Turn Change Into Opportunity – Embrace Sustainability

Integrated Sustainability Report 2023

“With our hardware, software and digitalization portfolio, we are uniquely positioned – as the mobility and material technology group for safe, smart and sustainable solutions.”

Nikolai Setzer
Chairman of the Executive Board

Development of Strategic Performance Indicators

Group Sustainability Scorecard	**2023**	2022
Carbon neutrality[1, 2, 3]		
Direct CO_2 emissions (Scope 1) in millions of metric tons of CO_2[4]	0.69	0.76
Indirect CO_2 emissions (Scope 2) in millions of metric tons of CO_2[5]	0.21[6]	0.23
Total own CO_2 emissions (Scopes 1 and 2) in millions of metric tons of CO_2[4]	0.89	0.99
Use of negative CO_2 emissions (CO_2 removal) in millions of metric tons of CO_2[7]	0.00	0.03
Emission-free mobility and industries		
Allocated business with zero-tailpipe-emission vehicles in millions of euros[8, 9]	2,244	1,657
Circular economy		
Waste for recovery quota in %[3, 10]	87	85
Responsible value chain		
Number of available, valid supplier self-assessment questionnaires (as at Dec. 31)[11]	1,291	1,009
Good working conditions		
OUR-BASICS-Live Sustainable Engagement index in %[12, 13]	81	80
Sickness rate in %[14, 15]	3.2	3.7
Unforced fluctuation rate in %[15, 16]	6.0	7.8
Green and safe factories		
Environmental management system certifications (ISO 14001) Employee coverage (as at Dec. 31) in %[17]	76	76
Energy management system certifications (ISO 50001) Employee coverage (as at Dec. 31) in %[17]	43	40
Occupational safety and health management system certifications (ISO 45001 or similar) Employee coverage (as at Dec. 31) in %[17]	64	62
Accident rate (number of accidents per million working hours)[18, 19]	2.1	2.5
Benchmark in quality		
Quality management system certifications (ISO 9001 or similar) Employee coverage (as at Dec. 31) in %[17]	85	83
New field quality events (as at Dec. 31)[20]	29	30
Sustainable management practice		
Gender diversity – share of female executives and senior executives (as at Dec. 31) in %	19.9	19.1
of which share of female executives and senior executives excluding the USA (as at Dec 31) in %	19.8	18.8
OUR-BASICS-Live Integrity Perception Index in %[12, 13]	81	n.a.
Innovation and digitalization		
Research and development expenses (net) in millions of euros	2,896	2,763
in % of sales	7.0	7.0

1 The CO_2 emissions correspond to CO_2 equivalents (CO_2 e).
2 Definitions in accordance with the GHG Protocol. Scope 1 includes emissions from the burning of fossil fuels as part of Continental's own processes, and Scope 2 includes emissions from purchased electricity, steam and heat. CO_2 emission factors correspond to CO_2 equivalents (CO_2 e).
3 Contains a small amount of imputed data for parts of the Continental Group that did not report data directly.
4 Excluding emissions from refrigerants.
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 (September 2023) were used.
6 The calculated CO_2 emissions for Fiscal 2023 using the location-based calculation method of the GHG Protocol are 1.46 Mio t CO_2.
7 Generated through voluntary carbon credits. These certificates were obtained solely from reforestation and afforestation projects in fiscal 2023 and in previous years and were deleted exclusively for Continental in the Gold Standard, VCS, American Carbon Registry and Climate Action Reserve registries.
8 Definition: allocated business with zero-tailpipe-emission vehicles comprises all business with products for vehicles transporting goods and people.
9 The business can be allocated via the vehicle manufacturer, the vehicle platform or the product specification, for example. The data includes both pure business and attributable business, such as in the case of combined vehicle platforms. For the Tires, ContiTech and Contract Manufacturing group sectors, the sales reported at the end of the year were included. In the case of the Automotive group sector, a calculation was carried out for passenger cars and light commercial vehicles using internal, vehicle-specific planning data for sales and external data for production quantities; for medium and heavy commercial vehicles this was based on the relevant customer portfolio.
10 Definition: proportion of waste that has been sent for material recycling, thermal recovery or any other form of recycling or reuse.
11 Based on the self-assessment questionnaires via the sustainability platforms EcoVadis and NQC completed by suppliers selected for this process.
12 Definition: employee agreement on topics relating to sustainable engagement in the employee survey OUR BASICS Live.
13 This is based on the responses of 51,888 participants (PY: 46,199 participants) as a representative random sample across all Continental locations. The participation rate was 77% (PY: 75%).
14 Definition: sickness-related absence relative to contractual work time.
15 Excluding leasing personnel (i.e. permanent staff only).
16 Definition: voluntary departure of employees from the company relative to the average number of employees.
17 Valid certification and concluded recertification processes were counted, as well as ongoing recertification processes, if the achievement of recertification was considered highly probable.
18 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.
19 Excluding leasing personnel (i.e. permanent staff only) and way-to-work accidents.
20 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.

Content

Letter from the Executive Board

Dear Readers,

In an era defined by unprecedented challenges and opportunities, our commitment to sustainability stands at the forefront of our values at Continental. By embracing sustainability, we can make systematic use of such opportunities. As we continue on our journey of progress and responsibility, it is my honor to present this year's Sustainability Report.

In addition to our defined material topics, we like to think of sustainability in terms of four pivotal dimensions:

- Ambitious
- Viable
- Compliant
- Passionate

AMBITIOUS: Our aspirations are rooted in a vision of a future where our actions speak louder than words. We are committed to making a positive impact by striving for carbon neutrality, fostering zero-emission mobility and industries, championing a circular economy, and cultivating a responsible value chain. Embracing these ambitions reflects our belief in the power of innovation and collaboration to shape sustainable industries.

VIABLE: Sustainability is not just a principle; it is a dynamic force that requires viable initiatives to propel change. We understand the urgency of our commitment and pledge to develop sustainable and scalable businesses that match the speed of our markets and customers. This commitment is not just a promise, but also a strategy aimed at promoting our economic resilience, ensuring that sustainability becomes an integral part of our business operations, creating a lasting impact for the benefit of today's generations as well as those still to come.

COMPLIANT: As stewards of the environment and responsible corporate citizens, compliance with sustainability requirements is not just a legal obligation – it is our ethical duty. With this in mind, we have established systematic corporate governance measures to ensure adherence to applicable sustainability standards. Our aim in doing so is to set an example for the industry, illustrating how conscientious corporate practices can pave the way for a more sustainable and responsible future.

PASSIONATE: Beyond strategies and compliance, our journey toward sustainability is fueled by the unwavering passion of our employees. Their commitment to contributing to a better future is the driving force behind our success. We believe that true change comes from within, and we strive to further unleash the passion of our workforce that inspires us to continuously innovate, adapt, and lead the way toward a more sustainable future.

In line with our company vision – Creating value for a better tomorrow – this report encapsulates our dedication to sustainability across these four dimensions. As we navigate the complexities of the automotive industry, we are not only shaping our own future but also influencing the course of an entire sector. Together – with ambition, viability, compliance and passion – we are embarking on a journey that goes beyond profit margins; it is a commitment to building a legacy of sustainability.

Thank you for joining us on this transformative journey.

With kind regards,

Dr. Ariane Reinhart

Ariane Reinhart

Member of the Executive Board
Group Human Relations, Group Sustainability and Director of Labor Relations

Information on Reporting

This is Continental's thirteenth sustainability report. It is also the supporting document to complete the communication on progress questionnaire for the UN Global Compact.

Integrated sustainability reporting concept

Continental has published a sustainability report every year since 2012 and a combined non-financial statement each year since 2018, with both reports looking at the past fiscal year. The main medium of our sustainability reporting is the integrated sustainability report. This report brings together information, in a modular format, from the company's combined non-financial statement, management report, consolidated financial statements and other sources, as well as additional information.

Reporting standards

The reporting considers the standards of the Global Reporting Initiative (GRI), the UN Global Compact, the UN Sustainable Development Goals (SDG), the Task Force on Climate-related Financial Disclosures (TCFD), and the Sustainability Accounting Standards Board (SASB). The relevant references to the single standards can be found starting on page 129.

Reporting period

The report covers the 2023 fiscal year from January 1 to December 31, 2023, and was published on April 22, 2024.

Scope of consolidation

The integrated sustainability report encompasses the same scope of consolidation as for the consolidated financial statements (see Note 2 "General Information and Accounting Principles" on page 136 of the annual report).

Material topics

The material topics in our sustainability strategy, and therefore our sustainability reporting, were identified in 2019 on the basis of a stakeholder survey of more than 1,700 stakeholders, as well as additional analyses. The table below provides an overview of these key topics and indicates the reports in which they are specifically covered.

		Reports in which the individual topics are covered			
			Statutory reporting		
	Key topics in the sustainability strategy	**Integrated sustainability report**	**Combined non-financial statement in the annual report**	**Management report in the annual report**	**Other annual reporting (not part of the management report)**
1	Carbon neutrality	X	X		
2	Emission-free mobility and industries	X	X		
3	Circular economy	X	X		
4	Responsible value chain	X	X		
5	Good working conditions	X	X		
6	Green and safe factories	X	X		
7	Innovation and digitalization	X		X (Research and Development section)	
8	Benchmark for quality	X	X		
9	Safe mobility	X		X (Research and Development section)	
10	Long-term value creation	X		X (Corporate Management and Economic Report section)	
11	Sustainable management practice	X	X		X (Corporate Governance section)
12	Corporate citizenship	X			

Topics covered in the various reporting formats
The integrated sustainability report presents the management approach and results, including key performance indicators and other key figures and examples, for each key topic of the sustainability strategy. By contrast, the combined non-financial statement in accordance with Sections 315b and 315c in conjunction with Sections 289b to 289e of the German Commercial Code (HGB) focuses exclusively on information required by law.

Text and assurance markings
The main content of this integrated sustainability report is derived from Continental AG corporate publications, such as the consolidated financial statements, the annual report or the remuneration report, which were audited by an independent auditor. It should be noted that the audits were carried out in a different context, such as the statutory audit, and that the audited content for this integrated sustainability report was recompiled. Further selected information in this report was subject to an additional audit with limited assurance by an independent auditor. The entire integrated sustainability report has not been assured. The externally verified content is color-coded as per the following overview.

Significance of color coding and the applicable auditor's report

Color coding	Significance	Applicable auditor's report	Page reference auditor's report
Yellow marking	This text section is derived from Continental AG corporate publications (consolidated financial statements, management report incl. the combined non-financial statement or remuneration report), which was assured by an independent auditor.	Report on the Audit of the Consolidated Financial Statements and the Consolidated Management Report	134
		Auditor's Report on the Remuneration Report	
Green marking	This text section has been assured in a separate audit for the integrated sustainability report.	Independent Practitioner's Report on a Limited Assurance Engagement on selected Sustainability Information in the Integrated Sustainability Report of Continental AG	
No color-coding	This text has not been subject to an external audit.	---	---

Corporate Profile
Structure of the Continental Group

Source: 2023 Annual Report> Management Report > Corporate Profile > Structure of the Continental Group (starting p. 28)

Automotive, Tires and ContiTech: the three strong pillars of the Continental Group.

Organizational structure
The Continental Group is divided into four group sectors: Automotive, Tires, ContiTech and Contract Manufacturing. As of January 1, 2024, these comprise a total of 16 business areas.

A group sector or business area with overall responsibility for a business, including its results, is classified according to product requirements, market trends, customer groups and distribution channels.

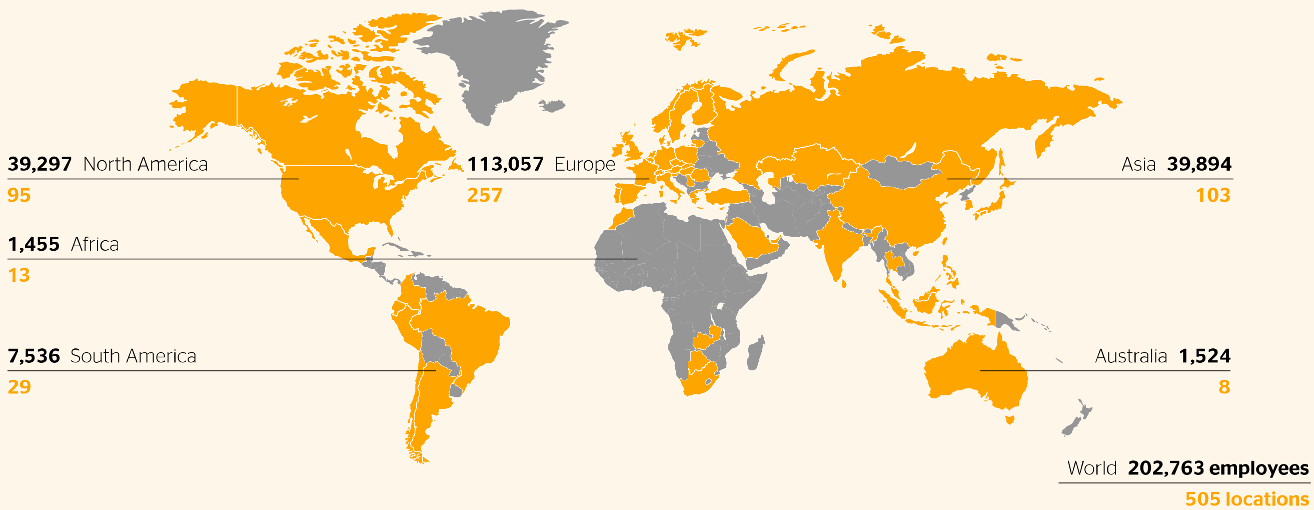
Business responsibility
Overall responsibility for managing the company is borne by the Executive Board of Continental Aktiengesellschaft (AG). The Automotive, Tires and ContiTech group sectors are each represented on the Executive Board.

The group functions of Continental AG are represented by the chairman of the Executive Board, the chief financial officer, the Executive Board member responsible for Human Relations and the Executive Board member responsible for Integrity and Law, and assume the functions required to manage the Continental Group across the group sectors. They include, in particular, Finance, Controlling, IT, Human Relations, Sustainability, Law and Intellectual Property, Internal Audit, Quality Management, and Compliance. The Group Purchasing group function is represented by the Executive Board member responsible for the Tires group sector.

Customer structure
With a 64% share of consolidated sales, the automotive industry – with the exception of the replacement business – is our most important customer group. This industry is particularly important for the growth of the Automotive group sector. In the Tires group sector, sales to dealers and end users represent the largest share of the tire-replacement business. In the ContiTech group sector, the customer base is made up of the energy, agriculture and construction industries, interior design and the automotive and replacement businesses. In the Contract Manufacturing group sector, Vitesco Technologies constitutes the sole customer.

Companies and locations
Continental AG is the parent company of the Continental Group. In addition to Continental AG, the Continental Group comprises 457 companies, including non-controlled companies. The Continental team is made up of 202,763 employees at 505 locations for production, research & development and administration in 56 countries and markets. Added to this are distribution locations, with 865 company-owned tire outlets and a total of around 5,300 franchises and operations with a Continental brand presence.

505 locations in 56 countries and markets



Structure of the Continental Group in 2023

Continental Group			
Automotive	Tires	ContiTech	Contract Manufacturing

The **Automotive group sector** offers technologies for safety, brake, chassis, motion and motion-control systems. Its portfolio also includes innovative solutions for assisted and automated driving, display and operating technologies, audio and camera solutions for the vehicle interior as well as intelligent information and communication technology associated with the mobility services of fleet operators and commercial vehicle manufacturers. Comprehensive activities relating to vehicle connectivity, architecture and electronics, as well as high-performance computers and software solutions, round off the range of products and services.

The group sector is divided into five business areas as of January 1, 2024:

- Architecture and Networking
- Autonomous Mobility
- Safety and Motion
- Software and Central Technologies
- User Experience

The Smart Mobility business area was discontinued effective December 31, 2023, and since January 1, 2024, has been included in the Automotive group sector.

With its premium portfolio in the car, truck, bus, two-wheel and specialty tire segment, the **Tires group sector** stands for innovative solutions in tire technology. Intelligent products and services related to tires and the promotion of sustainability complete the portfolio. For specialist dealers and fleet management, Tires offers digital tire monitoring and tire management systems, in addition to other services, with the aim of keeping fleets mobile and increasing their efficiency. With its tires, Continental contributes to safe, efficient and environmentally friendly mobility. In the reporting year, 26% of sales in Tires related to business with vehicle manufacturers, and 74% related to the tire-replacement business. The group sector is divided into five business areas:

- Original Equipment
- Replacement APAC
- Replacement EMEA
- Replacement The Americas
- Specialty Tires

The **ContiTech group sector** focuses on development and materials expertise in products and systems made from rubber, plastic, metal and textiles, which can also be equipped with electronic components to optimize their functionality for custom service applications. ContiTech's industrial growth areas are primarily in energy, agriculture and construction as well as interior design. ContiTech also serves the automotive and transportation industries along with the railway engineering sector. In the reporting year, 48% of sales in ContiTech related to business with automotive manufacturers, and 52% to business with other industries and in the automotive replacement market.

The group sector is divided into five business areas as of January 1, 2024:

- Industrial Solutions Americas
- Industrial Solutions APAC
- Industrial Solutions EMEA
- Original Equipment Solutions
- Surface Solutions

The Advanced Dynamics Solutions, Conveying Solutions, Industrial Fluid Solutions, Mobile Fluid Systems and Power Transmission Group business areas, as they existed in this setup until December 31, 2023, have been reassigned to the three regional Industrial Solutions business areas and the Original Equipment Solutions business area.

The contract manufacturing of products by Continental companies for Vitesco Technologies is consolidated in the **Contract Manufacturing group sector**. This contract manufacturing is not intended to be a permanent situation; rather, the operational separation of production will continue to be promoted and the volume of contract manufacturing reduced. Contract Manufacturing includes one business area:

- Contract Manufacturing

Globally interconnected value creation

Research and development (R&D) took place at 95 locations in the reporting year, predominantly in close proximity to our customers to ensure that Continental can respond flexibly to their various requirements and to regional market conditions. This applies particularly to projects of the Automotive and ContiTech group sectors. In the Tires group sector, R&D is largely centrally organized, since product requirements for tires are much the same across the world. They are adapted according to the specific requirements of each market. Continental generally invests around 7% of sales in R&D each year. For more information, see the Research and Development section.

Continental processes a wide range of raw materials and semi-finished products. The purchasing volume in the reporting year was €29.1 billion in total, €19.8 billion of which was for production materials. Electronics and electromechanical components together make up around 43% of the Continental Group's purchasing volume for production materials, which are primarily used in the Automotive and Contract Manufacturing group sectors, while mechanical components account for around 20%. Natural rubber and oil-based chemicals as well as synthetic rubber and carbon black are key raw materials for the Tires and ContiTech group sectors. The total purchasing volume for these materials likewise amounts to around 20% of the total volume for production materials. For more information, see the Development of Raw Materials Markets section in the economic report.

Production and sales in the Automotive and ContiTech group sectors are organized across regions. For the Tires group sector, economies of scale play a key role when it comes to tire manufacturing. Low production costs coupled with large volumes and proximity to our customers or high rates of regional growth constitute key success factors. For this reason, manufacturing takes place at major locations in the dominant automotive markets, namely Europe, the USA and China. Tires are sold worldwide via our dealer network with tire outlets and franchises, as well as through tire trading in general.

Globally interconnected value creation

R&D	Purchasing	Production	Sales & Distribution
Innovative €2.9 billion in expenditure	**Diverse** €29.1 billion in volumes	**Global** 209 locations	**Local** €41.4 billion in sales

Shareholder Structure

Source: 2023 Annual Report > To Our Shareholders > Continental Shares and Bonds (p. 7)
Note: This text has been shortened.

Free float stable at 54.0%
As in the previous year, free float as defined by Deutsche Börse AG amounted to 54.0% as at the end of 2023. The most recent change took place on September 17, 2013, when our major shareholder, the IHO Group, Herzogenaurach, Germany, announced the sale of 7.8 million Continental shares, reducing its shareholding in Continental AG from 49.9% to 46.0%.

As at the end of 2023, the market capitalization of Continental AG amounted to €15.4 billion (PY: €11.2 billion). Market capitalization on the basis of free float averaged €8.0 billion over the last 20 trading days of the reporting year (PY: €6.1 billion). Free-float market capitalization is the decisive factor for index calculation in the regulatory framework of Deutsche Börse AG. At the end of 2023, Continental AG ranked 37th in terms of free-float market capitalization on the DAX (PY: 39th).

Free-float distribution largely stable in 2023
As at the end of the year, we once again determined the distribution of free float of Continental shares by way of shareholder identification.

We were able to assign 107.9 million of the 108.0 million shares held in the form of shares or alternatively as American depositary receipts (ADRs) in the USA to more than 664 institutional investors, banks and asset managers across 43 countries. The identification ratio was 99.9% (PY: 98.5%).

The identified level of Continental shares held in Europe was slightly higher than in the previous year at 51.1% of free float (PY: 49.7%).

In particular, the identified level of shares held by investors from the UK and Ireland, at 31.5%, led to the year-on-year rise (PY: 30.0%).

The identified free-float holdings of German investors increased to 6.9% in the year under review (PY: 5.9%).

The free-float holdings of Scandinavian investors fell to 3.3% in 2023 (PY: 3.6%).

French investors held 3.1% of Continental free-float shares at the end of 2023 (PY: 3.5%).

Investors in other European countries reduced their share of free float slightly to 6.3% in 2023 (PY: 6.7%).

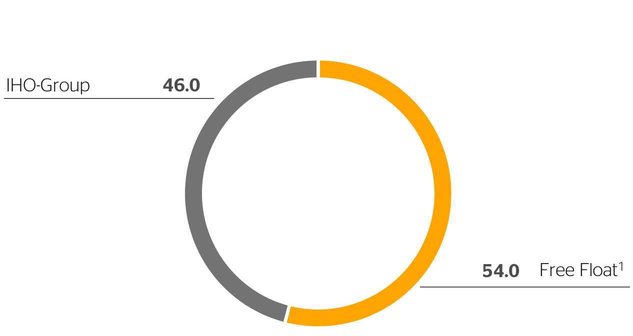
Shareholdings of investors in North America decreased year-on-year in 2023. In total, they held 44.9% (PY: 46.0%) of the free float in the form of shares or ADRs.

The identified shareholdings of investors in Asia, Australia and Africa were at 2.4% at the end of 2023 (PY: 2.8%).

In the Spotlight

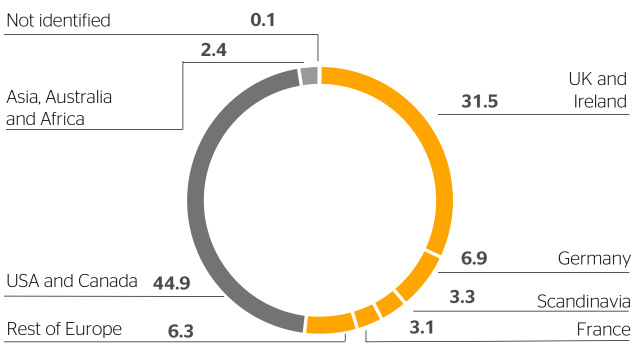
Shareholder Structure and Regional Distribution of Free Float

Shareholder structure as at Dec. 31, 2023 in %



1 According to the definition from Deutsche Börse AG, holdings of less than 5 % are considered free float unless they are attributable to a shareholder with a total holding of more than 5 %.

Regional distribution of the free float as at Dec. 31, 2023 in % (99.9 % identified)



Strategy of the Continental Group

Source: 2023 Annual Report > Management Report > Corporate Profile > Strategy of the Continental Group (starting p. 31)

Continental is the mobility and material technology group for safe, smart and sustainable solutions.

In 2023, Continental announced its updated strategy for increasing value creation at its Capital Market Day in December. This will allow Continental to develop into the mobility and material technology group for safe, smart and sustainable solutions and is based on three key elements:

- Continental has a clear strategy to achieve its mid-term targets.
- The company will invest in particular in those areas with value creation upside and continuously expand its technology position in areas where it can expect to gain an edge over the competition.
- The Automotive, Tires and ContiTech group sectors make up a balanced and resilient portfolio.

These elements build upon the three strategic pillars introduced by Continental in 2020 in response to the transformation in the mobility industry and to pave the way for profitable growth. Its overall organizational structure and management processes were realigned to turn the transformation in the mobility industry into an opportunity.

- **Strengthening operational performance**
  By strengthening its operational performance, Continental can ensure its future viability and competitiveness. The company is aligning its cost structure to global market conditions.
- **Differentiating the portfolio**
  Continental continues to pursue the targeted differentiation of its product portfolio with a focus on growth and value.
- **Turning change into opportunity**
  Continental's comprehensive organizational structure helps it to seize market opportunities and translate them into profit even more quickly. Transparent structures and a high level of autonomy make the company more flexible in an increasingly complex market environment.

Continental's strategic goals are based on its vision:

CREATING VALUE FOR A BETTER TOMORROW.
OUR TECHNOLOGIES. YOUR SOLUTIONS. POWERED BY THE PASSION OF OUR PEOPLE.

"CREATING VALUE": Continental aims to create value in everything it does. This can be financial value for its shareholders as well as value for its customers, its employees and the social environment in which it operates.

"A BETTER TOMORROW": With its products and services, Continental contributes to making the world a little better. It develops and produces the mobility of tomorrow in a way that is more convenient and comfortable, safer and more sustainable. At the same time, "a better tomorrow" means acting now and not in the distant future.

"OUR TECHNOLOGIES. YOUR SOLUTIONS": Continental is a technology company and believes that it will only be able to tackle the challenges of our time by rapidly developing the right technologies. Continental's technology should help its customers make their products even better and more useful. Because Continental is customer-focused in everything it does.

"POWERED BY THE PASSION OF OUR PEOPLE": Continental stands for a certain culture. A culture of mutual respect. A culture of togetherness. And a culture of passion.

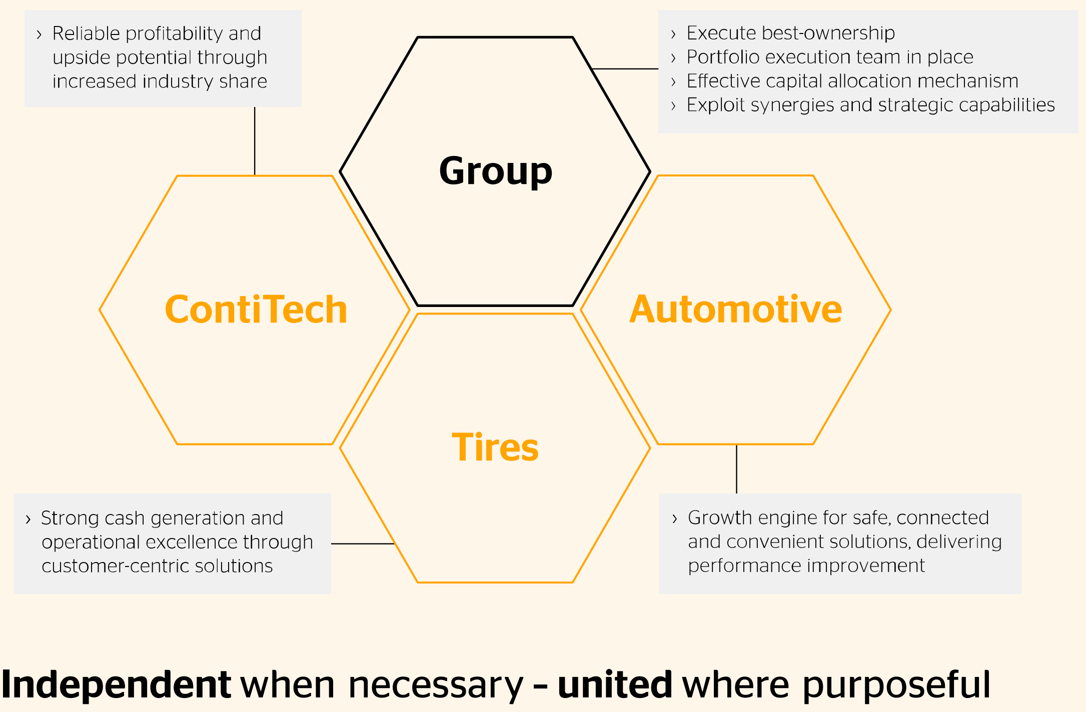
Automotive: focus on value-creating business areas with high growth
In the Automotive group sector, Continental will step up its focus on value-creating business areas with high growth. With its updated strategy, the group sector aims to increase its long-term profitability and competitiveness. The strategy is geared toward achieving a leading market position in all business areas and becoming the preferred system integrator for software-defined vehicles.

The group sector decided on a number of measures in 2023, including making the User Experience business area organizationally independent, which will open up new strategic options for this business. With sales of €3.5 billion in 2023 and a total order volume of more than €7 billion (production launch after 2022), User Experience is among the market leaders in display solutions, head-up displays and digital instrument clusters.

The Automotive group sector is also reviewing further business activities that contributed around €1.4 billion to consolidated sales in fiscal 2023. A review is therefore being carried out with a view to improving performance or selling or discontinuing these business activities.

Continental is aiming for above-average growth of 3% to 5% in the Automotive group sector compared with the market environment. This is to be achieved by improving the group sector's market share – in particular among Asian automotive manufacturers, which are growing at a disproportionate rate – increasing value creation per vehicle and adjusting prices. In addition, Continental has taken various measures to optimize operational costs and cash inflow. These include increasing efficiency in the manufacture of electronic components, reducing freight costs and optimizing inventory turnover.

2024+ Era of Execution



Independently of this, Automotive is aiming to reduce costs significantly by €400 million per year from 2025. Administrative structures, interfaces, hierarchy levels and complexity will be reduced, for example, and decision-making structures and processes simplified. Automotive is also planning to further optimize its use of research and development resources. The group sector is therefore aiming to reduce net research and development expenses in the short term to around 11% of sales (2023: 11.8%). In the medium term, the share is expected to be less than 10%. This will be achieved by consolidating its approximately 80 development locations worldwide, for example.

Tires: premium tires will continue to create opportunities for profitable growth

In the Tires group sector, Continental will continue to rely on stable earnings and operational excellence. Sustainability, electric mobility and digital tire services will also create various opportunities for further profitable growth and exceptional value creation. Over the past five years, Tires has increased its sales by an average of 4.3% annually. The basis for the group sector's commercial success is its operational efficiency. Capacity and modern production technologies are continually adapted to changing market requirements. This enables Tires to benefit from major economies of scale and scope, with more than 80% of its global production capacity bundled in so-called megafactories.

Continental already offers its most sustainable passenger car tire on the market as a production tire and is growing strongly in the area of data-based tire services. In total, it has more than 500 original equipment approvals for supplying fully electric models from automotive manufacturers worldwide, including the 10 highest-volume manufacturers of fully electric cars.

The Tires group sector sees strong growth potential in the Asia-Pacific region as well as North and South America. Based on its strategy of being in the market for the market, production capacity will therefore be expanded in these regions. The recovery of the current weak demand, particularly in the European tire-replacement business, continuous increases in efficiency, the ongoing trend worldwide toward larger and higher-performing tires as well as high cost discipline will form the basis for sales and margin increases.

ContiTech: group sector to strengthen strategic focus on industrial business

In its ContiTech group sector, Continental will focus on reliable profitability thanks to material solutions made from rubber and plastics. At the same time, the group sector will strengthen its strategic focus on the industrial business and plans to increase the share of sales accounted for by the industrial business from 52% currently to 60% in the medium term. ContiTech's ambition is to achieve an industrial share of sales of around 80%. This is to be achieved organically through greater market development and an expanded product portfolio, as well as inorganically through investments and divestments.

ContiTech's industrial growth areas are primarily in energy, agriculture and construction as well as interior design. These industrial fields place high demands on materials and products, for which the group sector is well positioned thanks to its high level of materials expertise, including for hoses, belts, conveyor belts and surfaces, as well as its diverse product portfolio.

As already announced, the Original Equipment Solutions (OESL) business area – comprising the automotive business of ContiTech, with the exception of surface materials – will also become organizationally independent. OESL is expected to become fully independent in 2025. All strategic options will be reviewed as part of this process.

Continental's strategy forms the basis for its mid-term targets
The mid-term targets are as follows:

- Based on its updated strategy, Continental aims to achieve consolidated sales of around €44 billion to €48 billion in the short term (two to three years) and around €51 billion to €56 billion in the medium term. The target for its adjusted EBIT margin is more than 8% in the short term and around 8% to 11% in the medium term. The cash conversion ratio is expected to exceed 70% in the short and medium term.

- For the Automotive group sector, Continental expects sales of around €22 billion to €24 billion in the short term and around €26 billion to €29 billion in the medium term. The adjusted EBIT margin is expected to exceed 6% in the short term and to be around 6% to 8% in the medium term. Additionally, it aims to achieve a return on capital employed (ROCE) of more than 15% in the short term and more than 20% in the medium term.

- For the Tires group sector, Continental expects sales of around €15 billion to €16 billion in the short term and around €17 billion to €18 billion in the medium term. The adjusted EBIT margin is expected to exceed 13% in the short term and to be around 13% to 16% in the medium term. It aims to achieve an ROCE of more than 20% in the short term and more than 23% in the medium term.

- For the ContiTech group sector, Continental expects sales of around €7 billion to €8 billion in the short term and around €8 billion to €9 billion in the medium term. The adjusted EBIT margin is expected to exceed 9% in the short term and to be around 9% to 11% in the medium term, assuming that the share of the industrial business is around 60%. It aims to achieve an ROCE of more than 20% in the short term and more than 22% in the medium term.

Increase in value creation
We are confident that our strategic setup, with the three group sectors mentioned above, is our path to long-term success. The three group sectors make up a balanced and resilient portfolio. Our business activities continue to be independent when necessary and united where purposeful. Together with the group functions, Automotive, Tires and ContiTech make up the mobility and material technology group for safe, smart and sustainable solutions.

Sustainability Management in the Continental Group

Source: 2023 Annual Report > Management Report > Corporate Profile > Sustainability and Combined Non-Financial Statement (starting p. 41)

Ambition, Strategy and Program

Sustainability is a driver of innovation for Continental during the current transformation of mobility and industry, and is thus firmly anchored in its corporate strategy in the cornerstone of "turning change into opportunity." Sustainability is also a key component in our vision of "CREATING VALUE FOR A BETTER TOMORROW."

In the Continental Group's sustainability ambition, we describe how we want to shape this transformation in the relevant topic areas with respect to sustainability in order to seize transformation opportunities and mitigate transformation risks. Along with the relevant guidelines, this sustainability ambition brings together existing strategies, programs and processes, as well as their further development. The specific ambitions, strategies, programs and processes are presented in the following sections for the reporting topic areas of the combined non-financial statement. The entire ambition can be found online at www.continental-sustainability.com.

Management, Organization and Responsibilities

Within the Executive Board, the Executive Board member for Group Human Relations (director of Labor Relations) and Group Sustainability is responsible for sustainability. Sustainability management within the Continental Group is regulated by a dedicated internal sustainability policy.

The Group Sustainability group function is further supplemented by sustainability functions in the group sectors as well as coordinators in several business areas and countries. The sustainability functions in the group sectors and in the Continental Group were further expanded and strengthened over the course of 2023. The Group Sustainability Steering Committee is responsible for assessing interdepartmental issues, weighing up opportunities and risks and discussing relevant Executive Board decisions in advance. In fiscal 2023, it consisted of the entire Executive Board, the heads of the sustainability functions at corporate level and group sector level as well as the heads of other relevant group functions. The committee is chaired by the Executive Board member for Group Human Relations (director of Labor Relations) and Group Sustainability and managed by the head of the Group Sustainability group function. Some of the group sectors have their own interdepartmental sustainability committees, which are coordinated by the relevant sustainability functions.

The sustainability performance indicators are consolidated in the Continental Group's sustainability scorecard, which is approved annually by the Group Sustainability Steering Committee on behalf of the Executive Board. The scorecard is based on defined quality criteria for the indicators, is continuously developed further and establishes the formal basis for integrating sustainability into other corporate processes.

The topic of sustainability is also an integral part of the Continental Group's strategy development. Significant investments must be reviewed and assessed as to their contribution to sustainability as a standard part of the approval process. For the Automotive, Tires and ContiTech group sectors, detailed roadmaps for the implementation of sustainability ambitions in the relevant topic areas are under development.

Remuneration

The Executive Board, senior executives and executives worldwide are measured against the achievement of sustainability goals. Long-term remuneration components (long-term incentive – LTI) are thus also linked to sustainability aspects. The LTI plans are updated on an annual basis. For more information, see the remuneration report on our website under Company/Executive Board.

Cultural Change

To continue to support cultural change in the organization, we stepped up internal communication with respect to sustainability in fiscal 2023, held numerous events and further integrated the topic into key internal event formats for managers. These events included the Global Sustainability Conference held in Hanover in 2023, which was attended by Continental employees from around the world as well as invited guests from outside the company.

In the Spotlight

Inclusion of Stakeholders

Our key stakeholders and interest groups are our employees and customers, the capital market, public policymakers, actors in civil society, and suppliers. We maintain a regular, ongoing dialog via various channels with all relevant stakeholders on issues relevant to the company and society as a whole.

