45	48	2	66	68
Miscellaneous other financial assets	132	140	272	70	323	393
Total	**320**	**185**	**505**	**192**	**389**	**581**

Non-current **other investments** included unconsolidated equity investments representing interests held by the group of less than 20% as at December 31, 2024.

Derivative financial assets mainly comprised fair values of hedging instruments the Schaeffler Group uses to hedge currency risk as well as energy price risk arising on energy purchases for the company's own use. The latter related primarily to forward purchase contracts for electricity and gas.

Non-current **miscellaneous other financial assets** consisted largely of fund units held to finance retirement benefits. Current miscellaneous other financial assets mainly consisted of security deposits and investment subsidies for research and development expenses not yet drawn down. The main reason for the decline from the prior year is the settlement of the total return swap in connection with the acquisition of Vitesco Technologies Group AG.

The assets held to protect partial retirement arrangements from insolvency were included in current and non-current miscellaneous other financial assets.

More on the Schaeffler Group's exposure to currency and liquidity risk in Note 4.16

Other assets (non-current/current)

			12/31/2024			12/31/2023
in € millions	Non-current	Current	Total	Non-current	Current	Total
Pension assets	70	0	70	71	0	71
Tax receivables	1	354	355	10	289	299
Miscellaneous other assets	97	145	242	94	74	168
Total	**168**	**499**	**668**	**174**	**363**	**538**

Tax receivables consisted predominantly of value-added tax refunds receivable as at December 31, 2024.

The majority of **miscellaneous other assets** represented the current and non-current portions of prepaid assets, deferred charges, and refunds receivable.

4.9 Cash and cash equivalents

At December 31, 2024, cash and cash equivalents consisted primarily of bank balances and short-term deposits.

At the end of the reporting period, cash and cash equivalents include EUR 308 m (prior year: EUR 258 m) held by subsidiaries in Argentina, Brazil, Chile, Colombia, India, Indonesia, Peru, the Philippines, Russia, Serbia, South Africa, South Korea, Taiwan, Thailand, Ukraine, Vietnam, and other countries. These subsidiaries are subject to exchange restrictions or other legal or contractual restrictions. As a result, the availability of these funds to Schaeffler AG as the parent entity is restricted.

4.10 Assets held for sale and liabilities associated with assets held for sale

As at December 31, 2024, the company had recognized assets held for sale totaling EUR 12 m (prior year: EUR 25 m) in connection with two planned disposals of the high-pressure sensors and gasoline injectors units in China that related to the Others division. In addition, the prior year included the EUR 23 m equity investment in IAV GmbH Ingenieurgesellschaft Auto und Verkehr based in Berlin that was sold in 2024.

4.11 Shareholders' equity

Shareholders' equity

in € millions	12/31/2024	12/31/2023
Share capital	945	666
Capital reserves	2,348	2,348
Other reserves	956	1,240
Accumulated other comprehensive income (loss)	-435	-476
Equity attributable to shareholders of the parent company	**3,814**	**3,778**
Non-controlling interests	155	135
Total shareholders' equity	**3,969**	**3,913**

Schaeffler AG's **share capital** increased by EUR 279 m to EUR 945 m (prior year: EUR 666 m) in 2024 as a result of the Vitesco Technologies Group AG merger.

It is divided into 944,884,641 (prior year: 666 million) no-par-value shares, each representing an interest in share capital of EUR 1.00. The standardization of the classes of shares in 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. The free float amounts to approximately 21%. Share capital is fully paid up.

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 by 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 remained unchanged at EUR 2,348 m as at December 31, 2024.

The change in **other reserves** in 2024 was largely attributable to the merger of Vitesco Technologies Group AG into Schaeffler AG, the consolidated net loss, and the dividends.

Distributions to shareholders are limited to Schaeffler AG's retained earnings as determined in accordance with German commercial law. For 2024, a dividend of EUR 236 m will be proposed to the Schaeffler AG annual general meeting. This represents a dividend of EUR 0.25 per common share (prior year: EUR 0.45 per common non-voting share and EUR 0.44 per common share). As the proposed dividend is subject to shareholder approval at the annual general meeting, it has not been recognized as a liability in these consolidated financial statements.

Accumulated other comprehensive income consisted of the impact of currency translation, changes in the fair value of financial instruments designated as hedging instruments, and remeasurements of pensions and similar obligations. EUR 0.3 m (prior year: EUR 11 m) in losses were reclassified from the translation reserve to profit and loss during the reporting period.

As at December 31, 2024, non-controlling interests primarily represented interests in the shareholders' equity of Schaeffler India Ltd.

4.12 Current and non-current financial debt

Financial debt (current/non-current)

			12/31/2024			12/31/2023
in € millions	Due in up to 1 year	Due in more than 1 year	Total	Due in up to 1 year	Due in more than 1 year	Total
Bonds	749	3,321	4,070	800	2,143	2,943
Schuldschein loans	222	208	429	0	292	292
Term loans	0	1,604	1,604	0	624	624
Commercial paper	0	0	0	90	0	90
Other financial debt	8	4	11	0	9	9
Total	**979**	**5,137**	**6,115**	**890**	**3,068**	**3,958**

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. Furthermore, the Schaeffler Group drew down approximately EUR 177 m under two additional lines of credit entered into in December 2023 and approximately EUR 65 m under a line of credit entered into in July 2024. These are presented under term loans due to their maturities.

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. 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.

As at December 31, 2024, the group's debt consisted of six bond series with a principal of EUR 4,100 m, term loans with a principal of EUR 1,385 m, and Schuldschein loans with a principal of EUR 430 m. Schaeffler AG also 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 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).

The Schaeffler Group had the following bonds outstanding as at year-end:

Schaeffler Group bonds

		12/31/2024	12/31/2023	12/31/2024	12/31/2023		
ISIN	Currency	Principal in millions		Carrying amount in € millions		Coupon	Maturity
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
DE000A3823R3R	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 differences between principal and carrying amount are the result of accounting for these instruments at amortized cost calculated using the effective interest method.

An additional EUR 73 m (prior year: EUR 36 m) in interest accrued on the bonds up to December 31, 2024, were reported in other financial liabilities (see Note 4.15).

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.

4.13 Provisions for pensions and similar obligations

The post-employment benefits the Schaeffler Group provides to its employees include both defined benefit plans and defined contribution plans. While defined contribution plans generally entail no further obligation beyond the regular contributions included in personnel expense, defined benefit pension plans are recognized in the consolidated statement of financial position. The provisions also include a minor amount of obligations similar to pensions.

Defined benefit plans

The Schaeffler Group's defined benefit plans include pension plans, termination payments mandatorily payable upon retirement regardless of the reason employment is terminated, and other post-employment benefits. The company's pension obligations primarily relate to Germany, the U.S., and the United Kingdom, with the majority of the obligations attributable to Germany.

Germany

In Germany, the company grants pension benefits largely in the form of pension commitments based on pension units as well as under deferred compensation arrangements.

For the significant pension plans, pension benefits in the form of pension units largely result from the Schaeffler Company Pension Scheme ("Schaeffler Versorgungsordnung") and similar schemes that base the amount of the pension unit on eligible income and also contain a minimum guarantee. Benefits are always paid on an annuity basis. The pension obligations arising from these pension commitments are financed by provisions. Pension benefits are paid out of cash flows from operating activities.

The Schaeffler Company Pension Scheme and the other pension schemes financed by provisions have been closed to new entrants. Schaeffler provides employees joining in or after 2023 with benefits via the employer-financed Schaeffler Pension Plan. Approximately half of the employees who joined the company prior to 2023 also switched to the Schaeffler Pension Plan for service years starting in 2024. When the employee becomes eligible to receive the benefits, the employee can opt to receive the balance accumulated in the benefit account either in a lump sum payment, in installments, or in the form of an annuity. The benefit obligations are covered by assets held separately under a contractual trust agreement (CTA).

In Germany, pension benefits were also granted by the former Vitesco Group, primarily through an employer-funded cash balance plan. When the employee becomes eligible to receive the benefits, the balance accumulated in the benefit account is paid out either in a lump sum payment, in installments, or in the form of an annuity. The cash balance plan is partly covered by assets held separately under contractual trust agreements (CTA).

In addition, employees have various deferred compensation arrangements to choose from. Some Schaeffler Group subsidiaries offer their staff a company pension model under which the employees contribute a portion of their pre-tax salary in return for a pension commitment. The compensation deferred is invested in a specialized multi-asset fund. In addition, the Schaeffler Group guarantees a minimum annual return. Similar to the Schaeffler Pension Plan, when the employee becomes eligible to receive the benefits, the employee can opt to receive the balance accumulated in the benefit account either in a lump sum payment, in installments, or in the form of an annuity. The benefit obligations are covered by assets held separately under a contractual trust agreement (CTA) as well.

The CTAs are legally independent of the company and manage the plan assets as trustees in accordance with the relevant CTAs. There are no legal or regulatory minimum contribution requirements in Germany.

U.S. and United Kingdom

Additional significant defined benefit pension plans cover employees in the U.S. and in the United Kingdom. The Schaeffler Group finances its pension obligations in these countries using external pension funds with restricted access. At the end of 2024, approx. 94% (prior year: 96%) of pension obligations in the U.S. and approx. 121% (prior year: 127%) of pension obligations in the United Kingdom were covered by plan assets. These pension plans were closed to new entrants in 2004 to 2006 (U.S.) and 2009 (United Kingdom) and replaced with defined contribution plans. As a result, employees can no longer earn additional defined benefits.

Other benefits

Several subsidiaries of the former Vitesco Group, primarily in the U.S. and Canada, grant their employees post-retirement health care and life insurance benefits provided certain age and length-of-service requirements are met. No separate plan assets are held for these obligations.

Net defined benefit obligation

The company's obligations under defined benefit plans and the related plan assets are presented as follows in the consolidated statement of financial position as at December 31, 2024:

Amounts recognized in the statement of financial position for pensions and similar obligations

	12/31/2024					12/31/2023				
in € millions	Germany	U.S.	United Kingdom	Other countries	Total	Germany	U.S.	United Kingdom	Other countries	Total
Provisions for pensions (liabilities net of related plan assets)	-2,228	-18	0	-109	-2,355	-1,762	-12	-1	-57	-1,832
Pension asset (plan assets net of related liabilities)	14	7	29	20	70	22	5	38	6	71
Net defined benefit liability	**-2,214**	**-11**	**29**	**-89**	**-2,285**	**-1,740**	**-7**	**37**	**-51**	**-1,761**

At the end of the reporting period, the defined benefit obligations and related plan assets amounted to the following:

Amounts recognized in the statement of financial position for pensions and similar obligations

					12/31/2024					12/31/2023
in € millions	Germany	U.S.	United Kingdom	Other countries	Total	Germany	U.S.	United Kingdom	Other countries	Total
Present value of defined benefit obligations (active members)	-1,492	-24	–	-227	-1,743	-985	-31	–	-196	-1,212
Present value of defined benefit obligations (deferred members)	-338	-19	-63	-3	-423	-272	-19	-76	-4	-371
Present value of defined benefit obligations (pensioners)	-828	-142	-72	-83	-1,125	-757	-123	-64	-41	-985
Present value of defined benefit obligations (total)	**-2,658**	**-185**	**-135**	**-313**	**-3,291**	**-2,014**	**-173**	**-140**	**-241**	**-2,568**
Fair value of plan assets	444	174	164	224	1,006	274	166	177	190	807
Net defined benefit liability	**-2,214**	**-11**	**29**	**-89**	**-2,285**	**-1,740**	**-7**	**37**	**-51**	**-1,761**

Movements in the net defined pension benefit liability in 2024 can be reconciled as follows:

Reconciliation of net defined benefit liability/asset January 01/December 31

	2024					2023				
in € millions	Germany	U.S.	United Kingdom	Other countries	Total	Germany	U.S.	United Kingdom	Other countries	Total
Net defined benefit liability (-)/ asset (+) as at January 01	**-1,740**	**-7**	**37**	**-51**	**-1,761**	**-1,529**	**-4**	**44**	**-26**	**-1,515**
Benefits paid	68	1	–	6	75	64	1	–	3	68
Service cost	-66	–	-1	-15	-82	-36	–	-1	-10	-47
Net interest on net defined benefit liability	-62	-1	2	-4	-65	-60	0	3	-1	-58
Employer contributions	35	–	–	4	39	3	0	–	2	5
Employee contributions	-1	–	–	0	-1	0	–	–	0	0
Remeasurement of net defined benefit liability	4	1	-11	10	4	-156	-4	-10	-22	-192
Impact of asset ceiling	–	–	–	2	2	–	–	–	-4	-4
Business combinations/disposals of subsidiaries	-452	-5	–	-48	-505	-26	–	–	7	-19
Transfers in/out	0	–	–	7	7	0	–	–	1	1
Settlement gains/losses	–	0	–	-2	-2	–	–	–	–	–
Foreign currency translation	–	0	2	2	4	–	0	1	-1	0
Net defined benefit liability (-)/ asset (+) as at December 31	**-2,214**	**-11**	**29**	**-89**	**-2,285**	**-1,740**	**-7**	**37**	**-51**	**-1,761**

Movements in defined benefit obligation

The opening and closing balances of the present value of the defined benefit obligation as at the end of the reporting period can be reconciled as follows:

Reconciliation of present value of defined benefit obligations January 01/December 31

					2024					2023
in € millions	Germany	U.S.	United Kingdom	Other countries	Total	Germany	U.S.	United Kingdom	Other countries	Total
Present value of defined benefit obligations as at January 01	**-2,014**	**-173**	**-140**	**-241**	**-2,568**	**-1,779**	**-179**	**-135**	**-194**	**-2,287**
Benefits paid	83	14	9	25	131	73	13	7	16	109
Current service cost	-66	–	-1	-13	-80	-37	–	-1	-11	-49
Past service cost	–	–	–	-2	-2	1	–	–	1	2
Interest cost	-72	-9	-6	-11	-98	-70	-9	-6	-10	-95
Employee contributions	-9	–	–	-1	-10	-8	–	–	-1	-9
Transfers in/out	0	–	–	7	7	0	–	–	0	0
Settlement gains/losses	–	0	–	-2	-2	–	–	–	–	–
Settlements paid	–	19	–	41	60	–	–	–	–	–
Gains (+)/losses (-) – changes in financial assumptions	31	8	12	-1	50	-143	-4	-2	-15	-164
Gains (+)/losses (-) – changes in demographic assumptions	–	–	-2	5	3	–	–	3	-2	1
Gains (+)/losses (-) – experience adjustments	-40	1	0	3	-36	-25	0	-3	-4	-32
Business combinations/disposals of subsidiaries	-571	-34	0	-134	-739	-26	0	0	-25	-51
Foreign currency translation	–	-11	-7	11	-7	–	6	-3	4	7
Present value of defined benefit obligations as at December 31	**-2,658**	**-185**	**-135**	**-313**	**-3,291**	**-2,014**	**-173**	**-140**	**-241**	**-2,568**

Movements in and types of plan assets

The opening and closing balances of the fair value of plan assets can be reconciled as follows:

Reconciliation of fair value of plan assets January 01/December 31

					2024					2023
in € millions	Germany	U.S.	United Kingdom	Other countries	Total	Germany	U.S.	United Kingdom	Other countries	Total
Fair value of plan assets as at January 01	**274**	**166**	**177**	**190**	**807**	**250**	**175**	**179**	**168**	**772**
Benefits paid	-15	-13	-9	-19	-56	-9	-12	-7	-13	-41
Interest income on plan assets	10	8	8	7	33	10	9	9	9	37
Employee contributions	8	–	–	1	9	8	0	–	1	9
Employer contributions	35	–	–	4	39	3	–	–	2	5
Impact of asset ceiling	–	–	–	2	2	–	–	–	-4	-4
Transfers in/out	–	–	–	0	0	–	–	–	1	1
Settlements paid	–	-19	–	-41	-60	–	–	–	–	–
Return on plan assets excluding interest income	13	-8	-21	3	-13	12	0	-8	-1	3
Business combinations/disposals of subsidiaries	119	29	0	86	234	–	–	–	32	32
Foreign currency translation	–	11	9	-9	11	–	-6	4	-5	-7
Fair value of plan assets as at December 31	**444**	**174**	**164**	**224**	**1,006**	**274**	**166**	**177**	**190**	**807**

The Schaeffler Group plans to contribute EUR 19 m (prior year: EUR 13 m) to plan assets in 2025.

Plan assets consisted of the following:

Classes of plan assets

	12/31/2024					12/31/2023				
in € millions	Germany	U.S.	United Kingdom	Other countries	Total	Germany	U.S.	United Kingdom	Other countries	Total
Equity instruments	89	–	–	20	109	93	–	–	17	110
Debt instruments	3	172	13	156	344	5	165	11	149	330
Real estate	–	–	7	9	16	-	–	16	9	25
Cash	23	2	51	21	97	36	1	56	2	95
(Reimbursement) insurance policies	82	–	1	12	95	37	–	1	11	49
Mixed funds	126	–	92	–	218	103	–	93	–	196
Other	121	–	–	6	127	0	–	–	2	2
Total	**444**	**174**	**164**	**224**	**1,006**	**274**	**166**	**177**	**190**	**807**

Plan assets do not include real estate used by the Schaeffler Group or any of the Schaeffler Group's own equity instruments. Except for amounts related to real estate and (reimbursement) insurance policies, all amounts shown above represent market prices quoted in an active market.

Information on changes in the various classes of plan assets in Germany is provided by the fund manager in the form of performance reports and is regularly reviewed by investment committees.

Asset-liability studies are prepared for the funded defined benefit plans in the United Kingdom and in the U.S. at regular intervals, and the investment policy of each fund is based on the applicable study and any local legal requirements.

