

# Corporate Governance

## Report of the Supervisory Board

Dear shareholders,

The Supervisory Board comprehensively fulfilled all tasks incumbent upon it under applicable law, the Articles of Incorporation and By-Laws in fiscal 2021. We closely supervised, carefully monitored and advised the Executive Board in the management of the company. We were directly involved in a timely manner in all decisions of fundamental importance to the company.

The Executive Board provided the Supervisory Board with regular, timely and comprehensive updates at its meetings and in writing on all issues of relevance to the company. In particular, these include the business performance, planning, business strategy, significant business transactions in the company and the Continental Group, and the related risks and opportunities, as well as compliance issues. The members of the Supervisory Board were also available to the Executive Board for consultation outside the meetings. As chairman of the Supervisory Board, I had regular contact with the members of the Executive Board, in particular with its chairman, and discussed current company issues and developments with them. Pursuant to a suggestion of the German Corporate Governance Code, I also held discussions with investors in 2021 on topics specific to the Supervisory Board.

### Meetings of the Supervisory Board and the committees

Meetings of the Supervisory Board and its committees took place virtually on a regular basis throughout the fiscal year, with the exception of the strategy meeting and the ordinary meeting of the Supervisory Board following immediately thereafter in September, which were both held in person. In total, the Supervisory Board convened for four ordinary meetings and two extraordinary meetings in 2021, as well as for the strategy meeting and an information session. At its meetings, the Supervisory Board regularly conferred part of the time in the absence of the Executive Board. The Chairman's Committee held three meetings in the reporting year and passed one resolution by means of a written procedure. The Audit Committee met six times in 2021 and passed one resolution by means of a written procedure. The Nomination Committee held one meeting. The Mediation Committee in accordance with Section 27 (3) of the German Co-determination Act (*Mitbestimmungsgesetz - MitbestG*) was not required to meet in 2021, and neither was the Committee for Related Party Transactions. There are no other committees with decision-making powers. All committees report to the plenary session on a regular basis. The corporate governance statement starting on page 15 describes their responsibilities in more detail and names their members.

In fiscal 2021, all members of the Supervisory Board attended more than half of the meetings of the plenary session and also of the committee to which they belonged. A detailed account of each Supervisory Board member's meeting attendance will be published in the Investors section of our [website](#) on March 23, 2022, together with the invitation to the Annual Shareholders' Meeting.

### Key topics dealt with by the Supervisory Board and the Chairman's Committee

At each meeting of the plenary session, the Executive Board informed the Supervisory Board in detail of the sales, results and employment development in the Continental Group and individual business areas as well as the financial situation of the company. Where the actual course of business deviated from the defined plans and targets, the Executive Board provided detailed explanations. It discussed the reasons for these deviations and the measures introduced in depth with the Supervisory Board. In addition, the Executive Board regularly informed us about the Continental Group's main raw materials and sales markets and about Continental AG's share price performance. Another focus of the Supervisory Board's work - particularly in the second half of the year - was on monitoring the investigative proceedings by public prosecutors in connection with the use of manipulated software in diesel engines by certain vehicle manufacturers.

Also in the reporting year, the Supervisory Board had to regularly deal with the continuing major challenges from the accelerating change - at times disruptive - in the automotive industry and the impact of the COVID-19 pandemic on the industry and the company. In connection with this, at the meeting on **March 16, 2021**, the Executive Board informed us in detail about the ongoing semiconductor supply shortages and the effects these were having on the company. At the same meeting, we dealt intensively with the spin-off of Vitesco Technologies Group AG. A separate, detailed information session about the spin-off had already been held for the Supervisory Board on February 19. At the meeting on **March 16, 2021**, the Supervisory Board approved the spin-off as well as the conclusion of related contracts and likewise recommended that the Annual Shareholders' Meeting approve the spin-off. At the same meeting, we also discussed changes to the organization of the Automotive Technologies group sector remaining at Continental and approved the creation of the "Autonomous Mobility" and "Safety and Motion" business areas as of January 1, 2022. At the same time, the Supervisory Board approved a supplementary plan providing for additional expenses and investments in the Autonomous Mobility and Safety business area for the purpose of safeguarding its future.

We discussed and subsequently approved the company's annual financial statements and the consolidated financial statements for 2020 in the presence of the auditor. We also approved the decision by the Executive Board to hold the 2021 Annual Shareholders' Meeting virtually and resolved the proposed resolutions of the Supervisory Board to the Annual Shareholders' Meeting.

At its meeting on **April 29, 2021**, the Supervisory Board resolved to reappoint Christian Kötz to the Executive Board for a further five years as of April 1, 2022.