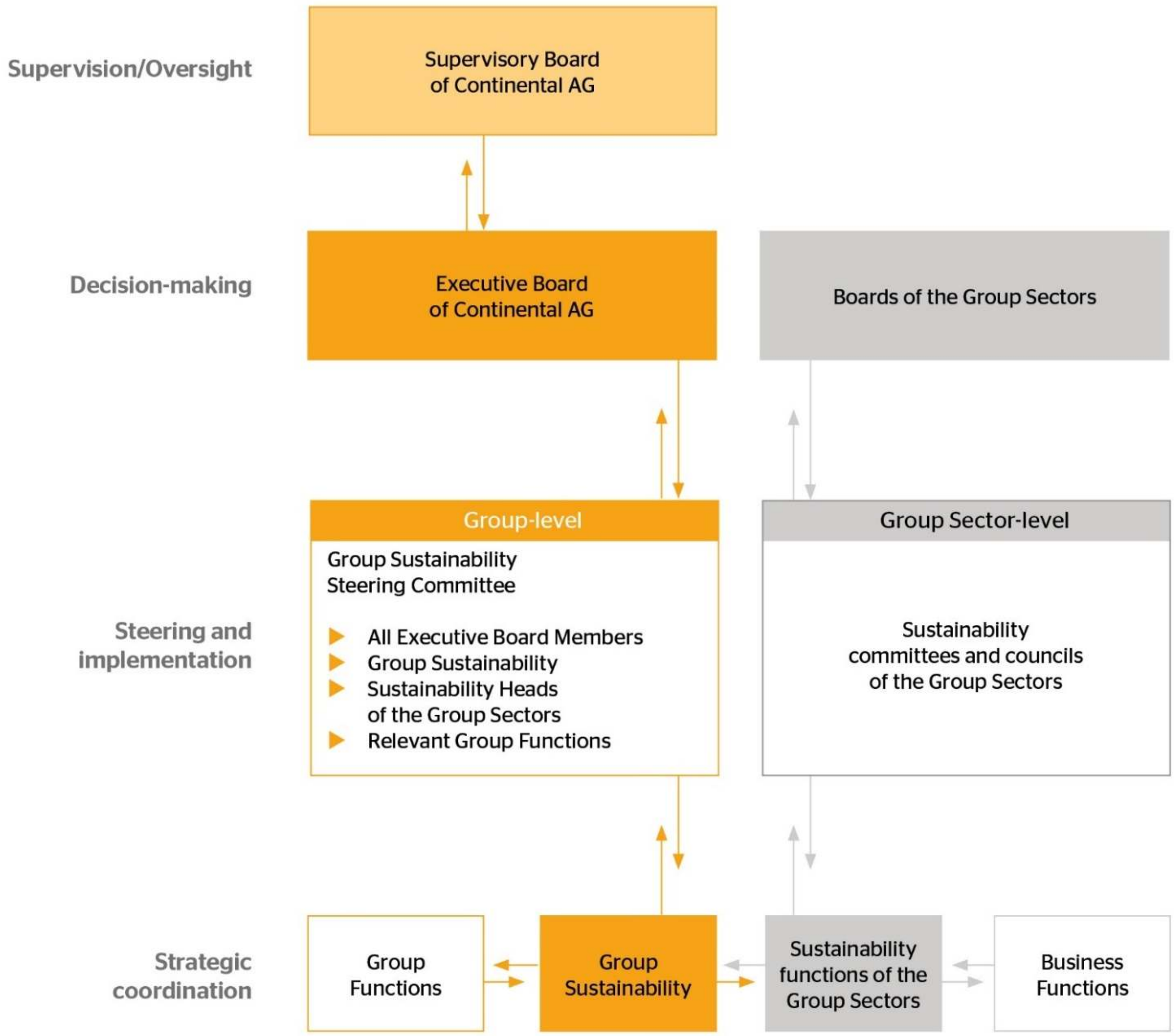
- Customers: e. g. via sales departments or key account management, cooperative undertakings, and trade fairs
- Investors and shareholders: e.g. via the Annual Shareholders' Meeting, webcasts, and roadshows
- Employees: e.g. via town hall meetings, employee surveys, webcasts, and employee representatives
- The general public, e.g. via surveys, trade fairs, engagement projects, and open-house events

The aim of these efforts is to bring together different perspectives, discuss any conflicting points of view that arise, and learn from one another.

In the first quarter of 2019, we conducted a global stakeholder survey to initiate a dialog on the key sustainability issues for Continental, and to further develop our sustainability strategy. More than 1,700 stakeholders across all groups responded to this survey.

The results of this survey, along with further analyses and new ideas, are continuously being incorporated into the process of further developing our sustainability strategy and reporting.

Steering of Sustainability in the Continental Group



Development of Material Sustainability Topic Areas

Carbon Neutrality

Management Approach

Source: 2023 Annual Report > Management Report > Corporate Profile > Sustainability and Combined Non-Financial Statement (starting p. 44)

Our ambition

As set out in our sustainability ambition, we strive for 100% carbon neutrality along our entire value chain (products, operations and supply) by 2050 at the latest, together with our partners along the value chain.

Of central importance for our ambition are the requirements and speed of transformation of our customers, industries and markets as well as the resulting transformation opportunities and risks.

Concept

We have set ourselves the corporate target of achieving carbon neutrality throughout our production processes. In terms of Scope 1 and market-based Scope 2 CO_2 emissions in accordance with the Greenhouse Gas (GHG) Protocol, we aim to be carbon-neutral by 2040 (2040 climate goal).

The corporate target of carbon neutrality throughout our production processes is managed by the Group Environmental and Climate Protection group function as part of the corporate roadmap for decarbonization. The group sectors are each responsible for the implementation of appropriate programs and must report on this internally on a regular basis.

Together with the group sectors, the "Decarbonization Roadmap 2040" group project team has set clear interim targets for each group sector and defined two key steps:

- 100% procurement of electricity from renewable sources (Scope 2), which has already been implemented since 2020.
- 100% carbon neutrality for remaining energy consumption by 2040 (Scopes 1 and 2), through
  - the reduction of CO_2 emissions by means of energy efficiency projects
  - the substitution of fossil fuels
  - the neutralization of unavoidable CO_2 emissions

We have set ourselves the interim target of reducing our own emissions to 0.7 million metric tons of CO_2 by 2030. This represents a further reduction of more than 20% compared with 2023.

Continental has introduced an internal CO_2 pricing system for decisions regarding investments that affect Scope 1 and Scope 2 emissions. This shadow price has been set on the basis of current and projected future market prices for CO_2 and a comparison with other prices. It is reviewed on a regular basis. The goal of this mechanism is to support the group sectors in achieving their CO_2 reduction targets and further improve our environmental performance. The shadow price applies worldwide to the entire Continental Group. Scope 1 and market-based Scope 2 CO_2 emissions have also been part of the LTI plans for the members of the Executive Board and global managers since fiscal 2020. For more information, see the remuneration report on our website under Company/Executive Board.

In terms of Scope 3 CO_2 emissions in accordance with the GHG Protocol, we aim to achieve carbon neutrality by 2050 at the latest in line with our sustainability ambition. To this end, we have identified various levers throughout the value chain. These relate to the use phase of our products, coupled with the global shift toward emission-free mobility and industry; product design and the conversion of materials used to renewable and recycled materials; as well as a general transition to circular processes.

For more information on our concepts in this respect, see the sections on emission-free mobility and industry and circular economy in this combined non-financial statement.

It will also be necessary to increase the use of green electricity along the supply chain. The Business Partner Code of Conduct was expanded accordingly with a view to carbon neutrality in 2021 and reviewed in fiscal 2023. The implementation of carbon neutrality throughout the value chain is managed in the individual group sectors, each of which is responsible for taking appropriate measures. In addition, achieving carbon neutrality throughout our value chains requires joint sustainability efforts with customers, suppliers and other partners.

The Continental Group's 2040 climate goal and ambition for 2050 were reviewed by the Science Based Targets initiative (SBTi) in 2020. On the basis of the method used, the linear derivations for 2030 were validated and confirmed as being compliant with the Paris climate agreement. The derived absolute emission reductions for Scope 1 and Scope 2 are set to keep us on track for the 1.5°C pathway.

With Net|Zero|Now – our immediate action program for climate change mitigation – we also offer customers and the Continental group sectors an additional building block to support their individual climate strategies. The program is offered for the business with emission-free and combustion-engine vehicles as well as the industrial business, and is also used internally, for example, at events. Continental is working with partners on certified ecosystem restoration, especially on reforestation projects, to remove CO_2 from the atmosphere and ease the global CO_2 budget by means of negative emissions. To this end, Continental has defined its own quality criteria, beyond the requirements for the respective register. The defined CO_2 removals are calculated individually within the group sectors. The amount of negative emissions used under Net|Zero|Now is determined and documented accordingly within the group sectors. Continental has purchased a quota of certified projects. Appropriate certificates are issued to Continental in stages and subsequently deleted from the register. A systematic process is then in place at corporate level to ensure that appropriate issued and deleted certificates are available for the amount used by the group sectors in the respective fiscal year and that these are not used more than once in the internal allocation across fiscal years and group sectors.

Results of the concept

Total own CO_2 emissions (Scopes 1 and 2) amounted to 0.89 million metric tons of CO_2 in fiscal 2023 (PY: 0.99 million metric tons of CO_2). These are calculated as the sum of Scope 1 and market-based Scope 2 CO_2 emissions. The decrease in direct CO_2 emissions (Scope 1) in fiscal 2023 is attributable, among other things, to energy efficiency and substitution measures aimed at reducing fossil fuel consumption and to some degree also to a decline in production volumes. CO_2 emissions here correspond to CO_2 equivalents (CO_2e).

Following the switch to green electricity for reported energy consumption in fiscal 2020, Continental's total CO_2 emissions (Scopes 1 and 2) have been reduced by 70% compared with fiscal 2019, as this green electricity produces no CO_2 emissions. Appropriate green energy attribute certificates were purchased for the full volume of reported purchased electricity not already covered by other instruments (such as green electricity contracts, power purchase agreements or self-generated electricity from renewable sources). Due to national register processes, not all deletions of energy attribute certificates were available for small residual quantities at the time the report was prepared. The reported market-based Scope 2 emissions were as a result of purchased steam and district heating.

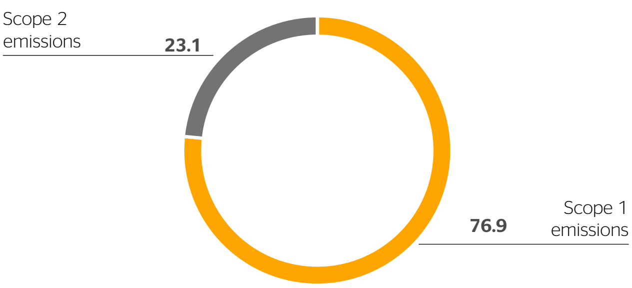
Negative emissions were used again within the Net|Zero|Now program in 2023. Their volume declined to 1.6 thousand metric tons of CO_2 in the reporting year (PY: 27.6 thousand metric tons of CO_2) in the wake of significantly lower demand. The negative CO_2 emissions used took the form of voluntary carbon credits. These certificates were obtained solely from reforestation and afforestation projects and in fiscal 2023 and in previous years were deleted exclusively for Continental in the Gold Standard, VCS, American Carbon Registry and Climate Action Reserve registries.

Carbon neutrality performance indicators[1]	**2023**[2]	2022[2]
Direct CO_2 emissions (Scope 1) in millions of metric tons of CO_2[3]	0.69	0.76
Indirect CO_2 emissions (Scope 2) in millions of metric tons of CO_2[4]	0.21[5]	0.23
Total own CO_2 emissions (Scopes 1 and 2) in millions of metric tons of CO_2[3]	**0.89**	**0.99**

1 Definitions in accordance with the GHG Protocol. Scope 1 includes emissions from the burning of fossil fuels as part of Continental's own processes, and Scope 2 includes emissions from purchased electricity, steam and heat. CO_2 emission factors correspond to CO_2 equivalents (CO_2e).
2 Contains a small amount of imputed data for parts of the Continental Group that did not report data directly.
3 Excluding emissions from refrigerants.
4 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 (September 2023) were used.
5 The location-based calculation method of the GHG Protocol (without taking green electricity into account) produces a value of 1.46 million metric tons of CO_2 for Scope 2 emissions.

In February 2024, global non-profit organization CDP (formerly operating as the Carbon Disclosure Project) raised Continental's climate change mitigation rating from A- to A based on its reported data.

Total own CO_2 emissions 2023 (0.89 million metric tons of CO_2) in %[1, 2, 3, 4]



1 Definitions in accordance with the GHG Protocol. Scope 1 includes emissions from the burning of fossil fuels as part of Continental's own processes, and Scope 2 includes emissions from purchased electricity, steam and heat. CO_2 emission factors correspond to CO_2 equivalents (CO_2e).
2 Contains a small amount of imputed data for parts of the Continental Group that did not report data directly.
3 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 (September 2023) were used.
4 Excluding emissions from refrigerants.

Climate Scenario Analysis

Continental uses various elements of scenario techniques to establish implement and further develop the company's climate strategy. In fiscal 2020, we analyzed various projections, extrapolations and retropolations as well as strategies and scenarios from customers, governments and institutions with a particular focus on further advancing our path toward carbon neutrality.

For Continental, such analysis always focuses on the impacts on Continental and our markets. Some of the scenarios considered assume that carbon neutrality would have to be achieved before 2050, or in the case of a 1.5°C pathway even much earlier, while other considerations assume that carbon neutrality will not actually be achieved globally until after 2050. Continental is therefore expecting our customers, industries and markets to proceed at differing speeds.

With this in mind, we took into account in our sustainability ambitions that we strive for 100% carbon neutrality along our entire value chain by 2050 at the latest, and possibly before 2050.

The individual scenarios are used to enable comparison with global objectives, to better identify potential opportunities and risks, and to adapt to various developments at an early stage. Continental's climate targets were also reviewed by the Science Based Targets initiative (SBTi) and compared against specific global reduction paths and climate scenarios. The SBTi confirmed that the targets for own emissions (Scopes 1 and 2 of the Greenhouse Gas (GHG) Protocol) are in line with a 1.5°C pathway, while for Scope 3 the linear derivations for 2030 were validated on the basis of the method used and confirmed as being compliant with the Paris Climate Agreement and a pathway well below 2°C.

In the Spotlight

Continental Receives Top Marks for Contribution to Climate Change Mitigation

In 2023, Continental was included in international organization CDP's annual A List for the first time, in recognition of its transparency and performance in relation to climate change. This makes Continental one of the few companies to have achieved an "A" in the area of climate change mitigation.

Last year, around 23,000 companies were called upon to disclose their environmental data. The results of the CDP ranking provide investors with an important basis for decision-making.

Continental has been taking part in the CDP ranking for 12 years. In 2022, the technology company achieved an "A-" in the area of climate change mitigation.

In addition, Continental was named in 2023 as a CDP Supplier Engagement Leader for the sixth time in a row, for its actions and strategies to reduce emissions in the supply chain.

Indirect CO_2 Emissions Along the Value Chain (Scope 3)

As part of the full reporting of all 15 Scope 3 categories according to the GHG protocol, the Continental Group implemented significant refinements in the granularity and precision of data collection for several categories over the course of the reporting year. The CO_2 emissions reported corresponded to CO_2 equivalents (CO_2e). The model refinements mentioned led partially to strong emission changes as explained in the individual categories below. In these categories, the comparability of 2023 data to prior year data is therefore limited.

The Continental Group has only limited access to data on actual emissions from its suppliers and sub-suppliers. It is therefore still challenging to receive data of a high-quality reflecting type and scope of emissions. In addition, the Continental Group is working on further refinements of the existing models, primarily by refining the data basis and by the collection of more granular data, if available. This will likely continue for future periods. The current limitations in relation to scope are explicitly explained in the respective categories below.

Based on the current scope of the individual categories, calculated indirect CO_2 emissions along the value chain (Scope 3) amounted in fiscal 2023 to 102.73 (PY: 105.95) million metric tons of CO_2. This equals a decrease of around 3% of indirect CO_2 emissions along the value chain. Major factors of changes in the different categories were primarily attributable to refined data and calculation methodology as well as volumes of products sold and purchased goods.

The Continental Group has identified various key levers throughout the value chain to further reduce Scope 3 emissions: the global shift towards emission-free mobility and industries, product design, renewable and recycled materials, as well as a transition to circular processes. For more information on our circular economy concept, see the Circular Economy section on page 26 in this Integrated Sustainability Report.

Particular Information About Calculating Scope 3 Emissions

CO_2 emissions are calculated in accordance with the Corporate Value Chain (Scope 3) Accounting and Reporting Standards 2011. In line with Continental AG's financial reporting as well as its sustainability reporting, operational control was used as the consolidation approach. For more information on reporting, see the Information on Reporting section page 6 in this integrated Sustainability Report.

In most cases and where not otherwise specified, the calculation is based on Continental's own main data. Only the calculations for the categories "6: Business travel", "15: Investments" and partly "4: Upstream transportation and distribution", were carried out using external primary data. In addition, external secondary data was used, such as emission factors from Defra (UK Department of Energy, Food and Rural Affairs, full set, Version 1.1, 2023), or from Sphera (LCA for Experts, version 10.7.1.28).

In 2023, model changes were made for the categories "4: Upstream transportation and distribution", "10: Processing of sold products" and "11: Use of sold products". For more information about these changes, see the explanation in the respective categories on the following pages. The models used for the other categories remained unchanged compared to 2022. The net effects of the changes in categories 10 and 11 result to a change of less than 1% of CO_2 emissions. The calculation approaches, datasets and scope limitations as well as the applied changes are explained below for each reporting category:

Category 1: Purchased goods and services

For purchased goods, the weight for purchased product groups was multiplied by the specific emission factors from Sphera or internally determined group sector- and business area-specific CO_2 factors. For purchased product groups, for which not all weight information was available, the missing share was determined through calculations. Within this average-data method, the missing value was extrapolated using either the number of units or the expenditure.

The expenditure for services was multiplied either by the specific emission factors from Defra or by an internally determined emission factor. Within this spend-based method, a small volume of expenditure classifications had been extrapolated.

The decrease in emissions in 2023 was mainly due to the change in volumes of purchased goods.

Category 2: Capital goods

The expenditure for property, plant and equipment was multiplied either by the specific emission factors from Defra or by an internally determined emission factor. Within this spend-based method, a small volume of expenditure classifications had been extrapolated. The decline in comparison with fiscal 2022 occurred due to a decrease in the emission factor.

Category 3: Fuel- and energy-related activities (not included in Scopes 1 and 2)

For energy consumption, the specific emission factors from Defra were used. The country-specific grid electricity emission factors were calculated based on the Defra calculation method. For 2023, the emissions calculated with this average-data method decreased due to a decline in energy consumption and decrease in the emission factor.

Category 4: Upstream transportation and distribution

For this category, average-data, spend-based methods and CO_2 data from service providers using the distance based-method were used. Apart from CO_2 data from service providers, the emissions for each mode of transport (road, rail, sea, and air) were determined through calculations. The basis for calculation included logistics expenses, weight distance and transport equipment multiplied by the specific emission factors from Sphera or Defra. The emissions from the ContiTech group sector were calculated using refined data and CO_2 data from service providers. The decline in fiscal 2023 was mainly due to refined data, a switch in transport mode and less transport activities. This calculation did not cover the emissions from inbound logistics paid for by the suppliers, due to an accounting approach that is currently missing.

Indirect CO_2 emissions along the value chain (Scope 3) in millions of metric tons of CO_2[1]	**2023**	2022	Main data base
Category 1: indirect CO_2 emissions (Scope 3) – Purchased goods and services	14.48	15.01	Purchased weight, service expenses
Category 2: indirect CO_2 emissions (Scope 3) – Capital goods	0.74	0.87	Property, plant and equipment expenses
Category 3: indirect CO_2 emissions (Scope 3) – Fuel- and energy-related activities (not included in Scopes 1 and 2)	0.46	0.63	Energy consumption
Category 4: indirect CO_2 emissions (Scope 3) – Upstream transportation and distribution[3]	0.88	1.00	Logistics expenses, weight distance, transport equipment
Category 5: indirect CO_2 emissions (Scope 3) – Waste generated in operations	0.04	0.04	Waste generation
Category 6: indirect CO_2 emissions (Scope 3) – Business travel[4]	0.07	0.05	CO_2 data of service providers
Category 7: indirect CO_2 emissions (Scope 3) – Employee commuting	0.22	0.17	Employee data, external survey
Category 8: indirect CO_2 emissions (Scope 3) – Upstream leased assets	0.10	0.07	Size of warehouse and office locations
Category 9: indirect CO_2 emissions (Scope 3) – Downstream transportation and distribution	0.42	0.45	Logistics expenses, self pickers statistics
Category 10: indirect CO_2 emissions (Scope 3) – Processing of sold products[5]	0.07	1.31	Product weight
Category 11: indirect CO_2 emissions (Scope 3) – Use of sold products[6]	80.71	81.92	Number of tires, product weight
Category 12: indirect CO_2 emissions (Scope 3) – End-of-life treatment of sold products[7]	4.49	4.36	Product weight
Category 13: indirect CO_2 emissions (Scope 3) – Downstream leased assets	0.01	0.01	Size of buildings leased and rental income for leased equipment
Category 14: indirect CO_2 emissions (Scope 3) – Franchises	0.02	0.04	Locations
Category 15: indirect CO_2 emissions (Scope 3) – Investments	0.02	0.03	Sales of equity accounted investees
Calculated indirect CO_2 emissions along the value chain (Scope 3)	**102.73**	**105.95**	

1 Definitions in accordance with the GHG Protocol. CO_2 emissions correspond to CO_2 equivalents (CO_2e). Optional reporting aspects (except for category 6 and 11) for Scope 3 are currently not taken into account.
2 Figures as reported for fiscal 2022. The model changes made in 2023 are not applied to reported figures for 2022. This leads partially to limited comparability for some categories as described in the corresponding text for the relevant categories. Based on the methodology applied for 2023 and historic data for 2022, the recalculated results in millions of metric tons of CO_2 would have been 0.09 for category 10 and 83.4 for category 11. A recalculation for category 4 was not possible due to the lack of 2022 CO_2 data from service providers. Thus, the recalculated indirect CO_2 emissions along the value chain in 2022 would have been 106.22 millions of metric tons of CO_2.
3 Excluding the inbound logistics paid for by the suppliers due to an accounting approach that is currently missing.
4 Including hotel accomodations as optional data.
5 Excluding the trading goods business within the Automotive group sector, ContiTrade within the Tires group sector and the industrial business within the ContiTech group sector due to an accounting approach that is currently missing. Due to these scope limitations, this category covers 85% of Continental Group sales in 2023. For the Automotive and ContiTech group sectors, emissions do not include the effects of methane (CH_4) and nitrogen oxide (N_2O) due to an accounting approach that is currently missing.
6 Indirect emissions in accordance with the GHG protocol. Some products in the Automotive group sector, especially electronics, consume eletricity in their use-phase and may also classify as direct use-phase emissions. They are included, but have not been considered independently in order to avoid doublecounting. In fiscal 2023, the conveyor business – which is part of the industrial business of the ContiTech group sector - is included in the calculations for the first time. The remaining part of the industrial business of the ContiTech group sector is still excluded due to an accounting approach that is currently missing. Individual business operations that are insignificant in terms of CO_2 in the Automotive group sector (trading goods business) and Tires group sector (e.g. parts of the speciality tires business, non-tire products and sold products of ContiTrade) are still excluded. Due to these scope limitations, this category covers 87% of Continental Group sales in 2023. For the Automotive and ContiTech group sectors emissions from passenger vehicles do not include the effects of methane (CH_4) and nitrogen oxide (N_2O) due to an accounting approach that is currently missing.
7 Excluding the trading goods business within the Automotive group sector. End-of-life treatment for automotive parts is considered for car shredders but not beyond. Further treatments are not transparent. Large amounts of material mass, especially metals, are recyled. Due to these scope limitations, this category covers 98% of Continental Group sales in 2023.

Category 5: Waste generated in operations
Waste generation was multiplied by the specific emission factors from Defra. For 2023, the emissions calculated within this average-data method were on a comparable level to 2022.

Category 6: Business travel
CO_2 emissions for business trips were obtained from travel booking service providers, including hotel accommodations as optional data. The emission factors were taken from Defra or vehicle manufacturers. Partly, external primary data was referencing 2022 emission factors from Defra. In order to cover business trips that may not have been booked via these service providers, internal expert assessments were also used for this portion. With this average-data method, the increase in 2023 was mainly due to a rise in business travel activities.

Category 7: Employee commuting
Daily commuting time and means of transport were taken from an external global survey. For this average-data method, the emissions were calculated by taking the estimated commuting distance, effective working days and headcount together with Defra emission factors. The basic model used in the calculation for 2023 is the same as the model used for 2022, but in addition “Well-to-Tank” emission factors were considered which led to an increase in emissions.

Category 8: Upstream leased assets
Significant upstream leased assets already accounted for CO_2 emissions under Scope 1 and Scope 2. The rented warehouses and offices that have not already been included in the calculation of Scope 1 and Scope 2 emissions were identified as additional assets to be reported. For this average-data method, the size of the leased assets was multiplied by the country- and asset-specific emission factors from PCAF (Partnership for Carbon Accounting Financials). The increase in fiscal 2023 was due to the increase in emission factors.

Category 9: Downstream transportation and distribution

The logistics paid for by the customers were extrapolated from Continental's own outbound logistics emissions from "Upstream transportation and distribution", based on the share of selfpickers determined by total sales. The decrease in fiscal 2023 is related to the effects described in category 4 "Upstream transportation and distribution".

Category 10: Processing of sold products

Taking the product weight sold and the average vehicle weight based on market data, a virtual vehicle quantity was modeled in this average-data method. This virtual vehicle quantity was multiplied by the Scope 1 and Scope 2 emissions per vehicle manufactured by selected automotive manufacturers. Up until 2022, the Continental Group was reporting all emissions occurred during the various processing stages of vehicle production. In 2023, for the Automotive and ContiTech group sectors, the model used was changed, since Continental's products only fall under material handling and general assembly stages. The calculation model used in the Tires group sector was also refined. The energy consumption per tire assembly for passenger vehicles and commercial vehicles was measured and calculated for different tire sizes for the first time. The measured energy consumption was taken as a reference in order to estimate the energy consumption in different sales region. In 2023, the decrease in emissions was mainly due to the refined calculation models used in all group sectors and decrease in emission factors. The calculation relates exclusively to Continental's vehicle business and therefore does not currently include the industrial business within the ContiTech group sector as well as ContiTrade of the Tires group sector and the trading goods business of the Automotive group sector. Due to these scope limitations, the calculation covers 85% of Continental Group sales in 2023.

Category 11: Use of sold products

This category contains indirect use phase emissions of Continental's sold products. Some products in the Automotive group sector, especially electronics, consume eletricity in their use-phase and may also classify as direct use-phase emissions. They are included, but have not been considered independently in order to avoid doublecounting. In 2023, for the Automotive and ContiTech group sectors, the calculation method continued to be based on the product weight sold, using average-data methods with emission factors as shown below and other assumptions. Within the ContiTech group sector, the conveyor belt business was included for the first time in 2023. The Tires group sector developed a new calculation model based on tire-industry aligned "Product Category Rules" (PCR). In this model, the energy consumption of sold tires was calculated by considering rolling resistance and acceleration resistance at an individual tire specification level. Furthermore, fuel-specific emission factors from Defra based on the PCR powertrain mix in the respective markets were used to calculate the emissions during use of sold tires. In fiscal 2023, the following assumptions were considered:

- Assumptions applied to the automotive business within the Automotive and ContiTech group sectors:
  - The emission factor for passenger cars and light commercial vehicles was taken from the International Council on Clean Transportation (ICCT) (November 2023).
  - The emission factor for heavy to medium commercial vehicles was taken from Defra.
  - A service life of 200,000 kilometers was assumed for passenger cars and light commercial vehicles (source: 2023 Sustainability Reports of Volkswagen and Mercedes-Benz Group).
  - For heavy to medium commercial vehicles, a service life of 1,000,000 kilometers was assumed (source: internal expert assessment).
  - The average vehicle weights for passenger cars and light commercial vehicles came from EEA (source: European Environment Agency 2022).
  - The average vehicle weights for heavy to medium commercial vehicles were calculated using Defra and market data.

- Assumptions applied to the Tires group sector:
  - Bicycle tires were reported as having zero CO2 emissions since they do not release CO2 emissions during the use phase.

- Assumptions applied to the conveyor belt business of the ContiTech group sector:
  - Average belt weight and related idle power load was taken from Continental's own main data and the internal power calculation reports.
  - Conveyor belt runtime per year was assumed based on an internal expert assessment.
  - Conveyor belt lifetime was assumed based on an internal expert assessment.

The calculation therefore related exclusively to Continental's vehicle business in passenger cars and light commercial vehicles as well as heavy to medium commercial vehicles and conveyor belts. It does not currently include the trading goods business within the Automotive group sector and parts of the specialty tires business, non-tire products and sold products of ContiTrade within the Tires group sector. Apart from the conveyor belt business within the ContiTech group sector the remaining industrial business is excluded. Due to these scope limitations, the calculation covers 87% of Continental Group sales in 2023. The decrease in emissions in fiscal 2023 in "Use of sold products" was mainly due the refined methodology from the Tires group sector and a change in the volume of products sold.

Category 12: End-of-life treatment of sold products

The product weight sold was multiplied by the specific emission factors from Sphera in accordance with the disposal and recycling type. For product groups, for which product weight sold was not available, the emissions were calculated based on purchased goods information. Internal expert assessments and industrial data were used in the classification of the disposal and recycling type. It does not currently include the trading goods business within the Automotive group sector. Due to these scope limitations, the calculation covers 98% of Continental Group sales in 2023. With this average-data method, the increase in fiscal 2023 was mainly caused by refined data in the ContiTech group sector.

Category 13: Downstream leased assets

This category was calculated using an average-data method. The size of the leased assets was multiplied by the country- and asset-specific emission factors from PCAF (Partnership for Carbon Accounting Financials). The leased equipment items (e.g. machinery) were multiplied by a specific emission factor from Defra. The calculated emissions for 2023 were on comparable level to 2022.

Category 14: Franchises
Using an average-data method, the number of franchise locations was multiplied by the internally determined energy consumption and specific emission factors from Defra. In 2023, the decrease compared to prior year was due to refined data.

Category 15: Investments
For this category, emissions were calculated using an average-data method. Sales of equity-accounted investees in financial reporting were multiplied by the portion of Continental's financial contribution with own CO2 emissions (calculated based on Continental's Scope 1 and Scope 2 emissions) per euro of sales. In cases where sales could not be calculat-ed, CO2 emissions were extrapolated based on the number of sales reporting companies. The decrease in fiscal 2023 was caused by the overall reduction in Continental's calculated own CO2 emissions and decline in the number of invested companies.

Carbon Footprint of Continental

In fiscal 2023, the carbon footprint calculated for the Continental Group, which includes the sum of calculated and reported Scope 1, Scope 2 (market-based) and Scope 3 CO_2 emissions in accordance with the GHG Protocol, amounted to 103.62 million metric tons of CO_2. The calculated carbon footprint of the Continental Group, which includes the sum of calculated and reported Scope 1, Scope 2 (location-based) and Scope 3 CO_2 emissions in accordance with the GHG Protocol, amounted to 104.19 million metric tons of CO_2. Please see the explanations relating to Scope 3 above for the current limitations in scope in some Scope 3 categories.

Gross and Net Carbon Backpack of Continental

Continental has only limited influence over most of its carbon footprint. We measure this part as "Calculated customer and product use-related CO_2 emissions". This includes indirect Scope 3 CO_2 emissions for "Downstream transportation and distribution", "Processing of sold products", "Use of sold products", "Downstream leased assets", as well as "Franchises" and "Investments". In fiscal 2023, calculated customer and product use-related CO_2 emissions amounted to 81.24 (PY: 83.75) million metric tons of CO_2. For more information including the changes, see the explanation per category starting page 20.

The calculated gross carbon backpack of Continental's businesses measures the CO_2 emissions that can be directly or indirectly influenced by Continental that arise up until the goods are handed over, and for the product's end of life. It therefore includes all of Continental's own CO_2 emissions (Scopes 1 and 2) as well as indirect Scope 3 CO_2 emissions for the reporting categories "Purchased goods and services", "Capital goods", "Fuel- and energy-related activities (not included in Scopes 1 and 2)", "Upstream transportation and distribution", "Waste generated in operations", "Business travel", "Employee commuting", "Upstream leased assets" and "End-of-life treatment of sold products". The calculated gross carbon backpack of Continental's businesses comprised 22.38 (PY: 23.19) million metric tons of CO_2. For more information including the changes, see explanation per category starting page 20.

In fiscal 2023, 1.6 thousand metric tons of CO_2 (PY: 27.6 thousand metric tons of CO_2) were reported as use of negative CO_2 emissions (CO_2 removal). For more information on the carbon removal program, see page 20.

The net carbon backpack, which we define as the gross carbon backpack minus the use of negative CO_2 emissions (CO_2 removal) amounted to 22.38 (PY: 23.17) million metric tons of CO_2.

Carbon Footprint in millions of metric tons of CO_2[1]	**2023**	2022
Total own CO_2 emissions (Scopes 1 and 2)	0.89	0.99
Calculated indirect CO_2 emissions along the value chain (Scope 3)	102.73	105.95
Calculated carbon footprint (sum of Scopes 1, 2 and 3)	**103.62**	**106.94**
Calculated customer and product use-related CO_2 emissions[2]	81.24	83.75
Calculated gross CO_2-backpack of Continental businesses[3]	**22.38**	**23.19**
Use of negative CO_2 emissions (CO_2 removal)[4]	0.00	0.03
Calculated net CO_2-backpack of Continental businesses[5]	**22.38**	**23.17**

1 Definitions in accordance with the GHG Protocol. CO_2 emission factors correspond to CO_2 equivalents (CO_2e).
2 Definition: The customer and product use-related CO_2 emissions measure the CO_2 emissions over which Continental has no influence or only limited influence and include indirect Scope 3 CO_2 emissions for the reporting categories "Downstream transportation and distribution", "Processing of sold products", "Use of sold products", "Downstream leased assets", "Franchises" and "Investments".
3 Definition: The total gross carbon backpack of Continental's businesses measures the CO_2 emissions that can be directly or indirectly influenced by Continental and which arise up until the goods are handed over, and for the product's end of life. It therefore includes all own CO_2 emissions (Scopes 1 and 2) as well as the calculated indirect Scope 3 CO_2 emissions for the reporting categories "Purchased goods and services", "Capital goods", "Fuel- and energy-related activities (not included in Scope 1 or 2)", "Upstream transportation and distribution", "Business travel", "Employee commuting", "Upstream leased assets" and "End-of-life treatment of sold products".
4 Only those negative CO_2 emissions due to carbon removal that are purchased and used in the corresponding fiscal year as part of the Net|Zero|Now global customer program.
5 Definition: The total net carbon backpack of Continental's businesses includes the gross carbon backpack as well as the total negative carbon emissions due to removal of CO_2.

Emission-free Mobility and Industries

Management Approach

Source: 2023 Annual Report > Management Report > Corporate Profile > Sustainability and Combined Non-Financial Statement (starting p. 45)

Our ambition

As set out in our sustainability ambition, we strive for 100% emission-free mobility and industry by 2050 at the latest, together with our partners along the value chain. “Emission-free” refers to zero emissions of greenhouse gases and nitrogen oxides (NO_x), for example. It does not include harmless emissions such as steam, non-toxic, biodegradable particle emissions or minimal noise emissions.

Of central importance for our ambition are the requirements and speed of transformation of our customers, industries and markets as well as the resulting transformation opportunities and risks.

Concept

Continental is shaping the transformation toward emission-free mobility and industry with customer-oriented solutions, such as for electric mobility, emission-free railway engineering, bicycles and wind turbines. In doing so, we rely both on new product developments and on the further development of our existing product portfolio. Components, software and products from Continental can be found in a wide range of electric vehicles, for example – from tires to high-performance computers and interior surfaces. For current examples of innovative products and systems from Continental, see the Research and Development section of this annual report.

The respective group sectors and business areas are responsible for implementing this sustainability ambition, particularly with regard to portfolio development, product strategies and business models, and are supported by the group functions of the Continental Group. To this end, relevant aspects have been and will continue to be incorporated in portfolio analyses, and are included in the strategy and business development processes for the group sectors and business areas.

For the implementation of our concept with respect to emission-free mobility and industry, we record our allocated business with zero-tailpipe-emission vehicles as a performance indicator. Clearly allocated sales are recorded. In terms of vehicles, these include sales of tires, displays, sensors, electronic control units, artificial leather and hoses for emission-free passenger cars and trucks, as well as air springs for emission-free trains and trams.

In fiscal 2022, Continental reported the performance indicator of allocated low-carbon business beyond business with zero-tailpipe-emission vehicles. The highest share of this indicator was accounted for by the replacement business with highly efficient tires with low rolling resistance. In view of the ongoing uncertainty about how tires and various industrial businesses can be classified as low-carbon business under the various regulations (e.g. EU Taxonomy), Continental decided to discontinue reporting on allocated low-carbon business beyond business with zero-tailpipe-emission vehicles in fiscal 2023 and to develop a new reporting approach going forward.

Results of the concept

In fiscal 2023, the allocated business with zero-tailpipe-emission vehicles amounted to €2,244 million (PY: €1,657 million). The year-on-year growth is attributable in particular to the growing market success of electric mobility, since Continental’s products can now be found in many mass-produced models.

Emission-free mobility and industry	2023	2022
Allocated business with zero-tailpipe-emission vehicles in millions of euros[1, 2]	2,244	1,657

1 Definition: allocated business with zero-tailpipe-emission vehicles comprises all business with products for vehicles transporting goods and people.

2 The business can be allocated via the vehicle manufacturer, the vehicle platform or the product specification, for example. The data includes both pure business and attributable business, such as in the case of combined vehicle platforms. For the Tires, ContiTech and Contract Manufacturing group sectors, the sales reported at the end of the year were included. In the case of the Automotive group sector, a calculation was carried out for passenger cars and light commercial vehicles using internal, vehicle-specific planning data for sales and external data for production quantities, and for medium and heavy commercial vehicles this was based on the relevant customer portfolio.

In the Spotlight

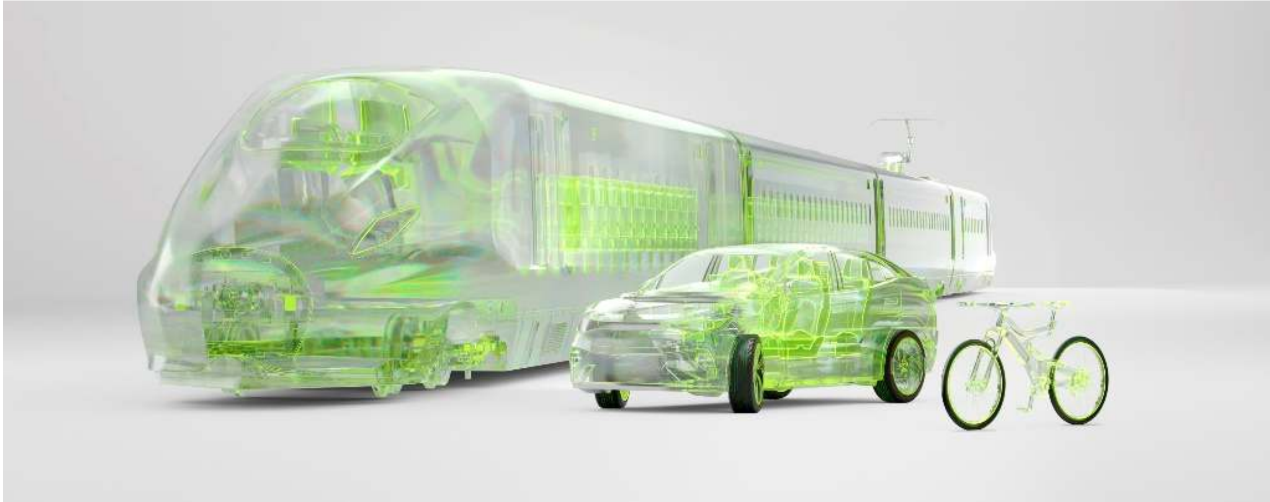
Allocated Business with Zero-Tailpipe-Emission Vehicles

The transformation of mobility, combined with the end of conventional combustion engine drives, is a megatrend in which Continental is already participating. In fiscal 2023, our allocated business with zero-tailpipe-emission vehicles amounted to close to €2,24 billion. Sales increased significantly compared year-on-year, and we expect further growth in the future.