Comprehensive income

The following summarizes the various amounts recognized in comprehensive income for defined benefit plans:

Comprehensive income on defined benefit pension plans

					2024					2023
in € millions	Germany	U.S.	United Kingdom	Other countries	Total	Germany	U.S.	United Kingdom	Other countries	Total
Current service cost	66	–	1	13	80	37	0	1	11	49
Past service cost	–	–	–	2	2	-1	0	0	-1	-2
• plan amendments	–	–	–	1	1	-1	0	0	-1	-2
• curtailments	–	–	–	1	1	–	–	–	–	–
Service cost	**66**	**–**	**1**	**15**	**82**	**36**	**0**	**1**	**10**	**47**
Settlement gains/losses	**–**	**0**	**–**	**2**	**2**	**–**	**–**	**–**	**–**	**–**
Interest cost	72	9	6	11	98	70	9	6	10	95
Interest income	-10	-8	-8	-7	-33	-9	-9	-9	-9	-36
Net interest on net defined benefit liability/asset	**62**	**1**	**-2**	**4**	**65**	**61**	**0**	**-3**	**1**	**59**
Gains (-)/losses (+) – changes in financial assumptions	-31	-8	-12	1	-50	142	5	2	15	164
Gains (-)/losses (+) – changes in demographic assumptions	–	–	2	-4	-2	–	–	-3	2	-1
Gains (-)/losses (+) – experience adjustments	40	-1	0	-3	36	25	0	3	4	32
Return on plan assets excluding interest income	-13	8	21	-3	13	-12	0	8	1	-3
Impact of asset ceiling	–	–	–	-2	-2	–	–	–	0	0
Remeasurements of net defined benefit liability/asset	**-4**	**-1**	**11**	**-11**	**-5**	**155**	**5**	**10**	**22**	**192**
Total comprehensive (income) loss on defined benefit obligations	**124**	**0**	**10**	**8**	**142**	**252**	**5**	**8**	**33**	**298**

Service cost and interest on the net defined benefit liability are included in the following line items of the consolidated income statement:

Net pension expense in the consolidated income statement

	2024					2023				
in € millions	Germany	U.S.	United Kingdom	Other countries	Total	Germany	U.S.	United Kingdom	Other countries	Total
Cost of sales	31	0	0	9	40	19	0	0	7	26
Research and development expenses	14	0	0	2	16	6	0	0	1	7
Selling expenses	6	0	0	1	7	3	0	0	1	4
Administrative expenses	15	0	1	1	16	8	0	1	1	10
Included in EBIT	**66**	**0**	**1**	**13**	**80**	**36**	**0**	**1**	**10**	**47**
Interest cost	72	9	6	11	98	70	9	6	10	95
Interest income	-10	-8	-8	-7	-33	-9	-9	-9	-9	-36
Included in financial result	**62**	**1**	**-2**	**4**	**65**	**60**	**0**	**-3**	**1**	**59**
Total	**128**	**2**	**-1**	**17**	**145**	**97**	**0**	**-2**	**10**	**105**

Maturity profile of defined benefit obligations

The weighted average duration of defined benefit obligations is 16.5 years (prior year: 16.2 years) at year-end. In the most significant countries Germany, the U.S., and the United Kingdom, the duration averages 18.2 years (prior year: 18.0 years), 8.4 years (prior year: 9.1 years), and 12.6 years (prior year: 12.8 years), respectively.

Over the next ten years, the company expects to make the following payments for the defined benefit obligations it has as at year-end:

Payments expected to be made in coming years

in € millions	Payments expected to be made
2025	86
2026	87
2027	94
2028	99
2029	100
2030–2034	550

Actuarial assumptions

At each reporting date, defined benefit obligations are measured based on certain actuarial assumptions.

The assumptions used, in particular discount rates, future salary increases, and future pension increases, are determined separately for each country.

The weighted averages of the principal actuarial assumptions for the Schaeffler Group are as follows:

Actuarial assumptions

					2024					2023
	Germany	U.S.	United Kingdom	Other countries	Total [1]	Germany	U.S.	United Kingdom	Other countries	Total [1]
Discount rate as at December 31	3.5%	5.4%	5.4%	4.3%	3.8%	3.4%	4.9%	4.6%	3.8%	3.6%
Future salary increases	3.3%	n. a. [2]	n. a. [2]	2.9%	3.2%	3.3%	n. a. [2]	n. a. [2]	2.8%	3.2%
Future pension increases	2.2%	0.0%	3.1%	0.3%	1.9%	2.2%	0.0%	3.0%	0.0%	1.9%

[1] Average discount rate for the Schaeffler Group.
[2] The pension plans in the U.S. and in the United Kingdom have been closed since 2004 to 2006 and since 2009, respectively, and structured such that future salary increases will not affect the amount of the net liability.

Mortality assumptions are based on published statistics and country-specific mortality tables. Starting in 2018, the “RICHTTAFELN 2018 G” mortality tables developed by Prof. Dr. Klaus Heubeck and published by HEUBECK-RICHTTAFELN-GmbH are used for the German plans. These tables are generation tables, which specifically include appropriate assumptions to take into account future increases in life expectancy.

Sensitivity analysis

Selecting the assumptions discussed above is key to the calculation of the present value of the defined benefit obligation. The following table shows the sensitivity of the present value of the defined benefit obligation to changes in one of the key assumptions.

Sensitivity analysis of present value of defined benefit obligation

						2024					2023
in € millions		Germany	U.S.	United Kingdom	Other countries	Total	Germany	U.S.	United Kingdom	Other countries	Total
Discount rate	Plus 1.0%	-424	-14	-15	-16	-468	-271	-14	-17	-20	-322
	Minus 1.0%	435	16	19	43	513	360	17	21	24	422
Future salary increases	Plus 1.0%	17	0	0	27	44	17	n. a. [1]	n. a. [1]	12	29
	Minus 1.0%	-15	0	0	-3	-17	-15	n. a. [1]	n. a. [1]	-11	-26
Future pension increases	Plus 1.0%	174	0	12	22	209	158	0	13	6	177
	Minus 1.0%	-146	0	-11	2	-154	-133	0	-11	-5	-149

[1] The pension plans in the U.S. and in the United Kingdom have been closed since 2024 to 2006 and 2009, respectively, and structured such that salary increases do not affect the amount of the net liability.

Another key parameter in the measurement of the Schaeffler Group's pension obligations is life expectancy. An increase in life expectancy in the most significant countries by one year would lead to an increase in the present value of the corresponding obligation by EUR 80 m (prior year: EUR 80 m) in Germany, by EUR 5 m (prior year: EUR 6 m) in the U.S., and EUR 4 m (prior year: EUR 4 m) in the United Kingdom.

As in the prior year, the above sensitivities were calculated using the same method as for the present value of the pension obligations as at the balance sheet date. The sensitivities presented above do not take into account interaction between assumptions; rather, the analysis assumes that each assumption changes separately. In practice, this would be unusual, as assumptions are frequently correlated.

Risk and risk management

The existing defined benefit plans expose the Schaeffler Group to the usual actuarial risks.

The existing plan assets are managed independently on a decentralized basis in the various countries.

Defined contribution pension plans

In 2024, the Schaeffler Group incurred EUR 48 m (prior year: EUR 44 m) in expenses related to defined contribution plans. At EUR 19 m (prior year: EUR 13 m), the majority of this amount relates to plans in the U.S.

4.14 Provisions

Provisions

in € millions	Employee benefits	Restructuring	Warranties	Other taxes	Other	Total
Balance as at January 01, 2024	**248**	**62**	**72**	**24**	**116**	**521**
Additions	64	488	75	7	26	660
Additions from initial consolidation of subsidiaries	135	168	245	6	112	665
Utilization	-95	-54	-67	-21	-38	-275
Reversals	-7	-33	-3	-2	-12	-58
Interest expense	10	-1	0	0	3	12
Foreign currency translation	2	1	4	0	2	9
Balance as at December 31, 2024	**357**	**631**	**326**	**14**	**209**	**1,536**

Provisions consisted of the following current and non-current portions. Non-current provisions are due in one to five years.

Provisions (non-current/current)

			12/31/2024			**12/31/2023**
in € millions	Non-current	Current	Total	Non-current	Current	Total
Employee benefits	259	98	357	164	84	248
Restructuring	453	178	631	6	56	62
Warranties	7	319	326	0	72	72
Other taxes	0	14	14	0	24	24
Other	42	167	209	39	77	116
Total	**760**	**775**	**1,536**	**208**	**313**	**521**

Provisions for employee benefits included EUR 72 m (prior year: EUR 109 m) in provisions for long-time service awards and partial retirement programs. The decrease was primarily due to plan assets for partial retirement programs assumed in connection with the initial consolidation of the Vitesco Group. In addition, the company had EUR 56 m (prior year: EUR 63 m) in provisions for restructuring measures adopted by Schaeffler AG’s Board of Managing Directors on November 7, 2022, to cut excess structural capacity and reduce fixed costs. The measures are expected to be implemented by the end of 2026. Additionally, the company had provisions of EUR 5 m (prior year: EUR 10 m) for a voluntary severance scheme in South Korea.

Restructuring provisions partly consisted of restructuring provisions for a package of measures adopted by the Board of Managing Directors of Schaeffler AG on September 9, 2020, to further transform the Schaeffler Group and strengthen its ability to compete and realize future opportunities for the long term. The company has recognized related restructuring provisions of EUR 11 m as at December 31, 2024 (prior year: EUR 59 m). In November 2024, the Board of Managing Directors of Schaeffler AG decided on structural measures with a regional focus on Germany and Europe that are aimed at increasing competitiveness for the long term. The company recognized related provisions of EUR 488 m as at year-end and reversed a EUR 30 m restructuring provision assumed from Vitesco.

Warranty provisions consisted, in particular, of provisions for specific cases for which an outflow of resources within one year is considered probable. The increase compared to the prior year was due to EUR 245 m in warranty provisions assumed from the Vitesco Group.

Other provisions include, inter alia, EUR 11 m (prior year: EUR 8 m) in provisions for interest and penalties related to income taxes, EUR 2 m (prior year: EUR 2 m) for potential third party claims in connection with antitrust proceedings, and EUR 8 m (prior year: EUR 6 m) for other legal and litigation risks. EUR 8 m (prior year: EUR 10 m) in provisions for remediating past environmental impacts and rehabilitating commercial land were included as well.

Non-current provisions increased by EUR 552 m to EUR 760 m (prior year: EUR 208 m). The restructuring provisions recognized in 2024 resulted in an increase of EUR 333 m. In addition, the increase was due to EUR 243 m in provisions, particularly personnel-related and restructuring provisions, assumed from the Vitesco Group.

Current provisions rose by EUR 462 m to EUR 775 m (prior year: EUR 313 m). The increase was due to EUR 422 m in provisions, particularly for warranties, assumed from the Vitesco Group. Additionally, the restructuring provisions recognized in 2024 resulted in an increase of EUR 155 m. These increases were partly offset by EUR 48 m in restructuring provisions utilized in connection with the restructuring measures adopted by Schaeffler AG's Board of Managing Directors under the "Roadmap 2025" divisional subprograms in the third quarter of 2020.

4.15 Other financial liabilities and other liabilities

Other financial liabilities (non-current/current)

			12/31/2024			12/31/2023
in € millions	Non-current	Current	Total	Non-current	Current	Total
Amounts payable to staff	5	590	594	5	382	387
Derivative financial liabilities	40	98	139	40	231	271
Miscellaneous other financial liabilities	32	205	238	46	198	244
Total	**77**	**893**	**970**	**91**	**811**	**902**

Amounts payable to staff primarily included profit sharing accruals and liabilities for personnel-related measures.

As at December 31, 2024, **derivative financial liabilities** mainly comprised fair values of hedging instruments the Schaeffler Group uses to hedge currency and interest rate risk as well as energy price risk arising on energy purchases for the company's own use. These latter hedging instruments related primarily to short-, medium-, and long-term price and supply agreements for renewable energy (power purchase agreements).

Miscellaneous other financial liabilities mainly consisted of payments received from customers for receivables sold under a receivable sale program and accrued interest. Contingent purchase price payment obligations for acquisitions made in prior years were included here as well.

More on the Schaeffler Group's exposure to currency and liquidity risk in Note 4.16

Amounts payable to staff primarily contained accrued vacation and overtime accounts.

Other liabilities (non-current/current)

			12/31/2024			12/31/2023
in € millions	Non-current	Current	Total	Non-current	Current	Total
Amounts payable to staff	0	146	146	0	111	111
Social security contributions payable	0	79	79	0	48	48
Advance payments received	0	14	14	0	6	6
Other tax payables	0	167	167	0	132	132
Miscellaneous other liabilities	38	62	100	6	23	29
Total	**39**	**468**	**507**	**6**	**320**	**325**

Social security contributions payable consisted mainly of unpaid contributions to social security schemes.

Other tax payables included, in particular, value-added taxes payable and payroll withholding taxes payable.

4.16 Financial instruments

The carrying amounts and fair values of financial instruments by class of the consolidated statement of financial position and by category per IFRS 7.8 are summarized below. Derivatives designated as hedging instruments are shown as well.

Financial instruments by class and category in accordance with IFRS 7.8

in € millions	Category per IFRS 7.8	12/31/2024 Carrying amount	12/31/2024 Fair value	12/31/2023 Carrying amount	12/31/2023 Fair value
Financial assets, by class					
Trade receivables	Amortized cost	3,654	3,654	2,255	2,255
Trade receivables – factoring program	FVTPL	105	105	167	167
Trade receivables – customer receivables and notes receivable available for sale	FVOCI	150	150	154	154
Other financial assets					
• Other investments – FVOCI	FVOCI	138	138	91	91
• Other investments – FVTPL	FVTPL	47	47	28	28
• Marketable securities	FVTPL	45	45	27	27
• Derivatives designated as hedging instruments	n.a.	6	6	44	44
• Derivatives not designated as hedging instruments	FVTPL	42	42	25	25
• Miscellaneous other financial assets – amortized cost	Amortized cost	225	225	151	151
• Miscellaneous other financial assets – FVTPL	FVTPL	2	2	215	215
Cash and cash equivalents	Amortized cost	1,281	1,281	769	769
Financial liabilities, by class					
Financial debt	FLAC	6,115	6,178	3,958	3,935
Trade payables	FLAC	3,707	3,707	2,357	2,357
Refund liabilities	n.a.	362	362	282	282
Lease liabilities [1]	n.a.	495	–	238	–
Other financial liabilities					
• Derivatives designated as hedging instruments	n.a.	37	37	4	4
• Derivatives not designated as hedging instruments	FVTPL	101	101	267	267
• Miscellaneous other financial liabilities – FVTPL	FVTPL	22	22	36	36
• Miscellaneous other financial liabilities – FLAC	FLAC	810	810	595	595
Summary by category					
Financial assets at amortized cost (Amortized cost)		5,161	5,161	3,174	3,174
Financial assets at fair value through profit or loss (FVTPL)		241	241	461	461
Financial assets at fair value through other comprehensive income (FVOCI)		287	287	245	245
Financial liabilities at amortized cost (FLAC)		10,632	10,695	6,911	6,887
Financial liabilities at fair value through profit or loss (FVTPL)		123	123	303	303

[1] Disclosure of fair value omitted in accordance with IFRS 7.29 (d).

The carrying amounts of trade receivables, including the receivables available for sale under the factoring program, as well as other customer receivables and notes receivable available for sale, miscellaneous other financial assets, cash and cash equivalents, trade payables, refund liabilities, as well as miscellaneous other financial liabilities are assumed to equal their fair value due to the short maturities of these instruments.

Other investments included the following unconsolidated equity investments representing interests held by the group of less than 20% (shares in incorporated companies and cooperatives):

Unconsolidated equity investments

in € millions	Fair value as at 12/31/2024	Fair value as at 12/31/2023
SupplyOn AG	10.0	8.6
GKS-Gemeinschaftskraftwerk Schweinfurt GmbH	1.7	1.7
Stegra AB (previously named H2GS AB)	108.5	73.7
Cofinity-X GmbH	3.5	3.5
up2parts GmbH	3.4	3.1
Agility Robotics Inc.	9.6	–
Miscellaneous other equity investments FVOCI	0.9	0.9
Total equity investments at FVOCI	**137.5**	**91.4**
Leadrive Technology (Shanghai) Co. Ltd.	11.9	10.5
Earlybird UNI-X Seed Fund I GmbH & Co. KG	7.1	3.8
Clean H2 Infra Fund S.L.P.	8.7	3.6
Baukunst Fund I LP	3.7	2.4
Hubei Cathay Smart New Energy Fund Partnership (LP)	8.8	7.6
Clean Hydrogen Equipment Fund S.L.P.	4.9	0.2
GET Fund I GmbH & Co. KG	2.1	–
Total equity investments at FVTPL	**47.1**	**28.2**
Total	**184.7**	**119.7**

Unconsolidated equity investments are generally of a strategic long-term nature. They are measured at fair value either through profit or loss or through other comprehensive income using the methods described under level 3. There were no partial disposals of these equity investments in 2024. Marketable securities consist primarily of debt instruments in the form of money market fund units.

Hedge accounting is only applied to derivatives designated as hedges of currency and interest rate risk in cash flow hedges. The Schaeffler Group uses forward exchange contracts and interest rate swaps as hedging instruments here.

Derivatives not designated as hedging instruments include forward exchange contracts that are not designated as cash flow hedges. Additionally, this line item includes forward purchase contracts for electricity and gas as well as short-, medium-, and long-term price and supply agreements for renewable energy (known as power purchase agreements). Since some of these agreements did not qualify for the own-use exemption, all similar agreements were treated as derivatives in accordance with IFRS 9.

Please refer to the notes on the various balance sheet line items for the amount of financial assets pledged as collateral.

The fair values of financial assets and liabilities that are either measured at fair value or for which fair value is disclosed in the notes to the consolidated financial statements were determined using the following valuation methods and inputs:

- Level 1: Exchange-quoted prices as at the reporting date are used for marketable securities, money market funds reported as cash equivalents, as well as bonds payable included in financial debt.
- Level 2: Forward exchange contracts and interest rate swaps are measured 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. These models take into account counterparty credit risk via credit value adjustments.
- Level 3: This category contains measurement of the fair value of unconsolidated equity investments using various recognized valuation methodologies such as the EBIT multiple method, the discounted cash flow method, as well as valuation at net asset value. The category also comprises measurement of contingent purchase prices payable and receivable. Measurement of the fair value of power purchase agreements falls in level 3 as well.

The following table summarizes the fair values and levels of financial assets and liabilities. Financial assets and liabilities measured at amortized cost and whose carrying amount is assumed to represent their fair value have been omitted.

