



Capital Market Days 2020

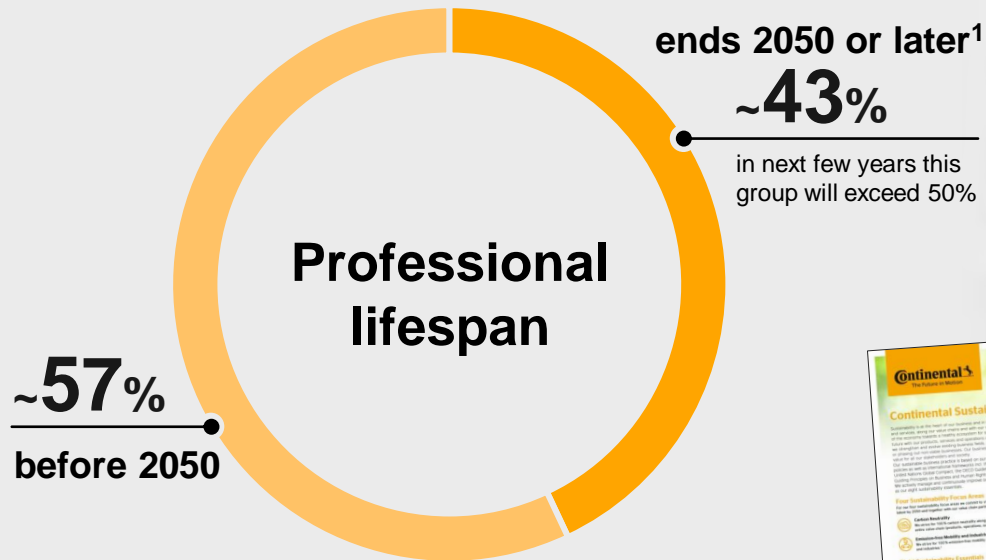
Sustainability and Environment

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

Dr. Steffen Schwartz-Hoefler, Head of Group Sustainability
Thomas Sewald, Head of Group Environmental & Climate Protection
December 15, 2020

Sustainability@Continental

The Long-Term Perspective Is Highly Important to Our People



¹ representing when the age of 67 is reached.



“Sustainability is at the heart of our business and in the hearts of our people.”

First sentence of the Continental Sustainability Ambition

Future Business Is Sustainable Business

Turning Challenges into Opportunities



Carbon Neutrality

Entire global economy will transform from 50 bn t CO₂e p.a. to carbon neutrality (mobility: 10 bn t CO₂e)



Emission-free Mobility and Industry

Mobility and industry will structurally switch to emission-free technologies.



Circular Economy

90 bn t resource consumption p.a. will be shifted to circular business models.



Responsible Value Chain

Global value chains will be systematically rebuilt responsibly and geared toward the future.

Our Sustainability Ambition

Providing the Framework to Utilize Opportunities

Our key ambitions

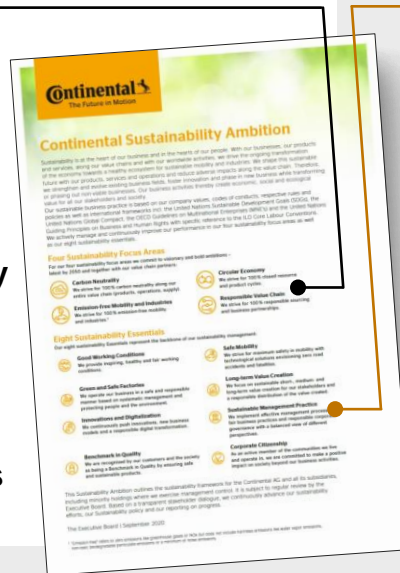
By 2050 at the latest, we and our value chain partners are striving for:

 **100%** carbon neutrality along our entire value chain




 **100%** emission-free mobility and industry

 **100%** closed resource and product cycles

 **100%** responsible sourcing and business partnerships



+ 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

Sustainability Requires Innovation

Ambitions Broken Down to Product Level

Our Key Ambitions

Example: Passenger car



Each tire:

zero t CO₂ over lifecycle
(supply, production, use, EoL¹)



Each vehicle:

zero g CO₂ / km
(no harming other emissions)