The table below provides an exemplary overview of which Continental products are currently part of this growth market and are included in the above-mentioned sales for allocated business with zero-tailpipe-emission vehicles.

Product Examples:

Acceleration Sensors for Crash Detection	Inertial Measurement Unit
Air Conditioning Lines	Innovative Surfaces for Instrument and Door Panels
Airbag Control Unit	Innovative Surfaces for Seat Covers
Battery Impact Detection System	Integrated Brake System
BEV Battery Cooling Lines	Intelligent Battery Sensor
BEV Engine Mounts	Intelligent Glass Control
Bicycle Tires	Interior Displays
Bicycle Tubes	Key Authentication Passive Entry Passive Start
Bluetooth and UWB Transceiver	Long-Range Radar for Intelligent Driving Functions
Brake Hoses	Operating System Software
Broadcast Window Antennas	Pedestrian Protection System
Chassis Control Unit	Power Liftgate Module
Chassis Position Sensor	Pressure Sensors for Side Crash Detection
ContiMobilityKit	Primary and Secondary Suspension Systems for Railway Applications
Control Unit for Passenger Seat	Radar
Door Control Units	Radio Frequency Transceiver
Driver Monitoring Camera	Sensor Actuators Module
Electric Vehicle Engine Mounts	Smartphone Terminal/NFC Reader
FDC Silverbox	Spring Seats
Full Digital Cluster	Strut Mounts
Green Calipers and Drum Brakes	Summer and Winter Tires
Head-Up Display	Telematic Control Unit
High Performance Computer	UWB Transceivers
High Voltage Current Sensing Module	Wheel Speed Sensors



Circular Economy

Management Approach

Source: 2023 Annual Report > Management Report > Corporate Profile > Sustainability and Combined Non-Financial Statement (starting p. 46)

Our ambition

As set out in our sustainability ambition, we strive for 100% closed resource and product cycles by 2050 at the latest, together with our partners along the value chain.

Of central importance for our ambition are the requirements and speed of transformation of our customers, industries and markets as well as the resulting transformation opportunities and risks.

Concept

The switch to a circular economy is a profound and complex transformation process for Continental, which at the same time is highly relevant for the achievement of other topic areas of the company's sustainability ambition. The group sectors are responsible for implementing circularity, in particular with respect to product design, business models, material use and material procurement. They have each started to design and/or implement specific initiatives and projects that are aimed at improving the use of product-related, technological and biological cycles. In addition, work is continuously being done on the durability, recyclability and adaptability of products. To cite some examples:

- In the reporting year, the Automotive group sector become a partner of the international CIRC-UITS project (Circular Integration of independent Reverse supply Chains for the smart reUse of IndusTrially relevant Semiconductors). The aim of the project is to develop sustainable methods based on innovative technologies that can be used in the circular model to manufacture new components and products with high added value and an improved environmental footprint, as well as to provide solutions for the reuse of semiconductors and mechanical parts.
- Together with partner Pyrum Innovations, the Tires group sector is currently developing various processes to further optimize and expand the recycling of scrap tires through pyrolysis. Since September 2023, the carbon black recovered in this process has been used at the Korbach tire plant for solid tires fitted primarily on forklift trucks. It is also set to be used in more and more of Continental's rubber compounds in the future.
- The ContiTech group sector has launched skai rPET PureLux, a plain-colored furniture film made from 100% recycled PET polymer, which conserves natural resources.

For more information, see the respective press release on our website under Press.

With regard to operational waste management, as a further key component of the circular economy, we have set ourselves the corporate target of increasing the waste for recovery quota to 95% by 2030. Waste for recovery includes material recycling, thermal recovery or any other form of recycling or reuse. This objective gives priority to recycling over disposal. The implementation of the corporate target is managed by Group Environmental and Climate Protection as part of operational environmental management.

For more information on the organization of operational environmental management, see the section on green and safe factories in this combined non-financial statement. The waste for recovery quota has also been part of the LTI plans for the members of the Executive Board and global managers since fiscal 2020. For more information, see the remuneration report on our website under Company/Corporate Governance/Executive Board.

Results of the concept

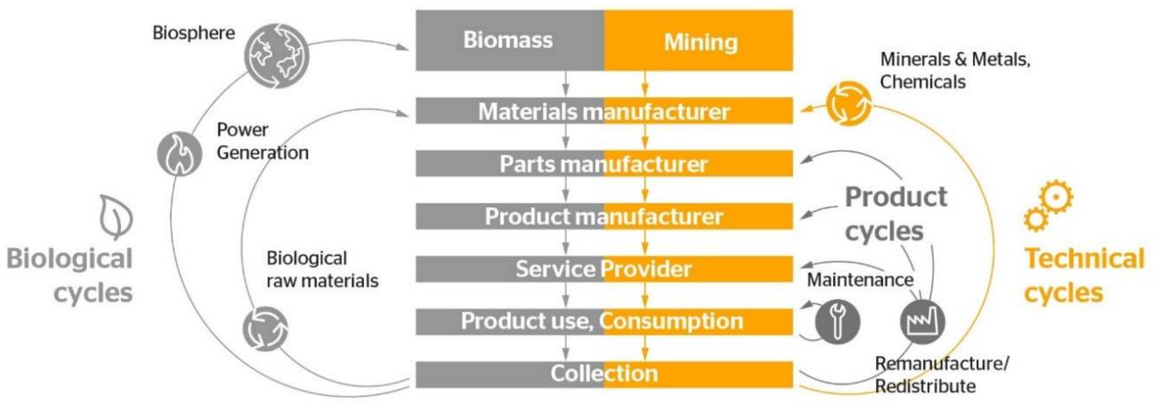
The waste for recovery quota was at 87% in fiscal 2023 (PY: 85%). This was mainly due to the successful implementation of local projects as well as to market conditions, which allowed for increased waste recovery.

Circular economy performance indicator	2023[2]	2022[2]
Waste for recovery quota in %[1]	87	85

1 Definition: proportion of waste that has been sent for material recycling, thermal recovery or any other form of recycling or reuse.
2 Contains a small amount of imputed data for parts of the Continental Group that did not report data directly.

In the Spotlight

In a Circular Economy, there is no Waste, only Material in the Wrong Place



In the Spotlight

Pioneering Sustainable Materials

Algae and seawater as raw materials for future plastic
On February 27, 2024, Continental has recognized an innovative sustainable solution with the Climate Solutions Prize. Biotic, a biotech start-up focusing on biological alternatives to plastics, prevailed in the "Pioneering Sustainable Material" tech challenge offered by Continental in collaboration with Startup Nation Central (SNC).

The winning solution is a new method that utilizes algae and seawater as raw materials in order to modify the properties of plastic. The resulting material has the potential to replace several existing fossil-based components and packaging in the automotive industry. "For Continental, embracing sustainability in automotive development is a strategic imperative," said Gilles Mabire, CTO at Continental Automotive. "One part of our multi-faceted approach to find innovative sustainable solutions is to work with young, particularly agile and innovative companies. And we were quite impressed with Biotic's approach of complete recycling throughout the material's life cycle." The winner of the Climate Solutions Prize was announced during the final event on February 26, 2024.

Founded in 2020, the winner Biotic envisions a world where plastic is not a concern. Polymers and other plastics account for 12 to 16 percent of the total weight of a car, so it is crucial to seek sustainable and circular alternative solutions. For the challenge, Biotic developed a process that uses algae and sea water as feedstock for their precision fermentation, allowing for modification of the polymers' characteristics. The synthesized biobased polymer holds the potential to replace several existing fossil-based components and packaging in the automotive industry. Currently, Continental and Biotic are preparing a proof of concept with the intention to form a long-term cooperation. "We are very proud to have been awarded with the Climate Solutions Prize," said Adi Goldman, CEO and co-founder, "and we are looking forward to working together with Continental to develop our solution further towards future scalability." Plastics are one of the main materials extensively utilized at Continental Automotive. A broad range of plastics, from standard to engineering plastics, is employed to meet the complex and technical requirements of the wide product portfolio. These applications span from housings and packaging to sophisticated displays.

Continental focuses on pioneering sustainable solutions in Automotive
In 2023, Continental partnered with SNC on the Climate Solutions Prize competition. SNC is an independent Non-Governmental Organization (NGO) from Israel, driven by a diverse team of industry-leading business and tech experts. Their objective is to find unique technologies which drive innovation processes forward.

The annual competition encompasses multiple tech challenge tracks. Continental's "Pioneering Sustainable Material" challenge focused on start-ups creating cutting edge sustainable material technologies which can be used in automotive.

Spotlight on sustainable automotive technologies
Concerns about global warming and environmental degradation continue to mount worldwide. Major industry players, Continental included, are redefining their approach to manufacturing and are actively seeking innovative solutions that align with their own sustainability goals as well as those of their stakeholders. Central to this paradigm shift is the recognition that establishing collaborations and developing innovative and sustainable tech products are essential. For this purpose, Continental established co-pace, its own start-up organization, in 2018 as a catalyst for new technologies and business models built in cooperation with key start-ups that contribute to reaching CO2 neutrality and a circular economy.

Start-up challenges like the Climate Solutions Prize are just one part of Continental's multi-faceted strategy to navigate the complexities of global innovation. The aim is to develop a comprehensive approach which involves a synergy of opportunities, including utilizing expert networks and fostering university collaborations, local partnerships and strategic investments through corporate venture capital. In addition, Continental is running its own explorative programs that identify, evaluate and select promising sustainable automotive technologies that enable them to achieve key sustainability requirements from its stakeholders. These projects cover a wide array of applications, from adjusting production processes for a reduced carbon footprint to reusing components at the end of their lives.

For more information, see the respective press release on our website under Press.

Responsible Value Chain

Management Approach

Source: 2023 Annual Report > Management Report > Corporate Profile > Sustainability and Combined Non-Financial Statement (starting p. 47)

Our ambition
As set out in our sustainability ambition, we strive for 100% responsible sourcing and business partnerships by 2050 at the latest, together with our partners along the value chain.

Our understanding of a responsible value chain thus refers to our supply chain and customer relationships and to our own locations.

Of central importance for our ambition are the requirements and speed of transformation of our customers, industries and markets as well as the resulting transformation opportunities and risks.

Concept
Continental operates in complex global value chains that are exposed to a variety of risks associated with the violation of protected rights. Risks within this context are always related to the potential negative impact on people and the environment.

Continental has therefore established a comprehensive management system for ensuring its due diligence obligations, in order to identify risks in connection with defined protected rights within its supply chain and in its own business units. For this purpose, responsibilities, rules and processes have been clearly defined for this purpose, including risk-mitigation measures and control mechanisms. The responsible value chain due diligence system (RVCDDS) focuses on the protected rights defined by us and will be developed further in line with the development of dynamic economic, social and environmental requirements. The RVCDDS applies to Continental AG and to all subsidiaries in which the Continental Group exercises a controlling influence.

The Executive Board of Continental AG is updated on the current status by the Continental Group's human rights officer at least once a year and decides on the system's effectiveness, appropriateness and potential for improvement. It then proposes any suitable improvements to the RVCDDS where necessary, either to the system as a whole or to selected elements. The RVCDDS is additionally integrated into Continental's overarching internal control system, risk management system and compliance management system. As a key prevention measure at corporate level, Continental has adopted responsible value chain commitments (RVC commitments) that are accessible online at www.continental-sustainability.com. These commitments address the defined risk categories and formulate what is expected of the company's own business units and employees, as well as of its direct suppliers. The RVC commitments surpass the minimum legal requirements, especially when it comes to working conditions. On top of this, Continental has anchored further prevention measures in its own business units and with respect to direct suppliers.

Within the RVCDDS, our Code of Conduct defines the fundamental requirements for our employees, while the Business Partner Code of Conduct defines the fundamental requirements, among others for our suppliers as well as their suppliers, with regard to human rights, working conditions, environmental protection, conflict minerals and anti-corruption. The Business Partner Code of Conduct is updated regularly, most recently in fiscal 2023, to reflect changes or adjustments to relevant legislation. For suppliers of natural rubber, our sourcing policy for sustainable natural rubber additionally applies.

The existing corporate-wide whistleblower system within Continental AG, the Continental Integrity Hotline, was expanded as part of the legal requirements under the German Supply Chain Due Diligence Act *(Lieferkettensorgfaltspflichtengesetz)* and is available both to employees within the Continental Group as well as persons outside the company. The Integrity Hotline is open for information on potential violations of human rights and environmental rights, among other issues. Alongside the whistleblower system, a range of other resources are used to investigate potential protected right violations and implement preventive and remedial measures, where necessary.

The RVCDDS additionally defines the framework for taking remedial measures within the company's own business units, as well as toward direct suppliers and, should the situation arise, also toward indirect suppliers. Sustainability aspects are also taken into consideration at various other points in supplier management. For example, selected suppliers are evaluated based on various criteria using self-assessment questionnaires, which we collect via the generally accepted sustainability platforms for our industries, such as EcoVadis and NQC. These questionnaires are reviewed annually at the corporate level. Selective local audits or other audit activities are also carried out, for example in relation to the existence of management systems.

We also continue to develop our approach for the responsible value chain in dialogue with external stakeholders and support the development of industry-wide standards, for example through our participation in industry dialogue with the German government on human rights in the automotive industry. Here, we have worked in particular to cultivate a shared understanding of industry risks and due diligence requirements. We are also involved in initiatives and associations such as econsense, the Responsible Business Alliance (RBA) and the Global Platform for Sustainable Natural Rubber (GPSNR).

Responsible sourcing is the responsibility of the relevant purchasing organizations, which are established at Continental by group sector, product group and country, for example. A corporate purchasing network regularly deals with responsible sourcing topics as well. The Group Quality group function coordinates the management of conflict minerals, including the corresponding reporting processes.

Results of the concept
The completed risk analysis was used to formally prioritize the risk categories of harmful environmental impacts, equal treatment/anti-discrimination and working conditions (including working time) for the company's own business units, as well as all risk categories for the supply chain as they pertain to direct suppliers.

As part of the RVCDDS rollout, training on the RVC commitments and on the RVCDDS itself was provided to employees worldwide, in particular to staff in management positions and to those performing special functions.

To further increase transparency and sustainability in Continental's natural rubber supply chain, the activities of the joint venture "Rubberway," which was founded in 2019, were rolled out further for the digital risk analysis of the upstream supply chain. The joint project with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in the Indonesian province of West Kalimantan, which has been in place since 2018, was also further expanded. The aim of the project is to jointly drive forward the implementation of a digital system for the traceability of natural rubber from the project region. Optimizing the supply chain and offering training in the sustainable farming of natural rubber helps smallholders to increase the quantity, quality and yield of their produce, thus improving their income. In addition, a cultivation strategy designed around sustainability prevents clearing and deforestation, thereby conserving valuable resources. As part of a development project with Security Matters (SMX), Continental is working on testing a tamper-proof means of verification of the geographical origin of natural rubber using marker technologies. In 2022, field testing was successfully completed, and the marker substance could be verified beyond doubt throughout the entire tire production process.

As at December 31, 2023, 1,291 valid supplier self-assessment questionnaires were available via the two sustainability platforms EcoVadis and NQC (PY: 1,009). This corresponds to a completion rate of 71% of suppliers selected for this process (PY: 63%). The increase in the number of available valid supplier self-assessment questionnaires and the higher completion rate are due to the onboarding of ContiTech suppliers in EcoVadis and the follow-up activities with suppliers to update and renew their self-assessment questionnaires.

Responsible value chain performance indicator	2023	2022
Number of available valid supplier self-assessment questionnaires (as at December 31)[1]	1,291	1,009

1 Based on the self-assessment questionnaires via the sustainability platforms EcoVadis and NQC completed by suppliers selected for this process.

We present further performance indicators for the implementation of a responsible value chain with regard to our own locations in the sections on good working conditions as well as green and safe factories in this combined non-financial statement.

Our Responsible Value Chain Commitments

Continental is committed to respecting human rights and the core labor standards of the International Labour Organization (ILO) in accordance with the United Nations Guiding Principles on Business and Human Rights (UNGP). Our RVCDDS is based on Continental's commitments relating to the responsible value chain:

Labor standards
No child labor: Continental firmly rejects any form of child labor and specifically respects the standards of the International Labor Organization. Continental does not employ people under the age of 15 or under the age at which compulsory schooling ends or under the applicable country's minimum age for employment, whichever is greatest. Furthermore, young workers under the age of 18 need to be treated with special diligence and should not perform work that is likely to jeopardize their health, safety, and/or development.

Fair payment: At Continental, compensation paid to workers shall comply with all applicable wage laws and regulations, including those relating to minimum wages, living wages, overtime hours, and legally mandated benefits. In compliance with local laws and regulations, workers shall be compensated for overtime in a reasonable way. Deductions from wages as a disciplinary measure shall not be permitted. For each pay period, workers shall be provided with a timely and understandable wage statement that includes sufficient information to verify accurate compensation for work performed.

Equal treatment: Continental commits to creating a working environment free from any form of discrimination based on gender, age, race, skin color, health status, disability, social or ethnic origin, nationality, sexual orientation, political opinion, religion or belief, or any other characteristics protected by applicable laws and regulations. Furthermore, workers shall be provided with reasonable accommodation for religious practices, where relevant. In particular, equal work shall be compensated with equal pay.

No forced labor & modern slavery: Continental firmly rejects any form of forced labor, modern slavery, debt bondage, trafficking, or any other form of labor not conducted voluntarily or non-compliant with the International Labor Organization's standards. This includes any form of oppression in the vicinity of the workplace, be it economically or of any other kind. Workers must be provided with documented employment terms or an offer of employment in a language the person should be able to understand. Migrant workers need to be treated with special diligence and shall receive the relevant work-related information prior to their departure from their country of origin and must always have access and full control over their identity or immigration documents.

Freedom of association: Continental respects the freedom of association of all workers who have a right to the freedom of association and representation of their interests through elected representatives. They are free to form or join trade unions in conformance with the applicable laws and regulations. They must not be discriminated due to their relationship with trade unions or elected representatives. In conformance with the applicable laws and regulations, elected representatives and trade unions are free to operate. This includes collective bargaining and strikes for the regulation of working conditions.

Working conditions (incl. working time): At Continental work organization especially regarding working time must comply at least with the applicable laws and regulations. Continental commits to preventing physical and mental fatigue through avoidance of excessive working hours. Therefore, except in emergency or unusual situations, an average workweek typically should not be more than 60 hours per week (including overtime) and workers shall be allowed at least one day off every seven days. Scheduling of overtime must be done at least in accordance with applicable laws and regulations.

Health & safety

Health & safety: Occupational safety and health are integral parts of Continental's responsibility to respect the physical and mental integrity of workers. Based on a systematic and preventive management approach, we consequently prevent work-related injury and ill health, and provide safe and healthy workplaces. This includes the creation of appropriate working conditions, prevention of excessive physical and mental fatigue, responsible handling of hazardous materials and further effective preventive measures such as trainings and instruction of workers. We comply with applicable laws and obligations regarding safety & health.

Mercury: Continental commits to responsibly handle mercury. This includes handling of mercury, mercury compounds, mercury-added products and mercury waste according to the Minamata Convention on Mercury and its amendments.

Persistent organic pollutants: Continental commits to responsibly handle persistent organic pollutants, following the Stockholm Convention on Persistent Organic Pollutants (POPs) and its amendments.

Security practices

Responsible security practices: Continental is committed to respecting human rights and to ensure sufficient instructions and establish appropriate control mechanisms when contracting or using own, private or public security forces. This especially includes the prohibition of contracting or using private or public security forces for the protection of an enterprise's project when it is likely that – due to a lack of instructions or control – these security forces will disregard human rights, use torture and/or cruel, inhumane or degrading treatment, violate the right of physical integrity, or impair the freedom of association.

Environment

Environmental impacts: Continental strives to prevent harmful environmental impacts such as emissions to soil, air, water, as well as waste and noise generation and excessive water consumption, especially in order to not impact people's health and physical needs. We comply with applicable laws and regulations regarding environmental protection.

Waste handling: Continental applies the waste hierarchy (prevent, reuse, recycle, recover) for waste whenever possible. Continental operates a waste management system to responsibly handle hazardous and non-hazardous waste. With our business partners we ensure that transboundary movements of hazardous wastes and their disposal are controlled according to the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their disposal. We comply with applicable laws and regulations regarding waste handling.

Land rights

Land rights: Continental respects legitimate land rights during the entire real estate life cycle, in the acquisition, development, operation, or other use of land, forests, and waters, especially wherever these secure the livelihood of people. Thereby any unlawful eviction, taking, and usage of land, forests, and waters must be prevented.

Supply chain

Supply chain: Continental collaborates with its business partners to foster respecting adequate standards throughout the value chain. Continental expects its suppliers to respect human and environmental rights as referenced in the RVC Commitments and applicable laws. Furthermore, Continental's suppliers are required to implement adequate due diligence processes. These are dedicated to identify, prevent, and mitigate risks of negative impacts on human and environmental rights in their operations and supply chains, including appropriate grievance mechanisms and reporting. Continental is committed to support its business partners and especially its suppliers, e.g. through but not limited to adequate monitoring systems, corrective action plans, and trainings.

For more information on our concepts in this respect, see also in this Integrated Sustainability Report the following sections on:

- Green and Safe Factories starting page 38 (including the strategies on Occupational Safety and Health and Operational Environmental Protection page 39).
- Good Working Conditions starting page 60 (including Labor Relations page 77).
- Code of Conduct page 92.

Complaint mechanism

In the context of detection, Continental has set up an Integrity Hotline to give employees and third parties outside the Continental Group the opportunity to report violations of legal regulations, its fundamental values and ethical standards. Information on any kind of potential violations can be reported anonymously via this hotline. The hotline is available worldwide in many different languages. The company's investigating units rigorously pursue any and all substantiated leads. For further information on our concept in this respect, see our report on risks and opportunities starting on page 103 in this Integrated Sustainability Report.

Further information

For more information on our approach to human rights management, see Continental Modern Slavery Statement on our website under Sustainability/Reporting & Principles.

In the Spotlight

Responsible Sourcing of Natural Rubber

Over the past fiscal year, Continental further developed its management approach for the strategic dimension of responsibly sourced natural rubber. All activities here are compliant with the human rights and due diligence guidelines of the Organisation for Economic Cooperation and Development (OECD). Continental's Responsibly Sourced Natural Rubber (RSNR) framework is based on digitalization, risk assessment, risk mitigation and training.

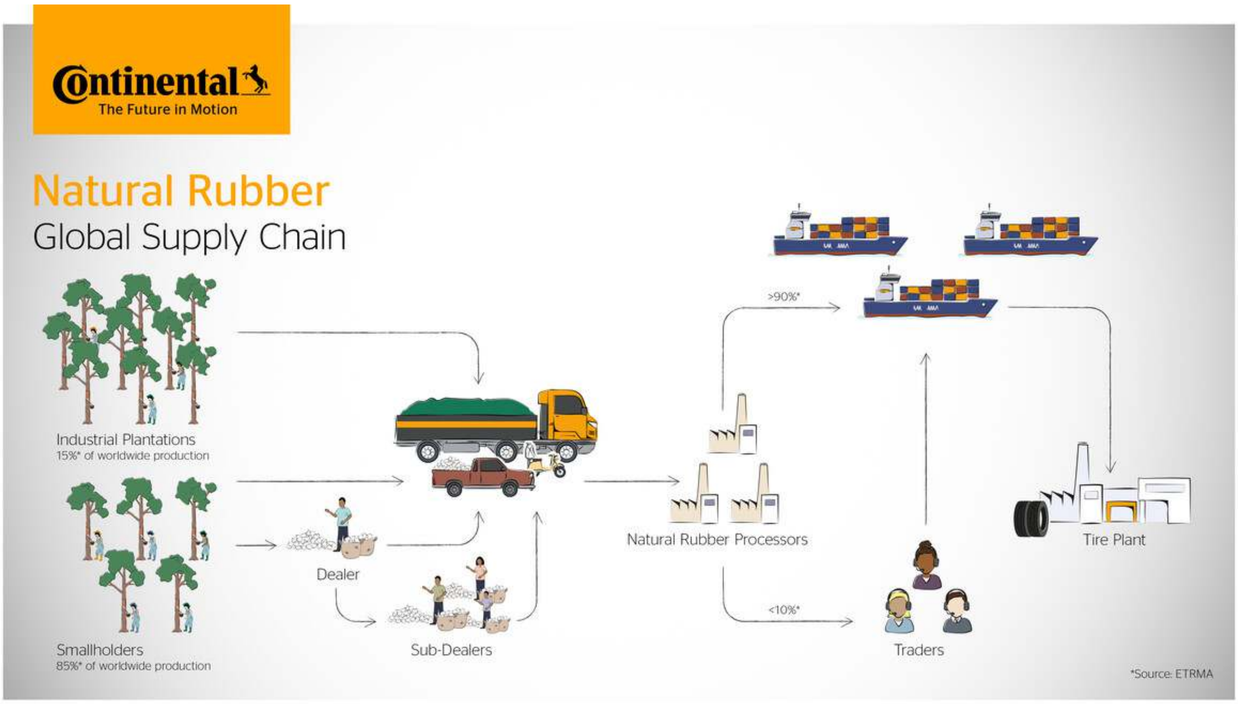
All the principles are laid out in Continental's Sustainable Natural Rubber Sourcing Policy, which has been fully harmonized with the multi-stakeholder policy framework of the Global Platform for Sustainable Natural Rubber (GPSNR). To ensure compliance with the defined principles of relevant purchasing policies, we use digital systems. For all direct and centrally managed suppliers (Tier 1), Continental assesses risks related to human rights, the environment and ethical risks in its suppliers' business and procurement processes, in particular by reviewing verified self-provided information with the help of third-party partners (e.g. EcoVadis, audits). In fiscal 2023, as in fiscal 2022, Continental successfully reached 100 percent coverage by volume of all direct natural rubber suppliers within Central Purchasing in terms of Policy acceptance and verified self-risk assessment. In addition, approximately 91 percent of our direct natural rubber suppliers (by volume) attained the ISO 14001 environmental management system certification. We expect our suppliers, service providers and partners to promote implementation of the requirements set out in our Sustainable Natural Rubber Sourcing Policy and our Code of Conduct in their respective supply chains. To increase transparency and sustainability along its supply chains, Continental is actively working with its competitors and stakeholders in various collaborative industry approaches. For example, as a driver of innovation in the natural rubber sector, Continental, together with certain partners (Michelin, SMAG as fellow shareholders), has been successfully implementing the joint venture "Rubberway", a digital system for risk assessment in the upstream supply chain (Tier 1 – Tier X). In fiscal 2023, Continental achieved approximately 74 percent coverage by volume of all direct natural rubber suppliers within Central Purchasing – and is on track to reach full coverage by 2030. In 2023, Rubberway also expanded its functionality to enable traceability of natural rubber back to the plot of land where it was produced as well as the necessary due diligence procedures. Other tire manufacturers have also joined Rubberway as users of this system.

In terms of risk mitigation and prevention, Continental is funding and conducting various projects. The partnership between Continental and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in Indonesia marks our largest project.

As part of this development partnership, Continental is getting involved right at the start of the supply chain in Indonesia, the world's second-largest producer of natural rubber. Production here is mainly carried out by independent smallholders. The farmers mostly live scattered around remote areas, making it difficult to reach them with offers of advice and training. As part of a joint development partnership, Continental and the GIZ are training smallholders locally in sustainable cultivation practices. This helps the farmers to cultivate higher-quality natural rubber, which in turn helps secure the livelihoods of many smallholdings while also preventing deforestation. The number of farmers involved increased from 450 to 4,000 by the end of 2023. The project will be concluded in 2024.

Continental is committed to improving the livelihoods of smallholders worldwide. As a founding member of the GPSNR, Continental works together with other partners to not only further increase traceability in the value chain for natural rubber but also increase capacity building (e.g. by delivering training, infrastructure and incentives). The GPSNR and its stakeholders collectively account for more than 50 percent of the global demand for natural rubber and represent all stages of the value chain. Together, they are working to build a fair and equitable value chain. In 2022, Continental was elected to the Executive Committee (EC) by the GPSNR plenary meeting. In addition, Continental is actively involved in working groups on the platform, shares relevant project experience and supports capacity building activities. Continental disclosed relevant information as set out in the GPSNR reporting requirements in 2023.

In 2023, the European Union (EU) passed a new legislation named the EU Deforestation Regulation (EUDR). The scope of this regulation includes natural rubber and its derivatives (e.g. tires, belts) as well as other commodities. From December 30, 2024, onward, only traceable products that comply with the relevant legal requirements may enter the EU. The EUDR requires the implementation of plot-of-land traceability, which represents a challenge within the complex and fragmented smallholder supply chains on a very ambitious timeline. For this reason, the Tires and ContiTech group sectors set up a project in 2023 that is aimed at ensuring compliance with this legislation. Based on the results of this project, Continental will review its Responsibly Sourced Natural Rubber Concept and the resource allocation into all its activities.


The Future in Motion
Natural Rubber
Global Supply Chain
Industrial Plantations
15%* of worldwide production
Smallholders
85%* of worldwide production
Dealer
Sub-Dealers
Natural Rubber Processors
>90%*
<10%*
Traders
Tire Plant
*Source: ETRMA

Innovation and Digitalization

Research and Development

Source: 2023 Annual Report > Management Report > Corporate Profile > Research and Development (starting p. 37)

Continental is developing the new horsepower for the mobility of the future.

Continental is leading the way with its technology solutions for the new era of mobility. These range from innovative, high-performance computers and solutions for the rapid, cost-efficient implementation of digital mobility to sustainable vehicle interiors of the future and environmentally friendly tires that enhance energy efficiency when driving. Continental's technology portfolio extends from the road to the cloud. The shift from hardware-based mechatronic products to more software-driven solutions is well underway, and we are helping to shape this new era with our proven expertise in software-driven mobility. A large number of new cars worldwide are already fitted with hardware and software solutions from Continental – ensuring safety, convenience and sustainability.

Continental and Aurora partnership for commercially scalable autonomous trucking systems

The technology companies Continental and Aurora entered into an exclusive partnership in April 2023. Together, they will deliver the first commercially scalable generation of Aurora's integrated hardware and software system – the Aurora Driver – in the USA. The SAE (Society of Automotive Engineers) Level 4 system will be available to carriers and commercial fleet operators across the USA to help reduce costs to facilitate broader adoption. Production is set to commence in 2027.

In order to industrialize the Aurora Driver, Continental will bring its decades of experience in the field of system development for safe and reliable vehicle solutions to the partnership. Continental will contribute not only the entire hardware system, but also a new fallback system. This ensures, in the unlikely event of a malfunction of the autonomous primary system, that the driverless truck's fallback system will safely take over and safely drive to the nearest safe location. In addition, Continental will take care of the entire life cycle of the supplied autonomous hardware solutions for the Aurora Driver, from the production line all the way through to decommissioning.

Continental and Google Cloud equip cars with generative artificial intelligence (AI)

Continental announced a partnership with Google Cloud at IAA Mobility in September 2023. Together, the two companies will equip cars with artificial intelligence (AI), making Continental one of the first automotive suppliers to integrate Google Cloud capabilities directly into vehicle computers – allowing drivers quite literally to "talk" with their vehicles. No matter if drivers, for example, need helping find the right tire pressure when the car is fully loaded or want to know more about local places of interest at their destination or along their route, the generative AI gathers the required information and answers the driver's questions. The two companies each bring their respective expertise to the partnership, namely in automotive, software, artificial intelligence and cloud computing.

With this technology, Continental is offering yet another building block from the road to the cloud and expanding the instrumentation, entertainment and driver assistance functions already integrated into its high-performance computer for smart cockpits (Smart Cockpit HPC). This, in turn, cuts the development time and effort, complexity and cost for automotive manufacturers. The Smart Cockpit HPC combines user experience and system performance, while meeting customer requirements for typical cockpit designs featuring driver and center displays. The pre-integrated functionality reduces costs, which ultimately results in fast time to market – from order to start of production in just 18 months.

Continental and Synopsys accelerate software development

Continental and Synopsys are accelerating the development and validation of software features and applications for the software-defined vehicle. The companies have teamed up to develop advanced virtual prototyping solutions for virtual electronic control units (vECUs), combining the virtual prototyping of Synopsys with Continental's cloud-based development framework, Automotive Edge (CAEdge). The result is a digital twin that helps automotive manufacturers simplify software development and get their product to market faster.

Continental and DeepDrive develop wheel hub drive with integrated brake

In October 2023, Continental entered into a strategic partnership with Munich-based high-tech firm DeepDrive to develop core technologies for electric vehicles. As an initial milestone, the two companies are jointly developing a combined unit comprising drive system and brake components that will be mounted directly on a vehicle's wheel. DeepDrive specializes in developing efficient electric motors and has extensive experience in large-scale automotive production. Continental, for its part, will contribute its technological know-how in brake systems and its expertise in industrializing innovative technologies.

	2023		2022	
Research and development expenses (net)	€ millions	% of sales	€ millions	% of sales
Automotive[1, 2]	2,384.8	11.8	2,273.1	12.4
Tires[1]	336.0	2.4	320.8	2.3
ContiTech[1]	175.1	2.6	169.2	2.6
Contract Manufacturing[1]	0.0	0.0	0.1	0.0
Consolidation	0.0	–	–0.2	–
Continental Group[1, 2]	**2,896.0**	**7.0**	**2,762.9**	**7.0**
Capitalization of research and development expenses	**17.6**		**24.4**	
in % of research and development expenses[1, 2]	0.6		0.9	
Depreciation on research and development expenses	**50.4**		**46.4**	

1 In the year under review, the presentation of income and expenses in connection with specific warranties, restructuring measures, severance payments, as well as impairment and reversal of impairment losses on intangible assets and property, plant and equipment was changed. They are now assigned to the relevant functional areas. The comparative period has been adjusted accordingly.
2 The assignment of income and expenses from certain business activities within the functional areas has been adjusted. The comparative period has been adjusted accordingly.

Continental starts production of its most sustainable tire to date and presents concept tire Conti CityPlus
In mid-2023, Continental started production of the UltraContact NXT, its most sustainable production tire to date, at its plant in Lousado, Portugal. Comprising up to 65% renewable, recycled and mass balance-certified materials, the tire combines a high share of sustainable materials with maximum safety and performance. All sizes have the highest possible rating ("A") of the EU tire label in terms of rolling resistance, wet braking and exterior noise.

Continental unveiled its new Conti CityPlus concept tire at IAA Mobility in Munich in September 2023. The new tire technology reduces energy consumption by up to 10%, meaning lower CO_2 emissions for cars with combustion engines and longer ranges for electric vehicles. This is achieved by optimizing tire behavior during stop-and-go urban traffic, which can extend a car's range by up to 3%. This corresponds to a saving of 0.6 kWh per 100 kilometers for electric vehicles.

Continental named preferred tire partner of automotive manufacturers worldwide for electric and combustion engine vehicles
For more than a decade, Continental has been optimizing its tires to achieve lower rolling resistance, reduce rolling noise and increase service life – without compromising on safety. All passenger car tires of the Continental brand meet the requirements of electric vehicles, while at the same time they are able to sustainably reduce the emissions of combustion engine vehicles. This strategy is paying off, with the 10 highest-volume manufacturers of fully electric cars currently putting their trust in Continental's technological expertise for their original equipment. Since last year, Chinese vehicle manufacturer BYD has been equipping its Seal electric sedan for the Chinese market with the Continental SportContact 7 and factory-fitting it with the Continental EcoContact 6 Q for global export.

Continental is the preferred tire partner of Mercedes-Benz in the Asia-Pacific region, comprising China, Australia, Malaysia and Indonesia. On top of this, the existing partnership in India has been extended.

Tires bearing the label "MO" ("Mercedes-Benz Original") on the sidewall mean that they have been specially approved by Mercedes-Benz and meet strict requirements and standards. They are tailored specifically to the respective Mercedes-Benz vehicle model. Continental has fitted the automotive manufacturer's entire portfolio with its tires, from the A-Class to the GLS-Class. In Europe and in the Asia-Pacific region, these include the SportContact, EcoContact and PremiumContact tire lines. In the Americas region, most notably in the USA and Canada, they also include the ProContact range.

Continental enables digital tire monitoring in real time
Since 2023, Continental has been offering an entry-level solution that streamlines the process for outfitting fleets with digital tire management. The new valve cap sensor supplies data on the condition of a vehicle's tires, independent of the manufacturer, in a way that is straightforward, saves time and makes sure tires are running at their optimum performance. This results in greater fuel efficiency and longer tire life. In addition, the new sensor bolsters Continental's "Lowest Overall Driving Costs" (LODC) concept, through which Continental helps fleet operators manage their fleets more safely, sustainably and cost-efficiently.

The valve cap sensor is screwed directly onto a bus, truck or trailer's tire valve, from where it measures the tire pressure in real time. The sensor is compatible with commercial-vehicle tires of all established manufacturers and autonomously links up to ContiConnect receiver units. Deviations from the target condition are recorded via the tire management platform of the same name and forwarded to users. A QR code on the valve cap sensor makes it easy to assign the sensor to the respective tire position, meaning there is no need for a special reader to determine the position; instead, this is done via a mobile device using the ContiConnect on-site app.

Continental also supplies relevant tire data in real time for the digital tire monitoring of truck trailers. New telematics units mean that tire data from truck trailers can continue to be received and delivered to the ContiConnect 2.0 tire management system even when parked, whereas before this was only possible while driving. Thanks to digital tire control, information on the trailer tires' fill level and temperature can be consulted at any time. An integrated battery ensures daily measurement values can be sent for up to 28 days without an external power source. In this way, ContiConnect Live helps to reduce tire-related downtime. Tires can be maintained more proactively, keeping vehicles in roadworthy condition. On top of this, real-time status updates and warning signals increase efficiency and reduce labor and maintenance costs. ContiConnect Live additionally offers track-and-trace functionality using GPS data that shows the precise location of vehicles in the system at all times. Since July 2023, digital tire monitoring has also been available for free-standing truck trailers in multiple markets worldwide.