Financial assets and liabilities by fair value hierarchy level

in € millions	Level 1	Level 2	Level 3	Total
December 31, 2024				
Marketable securities	45	–	–	45
Derivatives designated as hedging instruments	–	6	–	6
Derivatives not designated as hedging instruments	–	42	–	42
Trade receivables – factoring program	–	105	–	105
Trade receivables – customer receivables and notes receivable available for sale	–	150	–	150
Other investments – FVOCI	–	–	138	138
Other investments – FVTPL	–	–	47	47
Miscellaneous other financial assets	–	–	2	2
Total financial assets	45	303	186	534
Financial debt	4,112	2,066	–	6,178
Derivatives designated as hedging instruments	–	37	–	37
Derivatives not designated as hedging instruments	–	62	40	101
Miscellaneous other financial liabilities – FVTPL	–	–	22	22
Total financial liabilities	**4,112**	**2,165**	**62**	**6,338**
December 31, 2023				
Marketable securities	27	–	–	27
Derivatives designated as hedging instruments	–	44	–	44
Derivatives not designated as hedging instruments	–	25	–	25
Trade receivables – factoring program	–	167	–	167
Trade receivables – customer receivables and notes receivable available for sale	–	154	–	154
Other investments – FVOCI	–	–	91	43
Other investments – FVTPL	–	–	28	13
Miscellaneous other financial assets	–	215	–	215
Total financial assets	**27**	**603**	**120**	**750**
Financial debt	2,903	1,032	–	3,935
Derivatives designated as hedging instruments	–	4	–	4
Derivatives not designated as hedging instruments	–	228	39	267
Miscellaneous other financial liabilities – FVTPL	–	–	36	36
Total financial liabilities	**2,903**	**1,264**	**75**	**4,242**

The company reviews its financial instruments at the end of each reporting period for any required transfers between levels. No transfers between levels were made during the period.

Change in assets and liabilities measured at fair value in level 3

				2024
in € millions	Other investments	Miscellaneous other financial assets	Miscellaneous other financial liabilities	Derivative financial liabilities
Balance as at January 01	**120**	**0**	**36**	**39**
Additions	56	0	0	0
Gains or losses recognized in other comprehensive income	10	0	0	0
Gains or losses recognized in profit or loss	1	2	-14	-1
• Other income	0	0	0	0
• Other expenses	0	0	0	-1
• Financial income	1	2	-14	0
• Financial expenses	0	0	0	0
Disposals	0	0	0	0
Foreign currency translation	-2	0	0	0
Balance as at December 31	**185**	**2**	**22**	**40**

Other investments included unconsolidated equity investments representing interests held by the group of less than 20%. Additions to other investments represented predominantly the acquisition of an additional interest in Stegra AB (previously referred to as H2GS AB) and Agility Robotics Inc. of EUR 27 m and EUR 10 m, respectively. Unconsolidated equity investments for which fair value is determined based on inputs unobservable in the market (level 3) are continually monitored and reviewed for changes in value. The fair value of part of these equity investments (with a carrying amount of EUR 12 m) was measured by applying an EBIT multiple methodology using sector- and size-specific EBIT multiples that are publicly available. The EBIT multiples used to measure fair value as at December 31, 2024, varied from 6.5 to 11.5 and resulted in a range of values for these investees of EUR 12 m to EUR 14 m that could potentially lead to an increase in accumulated other comprehensive income by up to EUR 2 m.

Miscellaneous other financial liabilities consist of the fair value of contingent purchase price payment obligations for acquisitions made in prior years. The liabilities were measured using an option pricing model based on the multi-year forecast of the company's revenue, representing a significant input unobservable in the market.

The derivatives assigned to level 3 represent the fair value of power purchase agreements that are not designated as hedging instruments. The fair value of the power purchase agreements is measured using a discounted cash flow valuation model based on the present value of the difference between the agreed fixed price and expected market prices. Since significant inputs unobservable in the market are used in the valuation – mainly electricity prices and expected quantities – the resulting fair values represent level 3 measurements. The company performed a sensitivity analysis by modeling fluctuations in the price of electricity as at December 31, 2024. Had the price of electricity been 10% higher (lower), earnings before income taxes would have been higher (lower) by EUR 2 m. There is no impact on other comprehensive income.

Net gains and losses by category of financial instruments in accordance with IFRS 7.20 are as follows:

Net gains and losses by category of financial instruments in accordance with IFRS 7.20

					2024	**2023**
	Subsequent measurement				Net income (loss)	
in € millions	Interest and dividends	At fair value	Impairment loss	Foreign currency translation		
Financial assets at fair value through other comprehensive income	0	0	0	0	0	0
Financial assets and liabilities at fair value through profit or loss	0	63	0	0	63	-139
Financial assets at amortized cost	39	0	-3	4	41	-53
Financial liabilities at amortized cost	-304	0	0	-47	-351	-110
Total	**-265**	**63**	**-3**	**-43**	**-247**	**-302**

Interest income and expense on financial assets and liabilities accounted for at amortized cost is included in interest income on financial assets and in interest expense on financial debt, respectively (see Note 3.5).

The net gain on financial assets and liabilities at fair value through profit and loss of EUR 63 m (prior year: net loss of EUR 139 m) primarily relates to the settlement of the total return swap, derivatives, and gains on revaluation of contingent purchase price payment obligations. EUR 89 m of these net gains (prior year: EUR 32 m net losses) were recognized in financial result.

Financial risk management

Its financial instruments expose the Schaeffler Group to various risks.

The Schaeffler Group's Board of Managing Directors has the overall responsibility for establishing and overseeing the group's risk management system. The finance organization is responsible for developing and monitoring this risk management system and regularly reports to the Schaeffler Group's Chief Financial Officer on its activities in this area.

Groupwide risk management policies are in place to identify and analyze the Schaeffler Group's risks, set appropriate risk limits and controls, monitor risks, and adhere to the limits. Risk management procedures and systems are reviewed on a regular basis to reflect changes in market conditions and the Schaeffler Group's activities.

The Schaeffler Group has guidelines for the use of hedging instruments, and compliance with these guidelines is reviewed on a regular basis. Internal execution risk is minimized by strict segregation of duties.

Please refer to the "Report on opportunities and risks" in the combined management report for further details on the group's financial risk management.

The Schaeffler Group distinguishes between liquidity risk, credit risk, and market risk (interest rate, currency, energy price, and other price risk).

Liquidity risk

The risk that the Schaeffler Group will not be able to meet its payment obligations as they come due is referred to as liquidity risk. The Schaeffler Group's approach to managing liquidity risk is to ensure that there is always sufficient liquidity available to meet liabilities as they come due without incurring unacceptable losses or risking damage to the Schaeffler Group's reputation.

Short- and medium-term liquidity risk is monitored and managed using a rolling liquidity budget with a forecasting period of up to 12 months. Both liquidity status and liquidity forecast are reported regularly to the Chief Financial Officer.

The Schaeffler Group uses equity, cash pooling arrangements, intercompany loans, receivable sale programs, and existing lines of credit based on the relevant legal and tax regulations to ensure it can meet the financing requirements of its operations and financial obligations. To this end, the Schaeffler Group has access to a revolving credit facility of EUR 3.0 bn (prior year: EUR 2.0 bn) currently bearing interest at Euribor plus 0.8% (prior year: 0.7%) as well as other bilateral lines of credit of EUR 342 m (prior year: EUR 286 m).

The Schaeffler Group's contractual payments of interest and principal on financial debt, trade payables, refund liabilities, miscellaneous other financial liabilities, and derivative liabilities are summarized as follows:

Cash flows related to non-derivative and derivative financial liabilities

in € millions	Carrying amount	Contractual cash flows	Up to 1 year	1–5 years	More than 5 years
December 31, 2024					
Non-derivative financial liabilities	**10,994**	**12,001**	**6,074**	**4,345**	**1,582**
• Financial debt	6,115	7,062	1,216	4,274	1,572
• Trade payables	3,707	3,707	3,676	29	2
• Refund liabilities	362	362	362	0	0
• Miscellaneous other financial liabilities	810	869	820	42	7
Derivative financial liabilities	**139**	**147**	**108**	**33**	**6**
Total	**11,133**	**12,148**	**6,182**	**4,378**	**1,588**
December 31, 2023					
Non-derivative financial liabilities	**7,193**	**7,654**	**4,208**	**1,915**	**1,531**
• Financial debt	3,958	4,418	1,024	1,864	1,530
• Trade payables	2,357	2,358	2,356	2	0
• Refund liabilities	282	281	281	0	0
• Miscellaneous other financial liabilities	595	597	547	49	0
Derivative financial liabilities	**271**	**275**	**238**	**30**	**7**
Total	**7,463**	**7,929**	**4,446**	**1,945**	**1,537**

Contractual cash flows for financial debt include expected interest as well as the settlement amount of the loans and bonds. Contractual cash flows for derivative financial liabilities consist of the undiscounted expected cash flows translated at closing rates.

Credit risk

The risk that the Schaeffler Group will incur a financial loss as a result of a customer or business partner defaulting is referred to as credit risk. Regardless of credit insurance, the maximum credit risk to the Schaeffler Group is represented by the carrying amount of the underlying financial asset.

Credit risk arising on trade receivables is managed by constantly monitoring customers' financial status, creditworthiness, and payment history. Additional measures to manage credit risk include efficient collection procedures and the use of commercial credit insurance. All relevant rules are outlined in a Schaeffler Group guideline. The company considers a receivable impaired when there are substantial objective indications. Objective evidence consists of certain events indicating that a default has occurred, such as involvement of a collection agency, collection procedures, foreclosure, and insolvency proceedings. The company determines an individual impairment percentage based on the nature of the event that has occurred and applies that rate to the relevant receivable. Receivables are not derecognized until either the insolvency proceedings are completed or the Schaeffler Group no longer expects to collect the receivable. As at December 31, 2024, the contractual amount outstanding of receivables subject to enforcement measures amounted to EUR 1 m (prior year: EUR 1 m). For expected credit losses, the Schaeffler Group uses the simplified impairment approach for trade receivables (with and without a financing component) as well as for contract assets and lease receivables; under this approach, credit loss allowances are based on credit losses expected over the entire life of the receivable, determined using rating-specific probabilities of default obtained from an external scoring provider that take into account information about future conditions. Expected credit losses are calculated by applying these term-weighted probabilities of default to receivables with medium and lower credit risk that are not impaired. For countries without credit insurance, the company establishes homogeneous portfolios per country and uses the average country-specific probability of default to calculate expected credit losses.

The company uses the following credit risk rating classes to calculate expected credit losses:

Expected credit losses on trade receivables by risk class

			12/31/2024
in € millions	Gross carrying amount	Expected credit losses	Weighted average impairment rate
Risk class AA: high credit quality	2,205	-5	0%
Risk class A, B, C: medium credit quality	1,722	-16	-1%
Risk class I: negative credit quality and/or insolvent	16	-13	-82%
	3,943	-35	-1%

			12/31/2023
in € millions	Gross carrying amount	Expected credit losses	Weighted average impairment rate
Risk class AA: high credit quality	1,399	-3	0%
Risk class A, B, C: medium credit quality	1,183	-6	-1%
Risk class I: negative credit quality and/or insolvent	7	-7	-89%
	2,590	-16	-1%

Customers with sound credit quality are assigned to **risk class AA** (prior year: risk class 1). The Schaeffler Group serves these customers without any restrictions and they are not covered by credit insurance. **Risk classes A, B, and C** (prior year: risk classes 2 to 4) contain customers with medium credit quality, partly covered by credit insurance. For customers in **risk class AA to C**, expected credit losses are only calculated for receivables that are not insured.

Risk class I (prior year: risk class 5) comprises customers that are insolvent or have negative credit quality. Deliveries to customers in this group can only be made upon provision of security or against prepayment with the approval of credit management; as a result, no expected credit losses are recognized for this group of customers. Specific impairment allowances are recognized for receivables in risk class I based on objective evidence. As at the reporting date, EUR 13 m (prior year: EUR 7 m) of the receivables in risk class I are considered impaired while no specific impairment allowances are recognized for receivables in the other risk classes.

As at December 31, 2024, 20% (prior year: 34%) of trade receivables were covered by commercial credit insurance. For EUR 776 m (prior year: EUR 893 m) in receivables covered by credit insurance, neither specific impairment allowances nor expected credit losses are recognized. However, impairment allowances have been recognized on EUR 0.2 m (prior year: EUR 0.2 m) in receivables covered by credit insurance.

Trade receivables in the Automotive Technologies division are subject to a concentration of risk on several automobile manufacturers totaling 53% (prior year: 47%) of trade receivables.

The general approach is used for the remaining financial assets, mainly cash and cash equivalents. Consequently, credit loss allowances should be measured and recognized at the amount of credit losses resulting from default events expected to occur during the next twelve months, unless credit risk has increased significantly since initial recognition. If credit risk has increased significantly because the external rating has deteriorated, the credit loss allowance recognized has to be based on lifetime expected credit losses. The carrying amounts of bank deposits and other financial assets can be summarized by rating class as follows:

Credit rating of cash and cash equivalents

			12/31/2024
in € millions	Gross carrying amount	Expected credit losses	Weighted average impairment rate
BBB- to AAA	1,208	0.3	0%
B- to BB+	56	0.0	0%
C to CCC+	17	0.0	0%
D	0	0.0	0%
External rating not available	0	0.0	0%
	1,281	0.3	0%

			12/31/2023
in € millions	Gross carrying amount	Expected credit losses	Weighted average impairment rate
BBB- to AAA	719	0	0%
B- to BB+	49	0	0%
C to CCC+	0	0	0%
D	0	0	0%
External rating not available	0	0	0%
	769	0	0%

As most ratings are investment grade and there is a credit risk monitoring system in place, the Schaeffler Group's cash and cash equivalents carry low credit risk, which makes tracking their credit risk unnecessary. For all other financial assets, the company does not consider credit risk to be significantly increased unless financial assets are more than 30 days past due or the probability of default changes (relatively) by more than 20%. No bank deposits or other financial assets (of EUR 225 m, prior year: EUR 412 m) are impaired as at December 31, 2024. The probabilities of default used to determine expected credit losses for cash and cash equivalents are based on credit default swap spreads quoted in the market; these credit spreads take into account forward-looking macroeconomic factors. Expected credit losses for these items were insignificant as at the reporting date.

Credit risk inherent in derivative financial instruments is the risk that counterparties will fail to meet their payment obligations in full. To mitigate this risk, such contracts are only entered into with selected banks.

The Schaeffler Group's Board of Managing Directors does not have any indications that the debtors will not meet their payment obligations with respect to trade receivables that are neither past due nor impaired. Except for amounts recognized in impairment allowances, there are no indications that the counterparties to other financial assets, i.e., marketable securities, derivative financial assets, and miscellaneous other financial assets, will be unable to meet their future contractual obligation.

Interest rate risk

Variable interest features give rise to the risk of rising interest rates on financial liabilities and falling interest rates on financial assets. This risk is measured, assessed and, where necessary, hedged using derivative interest rate hedging instruments. The hedged item is the Schaeffler Group's interest-bearing net financial debt.

The Schaeffler Group's financial debt can be summarized by type of interest as follows:

Variable and fixed interest financial debt

	12/31/2024	12/31/2023
in € millions	Carrying amount	
Variable interest instruments	**929**	**875**
• Financial debt	929	875
Fixed interest instruments	**5,189**	**3,084**
• Financial debt	5,189	3,084

The sensitivity calculation assumes that all other variables, particularly exchange rates, remain constant and that contractual arrangements prevent interest rates from falling below 0%. With regard to variable interest instruments, a shift in the yield curve of 100 basis points (Bp) as at December 31, 2024, would affect (increase/decrease) net income (loss) and shareholder's equity as follows:

Sensitivity analysis: shift in yield curve

	Net income (loss)		Shareholders' equity	
in € millions	Plus 100 Bp	Minus 100 Bp	Plus 100 Bp	Minus 100 Bp
As at December 31, 2024				
Variable interest instruments	-9	9	0	0
Interest rate derivatives designated as hedging instruments	**0**	**0**	**1**	**-1**
Total	**-8**	**8**	**0**	**0**
As at December 31, 2023				
Variable interest instruments	-9	9	0	0
Total	**-9**	**9**	**0**	**0**

The impact of variable interest instruments is solely due to an increase or decrease in the interest charge.

Derivative financial instruments and hedging relationships

The Schaeffler Group uses interest rate swaps to hedge part of the interest rate risk arising on the variable-interest tranches. This converts a portion of the variable interest payments in fixed interest payments. The company uses the hypothetical derivative method to test whether the hedges of the cash flows of the hedged item are effective. Since the interest rate swaps obtained to hedge the interest rate risk exactly match the notional amounts, hedged interest rates, maturities, and interest periods of the hedged interest payments, the hedge ratio is 100%. Therefore, counterparty credit risk is the only possible source of ineffectiveness. No ineffectiveness occurred during the reporting period.

As at December 31, 2024, the Schaeffler Group held the following interest rate swaps to hedge its interest rate risk:

Summary of derivative financial instruments – interest

	Maturity			Notional amount		Average hedged interest rate		Fair value	
	2025	2027	2029	**12/31/2024**	12/31/2023	**12/31/2024**	12/31/2023	**12/31/2024**	12/31/2023
Financial assets									
Interest rate hedging									
Interest rate swaps	34	45	26	105	–	0.8%	–	3	–
• thereof: hedge accounting	34	45	26	105	–	0.8%	–	3	–

Currency risk

The Schaeffler Group is exposed to currency risk on sales, purchases, other financial assets, as well as financial debt that are denominated in a currency other than the functional currency of the relevant Schaeffler Group entity.

Currency risk from operations

The international nature of the Schaeffler Group's operations involves the flow of goods and cash in a wide range of currencies. This gives rise to currency risk, as the value of assets denominated in a currency with a falling exchange rate declines while liabilities denominated in a currency whose exchange rate is rising will increase.