Another extraordinary Supervisory Board meeting was held on **June 14, 2021**. At this meeting, we approved the sale of the specialty track systems and rubber track product lines, including the location in St. Marys, Ohio, USA, as well as the sale of shares in QuantumScape Corp., Wilmington, Delaware, USA. At the same meeting, the Executive Board also reported in detail on the status of the investigative proceedings by public prosecutors against former and current employees and members of the Executive Board suspected of being accessories to fraud in connection with the use of manipulated software in diesel engines by certain automotive manufacturers. At the recommendation of the Executive Board, the Supervisory Board resolved at this meeting to carry out a comprehensive and independent investigation in accordance with Section 111 (2) of the German Stock Corporation Act (*Aktiengesetz - AktG*). To support these efforts, the Supervisory Board brought in an external law firm to ensure that the investigation was conducted properly and coordinated with the investigating public prosecutor's office and the company's defense attorneys, to report to the Supervisory Board on the progress of the investigation and its findings, and to propose recommendations for action. In connection with this, the Supervisory Board formed a non-decision-making special committee that is available to experts, defense attorneys and the public prosecutors' office as a point of contact, source of information and recipient of reports, that regularly reports to the plenary session on the investigation and that prepares any resolutions required for the plenary session or committees. Prof. Wolfgang

Reitzle, Georg F. W. Schaeffler and Dirk Nordmann were appointed as members of the special committee. The special committee held four meetings in fiscal 2021.

At the full-day strategy meeting held on **September 29, 2021**, the Executive Board and the Supervisory Board once again extensively addressed the strategic objectives and strategic planning for the Continental Group as well as the portfolio management process, and discussed at length the HR strategy. In addition to the strategy of Rubber Technologies and its Tires and ContiTech business areas, key discussion topics included the areas of action in the Automotive Technologies group sector, with an emphasis on autonomous mobility and vehicle architecture. We also addressed the sustainability ambitions of the Continental Group.

We again devoted a larger part of the meeting on **September 30, 2021**, to discussions without the Executive Board, including discussions relating to the succession planning for the Executive Board. In addition, the Supervisory Board approved the purchase of the printing blanket business of Trelleborg and resolved to amend the declaration pursuant to Section 161 *AktG* to reflect the changed circumstances resulting from the spin-off of Vitesco Technologies Group AG. Furthermore, the Supervisory Board approved the reorganization of the company and the Continental Group as of January 1, 2022, with the division into four group sectors - Automotive, Tires, ContiTech and Contract Manufacturing - and a focus on the

establishment of five new business areas within the Automotive group sector geared to its strategic action fields.

At an extraordinary meeting of the plenary session on **November 17, 2021**, the Supervisory Board approved the mutually agreed and immediate termination of Wolfgang Schäfer's Executive Board appointment. Up to that point, he had been responsible for Group Finance and Controlling, Group Information Technology, and Group Compliance, Law and Intellectual Property as CFO.

At its meeting on **December 14, 2021**, the Supervisory Board appointed Katja Dürrfeld as a member of the Executive Board, with responsibility for Group Finance and Controlling and Group Information Technology (CFO). She had already been heading up these areas on an acting basis since November 17, 2021. The Group Compliance, Law and Intellectual Property functions have been reporting to the chairman of the Executive Board since November 17, 2021. Also at this meeting, the Supervisory Board extensively addressed the annual planning for 2022 and the long-term planning. It also approved the planning and investment plans for fiscal 2022. In addition, we discussed the Supervisory Board's self-assessment report and resolved the target quota of women on the Executive Board.

The **Chairman's Committee** held three meetings in the year under review, in which it primarily prepared the personnel-related decisions of the plenary session and made recommendations for resolutions. At the first meeting on **March 16, 2021**, this included the recommendation on determined performance bonuses for fiscal 2020, which the plenary session resolved at its following meeting. It also approved Dr. Ariane Reinhart's request to assume a seat on the Supervisory Board of software company Suse S.A., Luxembourg.

#### Key topics dealt with by the Audit Committee

The Audit Committee was also informed by the Executive Board in detail and on an ongoing basis about sales, results and employment development in the Continental Group and individual business areas as well as the financial situation of the company. The Executive Board is assisted by the head of Accounting and the head of Group Controlling, who can thereby provide the Audit Committee with information directly at its meetings. In addition, the chairman of the Audit Committee is in contact with the chief financial officer and the auditor of the Continental Group outside of the meetings on a regular basis, and also has access to the senior employees entrusted with accounting tasks.