Continental to start testing tires for customers in a driving simulator

In November 2023, Continental commissioned its new driving simulator for tires, which effective immediately will be used for new developments and advancements, especially in the tire original equipment business. This was preceded by an intensive trial phase spanning approximately 12 months. Virtual tests save raw materials and shorten the development time for tires. The high-tech system, known as a driver-in-the-loop (DIL) simulator, calculates the exact driving dynamics parameters of the tires and the respective test vehicle. The simulator is highly flexible and can give Continental's test drivers subjective driving impressions that are comparable with those gained from tire tests on a real test track.

The simulator can test tires for all vehicle and drive system variants, for both passenger cars and commercial vehicles, for electric and hybrid vehicles and for vehicles with combustion engines. The decisive advantage is that the tire parameters can be adjusted digitally at any time, meaning test drives can be repeated at short intervals and subjective driving impressions compared directly with one another. Equipped with a large motion platform (four meters long, five meters wide) and a maximum acceleration of 12 meters per second, test drivers experience all six degrees of freedom – just like in a real vehicle on a physical test track. These include longitudinal and lateral movements, the stroke movement and the yaw, pitch and roll of a vehicle.

Continental presents the vehicle interior of the future with its sustainable SPACE D design concept

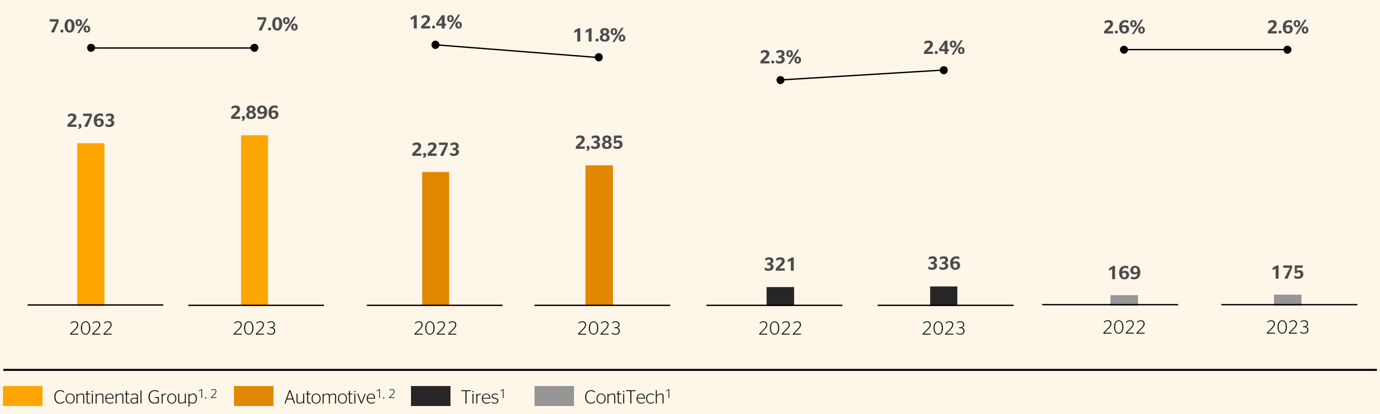
With its new SPACE D concept, Continental gives a glimpse into the future of vehicle interior design, one that is shaped by electric mobility and autonomous driving. Continental is bringing the living room to the automotive interior, while placing the focus firmly on comfort, convenience and sustainability.

Many of the applied surface solutions have been engineered in line with the three defined pillars of sustainability – economy, ecology and social responsibility. Up close, the individual surfaces of SPACE D really catch the eye. With the functional dimension of surfaces gaining in importance, SPACE D employs a number of proven and patented technologies, such as heatable (for direct, fast and very precise heating), staynu (extremely resistant to dirt) and laif (breathable, comfortable, passive temperature control and acoustically effective).

Continental opens TechCenter for hydrogen technologies in Hamburg

In July 2023, Continental opened a new TechCenter for hydrogen technologies at its location in Hamburg-Harburg. Going forward, the ContiTech group sector will use the TechCenter as a collaborative platform for sharing and exchanging knowledge in this area, with a focus on promoting innovations and the transfer of existing technical solutions to new applications in hydrogen technology. The aim is to bring together experts from different fields and industries, whose task it will be to identify technical, regulatory and infrastructural challenges along the entire hydrogen value chain and develop overarching approaches and solutions that meet these needs.

R&D expenses (net) € millions **R&D ratio** %



1 In the year under review, the presentation of income and expenses in connection with specific warranties, restructuring measures, severance payments, as well as impairment and reversal of impairment losses on intangible assets and property, plant and equipment was changed. They are now assigned to the relevant functional areas. The comparative period has been adjusted accordingly.

2 The assignment of income and expenses from certain business activities within the functional areas has been adjusted. The comparative period has been adjusted accordingly.

Cybersecurity Strategy and Management

Strategic goals of the Continental Group

At Continental, cybersecurity, including IT security, deals with procedures for protecting all IT components connected to the company network (such as computers and servers, databases, and mobile devices) and the data stored or processed on said IT components. Our goal is to prevent attacks or unwanted activities that violate the confidentiality, integrity, or availability of data. Such attacks and unwanted activities include theft as well as the manipulation or sabotage of data.

Continental Group directives

Continental cybersecurity management is based on the industry standards of the ISO 27001 standard series governing information security. While the directives define a corporate-wide cybersecurity policy and a dedicated supplementary policy governing non-office areas, multiple manuals and standards govern the design and implementation of specific topics. The Continental Group's key measures include both preventive measures as well as reactive, mitigating ones, including monitoring and control measures, in particular:

- Preventive control measures include the secure configuration of hardware and software, controlled access to devices and identities on the basis of necessary knowledge, software updates, vulnerability management, defense against malware, and efforts to raise user awareness.
- Proactive control measures include collecting and testing data, processing incidents, measuring external hazard potential, as well as site inspections, service testing, and penetration tests.
- Reactive control measures include handling incidents, protective system changes, and emergency response management.

Organization and responsibilities

The group function Cybersecurity headed up by the Continental Group's cybersecurity officer is responsible for strategic, corporate-wide cybersecurity management, and is supplemented by corresponding cybersecurity functions in the group sectors or business areas. Operational implementation of the security rules is the responsibility of group sector management and location management.

Certifications

As at December 31, 2023, a total of 87 locations in the Continental Group were certified to the standards of the Trusted Information Security Assessment Exchange (TISAX). At the end of fiscal 2023, 87 locations were certified for the Automotive group sector, seven for theTires group sector and three for ContiTech group sector. The next step for the Tires group sector will be to certify seven OEM-related tire plants by mid-2024 and the remaining relevant locations by the end of 2025.

Ethics Regulations for Artificial Intelligence

Artificial intelligence (AI) is no longer merely a strategically important future field for Continental, but rather an integral part of numerous current projects and technologies. Intelligent algorithms play a major role in various areas, and not just in the automotive industry. Areas of application within the Continental Group include software architecture in motor vehicles, mobile robots, autonomous mobility, automated driving, the smart factory, and Industry 4.0. We are continuing to pursue our vision of becoming an "AI-enabled company" because we believe that Continental will benefit greatly not only from AI-enhanced products but also from AI-based processes and tools.

Yet, the global industrial and technical opportunities that AI presents are the subject of contentious social and economic debate. Ensuring the trust of our various stakeholders by using artificial intelligence in a responsible manner is important for us. This is why we, as a technology company, are responsible for ensuring that all our product developments and internal processes comply not only with legal standards, but also with ethical standards.

For this reason, Continental embarked on the development of ethics guidelines for the use of AI in 2019. These ethics guidelines were published in 2020 and are in line with international regulations such as the EU directives on the use of AI ("Ethics Guideline for Trustworthy AI"). The focus here is on the traceability of computer-based decisions, transparency, data security, and compliance with Continental's other internal regulations, such as our Code of Conduct. If key work steps are taken over by artificial intelligence, a basic prerequisite for acceptance is that people continue to understand the growing "inner workings" of such a self-learning system. Which data comes from which sources? Which computing steps lead to which actions? And how is the data saved?

The guidelines therefore include the following topics:

- Compliance with laws, regulations, Continental's rules, standards and instructions
- Workplace and fair working conditions
- Health, safety, the environment, and product integrity
- Employee diversity, anti-discrimination, fairness in the use of AI
- Data protection and cybersecurity when using AI
- Confidential information, intellectual property

In the Spotlight

Talking not Typing: Continental and Google Cloud Equip Cars with Generative Artificial Intelligence

Continental announced a partnership with Google Cloud during its press conference at the IAA MOBILITY 2023. Together, the two companies are equipping cars with generative Artificial Intelligence (AI), making Continental one of the first automotive suppliers to integrate Google Cloud capabilities directly into vehicle computers. As a result, drivers will be able to interact with their car as part of a natural dialogue. No matter whether drivers need help finding the right tire pressure when the car is fully loaded, for example, or want to know more about local places of interest on their destination or along their route while on vacation, the generative AI is able to compile the required information and answer the drivers' questions. The two companies each bring their respective expertise to the partnership, namely in the areas of automotive, software, artificial intelligence and cloud computing. For more information about this partnership, see the press release "Talking not Typing: Continental and Google Cloud Equip Cars with Generative Artificial Intelligence – Continental AG"

Green and Safe Factories

Management Approach

Source: 2023 Annual Report > Management Report > Corporate Profile > Sustainability and Combined Non-Financial Statement starting p. 49

Our ambition
As set out in our sustainability ambition, we conduct our business processes in a safe and responsible manner based on systematic management and the protection of people and the environment.

Concept
Our company policy for environment, safety and health protection (ESH) defines corporate-wide guidelines for green and safe factories. On this basis, we pursue ESH targets for the Continental Group as a whole: all persons in our company are to be protected against accidents and work-related sickness, and their health is to be actively promoted. CO_2 emissions, energy use, water consumption and waste generation at the locations are to be reduced, and the waste for recovery quota and energy efficiency at the locations increased.

Local management systems drive forward the implementation of these guidelines. The concrete organizational and technical requirements can be found in the relevant ESH management manuals for the group sectors. Many locations have additionally undergone external certification audits. The certified business activities are assessed annually to determine how many employees are covered by environmental management, energy management, and occupational safety and health management systems. The accident rate – the number of accidents per million working hours – is used as an effectiveness indicator for occupational safety and health management. The accident rate has also been part of the LTI plans for the members of the Executive Board and global managers since fiscal 2020. Continental had set itself the goal of reducing the accident rate to 2.2 accidents per million working hours by 2030. For more information, see the remuneration report on our website under Company/Corporate Governance/Executive Board.

Group Environmental and Climate Protection and Group Safety and Health are responsible for the related strategic, corporate-wide ESH management process, and are supplemented by corresponding functions in the individual group sectors. Local operational environment, safety and health protection is the responsibility of the locations and is coordinated by local ESH managers in each case.

Results of the concept
As at December 31, 2023, the majority of our employees throughout the Continental Group were covered by the management systems of the certified business activities. The environmental management system certification covered 76% of employees, unchanged from the previous year. Coverage for the energy management system certification increased to 43% of employees (PY: 40%), while coverage for the occupational safety and health management system certification was also up at 64% of employees (PY: 62%) – thanks in both cases to optimized internal processes.

The accident rate fell in fiscal 2023 to 2.1 accidents per million working hours (PY: 2.5 accidents per million working hours), thus already surpassing the target of 2.2 accidents per million working hours set in 2030.

Green and safe factories performance indicators	2023	2022
Environmental management system certification (ISO 14001)[1] Employee coverage (as at December 31) in %	76	76
Energy management system certification (ISO 50001)[1] Employee coverage (as at December 31) in %	43	40
Occupational safety and health management system certification (ISO 45001 or similar)[1] Employee coverage (as at December 31) in %	64	62
Accident rate (number of accidents per million working hours)[2, 3]	2.1	2.5

1 Valid certification and concluded recertification processes were counted, as well as ongoing recertification processes, if the achievement of recertification was considered highly probable.
2 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.
3 Excluding leasing personnel (i.e. permanent staff only) and way-to-work accidents.

Occupational Safety and Health Strategy

With respect to occupational safety and health, we are pursuing the vision of providing exceptionally attractive workplaces where a safe and healthy work environment fosters the long-term health and high performance of our people.

In line with our mission to “minimize our safety and health risks and drive Continental’s safety and health culture to protect our people” we are implementing specific programs in the areas of industrial safety, occupational medicine, health management, ergonomics, and hazardous substance management. These programs are aimed at Continental’s safety and health goals which are aligned with our safety and health vision. The Continental Group’s occupational safety and health strategy, goals and corresponding programs cover the aspects of rule enforcement and compliance, safety and health culture, steering, and continuous improvement while taking into consideration the framework of our safety and health management system based on the requirements of ISO 45001.

The Safety and Health group function supports and advises, in its governance role, the individual organizational units and locations on implementing the strategy and goals through programs steered by KPIs. The Safety and Health group function maintains active networks of experts within the company to promote international cooperation, exchange of information on best practice, and continual improvement processes.

Our occupational safety and health strategy also contributes to our responsible value chain system. For more information, see page 28 in this Integrated Sustainability Report.

Operational Environmental Protection Strategy

In addition to focusing on climate protection (see page 18), our strategy for operational environmental protection also includes the additional focal topics of energy, water, and waste.

Topic of focus: Energy
By 2030, we plan to reduce our energy consumption by 20% compared with 2018 in relation to sales. We also plan to save 1 TWh of energy by means of energy efficiency projects, which equates to roughly 10% of Continental’s current annual Group-wide energy consumption. We are therefore focusing on implementing energy efficiency projects. Our employees in energy and engineering roles are working in close collaboration with one another, ensuring a continuous transfer of knowledge and enabling highly efficient technologies to be implemented in all areas. These efforts also include the regular review of fossil fuels that are being used compared with carbon-neutral alternatives.

Our energy consumption in fiscal 2023 was 8.3 TWh (PY: 8.6 TWh), with purchased electricity and natural gas accounting for most of this. Energy consumption saw a year-on-year decrease of 3.6%, which is attributable, among other things, to energy efficiency and substitution measures aimed at reducing fossil fuel consumption and, to some degree, also to a decline in production volumes. When measured in relation to group sales, this figure saw a decline of 8.3%.

Relative performance indicators of operational environmental protection[1]	**2023**	2022	Change
Total energy consumption in MWh/group sales in millions of euros	200.3	218.5	–8.3%
Total water withdrawal in m^3/group sales in millions of euros	367.4	397.6	–7.6%
Waste generation[2] in metric tons/group sales in millions of euros	10.8	10.2	5.9%

1 Contains a small amount of imputed data for parts of the Continental Group that did not report data directly.
2 Waste generation does not include construction waste.

Topic of focus: Water
By 2030, we plan to reduce our water withdrawal in regions affected by high water risk by 4% year-on-year in relation to sales, and in regions with moderate water risk by 2% year-on-year in relation to sales. By adopting this risk-based approach, we are focusing specifically on those regions of the world where water is steadily growing scarcer. Our focus here is on implementing efficiency projects that avoid the use of water and promote reuse of water. All our locations will be consistently evaluated in accordance with the regularly updated risk assessment tools provided by the World Resource Institute and Aqueduct. This will enable us to make use of the resources available in a targeted and efficient manner. Through our membership in the voluntary “CEO Water Mandate” initiative, we are ensuring a regular exchange of information on best practice solutions as well as current opportunities and risks in the field of water management.

In fiscal 2023, the volume of water withdrawal amounted to 15.2 million m^3 (PY: 15.7 million m^3). This mainly included drinking water sourced from public-utility water providers, as well as extracted groundwater and surface water. The volume of water withdrawal saw a decrease of 2.9% compared with the previous year. In relation to group sales, our water withdrawal decreased by 7.6% year-on-year. This development is attributable to the various local projects across all group sectors aimed at reducing water consumption.

Some of these water sources are at the edges of groundwater protection zones. No negative effects on biodiversity or on local communities have been found either within the Continental Group or by authorities during regular inspections.

Topic of focus: Waste
By 2030, we plan to reduce the annual volume of waste generated by 2% in relation to sales. To help achieve this, we need to avoid generating waste or at least recycle it. In this context, the environmental strategy contributes significantly toward the approach of a circular economy throughout the entire company.

Accordingly, consistent and systematic waste management is already an integral part of our waste logistics. We have also set ourselves the target of increasing our waste for recovery quota to 95% by 2030. A number of projects aimed at achieving this goal have already been initiated and implemented. These include, for example, greater use of regranulates in plastic injection molding processes, use of reusable packaging in collaboration with our suppliers and customers, and pyrolysis of vulcanized rubber materials, as well as an internal initiative to reduce non-tires waste generation in our manufacturing locations.

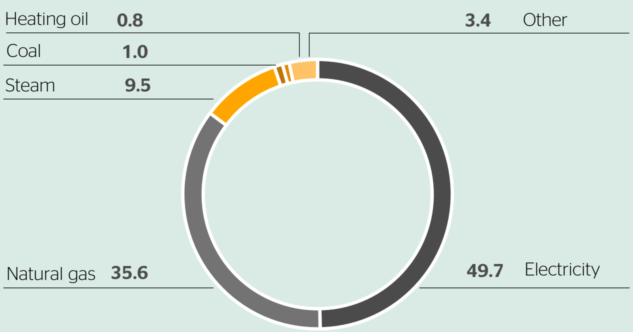
Waste generation in fiscal 2023 amounted to 446,776 metric tons (PY: 401,316 metric tons), which represents an increase of 11,3% year-on-year mainly in non-hazardous waste. Hazardous waste accounts for a share of 8.0% (PY: 8.7%). The increase is mainly driven by several changes of production processes in the group sectors Tires and Automotive as well as the introduction of a new calculation methodology of waste generation for Contitrade business. In relation to group sales, waste generation saw an increase of 5.9%.

Our occupational environmental protection strategy also contributes to our responsible value chain system. For more information, see page 28 in this Integrated Sustainability Report.

In the Spotlight

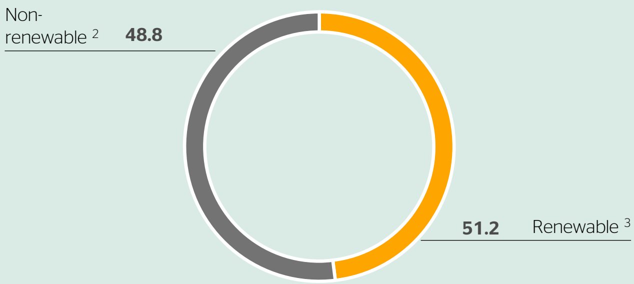
Figures for Operational Environmental Protection in Detail

Energy consumption 2023 (8.3 TWh) in %[1, 2]



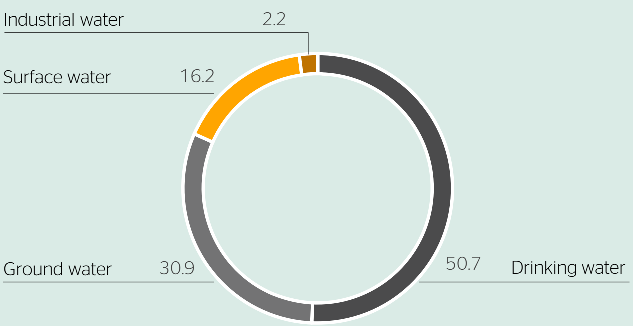
1 Contains a small amount of imputed data for parts of the Continental Group that did not report data directly.

Energy consumption 2023 (8.3 TWh) in %[1]



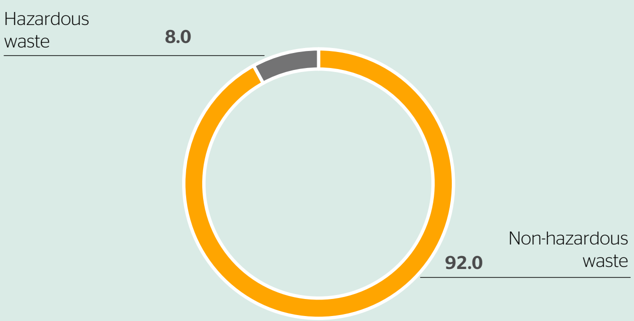
1 Contains a small amount of imputed data for parts of the Continental Group that did not report data directly.
2 Contains a small amount of self-produced electricity from non-renewable sources (with CHP technology).
3 As of 2023 including consumption from solid biomass

Water withdrawal 2023 (15.2 million m^3) in %[1]



1 Contains a small amount of imputed data for parts of the Continental Group that did not report data directly.

Waste generation 2023 (446,776 metric tons) in %[1, 2, 3]



1 Contains a small amount of imputed data for parts of the Continental Group that did not report data directly.
2 Classification of waste according to national legislation.
3 Waste generation does not include construction waste.

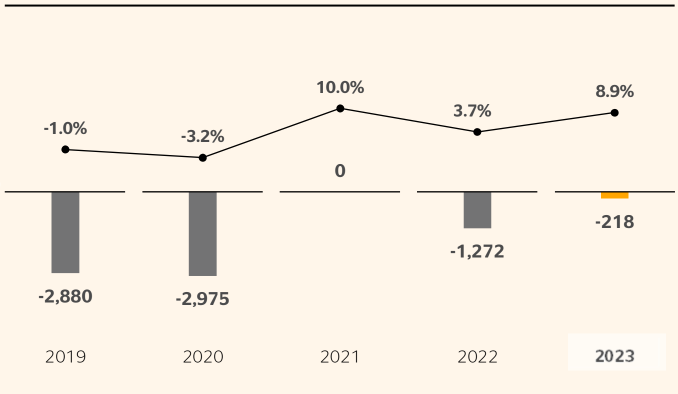
Long-term Value Creation

Corporate Management

Source: 2023 Annual Report > Management Report > Corporate Profile > Corporate Management (starting p. 34)

The goal is the sustained increase in the Continental Group's value.

Value management
Value management at Continental is focused on value creation through profitable sales growth. Key financial performance indicators are sales, the adjusted EBIT margin, capital expenditure, adjusted free cash flow and capital employed. For management purposes and to map interdependencies, we use key figures based on these financial performance indicators as part of a value-driver system. Our mid-term corporate objectives center on the sustainable enhancement of the value of each individual operating unit. This goal is achieved by generating a positive return on the capital employed that sustainably exceeds the associated equity and debt financing costs within each individual unit. Crucial to this is that the absolute contribution to value (the Continental Value Contribution (CVC)) increases year-on-year. This can be achieved by increasing the return on capital employed (with the costs of capital remaining constant), lowering the costs of capital (while maintaining the return on capital employed) or decreasing capital employed over time. The performance indicators used are earnings before income and tax (EBIT), capital employed and the weighted average cost of capital (WACC), which is calculated from the proportional weight of equity and debt costs.



For 2021, the figures for continuing operations are shown.

EBIT is the net total of sales, other income and expenses plus income from equity-accounted investees and from investments but before financial result and income tax expense. In the year under review, EBIT for the Continental Group was €1.9 billion.

Capital employed is the funds used by the company to generate its sales. At Continental, this figure is calculated as the average of operating assets as at the end of the quarterly reporting periods. In 2023, average operating assets amounted to €20.7 billion.

The return on capital employed (ROCE) represents the ratio of these two calculated values. Comparing a figure from the statement of income (EBIT) with one from the statement of financial position (capital employed) produces an integral analysis. We deal with the problem of the different periods of analysis by calculating the capital employed as an average figure over the ends of quarterly reporting periods. The ROCE amounted to 8.9% in 2023.

The WACC is calculated to determine the cost of financing the capital employed. Equity costs are based on the return from a risk-free alternative investment plus a market risk premium, taking into account Continental's specific risk. Borrowing costs are calculated based on Continental's weighted debt-capital cost rate. Based on the long-term average, the cost of capital for our company is about 10%.

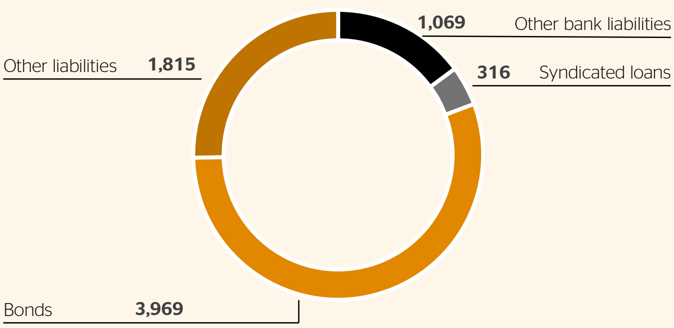
Value is added if the ROCE exceeds the WACC. We call this value added, produced by subtracting the WACC from the ROCE multiplied by average operating assets, the Continental Value Contribution (CVC). In 2023, the CVC amounted to -€217.6 million.

ROCE by group sector (%)	**2023**	2022
Automotive	-0.6	-11.1
Tires	22.9	23.0
ContiTech	11.6	5.1
Contract Manufacturing	1.1	1.5
Continental Group	**8.9**	**3.7**

Financing strategy
Our financing strategy aims to support the value-adding growth of the Continental Group while at the same time complying with an equity and liabilities structure adequate for the risks and rewards of our business.

The Finance & Treasury group function provides the necessary financial framework to finance corporate growth and secure the long-term existence of the company. The company's annual investment requirements are likely to continue to range from 6% to 7% of sales in the coming years.

Composition of gross indebtedness (€7,170 million)



Our goal is to finance ongoing investment requirements from the operating cash flow. Other investment projects, such as major acquisitions, should be financed from a balanced mix of equity and debt depending on the ratio of net indebtedness to equity (gearing ratio) and the liquidity situation to achieve constant improvement in the respective capital market environment. In general, the gearing ratio should be below 40% in the coming years. If justified by extraordinary financing reasons or specific market circumstances, we can rise above this ratio under certain conditions. The equity ratio should exceed 30%. In the reporting year, the equity ratio was 37.4% and the gearing ratio 28.6%.

Gross indebtedness amounted to €7,170.3 million as at December 31, 2023. Key financing instruments are the syndicated loan with a revolving credit line of €4.0 billion that has been granted until December 2026, and bonds issued on the capital market. Our gross indebtedness should be a balanced mix of liabilities to banks and other sources of financing on the capital market. For short-term financing in particular, we use a wide range of financing instruments. As at the end of 2023, this mix consisted of bonds (55%), a syndicated loan (4%), other bank liabilities (15%) and other indebtedness (25%) based on gross indebtedness. The syndicated loan that was renewed ahead of schedule in December 2019 consists of a revolving tranche of €4.0 billion and has an original term of five years. The margin for the loan will also depend on the Continental Group's sustainability performance. If the Continental Group achieves the performance improvements in sustainability as set out in detail in the loan agreement, this will reduce the margin; non-achievement will result in a margin increase. Continental has exercised two options, each extending the term of the loan by one year. This ensures the financing commitment of the banks until December 2026.

The company strives to have at its disposal unrestricted liquidity of about €1.5 billion. This is supplemented by committed, unutilized credit lines from banks in order to cover liquidity requirements at all times. These requirements fluctuate during a calendar year owing in particular to the seasonal nature of some business areas.

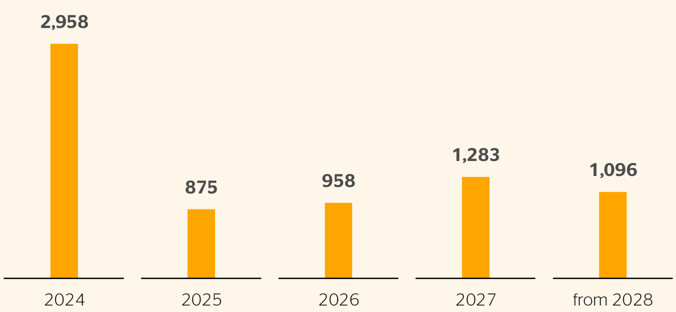
In addition, the amount of liquidity required is also influenced by corporate growth. Unrestricted cash and cash equivalents amounted to €2,683.4 million as at December 31, 2023. There were also committed and unutilized credit lines of €4,569.1 million.

As at December 31, 2023, €316.3 million of the revolving credit line of €4.0 billion had been utilized. Around 55% of gross indebtedness is financed on the capital market in the form of bonds. The interest coupons vary between 0.231% and 4.000% p.a. In 2023, Continental redeemed two maturing bonds in the amounts of €500.0 million and €750.0 million. In conjunction with this, and in order to optimize the maturity profile of its indebtedness, Continental issued two new bonds in June and August 2023. One bond with a volume of €750.0 million and a term of five years and a second bond with a volume of €500.0 million and a term of three and a half years were placed with investors. Both bonds have an interest rate of 4.000% p.a. In addition to the forms of financing already mentioned, there were also bilateral credit lines with various banks in the amount of €1,982.0 million as at December 31, 2023. Continental's corporate financing instruments currently also include sale-of-receivables programs and commercial paper programs. As in the previous year, Continental had two commercial paper programs in Germany and the USA in 2023. Neither of these two programs had been utilized as at the end of 2023.

Maturity profile

Continental strives for a balanced maturity profile, particularly with respect to its capital market liabilities, in order to be able to repay the amounts due each year from free cash flow as far as possible. Aside from short-term indebtedness, most of which can be rolled on to the next year, two bonds in the amounts of €625.0 million and €100.0 million, respectively, will mature in 2024. The other bonds issued in the period from 2019 to 2023 require repayments of €600.0 million in 2025, €750.0 million in 2026, €1,125.0 million in 2027 and €750.0 million in 2028.

Maturities of gross indebtedness (€7,170 million)



Continental's credit rating unchanged

In the reporting period, Continental AG was rated by the three rating agencies Standard & Poor's, Fitch and Moody's, each of which maintained their investment-grade credit ratings in 2023. The rating outlook from Standard & Poor's improved in March 2023 from negative to stable. The most recent rating adjustment took place in spring 2020, when all three rating agencies adjusted their long-term credit rating downward by one notch. Our goal remains a credit rating of BBB/BBB+.

Credit rating for Continental AG

	December 31, 2023	December 31, 2022
Standard & Poor's[1]		
Long-term	BBB	BBB
Short-term	A-2	A-2
Outlook	stable	negative
Fitch[2]		
Long-term	BBB	BBB
Short-term	F2	F2
Outlook	stable	stable
Moody's[3]		
Long-term	Baa2	Baa2
Short-term	P-2	P-2
Outlook	stable	stable

1 Contracted rating since May 19, 2000.
2 Contracted rating since November 7, 2013.
3 Contracted rating since January 1, 2019.

Economic Report
General Conditions

Source: 2023 Annual Report > Management Report > Economic Report > (starting p. 60)

Macroeconomic Development
Due to inflation rates falling faster than originally expected, the stabilization of supply chains and despite interest rate hikes by central banks, the global economy developed positively in the year under review. According to the January 2024 World Economic Outlook Update (WEO Update) published by the International Monetary Fund (IMF), the global economy grew by 3.1% in fiscal 2023, which slightly exceeded the IMF's forecast of 2.9% growth from January 2023.

According to statistical office Eurostat, gross domestic product (GDP) in the eurozone rose by 0.5% year-on-year in 2023. For France and Italy, the IMF recorded growth rates of 0.8% and 0.7%, respectively, while Spain's economy grew by 2.4%. Conversely, GDP in Germany fell by 0.1% according to the Federal Statistical Office. The United Kingdom achieved growth of 0.5% according to the IMF and was therefore on a par with the eurozone. For Russia, the IMF estimated GDP growth of 3.0%.

In North America, the USA posted GDP growth of 2.5% in 2023, according to the Bureau of Economic Analysis. For Canada and Mexico, the IMF recorded GDP growth of 1.1% and 3.4%, respectively. Other countries in the Americas also saw continued economic recovery in 2023. For Brazil, for example, the IMF estimated GDP growth of 3.1%.

Asian countries also recorded a continued economic revival in the year under review, according to the IMF. High growth rates were achieved in 2023 by India's economy, with GDP growth of 6.7%, by China, with growth of 5.2%, and by the Association of Southeast Asian Nations (ASEAN), with GDP growth of 4.2%. According to the IMF, lower growth rates were reported for Japan, with GDP growth of 1.9%.

Development of Key Customer Sectors and Sales Regions
With a 64% share of consolidated sales (PY: 61%), the automotive industry – with the exception of the replacement business – was Continental's most important customer group in fiscal 2023. The Automotive group sector accounted for the lion's share, but the Tires and ContiTech group sectors also generated significant sales figures in this market segment.

The second-biggest market segment for Continental was the global replacement-tire business for passenger cars and commercial vehicles, with 25% of total sales in fiscal 2023 (PY: 28%). Because passenger cars and light commercial vehicles make up a considerably higher share of the replacement-tire business, their development is particularly important to our economic success.

The third-biggest market segment for Continental was the global business with industrial customers and spare parts from the ContiTech group sector, with around 9% of total sales (PY: 9%).

Continental's biggest sales region in the reporting year was still Europe, which accounted for 48% of sales (PY: 47%), followed by North America at 27% (PY: 27%) and Asia-Pacific at 21% (PY: 22%).

Development of new passenger-car registrations
In 2023, there was a significant rise in the number of newly registered cars in the major international automotive markets. The availability of many car models improved compared with the weak previous year. These positive developments more than offset the ongoing subdued demand resulting from geopolitical and macroeconomic uncertainties and high consumer prices.

According to preliminary data from the German Association of the Automotive Industry (Verband der Automobilindustrie, VDA), 12.8 million new vehicles were registered in the European car market (EU27, EFTA and the United Kingdom) in 2023, 14% more than in the previous year. Passenger car sales rose by 16% in Japan and by 12% in the USA. Brazil recorded an increase of 11%.

In China – the world's largest car market – the VDA registered record sales in 2023. The number of newly registered vehicles rose by 11% to 25.8 million units, outperforming the overall Chinese economy, which lost momentum as a whole. In India, sales of new vehicles rose by 8% to 4.1 million units in 2023.

According to preliminary data from car manufacturer Renault, new-car registrations in 2023 also increased significantly year-on-year.

Development of production of passenger cars and light commercial vehicles
The stabilization of supply chains – which were significantly disrupted in the previous year due to the war in Ukraine and the pandemic-related lockdowns in China – was the main reason for the substantial increase in the production of passenger cars and light commercial vehicles weighing less than 6 metric tons in 2023. Greater semiconductor capacity also contributed to the rise in production. The strike in the US automotive industry, which lasted several weeks, had no significant impact on the development of global vehicle production.

According to preliminary data, Europe recorded a 13% rise in the production of passenger cars and light commercial vehicles in the reporting year. North America and China increased their production by 10% in 2023.

According to preliminary figures, global production for 2023 rose by 10% to 90.3 million units.

Development of production of medium and heavy commercial vehicles

The production of medium and heavy commercial vehicles weighing more than 6 metric tons grew significantly year-on-year in our core European market in the reporting period thanks to stabilized supply chains. Production increased in Eastern and Central Europe in particular, despite the ongoing war in Ukraine. The improved availability of materials and pent-up demand also resulted in a significant increase in production in Western Europe. According to preliminary data, overall production volumes rose by 14% year-on-year.

In our other core market of North America, good economic growth and pent-up demand led to an ongoing upturn in the production of medium and heavy commercial vehicles by 8%, according to preliminary figures.

Development of replacement-tire markets for passenger cars and light commercial vehicles

In both Europe and North America, demand for replacement tires initially declined in the year under review. The effects of inflation resulted in significant purchasing restraint among consumers in the first half of the year in particular, and the levels of stock among dealers led to a reduced need for stockpiling. In North America, a strong second half of the year compensated for the weak start, while the replacement-tire markets in Europe were down year-on-year overall. By contrast, the Chinese market grew significantly.

Sales volumes of replacement tires for passenger cars and light commercial vehicles weighing less than 6 metric tons fell by 4% in Europe (excluding Russia) for 2023 as a whole. In North America, demand in the year under review was on a par with the previous year. Conversely, sales volumes in China rose by 12%. According to preliminary data, global sales volumes of replacement tires for passenger cars and light commercial vehicles rose by 1% in the reporting year.

Development of replacement-tire markets for medium and heavy commercial vehicles

In our core markets of Europe (excluding Russia) and North America, preliminary data indicates that year-on-year demand for replacement tires for medium and heavy commercial vehicles weighing more than 6 metric tons fell by 11% and 15%, respectively, in 2023.

Development of industrial production

In addition to vehicle production and the replacement business for the automotive industry, the development of various other industries is crucial to the success of our ContiTech group sector. ContiTech products are used in particular in equipment, machinery and vehicles for railway transport, mining, agriculture and other key industries. As well as the general development of gross domestic product, the development of industrial production is therefore regarded as an important indicator for ContiTech's business with industrial customers.

In the reporting period, industrial production in the eurozone continued to be affected by increased costs and was down year-on-year as a whole. In the USA as well, industrial production saw only a slight increase in 2023, remaining more or less constant year-on-year. China, on the other hand, recorded significant growth in industrial production compared with the previous year, which was influenced by lockdowns and other factors.

Development of Raw Materials Markets

Compared with previous years, the development of raw materials markets in the year under review was largely stable due to an overall improvement in availability. Global supply chains also returned to more normal levels. This was also reflected in less volatile price developments, particularly for metals. Although a decline in price volatility was observed for products such as crude oil and butadiene, prices still fluctuated significantly in some cases. Overall, however, they were roughly on a par with the level seen at the start of 2023 at the end of the reporting period.

Carbon steel and stainless steel are input materials for many of the mechanical components such as die-cast parts integrated by Continental into its products. Steel wire is used in particular in tire production as steel cord but also in conveyor belts and timing belts to increase tensile strength. Aluminum is used in particular for die-cast parts and stamped and bent components, while copper is used in particular in electric motors, mechatronic components and printed circuit boards. Prices for carbon steel in euros, which had fallen

Changes to vehicle production, the tire-replacement business and industrial production in 2023 (compared with 2022)

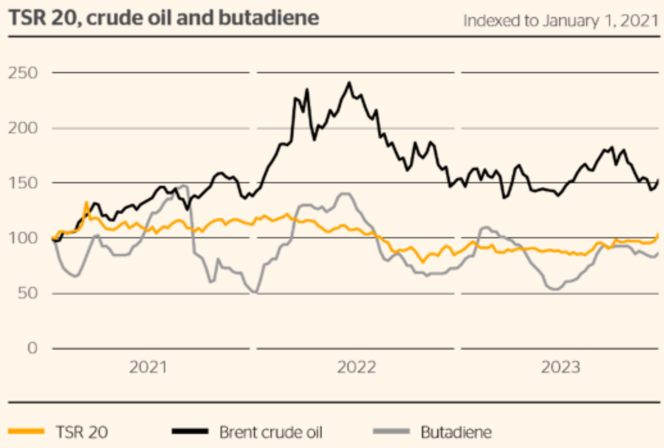
Passenger cars and light commercial vehicles	Vehicle production	Tire-replacement business
Europe	13%	–4%
North America	10%	0%
China	10%	12%
Worldwide	**10%**	**1%**

Medium and heavy commercial vehicles	Vehicle production	Tire-replacement business
Europe	14%	–11%
North America	8%	–15%

	Industrial production
Eurozone	–2.6%
USA	0.2%
China	4.4%

Preliminary data.
Sources:
Vehicle production: S&P Global (Europe with Western, Central and Eastern Europe incl. Russia and Türkiye).
Tire-replacement business: LMC International Ltd. (Europe with Western, Central and Eastern Europe (excluding Russia) and Türkiye).
Industrial production: Bloomberg.

