Bitte decken Sie die schraffierte Fläche mit einem Bild ab.

Please cover the shaded area with a picture.

J.P. Morgan Global ESG Conference

Ticker: CON
ADR-Ticker: CTTAY
http://www.continental-ir.com

Dr. Steffen Schwartz-Höfler, Head of Group Sustainability
March 24, 2021
Technological and Societal Changes
Challenges and Opportunities

Digitalization

Speed

Sustainability

Technology Shift

Competitive Environment
Our Objectives
What Drives Our Strategy?

What do we want?

- Emerge as a winner of the transformation.
- Create value for all stakeholders.
  Customers, suppliers, employees, partners, communities and shareholders.
Our Strategy
Emerge as a Winner of the Transformation

1. Strengthen operational performance
   - Right-size cost structure
   - Commitment to efficiency and quality

2. Differentiate our portfolio
   - Win in growth businesses
   - Manage value businesses for profitability and cash

3. Turn change into opportunity
   - Embrace sustainability
   - Focus on passion to win and transparency and ownership
Our Sustainability Ambition
Providing the Framework to Turn Change into Opportunities

Our Key Ambitions

By 2050 at the latest, we and our value chain partners are striving for:

100% Carbon Neutrality along our entire value chain
100% Emission-free mobility and industry
100% Circular Economy
100% Responsible Value Chain

+ 8 Essentials

- Good working conditions
- Green and safe factories
- Innovations and digitalization
- Benchmark in quality
- Safe mobility
- Long-term value creation
- Sustainable management practices
- Corporate citizenship

Foster innovation and phase in new business
Transform or phase out non-viable business
Sustainable business practices

By 2050 at the latest, we and our value chain partners are striving for:
- Carbon Neutrality along our entire value chain (100%)
- Emission-free mobility and industry (100%)
- Circular Economy (100%)
- Responsible Value Chain (100%)

Our Sustainability Ambition
Providing the Framework to Turn Change into Opportunities
Management of Sustainability
Systematic Approach Based on Ownership, Integration and KPIs

Governance
(Group Sustainability Steering Committee)
The relevant top management involved

Strategy Integration
Integrated in all aspects

Governance
Our Sustainability Ambition
Providing the Framework to Turn Change Into Opportunities

Our Key Ambitions
By 2030 at the latest, we and our value chain partners are striving for:

- 100% Carbon Neutrality along our entire value chain
- 100% Emission-free mobility and industry
- 100% Circular Economy
- 100% Responsible Value Chain

Scorecard
Basis for any kind of reporting and process integration

Rating Performance
In the upper range

Strategy Integration
Foster innovation and phase in new business
Transform or phase out non-visible businesses
Sustainable business practices

Compensation & Finance
Integrated non-financial KPIs

Reporting
According to various standards GRI, Global Compact, SDG referenced, TCFD considered
## Implementation of the Ambitions Ranges from Products to Supply Chain

### Our Value Chain

<table>
<thead>
<tr>
<th></th>
<th>Supply Chain</th>
<th>Operations</th>
<th>Products &amp; Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carbon neutrality along our entire value chain</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Emission-free mobility and industry</td>
<td>●</td>
<td>●</td>
<td></td>
</tr>
<tr>
<td>Closed resource and product cycles</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Responsible sourcing and business partnerships</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
</tbody>
</table>

- **Product example**: Components for ID.3
- **Supply chain initiative example**: Rubberway
Continental’s Comprehensive Pathway for Full Carbon Neutrality along Our Entire Value Chain

2020
- Entirely green purchased electricity

2022
- Entirely Carbon neutral business with emission-free vehicles

2040
- Entirely Carbon neutral own operations

2050 at the latest
- 100% carbon neutral along our entire value chain

at the latest
What Does Carbon Neutrality Mean for Continental?
Overview and Terminology on CO₂ Emissions

0.99 mn mt CO₂e related to our own operations

100-120 mn mt CO₂e related to our business activity

Scope 1 emissions
Emissions that are the direct result of owned or controlled sources

Scope 2 emissions
Emissions indirectly resulting from the generation of purchased energy

Scope 3 emissions
Emissions indirectly resulting from the extraction of purchased materials and fuels, transport-related activities such as business travel, outsourced activities, waste disposal, etc.

1 Preliminary estimate, final figures to be published in April 2021
How Will We Reach Our CO₂ Targets for Own Operations?