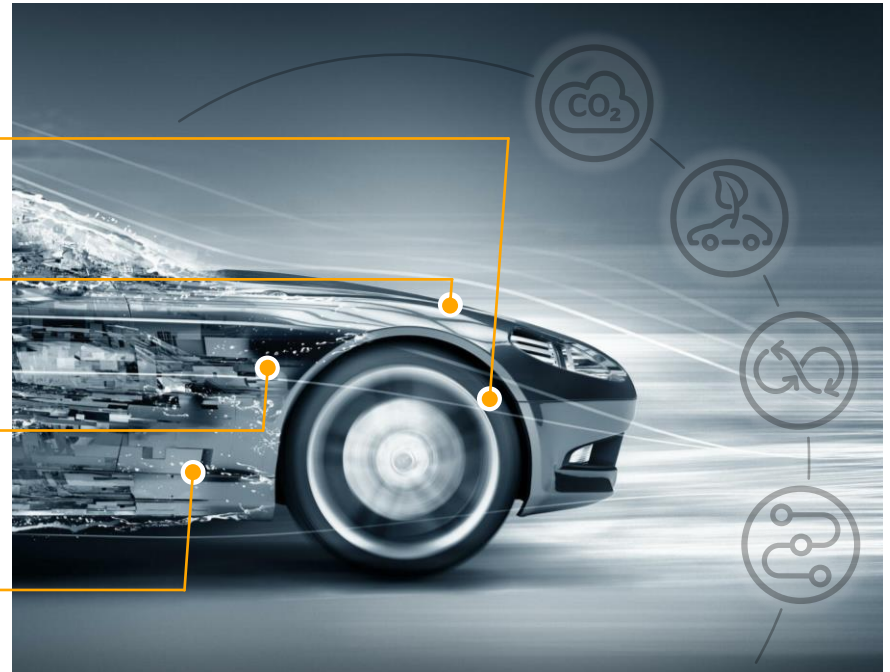
Each component:

100 % recycled/biobased input
100 % recycled/reused at EoL¹



All materials used:

100 % responsible sources



¹ End-of-Life: Treatment/Disposal after use.

Management of Sustainability

Systematic Approach Based on Ownership, Integration and KPIs



Implementation from Products to Supply Chain

Our Value Chain

- Carbon neutrality along our entire value chain
- Emission-free mobility and industry
- Closed resource and product cycles
- Responsible sourcing and business partnerships

Supply chain	Operations	Products & Customers
●	●	●
●	●	●
●	●	●
●	●	●



Product example: Components for ID.3







Supply chain initiative example: Rubberway

Our Environmental Goals

CO₂ Emissions and Energy

Our Value Chain

	Supply chain	Operations	Products & Customers
 Carbon neutrality along our entire value chain	●	●	●
 Emission-free mobility and industry	●	●	●
 Closed resource and product cycles	●	●	●
 Responsible sourcing and business partnerships	●	●	●

Corporate Environment Goals

CO₂ emissions



100%

reduction of CO₂ emissions related to electricity (scope 2) by 2020

100%

reduction of total CO₂ emissions from production (scope 1 and 2) by 2040

Energy



20%

kWh/sales reduction by 2030 compared to 2018

1TWh

reduction of external energy demand by energy efficiency projects in 2020 until 2030