Sources:
Carbon steel: hot-rolled coil Northern Europe ex works, from Kallanish Commodities (€ per metric ton).
Copper and aluminum: rolling three-month contracts from the London Metal Exchange (US $ per metric ton).



Sources:
TSR 20: rolling one-month contracts from the Singapore Exchange (US $ cents per kg).
Crude oil: European Brent spot price from Bloomberg (US $ per barrel).
Butadiene: South Korea spot price (FOB) from PolymerUpdate.com (US $ per metric ton).

slightly in the previous year, decreased by approximately 23% on average in 2023. The price of copper in US dollars, which had also fallen slightly in the previous year, declined by 3% on average. The average price of aluminum in US dollars was down 16% in 2023.

Precious metals such as silver and gold are used by Continental and by our suppliers to coat components. The average price of gold in US dollars was up 8% in 2023, while that of silver was up 7%.

For natural rubber, weak tire demand worldwide led to a decline in prices. The average price of natural rubber TSR 20 in US dollars was down 11% year-on-year in 2023, for example.

Crude oil is the most important basic building block for synthetic-rubber input materials such as butadiene and styrene as well as for carbon black, various other chemicals, and plastics. The price of crude oil stabilized noticeably in 2023 compared with the high volatility in the previous year. The annual average price of Brent crude oil in US dollars fell by 18% year-on-year.

The lower price of crude oil also led to price reductions for various input materials for synthetic rubber in 2023. The average prices in US dollars for butadiene and styrene, for example, fell by 15% and 13%, respectively.

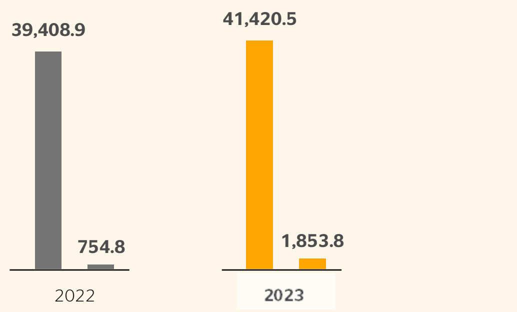
Plastic resins, as technical thermoplastics, are required by Continental and our suppliers in particular for the manufacture of housing parts in the Automotive group sector and for various other plastic parts in the ContiTech group sector. The average price of resins in US dollars was down 25% in 2023.

Continental uses natural and synthetic rubber in large quantities for the manufacture of tires and industrial rubber products. It also uses relatively large quantities of carbon black as a filler material and of steel cord and nylon cord as structural materials. Due to the high volumes and direct purchasing of raw materials, their price development has a significant influence on the earnings of the Tires and ContiTech group sectors.

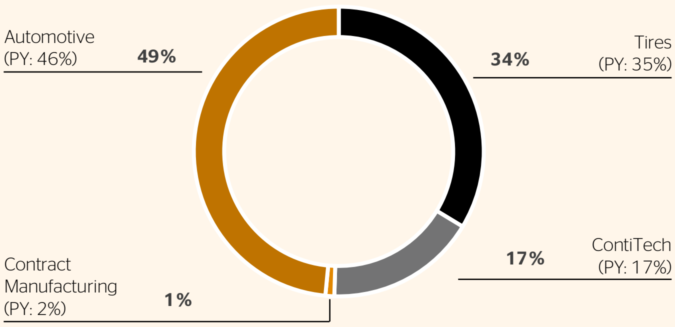
Earnings, Financial and Net Assets Position

› Sales up 5.1% to €41.4 billion
› Organic sales up 6.9%
› Adjusted EBIT margin at 6.1%

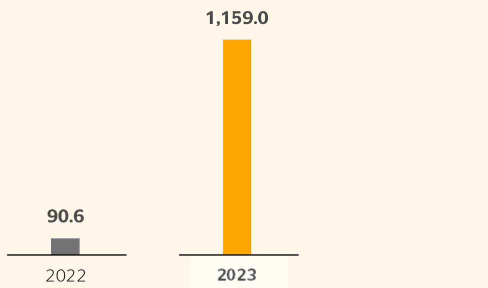
Sales; EBIT € millions



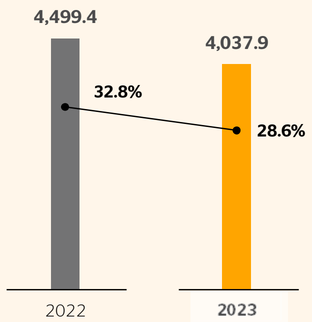
Sales by group sector



Free cash flow € millions



Net indebtedness € millions **Gearing ratio** %



In the year under review, the presentation of income and expenses in connection with specific warranties, restructuring measures, severance payments, as well as impairment and reversal of impairment losses on intangible assets and property, plant and equipment was changed. They are now assigned to the relevant functional areas. In addition, the assignment of income and expenses from certain business activities within the functional areas was adjusted. The comparative period has been adjusted accordingly for both factors.

Earnings Position

› Sales up 5.1%
› Sales up 6.9% before changes in the scope of consolidation and exchange-rate effects
› Adjusted EBIT up 31.6%

Continental Group in € millions	**2023**	2022	Δ in %
Sales	41,420.5	39,408.9	5.1
EBITDA	4,078.9	3,966.1	2.8
in % of sales	9.8	10.1	
EBIT	1,853.8	754.8	145.6
in % of sales	4.5	1.9	
Net income attributable to the shareholders of the parent	1,156.4	66.6	1,635.3
Basic earnings per share in €	5.78	0.33	1,635.3
Diluted earnings per share in €	5.78	0.33	1,635.3
Research and development expenses (net)[1, 2]	2,896.0	2,762.9	4.8
in % of sales[1, 2]	7.0	7.0	
Depreciation and amortization[3]	2,225.2	3,211.2	–30.7
thereof impairment[4]	57.3	966.6	–94.1
Capital expenditure[5]	2,436.9	2,426.4	0.4
in % of sales	5.9	6.2	
Operating assets as December 31	19,550.4	19,555.6	0.0
Operating assets (average)	20,714.2	20,272.9	2.2
ROCE in %	8.9	3.7	
Number of employees as at December 31[6]	202,763	199,038	1.9
Adjusted sales[7]	41,302.2	39,335.6	5.0
Adjusted operating result (adjusted EBIT)[8]	2,517.2	1,912.6	31.6
in % of adjusted sales	6.1	4.9	

1 In the year under review, the presentation of income and expenses in connection with specific warranties, restructuring measures, severance payments, as well as impairment and reversal of impairment losses on intangible assets and property, plant and equipment was changed. They are now assigned to the relevant functional areas. The comparative period has been adjusted accordingly.
2 The assignment of income and expenses from certain business activities within the functional areas has been adjusted. The comparative period has been adjusted accordingly.
3 Excluding impairment on financial investments.
4 Impairment also includes necessary reversals of impairment losses.
5 Capital expenditure on property, plant and equipment, and software.
6 Excluding trainees.
7 Before changes in the scope of consolidation.
8 Before amortization of intangible assets from purchase price allocation (PPA), changes in the scope of consolidation, and special effects.

Business and sales performance

Consolidated sales increased by €2,011.6 million or 5.1% year-on-year in 2023 to €41,420.5 million (PY: €39,408.9 million). Before changes in the scope of consolidation and exchange-rate effects, sales rose by 6.9%. Changes in the scope of consolidation had a positive impact on sales performance but were more than offset by negative exchange-rate effects of €760.8 million.

In the Automotive group sector, the significant ramp-up in automotive production coupled with the price adjustments introduced to compensate for cost inflation bolstered sales performance. By contrast, growth in the Tires group sector was dampened by weak demand in the replacement-tire business and negative exchange-rate effects. In ContiTech, the effects of the slight downturn in the industrial and automotive replacement business were offset by higher volumes and positive price adjustments in the automotive original-equipment business. Contract Manufacturing reduced its sales in accordance with the contractually agreed procedure between Continental and Vitesco Technologies.

The regional distribution of sales in 2023 was as follows:

Sales by region in %	2023	2022
Germany	19	18
Europe excluding Germany	29	29
North America	27	27
Asia-Pacific	21	22
Other countries	4	4

Adjusted EBIT

Adjusted EBIT for the Continental Group increased by €604.6 million or 31.6% year-on-year in 2023 to €2,517.2 million (PY: €1,912.6 million), corresponding to 6.1% (PY: 4.9%) of adjusted sales.

EBIT

EBIT was up by €1,099.0 million year-on-year in 2023 to €1,853.8 million (PY: €754.8 million), an increase of 145.6%. The return on sales improved to 4.5% (PY: 1.9%). The cost of sales rose by €785.0 million to €32,612.6 million (PY: €31,827.6 million), primarily due to higher costs for semi-finished products, energy, logistics, and wages and salaries. While the previous year's EBIT was encumbered by impairment on goodwill and property, plant and equipment, in 2023 it was restructuring expenses of €295.4 million that had an adverse effect. Adjusted EBIT in the reporting year improved by 31.6% year-on-year, as outlined above.

The amortization of intangible assets from purchase price allocation (PPA) reduced EBIT by €118.2 million in the reporting year (PY: €149.7 million).

The ROCE was 8.9% (PY: 3.7%).

Special effects in 2023

Total consolidated expense from special effects in 2023 amounted to €551.2 million. Automotive accounted for €387.1 million of this, Tires for €138.1 million, ContiTech for €20.8 million, Contract Manufacturing for €2.9 million, and the holding for €2.3 million.

Impairment on property, plant and equipment resulted in expenses totaling €41.4 million (Automotive €13.1 million; Tires €26.7 million; ContiTech €1.3 million, Contract Manufacturing €0.3 million). In addition, reversals of impairment losses on property, plant and equipment resulted in income of €0.1 million in the Automotive group sector. These figures do not include impairment and reversals of impairment losses that arose in connection with restructuring.

In the Automotive group sector, restructuring expenses of €345.0 million were incurred. In addition, the reversal of restructuring provisions resulted in income of €34.5 million.

In the Tires group sector, restructuring expenses of €18.2 million were incurred. These included impairment on property, plant and equipment in the amount of €17.4 million. There was also income in connection with restructuring totaling €36.3 million, €1.7 million of which was attributable to a reversal of impairment losses on property, plant and equipment.

In the ContiTech group sector, restructuring expenses of €10.6 million were incurred. These included impairment on property, plant and equipment in the amount of €0.3 million. In addition, the reversal of restructuring provisions resulted in income of €10.0 million.

In the Contract Manufacturing group sector, there were restructuring expenses of €3.2 million. In addition, the reversal of restructuring provisions resulted in income of €0.9 million.

Restructuring-related expenses resulted in an expense totaling €47.0 million (Automotive €16.1 million; Tires €28.7 million; ContiTech €2.2 million).

Severance payments resulted in a negative special effect totaling €57.7 million (Automotive €22.5 million; Tires €16.2 million; ContiTech €16.5 million; Contract Manufacturing €0.3 million; holding €2.3 million).

In the Automotive group sector, a 50% share in the equity-accounted associate SAS Autosystemtechnik GmbH & Co. KG, Karlsruhe, Germany, was sold in 2020, resulting in subsequent income totaling €1.7 million.

In the Tires group sector, the sale of an equity-accounted investee resulted in an expense of €1.0 million.

The sale of all Russian operations in the Automotive and Tires group sectors and some operations in the ContiTech group sector in Russia resulted in expenses totaling €98.5 million (Automotive €26.6 million; Tires €71.9 million) and income of €6.3 million for ContiTech.

Loss allowances on accounts receivable, write-downs on inventories, and debt waivers in connection with the discontinuation of Russian operations also led to expenses totaling €14.5 million (Tires €11.8 million; ContiTech €2.7 million).

In the ContiTech group sector, the Original Equipment Solutions business area will be made organizationally independent. This resulted in expenses of €3.8 million.

Special effects in 2022

Total consolidated expense from special effects in 2022 amounted to €1,027.8 million. Automotive accounted for €846.5 million of this, Tires for €103.5 million, ContiTech for €81.5 million and the holding for €2.9 million. In Contract Manufacturing, special effects resulted in total consolidated income of €6.6 million.

The Continental Group immediately reviews intangible assets and property, plant and equipment, investment property and goodwill as soon as there is an indication of impairment (triggering event). The rise in the general interest rate level was one such indication of impairment. Due to this triggering event and other significant assumptions made when calculating the value in use of a cash-generating unit (CGU) – such as free cash flows, discount rates and their parameters, and long-term growth rates – goodwill was impaired by €552.9 million and property, plant and equipment impaired by €311.4 million in the Automotive group sector during the course of the year. This was mainly attributable to increased discount rates and updated planning.

Owing to the sanctions imposed against or by Russia, intangible assets and property, plant and equipment were reviewed at the Russian companies during the year. This led to a full impairment of all intangible assets and property, plant and equipment. In total, the impairment amounted to €86.7 million (Automotive €0.2 million; Tires €80.6 million; ContiTech €5.9 million).

Together with the aforementioned effects, impairment on property, plant and equipment and intangible assets resulted in expenses totaling €411.5 million (Automotive €323.6 million; Tires €82.0 million; ContiTech €5.9 million). In addition, reversals of impairment losses on property, plant and equipment resulted in income of €3.5 million in the Automotive group sector. These figures do not include impairment and reversals of impairment losses that arose in connection with restructuring.

Severance payments resulted in a negative special effect totaling €40.4 million (Automotive €14.0 million; Tires €10.5 million; ContiTech €12.8 million; Contract Manufacturing €0.2 million; holding €2.9 million).

The Automotive group sector incurred restructuring expenses of €18.1 million, including impairment on property, plant and equipment in the amount of €8.9 million. In addition, the reversal of restructuring provisions resulted in income of €104.2 million. This included reversals of impairment losses on property, plant and equipment in the amount of €1.0 million.

The Tires group sector incurred restructuring expenses of €2.0 million, including impairment on property, plant and equipment in the amount of €0.3 million. In addition, the reversal of restructuring provisions resulted in income of €4.1 million.

The ContiTech group sector incurred restructuring expenses of €67.7 million, including impairment on property, plant and equipment in the amount of €2.2 million. In addition, the reversal of restructuring provisions resulted in income of €8.8 million. This included reversals of impairment losses on property, plant and equipment in the amount of €4.7 million.

In the Contract Manufacturing group sector, there were restructuring expenses of €1.0 million. In addition, the reversal of restructuring provisions resulted in income of €9.4 million.

Restructuring-related expenses resulted in an expense totaling €63.6 million (Automotive €46.4 million; Tires €11.5 million; ContiTech €4.1 million; Contract Manufacturing €1.6 million).

The disposal of companies resulted in income totaling €0.6 million (Tires €0.4 million; ContiTech €0.2 million).

The Tires group sector incurred an expense of €2.0 million in connection with the optimization of the sales network in Belgium.

A subsequent purchase price adjustment related to the acquisition of Kathrein Automotive GmbH, Hildesheim, Germany, in 2019 led to income of €0.8 million in the Automotive group sector.

Procurement

The first half of the reporting year for the Automotive and Contract Manufacturing group sectors continued to be shaped by isolated bottlenecks for semiconductors. High prices coupled with the scarce availability of key input materials and various raw materials continued to present a challenge for the Tires and ContiTech group sectors in the first half of 2023. The procurement market eased at the beginning of the second half of the year, leading to better availability and falling prices. Energy costs, by contrast, remained at a high level. The increasing activities in the area of sustainable procurement are also associated with elevated costs.

Overall, the prices of raw materials that are important for Continental fell year-on-year, especially in the second half of 2023. However, this positive effect was negated by higher costs for semi-finished products, particularly semiconductors.

Reconciliation of EBIT to net income

€ millions	2023	2022	Δ in %
Automotive	–57.4	–970.1	94.1
Tires	1,742.6	1,723.6	1.1
ContiTech	380.1	166.5	128.3
Contract Manufacturing	5.1	9.5	–46.0
Other/Holding/Consolidation	–216.6	–174.7	–24.0
EBIT	**1,853.8**	**754.8**	**145.6**
Financial result	–235.8	–198.0	–19.1
Earnings before tax	**1,618.0**	**556.8**	**190.6**
Income tax expense	–424.1	–444.6	4.6
Net income	**1,193.9**	**112.2**	**964.3**
Non-controlling interests	–37.5	–45.5	17.7
Net income attributable to the shareholders of the parent	**1,156.4**	**66.6**	**1,635.3**

Reconciliation of sales to adjusted sales and of EBITDA to adjusted operating result (adjusted EBIT) in 2023

€ millions	Automotive	Tires	ContiTech	Contract Manufacturing	Other/ Holding/ Consolidation	Continental Group
Sales	**20,295.4**	**13,958.0**	**6,841.5**	**512.4**	**–186.8**	**41,420.5**
Changes in the scope of consolidation[1]	–	–	–118.3	–	–	–118.3
Adjusted sales	**20,295.4**	**13,958.0**	**6,723.2**	**512.4**	**–186.8**	**41,302.2**
EBITDA	**982.1**	**2,585.8**	**693.0**	**28.9**	**–210.8**	**4,078.9**
Depreciation and amortization[2]	–1,039.5	–843.2	–312.9	–23.8	–5.8	–2,225.2
EBIT	**–57.4**	**1,742.6**	**380.1**	**5.1**	**–216.6**	**1,853.8**
Amortization of intangible assets from purchase price allocation (PPA)	58.5	6.3	53.5	–	–	118.2
Changes in the scope of consolidation[1]	–	–	–6.1	–	–	–6.1
Special effects						
Impairment on goodwill	–	–	–	–	–	–
Impairment[3]	13.1	26.7	1.3	0.3	–	41.4
Restructuring[4]	310.5	–18.1	0.6	2.3	–	295.4
Restructuring-related expenses	16.1	28.7	2.2	–	–	47.0
Severance payments	22.5	16.2	16.5	0.3	2.3	57.7
Gains and losses from disposals of companies and business operations	24.9	72.8	–6.3	0.0	–	91.5
Other[5]	–	11.8	6.5	–	–	18.3
Adjusted operating result (adjusted EBIT)	**388.2**	**1,887.0**	**448.3**	**8.0**	**–214.3**	**2,517.2**

1 Changes in the scope of consolidation include additions and disposals as part of share and asset deals. Adjustments were made for additions in the reporting year and for disposals in the comparative period of the prior year.
2 Excluding impairment on financial investments.
3 Impairment also includes necessary reversals of impairment losses. It does not include impairment that arose in connection with a restructuring and impairment on financial investments and goodwill.
4 Also includes restructuring-related impairment losses totaling €17.7 million (Tires €17.4 million; ContiTech €0.3 million) and a reversal of impairment losses of €1.7 million in the Tires group sector.
5 Mainly includes loss allowances on accounts receivable, write-downs on inventories, as well as debt waivers from the sale of all Russian operations in the Tires group sector and some operations in the ContiTech group sector in Russia.

Reconciliation of sales to adjusted sales and of EBITDA to adjusted operating result (adjusted EBIT) in 2022

€ millions	Automotive	Tires	ContiTech	Contract Manufacturing	Other/ Holding/ Consolidation	Continental Group
Sales	**18,321.6**	**14,005.2**	**6,594.3**	**665.6**	**–177.8**	**39,408.9**
Changes in the scope of consolidation[1]	–0.4	–71.7	–1.3	–	0.0	–73.3
Adjusted sales	**18,321.2**	**13,933.6**	**6,593.0**	**665.6**	**–177.8**	**39,335.6**
EBITDA	**962.5**	**2,644.7**	**486.4**	**44.7**	**–172.3**	**3,966.1**
Depreciation and amortization[2]	–1,932.6	–921.1	–319.9	–35.2	–2.3	–3,211.2
EBIT	**–970.1**	**1,723.6**	**166.5**	**9.5**	**–174.7**	**754.8**
Amortization of intangible assets from purchase price allocation (PPA)	70.1	14.5	65.1	–	–	149.7
Changes in the scope of consolidation[1]	–9.3	–10.3	–0.2	–	–	–19.8
Special effects						
Impairment on goodwill	552.9	–	–	–	–	552.9
Impairment[3]	320.1	82.0	5.9	0.0	–	408.0
Restructuring[4]	–86.1	–2.1	58.9	–8.4	–	–37.7
Restructuring-related expenses	46.4	11.5	4.1	1.6	–	63.6
Severance payments	14.0	10.5	12.8	0.2	2.9	40.4
Gains and losses from disposals of companies and business operations	–	–0.4	–0.2	–	–	–0.6
Other	–0.8	2.0	–	–	–	1.2
Adjusted operating result (adjusted EBIT)	**–62.6**	**1,831.3**	**312.8**	**2.9**	**–171.8**	**1,912.6**

1 Changes in the scope of consolidation include additions and disposals as part of share and asset deals. Adjustments were made for additions in the reporting year and for disposals in the comparative period of the prior year.
2 Excluding impairment on financial investments.
3 Impairment also includes necessary reversals of impairment losses. It does not include impairment that arose in connection with a restructuring and impairment on financial investments and goodwill.
4 Also includes restructuring-related impairment losses totaling €11.4 million (Automotive €8.9 million; Tires €0.3 million; ContiTech €2.2 million) and reversals of impairment losses totaling €5.7 million (Automotive €1.0 million; ContiTech €4.7 million).

Research and development

Research and development expenses (net) increased by €133.1 million or 4.8% year-on-year to €2,896.0 million (PY: €2,762.9 million), corresponding to 7.0% of sales (PY: 7.0%).

In the Automotive group sector, costs in connection with initial product development projects in the original-equipment business are capitalized. Costs are capitalized as at the time at which we are named as a supplier and have successfully achieved a specific pre-release stage. Capitalization ends with the approval for unlimited volume production. The costs of customer-specific applications, pre-production prototypes and testing for products already being sold do not qualify as development expenditure that may be recognized as an intangible asset. Capitalized development expenses are amortized on a straight-line basis over a useful life of three to seven years and recognized in the cost of sales. In the opinion of the Continental Group, the assumed useful life reflects the period for which an economic benefit is likely to be derived from the corresponding development projects. Of the development costs incurred in 2023, including development expenses for internally developed software, €17.6 million (PY: €24.4 million) in the Automotive group sector qualified for recognition as an asset.

As in the previous year, the requirements for the capitalization of development activities were not met in the Tires, ContiTech or Contract Manufacturing group sectors.

This results in a capitalization ratio of 0.6% (PY: 0.9%) for the Continental Group.

Depreciation and amortization

Depreciation and amortization decreased by €986.1 million to €2,225.2 million (PY: €3,211.2 million), equivalent to 5.4% of sales (PY: 8.1%). It included impairment totaling €57.3 million in 2023 (PY: €966.6 million).

Financial result

The negative financial result increased by €37.8 million year-on-year to €235.8 million in 2023 (PY: €198.0 million). This increase was primarily attributable to the global interest rate trend on the capital markets.

Interest income rose by €19.8 million year-on-year to €103.4 million in 2023 (PY: €83.6 million). Interest income in connection with income tax payables accounted for €3.8 million of the total (PY: €20.3 million). For details about the higher prior-year value, please refer to the comments in the 2022 annual report.

Interest expense totaled €419.4 million in 2023 and was thus €184.6 million higher than the previous year's figure of €234.8 million. Interest expense from long-term employee benefits and expected income from long-term employee benefits and from pension funds amounted to a net expense of €84.8 million in the reporting year (PY: €62.4 million). These interest effects do not include the interest income from the plan assets of the pension contribution funds or the interest expense from the defined benefit obligations of the pension contribution funds. Interest expense, resulting mainly from bank borrowings, capital market transactions and other financing instruments, was €334.6 million (PY: €172.4 million). Interest expense on lease liabilities accounted for €27.9 million of this (PY: €26.7 million). Interest expenses in connection with income tax payables amounted to €17.3 million (PY: €3.1 million).

The bonds issued by Continental AG and Conti-Gummi Finance B.V., Maastricht, Netherlands, resulted in expenses of €97.2 million (PY: €52.9 million). The increase was primarily due to the issuance of euro bonds by Continental AG. A five-year bond with a volume of €625.0 million and a fixed interest rate of 3.625% p.a. was issued in the fourth quarter of 2022. Two further bonds were issued in 2023: a five-year bond with a volume of €750.0 million in the second quarter of 2023, and a three-and-a-half-year bond with a volume of €500.0 million in the third quarter of 2023, both with a fixed interest rate of 4.000% p.a. An offsetting effect was attributable to the repayment of a euro bond in the amount of €750.0 million with a fixed interest rate of 2.125% p.a. in the fourth quarter of 2023. In addition, a euro bond in the amount of €500.0 million with a fixed interest rate of 0.000% p.a. was repaid in the third quarter of 2023.

Effects from currency translation resulted in a positive contribution to earnings of €78.8 million in the reporting year (PY: negative contribution to earnings of €59.6 million). Effects from changes in the fair value of derivative instruments, and other valuation effects resulted in income of €1.4 million (PY: €12.8 million). Other valuation effects accounted for €1.2 million of this (PY: €5.1 million). Taking into account the sum of the effects from currency translation and changes in the fair value of derivative instruments, earnings in 2023 were positively impacted by €78.9 million (PY: negatively impacted by €51.9 million). A significant contributor to the year-on-year improvement was the development of the Chinese renminbi in relation to the euro.

Income tax expense

Income tax expense in fiscal 2023 amounted to €424.1 million (PY: €444.6 million). The tax rate was 26.2%, compared with 47.6% in the previous year. The prior-year tax rate was presented on an adjusted basis before the permanent effects of the recognized goodwill impairment.

As in the previous year, foreign tax rate differences as well as incentives and tax holidays had positive effects in the year under review. The tax rate was negatively impacted by non-cash allowances on deferred tax assets totaling €63.9 million (PY: €113.2 million), of which €41.7 million (PY: €30.1 million) was for previous years. Furthermore, as in the previous year, the tax rate was negatively affected by non-deductible expenses and non-imputable foreign withholding taxes. In the year under review, additional tax burdens were incurred from internal restructuring.

Net income attributable to the shareholders of the parent

Net income attributable to the shareholders of the parent increased by €1,089.8 million in 2023 to €1,156.4 million (PY: €66.6 million). Basic earnings per share amounted to €5.78 (PY: €0.33), the same amount as diluted earnings per share.

Employees

The number of employees in the Continental Group as at December 31, 2023, was 202,763, up 3,725 from 199,038 in the previous year.

The number of employees in the Automotive group sector rose by 4,838 due to adjustments to higher order volumes.

The number of employees in the Tires group sector declined by 638. This was primarily due to the sale of operations in Russia and adjustments to demand-driven production.

In the ContiTech group sector, the acquisition of Printing Solutions Sweden Holding AB, Trelleborg, Sweden, and adjustments to the production volume were the main reasons for the increase in the number of employees by 151.

The number of employees in the Contract Manufacturing group sector fell by 714 to 1,478 (PY: 2,192).

Employees by region in %	**2023**	2022
Germany	22	23
Europe excluding Germany	34	34
North America	19	19
Asia-Pacific	20	20
Other countries	4	4

Financial Position

- **Free cash flow at €1.2 billion**
- **Cash outflow arising from investing activities at €2.2 billion**
- **Net indebtedness at €4.0 billion**

Reconciliation of cash flow

At €3,327.6 million in 2023, the cash inflow arising from operating activities was €1,032.1 million higher than the previous year's figure (PY: €2,295.5 million) and corresponded to 8.0% of sales (PY: 5.8%). This rise was primarily due to the increase in EBIT of €1,099.0 million to €1,853.8 million (PY: €754.8 million).

The cash-effective increase in working capital led to a cash outflow of €264.4 million (PY: €733.9 million). The lower cash outflow from working capital was due on the one hand to a decrease in inventories of €377.9 million (PY: increase of €1,644.9 million). In addition, despite higher sales, there was a slight decrease in operating receivables of €50.6 million (PY: increase of €821.9 million) due to higher cash receipts as at the end of the reporting period. The decrease in operating liabilities of €692.9 million (PY: increase of €1,732.9 million) had an offsetting effect.

Interest payments increased by €127.6 million to €279.5 million (PY: €151.9 million). Income tax payments rose by €128.2 million to €725.5 million (PY: €597.2 million).

Cash flow arising from investing activities amounted to an outflow of €2,168.6 million (PY: €2,204.9 million). Capital expenditure on property, plant and equipment, and software was down €8.4 million from €2,132.8 million to €2,124.4 million before the capitalization of borrowing costs and right-of-use assets from leases.

The net amount from the acquisition and disposal of companies and business operations led to a cash outflow of €133.3 million in 2023 (PY: €109.1 million). This cash outflow was primarily due to an acquisition in the ContiTech group sector.

These effects resulted in free cash flow of €1,159.0 million (PY: €90.6 million) for fiscal 2023, corresponding to a year-on-year increase of €1,068.4 million.

Capital expenditure (additions)

Capital expenditure for property, plant and equipment, and software amounted to €2,436.9 million in 2023 (PY: €2,426.4 million). The increase of €10.5 million was driven in particular by the Tires group sector, while significant savings in the Automotive group sector had an offsetting effect. The capital expenditure ratio was 5.9% (PY: 6.2%).

Financing and indebtedness

Gross indebtedness amounted to €7,170.3 million as at the end of 2023 (PY: €7,694.7 million), down €524.4 million on the previous year's level.

Based on quarter-end values, 74.4% (PY: 69.5%) of gross indebtedness after hedging measures had fixed interest rates on average over the year.

The carrying amount of the bonds increased negligibly from €3,949.2 million in the previous year to €3,969.2 million as at the end of fiscal 2023. Under the Debt Issuance Programme (DIP), Continental AG issued two listed euro bonds in June and August 2023, with a total issue volume of €1,250.0 million. On June 1, 2023, a €750.0-million bond was issued. The issue price of this bond, which has a term of five years and a fixed interest rate of 4.000% p.a., was 99.445%. On August 31, 2023, a €500.0-million bond was issued. The issue price of this bond, which has a term of three and a half years and a fixed interest rate of 4.000% p.a., was 99.658%. In addition, the €500.0-million and €750.0-million euro bonds of Continental AG and Conti-Gummi Finance B.V., Maastricht, Netherlands, maturing on September 12 and November 27, 2023, were redeemed in the second half of the year at a rate of 100.000%. The €500.0-million bond had an interest rate of 0.000% p.a. and a term of four years. The €750.0-million bond had an interest rate of 2.125% p.a. and a term of three and a half years.

Bank loans and overdrafts amounted to €1,385.7 million (PY: €1,579.6 million) as at December 31, 2023, and were therefore €193.9 million below the previous year's level.

The syndicated loan that was renewed ahead of schedule in December 2019 consists of a revolving tranche of €4,000.0 million and has an original term of five years. The margin will also depend on the Continental Group's sustainability performance. If the Continental Group achieves the performance improvements in sustainability as set out in detail in the loan agreement, this will reduce the margin; non-achievement will result in a margin increase. Continental has exercised two options, each extending the term of the loan by one year. This means that the financing commitment of the banks is now available until December 2026. As at December 31, 2023, Continental Rubber of America, Corp., Wilmington, Delaware, USA, had utilized €316.3 million of this revolving loan (PY: €300.0 million utilized by Continental AG).

Other indebtedness fell by €350.6 million to €1,815.3 million (PY: €2,165.9 million) as at the end of 2023. The decrease is primarily attributable to a lower issue volume of commercial paper. This resulted in liabilities totaling €15.6 million (PY: €367.3 million). As at the end of 2023, the utilization of sale-of-receivables programs, at €321.3 million (PY: €323.9 million), was on a par with the previous year. Three sale-of-receivables programs with a financing volume of €400.0 million were used within the Continental Group as at the end of 2023, the same as in the previous year.

Cash and cash equivalents, derivative instruments and interest-bearing investments were down by €62.9 million at €3,132.3 million (PY: €3,195.3 million).

Net indebtedness decreased by €461.5 million compared with the end of 2022 to €4,037.9 million (PY: €4,499.4 million). The gearing ratio improved year-on-year to 28.6% (PY: 32.8%).

As at December 31, 2023, the Continental Group had liquidity reserves totaling €7,492.2 million (PY: €7,561.5 million), consisting of cash and cash equivalents of €2,923.2 million (PY: €2,988.0 million) and committed, unutilized credit lines of €4,569.1 million (PY: €4,573.5 million). As at December 31, 2023, a total of €2,683.4

million (PY: €2,441.3 million) of the cash and cash equivalents specified above were unrestricted. The assessment of any restrictions related to cash and cash equivalents is made on each respective reporting date.

Reconciliation of net indebtedness

€ millions	**December 31, 2023**	December 31, 2022
Long-term indebtedness	4,211.9	4,006.0
Short-term indebtedness	2,958.3	3,688.7
Long-term derivative instruments and interest-bearing investments	–88.8	–105.8
Short-term derivative instruments and interest-bearing investments	–120.4	–101.5
Cash and cash equivalents	–2,923.2	–2,988.0
Net indebtedness	**4,037.9**	**4,499.4**

Reconciliation of change in net indebtedness

€ millions	**2023**	2022
Net indebtedness at the beginning of the reporting period	**4,499.4**	**3,765.5**
Cash flow arising from operating activities	3,327.6	2,295.5
Cash flow arising from investing activities	–2,168.6	–2,204.9
Cash flow before financing activities (free cash flow)	**1,159.0**	**90.6**
Dividends paid	–300.0	–440.0
Dividends paid to and cash changes from equity transactions with non-controlling interests	–23.9	–16.9
Non-cash changes	–312.1	–318.8
Other	–1.5	–3.1
Exchange-rate effects	–60.0	–45.7
Change in net indebtedness	**461.5**	**–733.9**
Net indebtedness at the end of the reporting period	**4,037.9**	**4,499.4**

Net Assets Position

› **Equity at €14.1 billion**
› **Equity ratio at 37.4%**
› **Gearing ratio at 28.6%**

Total assets

At €37,752.8 million (PY: €37,926.7 million), total assets as at December 31, 2023, were €173.9 million lower than on the same date in the previous year.

Non-current assets

Non-current assets increased by €376.4 million year-on-year to €19,165.0 million (PY: €18,788.7 million). Goodwill declined by €30.7 million to €3,187.5 million (PY: €3,218.2 million), while other intangible assets fell by €153.4 million to €820.3 million (PY: €973.7 million). Property, plant and equipment increased by €254.9 million to €11,722.1 million (PY: €11,467.2 million). Deferred tax assets were up €452.5 million to €2,511.8 million (PY: €2,059.2 million).

Current assets

Current assets decreased by €550.3 million to €18,587.8 million (PY: €19,138.0 million). Due to destocking, inventories in the reporting year fell by €453.1 million to €6,276.5 million (PY: €6,729.6 million). Trade accounts receivable declined by €198.7 million to €7,569.0 million (PY: €7,767.7 million) as a result of higher cash receipts as at the end of the reporting period. At €2,923.2 million, cash and cash equivalents were down €64.8 million from €2,988.0 million on the same date in the previous year.

Equity

Total equity (including non-controlling interests) was €390.1 million higher than in the previous year at €14,125.1 million (PY: €13,735.0 million). Other comprehensive income fell by €439.6 million to -€1,758.6 million (PY: -€1,319.0 million). This was primarily attributable to the adjustment of pension provisions to reflect lower discount rates. The gearing ratio changed from 32.8% to 28.6%. The equity ratio increased to 37.4% (PY: 36.2%).

Non-current liabilities

At €8,177.4 million, non-current liabilities were up €817.5 million from €7,359.9 million in the previous year. This rise was mostly due to an increase in long-term employee benefits of €524.4 million to €3,147.9 million (PY: €2,623.5 million), primarily caused by an adjustment of pension provisions to reflect lower discount rates. Long-term provisions for other risks and obligations were higher by €79.4 million at €703.5 million (PY: €624.1 million). Long-term indebtedness rose by €205.9 million to €4,211.9 million (PY: €4,006.0 million), attributable mainly to the issuance of new bonds. Reclassifications of bonds and bank loans due in the following year to short-term indebtedness had an offsetting effect.

Current liabilities

At €15,450.3 million, current liabilities were down €1,381.5 million from €16,831.8 million in the previous year. This decrease was attributable in part to short-term indebtedness, which fell by €730.3 million to €2,958.3 million (PY: €3,688.7 million), due not only to lower net indebtedness as at the end of 2023 on the back of positive free cash flow, but in particular to the redemption of two bonds that matured in September and November. Reclassifications of bonds and bank loans due in the following year to long-term indebtedness had an offsetting effect. Trade accounts payable also decreased by €761.9 million to €6,875.1 million (PY: €7,637.0 million).

Operating assets

Operating assets fell by €5.2 million year-on-year to €19,550.4 million as at December 31, 2023 (PY: €19,555.6 million).

Working capital was up €96.3 million at €7,207.8 million (PY: €7,111.4 million), driven by a €761.9 million decrease in operating liabilities to €6,875.1 million (PY: €7,637.0 million). Offsetting this, inventories were down €453.1 million to €6,276.5 million (PY: €6,729.6 million) and operating receivables down €212.5 million to €7,806.4 million (PY: €8,018.9 million).

Non-current operating assets were down €81.3 million year-on-year at €16,321.9 million (PY: €16,403.2 million). Goodwill fell by €30.7 million to €3,187.5 million (PY: €3,218.2 million), with €39.7 million of the decrease attributable to exchange-rate effects. This was offset by additions from acquisitions of €9.0 million. Property, plant and equipment rose by €254.9 million to €11,722.1 million (PY: €11,467.2 million). Other intangible assets fell by €153.4 million to €820.3 million (PY: €973.7 million). Amortization of intangible assets from purchase price allocation (PPA) in the amount of €118.2 million (PY: €149.7 million) reduced the value of intangible assets.