**CO₂ Emissions Scope 1 & 2**

- **Action 1 | RE 100**
  - 100% renewable purchased electricity by end of 2020
  - Reduction of approx. 70% of CO₂ emissions

- **Action 2 | Decarbonization Roadmap 2040**
  - 100% carbon-neutral own operations by 2040 (Scope 1&2)

- **3.22 mn mt CO₂e**

**Our targets are in line with the 1.5°C trajectory for Scope 1 & Scope 2**

**Our targets are in line with a well-below 2°C trajectory for Scope 3**

**So far, not more than other companies in the automotive sector have a 1.5°C target approved – that brings Continental into a top 10 position among its competitors**
**Action 1 | RE 100**

100% Emission-free from Purchased Electricity

**RE 100 Project**

- **Sept. 26, 2019**
  - Kick off RE100 project

- **Oct. 31, 2019**
  - Quality of EACs defined

- **Q1/20**
  - RE100 sign in at “World Environmental Day”

- **Q2/20-Q1/21**
  - Global sourcing process

- **Q1/21**
  - 100% renewable electricity sourced and approved by third party

**Energy use by energy sources 2019 (9.6 TWh)**

- Electricity 49%
- Natural gas 36%
- Steam 10%
- Coal 2%
- Heating oil 1%
- Other 2%

**Goal of 100% reduction**

- Of Scope 2 emissions from purchased electricity

- 100% reduction reached by end of 2020 incl. “reasonable assurance” by third party
Action 2 | Technology Roadmap 2040
Our Three-Step Approach towards Decarbonization

1. **Reduction of CO₂ emissions**
   Effective and sustainable avoidance of CO₂-emissions with energy efficiency measures (Scope 1&2), technology transformation, guidelines and the implementation of a clear roadmap to zero Scope 1 emissions

2. **Switch to renewable energies**
   Switch to renewable energy sources along our operational processes by using renewable electricity (Scope 2) and e.g. biofuels, green Hydrogen (Scope 1)

3. **Removal of unavoidable CO₂ emissions**
   Removal as a last step for remaining unavoidable emissions which can not be reduced by efficiency measures or technology transformation processes
We Are Already a Relevant Player in Emission-Free Mobility

already 0.83 bn € allocated ZTEV business in 2020

Key components for emission-free mobility

• High-performance computer
• Advanced surface materials
• Drum brakes with electromechanical parking brake function
• Sophisticated thermal management
• High performance tires
• And many more

100% emission-free mobility and industries latest by 2050
Program: “Carbon Neutral for Emission-free Vehicles”
Starting in 2022, We Will Neutralize the CO₂ Backpack

“CO₂ backpack” from raw materials, production, logistics and utilization at the end of product life

CO₂

“Negative CO₂ emissions”: In the first step, emissions are neutralized by generating negative emissions of the same magnitude.

CO₂

ZTEV = Zero Tailpipe Emission Vehicles = vehicles without emissions related to the propulsion = especially electric, fuel cells or hydrogen vehicles, but also streetcars and bicycles
In a Circular Economy There is No Waste – Just Material in the Wrong Place

Eco rubber garden hose
made of sugar cane ethylene

Bicycle tires
made of natural rubber from dandelions

95% recycling quota in own operations until 2030

Refurbished air springs
for urban trains in Hamburg

Recycled carbon black
recovered from end-of-life tires

Retreaded tires
for commercial vehicles

100% closed product and resource cycles latest by 2050
Reducing Waste
We Reach Our Targets by Striving for Closed Resource Cycles

The Challenges
› Globally around 90 billion tons of materials are used each year to fuel our economy
› Most of the resources follow a linear value chain model.
› Closed material cycles are necessary to mitigate negative impact on our business.

Our Approach
The Waste Hierarchy
1. Avoid - Maximum conservation of resources
2. Reuse - Reusing materials
3. Recycle - Recycling & reprocessing materials

Our Results
Total Waste [in kilotons]
-17%

Recycling Quota [in %]

2% reduction of waste generation per year based on sales
95% improvement of the recycling quota by 2030

Effected by temporary plant closures due to COVID-19
Saving Water
Reduction of Water Intensity Driven by Risk-Based Approach

The Challenges

› Water is an existential and important resource
› Water scarcity and water scarcity risks in the value chain must be mitigated effectively

Our Approach
Risk-based targets for water security and a global framework for water programs:

Our Results

<table>
<thead>
<tr>
<th>Water withdrawal [in million m³]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>2019</td>
</tr>
<tr>
<td>2020</td>
</tr>
</tbody>
</table>

4% reduction of water demand per year based on sales in water stress high risk areas