As a focus of each of its quarterly meetings, the Audit Committee talks with the Executive Board about the accounting as at the end of the previous quarter and the outlook for the year as a whole as well as the quarterly statements and the half-year financial report prior to their publication. At its meeting on **March 2, 2021**, the Audit Committee discussed the company's annual financial statements and the consolidated financial statements as well as the combined non-financial statement for 2020 with the Executive Board and the auditor, and recommended their approval to the

plenary session of the Supervisory Board. The interim financial statements as at June 30, 2021, were reviewed by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hanover (PwC), on behalf of the Audit Committee. The work of the Compliance and Group Audit departments and reporting on significant incidents are also regular topics at each quarterly meeting. This includes in particular the matters described in more detail in the report on risks and opportunities and in the notes to the consolidated financial statements. The head of the Compliance department and the head of Group Audit are also available to provide information directly to the Audit Committee and its chairman in coordination with the Executive Board. The chairman of the Audit Committee shares key information as part of his regular reporting to the plenary session. In addition, the Executive Board reports to the Audit Committee on the material risks covered by the risk management system and the corresponding measures resolved.

In addition to these recurring topics, the Audit Committee was informed at its meeting on **March 2, 2021**, about the investigations initiated by the public prosecutor's office against Continental employees in connection with the diesel scandal as a result of supplying the engine control unit for the EA 189 engine to VW. At its meeting on **May 4, 2021**, reporting on the organization of product compliance was treated as a special topic. On **August 3, 2021**, the Audit Committee dealt with the review of the interim financial statements by PwC and with the review of the remuneration report. The committee resolved to have the remuneration report reviewed by PwC not only in terms of form, but also in terms of content. As part of its analysis of major acquisition and investment projects that had been carried out, the Audit Committee obtained information on business performance following the acquisition of the anti-vibration system (AVS) business of Cooper Standard, Novi, Michigan, USA. Finally, the committee advised on the risk situation and risk provisions in the field of cyber security. In the absence of the Executive Board, the committee discussed with PwC the focal points to be determined in the audit by the Supervisory Board. At the meeting on **November 4, 2021**, the Audit Committee issued the mandate for the audit of the 2021 annual and consolidated financial statements, the dependent company report, the non-financial statement and the remuneration report to the auditor appointed by the Annual Shareholders' Meeting, PwC, after obtaining the necessary dependent company report. In addition, the Audit Committee defined an approval framework for commissioning the auditor with permissible non-audit services in accordance with the EU Audit Regulation. The Executive Board regularly informs the Audit Committee about the use of this authorization. It also received reports for 2021 in accordance with the Taxonomy Regulation, addressed supply chain risks and discussed the perception of Continental on the capital market. At the extraordinary meeting on **November 21, 2021**, the Audit Committee discussed the risk provisions due to the investigative proceedings in connection with the use of manipulated software in diesel engines as well as the effectiveness of the Compliance function. Finally, the risk provisions for the aforementioned investigative proceedings were also the subject of the extraordinary meeting of the Audit Committee on **December 13, 2021**.

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At its meeting on September 30, 2021, the Supervisory Board agreed to an updated declaration in accordance with Section 161 of the German Stock Corporation Act (*Aktiengesetz - AktG*) on the recommendations of the German Corporate Governance Code (*Deutscher Corporate Governance Kodex*) ("the Code"). At its meeting on December 14, 2021, the Supervisory Board approved amendments to the By-Laws of the Supervisory Board and the Audit Committee prompted as a result of the Financial Market Integrity Strengthening Act (*Finanzmarktintegritätsstärkungsgesetz - FISG*). There were no conflicts of interest for members of the Supervisory Board in the reporting year. In its opinion, the Supervisory Board also had an appropriate number of independent members, in particular on the shareholder side, as defined in the Code at all times in the period under review. Further information on this topic and on corporate governance in general is included in the corporate governance statement starting on page 15.

### Annual and consolidated financial statements; combined non-financial statement for 2021

PwC audited the annual financial statements as at December 31, 2021, prepared by the Executive Board in accordance with the provisions of the German Commercial Code (*Handelsgesetzbuch - HGB*), the 2021 consolidated financial statements and the combined management report for the company and the Continental Group, including the accounts, the accounting-related internal control system and the system for early risk recognition. The 2021 consolidated financial statements of Continental AG were prepared in accordance with the International Financial Reporting Standards (IFRS). The auditor issued unqualified opinions. In terms of the system for early risk recognition, the auditor found that the Executive Board had taken the necessary measures under Section 91 (2) *AktG* and that the company's system for early risk recognition is suitable for identifying developments at an early stage that pose a risk to the company as a going concern. In addition, PwC audited the Executive Board's report on relations with affiliated companies pursuant to Section 312 *AktG* (dependent company report). PwC issued the following unqualified opinion on this report in accordance with Section 313 (3) *AktG*:

"Based on the results of our statutory audit and evaluation we confirm that:

- > the actual information included in the report is correct,
- > with respect to the transactions listed in the report, payments by the company were not unduly high or that detrimental effects had been compensated for, and
- > there are no circumstances in favor of a significantly different assessment than that made by the Executive Board in regard to the measures listed in the report."