In fiscal 2023, all Russian operations in the Automotive and Tires group sectors as well as some Russian operations in the ContiTech group sector were sold. This reduced the Continental Group's operating assets by €85.2 million, of which €18.8 million was attributable to Automotive, €65.0 million to Tires and €1.4 million to ContiTech.

An asset deal in the Automotive group sector added €4.4 million to operating assets.

In the Tires group sector, operating assets were down €1.1 million due to the sale of an equity-accounted investee.

In the ContiTech group sector, ContiTech Global Holding Netherlands B.V., Maastricht, Netherlands, acquired 100% of the shares in Printing Solutions Sweden Holding AB, Trelleborg, Sweden. This increased operating assets by €162.0 million. A further share deal in 2023 and final purchase price allocations for share deals in 2022 added €6.7 million to operating assets in the ContiTech group sector.

Other changes in the scope of consolidation did not result in any notable additions to or disposals of operating assets at corporate level.

Exchange-rate effects decreased the Continental Group's total operating assets by €301.2 million in the reporting year (PY: increase of €258.3 million).

Average operating assets rose by €441.2 million year-on-year to €20,714.2 (PY: €20,272.9 million).

Consolidated statement of financial position

Assets in € millions	**December 31, 2023**	December 31, 2022
Goodwill	3,187.5	3,218.2
Other intangible assets	820.3	973.7
Property, plant and equipment	11,722.1	11,467.2
Investments in equity-accounted investees	298.6	305.1
Long-term miscellaneous assets	3,136.6	2,824.5
Non-current assets	**19,165.0**	**18,788.7**
Inventories	6,276.5	6,729.6
Trade accounts receivable	7,569.0	7,767.7
Short-term miscellaneous assets	1,819.1	1,652.8
Cash and cash equivalents	2,923.2	2,988.0
Current assets	**18,587.8**	**19,138.0**
Total assets	**37,752.8**	**37,926.7**

Equity and liabilities in € millions	**December 31, 2023**	December 31, 2022
Total equity	**14,125.1**	**13,735.0**
Non-current liabilities	**8,177.4**	**7,359.9**
Trade accounts payable	6,875.1	7,637.0
Short-term other provisions and liabilities	8,575.2	9,194.8
Current liabilities	**15,450.3**	**16,831.8**
Total equity and liabilities	**37,752.8**	**37,926.7**
Net indebtedness	**4,037.9**	**4,499.4**
Gearing ratio in %	**28.6**	**32.8**

Reconciliation to operating assets in 2023

€ millions	Automotive	Tires	ContiTech	Contract Manufacturing	Other/ Holding/ Consolidation	Continental Group
Total assets	**15,519.2**	**10,314.3**	**4,582.4**	**537.0**	**6,799.9**	**37,752.8**
Cash and cash equivalents	–	–	–	–	2,923.2	2,923.2
Short- and long-term derivative instruments, interest-bearing investments	–	–	–	–	209.2	209.2
Other financial assets	48.4	33.1	18.9	0.3	18.8	119.6
Less financial assets	**48.4**	**33.1**	**18.9**	**0.3**	**3,151.1**	**3,251.9**
Less other non-operating assets	**-137.9**	**4.5**	**6.9**	**0.4**	**522.3**	**396.2**
Deferred tax assets	–	–	–	–	2,511.8	2,511.8
Income tax receivables	–	–	–	–	305.2	305.2
Less income tax assets	**–**	**–**	**–**	**–**	**2,817.0**	**2,817.0**
Segment assets	**15,608.7**	**10,276.6**	**4,556.6**	**536.2**	**309.5**	**31,287.7**
Total liabilities and provisions	**8,482.2**	**3,902.5**	**2,007.6**	**177.5**	**9,058.0**	**23,627.7**
Short- and long-term indebtedness	–	–	–	–	7,170.3	7,170.3
Other financial liabilities	–	–	–	–	510.0	510.0
Less financial liabilities	**–**	**–**	**–**	**–**	**7,680.3**	**7,680.3**
Deferred tax liabilities	–	–	–	–	71.6	71.6
Income tax payables	–	–	–	–	541.3	541.3
Less income tax liabilities	**–**	**–**	**–**	**–**	**612.9**	**612.9**
Less other non-operating liabilities	**1,717.5**	**700.4**	**576.4**	**36.9**	**565.9**	**3,597.2**
Segment liabilities	**6,764.6**	**3,202.0**	**1,431.2**	**140.6**	**199.0**	**11,737.4**
Operating assets	**8,844.1**	**7,074.6**	**3,125.5**	**395.6**	**110.6**	**19,550.4**

Reconciliation to operating assets in 2022

€ millions	Automotive	Tires	ContiTech	Contract Manufacturing	Other/ Holding/ Consolidation	Continental Group
Total assets	**15,255.7**	**10,800.6**	**4,686.5**	**759.0**	**6,425.0**	**37,926.7**
Cash and cash equivalents	–	–	–	–	2,988.0	2,988.0
Short- and long-term derivative instruments, interest-bearing investments	–	–	–	–	207.3	207.3
Other financial assets	52.0	35.0	6.1	0.3	30.6	123.9
Less financial assets	**52.0**	**35.0**	**6.1**	**0.3**	**3,225.8**	**3,319.1**
Less other non-operating assets	**-147.0**	**-14.4**	**3.9**	**0.2**	**536.9**	**379.6**
Deferred tax assets	–	–	–	–	2,059.2	2,059.2
Income tax receivables	–	–	–	–	277.6	277.6
Less income tax assets	**–**	**–**	**–**	**–**	**2,336.8**	**2,336.8**
Segment assets	**15,350.7**	**10,780.0**	**4,676.5**	**758.5**	**325.4**	**31,891.1**
Total liabilities and provisions	**8,403.0**	**4,053.5**	**2,015.6**	**272.0**	**9,447.7**	**24,191.8**
Short- and long-term indebtedness	–	–	–	–	7,694.7	7,694.7
Other financial liabilities	–	–	–	–	520.3	520.3
Less financial liabilities	**–**	**–**	**–**	**–**	**8,215.0**	**8,215.0**
Deferred tax liabilities	–	–	–	–	57.5	57.5
Income tax payables	–	–	–	–	525.7	525.7
Less income tax liabilities	**–**	**–**	**–**	**–**	**583.2**	**583.2**
Less other non-operating liabilities	**1,374.2**	**642.8**	**508.5**	**44.8**	**487.8**	**3,058.0**
Segment liabilities	**7,028.8**	**3,410.7**	**1,507.1**	**227.3**	**161.7**	**12,335.6**
Operating assets	**8,321.9**	**7,369.3**	**3,169.4**	**531.2**	**163.8**	**19,555.6**

In the Spotlight

Financial Support from Public Authorities

Source: 2023 Annual Report > Consolidated Financial Statements > Notes to the Consolidated Financial Statements > Notes to the Consolidated Statement of Income >7. Research and Development Expenses (p. 155), 8. Other Income and Expenses (p. 156), and 2023 Annual Report> Consolidated Financial Statements > Notes to the Consolidated Financial Statements > Notes to the Consolidated Statement of Financial Position >14. Property, Plant and Equipment (p. 163)

Note: These texts are a compilation of the Annual Report and have been shortened.

Research and Development:
The research and development expenses include government grants totaling €37.2 million (PY: €44.4 million).

Assets:
In addition, government grants amounting to €12.8 million (PY: €7.2 million) that were not intended for investments in non-current assets were received and recognized in profit or loss in the “Other” item.

Property, Plant and Equipment:
Government investment grants of €29.0 million (PY: €32.9 million) were deducted directly from cost.

Good Working Conditions

Management Approach

Source: 2023 Annual Report > Management Report > Corporate Profile > Sustainability and Combined Non-Financial Statement (starting p. 48)
All page references in the following chapter refer to the original document.

Our ambition

As set out in our sustainability ambition, we provide inspiring, healthy and fair working conditions.

Concept

The Continental Group's Code of Conduct sets out the foundation for good working conditions as the basis of our global collaboration, including respect for human rights and fair working conditions. Employees receive training on compliance with the Code of Conduct. The management system being rolled out for a responsible value chain also includes the company's own activities (see the Responsible Value Chain section).

Our HR strategy is geared toward meeting staffing requirements in terms of both quantity and quality. The two HR strategy initiatives "Industrialize Best Fit" and "Enable Transformation" are therefore focused on efficiently and effectively bringing together the right people and positions as well as shaping the digital and technological transformation and cultural shift toward new forms of collaboration. Workforce planning, the search for, diagnostic selection and development of talent (in particular in the areas of software and IT), the promotion of employee diversity and lifelong learning, the further development of the management culture and the flexibilization of working hours are therefore essential action fields of strategic HR work.

We are tackling the impact of our Transformation 2019–2029 structural program and further measures introduced due to changing conditions with targeted training measures for the employees affected. New career prospects and employment opportunities are to be opened up on the internal as well as the external employment markets.

The HR functions at Continental Group, group sector, business area and country level, which work together in a global network, are responsible for HR. A special network of country coordinators for labor relations is also part of this organization.

We measure the success of HR work against the OUR BASICS Live Sustainable Engagement index, which is calculated on the basis of the annual employee survey. The index measures employee agreement on topics such as whether they personally support the company values and whether they are proud to work for Continental. We also use sickness rate and unforced fluctuation rate as performance indicators. The sickness rate measures sickness-related absence relative to contractual work time, and the unforced fluctuation rate measures the voluntary departure of employees from the company relative to the average number of employees.

The OUR BASICS Live Sustainable Engagement index has also been part of the LTI plans for the members of the Executive Board and global managers since fiscal 2020. The sickness rate is also part of this, although only for the plans launched in fiscal 2020. For more information, see the remuneration report on our website under Company/Corporate Governance/Executive Board.

Results of the concept

In fiscal 2023, the Sustainable Engagement index was 81% (PY: 80%), slightly above the prior-year level. The sickness rate fell to 3.2% in the reporting year (PY: 3.7%). The unforced fluctuation rate likewise decreased to 6.0% (PY: 7.8%).

Information about personnel expenses in fiscal 2023 (i.e. wages and salaries, social security contributions and pension and post-employment benefit costs) can be found starting on page 122 of the notes to the consolidated statement of income in this annual report. Employee benefits such as pensions, post-employment benefits and long-term bonus payments are broken down in the notes to the consolidated statement of financial position starting on page 124 in the Annual Report 2023.

Good working conditions performance indicators	2023	2022
OUR BASICS Live Sustainable Engagement index in %[1, 2]	81	80
Sickness rate in %[3, 4]	3.2	3.7
Unforced fluctuation rate in %[4, 5]	6.0	7.8

1 Definition: employee agreement on topics relating to sustainable engagement in the employee survey OUR BASICS Live.
2 This is based on the responses of 51,888 participants (PY: 46,199 participants) as a representative random sample across all Continental locations. The participation rate was 77% (PY: 75%).
3 Definition: sickness-related absence relative to contractual work time.
4 Excluding leasing personnel (i.e. permanent staff only).
5 Definition: voluntary departure of employees from the company relative to the average number of employees.

Personnel Expenses

Source: 2023 Annual Report > Consolidated Financial Statements > Notes to the Consolidated Financial Statements > Notes to the Consolidated Statement of Income > 9. Personnel Expenses (p. 157)

The following total personnel expenses are included in function costs in the income statement:

€ millions	**2023**	2022
Wages and salaries	9,405.5	8,257.0
Social security contributions	1,731.1	1,580.8
Pension and post-employment benefit costs	258.6	334.7
Personnel expenses	**11,395.2**	**10,172.5**

Compared with the 2022 reporting year, personnel expenses increased by €1,222.8 million to €11,395.2 million (PY: €10,172.5 million).

The average number of employees in 2023 was 203,253 (PY: 195,203). As at the end of the year, there were 202,763 (PY: 199,038) employees in the Continental Group.

The year-on-year increase in personnel expenses was mainly due to higher wages and salaries and the creation of personnel-related provisions for restructuring measures.

Social security contributions of the companies of the Continental Group (employer contributions) amounted to €368.7 million in the reporting year (PY: €325.3 million).

Employee Benefits

Source: 2023 Annual Report > Consolidated Financial Statements > Notes to the Consolidated Financial Statements > Notes to the Consolidated Statement of Financial Position > 29. Employee Benefits (starting p. 180)

The following table outlines the employee benefits:

	December 31, 2023		December 31, 2022	
€ millions	**Short-term**	**Long-term**	Short-term	Long-term
Pension provisions (unfunded obligations and net liabilities from obligations and related funds)	–	2,692.3	–	2,199.8
Provisions for other post-employment benefits	–	131.7	–	133.2
Provisions for similar obligations	3.2	42.1	1.3	44.9
Other employee benefits	–	269.9	–	232.1
Liabilities for workers' compensation	32.1	11.9	31.1	13.5
Liabilities for payroll and personnel-related costs	912.3	–	848.6	–
Termination benefits	42.4	–	40.1	–
Liabilities for social security	182.6	–	162.2	–
Liabilities for vacation	218.0	–	191.4	–
Employee benefits	**1,390.5**	**3,147.9**	**1,274.7**	**2,623.5**
Defined benefit assets (difference between pension obligations and related funds)		**110.7**		**93.1**

Long-term employee benefits

Pension plans

In addition to statutory pension insurance, the majority of employees are also entitled to defined benefit or defined contribution plans after the end of their employment.

Our pension strategy is focusing on switching from defined benefit to defined contribution plans in order to offer both employees and the company a sustainable and readily understandable pension system.

Many defined benefit plans have been closed for new employees or future service and replaced by defined contribution plans.

In countries in which defined contribution plans are not possible for legal or economic reasons, defined benefit plans have been optimized or changed to minimize the associated risks of longevity, inflation and salary increases.

Defined benefit plans

Defined benefit plans include pension plans, termination indemnities regardless of the reason for the end of employment and other post-employment benefits. As a result of the significant increase in the number of employees in recent years and the high level of acquisition activity, pension obligations essentially relate to active employees. The defined benefit pension plans cover 158,359 beneficiaries, including 109,713 active employees, 23,545 former employees with vested benefits, and 25,101 retirees and surviving dependents. The pension obligations are concentrated in four countries: Germany, the USA, the United Kingdom and Canada, which account for more than 90% of total pension obligations.

The weighted average term of the defined benefit pension obligations is around 16 years. This term is based on the present value of the obligations.

Germany

In Germany, Continental provides pension benefits through the cash balance plan, prior commitments and deferred compensation.

The retirement plan regulation applicable to active members is based primarily on the cash balance plan and thus on benefit modules. When the insured event occurs, the retirement plan assets are paid out as a lump-sum benefit, in installments or as a pension, depending on the amount of the retirement plan assets. There are no material minimum guarantees in relation to a particular amount of retirement benefits.

Pension plans transferred to or assumed by Continental in the context of acquisitions (Siemens VDO, Temic, Teves, Phoenix) were included in the cash balance plan. For the main German companies, the cash balance plan is partly covered by funds in contractual trust arrangements (CTAs). In Germany, there are no legal or regulatory minimum funding requirements.

The CTAs are legally independent from the company and manage the plan assets as trustees in accordance with the respective CTAs.

Some prior commitments were granted through two legally independent pension contribution funds. Pensionskasse für Angestellte der Continental Aktiengesellschaft VVaG and Pensionskasse von 1925 der Phoenix AG VVaG have been closed since March 1, 1984, and July 1, 1983, respectively. The pension contribution funds are smaller associations within the meaning of Section 53 of the German Insurance Supervision Act *(Versicherungsaufsichtsgesetz – VAG)* and are subject to the supervision of the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht). The investment regulations are in accordance with the legal requirements and risk structure of the obligations. The pension contribution funds have tariffs with an interest rate of 2.5% or 2.25%. Under the German Company Pensions Law *(Betriebsrentengesetz – BetrAVG)*, Continental is ultimately liable for the implementation path of the pension contribution fund. In accordance with IAS 19, *Employee Benefits*, the pension obligations covered by the pension contribution fund are therefore defined benefit pension plans. The pension contribution funds met their minimum net funding requirement as at December 31, 2023. However, given that only the plan members are entitled to the assets and amounts generated, the benefit obligations are recognized in the same amount as the existing assets at fair value.

Continental also supports private contribution through deferred compensation schemes.

Deferred compensation is essentially offered through a fully funded multi-employer plan (Höchster Pensionskasse VVaG) for contributions up to 4% of the assessment ceiling in social security. The pension contribution fund ensures guaranteed minimum interest for which Continental is ultimately liable under the German Company Pensions Law. The company is not liable for guarantees to employees of other companies. As Höchster Pensionskasse VVaG is a combined defined benefit plan for several companies and Continental has no right to the information required for accounting for this defined benefit plan, this plan is recognized as a defined contribution plan.

Entitled employees can use the cash balance plan for deferred compensation contributions above the 4% assessment ceiling. This share is funded by insurance annuity contracts.

USA

Owing to its acquisition history, Continental has various defined benefit plans in the USA, which were closed to new entrants and frozen to accretion of further benefits in a period from April 1, 2005, to December 31, 2011. In 2017, acquisitions also included an open defined benefit plan for unionized employees.

The closed defined benefit plans are commitments on the basis of the average final salary and cash balance commitments. The defined benefit plans for unionized and non-unionized employees are based on a pension multiplier per year of service.

Closed defined benefit plans were replaced by defined contribution plans. Defined contribution plans apply to the majority of active employees in the USA.

Due to the rise in interest rates, further efforts are currently being made to push for additional funding.

The plan assets of the defined benefit plans are managed in a master trust. Investment supervision was delegated to the Pension Committee, a body appointed within the Continental Group. The legal and regulatory framework for the plans is based on the US Employee Retirement Income Security Act (ERISA).

The valuation of the financing level is required on the basis of this law. The interest rate used for this calculation is the average rate over a period of 25 years and therefore currently higher than the interest rate used to discount obligations under IAS 19. The statutory valuation therefore gives rise to a lower obligation than that in line with IAS 19. There is a regulatory requirement to ensure minimum funding of 80% in the defined benefit plans to prevent benefit curtailments.

United Kingdom

Continental maintains four defined benefit plans as a result of its history of acquisitions in the United Kingdom. All plans are commitments on the basis of the average or final salary. The four plans were closed to new employees in the period between April 1, 2002, and November 30, 2004. Continental offers defined contribution plans for all employees who have joined the company since that time.

As at April 5, 2016, the Continental Group Pension and Life Assurance Scheme was frozen to accretion of further benefits. It was replaced by a defined contribution plan as at April 6, 2016.

As at July 31, 2017, the Mannesmann UK Pension Scheme was frozen to accretion of further benefits. It was replaced by a defined contribution plan as at August 1, 2017.

Our pension strategy in the UK focuses on reducing risks and includes the option of partial or complete funding by purchasing annuities. The rise in interest rates and the good funded status currently present opportunities to push for partial or complete funding. The receptivity of the insurance market is currently limited.

The funding conditions are defined by the UK Pensions Regulator and the corresponding laws and regulations. The defined benefit plans are managed by trust companies. The boards of trustees of these companies have an obligation solely to the good of the beneficiaries on the basis of the trust agreement and the law.

The necessary funding is determined every three years through technical valuations in line with local provisions. The obligations are measured using a discount rate based on government bonds and other conservatively selected actuarial assumptions.

Compared with IAS 19, which derives the discount rate from senior corporate bonds, this usually results in a higher obligation. Three of the four defined benefit plans had a funding deficit on the basis of the most recent technical valuation. The trustees and the company have agreed on a recovery plan that provides for additional temporary annual payments. The valuation process must be completed within 15 months of the valuation date.

The most recent technical valuations of the four defined benefit pension plans took place with their valuation dates between December 2020 and March 2022 and led to the following result:

- Continental Teves UK Employee Benefit Scheme (assessment as at December 31, 2020): Due to the extraordinary allocation in 2021 of GBP 10.0 million and the scheduled payment of GBP 1.4 million in October 2021, there is no need for a recovery plan and therefore no further allocations are currently envisaged.

- Continental Group Pension and Life Assurance Scheme: An agreement was concluded with an insurer in 2019 for a complete buy-out through the acquisition of annuities. The necessary data clarifications progressed in 2023 but have not yet been finalized. Implementation has been further delayed and will not be completed until 2024 at the earliest.

- Mannesmann UK Pension Scheme (assessment as at March 31, 2022): As part of the assessment, an agreement was resolved on a monthly minimum endowment of GBP 175,000 until March 31, 2023, and a minimum monthly endowment of GBP 200,000 for the period from April 1, 2023, to August 31, 2026.

- Phoenix Dunlop Oil & Marine Pension Scheme (assessment as at December 31, 2021): As part of the assessment, an agreement was resolved on a minimum annual endowment of GBP 1.5 million and an annual adjustment of 3.5% over a period from April 1, 2023, to March 2028.

Canada

Continental maintains various defined benefit plans as a result of its history of acquisitions. The pension plans are based mainly on a pension multiplier per year of service.

Fluctuations in the amount of the pension obligation resulting from exchange-rate effects are subject to the same risks as overall business development. These fluctuations relate mainly to the currencies of the USA, Canada and the UK and have no material impact on Continental. For information on the effects of interest-rate risks and longevity risk on the pension obligations, please refer to the sensitivities described later on in this note.

The pension obligations for Germany, the USA, Canada, the UK and other countries, as well as the amounts for Continental as a whole, are shown in the following tables.

The reconciliation of the changes in the defined benefit obligations from the beginning to the end of the year is as follows:

	2023						2022					
€ millions	**Germany**	**USA**	**Canada**	**UK**	**Other**	**Total**	Germany	USA	Canada	UK	Other	Total
Defined benefit obligations as at January 1	**3,714.9**	**865.8**	**32.7**	**261.7**	**294.9**	**5,170.0**	**5,368.8**	**1,071.6**	**43.2**	**423.7**	**341.3**	**7,248.6**
Exchange-rate differences	–	-30.9	-0.5	5.0	4.9	**-21.5**	–	69.2	0.4	-16.8	6.6	59.4
Current service cost	105.5	2.1	0.9	0.9	21.0	**130.5**	185.1	2.9	1.6	1.7	22.5	213.8
Service cost from plan amendments	–	–	–	–	0.4	**0.4**	–	3.7	–	–	0.5	4.2
Curtailments/settlements	–	–	–	–	-0.2	**-0.2**	–	–	–	–	-3.1	-3.1
Interest on defined benefit obligations	128.5	44.1	1.6	12.5	17.8	**204.5**	80.8	32.0	1.4	7.8	11.5	133.5
Actuarial gains/losses from changes in demographic assumptions	–	–	-0.5	-7.4	-0.2	**-8.0**	–	–	–	-1.2	-0.4	-1.6
Actuarial gains/losses from changes in financial assumptions	328.6	19.6	2.2	2.3	-1.3	**351.4**	-1,816.2	-255.4	-12.2	-149.6	-57.7	-2,291.1
Actuarial gains/losses from experience adjustments	34.6	0.8	0.1	2.7	7.1	**45.2**	8.5	8.6	0.2	12.6	8.5	38.4
Net changes in the scope of consolidation	–	–	–	–	1.5	**1.5**	–	–	–	–	0.2	0.2
Employee contributions	–	–	0.4	0.1	0.1	**0.6**	–	–	0.4	0.1	-0.6	-0.1
Other changes	2.2	–	–	–	0.2	**2.4**	3.4	–	–	–	-0.2	3.2
Benefit payments	-123.0	-65.8	-1.8	-13.0	-27.2	**-230.9**	-115.5	-66.8	-2.3	-16.6	-34.2	-235.4
Defined benefit obligations as at December 31	**4,191.2**	**835.7**	**35.2**	**264.8**	**319.1**	**5,646.0**	**3,714.9**	**865.8**	**32.7**	**261.7**	**294.9**	**5,170.0**

The reconciliation of the changes in the fund assets from the beginning to the end of the year is as follows:

	2023						2022					
€ millions	**Germany**	**USA**	**Canada**	**UK**	**Other**	**Total**	Germany	USA	Canada	UK	Other	Total
Fair value of fund assets as at January 1	**1,722.3**	**881.6**	**31.6**	**299.9**	**129.0**	**3,064.4**	**1,331.0**	**1,112.0**	**39.1**	**441.2**	**141.0**	**3,064.3**
Exchange-rate differences	–	-31.6	-0.5	5.8	-0.6	**-26.9**	–	72.0	0.2	-18.6	1.3	54.9
Interest income from pension funds	60.2	44.9	1.6	14.5	7.5	**128.7**	17.3	33.0	1.3	8.1	4.1	63.8
Actuarial gains/losses from fund assets	29.3	25.2	2.9	-1.3	-2.0	**54.0**	-99.5	-272.4	-8.6	-119.9	-9.2	-509.6
Employer contributions	8.8	1.8	1.8	5.9	12.2	**30.5**	51.1	5.5	1.7	5.6	15.2	79.1
Employee contributions	–	–	0.4	0.1	0.1	**0.6**	–	–	0.4	0.1	0.1	0.6
Net changes in the scope of consolidation	–	–	–	–	0.1	**0.1**	–	-7.1	–	–	–	-7.1
Other changes	-4.8	-1.5	-0.2	–	0.0	**-6.5**	496.4	5.4	-0.2	–	0.4	502.0
Benefit payments	-80.9	-65.8	-1.8	-13.0	-17.6	**-179.2**	-74.0	-66.8	-2.3	-16.6	-24.0	-183.7
Fair value of fund assets as at December 31	**1,734.9**	**854.6**	**35.7**	**311.8**	**128.5**	**3,065.5**	**1,722.3**	**881.6**	**31.6**	**299.9**	**128.9**	**3,064.3**

The carrying amount consisting of the defined benefit assets and the pension provisions increased by €474.8 million compared with the previous year. This was primarily due to actuarial losses in all countries.

The defined benefit assets increased by €17.6 million year-on-year. This resulted primarily from the rise in actuarial losses in all countries.

€5,558.4 million (PY: €5,079.7 million) of the defined benefit obligations as at December 31, 2023, related to plans that are fully or partially funded, and €87.6 million (PY: €90.3 million) related to plans that are unfunded.

The €476.0 million increase in the defined benefit obligations compared with December 31, 2022, resulted in particular from actuarial losses from changes in financial assumptions.

The fund assets in Germany include the CTA assets amounting to €1,419.4 million (PY: €1,406.2 million), pension contribution fund assets of €175.1 million (PY: €185.7 million) and insurance annuity contracts amounting to €140.4 million (PY: €130.4 million).

Fund assets increased by €1.2 million in the reporting year to €3,065.5 million.

Actuarial gains and losses on fund assets in Germany resulted from actuarial gains of €30.1 million (PY: actuarial losses of €101.2 million) from the CTAs.

In the Continental Group, there are pension contribution funds for previously defined contributions in Germany that have been closed to new entrants since July 1, 1983, and March 1, 1984, respectively. As at December 31, 2023, the minimum net funding requirement was exceeded; Continental AG has no requirement to make additional contributions. The pension fund assets had a fair value of €175.1 million as at December 31, 2023 (PY: €185.8 million). The pension contribution funds have tariffs with an interest rate of 2.5% or 2.25%. Under the German Company Pensions Law, Continental AG is ultimately liable for the implementation path of the pension contribution fund. It therefore constitutes a defined benefit pension plan that must be reported in line with the development of pension provisions. However, given that only the plan members are entitled to the assets and income generated, the benefit obligations are recognized in the same amount as the existing assets at fair value.

The following table shows the reconciliation of the funded status to the amounts contained in the statement of financial position:

	December 31, 2023						December 31, 2022					
€ millions	**Germany**	**USA**	**Canada**	**UK**	**Other**	**Total**	Germany	USA	Canada	UK	Other	Total
Funded status[1]	**-2,456.3**	**18.9**	**0.5**	**47.1**	**-190.6**	**-2,580.4**	**-1,992.6**	**15.8**	**-1.1**	**38.2**	**-166.0**	**-2,105.7**
Asset ceiling	–	–	–	–	-1.1	**-1.1**	–	–	–	–	-1.0	-1.0
Carrying amount	**-2,456.3**	**18.9**	**0.5**	**47.1**	**-191.7**	**-2,581.5**	**-1,992.6**	**15.8**	**-1.1**	**38.2**	**-167.0**	**-2,106.7**

1 Difference between fund assets and defined benefit obligations.

The carrying amount comprises the following items of the statement of financial position:

	December 31, 2023						December 31, 2022					
€ millions	**Germany**	**USA**	**Canada**	**UK**	**Other**	**Total**	Germany	USA	Canada	UK	Other	Total
Defined benefit assets	–	42.0	2.2	53.1	13.3	**110.7**	–	40.4	0.7	42.8	9.2	93.1
Pension provisions	-2,456.3	-23.1	-1.7	-6.1	-205.0	**-2,692.3**	-1,992.6	-24.6	-1.8	-4.6	-176.2	-2,199.8
Carrying amount	**-2,456.3**	**18.9**	**0.5**	**47.1**	**-191.7**	**-2,581.5**	**-1,992.6**	**15.8**	**-1.1**	**38.2**	**-167.0**	**-2,106.7**

The assumptions used to measure the pension obligations – in particular, the discount factors for determining the interest on expected pension obligations and the expected return on fund assets, as well as the long-term salary growth rates and the long-term pension trend – are specified for each country.

In the principal pension plans, the following weighted-average valuation factors as at December 31 of the year have been used:

	2023					2022				
%	**Germany[1]**	**USA**	**Canada**	**UK**	**Other**	Germany[1]	USA	Canada	UK	Other
Discount rate	3.14	5.15	4.65	4.68	6.18	3.65	5.40	5.25	4.80	5.96
Long-term salary growth rate	3.00	0.00	3.00	1.25	4.26	3.00	0.00	3.00	1.30	4.37

1 Not including the pension contribution funds.

Another parameter for measuring the pension obligation is the long-term pension trend. The following weighted average long-term pension trend was used as at December 31, 2023, for the key countries: Germany 2.20% (PY: 2.20%), Canada 0.0% (PY: 0.0%) and the United Kingdom 3.2% (PY: 3.3%). For the USA, the long-term pension trend does not constitute a significant measurement parameter. The pension trend increased from 1.75% to 2.20% as at December 31, 2022, due to inflation and the associated pension increases in Germany.

Net pension cost can be summarized as follows:

	2023						2022					
€ millions	**Germany**	**USA**	**Canada**	**UK**	**Other**	**Total**	Germany	USA	Canada	UK	Other	**Total**
Current service cost	105.5	2.1	0.9	0.9	21.0	130.5	185.1	2.9	1.6	1.7	22.5	213.8
Service cost from plan amendments	–	–	–	–	0.4	0.4	–	3.7	–	–	0.5	4.2
Curtailments/settlements	–	–	–	–	-0.2	-0.2	–	–	–	–	-3.1	-3.1
Interest on defined benefit obligations	128.5	44.1	1.6	12.5	17.8	204.5	80.8	32.0	1.4	7.8	11.5	133.5
Expected return on the pension funds	-60.2	-44.9	-1.6	-14.5	-7.5	-128.7	-17.3	-33.0	-1.3	-8.1	-4.1	-63.8
Effect of change of asset ceiling	–	–	–	–	0.1	0.1	–	–	–	–	0.1	0.1
Other pension income and expenses	–	1.5	0.2	–	0.0	1.7	–	1.7	0.2	–	–	1.9
Net pension cost	**173.8**	**2.8**	**1.1**	**-1.1**	**31.6**	**208.3**	**248.6**	**7.3**	**1.9**	**1.4**	**27.4**	**286.6**

The table below shows the changes in actuarial gains and losses that are reported directly in equity:

	2023						2022					
€ millions	**Germany**	**USA**	**Canada**	**UK**	**Other**	**Total**	Germany	USA	Canada	UK	Other	Total
Actuarial gains/losses from defined benefit obligations	363.2	20.4	1.8	–2.4	5.6	388.6	–1,807.7	–246.8	–12.0	–138.2	–49.6	–2,254.3
Actuarial gains/losses from fund assets	–29.3	–25.2	–2.9	1.3	2.0	–54.0	99.5	272.4	8.6	119.9	9.2	509.6
Actuarial gains/losses from asset ceiling	–	–	–	–	-0.1	-0.1	–	–	–	–	-0.1	-0.1
Actuarial gains/losses	**333.9**	**–4.8**	**–1.0**	**–1.1**	**7.6**	**334.5**	**–1,708.2**	**25.6**	**–3.4**	**–18.3**	**–40.5**	**–1,744.8**

Actuarial gains and losses arise from increases or decreases in the present value of the defined benefit obligation due to changes in the actuarial assumptions made. The decrease in the discount factor in all countries in the 2023 reporting period compared with 2022 resulted in actuarial losses in all countries. The actuarial gains in the previous fiscal year resulted from a rise in interest rates compared with the prior year.

If the other assumptions remained constant, the changes in individual key actuarial assumptions that could reasonably have been possible at the reporting date would have impacted the defined benefit obligation by the following amounts. Although the analysis does not take account of the complete allocation of the cash flows expected under the plan, it provides an approximation of the sensitivity of the assumptions shown.

If the other assumptions are maintained, a 0.5-percentage-point increase or decrease in the discount rate used to discount pension obligations would have had the following impact on the pension obligations as at the end of the reporting period:

	December 31, 2023					December 31, 2022				
€ millions	**Germany[1]**	**USA**	**Canada**	**UK**	**Other**	Germany[1]	USA	Canada	UK	Other
0.5% increase										
Effects on service and interest cost	–5.8	–2.4	-0.2	0.7	-0.5	–5.9	–2.5	-0.3	0.6	-0.1
Effects on benefit obligations	–319.6	–35.7	-2.6	–15.7	–12.8	–270.5	–37.2	-2.4	–15.8	–12.4
0.5% decrease										
Effects on service and interest cost	6.4	2.2	0.2	-0.7	0.6	6.5	2.1	0.3	–1.0	0.0
Effects on benefit obligations	366.0	38.7	2.9	17.3	13.9	308.6	40.4	2.6	17.5	13.5

1 Not including the pension contribution funds.

A 0.5-percentage-point increase or decrease in the long-term salary growth rate would have had the following impact on the pension obligations as at the end of the reporting period:

	December 31, 2023				December 31, 2022			
€ millions	**Germany**	**USA[1]**	**Canada**	**UK**	Germany	USA[1]	Canada	UK
0.5% increase								
Effects on benefit obligations	1.3	–	0.6	0.9	1.3	–	0.6	0.9
0.5% decrease								
Effects on benefit obligations	-1.2	–	-0.5	-0.9	-1.3	–	-0.4	-0.9

1 Any change in the long-term salary growth rate would have no effect on the value of the benefit obligations.

A 0.5-percentage-point increase or decrease in the long-term pension trend would have had the following impact on the pension obligations as at the end of the reporting period:

	December 31, 2023				December 31, 2022			
€ millions	**Germany**	**USA[1]**	**Canada**	**UK**	Germany	USA[1]	Canada	UK
0.5% increase								
Effects on benefit obligations	126.6	–	–	9.4	109.6	–	–	11.6
0.5% decrease								
Effects on benefit obligations	-116.1	–	–	-9.5	-100.4	–	–	-11.5

1 Any change in the long-term pension trend would have no effect on the value of the benefit obligations.

Changes in the discount rate and the salary and pension trends do not have a linear effect on the defined benefit obligations (DBO) owing to the financial models used (particularly due to the compounding of interest rates). For this reason, the net periodic pension cost derived from the pension obligations does not change by the same amount as a result of an increase or decrease in the actuarial assumptions.

In addition to the aforementioned sensitivities, the impact of a one-year-longer life expectancy on the value of benefit obligations was computed for the key countries. A one-year increase in life expectancy would lead to a €171.6 million (PY: €147.3 million) increase in the value of the benefit obligations, and that figure would be broken down as follows: Germany €138.6 million (PY: €115.1 million), USA €23.9 million (PY: €23.7 million), United Kingdom €8.5 million (PY: €7.9 million) and Canada €0.6 million (PY: €0.6 million). In Germany, increased payments in the form of pensions rather than capital were assumed in the actuarial valuation, which has the effect of increasing the benefit obligations. For the calculation of pension obligations for domestic plans, life expectancy is based on the 2018 G mortality tables by Prof. Klaus Heubeck. For foreign pension plans, comparable criteria are used for the respective country.

Plan assets

The structure of the Continental Group's plan assets is reviewed by the investment committees on an ongoing basis taking into account the forecast pension obligations. In doing so, the investment committees regularly review the investment decisions taken, the underlying expected returns of the individual asset classes reflecting empirical values and the selection of the external fund managers.

The portfolio structures of the pension funds at the measurement date for the fiscal years 2023 and 2022 are as follows:

%	**2023**					2022				
Asset class	**Germany[1]**	**USA**	**Canada**	**UK**	**Other**	Germany[1]	USA	Canada	UK	Other
Equity instruments	5	3	53	3	10	5	1	61	7	26
Debt securities	41	94	46	51	46	32	96	38	40	53
Real estate	8	–	–	0	1	9	–	–	0	2
Absolute return[2]	6	–	1	1	–	10	–	1	4	–
Cash, cash equivalents and other	40	3	–	11	24	44	3	–	13	19
Annuities[3]	–	–	–	34	19	–	–	–	36	–
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

1 The portfolio structure of the fund assets in Germany excludes the pension contribution funds whose assets are invested mainly in fixed-income securities and shares.
2 This refers to investment products that aim to achieve a positive return regardless of market fluctuations.
3 Annuities are insurance contracts that guarantee pension payments.

The following table shows the cash contributions made by the company to the pension funds for 2023 and 2022 as well as the expected contributions for 2024:

€ millions	2024 (expected)	**2023**	2022
Germany	–	8.8	51.1
USA	7.7	1.8	5.5
Canada	1.5	1.8	1.7
UK	5.9	5.9	5.6
Other	27.5	12.2	15.2
Total	**42.6**	**30.5**	**79.1**

The following overview contains the pension benefit payments made in the reporting year and the previous year, as well as the undiscounted, expected pension benefit payments for the next 10 years:

€ millions	Germany	USA	Canada	UK	Other	**Total**
Benefits paid						
2022	115.5	66.8	2.3	16.6	34.2	**235.4**
2023	123.0	65.8	0.8	13.0	27.2	**229.8**
Benefit payments as expected						
2024	158.1	66.7	2.2	12.1	18.6	**257.7**
2025	149.1	66.7	2.3	13.3	19.5	**250.9**
2026	157.6	66.7	2.5	13.7	21.7	**262.2**
2027	164.4	66.3	2.5	14.5	24.7	**272.4**
2028	172.5	65.6	2.6	15.4	24.9	**281.0**
Total of years 2029 to 2033	935.6	310.9	13.2	83.5	171.6	**1,514.8**

The pension payments from 2022 onward relate to lump-sum amounts in connection with fixed service cost benefit plans, as well as annual pension benefits. Furthermore, the earliest eligible date for retirement has been assumed when determining future pension payments. The actual retirement date could occur later. Therefore, the actual payments in future years for present plan members could be lower than the amounts assumed.