The Schaeffler Group's significant currency risk exposures from operations by currency based on face values as of the end of each reporting period are as follows:

Currency risk from operations

in € millions	USD	CNY	JPY	RON	HUF
December 31, 2024					
Estimated currency risk from operations	1,037	543	-481	-459	-576
Forward exchange contracts	-901	-289	161	251	221
Remaining currency risk from operations	**136**	**254**	**-321**	**-208**	**-355**
December 31, 2023					
Estimated currency risk from operations	867	473	61	-201	-177
Forward exchange contracts	-739	-317	-38	185	134
Remaining currency risk from operations	**128**	**156**	**22**	**-16**	**-42**

Estimated currency risk from operations represents the currency risk from operating and investing activities within twelve months after the end of each reporting period. The remaining currency risk from operations reflects the combined exposure of all Schaeffler Group entities not subject to local restrictions on foreign exchange transactions with the Schaeffler Group's finance organization. Thus, this exposure represents the difference between hedged items, both recognized and in the form of expected future foreign currency cash flows that have not yet been recognized, on the one hand and hedging instruments that have been recognized in the statement of financial position on the other hand. Currency risk in countries with foreign exchange restrictions (see Note 4.9) is monitored by the Schaeffler Group's finance organization. The most significant currency risk exposures in these countries arise on the U.S. dollar and the Chinese renminbi and amount to an estimated EUR 100 m and EUR 207 m, respectively (prior year: EUR 135 m and EUR 127 m, respectively).

At any point in time the Schaeffler Group hedges a major portion of its estimated currency risk from operations in respect of forecasted sales and purchases over the next twelve months using mainly forward exchange contracts.

IFRS 7 requires entities to disclose the impact of hypothetical changes in exchange rates on net income (loss) and shareholders' equity using sensitivity analyses. Exchange rate changes are applied to all of the Schaeffler Group's financial instruments as at the end of the reporting date. The analysis covers foreign currency trade receivables and payables as well as derivative financial instruments used to hedge foreign currency risk.

The sensitivity analysis for currency risk from operations is based on a hypothetical 10% weakening of the euro against each of the significant foreign currencies as at December 31, 2024, assuming all other variables, particularly interest rates, remain constant.

The following table shows the effect on net income (loss) and shareholders' equity of translating balances at the closing rate and of measuring instruments at fair value:

Sensitivity analysis: changes in foreign exchange rates – operations

	12/31/2024		12/31/2023	
in € millions	Net income (loss)	Shareholders' equity	Net income (loss)	Shareholders' equity
USD	5	-69	15	-63
CNY	6	-26	4	-37
JPY	19	-2	1	-3
RON	-4	19	-14	26
HUF	4	16	-2	14

Conversely, a 10% rise in the euro against the significant foreign currencies as at December 31, 2024, would have had the same but opposite effect on net income (loss) and shareholders' equity, again holding all other variables constant.

Currency risk from financing

Loans and deposits between Schaeffler Group companies denominated in a currency other than the functional currency of the entities are fully hedged on a net basis using forward exchange contracts.

The company does not currently have any significant debt denominated in foreign currency.

Derivative financial instruments and hedging relationships

Using derivative financial instruments to manage risk is one component of the Schaeffler Group's risk management system. Notional amounts and fair values of derivative financial instruments as at the reporting date were as follows:

Summary of derivative financial instruments – currency

	12/31/2024		12/31/2023	
in € millions	Notional amount	Fair value	Notional amount	Fair value
Financial assets				
Currency hedging				
Forward exchange contracts	2,556	40	2,705	58
• thereof: hedge accounting	362	3	1,560	44
Cross-currency swaps	0	0	3	0
• thereof: hedge accounting	0	0	3	0
Financial liabilities				
Currency hedging				
Forward exchange contracts	3,705	-96	2,056	-33
• thereof: hedge accounting	1,296	-37	362	-4

As at December 31, 2024, the Schaeffler Group held the following instruments to hedge its currency risk:

Hedging instruments

	Maturity			
	2024		2023	
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
Currency risk				
Forward exchange contracts				
Notional amount of hedging instruments (in € millions)	6,261	0	4,761	0
Average rates of forward exchange contracts				
EUR:USD	1.0838	–	1.0892	–
EUR:CNY	7.5833	–	7.7115	–
EUR:JPY	160.6181	–	150.0794	–
EUR:RON	5.0619	–	5.0524	–
EUR:HUF	409.2849	–	401.3660	–
Cross-currency swap				
Notional amount of hedging instruments (in € millions)	–	–	3	0
Average rate of currency swap				
EUR:USD	–	–	1.0630	1.0630

The Schaeffler Group measures the effectiveness of the hedging relationship between the hedged item and the hedging instrument using interest rates, terms to maturity, interest repricing dates, maturity dates, and notional and principal amounts. The hedging ratio between the hedged item and the hedging instrument is 100%. The company uses the hypothetical derivative method to test whether the designated derivative effectively hedges the cash flows of the hedged item. Possible sources of ineffectiveness include counterparty credit risk and changes in the timing of hedged transactions. No ineffectiveness occurred during the period.

Cash flow hedges

A portion of the Schaeffler Group's forward exchange contracts in certain currencies are accounted for as cash flow hedges with perfect effectiveness. Both the majority of the forecasted transactions and the resulting impact on net income (loss) occur within one year of the end of the reporting period.

Additionally, interest rate swaps obtained to hedge variable interest payments are also designated as cash flow hedges.

The portion of the hedging reserve in accumulated other comprehensive income that relates to hedges of currency risk from operations and to hedges of variable interest payments changed as follows:

Reconciliation of hedging reserve related to currency and interest rate risk

in € millions	2024	2023
Balance as at January 01	**40**	**30**
Additions	-31	40
Reclassified to income statement		
• to other income	40	30
• to other expense		
Balance as at December 31	**-31**	**40**

As in the prior year, the hedging reserve did not include any amounts related to hedges of currency risk from financing activities as at December 31, 2024.

Energy price risk

Being an industrial company, the Schaeffler Group is affected by price fluctuations in the energy markets. In order to mitigate this risk, the Schaeffler Group hedges electricity and gas prices via forward contracts and enters into short-, medium-, and long-term price and supply agreements such as power purchase agreements. The own-use exemption provided for by IFRS 9 was not applied to part of these hedging instruments in 2024. Additionally, these hedges were not designated under hedge accounting requirements.

Summary of derivative financial instruments – energy

	12/31/2024		12/31/2023	
in € millions	Notional amount	Fair value	Notional amount	Fair value
Financial assets				
Energy forward contracts	34	5	25	10
Financial liabilities				
Energy forward contracts	10	-3	23	-10
Power purchase agreements	82	-40	88	-39

Other price risk

Other price risk normally includes the risk of changes in stock-market prices and stock price indices as well as changes in commodity prices to the extent purchase agreements for commodities are treated as financial instruments due to the requirements of IFRS 9, which is not the case for the Schaeffler Group.

Commodity price risk is hedged using long-term supply agreements that include price adjustment clauses.

Risks related to stock-market prices and stock price indices only arise from marketable securities. In light of the size of the Schaeffler Group's holdings of such financial instruments, the price risk related to these items is considered insignificant.

Offsetting financial assets and financial liabilities

Certain Schaeffler Group companies enter into derivatives based on the German Master Agreement for Financial Forward Transactions ("Deutscher Rahmenvertrag fuer Finanztermingeschaefte" – DRV) or on the master agreement of the International Swaps and Derivatives Association (ISDA). These agreements permit each counterparty to combine all amounts relating to outstanding transactions due on the same date and in the same currency, arriving at one net amount to be paid by one of the parties to the other. In certain cases, for instance when a credit event such as default occurs, all transactions outstanding under this agreement are terminated, their fair value upon termination is determined, and only a single net amount is payable in settlement of all of these transactions.

The German Master Agreements and ISDA agreements do not meet the criteria for offsetting in the consolidated statement of financial position, as the Schaeffler Group does not currently have a legal right to settle the recognized amounts on a net basis. The right to settle net is only legally enforceable upon the occurrence of future events such as the insolvency of one of the parties to the contract. Hedging transactions entered into directly by Schaeffler Group subsidiaries do not permit net settlement, either.

The carrying amounts of the financial assets and liabilities subject to these agreements, except for the embedded options, are as follows:

Offsetting financial assets and financial liabilities

in € millions	12/31/2024	12/31/2023
Financial assets		
Gross amount of financial assets	40	58
Amounts offset in accordance with IAS 32.42	0	0
Net amount of financial assets	40	58
Amounts subject to master netting arrangements		
• Derivatives	-32	-28
Net amount of financial assets	8	30
Financial liabilities		
Gross amount of financial liabilities	-96	-33
Amounts offset in accordance with IAS 32.42	0	0
Net amount of financial liabilities	-96	-33
Amounts subject to master netting arrangements		
• Derivatives	32	28
Net amount of financial liabilities	-64	-5

4.17 Share-based payment

In connection with the Schaeffler AG listing in October 2015, the company implemented its first share-based payment instrument in the form of a Performance Share Unit Plan (PSUP) for members of Schaeffler AG's Board of Managing Directors. The virtual shares granted (known as Performance Share Units, PSUs) entitle the holder to a cash payment equal to the average share price of Schaeffler AG's common shares on the vesting date. The PSUs are granted in annual tranches. Each tranche has a performance period of four years beginning on January 1 of the year in which the tranche is granted. In October 2016, the Board of Managing Directors decided to extend the PSUP to selected members of the Schaeffler Group's senior management. The number of beneficiaries was extended to include additional managers in 2024. The performance period of each tranche begins on January 1 of the relevant year. The grant date for the 2024–2027 tranche is February 23 except for members of the Board of Managing Directors and senior management becoming eligible for the PSUP during the year. The grant date for the 2023–2026 tranche is generally March 3. The grant date for the 2022–2025 tranche is February 25 for Managing Directors and March 21 for senior managers except for Managing Directors and senior managers becoming eligible for the PSUP during the year. The grant date for the 2021–2024 tranche is February 26 for Managing Directors and March 22 for senior managers except for Managing Directors and senior managers becoming eligible for the PSUP during the year. The remuneration system was enhanced effective January 1, 2020, for tranches granted starting in 2020 as well as effective January 1, 2022, for tranches granted starting in 2022.

Vesting of PSUs granted in 2021 is linked to the following three conditions. Percentages of PSUs shown are based on an assumed target achievement rate of 100%:

- 50% of PSUs are granted subject to a service condition (base number). The base number is only paid out if the beneficiary remains employed with the Schaeffler Group and is not under notice of termination at the end of the performance period. [47]
- 25% of the PSUs are granted subject to a long-term EPS-related performance target based on average annual growth in earnings per share during the four-year performance period.
- 25% of the PSUs are granted subject to a relative performance target based on total shareholder return (TSR) (share price performance including dividends). Vesting is based on the extent to which the TSR for Schaeffler AG's common shares exceeds or falls short of the TSR of companies in the benchmark group over the performance period. The group used for comparison consists of a sector basket. This sector basket replicates the performance of the STOXX Europe 600 Automobiles and Parts Gross Return (SXAGR) and STOXX Europe 600 Industrial Goods and Services Gross Return (SXNGR), weighted 75% and 25%, respectively.

Vesting of PSUs granted in 2022, 2023, and 2024 is linked to the following four conditions. Percentages of PSUs shown are based on an assumed target achievement rate of 100%:

- 40% of PSUs are granted subject to a service condition (base number). The base number is only paid out if the beneficiary remains employed with the Schaeffler Group and is not under notice of termination at the end of the performance period. [47]
- 25% of PSUs granted are subject to achievement of the decarbonization target. For each performance period, the Supervisory Board sets one or more equally-weighted targets for the decarbonization target that are derived from the “Path to Climate Neutrality”. Target achievement is determined by comparing the relevant actual amount to the target amount set by the Supervisory Board.
- 17.5% of the PSUs are granted subject to a long-term EPS-related performance target based on average annual growth in earnings per share during the four-year performance period.
- 17.5% of the PSUs are granted subject to a relative performance target based on total shareholder return (TSR) (share price performance including dividends). Vesting is based on the extent to which the TSR for Schaeffler AG's common shares exceeds or falls short of the TSR of companies in the benchmark group over the performance period. The group used for comparison consists of a sector basket. This sector basket replicates the performance of the STOXX Europe 600 Automobiles and Parts Gross Return (SXAGR) and STOXX Europe 600 Industrial Goods and Services Gross Return (SXNGR), weighted 75% and 25%, respectively.

The number of PSUs actually payable at the end of the performance period depends on the target achievement rates for the relevant performance and decarbonization targets and on whether the service condition has been met. For PSUs linked to performance targets, the target achievement rate can vary from 0% to 200%. For PSUs linked to the decarbonization target, the target achievement rate can vary from 0% to 200%. The target achievement rate for the EPS-based performance target and the decarbonization target was frozen at 100% for the unvested tranches at the time of the merger. The amount payable per PSU is capped at double the underlying price of Schaeffler AG common non-voting shares at the grant date.

[47] Taking into account the rules applicable to leavers.

Obligations under the PSUP included in non-current provisions as at December 31, 2024, amounted to EUR 13.7 m (prior year: EUR 12.4 m). Current provisions amounted to EUR 6.8 m as at December 31, 2024 (prior year: EUR 4.4 m). Net expenses from the pro-rata addition to provisions for the PSUP for 2024 totaled EUR 8.1 m (prior year: EUR 5.0 m). 7,988,298 PSUs were granted (4,992,637 of these PSUs correspond to a target achievement rate of 100%) and 2,017,477 PSUs paid in 2024; 197,872 PSUs were forfeited. There were 18,260,030 PSUs (prior year: 12,487,081 PSUs) in total as at December 31, 2024. These PSUs granted were still outstanding as at December 31, 2024. The share price relevant to payment of the PSUs granted in 2021 and vested at the end of 2024 is EUR 4.55.

The average fair value of a PSU granted was EUR 3.02 (prior year: EUR 3.59) as at December 31, 2024. PSUs included in the base number as well as those subject to the EPS-based performance target or the decarbonization target are measured based on the price of Schaeffler AG common shares taking into account the present value of dividends, which beneficiaries are not entitled to during the vesting period, as well as the cap. Up to the merger with Vitesco Technologies Group AG, measurement was based on the price of Schaeffler AG common non-voting shares.

The fair value of PSUs granted with a TSR-based performance target is determined based on a Monte Carlo simulation. The valuation model used takes into account the terms of the contract under which the PSUs were granted (including payment floors and caps, target range for the TSR-based performance target, dividends expected to be paid on Schaeffler AG common or common non-voting shares, as well as the volatility of Schaeffler AG common or common non-voting shares, and the benchmark indexes SXAGR and SXNGR).

The input parameters reflected in the valuation based on a Monte Carlo simulation are as follows:

	12/31/2024	12/31/2023
Average risk-free interest rate for the remaining performance period	2.06%	2.50%
Share price (in EUR) of Schaeffler AG common/ common non-voting shares as at the valuation date	4.24	5.60
Expected dividend yield of Schaeffler AG common/common non-voting shares	5.89%	8.94%
Expected volatility of Schaeffler AG common/ common non-voting shares	34.66%	35.97%
Expected volatility of the SXAGR benchmark index	23.12%	25.84%
Expected correlation between the SXAGR benchmark index and Schaeffler AG common/ common non-voting shares	0.59	0.66
Expected volatility of the SXNGR benchmark index	18.26%	19.90%
Expected correlation between the SXNGR benchmark index and Schaeffler AG common/ common non-voting shares	0.46	0.55
Expected correlation between the SXAGR and SXNGR benchmark indexes	0.73	0.78

Expected future volatilities and the correlation between Schaeffler AG common/common non-voting shares and the benchmark group (SXAGR and SXNGR) were estimated based on the daily closing prices of Schaeffler AG common/common non-voting shares and the benchmark group (SXAGR and SXNGR) in the XETRA trading system of the German Stock Exchange.

The valuation as at the relevant grant date of the 2024 tranche reflects the following input parameters:

Valuation input parameters as at the grant date (2024 tranche)

	Grant date February 23, 2024
Risk-free interest rate for the remaining performance period	2.34%
Expected dividend yield of Schaeffler AG common non-voting shares	7.15%
Expected volatility of Schaeffler AG common non-voting shares	41.06%
Expected volatility of the SXAGR benchmark index	31.04%
Expected volatility of the SXNGR benchmark index	23.54%
Expected correlation coefficient between the SXAGR benchmark index and Schaeffler AG common non-voting shares	0.69
Expected correlation coefficient between the SXNGR benchmark index and Schaeffler AG common non-voting shares	0.59
Expected correlation coefficient between the SXAGR and SXNGR benchmark indexes	0.83

The valuation as at the relevant grant date of the 2023 tranche reflects the following input parameters:

Valuation input parameters as at the grant date (2023 tranche)

	Grant date March 03, 2023
Risk-free interest rate for the remaining performance period	3.16%
Expected dividend yield of Schaeffler AG common non-voting shares	6.37%
Expected volatility of Schaeffler AG common non-voting shares	42.63%
Expected volatility of the SXAGR benchmark index	31.75%
Expected volatility of the SXNGR benchmark index	23.84%
Expected correlation coefficient between the SXAGR benchmark index and Schaeffler AG common non-voting shares	0.71
Expected correlation coefficient between the SXNGR benchmark index and Schaeffler AG common non-voting shares	0.58
Expected correlation coefficient between the SXAGR and SXNGR benchmark indexes	0.83

Share-based remuneration instruments assumed from the Vitesco Technologies Group

The existing remuneration instruments of the Vitesco Technologies Group were assumed in connection with the merger with Vitesco Technologies Group AG as at October 1, 2024. The Vitesco Technologies Group granted its Executive Board members and selected executives (referred to as managers below) variable remuneration instruments of a long-term nature. These remuneration instruments comprise various long-term bonus commitments (long-term incentive plans, LTI plans). Incentive payments awarded under the LTI plans were issued in the form of virtual shares of Vitesco Technologies Group AG.

Due to the merger of Vitesco Technologies Group AG into Schaeffler AG, the Supervisory Board presented a new remuneration system for the Executive Board of Vitesco Technologies Group AG at the 2024 annual general meeting. This provided for the early settlement and disbursement of unpaid long-term incentives of Executive Board members. Disbursement occurred subsequent to the merger of Vitesco Technologies Group AG into Schaeffler AG in November 2024. The adjustment to the relevant parameters (sustainability score, relative total shareholder return [TSR], share price) that were used as a basis for determining the disbursement amounts as a result of the merger are explained below. The adjustment of the parameters also applied to managers. However, the term and vesting period were not shortened for managers.