2% reduction of water demand per year based on sales in water stress medium and low risk areas

Water withdrawal Effected by temporary plant closures due to COVID-19
Our Approach on Responsible Value Chains Follows the Due Diligence Cycle

Non-Financial Statement, Sustainability Report & internal monitoring

Compliance Hotline

Specific processes, especially in Business Areas & countries (e.g. GIZ cooperation in Indonesia for natural rubber)

Value Chain Due Diligence

Sustainability Ambition, Code of Conduct & Business Partner Code of Conduct

General risk analysis and focus processes for specific risk areas (e.g. Rubber Way for natural rubber)

Monitoring & Reporting

Policy

Risk Assessment

Mitigation

Grievance Mechanism
# The Sustainability Scorecard Monitors Our Performance

## Key Performance Indicators (Reasonable Assurance)

<table>
<thead>
<tr>
<th>Material Sustainability Topics</th>
<th>Key Performance Indicators</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Carbon neutrality</strong></td>
<td>Direct CO₂ emissions (Scope 1) in millions of metric tons of CO₂</td>
<td>0.84</td>
<td>0.78</td>
</tr>
<tr>
<td></td>
<td>Indirect CO₂ emissions (Scope 2) in millions of metric tons of CO₂</td>
<td>2.36</td>
<td>0.21</td>
</tr>
<tr>
<td><strong>Emission-free mobility and industries</strong></td>
<td>Allocated business with zero-tailpipe-emission vehicles in € billions</td>
<td>n.a.</td>
<td>0.83</td>
</tr>
<tr>
<td><strong>Circular economy</strong></td>
<td>Waste recycling quota in %</td>
<td>80</td>
<td>81</td>
</tr>
<tr>
<td><strong>Responsible value chain</strong></td>
<td>Number of available, valid supplier self-assessment questionnaires (as at Dec. 31)</td>
<td>670</td>
<td>698</td>
</tr>
<tr>
<td><strong>Innovations and digitalization</strong></td>
<td>R&amp;D expenses in € millions</td>
<td>3,364.2</td>
<td>3,301.8</td>
</tr>
<tr>
<td></td>
<td>R&amp;D expenses in % of sales</td>
<td>7.6</td>
<td>9.0</td>
</tr>
<tr>
<td><strong>Good working conditions</strong></td>
<td>OUR BASICS Live Sustainable Engagement index in %</td>
<td>81</td>
<td>82</td>
</tr>
<tr>
<td></td>
<td>Sickness rate in %</td>
<td>3.4</td>
<td>3.5</td>
</tr>
<tr>
<td></td>
<td>Unforced fluctuation rate in %</td>
<td>6.0</td>
<td>4.6</td>
</tr>
<tr>
<td><strong>Green and safe factories</strong></td>
<td>Environmental protection management system certifications (ISO 14001) - employee coverage quota (as at Dec. 31) in %</td>
<td>82</td>
<td>82</td>
</tr>
<tr>
<td></td>
<td>Energy management system certifications (ISO 50001) - employee coverage quota (as at Dec. 31) in %</td>
<td>49</td>
<td>51</td>
</tr>
<tr>
<td></td>
<td>Occupational safety and health management system certifications (ISO 45001 or similar) - employee coverage quota (as at Dec. 31) in %</td>
<td>69</td>
<td>69</td>
</tr>
<tr>
<td></td>
<td>Accident rate (number of accidents per million working hours)</td>
<td>3.0</td>
<td>2.9</td>
</tr>
<tr>
<td><strong>Benchmark in quality</strong></td>
<td>Quality management system certifications (ISO 9001 or similar) - employee coverage quota (as at Dec. 31) in %</td>
<td>88</td>
<td>91</td>
</tr>
<tr>
<td></td>
<td>New field quality events (as at Dec. 31)</td>
<td>n.a.</td>
<td>18</td>
</tr>
<tr>
<td><strong>Sustainable management practice</strong></td>
<td>Gender diversity – share of female executives and senior executives (as at Dec. 31) in %</td>
<td>15.8</td>
<td>16.1</td>
</tr>
</tbody>
</table>
The Sustainability Scorecard Frames Our Monitoring

Key Performance Indicators – Footnotes

1 Definitions in accordance with the GHG Protocol. CO₂ emission factors correspond to CO₂ equivalents (CO₂e).

2 Includes the relevant production and research and development locations.

3 CO₂ emissions from fleet consumption are only partially and not systematically included.

4 Calculated using the location-based calculation method of the GHG Protocol.

5 Calculated using the market-based calculation method of the GHG Protocol. Where contract-specific emission factors were not available, the standard emission factors from Defra (November 2019) were used.