For the current and four preceding reporting periods, the amounts of the defined benefit obligations, fund assets, funded status, as well as the remeasurement of plan liabilities and plan assets are as follows:

€ millions	**2023**	2022	2021	2020	2019
Defined benefit obligations	5,646.0	5,170.0	7,248.6	8,647.8	7,875.1
Fund assets	3,065.5	3,064.3	3,064.3	3,203.2	3,032.7
Funded status	–2,580.4	–2,105.7	–4,184.3	–5,444.6	–4,843.9
Remeasurement of plan liabilities	388.6	–2,254.3	–695.5	704.5	997.0
Remeasurement of plan assets	54.0	–509.6	–1.5	191.5	209.0

Other post-employment benefits

Certain subsidiaries – primarily in the USA and Canada – grant eligible employees healthcare and life insurance on retirement if they have fulfilled certain conditions relating to age and years of service. The amount and entitlement can be altered. Certain retirement benefits, in particular for pensions and healthcare costs, are provided in the USA for hourly paid workers at unionized tire plants under the terms of collective pay agreements. No separate fund assets have been set up for these obligations.

The weighted average term of the defined benefit pension obligation is around nine years. This term is based on the present value of the obligation.

The reconciliation of the changes in the defined benefit obligations and the financing status from the beginning to the end of the year is as follows:

€ millions	**2023**	2022
Defined benefit obligations as at January 1	**133.2**	**168.7**
Exchange-rate differences	-4.4	9.9
Current service cost	0.5	0.9
Curtailments/settlements	-0.2	0.4
Interest on healthcare and life insurance benefit obligations	6.7	5.3
Actuarial gains/losses from changes in demographic assumptions	–	0.0
Actuarial gains/losses from changes in financial assumptions	2.8	-33.9
Actuarial gains/losses from experience adjustments	-2.5	-5.7
Changes in the scope of consolidation	–	–
Benefit payments	-12.4	-12.4
Other changes	8.1	–
Defined benefit obligations/net amount recognized as at December 31	**131.7**	**133.2**

The assumptions used for the discount rate and cost increases to calculate the healthcare and life insurance benefits vary according to conditions in the USA and Canada. The following weighted average valuation factors as at December 31 of the year have been used:

%	**2023**	2022
Discount rate	5.44	5.45
Rate of increase in healthcare and life insurance benefits in the following year	1.00	0.48
Long-term rate of increase in healthcare and life insurance benefits	0.35	0.37

The net cost of healthcare and life insurance benefit obligations can be broken down as follows:

€ millions	**2023**	2022
Current service cost	0.5	0.9
Service cost from plan amendments	–	0.2
Curtailments/settlements	-0.2	0.2
Interest on healthcare and life insurance benefit obligations	6.7	5.3
Other income/expenses from healthcare and life insurance benefit obligations	8.1	–
Net cost	**15.1**	**6.6**

If the other assumptions remained constant, the changes in individual key actuarial assumptions that could reasonably have been possible at the reporting date would have impacted the defined benefit obligation by the following amounts. Although the analysis does not take account of the complete allocation of the cash flows expected under the plan, it provides an approximation of the sensitivity of the assumptions shown.

The following table shows the effects of a 0.5% increase or decrease in the cost trend for healthcare and life insurance obligations:

€ millions	**2023**	2022
0.5% increase		
Effects on service and interest cost	0.2	0.4
Effects on benefit obligations	–5.3	–5.0
0.5% decrease		
Effects on service and interest cost	–0.2	–0.4
Effects on benefit obligations	5.8	5.5

A 0.5-percentage-point increase or decrease in the discount rate specified above for calculating the net cost of healthcare and life insurance benefit obligations would have had the following effect on net cost:

€ millions	**2023**	2022
0.5% increase		
Effects on service and interest cost	0.1	0.0
Effects on benefit obligations	1.3	0.7
0.5% decrease		
Effects on service and interest cost	–0.1	0.0
Effects on benefit obligations	–1.2	–0.6

The following table shows the payments made for other post-employment benefits in the reporting year and the previous year, as well as the undiscounted, expected benefit payments for the next 10 years:

€ millions	
Benefits paid	
2022	12.4
2023	12.4
Benefit payments as expected	
2024	14.3
2025	14.3
2026	14.2
2027	14.1
2028	14.0
Total of years 2029 to 2033	34.9

The amounts for the defined benefit obligations, funded status and remeasurement of plan liabilities for the current and four preceding reporting periods are as follows:

€ millions	**2023**	2022	2021	2020	2019
Defined benefit obligations	131.7	133.2	169.5	205.7	215.9
Funded status	–131.7	–133.2	–169.5	–205.7	–215.9
Remeasurement of plan liabilities	0.3	–39.6	–12.4	16.1	13.2

Obligations similar to pensions

Some companies of the Continental Group have made commitments to employees for a fixed percentage of the employees' compensation. These entitlements are paid out when the employment relationship is terminated. In the year under review, expenses from these obligations amounted to €4.9 million (PY: €4.5 million).

Defined contribution pension plans

The Continental Group offers its employees pension plans in the form of defined contribution plans, particularly in the USA, the UK, Japan and China. Not including social security contributions, expenses from defined contribution pension plans amounted to €81.1 million (PY: €80.0 million) in the fiscal year.

Other employee benefits

Other employee benefits include provisions for partial early retirement programs and anniversary and other long-service benefits. The provisions for partial early retirement are calculated using a discount rate of 3.53% (PY: 3.32%). Provisions for anniversary and other long-service benefits were calculated using a discount rate of 3.20% (PY: 3.77%). In accordance with the option under IAS 19, *Employee Benefits*, the interest component is reported in the financial result.

Variable remuneration elements

Liabilities for payroll and personnel-related costs also include variable components based on performance. The variable components that are based on performance comprise a short-term remuneration component (performance bonus without equity deferral) as well as long-term remuneration components (long-term incentive and equity deferral of the performance bonus). Liabilities for payroll and personnel-related costs also include the amounts of variable remuneration converted into virtual shares of Continental AG for members of the Executive Board (performance bonus, deferral) in accordance with the remuneration system valid until 2019 (hereinafter "2019 remuneration system").

The LTI plans for the years starting from 2014 and the deferral of the performance bonus from the 2019 remuneration system are classified as cash-settled share-based payments; hence they are recognized at fair value in accordance with IFRS 2, *Share-based Payment*. The equity deferral of the performance bonus of the remuneration system applicable from 2020 is classified as an equity-settled share-based payment; hence it is recognized at fair value in accordance with IFRS 2, *Share-based Payment*.

Long-term incentive plans (LTI plans)

Expenses of €54.4 million (PY: €3.3 million) from the addition of provisions for the 2020 to 2023 LTI plan were recognized in the respective function costs.

- 2014 to 2019 LTI plan: From 2014 to 2019, senior executives of the Continental Group and members of the Executive Board were granted an LTI bonus. This bonus was intended to allow for participation in the long-term, sustainable increase in the Continental Group's value and profitability. The LTI bonus depended on job grade and degree of target achievement and was issued in annual tranches.
- The term of the 2018/21 tranche, which was resolved on March 13, 2018, by the Supervisory Board for the members of the Executive Board and on May 28, 2018, by the Executive Board for senior executives, begins retroactively as at January 1, 2018, and is four years. After the expiry of the 2018/21 LTI tranche in December 2021, the bonus was not paid out in 2022, as the fair value of the tranche as at the payment date was €0.0 million.
- The term of the 2019/22 tranche, which was resolved on March 14, 2019, by the Supervisory Board for the members of the Executive Board and on May 24, 2019, by the Executive Board for senior executives, begins retroactively as at January 1, 2019, and is four years. After the expiry of the 2019/22 LTI tranche in December 2022, the bonus was not paid out in 2023, as the fair value of the tranche as at the payment date was €0.0 million.

For each beneficiary of an LTI tranche, the Supervisory Board (for the members of the Executive Board) or the Executive Board (for senior executives) of Continental AG specified the amount of a target bonus in euros to be paid out upon 100% target achievement. The actual LTI bonus paid out on expiry of the LTI tranche depends on the degree of target achievement. The LTI bonus can range between 0% (no payment) and 200% (maximum payment).

The degree of achievement of two target criteria is decisive for the payment and amount of the LTI bonus. The first target criterion is the equally weighted average of the Continental Value Contribution (CVC) of the Continental Group over a period of four fiscal years, starting from the fiscal year in which the LTI tranche is issued. The equally weighted average is calculated by adding together 25% of the CVC of the four fiscal years of the term of the LTI tranche. The second target criterion is the total shareholder return (TSR) on Continental shares as at the end of the term in relation to the beginning of the LTI tranche. The share price used in calculating the TSR is the arithmetic mean of closing prices in Xetra trading on the Frankfurt Stock Exchange (or a successor system) on the trading days in the three months from October to December before the issue and expiry of the LTI tranche. In addition, all dividends paid during the term of the LTI tranche are taken into account for the TSR.

The scale for determining the degree of target achievement is defined by the Supervisory Board or the Executive Board when the respective LTI tranche is issued. This key data is identical for the members of the Executive Board and senior executives. The degree of target achievement for the first target criterion can lie between 0% and 200%. Target achievement is calculated on a straight-line basis between 0% and the maximum amount. There is no cap for the second target criterion. The ultimate degree of target achievement used to calculate the LTI bonus to be paid out is determined by multiplying the two target criteria. The LTI bonus to be paid out is determined by multiplying the degree of target achievement by the target bonus. The total maximum achievable LTI bonus is 200% of the target bonus.

A Monte Carlo simulation is used in the measurement of the TSR target criterion. This means that log-normal distributed processes are simulated for the price of Continental shares. The Monte Carlo simulation takes into account the average value accumulation of share prices in the respective reference period, the TSR dividends and the restriction for the payment amount.

- **2019 Transformation Incentive Plan (TIP):** In 2019, the Continental Group offered its senior executives the possibility of participating in the long-term, sustainable increase in the Continental Group's value by paying a TIP bonus in addition to the fixed salary and the annual variable remuneration. The term of the TIP, which the Executive Board adopted for senior executives on September 2, 2019, extends from October 1, 2019, to December 31, 2021. After the expiry of the TIP bonus in December 2021, the bonus was paid out in June 2022.

  The Executive Board of Continental AG specified the amount of the target bonus (TIP bonus) in euros for each beneficiary of a TIP bonus (senior executives). The TIP bonus is calculated based on a certain number of virtual shares of Continental AG (basic holding), which can increase through two bonus packages, multiplied by the payment share price. The payment share price is the arithmetic mean of Continental AG's closing share prices in Xetra trading on the Frankfurt Stock Exchange (or a successor system) on the trading days in the last month prior to the Annual Shareholders' Meeting that follows the end of the term. The TIP bonus, which can total at most 200% of the initial share price, is paid to the respective beneficiary as a gross lump sum at the end of the second complete calendar month following the Annual Shareholders' Meeting that follows the end of the term. Since the basic holding can be increased through two bonus packages, the degree of achievement of two target criteria is decisive for the amount of the TIP bonus. The target criterion of the first bonus package is the results of the OUR BASICS Live corporate survey in 2021. If at least 70% (equally weighted average) of all participants respond positively to the Sustainable Engagement Index, the beneficiary receives additional virtual shares equivalent to 50% of the basic holding. The target criterion of the second bonus package is met if, at the end of the term, the TSR on Continental shares equals or exceeds the performance of the STOXX Europe 600 Automobiles & Parts Index. In this case, the beneficiary receives additional virtual shares equivalent to 50% of the basic holding. The TSR on Continental shares corresponds to the sum of the share price performance as at the end of the term and all dividends distributed during the term relative to the share price at the beginning of the term. The share price used in calculating the TSR is the arithmetic mean of the closing prices in Xetra trading on the Frankfurt Stock Exchange (or a successor system) on the trading days (i) in the first month of the term ("initial share price") and (ii) in the last month of the term ("final share price").

  A Monte Carlo simulation is used in the measurement of stock options. This means that log-normal distributed processes are simulated for the price of Continental shares and the price of the STOXX Europe 600 Automobiles & Parts Gross Return Index. The Monte Carlo simulation takes into account the average value accumulation of the Continental share prices for the final share price and the payment share price, the TSR dividends, the performance compared with the benchmark index and the restriction for the payment amount.

- **2020 to 2023 LTI plan:** From 2020, a new LTI plan was granted to the Executive Board, senior executives and executives that aims to promote long-term commitment to the company and its sustainable growth. Therefore, the long-term TSR of Continental shares, compared with an index consisting of European companies that are active in the automotive and tire industry and comparable with Continental AG (STOXX Europe 600 Automobiles & Parts (SXAGR); hereinafter "benchmark index"), is a key performance criterion for the LTI. The second performance criterion is a sustainability score that is multiplied by the degree of target achievement in order to calculate the LTI to be paid. The amount of the LTI to be paid is based on the performance of the Continental share price over the term of the LTI.

- The term of the 2020 LTI plan, which was resolved on March 17, 2020, by the Supervisory Board for the members of the Executive Board, and on March 2, 2020, by the Executive Board for senior executives and executives, begins retroactively as at January 1, 2020, and is four years for the Executive Board and three years for senior executives and executives. After the expiry of the 2020 LTI plan in December 2022, the bonus for executives and senior executives was paid out in 2023.

- The term of the 2021 LTI plan, which was resolved on December 15, 2020, by the Supervisory Board for the members of the Executive Board, and on March 22, 2021, by the Executive Board for senior executives and executives, begins retroactively as at January 1, 2021, and is four years for the Executive Board and three years for senior executives and executives.

- The term of the 2022 LTI plan, which was resolved on December 14, 2021, by the Supervisory Board for the members of the Executive Board, and on March 21, 2022, by the Executive Board for senior executives and executives, begins retroactively as at January 1, 2022, and is four years for the Executive Board and three years for senior executives and executives.

- The term of the 2023 LTI plan, which was resolved on December 14, 2022, by the Supervisory Board for the members of the Executive Board, and on March 22, 2023, by the Executive Board for senior executives and executives, begins retroactively as at January 1, 2023, and is four years for the Executive Board and three years for senior executives and executives.

- For each beneficiary of the 2020 to 2023 LTI plan, the Supervisory Board (for the members of the Executive Board) or the Executive Board (for senior executives and executives) of Continental AG agrees an allotment value in euros for the LTI.

At the start of the first fiscal year of the term of the LTI plan, this allotment value is converted into a basic holding of virtual shares. The allotment value is divided by the arithmetic mean of Continental AG's closing share prices in Xetra trading on the Frankfurt Stock Exchange (or a successor system) in the last two months prior to the start of the term of the respective LTI plan (issue price). The basic holding is multiplied by a performance index (PI) in order to determine the final holding of virtual shares. The performance index corresponds to the product from the relative total shareholder return (TSR) on Continental shares and a sustainability score. The relative TSR is calculated from the relative performance of the Continental TSR in comparison with the TSR on the STOXX Europe 600 Automobiles & Parts (SXAGR). The Continental TSR corresponds to the sum of the average Continental share price in the last month of the term (final share price) and all dividends distributed during the term relative to the average share price in the first month of the term (initial share price). The SXAGR TSR is determined using the same method.

Performance criteria and goals of the sustainability score are targets for CO_2 emissions, recycling quotas and the review of good working conditions for employees in the Continental Group (e.g. based on sick leave, accident rates and employee satisfaction).

The payment amount of the 2020 to 2023 LTI plan can total at most 200% of the defined initial share price (executives and senior executives) or issue price (Executive Board). The issue price is the average price of the two months before the start of the term.

The final holding of virtual shares is multiplied by the payout ratio in order to determine the gross amount of the LTI to be paid out in euros (hereinafter "payout amount"). The payout ratio is the sum of the arithmetic mean of Continental AG's closing share prices in Xetra trading on the Frankfurt Stock Exchange (or a successor system) on the trading days in the last two months prior to the next ordinary Annual Shareholders' Meeting that follows the end of the term of the LTI plan and the dividends paid out per share during the term of the LTI plan.

A Monte Carlo simulation is used in the measurement of stock options. This means that log-normal distributed processes are simulated for the price of Continental shares and the price of the STOXX Europe 600 Automobiles & Parts (benchmark index). The Monte Carlo simulation takes into account the average value accumulation of the Continental share prices and the benchmark index for the final share price and the payment share price, the TSR dividends, the performance compared with the benchmark index and the restriction for the payment amount.

The following TSR parameters were used as at the measurement date of December 31, 2023:

- Constant zero rates as at the measurement date of December 31, 2023:
  2020 LTI plan (Executive Board): 3.56% as at the due date and 3.41% as at the end of the payment share price period;
  2021 LTI plan (senior executives and executives): 3.56% as at the due date and 3.41% as at the end of the payment share price period;
  2021 LTI plan (Executive Board): 2.69% as at the due date and 2.56% as at the end of the payment share price period;
  2022 LTI plan (senior executives and executives): 2.94% as at the due date and 2.62% as at the end of the payment share price period;
  2022 LTI plan (Executive Board): 2.18% as at the due date and 2.11% as at the end of the payment share price period;
  2023 LTI plan (senior executives and executives): 2.29% as at the due date and 2.13% as at the end of the payment share price period;
  2023 LTI plan (Executive Board): 1.98% as at the due date and 1.95% as at the end of the payment share price period.

- Continental share price at year end of €76.92.

- Interest rate based on the yield curve for government bonds.

- Dividend payments as the arithmetic mean based on publicly available estimates for 2024 until 2026; the dividend of Continental AG amounted to €1.50 per share in 2023, and Continental AG distributed a dividend of €2.20 per share in 2022.

- Historical volatilities on the basis of daily Xetra closing rates for Continental shares and the benchmark index based on the respective remaining term for LTI tranches and the 2020 to 2023 LTI plan. The historical Continental share volatilities for the 2020 LTI plan are 25.39% for the Executive Board. The volatility for the 2021 LTI plan is 25.39% for senior executives and executives and 35.30% for the Executive Board. The volatility for the 2022 LTI plan is 31.39% for senior executives and executives and 38.99% for the Executive Board. The volatility for the 2023 LTI plan is 39.77% for senior executives and executives and 36.98% for the Executive Board. The historical benchmark index volatilities for the 2020 LTI plan are 18.05% for the Executive Board. The volatility for the 2021 LTI plan is 18.05% for senior executives and executives and 21.54% for the Executive Board. The volatility for the 2022 LTI plan is 19.10% for senior executives and executives and 26.63% for the Executive Board. The volatility for the 2023 LTI plan is 27.03% for senior executives and executives and 25.82% for the Executive Board.

- Historical correlations on the basis of daily Xetra closing rates for the benchmark index based on the respective remaining term of the components of the 2020 to 2023 LTI plans. For the 2020 LTI plan it is 0.7189 for the Executive Board. For the 2021 LTI plan it is 0.7189 for senior executives and executives and 0.7953 for the Executive Board. For the 2022 LTI plan it is 0.7612 for senior executives and executives and 0.8026 for the Executive Board. For the 2023 LTI plan it is 0.8156 for senior executives and executives and 0.8023 for the Executive Board.

- The fair values of the tranches developed as follows. The amount of the provision as at the measurement date of December 31, 2023, results from the respective vesting level:
  2020 LTI plan (Executive Board): €0.0 million (PY: €0.0 million), the vesting level is 100%;
  2021 LTI plan (senior executives and executives): €16.5 million (PY: €13.1 million), the vesting level is 100%;
  2021 LTI plan (Executive Board): €0.0 million (PY: €0.2 million), the vesting level is 75%;
  2022 LTI plan (senior executives and executives): €43.1 million (PY: €30.8 million), the vesting level is 67%;
  2022 LTI plan (Executive Board): €2.5 million (PY: €1.6 million), the vesting level is 50%;
  2023 LTI plan (senior executives and executives): €56.5 million, the vesting level is 33%;
  2023 LTI plan (Executive Board): €5.7 million, the vesting level is 25%.

For the 2019 TIP bonus, reduced liabilities for payroll and personnel-related costs resulted in income of €4.5 million in 2022. Expenses of €5.3 million (PY: income of €3.1 million) were incurred for the 2020 LTI plan for senior executives and executives, and income of €0.0 million (PY: €0.4 million) was recognized for the 2020 LTI plan for the Executive Board due to reduced personnel expenses. Expenses of €9.0 million (PY: €0.6 million) were incurred for the 2021 LTI plan for senior executives and executives, and income of €0.1 million (PY: €0.3 million) was recognized for the 2021 LTI plan for the Executive Board due to reduced personnel expenses. Expenses of €19.1 million (PY: €10.5 million) were incurred for the 2022 LTI plan for senior executives and executives, and €0.8 million (PY: €0.4 million) for the 2022 LTI plan for the Executive Board. Expenses of €18.9 million were incurred for the 2023 LTI plan for senior executives and executives, and €1.4 million for the 2023 LTI plan for the Executive Board.

Performance bonus (deferral) under the 2019 remuneration system

The performance bonus was based on a target amount that the Supervisory Board determined for each Executive Board member for 100% target achievement. Target criteria were the year-on-year change in the CVC and the return on capital employed (ROCE). For Executive Board members with responsibility for a particular business area, these criteria related to the relevant business area; for other Executive Board members, they related to the Continental Group. The CVC target was 100% achieved if the CVC was unchanged compared with the previous year. If the CVC fell or rose by a defined percentage, this element was reduced to zero or reached a maximum of 150%. In the case of a negative CVC in the previous year, target achievement was based on the degree of improvement. The criteria for the ROCE target were guided by planning targets. This component could also be omitted if a certain minimum value was not achieved.

The CVC target was weighted at 60% and the ROCE target at 40% in the calculation of the performance bonus. In any event, the performance bonus was capped at 150% of the target bonus.

The performance bonus achieved in a fiscal year was divided into a lump sum, which was paid out as an annual bonus (immediate payment), and a deferred payment (deferral). The immediate payment amounted to 60% and the deferral 40%. The deferral was converted into virtual shares of Continental AG. Following a holding period of three years after the end of the fiscal year for which the respective performance bonus was determined, the value of these virtual shares was paid out together with the value of the dividends that were distributed for the fiscal years of the holding period. The conversion of the deferral into virtual shares and payment of their value after the holding period were based on the average share price for the three-month period immediately preceding the Annual Shareholders' Meeting in the year of conversion or payment. The possible increase in the value of the deferral was capped at 250% of the initial value.

A Monte Carlo simulation is used in the measurement of stock options. This means that log-normal distributed processes are simulated for the price of Continental shares. The measurement model also takes into account the average value accumulation of share prices in the respective reference period and the floor and cap for the payment amount.

The reporting year marked the last time that payments of the deferral were made under the 2019 remuneration system, as the three-year holding period for the virtual shares expired.

Expenses of €0.1 million from the additions to provisions for virtual shares were recognized in the respective function costs (PY: income of €1.0 million from the reversal of provisions).

As at December 31, 2023, there were no commitments arising from virtual shares under the 2019 remuneration system attributable to Executive Board members active at the end of the reporting period (PY: €0.3 million; 5,525 virtual shares).

Performance bonus (deferral) under the remuneration system from 2020

In the service agreement, the Supervisory Board agrees to a target amount for the performance bonus (hereinafter "STI target amount") that is granted to each member of the Executive Board in the event of 100% target achievement. The maximum amount of the performance bonus is limited to 200% of the STI target amount.

The amount of the STI to be paid out depends on the extent to which a member of the Executive Board achieves the targets set by the Supervisory Board for this Executive Board member for the following three key financial indicators as performance criteria within the meaning of Section 87a (1) Sentence 2 No. 4 *AktG*:

- Earnings before interest and tax (hereinafter "EBIT"), adjusted for goodwill impairment as well as gains and/or losses from the disposal of parts of the company.

- Return on capital employed (ROCE) as the ratio of EBIT (adjusted, as mentioned above) to average operating assets for the fiscal year.

- Cash flow before financing activities (hereinafter “free cash flow”), adjusted for cash inflows and outflows from the disposal or acquisition of companies and business operations.

The degree to which the EBIT target is achieved is weighted at 40%, the ROCE target at 30% and the free cash flow target at 30% in the calculation of the STI.

For each financial performance criterion, the target value for 100% target achievement corresponds to the value that the Supervisory Board agreed in each case for this financial performance criterion in the planning for the respective fiscal year.

For each financial performance criterion, the Supervisory Board determines the values for target achievement of 0% and 200% on an annual basis. The degree to which the target is achieved is calculated on a straight-line basis between 0% and 200% by comparing this with the respective actual value for the fiscal year.

In addition, prior to the start of each fiscal year, the Supervisory Board can determine personal, non-financial performance criteria to be included in target achievement in the form of a personal contribution factor (hereinafter “PCF”) with a value between 0.8 and 1.2 for individual or all members of the Executive Board.

After the end of the fiscal year, the target achievement for each financial performance criterion is calculated on the basis of the audited consolidated financial statements of Continental AG, and the sum total of these financial performance criteria is multiplied by the STI target amount in accordance with the weighting described above. By multiplying this result by the PCF, the gross value of the STI amount to be paid (hereinafter “gross payout amount”) is determined.

Each member of the Executive Board is obligated to invest 20% of the gross payout amount (generally corresponding to around 40% of the net payment amount) in shares of Continental AG. The remainder is paid out as short-term variable remuneration.

Each member of the Executive Board is obligated to hold the shares legally and economically for a period of at least three years from the day of acquisition.

Expenses of €7.2 million (PY: €1.5 million) were incurred for the 2023 STI in 2023.

The number of shares converted by the Executive Board from the deferral of the 2022 STI came to 4,889 in 2023 (PY: 35,640).

Short-term employee benefits

Liabilities for payroll and personnel-related costs

The previous employee profit-sharing scheme has been adapted to the Continental Group’s new structure. The amount of the performance bonus is calculated on the basis of key internal figures. For the reporting period, a provision of €18.1 million (PY: –) was recognized under liabilities for payroll and personnel-related costs.

Labor Relations

In keeping with our corporate values of "Trust" and "For One Another", it is of great importance to Continental that we maintain an open and constructive dialog between management and our employees.

The forms of direct and indirect employee co-determination vary from country to country, and from location to location. In our Code of Conduct, which we updated at the start of 2019, we grant our employees fundamental rights of co-determination.

Co-determination in the workplace is governed by law in Germany and Europe. In Germany, the workforce is represented at Group level by the Group Works Council.

At the European level, employee co-determination is upheld by a transnational body of employee representatives called the EuroForum.

As provided for in the German Co-Determination Act (*Mitbestimmungsgesetz – MitbestG*), employees also account for half of the members of the Supervisory Board of Continental AG. Collective bargaining agreements are an essential component of the collaboration between social partners.

These agreements range from location-specific agreements on specific workplace design and flexibility right through to company-level association agreements on collective pay and industry-level pay-scale agreements for the whole of Germany, for example.

Collective bargaining agreements of various types and scopes based on country-specific legal requirements are a reflection of the tangible employee co-determination that exists in the vast majority of countries.

Since 2019, the Continental Global Labor Relations Network has been driving and coordinating information and best-practice sharing across the countries and providing support and governance to the countries and locations.

Our labor relation departments also contribute to our responsible value chain system. For more information, see page 28 in this Integrated Sustainability Report.

Equal Pay

Continental committed to equality and equal opportunities. These corporate values drive our compensation strategy that forms the basis for the renumeration for all employees – executives and non-executives alike. By signing the "Charter of Diversity", Continental has simultaneously committed itself to providing equal, fair, and competitive pay. Continental also combats pay discrimination.

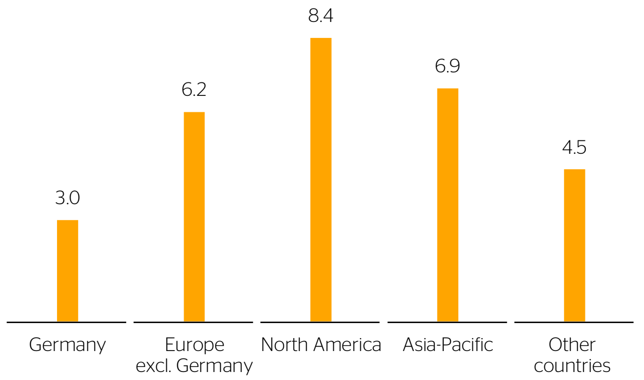
Pay analyses are carried out on a regular basis. These provide information on possible discrepancies, and gender differences in particular, so that appropriate measures can be taken where necessary.

Fluctuation

The rate of unforced fluctuation decreased to 6.0% in fiscal 2023 (PY: 7.8%). The rate of unforced fluctuation is defined as the voluntary departure of employees from the company in relation to the average number of employees.

In Germany, the rate of unforced fluctuation amounted to 3.0% (PY: 3.8%); in Europe excluding Germany this figure was at 6.2% (PY: 8.4%), in North America, it was at 8.4% (PY: 11.2%), in Asia-Pacific at 6.9% (PY: 9.2%), and in all other countries at 4.5% (PY: 4.4%). This decrease therefore affects most regions. These fluctuation rates should be interpreted based on factors that are specific to each country.

Unforced fluctuation rate by regions 2023 in %[1, 2]

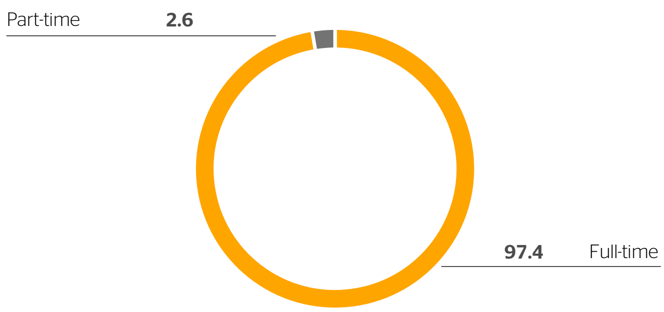


1 Definition: voluntary departure of employees from the company relative to the average number of employees.
2 Excluding leasing personnel (i.e. permanent staff only).

Level of Employment

In 2023, a total of 2.6% of employees worked part-time (PY: 3.0%). Part-time work is defined as < 90% of full-time working hours.

Employees by level of employment as at Dec 31, 2023 in %[1, 2]



1 Part-time work is defined as < 90% of full-time working hours.
2 Based on the employees recorded in the HR data system (approx. 98%).

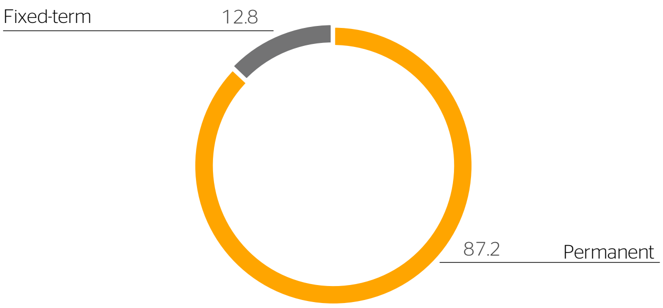
Overall, 6.1% (PY: 6.2%) of women and 1.5% (PY: 1.8%) of men worked part-time.

We are constantly increasing our efforts to make working hours more flexible, including in the production environment. Employees are able to make their working hours more flexible, for example, by working on a part-time or flex-time basis, or by taking advantage of options to work remotely or take sabbaticals. The range of opportunities available in this respect is determined by the specific operational possibilities of the respective workplace.

Type of Employment Contracts

Fixed-term contracts were at 12.8% in fiscal 2023 (PY: 13.7%). These fixed-term contracts include the contracts of leasing personnel. We employed a total of 9,406 leasing personnel as of December 31, 2023 (PY: 10,311).

Employees by contract types as at Dec 31, 2023 in %[1]



1 Based on the employees recorded in the HR data system (approx. 98%).

In Germany, fixed-term contracts accounted for a share of 7.7% of all employment contracts (PY: 8.7%); in Europe excluding Germany this share was at 10.7% (PY: 13.0%), in North America at 2.2% (PY: 4.2%), in Asia-Pacific at 33.2% (PY: 29.2%), and in other countries at 4.9% (PY: 15.2%). Overall, 11.8% (PY: 14.4%) of women and 9.9% (PY: 10.9%) of men were on a fixed-term contract.

The change in the shares of fixed-term contracts is in line with the change in the country-specific numbers of leasing personnel.

Fixed-term contracts, including leasing personnel, are important tools for Continental that allow it to respond quickly and flexibly to market requirements, which are changing at an increasingly rapid rate. Leasing employment plays a key role in improving competitiveness and thus contributes toward safeguarding jobs at our locations.

We view leasing employment as a means of increasing flexibility – to cover peaks in demand, for example. It thus enables us to adapt to large-scale fluctuations in order volumes on a case-by-case basis.

Strategic Workforce Planning

At Continental, strategic workforce planning (SWP) is used to compare the long-term development of the current workforce with future personnel requirements to identify quantitative and qualitative gaps as well as overlaps in requirements, and to enable appropriate HR measures to be taken on this basis.

How does SWP actually work? First, an analysis of the current workforce is carried out as part of SWP. A forecast of the workforce over the next few years is then drawn up on the basis of fluctuation and employees entering retirement.

The next step is to calculate future personnel requirements. This is done on the basis of drivers, such as predicted developments in sales and/or production volume.

SWP is used to more closely align the company's HR measures with actual business requirements. When doing so, it is important to bring together the various parties involved in the business and the corresponding functions, including HR functions, and to discuss the effects on future business development together.

This gives HR staff a better understanding of the business units' strategic alignment while also allowing them to contribute their own knowledge, for example regarding the availability of talent in the business strategy development process. In this respect, HR staff also acts as a sparring partner for business strategy development.

Benchmark in Quality

Management Approach

Source: 2023 Annual Report > Management Report > Corporate Profile > Sustainability and Combined Non-Financial Statement starting p. 50
All page references in the following chapter refer to the original document.

Our ambition
As set out in our sustainability ambition, we are recognized by our customers and society as being a benchmark in quality by ensuring safe and sustainable products.

Concept
The decisive factor in becoming a benchmark in quality is a quality-oriented company culture. Our quality policy sets out guidelines for product and process quality at Continental. Product recalls, product liability claims and proceedings as a result of quality defects represent a business risk that we want to avoid due to the resulting losses of sales, costs, and loss of customer and market acceptance. For more information, see the report on risks and opportunities in this annual report.

Local management systems drive forward the implementation of these guidelines. The concrete organizational and technical requirements can be found in the relevant quality management manuals for the group sectors. The extent of the certifications is assessed on an annual basis as to how many employees they cover with respect to quality management systems. The number of new field quality events is used as an effectiveness indicator for our quality management. A field quality event is a risk-minimizing measure for a product manufactured and/or sold by Continental on the basis of a safety-related defect and/or non-compliance with regulations that was initiated by Continental, a customer and/or an authority.

The Group Quality, Technical Compliance, Continental Business System (CBS) and Environment group function as well as the quality functions at various levels in the Continental Group, which work together in a global network, are responsible for the strategic, corporate-wide quality management process.

Results of the concept
As at December 31, 2023, certified quality management systems covered 85% of our employees throughout the Continental Group (PY: 83%). The improved certification rate was achieved thanks to optimized internal processes.

Twenty-nine new field quality events were identified in fiscal 2023 (PY: 30).

Benchmark in quality performance indicators	**2023**	2022
Quality management system certification (ISO 9001 or similar)[1] Employee coverage (as at December 31) in %	85	83
New field quality events (as at December 31)[2]	29	30

1 Valid certification and concluded recertification processes were counted, as well as ongoing recertification processes, if the achievement of recertification was considered highly probable.
2 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.

Information about the scope of warranty and product liability claims in fiscal 2023 can be also found starting on page 211 of the other disclosures in the notes to the consolidated financial statements.

Quality Strategy

Continental's Group-wide quality strategy was expanded in 2023 to include a mission – which describes, in a way that is easy to understand, how Continental wants to bring its vision to life day by day: "Quality is our passion – we strive for prevention and ensure compliance to safeguard our customers and our company."

The former five "strategic topics" have been successfully deployed through various initiatives in recent years. They have since become a basis for prevention and compliance and are already part of day-to-day work for our employees. That is the reason they are now called "quality principles":

1. Ownership
The action of taking ownership by each individual employee is the starting point for a quality-oriented corporate culture in which continuous improvement is practiced.

2. Transparency
Complete, accurate data that is available to every employee forms the basis for continuous improvement and progress measurement. This enables smart decisions as well as intelligent risk management.

3. Execution discipline
An internal set of rules, known as the House of Rules, describes the guidelines, processes and standards along the entire value chain, thereby creating a basis for action for every employee and, as a result, consistent and disciplined implementation of quality.

4. Yokoten
Every employee is required to share their experience and knowledge and apply best practice. In doing so, Continental is consistently following the Japanese philosophy of "Yokoten" – which means learning and sharing knowledge, and shared continuous improvement within the organization.

5. Robustness
Throughout all of this, Continental ensures the robustness of products, software and services for its customers. This helps to ensure that the company is perceived by its customers as a benchmark for quality. To continuously live up to our aspiration of the perceived benchmark position with respect to quality, our short, mid and long-term focus for the quality strategy is on prevention. With people, process and technology-oriented activities aligned across the Continental Group, we constantly strive to identify risks before they turn into problems, carrying out due risk management and taking the right actions to avoid them.

Safe Mobility

Management Approach

Driving a car has never been safer than it is today. New technologies are helping to steadily reduce the number of accidents, despite ever-increasing volumes of traffic. But the reality is that even today, approximately 1.3 million people die each year as a result of road traffic crashes and between 20 and 50 million more people suffer non-fatal injuries, with many incurring a disability as a result of their injury (source World Health Organization). However, it is not only the need to reduce the number of accidents, but also developments such as connected vehicles and automated driving, as well as rules and legal regulations, that have led to increased vehicle safety requirements and are driving market penetration forward. Continental's Automotive group sector develops solutions for active and passive vehicle safety that contribute toward the vision of crash-free driving – known as Vision Zero.

The overarching goal of Vision Zero is a safe mobility system in which there are no longer any accidents, deaths, or injuries. Efficient brake systems are essential in order to achieve this goal, as are management of vehicle motion, anticipatory, preventive safety functions, safe infrastructure solutions and advanced driver assistance systems. Many of these solutions and systems can only leverage their full potential on the road in conjunction with the products that actually make contact with the road's surface: the tires.