Long-term incentive plans

Plan	Term commencement	Term end
Former Executive Board of Vitesco Technologies Group AG [1]		
CLIP 2021–2024 (converted)	01/01/2021	09/30/2024
Vitesco Technologies LTI 2021–2024	03/09/2021/ 10/04/2021	09/30/2024
Vitesco Technologies LTI 2022–2025	01/01/2022	09/30/2024
Vitesco Technologies LTI 2023–2026	01/01/2023/ 04/26/2023/ 09/21/2023	09/30/2024
Performance bonus, STI deferral 2021	01/01/2021	12/31/2021
Managers		
Vitesco Technologies LTI 2022–2024	01/01/2022	12/31/2024
Vitesco Technologies LTI 2023–2025	01/01/2023	12/31/2025

[1] Former Executive Board members and Directors prior to the spin-off of Vitesco Technologies Group AG from Continental AG.

Vitesco Technologies Long-Term Incentive Plans 2021 to 2023

Two LTI tranches, CLIP 2021 and the Vitesco Technologies LTI 2021, were allotted pro rata for the Vitesco Technologies Group AG Executive Board in 2021, in accordance with resolutions by the relevant governing body on March 9, 2021, March 12, 2021, March 22, 2021, and October 4, 2021. The values of the CLIP tranches were transferred to the systems for the Vitesco Technologies LTI based on resolutions by the relevant governing body on June 28 and July 26, 2021, and the Supervisory Board on December 10, 2021.

The Supervisory Board of Vitesco Technologies Group AG agreed an allotment value in euros for each beneficiary of the Vitesco Technologies LTI on the Executive Board. For the 2021 tranche, this allotment value was converted into a basic holding of virtual shares three months after the IPO. The allotment value was divided by the arithmetic mean of Vitesco Technologies’ closing share prices in the XETRA trading system of the Frankfurt Stock Exchange in the first three months after the initial listing (issue price). For the 2022 and 2023 tranches, this allotment value was divided by the arithmetic mean of Vitesco Technologies’ closing share prices in the XETRA trading system of the Frankfurt Stock Exchange in the last month prior to the start of the term of the LTI plan (issue price) in order to obtain the basic holding of virtual Vitesco Technologies shares.

The Executive Board of Vitesco Technologies Group AG allocated a quantity of virtual Vitesco Technologies shares as part of the LTI tranches for 2022 and 2023. This involved multiplying the basic holding by a performance index (PI) to determine a final holding of virtual shares. The PI is equivalent to the product of the relative TSR of Vitesco Technologies’ shares and a sustainability score. The relative TSR is calculated from the relative performance of the Vitesco Technologies TSR in comparison with the TSR on the STOXX Europe 600 Automobiles & Parts (SXAGR). The Vitesco Technologies TSR is equivalent to the average price of Vitesco Technologies’ shares in the last month of the term (final share price) plus all dividends paid during the term in relation to the starting share price (the three-month average following the initial listing of Vitesco Technologies’ shares for the LTI tranche for 2021 or the average price during the first month of the term for the LTI tranches for 2022 and 2023). The SXAGR TSR is determined using the same method.

The Vitesco Technologies LTI can be a maximum of 200% of the allotment value agreed in the relevant service contract (for Executive Board members) or of the basic holding and the defined starting share price (for managers). The final holding of virtual shares is multiplied by the payment share price in order to determine the gross amount of the LTI to be paid out in euros (hereinafter “payout amount”). The payment share price is the arithmetic mean of Vitesco Technologies’ closing share prices in the XETRA trading system of the Frankfurt Stock Exchange (or a successor system) on the trading days in the last two months prior to the next ordinary annual general meeting that follows the end of the term of the LTI plan plus the dividends paid out during the term.

As explained above, the merger with Schaeffler AG meant that the determination of the overall target achievement and the payout amount for the Executive Board and managers were generally based on the parameters discussed above with the following adjustments:

Insofar as the calculation of the total target achievement as well as the payout amount is based on the Vitesco Technologies Group AG share price, the basis used was the price per share most recently offered by Schaeffler AG to the shareholders as part of the public tender offer at the time of the deadline, i.e., EUR 94 per share. Insofar as the calculation of the total target achievement is based on the sustainability score, the sustainability score calculated for 2023 was used as the basis for all still-unsettled and still-unpaid tranches. Insofar as the calculation of the total target achievement is based on the status of the STOXX Europe 600 Automobiles & Parts Gross Return (SXAGR), the arithmetic mean of the closing rates of this index during the offer period was used.

The valuation of the subscription rights was based on the overall target achievement determined in accordance with the above adjustment and a share price of EUR 94 per share as the payment share price. The value calculated was discounted.

Obligations under the LTI plans included in non-current provisions as at December 31, 2024, amounted to EUR 14.6 m. Current provisions amounted to EUR 23.2 m as at December 31, 2024. Net expenses from the pro-rata addition to provisions for the LTI plans totaled EUR 3.9 m in the fourth quarter of 2024. No virtual shares were granted and 156,723 virtual shares were paid in the fourth quarter; 7.786 virtual shares were forfeited. There were 423,956 virtual shares outstanding in total as at December 31, 2024. The payout amount relevant to payment of the virtual shares granted in 2022 and vested at the end of 2024 is EUR 95.16.

As at December 31, 2024, the fair value of the Vitesco Technologies LTI 2022–2024 amounted to EUR 94.97, and to EUR 119.86 of the Vitesco Technologies LTI 2023–2025.

The value as at December 31, 2024, was calculated using an average risk-free interest rate for the remaining performance period of 2.16%. The discount rates are based on the yield curve for government bonds and the remaining term of each tranche of the plan. Due to the adjustment of the parameters and thus the determination of the overall target achievement, historical volatilities and correlations were no longer used as a basis. Estimates of dividend payments were also not included.

Performance bonus STI (short-term incentive) deferral 2021

As part of the short-term variable remuneration, directors previously had one-third of their gross annual bonus converted into virtual shares in Vitesco Technologies Group AG, based on an average share price up until the time of the IPO of Vitesco Technologies Group AG (initial value). Once there has been a holding period of three years starting from the fiscal year for which the bonus was granted, the value of the virtual shares is calculated based on an average share price plus dividends (total value). The total value is limited to a maximum of 200% of the initial value. No new entitlements were granted for the time after the IPO of Vitesco Technologies Group AG. As explained above, the merger with Schaeffler AG meant that there was also an adjustment for the settlement of the STI 2021 for former directors and an early settlement and disbursement in November 2024. The Vitesco Technologies Group AG share price used as a basis was the price per share most recently offered by Schaeffler AG to the shareholders as part of the public tender offer at the time of the deadline, i.e., EUR 94 per share.

4.18 Capital management

The Schaeffler Group has a strategy of pursuing profitable long-term growth. Capital is managed proactively to secure the existence of the company as a going concern for the long term and maintain financial flexibility for profitable growth in order to add long-term value to the company. A further aim is to ensure that a portion of the company's net income is paid out to shareholders in dividends.

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. Further, capital management strives to improve the quality of the Schaeffler Group's balance sheet, measured in terms of the net financial debt to EBITDA ratio. 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) before special items, amounted to 2.5 as at December 31, 2024 (prior year: 1.5).

The Schaeffler Group has an effective cash management system in place and has diversified its external financing in terms of, for instance, instruments and maturities. The Schaeffler Group can currently utilize cash and cash equivalents, cash flow from operations, a commercial paper program, bank loans, Schuldschein loans, and debt and equity funding via the capital markets to meet its short-, medium-, and long-term financing needs. Currency risk is continually monitored and reported at the corporate level. Currency risks are aggregated across the group, measured, and hedged using hedging instruments.

In addition, the Schaeffler Group uses receivable sale programs to a limited extent to manage liquidity and improve its working capital. For this purpose, the company has access to a receivable sale program for revolving sales of trade receivables. 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 a further receivable sale program without a fixed committed volume.

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 further improve financing terms. Credit ratings assigned by external rating agencies are key to this ability. In 2019, the Schaeffler Group obtained ratings from rating agencies Standard & Poor's, Moody's, and Fitch. The company aims to regain investment grade ratings from all rating agencies.

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 inputs to the calculation of the leverage covenants are defined in the debt agreements and cannot be derived directly from amounts in the consolidated financial statements. 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.

In addition to the leverage covenants contained in the debt agreements, the Schaeffler Group regularly calculates further financial indicators such as the net debt to EBITDA ratio. The net financial debt to EBITDA ratio – the ratio of net financial debt to earnings before financial result, income taxes, depreciation, amortization, and impairment losses (EBITDA) – is calculated as follows:

Net financial debt to EBITDA ratio

in € millions	12/31/2024	12/31/2023
Current financial debt	979	890
Non-current financial debt	5,137	3,068
Financial debt	**6,115**	**3,958**
Cash and cash equivalents	1,281	769
Net financial debt	**4,834**	**3,189**
Earnings before financial result, income taxes, depreciation, amortization, and impairment losses (EBITDA)	**1,419**	**1,836**
Net financial debt to EBITDA ratio	**3.4**	**1.7**

5. Other disclosures

5.1 Additional disclosures on the consolidated statement of cash flows

Summary of changes in financial debt

	Financial debt					Total
in € millions	Bonds	Term loans	Schuld-schein loans	Commercial paper	Other financial debt	
Balance as at January 01, 2024	**2,943**	**624**	**292**	**90**	**9**	**3,958**
Cash provided by (used in) financing activities						
Receipts from bond issuances and loans	1,940	658			2	2,599
Redemptions of bonds and repayments of loans	-795	-1	-50	-90	-79	-1,015
Total changes from cash flows	**1,144**	**656**	**-50**	**-90**	**-77**	**1,584**
Changes from acquisitions and disposals of companies		**340**	**187**		**75**	**602**
Changes in foreign exchange rates	**0**	**6**	**0**	**0**	**0**	**6**
Other non-cash changes	**-17**	**-23**	**0**	**0**	**4**	**-36**
Balance as at December 31, 2024	**4,070**	**1,604**	**429**	**0**	**11**	**6,115**

Changes in balance sheet items shown in the consolidated statement of cash flows cannot be derived directly from the consolidated statement of financial position as they have been adjusted for the impact of foreign currency translation.

The company paid EUR 1,246 m to acquire investments in associated companies and other equity investments during the year. Cash inflows for the acquisition of subsidiaries totaling EUR 304 m include cash and cash equivalents of EUR 308 m held by the Vitesco Group at the time of the merger of Vitesco Technologies Group AG into Schaeffler AG. The capital increase performed as part of the merger represents a non-cash transaction.

5.2 Contingent liabilities

As at December 31, 2024, the Schaeffler Group had contingent liabilities of EUR 67 m (prior year: EUR 45 m), including EUR 40 m (prior year: EUR 17 m) in contingent liabilities representing tax- and customs-related risks and EUR 16 m (prior year: EUR 20 m) in contingent liabilities related to legal cases. They do not include any items that individually have a material adverse impact on the Schaeffler Group's net assets, financial position, and earnings.

5.3 Segment information

In accordance with IFRS 8, segment information is reported under the management approach, reflecting the internal organizational and management structure including the internal reporting system to the Schaeffler AG Board of Managing Directors. The Schaeffler Group engages in business activities (1) from which it may earn revenues and incur expenses, (2) whose EBIT is regularly reviewed by the Schaeffler Group's Board of Managing Directors and used as a basis for future decisions on how to allocate resources to the segments and to assess their performance, and (3) for which discrete financial information is available.

Until December 31, 2024, the Schaeffler Group consisted of the **Automotive Technologies division**, the **Vehicle Lifetime Solutions division**, and the **Bearings & Industrial Solutions division** as well as the Others division which also represented the reportable segments.

As part of a reorganization at the start of 2024, the Bearings business division, which had previously been the responsibility of the Automotive Technologies division, was assigned to the renamed Bearings & Industrial Solutions division. At the same time, the Automotive Aftermarket division was renamed Vehicle Lifetime Solutions, and the Others division was established as a reportable segment – it combines business activities that were not assigned to any of the other divisions. This division also reflected the equity-accounted investment in Vitesco Technologies Group AG (approximately 38.9%) 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.

Each segment offers different products and services and is managed separately because they require different technology and marketing strategies. Each segment is responsible for a specific business worldwide. Consequently, the amounts for revenue, EBIT, assets, additions to intangible assets and property, plant and equipment, as well as amortization, depreciation, and impairment losses are reported using the current allocation of responsibility for the various businesses. The allocation of responsibility for the various businesses to segments and the allocation of indirect expenses were reviewed and adjusted during the year. To ensure that the information on these is comparable, prior year information was also presented using the current year's allocation of responsibility for the various businesses. Revenue from transactions between operating segments is not included.

The **Automotive Technologies division** develops and manufactures components and systems for all-electric and hybrid powertrains, fuel cell powertrains, as well as internal combustion engines and chassis systems. Most of its customers are automobile manufacturers with worldwide operations. The division is managed based on the three product-focused business divisions (BDs) E-Mobility, Engine & Transmission Systems, and Chassis Systems, each of which has specific expertise that can be utilized by the other business divisions as needed.

The E-Mobility BD generated EUR 1,452 m in revenue during the year (prior year: EUR 1,302 m), the Engine & Transmission Systems BD generated EUR 5,054 m during the year (prior year: EUR 5,263 m), and the Chassis Systems BD generated EUR 449 m in revenue during the year (prior year: EUR 470 m).

The **Vehicle Lifetime Solutions division** is responsible for the Schaeffler Group's global business with spare parts for passenger cars and commercial vehicles. Its product portfolio comprises components and comprehensive repair solutions in original-equipment quality for engine, transmission, and chassis applications in the passenger cars, light commercial vehicles, trucks, buses, and offroad customer sectors. In addition, it offers comprehensive services for repair shops under the service brand REPXPERT. The product portfolio is largely sold via two distribution channels: the Original Equipment Service (OES) and the open (independent) spare parts market, also known as the Independent Aftermarket (IAM). Further, online sales of spare parts are increasingly gaining importance as an additional distribution channel within this sector. The management model followed a regional approach using the regions Europe, Americas, Greater China, and Asia/Pacific.

The Europe region generated EUR 1,717 m in revenue during the year (prior year: EUR 1,485 m), the Americas region generated EUR 527 m in revenue during the year (prior year: EUR 478 m), the Greater China region generated EUR 174 m during the year (prior year: EUR 139 m), and the Asia/Pacific region generated EUR 161 m in revenue during the year (prior year: EUR 139 m).

The **Bearings & Industrial Solutions division** develops and manufactures rotary and linear bearing solutions, drive technology components and systems, as well as service solutions such as 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 Automotive Technologies division. Additionally, the division is working on new product solutions for the hydrogen economy. Products and services are distributed via machinery and plant manufacturers, distribution partners, service providers, and directly to the end customer. The management model followed a regional approach using the regions Europe, Americas, Greater China, and Asia/Pacific.

The Europe region generated EUR 2,742 m in revenue during the year (prior year: EUR 3,043 m), the Americas region generated EUR 1,388 m in revenue during the year (prior year: EUR 1,372 m), the Greater China region generated EUR 1,413 m during the year (prior year: EUR 1,510 m), and the Asia/Pacific region generated EUR 1,027 m in revenue during the year (prior year: EUR 1,035 m).

The **Others division** combines business activities of functional units that are not assigned to any of the existing divisions, for example, the Special Machinery unit. Further, 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.

The Europe region generated EUR 1,099 m in revenue during the year (prior year: EUR 50 m), the Americas region generated EUR 406 m in revenue during the year (prior year: EUR 1 m), the Greater China region generated EUR 283 m during the year (prior year: EUR 25 m), and the Asia/Pacific region generated EUR 297 m in revenue during the year (prior year: EUR 1 m).

The merger has expanded the Schaeffler Group's business and technology portfolio, especially in the field of electric mobility. With the merger completed, the organization is gradually being realigned effective starting October 1, 2024. Starting in 2025, the combined company reports on the **E-Mobility division**, the **Powertrain & Chassis division**, the **Vehicle Lifetime Solutions division**, and the **Bearings & Industrial Solutions division,** which are managed based on product-focused business divisions. The Others division combines business activities that have not been assigned to any of the other divisions.

Information on the operating activities of the reportable segments is included below. Performance is measured based on EBIT as the Board of Managing Directors believes that this information is most relevant in evaluating the results of the segments in relation to other entities that operate within these industries.

Reconciliation to earnings before income taxes

in € millions	2024	2023 [1]
EBIT Automotive Technologies	215	211
EBIT Vehicle Lifetime Solutions	407	258
EBIT Bearings & Industrial Solutions	73	372
EBIT Others	-401	-7
EBIT	**294**	**834**
Financial result	-291	-259
Earnings before income taxes	**3**	**575**

Prior year information presented based on 2024 segment structure.
[1] Prior year amounts amended, see “Change in accounting policy and change in accounting estimates” section for further details.

In 2024, the Schaeffler Group generated revenue of EUR 1,735 m (prior year: EUR 1,490 m) from one key customer, representing 9.5% (prior year: 9.1%) of total group revenue. In the Automotive Technologies segment, this key customer accounted for 15.8% (prior year: 16.1%) of revenue.

In addition to the divisions and functions, the Schaeffler Group’s multi-dimensional organizational structure is also based on the four regions Europe, Americas, Greater China, and Asia/Pacific. The Automotive Technologies division, Vehicle Lifetime Solutions division, and Bearings & Industrial Solutions division segments are managed on a global basis and operate production and distribution facilities in all four regions. Revenue and non-current assets of the four regions were as follows in 2024:

Information about geographical areas

	2024	2023	12/31/2024	12/31/2023
in € millions	Revenue [1]		Non-current assets [2]	
Europe	8,149	7,221	5,782	4,023
Americas	4,092	3,569	1,263	713
Greater China	3,490	3,358	1,354	967
Asia/Pacific	2,458	2,165	702	469
Total	**18,188**	**16,313**	**9,101**	**6,172**

[1] Revenue by market (customer locations); prior year information presented based on 2024 segment structure.
[2] Non-current assets by Schaeffler Group location. Non-current assets consist of intangible assets and property, plant and equipment.

China, Germany, and the U.S. had revenue of EUR 3,444 m (prior year: EUR 3,302 m), EUR 2,661 m (prior year: EUR 2,495 m), and EUR 2,570 m (prior year: EUR 2,221 m) as well as non-current assets of EUR 1,354 m (prior year: EUR 967 m), EUR 3,876 m (prior year: EUR 2,410 m), and EUR 810 m (prior year: EUR 362 m), respectively.