Environment

Terminology on CO₂ Emissions



3.22 mn t
CO₂e

related to
our own operations



Scope 1
emissions

Emissions that are the direct result
of owned or controlled sources



122+ mn t
CO₂e

related to
our business
activity



Scope 3
emissions

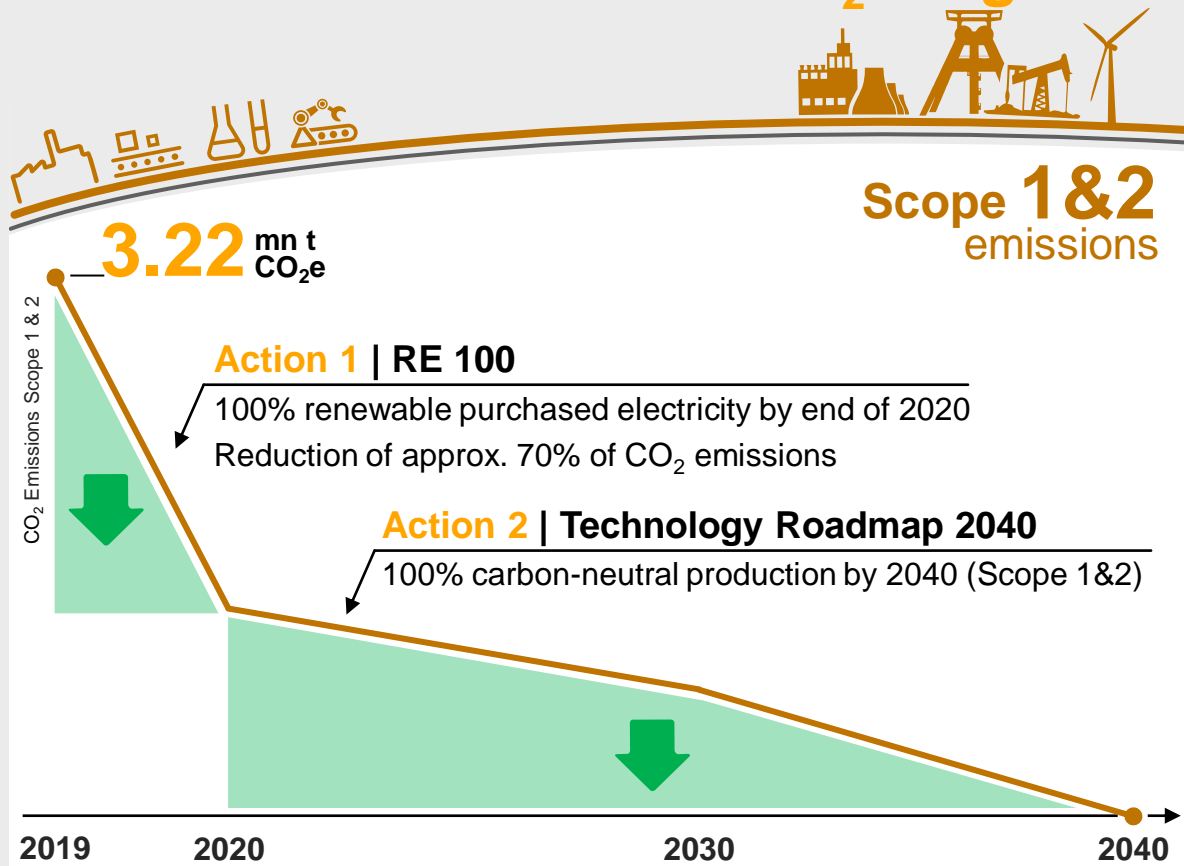
Emissions indirectly resulting from
the **extraction of purchased materials**
and fuels, transport-related activities such
as business travel, outsourced activities,
waste disposal, etc.



Scope 2
emissions

Emissions indirectly resulting from
the **generation of purchased energy**

How Will We Reach Our CO₂ Targets?



SCIENCE
BASED
TARGETS

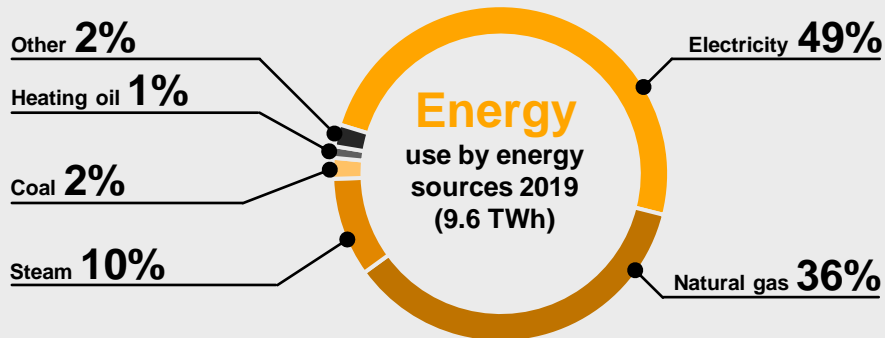
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

- › 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 ten 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