6 Definition: allocated business with zero-tailpipe-emission vehicles measures both pure business and attributable business, e.g. in the case of combined vehicle platforms. The figure includes the entire business with products for vehicles transporting goods and people.

7 The calculation was also based on external data sources and internal planning data. In the tire trade organization business (e.g. Vergölst) and business with car dealerships, there is no allocation at the individual customer level.

8 Definition: proportion of waste that has been sent for material recycling, thermal recovery or any other form of recycling or reuse.

9 Based on the self-assessment questionnaires completed by suppliers via the sustainability platforms EcoVadis and NQC. In fiscal 2020, a change was made to the definition of validity with regard to supplier self-assessment questionnaires by Continental. This will always last for two years, irrespective of the platform used.

10 Figures for 2020 and 2019 only comparable to a limited extent due to a change in definition.

11 Definition: sickness-related absence relative to contractually agreed working times.

12 Excluding temporary staff (i.e. permanent staff only).

13 Definition: voluntary departure of employees from the company relative to the average number of employees.

14 In fiscal 2020, the key performance indicator was renamed. This was previously called “unforced fluctuation.”

15 Definition: number of accidents during working hours per million paid working hours. Counted from more than one lost day, i.e. with at least one lost day beyond the day of the accident.

16 Excluding temporary staff (i.e. permanent staff only) and way-to-work accidents.

17 Excluding Continental Tire Sales (approx. 2% of the total workforce).

18 Definition: a field quality event is a risk-minimizing measure for a product manufactured and/or sold by Continental based on a safety-related defect and/or non-compliance with regulations that was initiated by Continental, a customer and/or an authority.

19 In fiscal 2020, the key performance indicator was renamed. This was previously called “proportion of women in management positions.”
Sustainability Is Integrated in the Annual Report and All Reporting on Sustainability Bundled in a Separate Report

- Long history in sustainability reporting since FY 2011
- Combined non-financial statement in accordance with Sections 315b and 315c in conjunction with Sections 289b to 289e HGB for the Continental Group and Continental AG which has been issued an unqualified opinion by the independent auditor (reasonable assurance)
- Additional Integrated Sustainability Report in orientation towards GRI Standards, TCFD, UN Global Compact, SDG, SASB

Download Non-financial Statement and Sustainability Report:
www.continental-sustainability.com/downloads
Sustainability
Memberships and Initiatives

TCFD
Fask Force on Climate-Related Financial Disclosure

Please click on the logos for more Information.

In support of
WOMEN’S EMPOWERMENT PRINCIPLES
Established by UN Women and the UN Global Compact Office
Sustainability Ratings and Indexes

Continental is listed in the following indexes:

- **Ratings:**
  - **Prime (C+) (2020)**
  - Climate: Score B (2020)
  - Water: Score B (2020)
  - Supply chain: Score A; Supplier engagement leader board (2020)
  - **Gold Status (2020)**
  - 69/100
  - 97 percentile
  - **BBB (2021)**
  - 13.6 low risk (2021)
  - Industry Group Auto Components: Rank 8 out of 200
  - Subindustry Auto Parts: Rank 6 out of 174

Corporate Governance
Consideration of TSR and Sustainability for Long-Term Incentive (LTI)
Adjusted to fulfill the DCGK legal requirements and investor’s expectations

Number of Virtuell Shares Granted × Performance Index (PI) = Number of Virtuell Shares Vested

1 TSR = Total Shareholder Return = Share price appreciation + Dividends paid. | 2 "CAG" = Continental AG. | 3 "SXAGR" = STOXX Europe 600 Automobiles & Parts (Gross Return).

Selected sustainability criteria, e.g. for LTI 2021-2024:
- Own CO2 emissions (Climate Protection)
- Share of recycled waste in production (Circular Economy)
- Gender Diversity (Corporate Governance)
- Accident rate – Own employees (green and safe factories)
- BASICS LIVE | Sustainable Engagement Index (good working conditions)

avg. price of CAG shares 2 months prior to the Term

avg. price of CAG shares 2 months prior to the Annual Shareholders’ Meeting + dividends paid during overall term

No. of Sustainability criteria achieved

4-year Performance Period (Term)
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› Unless otherwise stated, all amounts are shown in millions of euro. Please note that differences may arise as a result of the use of rounded amounts and percentages.
Continental
The Future in Motion