Reconciliation of EBIT to EBIT before special items

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

Prior year information presented based on 2024 segment structure.
[1] Prior year amounts amended, see “Change in accounting policy and change in accounting estimates” section for further details.

5.4 Related parties

Related persons

79.17% of the shares issued by Schaeffler AG are indirectly held by Maria-Elisabeth Schaeffler-Thumann together with Georg F. W. Schaeffler. Under the definitions of IAS 24, Maria-Elisabeth Schaeffler-Thumann and Georg F. W. Schaeffler and the close members of their family are related parties of the Schaeffler Group.

The Schaeffler Group does not have any significant direct business relations with Maria-Elisabeth Schaeffler-Thumann and Georg F. W. Schaeffler.

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Schaeffler Group, directly or indirectly. For the Schaeffler Group, the members of the Board of Managing Directors and the Supervisory Board of Schaeffler AG represent key management personnel, making them and the close members of their family related parties of Schaeffler AG.

The remuneration of the Board of Managing Directors of Schaeffler AG for 2024 in accordance with IAS 24 totaled EUR 16 m (prior year: EUR 17 m), including EUR 11 m (prior year: EUR 12 m) in short-term benefits. Expenses of EUR 2 m (prior year: EUR 2 m) were recognized for post-employment benefits. Termination benefits amounted to EUR 1 m (prior year: EUR 0 m), and share-based payments totaled EUR 2 m (prior year: EUR 3 m).

Total remuneration of the Board of Managing Directors in accordance with section 314 (1) (6a) (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 company did not grant any other benefits to its key management personnel.

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).

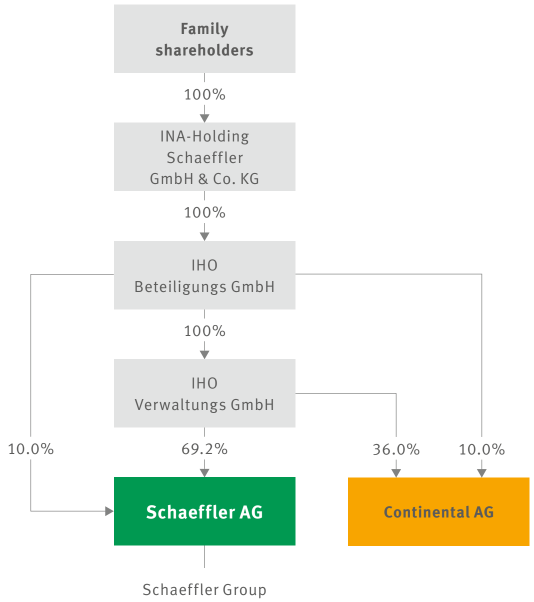
Related entities

Pursuant to IAS 24, the Schaeffler Group's related entities consist – along with its joint ventures and affiliated companies – of the entities controlled or jointly controlled by related persons or by Schaeffler AG's ultimate parent company, INA-Holding Schaeffler GmbH & Co. KG, or over which INA-Holding Schaeffler GmbH & Co. KG has significant influence.

As transactions with significant subsidiaries of Schaeffler AG have been eliminated upon consolidation, they need not be discussed here.

Simplified ownership structure

as at December 31, 2024



Until the merger into Schaeffler AG on October 1, 2024, Vitesco Technologies Group AG was an associated company of the Schaeffler Group. From the perspective of the Schaeffler Group, the other companies of the Vitesco Group represented other related entities. All remaining Vitesco companies were consolidated in the consolidated financial statements of the Schaeffler Group starting October 1, 2024.

As part of the merger, Schaeffler Group USA, Inc., signed a USD 220 m loan agreement with Vitesco Technologies USA LLC on March 19, 2024. The loan agreement was entered into in preparation for the acquisition. The full amount of USD 220 m had been disbursed by the end of September 2024. Under an agreement dated August 12, 2024, Schaeffler Immobilien AG & Co. KG acquired properties at five locations in Germany from Vitesco Technologies Grundstücks GmbH and Vitesco Technologies GmbH for a preliminary purchase price of EUR 80.8 m. The preliminary purchase price was subject to a review of the properties for possible reductions in value due to factors such as environmental impacts or issues with buildings. In an addendum dated December 18, 2024, the purchase price was adjusted to EUR 76 m based on expert reports obtained. Under the agreement, Schaeffler Immobilien AG & Co. KG took over the existing lease agreements with Vitesco companies upon the legal change of ownership.

In addition, the Schaeffler Group generated EUR 31.9 m in revenue and recognized EUR 29.5 in expenses from business relationships with Vitesco Group companies during the period ended September 30, 2024. These business relationships existed in the form of supply of vehicle components and tools, rendering of development and other services, and leases of commercial real estate. The transactions were entered into at arm's-length conditions.

At September 30, 2024, the Schaeffler Group had EUR 221.5 m in amounts receivable from and EUR 91.6 m in amounts payable to Vitesco Group companies.

Transactions with other associated companies and joint ventures were insignificant in 2024.

In 2024 and 2023, Schaeffler Group companies had various business relationships with the group's other related entities.

The following table summarizes all income and expenses from transactions with the Schaeffler Group's other related entities that have been recognized in the Schaeffler Group's consolidated financial statements. The summary also shows receivables and payables related to such transactions included in the consolidated financial statements as at the end of each reporting period. Transactions with other related entities arose largely from business relationships with the Continental Group.

Receivables and payables from transactions with other related entities

	12/31/2024	12/31/2023	12/31/2024	12/31/2023
in € millions		Receivables		Payables
Other related entities	63	23	84	26

Expenses and income from transactions with other related entities

	2024	2023	2024	2023
in € millions		Expenses		Income
Other related entities	101	107	137	89

The business relationships with Continental Group companies existed in the form of supply of vehicle components and tools, rendering of development and other services, and leases of commercial real estate. The transactions were entered into at arm's-length conditions.

As part of the process to separate plants operated jointly, Vitesco Group companies sold property, plant and equipment with a value of EUR 5.1 m to Continental Group companies and acquired property, plant and equipment with a value of EUR 5.6 m from them. This resulted in a gain of EUR 0.5 m.

In addition, as a result of the merger with Vitesco Technologies Group AG, Schaeffler AG also assumed, among other things, that company's obligations under the corporate separation agreement with Continental AG dated March 18, 2021. Therefore, Continental AG has invoiced Schaeffler AG for a total of EUR 10.8 m representing a claim offsetting the retroactive increase in separation taxes along with a proportionate share of consulting costs.

Receivables from transactions with other related entities include EUR 57 m (prior year: EUR 23 m) in trade receivables.

5.5 Auditors' fees

Schaeffler AG incurred the following fees for services rendered by the global network of KPMG and KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG AG):

Auditors' fees

	2024	2023	2024	2023
in € millions		KPMG		thereof KPMG AG
Financial statement audit services	16.1	8.6	10.7	5.5
Other attestation services	1.8	0.4	1.8	0.4
Tax advisory services	–	0.2	–	–
Other services	0.4	0.6	0.1	0.3
Total	**18.3**	**9.7**	**12.6**	**6.2**

Schaeffler AG's auditor is KPMG AG. The fees paid to KPMG AG related to services rendered to Schaeffler AG as well as its German subsidiaries and two further U.S. subsidiaries.

5.6 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).

5.7 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.

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.

5.8 List of shareholdings required by section 313 (2) HGB

The parent company is Schaeffler AG, which is based in Herzogenaurach.

List of shareholdings

Entity	Location	Country code	Group ownership interest in %
A. Entities fully consolidated			
I. Germany (58)			
CBF Europe GmbH	Wuppertal	DE	100.00
Compact Dynamics GmbH [2]	Starnberg	DE	100.00
Ewellix GmbH [2]	Schweinfurt	DE	100.00
Ewellix Holding Germany GmbH [2]	Frankfurt/Main	DE	100.00
Industriewerk Schaeffler INA-Ingenieurdienst-, GmbH [2]	Herzogenaurach	DE	100.00
LuK Unna GmbH & Co. KG [1] [3]	Unna	DE	100.00
Schaeffler Aerospace Germany Beteiligungs GmbH	Schweinfurt	DE	100.00
Schaeffler Aerospace Germany GmbH & Co. KG [1] [3]	Schweinfurt	DE	100.00
Schaeffler AS Auslandsholding GmbH [2]	Buehl	DE	100.00
Schaeffler Automotive Aftermarket International Holding GmbH [2]	Buehl	DE	100.00
Schaeffler Automotive Buehl GmbH & Co. KG [1] [3]	Buehl	DE	100.00
Schaeffler Beteiligungsgesellschaft mbH	Herzogenaurach	DE	100.00
Schaeffler Beteiligungs-verwaltungs GmbH [2]	Herzogenaurach	DE	100.00
Schaeffler Bühl Auslandsholding GmbH [2]	Buehl	DE	100.00
Schaeffler Bühl Verwaltungs GmbH [2]	Buehl	DE	100.00
Schaeffler ByWire Management GmbH	Herzogenaurach	DE	100.00
Schaeffler ByWire Technologie GmbH & Co. KG [1] [3]	Herzogenaurach	DE	100.00
Schaeffler Consulting GmbH [2]	Herzogenaurach	DE	100.00
Schaeffler Digital Solutions GmbH [2]	Chemnitz	DE	100.00
Schaeffler Elmotec Statomat GmbH	Karben	DE	100.00
Schaeffler Engineering GmbH [2]	Werdohl	DE	100.00
Schaeffler Europa Logistik GmbH [2]	Herzogenaurach	DE	100.00
Schaeffler Friction Products GmbH [2]	Morbach	DE	100.00
Schaeffler Hydrogen Europe GmbH (until 01/06/2025: Blitz 24-243 GmbH)	Herzogenaurach	DE	100.00
Schaeffler IAB Beteiligungs GmbH [2]	Herzogenaurach	DE	100.00
Schaeffler IAB Verwaltungs GmbH [2]	Herzogenaurach	DE	100.00
Schaeffler IDAM Beteiligungs GmbH	Herzogenaurach	DE	100.00
Schaeffler Immobilien AG & Co. KG [1] [3]	Herzogenaurach	DE	100.00
Schaeffler Industrial Drives AG & Co. KG [1] [3]	Suhl	DE	100.00
Schaeffler Industrial Remanufacturing Services AG & Co. KG [1] [3]	Herzogenaurach	DE	100.00
Schaeffler Invest GmbH [2]	Herzogenaurach	DE	100.00
Schaeffler KWK Verwaltungs GmbH	Langen	DE	100.00
Schaeffler Monitoring Services GmbH [2]	Herzogenrath	DE	100.00
Schaeffler Raytech Verwaltungs GmbH [2]	Morbach	DE	100.00
Schaeffler Schweinfurt Beteiligungs GmbH [2]	Schweinfurt	DE	100.00
Schaeffler Sondermaschinenbau AG & Co. KG [1] [3]	Erlangen	DE	100.00
Schaeffler Technologies AG & Co. KG [1] [3]	Herzogenaurach	DE	100.00
Schaeffler Ultra Precision Drives GmbH	Hameln	DE	100.00
Schaeffler Vehicle Lifetime Solutions Germany GmbH & Co. KG [1] [3]	Frankfurt/Main	DE	100.00
Schaeffler Versicherungs-Vermittlungs GmbH [2]	Herzogenaurach	DE	100.00
Schaeffler Verwaltungsholding Drei GmbH [2]	Herzogenaurach	DE	100.00
Schaeffler Verwaltungsholding Eins GmbH [2]	Herzogenaurach	DE	100.00
Schaeffler Verwaltungsholding Sechs GmbH [2]	Herzogenaurach	DE	100.00
Schaeffler Verwaltungsholding Vier GmbH [2]	Herzogenaurach	DE	100.00
Schaeffler Verwaltungsholding Zwei GmbH [2]	Herzogenaurach	DE	100.00
softwareinmotion GmbH	Schorndorf	DE	100.00
SPV Solarpark 106. GmbH & Co. KG [1] [3]	Kammerstein	DE	100.00
Unterstützungskasse der FAG Kugelfischer e. V.	Schweinfurt	DE	100.00
Vitesco Technologies 2. Verwaltungs GmbH	Regensburg	DE	100.00
Vitesco Technologies Beteiligungs GmbH	Regensburg	DE	100.00
Vitesco Technologies Germany GmbH [2]	Regensburg	DE	100.00
Vitesco Technologies GmbH [2]	Regensburg	DE	100.00
Vitesco Technologies Grundstücks GmbH	Regensburg	DE	100.00
Vitesco Technologies Roding GmbH [2]	Roding	DE	100.00
Vitesco Technologies Versicherungsdienst GmbH	Regensburg	DE	100.00
WPB Water Pump Bearing Beteiligungs-gesellschaft mbH	Herzogenaurach	DE	100.00
WPB Water Pump Bearing GmbH & Co. KG [1] [3]	Herzogenaurach	DE	100.00
Xtronic GmbH [2]	Boeblingen	DE	100.00
II. Foreign (151)			
Schaeffler Middle East FZE	Jebel Ali	AE	100.00
Schaeffler Vehicle Lifetime Solutions Argentina S.R.L.	Buenos Aires	AR	100.00
Schaeffler Austria GmbH	Berndorf-St. Veit	AT	100.00
Schaeffler Australia Pty Ltd.	Belrose	AU	100.00
Schaeffler Belgium BV/SRL	Ghent	BE	100.00
Schaeffler Aerosint SA	Herstal	BE	100.00
Schaeffler Bulgaria OOD	Sofia	BG	100.00
Ewellix Bulgaria EOOD	Sofia	BG	100.00
Schaeffler Brasil Ltda.	Sorocaba	BR	100.00
LuK do Brasil Embreagens Ltda.	Sorocaba	BR	100.00
Schaeffler Canada Inc.	Oakville	CA	100.00
Schaeffler Aerospace Canada Inc.	Stratford	CA	100.00
Ewellix Canada Ltd.	Toronto	CA	100.00
Vitesco Technologies Canada, Inc.	Chatham	CA	100.00
Schaeffler Schweiz GmbH	Romanshorn	CH	100.00
Ewellix Switzerland AG	Liestal	CH	100.00
Schaeffler Chile Rodamientos Ltda.	Santiago	CL	100.00
Schaeffler (China) Co., Ltd.	Taicang	CN	100.00
Schaeffler Holding (China) Co., Ltd.	Shanghai	CN	100.00

Entity	Location	Country code	Group ownership interest in %
Schaeffler Trading (Shanghai) Co., Ltd.	Shanghai	CN	100.00
Schaeffler (Ningxia) Co., Ltd.	Yinchuan	CN	100.00
Schaeffler Friction Products (Suzhou) Co., Ltd.	Suzhou	CN	100.00
Schaeffler Aerospace Bearings (Taicang) Co., Ltd.	Taicang	CN	100.00
Schaeffler (Nanjing) Co., Ltd.	Nanjing City	CN	100.00
Schaeffler (Xiangtan) Co., Ltd.	Xiangtan	CN	100.00
Schaeffler Automotive Aftermarket Services Consulting (Shanghai) Co.	Shanghai	CN	100.00
RepXpert Automotive Aftermarket Services Consulting (Shanghai) LLP [4]	Shanghai	CN	70.44
Schaeffler Intelligent Driving Technology (Changsha) Co., Ltd.	Changsha	CN	100.00
ETC Trading (Shanghai) Co., Ltd. [4]	Shanghai	CN	92.61
Schaeffler Smart Machinery (Taicang) Co., Ltd.	Taicang	CN	100.00
Ewellix Motion Technologies (Pinghu) Co., Ltd.	Pinghu City	CN	100.00
Ewellix Motion Technologies System (Shanghai) Co., Ltd.	Shanghai	CN	100.00
Wuhan Cathay Anqing Equity Investment Fund Partnership (LP)	Wuhan	CN	99.98
Vitesco Technologies Holding China Co., Ltd	Shanghai	CN	100.00
Vitesco Automotive Shanghai Co., Ltd.	Shanghai	CN	100.00
Vitesco Automotive Tianjin Co., Ltd.	Tianjin	CN	100.00
Vitesco Automotive Wuhu Co., Ltd.	Wuhu	CN	100.00
Vitesco Automotive Changchun Co., Ltd.	Changchun	CN	100.00
Schaeffler Hydrogen Technology (Shanghai) Co., Ltd.	Shanghai	CN	100.00
Schaeffler Colombia Ltda.	Bogotá	CO	100.00
Schaeffler CZ s.r.o.	Prague	CZ	100.00
Schaeffler Production CZ s.r.o.	Lanskroun	CZ	100.00
Vitesco Technologies Czech Republic s.r.o.	Trutnov	CZ	100.00
Schaeffler Danmark ApS	Aarhus	DK	100.00
Schaeffler Iberia, S.L.U.	Elgoibar	ES	100.00
Schaeffler Vehicle Lifetime Solutions Spain S.L.	Madrid	ES	100.00

Entity	Location	Country code	Group ownership interest in %
Schaeffler Finland Oy	Espoo	FI	100.00
Schaeffler France SAS	Haguenau	FR	100.00
Schaeffler Vehicle Lifetime Solutions France SAS	Clamart	FR	100.00
Ewellix France SAS	Chambéry	FR	100.00
ECO-Adapt SAS	Paris	FR	100.00
Vitesco Technologies France S.A.S.	Toulouse	FR	100.00
Schaeffler (UK) Limited	Sheffield	GB	100.00
Schaeffler Vehicle Lifetime Solutions UK Limited	Hereford	GB	100.00
Ewellix UK Limited	Milton Keynes	GB	100.00
Vitesco Technologies UK Ltd.	Basildon	GB	100.00
Schaeffler Greece Automotive and Industrial Products and Services M.E.P.E.	Athens	GR	100.00
Schaeffler Hong Kong Company Limited	Hong Kong	HK	100.00
Schaeffler Hrvatska d.o.o.	Zagreb	HR	100.00
Schaeffler Magyarorszag Ipari Kft.	Budapest	HU	100.00
Schaeffler Savaria Kft.	Szombathely	HU	100.00
Schaeffler Debrecen Kft.	Debrecen	HU	100.00
Schaeffler Special Machinery Kft.	Szombathely	HU	100.00
Vitesco Technologies Hungary Kft.	Debrecen	HU	100.00
PT. Schaeffler Solutions Indonesia	Jakarta	ID	100.00
Schaeffler Israel Ltd.	Yokneam Illit	IL	100.00
Schaeffler India Ltd.	Pune	IN	74.13
Schaeffler Technology Solutions India Pvt. Ltd.	Pune	IN	100.00
Ewellix India Private Limited	Pune	IN	100.00
KRSV Innovative Auto Solutions Private Limited	Bengaluru	IN	74.13
Vitesco Technologies India Private Limited	Pune	IN	100.00
Dhruva Automation and Controls Pvt. Ltd.	Baner, Pune	IN	100.00
Schaeffler Water Pump Bearing Italia S.r.l.	Momo	IT	100.00
Schaeffler Italia S.r.l.	Momo	IT	100.00
INA Invest S.r.l.	Momo	IT	100.00
Schaeffler Vehicle Lifetime Solutions Italy S.R.L.	Milan	IT	100.00