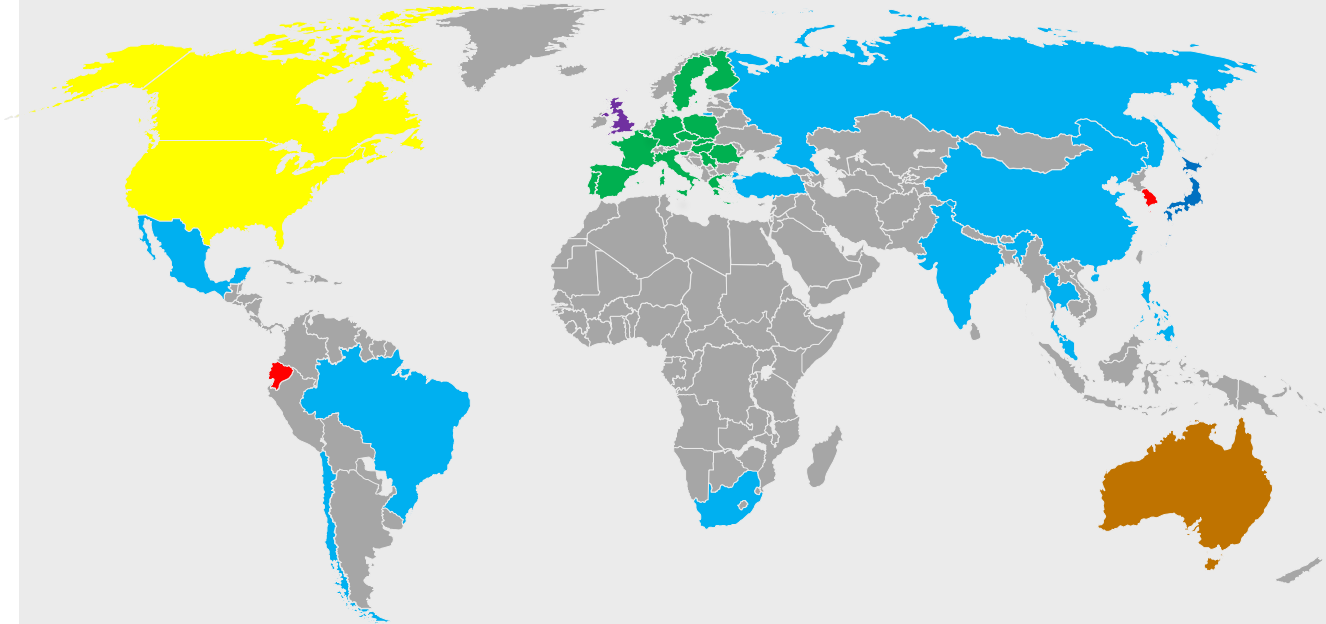
Goal of **100%** reached by end of 2020 incl. "reasonable assurance" by third party