The Audit Committee discussed the documents relating to the annual financial statements, including the dependent company report, as well as the auditor's reports and the remuneration report with the Executive Board and the auditor on March 2, 2022. Furthermore, the plenary session of the Supervisory Board discussed these at length at its meeting to approve the annual financial statements on March 17, 2022. The discussions also concerned the combined

non-financial statement for the Continental Group and for Continental AG according to Section 289b and Section 315b *HGB*. The required documents were distributed to all members of the Audit Committee and the Supervisory Board in good time before these meetings so that the members had sufficient opportunity to review them. The auditor was present at these discussions. The auditor reported on the main results of the audits and was available to provide additional information to the Audit Committee and the Supervisory Board. Based on its own review of the annual financial statements, the consolidated financial statements, the combined management report of Continental AG and of the Continental Group, as well as the dependent company report including the final declaration of the Executive Board, and based on the report and the recommendation of the Audit Committee, the Supervisory Board concurred with the results of the auditor's audit. There were no objections. The Supervisory Board approved the annual financial statements and the consolidated financial statements. The annual financial statements are thereby adopted. PwC issued an unqualified opinion for the combined non-financial statement. Based on the Supervisory Board's own review, the Audit Committee's report on its preliminary examination and its recommendation, and PwC's audit and unqualified opinion on the combined non-financial statement, the Supervisory Board finds that the combined non-financial statement is correct and appropriate and was prepared in accordance with Sections 315b and 315c in conjunction with Sections 289c to 289e *HGB*. The auditor reviewed the remuneration report prepared by the Executive Board and the Supervisory Board and issued a report that is attached to the remuneration report.

The Supervisory Board together with the Executive Board will propose to the Annual Shareholders' Meeting on April 29, 2022, to distribute a dividend for the past fiscal year of €2.20 per share entitled to dividends, and to carry the retained earnings forward in full to new account.

### Personnel changes in the Supervisory Board and Executive Board

Kirsten Vörkel stepped down from her position as an employee representative on the Supervisory Board with effect from the end of September 15, 2021. At the request of the Executive Board, the Hanover Local Court appointed Carmen Löffler as a member of the Supervisory Board with effect from September 16, 2021. Likewise at the request of the Executive Board, the Hanover Local Court appointed Stefan Buchner as a member of the Supervisory Board with effect from January 1, 2022, after Prof. KR Siegfried Wolf stepped down from his position on the Supervisory Board effective December 31, 2021. The Supervisory Board would like to thank Kirsten Vörkel and Prof. Wolf for their many years of service on the Supervisory Board and for their good and trusting cooperation.

Further information on the members of the Supervisory Board and its committees who were in office in the year under review can be found on pages 19 and 20 and on pages 217 and 218.

Hans-Jürgen Duensing stepped down from his position on the Executive Board of Continental AG from the end of May 31, 2021. At its meeting on March 16, 2021, the Supervisory Board appointed Philip Nelles to succeed him as Executive Board member responsible for the ContiTech business area with effect from June 1, 2021. The Supervisory Board would like to thank Hans-Jürgen Duensing

for the valuable contributions he made over many years to enhancing Continental's value creation and for successfully managing and developing the ContiTech business area.

Andreas Wolf, Executive Board member responsible for the Powertrain business area until his departure, stepped down from the Executive Board in the course of the spin-off of Vitesco Technologies Group AG on September 15, 2021. The Supervisory Board would like to thank Andreas Wolf for his work on the Executive Board and the successful strategic realignment of Vitesco Technologies.

Helmut Matschi, as Executive Board member responsible for the former Vehicle Networking and Information business area, and Frank Jourdan, as Executive Board member responsible for the former Autonomous Mobility and Safety business area, stepped down from their respective positions in agreement with the Supervisory Board with effect from December 31, 2021. The Supervisory Board would like to thank Helmut Matschi and Frank Jourdan for their many years of successful work. Both contributed significantly to the development of Continental into one of the most successful automotive suppliers and prepared their respective business areas for the technological transformation.

Wolfgang Schäfer, responsible for Group Financing and Controlling, Group Information Technology, Group Compliance, Law and Intellectual Property, stepped down from his position on the Executive Board in agreement with the Supervisory Board with immediate effect from November 17, 2021.

On December 14, 2021, the Supervisory Board appointed Katja Dürrfeld to the Executive Board for an initial period of three years, with responsibility for Group Finance and Controlling and Group Information Technology.

The Supervisory Board would like to thank the Executive Board, all the employees and the employee representatives for their considerable dedication over the past year.

Hanover, March 17, 2022

A handwritten signature in black ink, appearing to read 'yours, W. Reitzle', with a stylized flourish at the end.

Prof. Dr.-Ing. Wolfgang Reitzle  
Chairman