Entity	Location	Country code	Group ownership interest in %
Ewellix Italy S.r.l.	Turin	IT	100.00
Schaeffler Japan Co., Ltd.	Yokohama	JP	100.00
Vitesco Technologies Japan KK	Yokohama	JP	100.00
Schaeffler Ansan Corporation	Ansan-shi	KR	100.00
Schaeffler Korea Corporation	Changwon-si	KR	100.00
Schaeffler Special Machinery Corporation	Changwon	KR	100.00
Ewellix Korea Ltd.	Dangjeong-dong	KR	100.00
Vitesco Technologies Korea LLC	Icheon-si (Gyeonggi-do)	KR	100.00
Schaeffler Kazakhstan TOO	Almaty	KZ	100.00
Schaeffler Industrial Ceramics SARL	Roeser	LU	100.00
SIA "Schaeffler Baltic"	Riga	LV	100.00
Schaeffler Transmisión, S. de R.L. de C.V.	Puebla	MX	100.00
Schaeffler Automotive Aftermarket Mexico, S. de R.L. de C.V.	Mexico City	MX	100.00
Rodamientos FAG S.A. de C.V.	Puebla	MX	100.00
Schaeffler Mexico, S. de R.L. de C.V.	Guanajuato	MX	100.00
Schaeffler Mexico Servicios, S. de R.L. de C.V.	Guanajuato	MX	100.00
Schaeffler Mexico Holding, S. de R.L. de C.V.	Puebla	MX	100.00
Schaeffler Special Machinery S. de RL de CV	Puebla	MX	100.00
Vitesco Technologies Mexico, S. de R.L. de C.V.	Silao de la Victoria	MX	100.00
Vitesco Technologies Maquila Mexico, S. de R.L. de C.V.	Silao de la Victoria	MX	100.00
Schaeffler (Malaysia) Sdn. Bhd.	Kuala Lumpur	MY	100.00
Schaeffler Nederland B.V.	Barneveld	NL	100.00
Schaeffler Special Machinery Netherlands B.V.	Barneveld	NL	100.00
Hydron Energy B.V.	Barneveld	NL	100.00
Schaeffler Smart Maintenance Tools B.V.	Epe	NL	100.00
Ewellix Benelux B.V.	Utrecht	NL	100.00
Vitesco Technologies Holding Netherlands B.V.	Maastricht	NL	100.00
Schaeffler Norge AS	Sandnes	NO	100.00

Entity	Location	Country code	Group ownership interest in %
Schaeffler Peru S.A.C.	Lima	PE	100.00
Schaeffler Philippines Inc.	Makati City	PH	100.00
Schaeffler Vehicle Lifetime Solutions Poland Spolka z.o.o.	Warsaw	PL	100.00
Schaeffler Global Services Europe Sp. z o.o.	Wroclaw	PL	100.00
Schaeffler Industrial Poland Spolka z.o.o.	Warsaw	PL	100.00
Schaeffler Portugal, Unipessoal, Lda.	Caldas da Rainha	PT	100.00
Schaeffler Romania S.R.L.	Brasov	RO	100.00
Vitesco Technologies Engineering Romania S.R.L.	Timisoara	RO	100.00
Vitesco Technologies Romania S.R.L.	Ghimbav	RO	100.00
Schaeffler SR d.o.o.	Belgrade	RS	100.00
OOO Vitesco Technologies RUS	Kaluga	RU	100.00
Schaeffler Sverige AB	Arlandastad	SE	100.00
Schaeffler Invest AB	Stockholm	SE	100.00
Schaeffler Holding Sverige AB	Stockholm	SE	100.00
Triatic Holdco AB	Partille	SE	100.00
Ewellix AB	Partille	SE	100.00
Schaeffler (Singapore) Pte. Ltd.	Singapore	SG	100.00
Schaeffler Aerospace (Singapore) Pte. Ltd.	Singapore	SG	100.00
Schaeffler Slovenija d.o.o.	Maribor	SI	100.00
Schaeffler Slovensko, spol. s.r.o.	Kysucke Nove Mesto	SK	100.00
Schaeffler Kysuce, spol. s r.o.	Kysucke Nove Mesto	SK	100.00
Schaeffler Skalica, spol. s r.o.	Skalica	SK	100.00
Schaeffler Special Machinery, spol. s r.o.	Kysucke Nove Mesto	SK	100.00
Schaeffler Manufacturing (Thailand) Co., Ltd.	Rayong	TH	100.00
Vitesco Technologies (Thailand) Co., Ltd.	Rayong	TH	100.00
Schaeffler Turkey Endüstri ve Otomotiv Ticaret Limited Sirketi	Istanbul	TR	100.00
Schaeffler Taiwan Co., Ltd.	Taipei	TW	100.00
ABBA Linear Tech Co., Ltd.	Taoyuan	TW	100.00
Schaeffler Ukraine GmbH	Kyiv	UA	100.00
Schaeffler Group USA, Inc.	Fort Mill	US	100.00
LuK-Aftermarket Service, LLC	Valley City	US	100.00
LuK Clutch Systems, LLC	Wooster	US	100.00
Schaeffler Transmission, LLC	Wooster	US	100.00
Schaeffler Transmission Systems, LLC	Wooster	US	100.00
FAG Bearings LLC	Danbury	US	100.00
Schaeffler Aerospace USA Corporation	Danbury	US	100.00
Schaeffler Holding LLC	Danbury	US	100.00
Schaeffler Invest USA LLC	Wilmington	US	100.00
Schaeffler Special Machinery LLC	Wilmington	US	100.00
Triatic HoldCo LLC	Wilmington	US	100.00
Ewellix USA LLC	Wilmington	US	100.00
Schaeffler Battery Technology LLC	Wilmington	US	100.00
Schaeffler Vehicle Lifetime Solutions USA LLC	Wilmington	US	100.00
Vitesco Technologies USA, LLC	Auburn Hills	US	100.00
Schaeffler Vietnam Co., Ltd.	Bien Hoa City	VN	100.00
INA Bearings (Pty) Ltd.	Port Elizabeth	ZA	100.00
Schaeffler South Africa (Pty.) Ltd.	Johannesburg	ZA	100.00
B. Joint ventures			
Germany (2)			
Contitech-INA Beteiligungsgesellschaft mbH	Hanover	DE	50.00
Contitech-INA GmbH & Co. KG [3]	Hanover	DE	50.00
Foreign (2)			
Innoplate SAS	Haguenau	FR	50.00
Schaeffler-CARS Railway Technology Co. Ltd.	Tianjing City	CN	50.00
C. Associated companies			
Foreign (3)			
Colinx, LLC	Greenville	US	20.00
Eurings Zrt.	Debrecen	HU	37.00
Napino Control Systems Pvt.Ltd.	Gurgaon	IN	30.00
D. Unconsolidated entities and equity investments			
Germany (6)			
Cofinity-X GmbH	Cologne	DE	10.00
Earlybird-X Seed Fund I GmbH & Co.	Munich	DE	20.85
GET Fund I GmbH & Co. KG	Munich	DE	12.62
GKS-Gemeinschaftskraftwerk Schweinfurt GmbH	Schweinfurt	DE	10.31
SupplyOn AG	Hallbergmoos	DE	16.67
up2parts GmbH	Weiden/Upper Palatinate	DE	14.29
Foreign (9)			
Hubei Cathay Smart New Energy Fund Partnership (LP)	Wuhan	CN	5.46
Leadrive Technology (Shanghai) Co., Ltd.	Shanghai	CN	3.36
Clean H2 Infra Fund S.L.P.	Paris	FR	1.53
Clean Hydrogen Equipment Fund S.L.P.	Paris	FR	34.50
Statomat Special Machines (India) Pvt. Ltd.	Mumbai	IN	79.89
Stegra AB	Stockholm	SE	4.00
Vitesco Technologies Taiwan Co., Ltd.	Taipei	TW	100.00
Agility Robotics Inc.	Dover	US	1.10
Baukunst Fund I LP	Wilmington	US	10.30

[1] Exemption under section 264b HGB.
[2] Exemption under section 264 (3) HGB.
[3] Schaeffler AG or another consolidated entity is the general partner.
[4] Schaeffler AG continues to control 100%.

5.9 Members of the Board of Managing Directors and the Supervisory Board

Members of the Board of Managing Directors

Klaus Rosenfeld (Chief Executive Officer),
Claus Bauer (Chief Financial Officer),
Dr. Astrid Fontaine (Chief Human Resources Officer),
Andreas Schick (Chief Operating Officer),
Jens Schüler (CEO Vehicle Lifetime Solutions),
Thomas Stierle (CEO E-Mobility, since October 1, 2024),
Uwe Wagner (Chief Technology Officer),
Sascha Zaps (CEO Bearings & Industrial Solutions, since May 1, 2024)
Matthias Zink (CEO Powertrain & Chassis)

The following member left the Board of Managing Directors in 2024
Dr. Stefan Spindler (CEO Bearings & Industrial Solutions, until April 30, 2024)

Members of the Supervisory Board

Georg F. W. Schaeffler (Chairman), Horst Ott* (Deputy Chairman, since April 25, 2024), Sabine Bendiek, Prof. Dr. Hans-Jörg Bullinger, Dr. Holger Engelmann, Prof. Dr. Bernd Gottschalk, Ulrike Hasbargen, Thomas Höhn*, Hanna Köhler* (since December 9, 2024), Susanne Lau*, Dr. Alexander Putz*, Katherina Reiche, Maja Reusch* (since January 8, 2025), Jürgen Schenk*, Helga Schönhoff*, Ulrich Schöpplein*, Robin Stalker, Prof. TU Graz e.h. KR Ing. Siegfried Wolf, Prof. Dr.-Ing. Tong Zhang, Markus Zirkel*

The following members left the Supervisory Board in 2024
Jürgen Wechsler* (until April 25, 2024), Andrea Grimm* (until October 31, 2024), Barbara Resch* (until December 31, 2024)

Supervisory Board committees

Mediation committee:
Georg F. W. Schaeffler (Chairman), Horst Ott (since April 25, 2024), Ulrich Schöpplein, Jürgen Wechsler (until April 25, 2024), and Prof. TU Graz e.h. KR Ing. Siegfried Wolf

Presidential committee:
Georg F. W. Schaeffler (Chairman), Sabine Bendiek, Thomas Höhn (since February 4, 2025), Horst Ott (since April 25, 2024), Barbara Resch (until December 31, 2024), Ulrich Schöpplein, Jürgen Wechsler (until April 25, 2024), and Prof. TU Graz e.h. KR Ing. Siegfried Wolf

Audit committee:
Robin Stalker (Chairman), Dr. Holger Engelmann, Andrea Grimm (until October 31, 2024), Thomas Höhn, Susanne Lau (since April 25, 2024), Georg F. W. Schaeffler, Ulrich Schöpplein (since December 13, 2024), and Jürgen Wechsler (until April 25, 2024)

Nomination committee:
Georg F. W. Schaeffler (Chairman), Dr. Holger Engelmann, Prof. Dr. Bernd Gottschalk, and Katherina Reiche

Technology committee:
Prof. Dr. Hans-Jörg Bullinger (Chairman), Horst Ott (since April 25, 2024), Georg F. W. Schaeffler, Jürgen Schenk, Ulrich Schöpplein, Jürgen Wechsler (until April 25, 2024), Prof. TU Graz e.h. KR Ing. Siegfried Wolf, Prof. Dr.-Ing. Tong Zhang, and Markus Zirkel

* Employee representative on the Supervisory Board.

5.10 Preparation of consolidated financial statements

The Board of Managing Directors of Schaeffler AG prepared the consolidated 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 consolidated financial statements.

Herzogenaurach, February 18, 2025

Schaeffler Aktiengesellschaft
The Board of Managing Directors

Klaus Rosenfeld
Chief Executive Officer

Claus Bauer

Dr. Astrid Fontaine

Andreas Schick

Jens Schüler

Thomas Stierle

Uwe Wagner

Sascha Zaps

Matthias Zink

Independent Auditors' Report

To Schaeffler AG, Herzogenaurach

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Opinions

We have audited the consolidated financial statements of Schaeffler AG, Herzogenaurach, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the financial year from January 1 to December 31, 2024, and the notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the report on the situation of the company and of the Group ("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 group management report which are listed in the "Other Information" section of our report.

The group 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 these references refer to.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) (referred to as "IFRS Accounting Standards" below) as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315e (1) of the German Commercial Code ("Handelsgesetzbuch" – HGB) and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2024, and of its financial performance for the financial year from January 1 to December 31, 2024, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of the parts of the group management report which are listed in the "Other Information" section. The group management report includes references not provided for by the law that have been marked as unaudited. Our opinion covers neither these references nor the information referred to by these references.

Pursuant to section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the group 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 Consolidated Financial Statements and of the Group Management Report" section of our auditors' report. We are independent of the group entities 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 consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated 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 consolidated financial statements as a whole and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Recoverability of goodwill

Please refer to Note 1.3 to the consolidated financial statements for the accounting policies and assumptions applied. Note 4.1 to the consolidated financial statements contains information about the amount of the Group's goodwill, and section 2.3 of the group management report contains information about the results of operations of the operating segments.

The Risk for the Financial Statements The Schaeffler Group reports EUR 1,772 m in goodwill in its consolidated statement of financial position as at December 31, 2024. Representing approximately 8% of total assets, this asset represents a significant proportion of the Group's net assets.

Goodwill is tested for impairment annually regardless of whether there is an indication of impairment. The impairment test is performed as at December 31, 2024. If indications of impairment arise during the year, an additional impairment test is performed during the year in response to such triggering event, and other intangible assets and property, plant and equipment are additionally tested for impairment. If the carrying amount exceeds the recoverable amount, recognition of an impairment loss is required. Recoverable amount is the higher of fair value less costs of disposal and value in use of the operating segment.

Impairment testing goodwill is complex and is based on a number of discretionary assumptions. These include the segments' expected business growth and earnings trend for the next five years and – for the Automotive Technologies segment – for the subsequent transition period, the assumed long-term growth rates, and the discount rate used. Due to the technological transition in the automotive industry, the underlying future cash inflows for the Automotive Technologies segment are subject to an increased level of estimation uncertainty.

There is a risk to the consolidated financial statements that an impairment existing at the reporting date may not have been identified. There is also a risk that the related note disclosures, including the sensitivities disclosed, may not be appropriate.

Our Audit Approach With the support of our valuation specialists, we assessed, among other things, the appropriateness of the significant assumptions used in the underlying company plans and budgets and the company's valuation model for the annual impairment test. This included a discussion of the expected business and earnings growth as well as of the assumed long-term growth rates with those responsible for the planning process. We had the company substantiate to us the need to include a transition period subsequent to the detailed forecasting phase until a steady state has been reached and have reviewed it for reasonableness by comparing it to the external market. We also performed reconciliations to the budgets and long-range plans prepared by the Board of Managing Directors and approved by the Supervisory Board. Further, we evaluated the consistency of assumptions with external market assessments.

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 compared the assumptions and data underlying the discount rate – particularly the risk-free interest rate, the market risk premium, and the beta factor – with our own assumptions and publicly available data.

To assess whether the valuation methods were appropriately applied, methodically and mathematically, we tested the valuation performed by the company using our own calculations, and analyzed any deviations.

To address the level of uncertainty inherent in the projections, we specifically analyzed the consequences of possible changes in the discount rate and the long-term revenue growth rate on the recoverable amount by calculating alternative scenarios and comparing them to the company's figures (sensitivity analysis).

In order to arrive at a final assessment of the plans' consistency, we obtained an understanding of the reconciliation of Schaeffler AG's market capitalization to the sum of the recoverable amounts of the cash-generating units prepared by management and critically analyzed the company's reasoning for the sum of the recoverable amounts exceeding the company's market capitalization.

Finally, we assessed whether the note disclosures on the recoverability of goodwill are appropriate. This also included an assessment of the note disclosures pursuant to IAS 36.134(f) regarding sensitivities in the event of a reasonably possible change of key assumptions underlying the valuation.

Our Observations The calculation methods used in the impairment test of goodwill are appropriate and consistent with the applicable valuation principles.

The company's assumptions and inputs underlying the valuation are appropriate.

The related note disclosures are appropriate.

Acquisition of Vitesco Technologies Group AG

Please refer to Note 1.2 to the consolidated financial statements for the basis of preparation applied. Disclosures on the acquisition of Vitesco Technologies Group AG (referred to as Vitesco AG below) can be found in Note 2.2 to the consolidated financial statements.

The Risk for the Financial Statements The Board of Managing Directors of Schaeffler AG and the Executive Board of Vitesco AG entered into a merger agreement dated March 13, 2024, following approval by the respective Supervisory Boards. The merger agreement provides for Vitesco AG (transferring entity) to be merged into Schaeffler AG (acquiring entity). Since INA-Holding Schaeffler GmbH & Co. KG controls both Schaeffler AG as well as Vitesco AG and/or its subsidiaries, both before and after the merger, the merger represents a business combination of entities under common control. As a result, the merger is outside the scope of IFRS 3 as stipulated by IFRS 3.2 c). Schaeffler AG has opted to reflect the business combination of entities under common control in the consolidated IFRS financial statements of Schaeffler AG under the book value method effective October 1, 2024 (date merger entered in Commercial Register).

Applying the book value method to business combinations of entities under common control is subject to judgment since these are outside the scope of IFRS 3 and IFRS do not contain any binding requirements.