100% reduction of Scope 2 emissions from purchased electricity

Action 1 | RE100

We Only Use Accredited Certificate Systems

¹ EAC = Energy Attribute Certificates



High-quality renewable energy source by accredited certificate systems

We are evaluating the EAC¹ systems seriously

We are sourcing in the market for the market

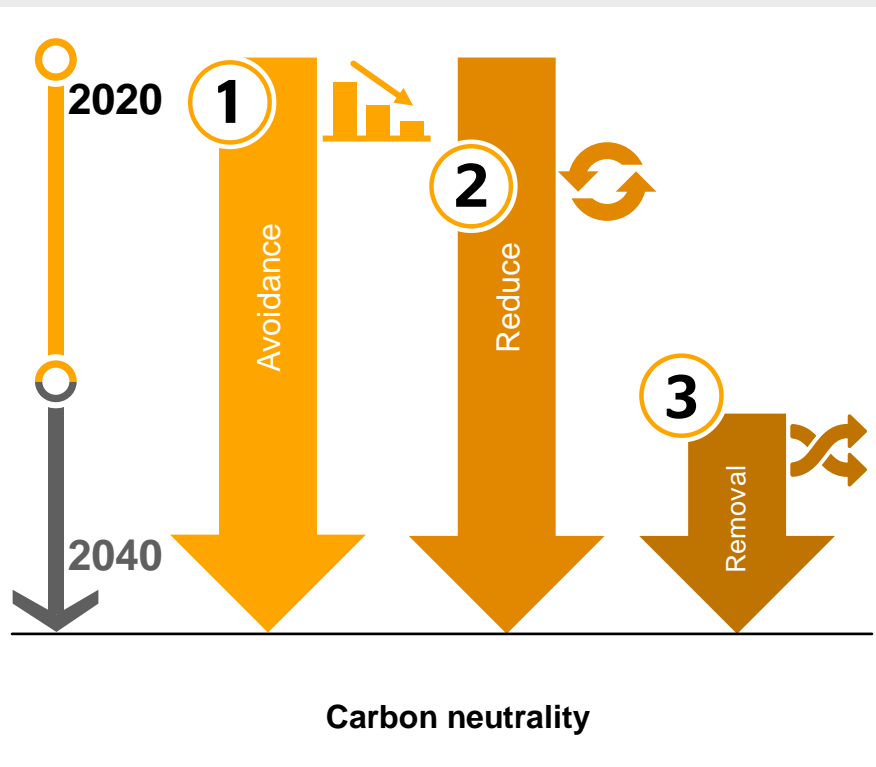
Certificate Systems

■ US REC System | ■ IREC/TIGR System | ■ GoO System | ■ REGO System | ■ REC System | ■ J-Credit System | ■ No Certificate System (following best practice solution RE100)

REC: Renewable Energy Certificate | IREC: International Renewable Energy Certificate | TIGR: Tradable Instrument for Global Renewables | REGO: Renewable Energy Guarantees Origin | J-Credits: Japan Credits | GoO: Guarantee of Origin

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 (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

Action 2 | Technology Roadmap 2040

Energy Efficiency Drives Material Cost Savings

Our activities from 2017-2019

Investments	> 88 € mn
Implemented projects	> 1,500
Energy savings	> 330,000 MWh
Emission savings	> 100,000 t CO ₂ e
Total cost savings	> 28 € mn



Selection of projects & activities:

Global initiative
“BEE - Be Energy Efficient”







Energy Efficiency Construction
guideline for greenfield projects

Technology changes and
transformation projects:
Photovoltaic, Solar, Geothermal projects

Our Environmental Goals

Water and Waste

Our Value Chain

	Supply chain	Operations	Products & Customers
 Carbon neutrality along our entire value chain	●	●	●
 Emission-free mobility and industry	●	●	●
 Closed resource and product cycles	●	●	●
 Responsible sourcing and business partnerships	●	●	●

Corporate Environment Goals

Water



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

Waste



2%

reduction of waste generation per year based on sales

95%

improvement of the recycling quota by 2030

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:



4%

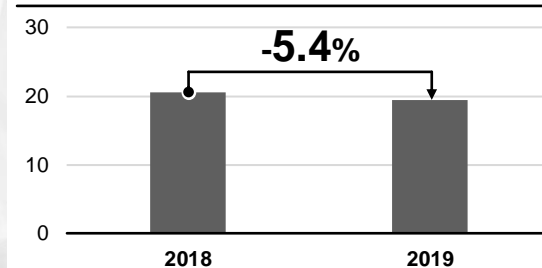
reduction of water demand per year based on sales in water stress high risk areas

2%

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

Our Results

Water withdrawal [in million m³]



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



2%

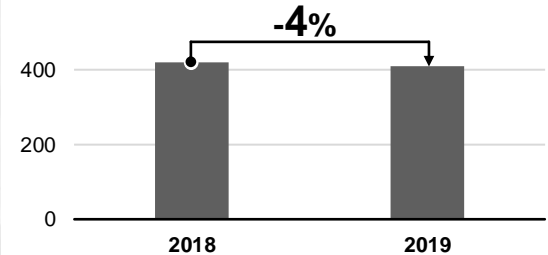
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95%

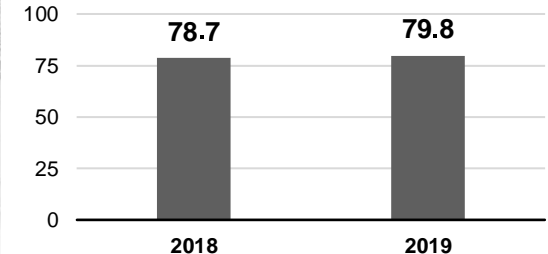
improvement of the recycling quota by 2030

Our Results

Total Waste [in kilotons]



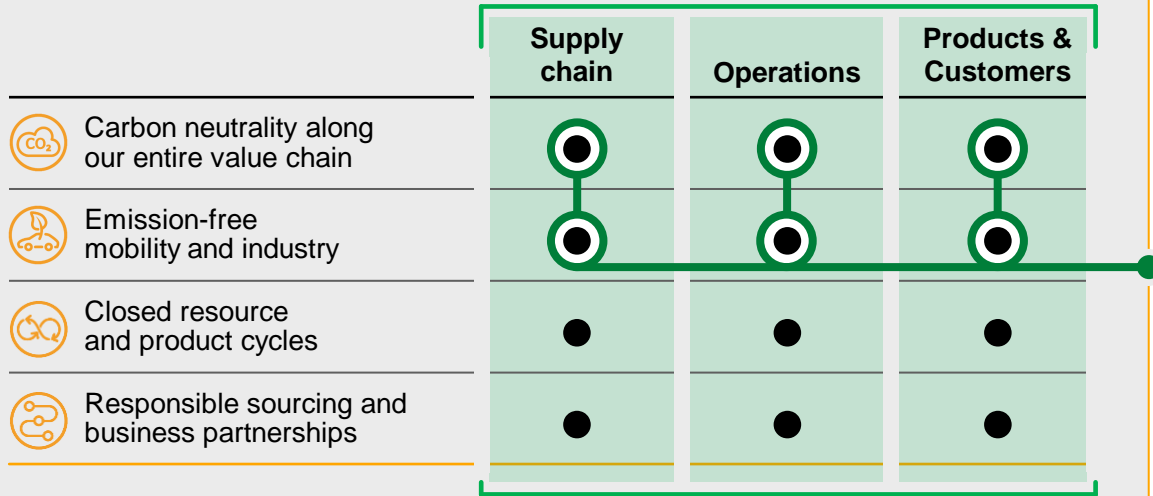
Recycling Quota [in %]



Continental Will Even Go One Step Beyond

Embracing Sustainability Comprehensively

Our Value Chain



BRAND NEW

Pioneering contribution for carbon neutrality and emission-free mobility

Carbon Neutrality and Emission-free Mobility

Indispensably Interlinked Challenges



100%

Emission-free mobility

Mobility will structurally switch to emission-free technologies (based on renewable energy).



100%

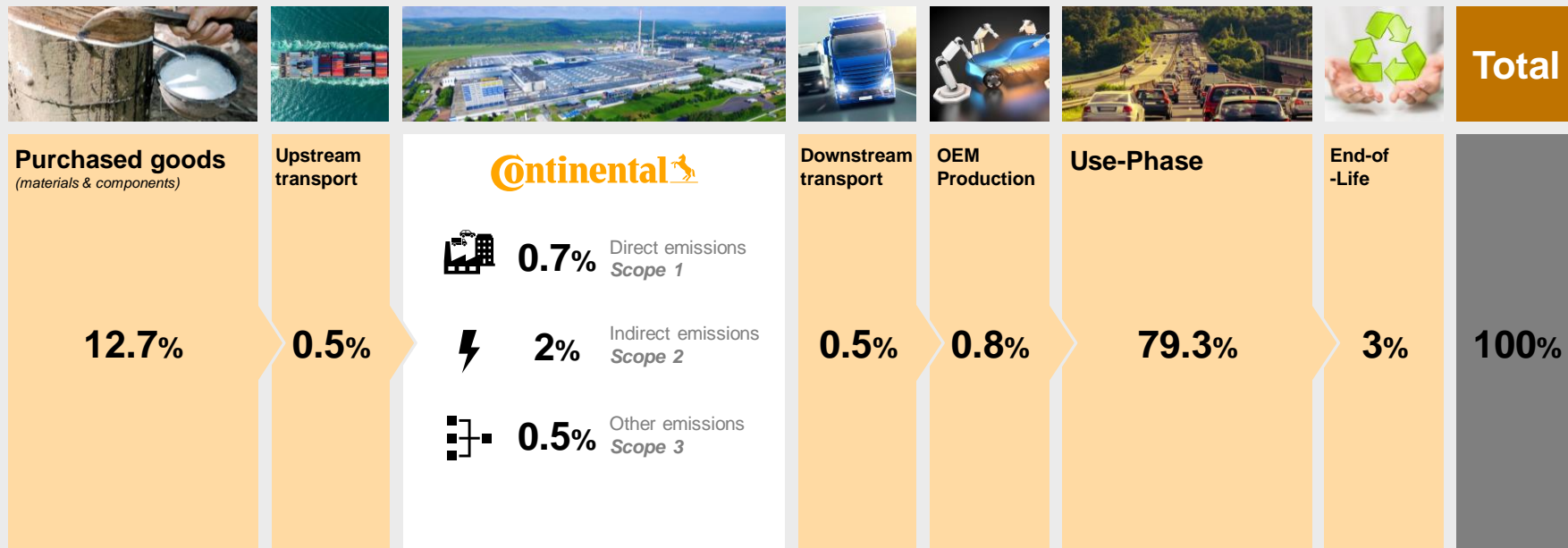
Carbon neutrality along our entire value chain

Entire global economy will transform from 50 Bn t CO₂ p.a. to carbon neutrality.