Therefore, there is a risk for the consolidated financial statements that the book value method may not be applied appropriately, that material areas of the opening statement of financial position of Vitesco AG may not be prepared in accordance with uniform recognition, measurement, and presentation policies, that the carrying amounts of Vitesco AG may not be transferred completely, and that the disclosures in the notes to the consolidated financial statements may not be complete and appropriate.

Our Audit Approach With the involvement of our Department of Professional Practice, we have reviewed the appropriateness of the book value method applied. Finally, we assessed whether the note disclosures on the recoverability of goodwill are appropriate.

In addition, we assessed the appropriateness of the process to identify differences in recognition, measurement, and presentation based on the accounting manuals of Schaeffler AG and Vitesco AG. To assess whether the implementation method was appropriate, we tested the evaluation performed by the company using our own audit procedures. We performed substantive audit procedures with respect to material differences in recognition, measurement, and presentation relating to contract assets and contract liabilities. In particular, contract assets and contract liabilities to be tested were selected based on a mathematical-statistical method; audit evidence supporting the amounts recognized and the reasons for their recognition was inspected.

In addition, we reviewed the appropriate and complete transfer of the carrying amounts of the assets and liabilities assumed. To this end, we audited the appropriate transfer of the audited carrying amounts as at September 30, 2024, to the consolidated financial statements of Schaeffler AG. For this purpose, we obtained a detailed understanding of the technical approach of the process and audited the subsequent implementation using substantive audit procedures.

Finally, we assessed whether the note disclosures for an acquisition to which the book value method has been applied were appropriate.

Our Observations Application of the book value method to this business combination of entities under common control is appropriate.

The approach of identifying differences in recognition, measurement, and presentation based on the accounting manuals provided is appropriate. The adjustments made to contract assets and contract liabilities in this regard are appropriate.

The carrying amounts were completely and appropriately transferred to the consolidated financial statements of Schaeffler AG.

The related note disclosures are complete and 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 group 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 289b (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 group management report,
- the disclosures extraneous to management reports which have been included in the group management report and which have been marked as unaudited.

The other information also comprises the remaining parts of the annual report. The other information does not comprise the consolidated financial statements, the information within the group management report whose content has been audited, or our auditors' report.

Our opinions on the consolidated financial statements and on the group 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 consolidated financial statements, the information within the group 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.

Responsibilities of the Board of Managing Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The Board of Managing Directors is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the Board of Managing Directors is responsible for such internal controls as it has determined necessary to enable the preparation of consolidated 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 consolidated financial statements, the Board of Managing Directors is responsible for assessing the Group'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 unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the Board of Managing Directors is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated 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 group 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 group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated 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 consolidated financial statements and on the group 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 consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit engagement. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements and of the group 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 controls relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the group 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 Group'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 Group'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 consolidated financial statements and in the group 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 Group to cease to be able to continue as a going concern.
- evaluate the presentation, structure and content of the consolidated financial statements as a whole, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e (1) HGB.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business areas within the Group as a basis for forming the opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision, and review of the audit activities performed for purposes of the group audit. We remain solely responsible for our opinions.
- evaluate the consistency of the group management report with the consolidated financial statements, its conformity with law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by the Board of Managing Directors in the group 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 consolidated 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 Consolidated Financial Statements and of the Group 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 consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the file provided named „549300Q7E782X7GC1P43-2024-12-31-de.zip" (SHA256-Hashwert: a0d68bf113511d429c0440b7ea749da286ebb-d26e2c8087985c0527d08bf642b) 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 consolidated financial statements and the group 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 consolidated financial statements and the group 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 consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2024, contained in the “Report on the Audit of the Consolidated Financial Statements and of the Group Management Report” above.

We conducted our assurance engagement on the reproduction of the consolidated financial statements and the group 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 consolidated financial statements and the group management report in accordance with section 328 (1) sentence 4 no. 1 HGB and for tagging the consolidated financial statements in accordance with section 328 (1) sentence 4 no. 2 HGB.

In addition, the company’s Board of Managing Directors is responsible for such internal controls as it considers 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.

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 consolidated financial statements and the audited group management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with Art. 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in effect as at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected auditors of the consolidated financial statements 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 the consolidated financial statements 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 and its subsidiaries the following services that are not disclosed in the consolidated financial statements or in the group management report:

In addition to the consolidated financial statements, we 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) 2017/1129, 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 consolidated financial statements and the audited group management report as well as the audited ESEF documents. The consolidated financial statements and the group management report converted into ESEF format – including the versions to be filed with the company register – are merely electronic reproductions of the audited consolidated financial statements and the audited group 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	Schieler
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Responsibility statement by the company's legal representatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements provide a true and fair view of the assets, liabilities, financial position, and profit or loss of the group, and the group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Herzogenaurach, February 18, 2025

Schaeffler Aktiengesellschaft
The Board of Managing Directors

Klaus Rosenfeld
Chief Executive Officer

Claus Bauer

Dr. Astrid Fontaine

Andreas Schick

Jens Schüler

Thomas Stierle

Uwe Wagner

Sascha Zaps

Matthias Zink

Multi-year comparison

in € millions	2020	2021	2022	2023	2024
Income statement					
Revenue	12,589	13,852	15,809	16,313	18,188
EBIT	-149	1,220	974	834	294
• in % of revenue	-1.2	8.8	6.2	5.1	1.6
EBIT before special items [1]	798	1,222	1,046	1,187	811
• in % of revenue	6.3	8.8	6.6	7.3	4.5
Net income (loss) [2]	-428	756	557	309	-632
Earnings per share (basic/diluted, in €)	-0.64	1.14	0.84	0.46	-0.86
Statement of financial position					
Total assets	13,509	14,364	14,284	15,016	21,370
Additions to intangible assets and property, plant and equipment	639	670	814	932	1,120
Amortization, depreciation, and impairment losses [3]	952	907	924	930	1,035
Reinvestment rate	0.67	0.74	0.88	1.00	1.08
Shareholders' equity [4]	2,022	3,165	4,141	3,913	3,969
• in % of total assets	15.0	22.0	29.0	26.1	18.6
Net financial debt	2,312	1,954	2,235	3,189	4,834
• Net financial debt to EBITDA ratio before special items [1]	1.3	0.9	1.1	1.5	2.5
• Gearing ratio (net financial debt to shareholders' equity [4], in %)	114.4	61.7	54.0	81.5	121.8
Statement of cash flows					
EBITDA	1,111	2,186	1,963	1,836	1,419
Cash flows from operating activities	1,254	1,276	1,139	1,348	1,390
Capital expenditures (capex) [5]	632	671	791	938	956
• in % of revenue (capex ratio)	5.0	4.8	5.0	5.7	5.3
Free cash flow (FCF) before cash in- and outflows for M&A activities	539	523	280	421	363
• FCF-conversion (ratio of FCF before cash in- and outflows for M&A activities to EBIT) [6]	–	0.4	0.3	0.5	1.2
Value-based management					
ROCE	-1.9	14.9	11.1	8.8	2.6
ROCE before special items (in %) [1]	10.0	14.9	11.9	12.5	7.2
Schaeffler Value Added	-944	403	98	-115	-839
Schaeffler Value Added before special items (in € millions) [1]	2	404	170	238	-322
Employees					
Headcount (at end of reporting period)	83,297	82,981	82,773	83,362	115,055

[1] Please refer to pp. 25 et seq. for the definition of special items.
[2] Attributable to shareholders of the parent company.
[3] Amortization, depreciation, and impairment losses excluding depreciation of right-of-use assets under leases and impairments of goodwill.
[4] Including non-controlling interests.
[5] Capital expenditures on intangible assets and property, plant and equipment.
[6] Only reported if FCF before cash in- and outflows for M&A activities and EBIT positive.

Summary 1st quarter 2023 to 4th quarter 2024

Schaeffler Group

	2023				2024			
in € millions	1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter
Income statement								
Revenue	4,152	4,056	4,062	4,043	4,085	4,191	3,957	5,955
• Europe	1,848	1,790	1,763	1,820	1,846	1,881	1,716	2,707
• Americas	920	911	903	835	952	966	892	1,282
• Greater China	829	813	855	861	754	799	803	1,135
• Asia/Pacific	554	542	543	527	533	547	547	832
Cost of sales	-3,193	-3,189	-3,179	-3,244	-2,999	-3,311	-3,095	-4,951
Gross profit	959	867	883	798	1,086	880	862	1,004
• in % of revenue	23.1	21.4	21.7	19.7	26.6	21.0	21.8	16.9
Research and development expenses	-205	-192	-188	-182	-208	-207	-203	-369
Selling and administrative expenses	-435	-423	-434	-445	-485	-477	-466	-579
EBIT	244	283	322	-15	415	178	170	-468
• in % of revenue	5.9	7.0	7.9	-0.4	10.2	4.2	4.3	-7.9
Special items 1)	92	6	18	238	-93	26	18	567
EBIT before special items	335	289	340	223	322	204	187	99
• in % of revenue	8.1	7.1	8.4	5.5	7.9	4.9	4.7	1.7
Net income (loss) 2)	128	138	150	-107	231	33	-13	-882
Earnings per share (basic/diluted, in €)	0.19	0.21	0.23	-0.16	0.35	0.05	-0.02	-0.93
Statement of financial position								
Total assets	15,207	14,808	15,085	15,016	17,328	16,433	16,332	21,370
Additions to intangible assets and property, plant and equipment	179	226	237	291	180	203	349	387
Amortization, depreciation, and impairment losses 3)	231	230	227	242	227	224	220	365
• Reinvestment rate	0.78	0.98	1.04	1.20	0.79	0.91	1.59	1.06
Shareholders' equity 4)	4,228	3,989	4,270	3,913	4,199	3,917	3,702	3,969
• in % of total assets	27.8	26.9	28.3	26.1	24.2	23.8	22.7	18.6
Net financial debt	2,999	3,231	3,072	3,189	4,613	4,920	4,812	4,834
• Net financial debt to EBITDA LTM ratio before special items 1)	1.4	1.5	1.4	1.5	2.1	2.4	2.5	2.5
• Gearing ratio (Net financial debt to shareholders' equity 4), in %)	70.9	81.0	72.0	81.5	109.9	125.6	130.0	121.8

	2023				2024			
in € millions	1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter
Statement of cash flows								
EBITDA	492	531	567	245	659	421	408	-70
Cash flows from operating activities	156	307	428	457	79	283	431	597
Capital expenditures (capex) 5)	221	198	247	273	222	195	227	311
• in % of revenue (capex ratio)	5.3	4.9	6.1	6.7	5.4	4.7	5.7	5.2
Free cash flow (FCF) before cash in- and outflows for M&A activities	-73	103	182	210	-166	75	188	266
• FCF-conversion LTM (ratio of FCF before cash in- and outflows for M&A activities LTM to EBIT LTM) 6)	0.2	0.5	0.5	0.5	0.3	0.3	0.4	1.2
Value-based management (LTM)								
ROCE (in %)	10.739	11.586	10.646	8.790	10.3	8.9	7.2	2.6
ROCE before special items (in %) 1)	12.4	13.2	12.8	12.5	12.0	10.7	9.0	7.2
Schaeffler Value Added (in € millions)	67	146	60	-115	25	-115	-295	-839
Schaeffler Value Added before special items (in € millions) 1)	220	292	264	238	193	73	-107	-322
Employees								
Headcount (at end of reporting period)	84,060	83,705	83,600	83,362	83,793	83,990	82,074 7)	115,055

1) Please refer to pp. 25 et seq. for the definition of special items.
2) Attributable to shareholders of the parent company.
3) Amortization, depreciation, and impairment losses excluding depreciation of right-of-use assets under leases and impairments of goodwill.
4) Including non-controlling interests.
5) Capital expenditures on intangible assets and property, plant and equipment.
6) Only reported if FCF before cash in- and outflows for M&A activities and EBIT positive.
7) The headcount determined as at the end of the reporting period was reduced by 1,591 permanent employees who were impacted by temporary closures and were therefore not included in the count.

Summary 1st quarter 2023 to 4th quarter 2024

in € millions	2023 1st quarter	2023 2nd quarter	2023 3rd quarter	2023 4th quarter	2024 1st quarter	2024 2nd quarter	2024 3rd quarter	2024 4th quarter
Automotive Technologies division								
Revenue	1,778	1,730	1,748	1,780	1,770	1,764	1,678	1,743
• E-Mobility BD	335	294	333	340	337	350	367	398
• Engine & Transmission Systems BD	1,335	1,311	1,304	1,313	1,317	1,299	1,207	1,230
• Chassis Systems BD	107	126	111	127	117	114	104	115
• Europe	675	651	623	695	687	670	604	629
• Americas	453	441	436	388	463	466	434	408
• Greater China	394	394	439	456	370	386	392	472
• Asia/Pacific	256	245	250	240	250	241	248	235
Cost of sales	-1,436	-1,411	-1,420	-1,504	-1,397	-1,434	-1,375	-1,407
Gross profit	342	319	328	276	373	330	303	336
• in % of revenue	19.2	18.4	18.8	15.5	21.1	18.7	18.1	19.3
Research and development expenses	-137	-129	-124	-115	-137	-139	-136	-118
Selling and administrative expenses	-123	-113	-124	-126	-135	-133	-132	-132
EBIT	46.6	98.4	88.2	-22.2	117.4	65.3	34.4	-2.1
• in % of revenue	2.6	5.7	5.0	-1.2	6.6	3.7	2.1	-0.1
Special items [1]	40	-9	18	78	-24	3	4	97
EBIT before special items	87	90	107	56	93	68	39	95
• in % of revenue	4.9	5.2	6.1	3.1	5.3	3.9	2.3	5.4
Vehicle Lifetime Solutions division								
Revenue	581	548	581	531	625	684	644	626
• Europe	393	353	386	353	415	454	436	412
• Americas	120	121	127	110	132	141	123	131
• Greater China	34	38	34	33	41	47	45	42
• Asia/Pacific	34	37	34	35	36	42	41	42
Cost of sales	-399	-388	-394	-377	-407	-461	-430	-422
Gross profit	182	160	187	154	218	223	214	204
• in % of revenue	31.2	29.2	32.2	29.0	34.8	32.5	33.2	32.6
Research and development expenses	-5	-4	-5	-6	-6	-5	-6	-6
Selling and administrative expenses	-88	-88	-93	-95	-107	-108	-111	-116
EBIT	88	74	98	-2	118	113	101	75
• in % of revenue	15.2	13.4	16.8	-0.3	18.9	16.5	15.6	12.0
Special items [1]	1	-1	3	66	-10	6	5	19
EBIT before special items	90	73	101	65	109	119	106	94
• in % of revenue	15.4	13.3	17.3	12.2	17.4	17.4	16.4	15.0

in € millions	2023 1st quarter	2023 2nd quarter	2023 3rd quarter	2023 4th quarter	2024 1st quarter	2024 2nd quarter	2024 3rd quarter	2024 4th quarter
Bearings & Industrial Solutions division								
Revenue	1,787	1,769	1,714	1,690	1,677	1,690	1,609	1,594
• Europe	775	779	745	744	732	718	650	641
• Americas	347	349	339	336	357	358	335	339
• Greater China	401	380	370	358	342	351	366	354
• Asia/Pacific	264	261	259	251	246	263	258	260
Cost of sales	-1,354	-1,377	-1,342	-1,324	-1,168	-1,357	-1,260	-1,311
Gross profit	433	392	372	366	509	333	349	283
• in % of revenue	24.3	22.2	21.7	21.6	30.3	19.7	21.7	17.8
Research and development expenses	-62	-58	-58	-61	-64	-62	-61	-60
Selling and administrative expenses	-224	-222	-216	-223	-241	-236	-223	-230
EBIT	109	115	142	6	202	34	68	-230
• in % of revenue	6.1	6.5	8.3	0.3	12.0	2.0	4.2	-14.5
Special items [1]	50	15	-4	93	-59	8	5	246
EBIT before special items	159	131	138	99	143	42	73	15
• in % of revenue	8.9	7.4	8.0	5.9	8.5	2.5	4.5	1.0
Others division								
Revenue	6	9	19	42	13	54	26	1,992
• Europe	5	8	8	28	12	38	25	1,024
• Americas	0	0	-0	0	0	0	0	405
• Greater China	0	0	12	14	1	15	0	267
• Asia/Pacific	0	0	0	0	0	0	0	296
Cost of sales	-4	-12	-23	-39	-26	-60	-29	-1,812
Gross profit	2	-4	-3	3	-14	-6	-3	180
• in % of revenue	33.0	-43.5	-17.7	7.2	-107.8	-11.2	-13.4	9.1
Research and development expenses	-2	0	-1	-1	-1	-1	-1	-185
Selling and administrative expenses	-1	0	-1	-1	-1	-1	-1	-102
EBIT	-1	-5	-5	3	-23	-35	-33	-311
• in % of revenue	-8.5	-53.2	-25.2	7.5	-179.7	-64.3	-126.4	-15.6
Special items [1]	0	0	0	0	0	9	4	206
EBIT before special items	0	-5	-5	3	-23	-26	-29	-105
• in % of revenue	-8.4	-53.2	-25.2	7.5	-179.5	-47.8	-112.8	-5.3

Prior year information presented based on 2024 segment structure.
[1] Please refer to pp. 25 et seq. for the definition of special items.

Financial calendar

March 5, 2025
Publication of annual results 2024

April 24, 2025
Annual general meeting 2025

May 7, 2025
Publication of results for the first three months 2025

August 6, 2025
Publication of results for the first six months 2025

November 4, 2025
Publication of results for the first nine months 2025

All information is subject to correction and may be changed at short notice.

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Forward-looking statements
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Variances for technical reasons
For technical reasons (e.g., conversion of electronic formats) there may be variances between the accounting documents contained in this annual report and those submitted to the Company Register. In this case, the version submitted to the Company Register shall be binding.

The reporting period comprises the financial year 2024, which runs from January 1 to December 31, 2024. This report reflects relevant information available by the editorial deadline on February 18, 2025.

Rounding differences may occur.

This English version of the annual report is a translation of the original German version; in the event of variances, the German version shall take precedence over the English translation.

For better readability, this report generally uses only the masculine form when referring to groups of persons. Unless indicated otherwise, these statements should not be construed to refer to a specific gender.

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