20% of the worldwide CO₂ emissions today are caused by mobility.

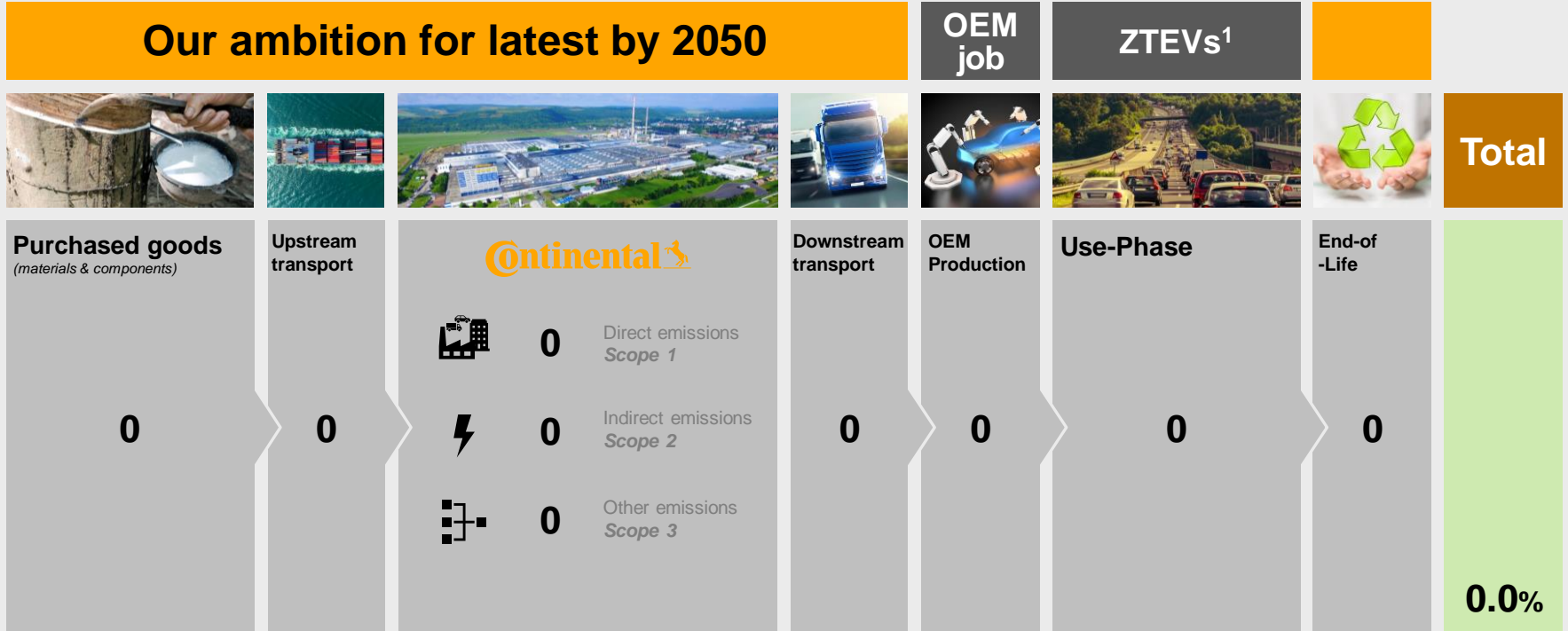
Emission-free Mobility Needs Carbon-neutral Value Chain

Our Measures Address the Entire Vehicle Life Cycle (Scope 1,2,3)



Emission-free Mobility Needs Carbon-neutral Value Chain

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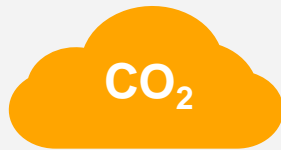


¹ ZTEV: Zero-Tailpipe Emission Vehicles (with green electricity).

Program: “Carbon Neutral for Emission-free Vehicles”

Starting in 2022, We Will Neutralize the CO₂ Backpack

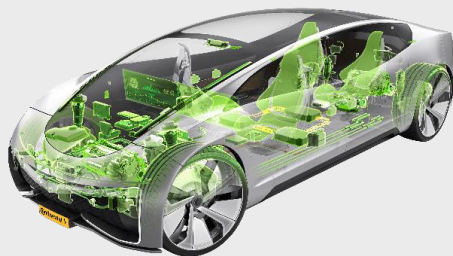
„CO₂ backpack“
from raw materials,
production, logistics and
utilization at the end of
product life



=



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



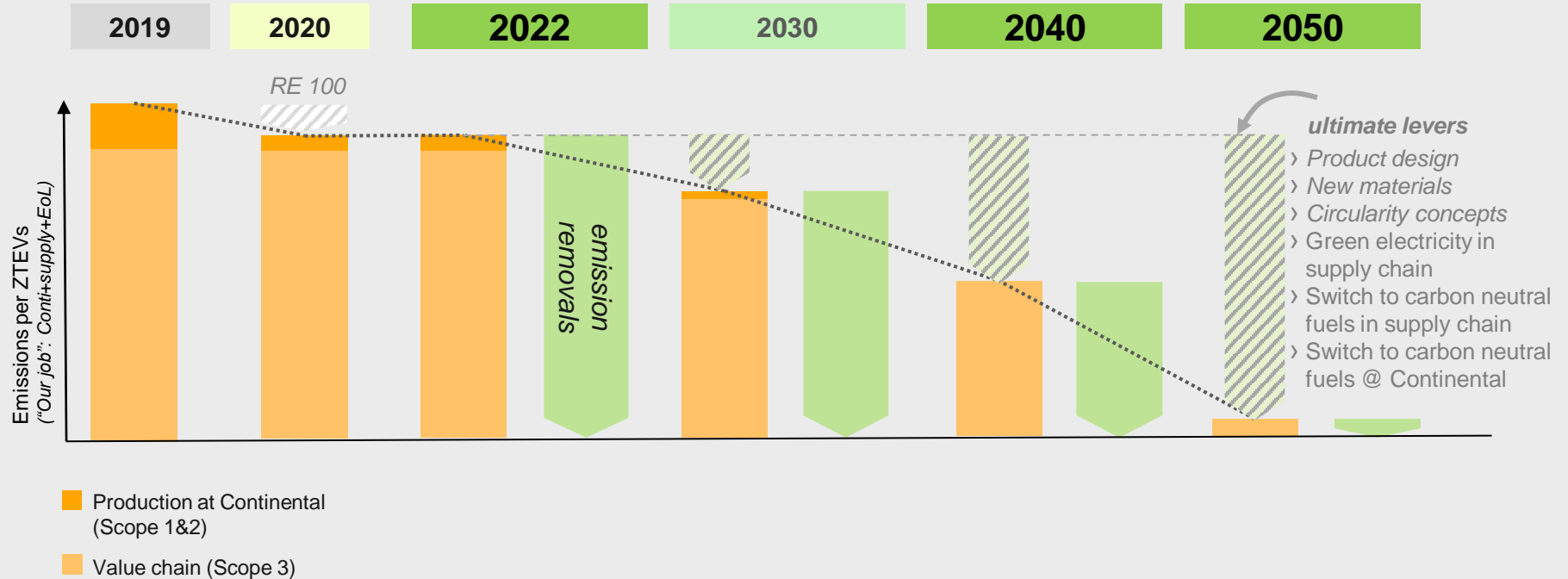
Allocated ZTEV Business



ZTEV = Zero Tailpipe Emission Vehicles = vehicles without emissions related to the propulsion = especially electric, fuel cells or hydrogen vehicles, but also streetcars and bicycles

Comprehensive Pathway Toward Carbon Neutrality

Our Pioneering Contribution



Summary

Sustainability is at the heart of our business

Progressive sustainability ambition

Comprehensive pathways to carbon neutrality

Extensive resource efficiency embedded in our processes

Pioneering offering for emission-free mobility

Future business is sustainable business

We shape the transformation!



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The Future in Motion