Tires are indeed the only point of contact between a vehicle and the road. In a critical situation, it is the tire that determines whether the vehicle is able to stop in time or stay safely on course through a corner. Continental tires therefore offer optimized grip, outstanding braking performance, maximum safety, and are energy efficient as well as long-lasting. To maintain this exceptionally high quality of our tires, our Tires group sector is constantly working to improve tire life, wear rates, and rolling resistance.

In addition, our ContiTech group sector develops and supplies a range of sealing and suspension components for hydraulic, pneumatic and electronic brake systems. Since they are used in a safety-relevant system, these components satisfy the most stringent of quality requirements. They are essential to the functional reliability of a vehicle. Furthermore, we also take care of other safety aspects such as rubber timing belts as a safety component on new electromechanical steering systems or thermal management solutions to guarantee safety in electric car batteries.

Safety is a key factor for the success of a vehicle, and safety products are becoming more and more dedicated elements in future server-based architectures. Safety has always been – and will continue to be – the main priority when it comes to mobility. For Continental, it is clear: safe mobility is an integral part of a sustainable future, and many of our sustainable solutions are used to help enhance safety.

In the Spotlight

Tires – the Prerequisite for Safe Driving

Continental has always been a pioneer at the forefront of innovation in tire technology. The introduction of new materials, advanced rubber compounds and special tread patterns has helped to further optimize the traction, braking and grip of our tires. In this way, we make a significant contribution toward safety, both in road traffic and off paved roads.

For almost 90 years, Continental has been enabling particularly safe driving in winter – on wet, icy or snowy roads. As early as 1934, the company introduced the "Gelände" tire model, its first dedicated tire designed for snow and thus the first-ever winter tire.

Continental tires must pass extensive tests before they are launched on the market. As a result, new models cover around 25 million kilometers a year on drum test benches and test tracks. This corresponds to a distance of 625 orbits around the Earth. Our extensive testing procedures ensure that a new tire meets the highest performance requirements later on. This applies to safety-relevant properties, as well as to other important aspects such as rolling resistance or noise development.

Today, virtual test methods using a driving simulator also help to shorten development times and optimize the use of raw materials. In addition, unique automated testing procedures are carried out on our fully automated, weather-independent braking test facility known as AIBA (Automated Indoor Braking Analyzer). In the facility, the braking behavior of tires can be investigated on freely selectable road surfaces all year round under laboratory-like test conditions – in a fully air-conditioned and fully automated environment – using unmanned vehicles. And this can even be carried out independently of vehicle-specific properties.

Our continuous research and development efforts contribute to the improvement of road safety. Going forward, our investments in new materials, tread designs and other tire technologies will continue to help increase the safety of vehicles further – no matter where they are driven.

Sustainable Management Practice

Management Approach

Source: 2023 Annual Report > Management Report > Corporate Profile > Sustainability and Combined Non-Financial Statement (starting p. 51)

Our ambition

As set out in our sustainability ambition, we implement effective management processes, fair business practices and responsible corporate governance with a balanced view of different perspectives.

Concept

Group Compliance, which is divided into a central team and regional functions, is responsible for preventing violations in the areas of corruption, antitrust law, money laundering and data protection. This structure is supplemented by compliance coordinators in the countries and at the locations. The Compliance Manual sets out how the compliance management system is designed and implemented.

Continental strives for a holistic and proactive compliance management system based on a comprehensive and predictive analysis of potential compliance risks, followed by the implementation of appropriate policies and procedures, training, consulting, monitoring and controls that lead to ongoing lessons learned and system improvements. The Integrity Hotline is the primary tool for support with detecting violations.

When it comes to preventing violations in the area of technical compliance, responsibility lies with the Group Quality, Technical Compliance, CBS and Environment group function, together with the central functions for quality and technical compliance within the group sectors. The technical compliance policy as well as the technical compliance management system manual and other procedural standards set out how the compliance management system is designed and implemented.

A network of supporting roles in the various functions within the group sectors, business areas, segments and sites is being devised and expanded on an ongoing basis in order to support the identification of risks and other technical compliance considerations.

The appropriateness and effectiveness of the risk and compliance management systems are monitored and assessed as part of Continental's overarching internal control system. On top of this, "Integrity Perception" is measured using a newly defined indicator. This new indicator was applied for the first time in 2023. It is based on specific questions asked within the context of the annual OUR BASICS Live survey and expresses employees' perception of key aspects involved in implementing our integrity ambition within the organization. It is therefore characterized by subjective impressions and estimates that reveal whether the systems are having the intended impact among employees. The indicator will constitute a component of variable remuneration for the members of the Executive Board, senior executives and executives worldwide beginning in fiscal 2024. The aim is to make not only immediate but also sustained improvements to the indicator going forward – with the ultimate goal of enhancing perceived integrity.

As a further cornerstone for sustainable management practice, we are committed to promoting employee diversity, which we understand as internationality, a balanced gender ratio, and a range of experiences and age categories. We have set ourselves the corporate target of increasing the share of female executives and senior executives to 25% by 2025 and to up to 30% by 2030.

We intend to achieve this in particular by using objective diagnostics-assisted appointment procedures, by strengthening our inclusive culture, by expanding women's networks and by holding diversity workshops and specific events. Gender diversity – the share of female executives and senior executives – has also been part of the LTI plans for the members of the Executive Board and global managers since fiscal 2020.

For more information on the remuneration system, see the remuneration report on our website under Company/Corporate Governance/Executive Board. For more information on sustainable management practice and our diversity concept, see the Corporate Governance section of this annual report. For more information on compliance, see the "Main characteristics of the internal control system" section in the report on risks and opportunities in this annual report.

Results of the concept

As at December 31, 2023, Continental had increased its share of female executives and senior executives to 19.9% (PY: 19.1%). The increase in the representation of women at management level proves that our initiatives and measures to promote gender diversity are having an effect. The share excluding the USA amounted to 19.8% (PY: 18.8%). For the long-term remuneration of executives, separate analysis of the key figure excluding the USA is necessary for legal reasons.

The "Integrity Perception" index, which was reported in this form for the first time in fiscal 2023, attained a score of 81% (PY: n.a.).

Sustainable management practice performance indicator	2023	2022
Gender diversity – share of female executives and senior executives (as at December 31) in %	19.9	19.1
of which share of female executives and senior executives excluding the USA (as at December 31) in %	19.8	18.8
OUR BASICS Live Integrity Perception index in %[1, 2]	81	n. a.

1 Definition: employee agreement on topics relating to sustainable engagement in the employee survey c.
2 This is based on the responses of 51,888 participants (PY: 46,199 participants) as a representative random sample across all Continental locations. The participation rate was 77% (PY: 75%).

Corporate Governance Statement Pursuant to Section 289f and 315d of the German Commercial Code *(HGB)*

Source: 2023 Annual Report > To our Shareholders > Corporate Governance > Corporate Governance Statement Pursuant to Section 289f and 315d of the German Commercial Code (HGB) (starting p. 16)
All page references in the following chapter refer to the original document.

Responsible corporate governance is what governs the actions of the Executive Board and the Supervisory Board.

Good, responsible corporate governance geared toward sustainable, long-term value creation and in the interests of all stakeholder groups is what governs the actions of the Executive Board and Supervisory Board of Continental AG. The following corporate governance statement pursuant to Sections 289f and 315d of the German Commercial Code (*Handelsgesetzbuch – HGB*), to which reference is made in the management report, outlines corporate governance at Continental. The remuneration report for fiscal 2023 on the remuneration of the Executive Board and the Supervisory Board together with the auditor's report and the valid remuneration system for the remuneration of the Executive Board are available on Continental's website under Company/Corporate Governance/Executive Board. The valid remuneration system for remuneration of the Supervisory Board is described in the remuneration report for fiscal 2023 and is available on Continental's website under Company/Corporate Governance/Supervisory Board.

Declaration pursuant to Section 161 of the German Stock Corporation Act *(Aktiengesetz – AktG)* and deviations from the German Corporate Governance Code *(Deutscher Corporate Governance Kodex – DCGK)*
In December 2023, the Executive Board and the Supervisory Board issued the following annual declaration pursuant to Section 161 *AktG*:

"The Executive Board and the Supervisory Board of Continental AG declare in accordance with Section 161 German Stock Corporations Act *(AktG)* that the recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated April 28, 2022 (published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette *(Bundesanzeiger)* on June 27, 2022) have been complied with in the reporting year and will continue to be complied with, with the exception set out below.

Reference is made to the declaration of the Executive Board and the Supervisory Board of December 2022 as well as to previous declarations in accordance with Section 161 *AktG* and the deviations from the recommendations of the German Corporate Governance Code explained therein.

According to recommendation C.2 of the German Corporate Governance Code, the Supervisory Board shall set an age limit for members of the Supervisory Board. The Supervisory Board does not set an age limit because it does not consider such a general criterion to be appropriate for evaluating the qualifications of a Supervisory Board member.

Hanover, December 2023

Prof. Dr.-Ing. Wolfgang Reitzle
Chairman of the Supervisory Board

Nikolai Setzer
Chairman of the Executive Board

The declaration of compliance is published on Continental's website under Company/Corporate Governance. Earlier declarations pursuant to Section 161 *AktG* can also be found there. Out-of-date corporate governance statements can also be found there for a period of at least five years from the date they were issued.

Key corporate governance practices
The following documents are key foundations of our sustainable and responsible corporate governance:

- Continental AG's corporate guidelines. The vision, mission and values, desired behavior and self-image of the Continental Group; available on Continental's website under Company/Corporate Governance/Vision & Mission.
- Sustainability ambition; available on Continental's website under Sustainability/Framework/Sustainability Ambition.
- Compliance with the binding Code of Conduct for all Continental employees. For more information, see Continental's website under Sustainability/Strategy and Sustainable Corporate Governance/Organization and Management.

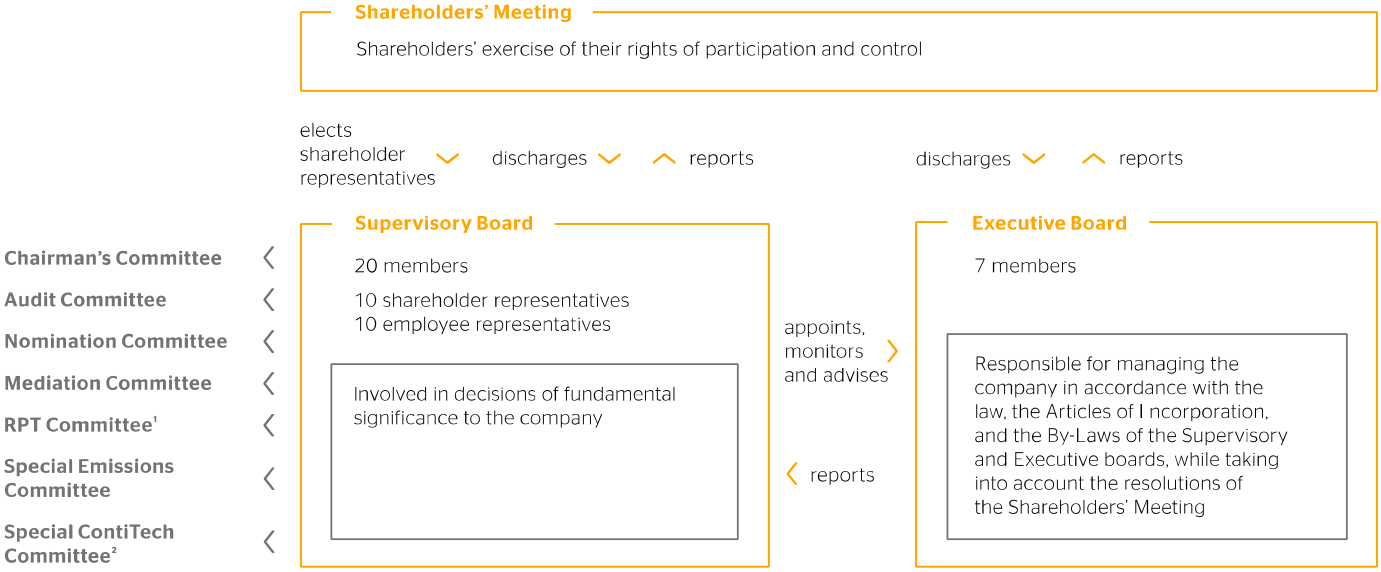
Corporate bodies
In line with the law and the Articles of Incorporation, the company's corporate bodies are the Executive Board, the Supervisory Board and the Shareholders' Meeting. As a German stock corporation, Continental AG has a dual management system characterized by a strict personnel division between the Executive Board as the management body and the Supervisory Board as the monitoring body. The cooperation between the Executive Board, Supervisory Board and Shareholders' Meeting is depicted on the next page.

The Executive Board and its practices
The Executive Board has sole responsibility for managing the company in the interests of the company, free from instructions from third parties in accordance with the law, the Articles of Incorporation and the Executive Board's By-Laws, while taking into account the resolutions of the Shareholders' Meeting. All members of the Executive Board share responsibility for the management of the company jointly. Regardless of this principle of joint responsibility, each Executive Board member is individually responsible for the areas entrusted to them. The chairman of the Executive Board is responsible for the company's overall management and business policy. He ensures management coordination and uniformity on the Executive Board and represents the company to the public. The Executive Board jointly develops the company's strategy, agrees it with the Supervisory Board and ensures its implementation.

The Executive Board had seven members as at December 31, 2023, and as at the date of this statement. Information on areas of responsibility and resumes of the Executive Board members are available on Continental's website under Company/Corporate Governance-/Executive Board. The Executive Board was expanded from five to seven members effective May 1, 2023. The Executive Board function for Integrity and Law was newly created and filled. In addition, the management of the Automotive group sector was transferred from the chairman of the Executive Board to a new member of the Executive Board. The first time a person is appointed to the Executive Board, his or her term as a rule is three years only. As a rule, a member of the Executive Board is not appointed beyond the statutory retirement age. Only under exceptional circumstances will a member of the Executive Board be reappointed earlier than one year prior to the end of their term of appointment with simultaneous annulment of their current appointment. More information on the members of the Executive Board can be found on page 223 and on Continental's website under Company/Corporate Governance/Executive Board.

The Executive Board has By-Laws that regulate in particular the allocation of duties among the Executive Board members, key matters pertaining to the company and its subsidiaries that require a decision to be made by the Executive Board, the duties of the Executive Board chairman, and the process in which the Executive Board passes resolutions. The Executive Board By-Laws are available on Continental's website under Company/Corporate Governance/-Executive Board. The Supervisory Board By-Laws on the basis of the Articles of Incorporation require the consent of the Supervisory Board for significant actions taken by management.

Corporate bodies of the company



[1] Committee for Related Party Transactions. [2] Committee was dissolved by resolution of the Supervisory Board at its meeting on December 13, 2023.

The Executive Board has established separate boards for the Automotive, Tires and ContiTech group sectors. This measure supports the decentralization of responsibility that the global organization of the company seeks to achieve, and relieves the burden on the Executive Board. In addition to establishing these boards, the Executive Board has delegated to them decision-making powers for certain matters that affect only the relevant group sectors.

The boards for the three group sectors each comprise the Executive Board member responsible for the group sector in question as their chairman, the heads of the relevant business areas within the group sector, as well as further members from among the central functions of the relevant group sectors.

The Supervisory Board and its practices

The Supervisory Board appoints the members of the Executive Board and collaborates with the Executive Board to develop a long-term succession plan. The Supervisory Board discusses this at least once a year without the Executive Board. In order to become acquainted with potential successors, the Supervisory Board, in consultation with the Executive Board, offers them the opportunity to deliver presentations to the Supervisory Board.

The Supervisory Board supervises and advises the Executive Board in managing the company. This includes, in particular, issues relating to the company's strategy, planning, business development, risk situation, risk management, compliance and sustainability. The Supervisory Board is directly involved in decisions of material importance to the company. As specified by law, the Articles of Incorporation or the Supervisory Board By-Laws, certain corporate management matters require the approval of the Supervisory Board. The chairman of the Supervisory Board coordinates its work and represents it vis-à-vis third parties. Within reasonable limits, he is prepared to talk to investors about issues specific to the Supervisory Board. He maintains regular contact between meetings with the Executive Board, and in particular with its chairman, to discuss issues relating in particular to the company's strategy, business development, risk situation, risk management and compliance.

Composition of the Supervisory Board
The Supervisory Board comprises 20 members in accordance with the German Co-determination Act *(Mitbestimmungsgesetz – MitbestG)* and the company's Articles of Incorporation. Half the members of the Supervisory Board are elected individually by the shareholders in the Shareholders' Meeting (shareholder representatives), while the other half are elected by the employees of Continental AG and its German subsidiaries (employee representatives). Both the shareholder representatives and the employee representatives have an equal duty to act in the interests of the company. The Supervisory Board's chairman is a shareholder representative. In accordance with the provisions of the Co-determination Act, he has the casting vote in the event of a tie.

The current Supervisory Board was constituted on April 26, 2019. The term of office of the Supervisory Board members lasts until the end of the 2024 Annual Shareholders' Meeting. The chairman of the Supervisory Board is Prof. Dr.-Ing. Wolfgang Reitzle who, in accordance with the German Corporate Governance Code, is independent of the company and its Executive Board. The Supervisory Board does not include any members who previously belonged to the Executive Board of Continental AG, who exercise an executive function or advisory role at a major competitor of Continental, or who have a personal relationship with such a competitor.

In the year under review, the Supervisory Board resolved at its meeting on September 27 that shareholder representatives would in the future follow the staggered board concept. Moreover, shareholder representatives will be nominated for terms of office of four years each. Under this staggered board concept, the terms of office of the shareholder representatives do not run in parallel but are staggered between two groups of five shareholder representatives, each for a term of office of four years. Five shareholder representatives will thus be up for election every two years. This increased flexibility in the Supervisory Board's composition makes it easier for the Supervisory Board to respond to the changing demands on its tasks and areas of expertise. To establish the rhythm of the staggered election cycles, five shareholder representatives will stand for election at the 2024 Annual Shareholders' Meeting for a one-time term of office of two years.

The company has set up an informational program that provides newly elected members of the Supervisory Board with a comprehensive overview of the company's products and technologies as well as finances, controlling and corporate governance at Continental.

The Supervisory Board has drawn up its own By-Laws that supplement the law and the Articles of Incorporation with more detailed provisions, including provisions on Supervisory Board meetings, the duty of confidentiality, the handling of conflicts of interest and the Executive Board's reporting obligations, and a list of transactions and measures that require the approval of the Supervisory Board. The Supervisory Board By-Laws are available on Continental's website under Company/Corporate Governance/Supervisory Board. The Supervisory Board also consults on a regular basis in the absence of the Executive Board. Before each regular meeting of the Supervisory Board, the representatives of the shareholders and of the employees each meet separately with members of the Executive Board to discuss the upcoming meeting.

The Supervisory Board regularly reviews how effectively it and its committees have fulfilled their responsibilities. It recently carried out such a review in 2021 with the help of an external consultant. This confirmed the Supervisory Board's efficient and professional approach to its work in the past years. The Supervisory Board has adopted the recommendations from the 2021 self-assessment.

Profile of skills and expertise for the Supervisory Board
In accordance with recommendation C.1 of the German Corporate Governance Code, the Supervisory Board has prepared a profile of skills and expertise and specified targets for its composition. The Supervisory Board updated the current profile of skills and expertise in the reporting year and adopted it by circular resolution in February 2024.

The Supervisory Board as a whole should possess the skills and expertise noted below. It is not expected that all Supervisory Board members possess all of the skills and expertise noted below. Instead, each area of expertise must be covered by at least one Supervisory Board member. The profile of skills and expertise assumes that all Supervisory Board members possess the knowledge and skills required for the proper performance of their duties and the characteristics necessary for successful Supervisory Board work in an internationally active, capital market-oriented company. In particular, these include integrity, commitment, capacity for discussion and teamwork, sufficient availability and discretion.

The Supervisory Board members should collectively cover all skills, expertise and experience deemed to be significant in view of Continental's business activities. These include in particular:

- Skills, expertise and experience related to **corporate governance**, particularly in the areas of:
  - Executive board experience
  - Supervisory board experience
  - Strategy and management
  - Mergers and acquisitions (M&A)
  - Organizational development
  - Strategic personnel planning
  - Law and compliance

- **Sector- and company-specific experience**, particularly in the areas of:
  - Industry (i.e. automotive and chemical industries)
  - IT, software and telecommunications
  - Mobility services and digital business models
- **International experience**, particularly in the regions of:
  - Europe
  - North and South America
  - China
  - Asia-Pacific
- Skills, expertise and experience related to **sustainability**, particularly in the areas of:
  - Environment
  - Social responsibility
- Skills, expertise and experience related to **risk management and reporting**, particularly in the areas of:
  - Financial and sustainability reporting, control systems
  - Auditing of financial statements

The Supervisory Board has also specified the following targets for its composition:

- **Professional skills and expertise:** The personal and professional qualifications defined in the profile of skills and expertise should be covered as broadly as possible by the candidates proposed for election. The progress achieved to date in implementing the profile of skills and expertise can be viewed in the qualifications matrix.
- **Independence:** The Supervisory Board should have an appropriate number of members on the shareholder side whom it deems to be independent in accordance with the German Corporate Governance Code. Taking into account the ownership structure, a Supervisory Board member is therefore considered independent if they are independent of the company and its Executive Board, and also independent of a controlling shareholder. The Supervisory Board has specified the following targets for this purpose:
  - **More than half of the shareholder representatives should be independent of Continental AG and its Executive Board.**

    The independence of shareholder representatives was assessed in accordance with the German Corporate Governance Code by shareholder representatives on the Supervisory Board. As part of the assessment of independence from the Executive Board and the company, it was taken into account that four shareholder representatives will have been members of the Supervisory Board for more than 12 years in 2023. In the assessment of the independence of these four shareholder representatives, given the former and ongoing administration of the members in question, the shareholder representatives overall see no grounds to accept changing the existing assessment of independence. The shareholder representatives currently on the Supervisory Board are therefore all, without exception, independent of Continental AG and its Executive Board.
  - **At least five shareholder representatives should be independent of the controlling shareholder, the IHO Group, headquartered in Herzogenaurach, Germany.**

    It was taken into consideration in the assessment of independence from any controlling shareholder that two Supervisory Board members are linked to the controlling shareholder, the IHO Group, Herzogenaurach, Germany. As determined in the assessment by the shareholder representatives on the Supervisory Board, the Supervisory Board still has an appropriate number of members on the shareholder side who are independent in accordance with the German Corporate Governance Code. These include:
    - Prof. Dr.-Ing. Wolfgang Reitzle
    - Dorothea von Boxberg
    - Stefan E. Buchner
    - Dr. Gunter Dunkel
    - Satish Khatu
    - Isabel Corinna Knauf
    - Sabine Neuß
    - Prof. Dr. Rolf Nonnenmacher
- **Term of office:** In its nominations for election to the Supervisory Board, the Supervisory Board as a rule does not nominate candidates who at the time of election have already been a member of the Supervisory Board for 12 years.

In its nominations of candidates for election to the Supervisory Board, the Supervisory Board takes into account the requirements of the profile of skills and expertise for the board as a whole as well as the aforementioned targets.

Qualifications matrix

		Shareholder representatives									
		Prof. Dr.-Ing. Wolfgang Reitzle	Dorothea von Boxberg	Stefan E. Buchner	Dr. Gunter Dunkel	Satish Khatu	Isabel Knauf	Sabine Neuß	Prof. Dr. Rolf Nonnenmacher	Klaus Rosenfeld	Georg Schaeffler
Corporate governance	Executive board experience	●	●	●	●	●	●	●	◕	●	◔
	Supervisory board experience	●	◔	●	●	●	◕	●	●	●	●
	Strategy and management	●	●	●	●	●	●	●	◕	●	◕
	Mergers and acquisitions (M&A)	●	◔	◕	●	◕	●	◕	◔	●	◕
	Organizational development	●	◕	●	◕	●	◕	●	◔	●	◔
	Strategic personnel planning	◕	◔	◕	◕	◕	◔	◕	◔	◕	◔
	Law and compliance	◕	◔	◔	◕	◔	◕	◔	●	◕	●
Sector- and company-specific experience	Industry (i.e. automotive and chemical industries)	●	◔	●	◕	◕	◔	◕	◕	◕	◕
	IT, software and telecommunications	◔	◕	◕	◕	●	◔	◕	○	○	◔
	Mobility services and digital business models	◕	●	◔	◔	●	◔	◔	○	◔	◔
International experience	Europe	●	●	●	●	◕	●	●	◕	◕	◕
	North and South America	◕	◕	◕	●	●	●	●	○	◕	◕
	China	◕	◔	◔	◔	◕	◕	◕	○	◔	◔
	Asia-Pacific	◕	◔	◕	◔	●	◕	◔	○	◔	◔
Sustainability	Environment	◔	◕	◕	○	◔	◕	◕	◔	◕	◔
	Social responsibility	◔	◔	◔	○	◔	◕	◔	◔	◔	◔
Risk management and reporting	Financial and sustainability reporting, control systems	◔	◕	◔	◔	◔	◔	◔	●	●	◕
	Auditing of financial statements	◔	◔	◔	◕	◔	◔	○	●	◕	◔

○ = No specific knowledge ◔ = Basic knowledge ◕ = Good knowledge ● = Expert knowledge

Qualifications matrix

		Employee representatives									
		Christiane Benner	Hasan Allak	Francesco Grioli	Michael Iglhaut	Carmen Löffler	Dirk Nordmann	Lorenz Pfau	Jörg Schönfelder	Stefan Scholz	Elke Volkmann
Corporate governance	Executive board experience	◑	○	◔	○	○	◔	○	○	◑	◔
	Supervisory board experience	◑	◑	●	◔	◔	◑	◑	◑	●	◑
	Strategy and management	◑	◑	◔	◔	◔	◔	◔	◔	◑	◔
	Mergers and acquisitions (M&A)	◔	◔	◔	○	○	◔	○	◔	◑	◔
	Organizational development	●	◑	◑	◔	◔	◔	◔	◑	◑	◑
	Strategic personnel planning	◑	◑	◑	◑	◔	◔	◔	◑	◑	◑
	Law and compliance	◔	◔	◔	◔	◔	○	◔	◔	◑	◔
Sector- and company-specific experience	Industry (i.e. automotive and chemical industries)	◑	◑	◑	◔	◔	◔	◑	◑	◑	◑
	IT, software and telecommunications	◔	◔	○	○	◔	○	◔	◔	◔	◔
	Mobility services and digital business models	◑	◔	○	○	○	○	○	◔	◔	◔
International experience	Europe	◔	◔	◔	◔	◔	◔	◔	◑	◑	◔
	North and South America	◑	○	○	○	○	○	○	◔	◑	○
	China	◔	○	○	○	○	○	○	◔	◑	○
	Asia-Pacific	◔	○	○	○	○	○	○	◔	◔	○
Sustainability	Environment	◔	◔	◔	○	◔	◔	○	◔	◑	◔
	Social responsibility	●	●	●	◑	◑	◑	◑	◑	◑	◑
Risk management and reporting	Financial and sustainability reporting, control systems	◔	◔	◑	◔	◔	◔	○	◔	◑	○
	Auditing of financial statements	◔	◔	◔	◔	○	◔	○	◔	◑	○

○ = No specific knowledge ◔ = Basic knowledge ◑ = Good knowledge ● = Expert knowledge

Targets for composition | Independence from the company and Executive Board in accordance with the *DCGK*

	Was the Supervisory Board member a member of the Executive Board of Continental AG in the two years prior to their appointment?	Does the Supervisory Board member currently maintain or have they maintained a material business relationship with the company or a company dependent on it (e.g. as a customer, supplier, lender or consultant), either directly or as a co-owner/shareholder or in a responsible function of a company outside the company, in the year up to their appointment?	Is the Supervisory Board member a close family member of a member of the Executive Board?	Has the Supervisory Board member been a member of the Supervisory Board for more than 12 years?
Prof. Dr.-Ing. Wolfgang Reitzle	○	○	○	●
Dorothea von Boxberg	○	○	○	○
Stefan E. Buchner	○	○	○	○
Dr. Gunter Dunkel	○	○	○	●
Satish Khatu	○	○	○	○
Isabel Corinna Knauf	○	○	○	○
Sabine Neuß	○	○	○	○
Prof. Dr. Rolf Nonnenmacher	○	○	○	○
Klaus Rosenfeld	○	○	○	●
Georg F. W. Schaeffler	○	○	○	●

● = Yes ○ = No

Committees of the Supervisory Board
The Supervisory Board currently has five committees with decision-making powers: the Chairman's Committee, the Audit Committee, the Nomination Committee, the committee formed in accordance with Section 27 (3) *MitbestG* (the Mediation Committee) and the committee for the approval of company transactions with related persons (Committee for Related Party Transactions, RPT Committee) (Section 107 (3) Sentence 4; Section 111b (1) *AktG*).

Key responsibilities of the **Chairman's Committee** are preparing the appointment of Executive Board members and concluding, terminating and amending their employment contracts and other agreements with them. However, the plenum of the Supervisory Board alone is responsible for stipulating the total remuneration of the Executive Board members. Another key responsibility of the Chairman's Committee is deciding on the approval of certain transactions and measures by the company as specified in the Supervisory Board By-Laws. The Supervisory Board has conferred some of these participation rights on the Chairman's Committee, each member of which may however, in individual cases, demand that a matter again be submitted to the plenary session for decision. The members of the Chairman's Committee are Prof. Dr.-Ing. Wolfgang Reitzle (chairman); his vice chairperson, Christiane Benner; Georg F. W. Schaeffler; and Jörg Schönfelder.

The **Audit Committee** primarily deals with the audit of the accounts, the monitoring of the accounting process and the effectiveness of the internal control system, the risk management system and the internal audit system, the audit of the financial statements (including sustainability reporting and examination thereof) and compliance. In particular, the committee deals with the preliminary examination of Continental AG's annual financial statements and the consolidated financial statements, and makes its recommendation to the plenary session of the Supervisory Board, which then passes resolutions pursuant to Section 171 *AktG*. Furthermore, the committee discusses the company's draft interim financial reports. It is also responsible for ensuring the necessary independence of the auditor and deals with additional services performed by the auditor.

The committee engages the auditor, determines the focus of the report as necessary, negotiates the fee and regularly reviews the quality of the audit. The chairman of the Audit Committee regularly consults with the auditor on the progress of the audit and reports on this to the committee. The committee also regularly consults with the auditor without the Executive Board. It also gives its recommendation for the Supervisory Board's proposal to the Annual Shareholders' Meeting for the election of the auditor. The Audit Committee is also responsible for the preliminary audit of non-financial reporting and for the engagement of an auditor for its review, if any. The chairman of the Audit Committee is Prof. Dr. Rolf Nonnenmacher, who is independent in accordance with the German Corporate Governance Code. As an auditor with many years of professional experience in management positions, he has in-depth knowledge and experience in auditing. Another committee member, Klaus Rosenfeld, is also a financial expert, and as chief financial officer in a number of companies has in-depth knowledge and experience in accounting and internal control and risk management systems. The other members are Francesco Grioli, Michael Iglhaut, Dirk Nordmann and Georg F. W. Schaeffler. Neither a former Executive Board member nor the chairman of the Supervisory Board may act as chairman of the Audit Committee.

The **Nomination Committee** is responsible for nominating suitable candidates for the Supervisory Board to propose to the Annual Shareholders' Meeting for election. In addition, the committee must propose targets for the Supervisory Board's composition and profile of skills and expertise and review both regularly. The Nomination Committee consists entirely of shareholder representatives, specifically the two members of the Chairman's Committee, Prof. Dr.-Ing. Wolfgang Reitzle (chairman) and Georg F. W. Schaeffler; the chairman of the Audit Committee, Prof. Dr. Rolf Nonnenmacher; and Isabel Corinna Knauf.

In accordance with Section 31 (3) Sentence 1 *MitbestG*, the **Mediation Committee** becomes active only if the first round of voting on a proposal to appoint a member of the Executive Board or to remove a member by consent does not achieve the legally required two-thirds majority. This committee must then attempt mediation before a new vote is taken. The members of the Chairman's Committee are also the members of the Mediation Committee.

The **Committee for Related Party Transactions (RPT Committee)** deals with transactions between Continental AG and a related person, where these transactions require the prior consent of Continental AG's Supervisory Board in accordance with Sections 111a and 111b *AktG*. Transactions in this case require the prior consent of the Supervisory Board. In addition to the chairman of the Supervisory Board, Prof. Dr.-Ing. Wolfgang Reitzle, and the chairman of the Audit Committee, Prof. Dr. Rolf Nonnenmacher, the Committee for Related Party Transactions includes two further members elected by the Supervisory Board from among the employee representatives where necessary.

The **Special Emissions Committee** supports the Supervisory Board's investigations into the manipulation of emission limits by certain automotive manufacturers. This committee is available to external law firms as a point of contact, source of information and recipient of reports, regularly reports to the plenary session on the investigations and prepares any resolutions required for the plenary session or committees. The members of the Special Emissions Committee are Prof. Dr.-Ing. Wolfgang Reitzle, Prof. Dr. Rolf Nonnenmacher and Dirk Nordmann. The **Special ContiTech Committee** assumed the same function with regard to the investigation into irregularities in the production of air conditioning lines and industrial hoses in two business areas of the ContiTech group sector. This special committee was dissolved following the conclusion of its investigations by resolution of the Supervisory Board at its meeting on December 13, 2023. The members of the Special ContiTech Committee up until its dissolution were Prof. Dr.-Ing. Wolfgang Reitzle, Prof. Dr. Rolf Nonnenmacher and Dirk Nordmann.

The Sustainability Working Group established by the Supervisory Board deals with sustainability issues relevant to Continental. The working group includes two shareholder representatives, Dorothea von Boxberg and Stefan E. Buchner, and two employee representatives, Hasan Allak and Stefan Scholz.

More information on the members of the Supervisory Board and its committees can be found on pages 224 and 225. Current resumes, which are updated annually, are available on Continental's website under Company/Corporate Governance/Supervisory Board. They also contain information on how long each member has held their position on the Supervisory Board.

Shareholders and the Shareholders' Meeting

The company's shareholders exercise their rights of participation and control at the Annual Shareholders' Meeting. The Annual Shareholders' Meeting, which must be held in the first eight months of every fiscal year, decides on all issues assigned to it by law, such as the appropriation of profits, the election of shareholder representatives to the Supervisory Board, the discharging of Supervisory Board and Executive Board members, the appointment of auditors and the approval of the remuneration system and remuneration report. Each Continental AG share entitles the holder to one vote. There are no shares conferring multiple or preferential voting rights and no limitations on voting rights.

All shareholders who register in a timely manner and prove their entitlement to participate in the Shareholders' Meeting and to exercise their voting rights are entitled to participate in the Shareholders' Meeting. To facilitate the exercise of their rights and to prepare them for the Shareholders' Meeting, the shareholders are fully informed about the past fiscal year and the points on the upcoming agenda before the Shareholders' Meeting by means of the annual report and the invitation to the meeting. All documents and information on the Annual Shareholders' Meeting, including the annual report, are published on Continental's website in German and English. Moreover, the Annual Shareholders' Meeting can also be watched in full in an audio-visual stream on the company's website. When holding the Annual Shareholders' Meeting, the chairperson presiding over the meeting is guided by the fact that an ordinary annual shareholders' meeting should be concluded after four to six hours. 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 during the Annual Shareholders' Meeting themselves the opportunity to vote at the Annual Shareholders' Meeting via a proxy who is bound by instructions or through absentee voting. The required voting instructions can also be issued to the proxy via an Internet service (InvestorPortal) before the end of the general debate on the day of the Shareholders' Meeting. In addition, the service provider that assists the company with conducting the Shareholders' Meeting is instructed not to forward the individual voting instructions to Continental until the day before the Shareholders' Meeting.

Accounting and auditing of financial statements

The Continental Group's accounting is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The annual financial statements of Continental AG are prepared in accordance with the accounting regulations of the German Commercial Code. The Annual Shareholders' Meeting on April 27, 2023, elected PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hanover branch (PwC) to audit the consolidated financial statements for fiscal 2023 as well as the interim financial reports of the company. Dr. Arne Jacobi is the responsible auditor at PwC.

Internal control system and risk management
Diligent corporate management and good corporate governance also require that the company deal with risks responsibly. Continental has a corporate-wide internal control and risk management system that is used to analyze and manage the company's risk situation. We report on this in detail in the report on risks and opportunities starting on page 93, which forms part of the management report for the consolidated financial statements.

Transparent and prompt reporting
As part of our investor relations and corporate communications, we regularly report to shareholders, analysts, shareholders' associations, the media and interested members of the public in equal measure on significant developments in the company and its situation. All shareholders have instant access to all the information that is also available to financial analysts and similar parties. The website of Continental AG provides the latest information, including the company's financial reports, presentations held at analyst and investor conferences, press releases and ad-hoc disclosures. The dates of key periodic publications (annual report, quarterly statements and half-year report) and events as well as of the Annual Shareholders' Meeting and the annual press conference are announced well in advance in a financial calendar on the website of Continental AG. For the scheduled dates for 2024, see the Investors/Events/ Financial Calendar section.

Reporting pursuant to Section 289f (2) Nos. 4 to 6 *HGB*
Pursuant to Section 96 (2) *AktG*, the Supervisory Board of Continental AG as a listed stock corporation subject to the German Co-determination Act consists of at least 30% women and at least 30% men. This minimum quota must, as a general rule, be fulfilled by the Supervisory Board as a whole. Due to an objection by the employee representatives against the overall fulfillment in accordance with Section 96 (2) Sentence 3 *AktG* before the election of the Supervisory Board in spring 2019, the minimum quota for the Supervisory Board of Continental AG must be fulfilled separately by the shareholder representatives and the employee representatives. Women made up 30% of both the shareholder and employee representatives on the Supervisory Board of Continental AG as at December 31, 2023.

For Continental AG, as a listed stock corporation subject to the German Co-determination Act, the ratio requirement as set out in Section 76 (3a) *AktG* applies, according to which any Executive Board composed of more than three persons should have at least one woman and one man as members of the Executive Board. This requirement was met in the fiscal year under review. The Supervisory Board continues to follow the general debate around the representation of women on executive and supervisory boards and will take any future regulations into account.

In accordance with Section 76 (4) *AktG*, the Executive Board of Continental AG is required to set targets for the ratio of women in the first two management levels below the Executive Board and a deadline for achieving these targets. In December 2021, the Executive Board set new target quotas for women in the first two management levels below the Executive Board at Continental AG for the period up until December 31, 2026: 37% for the first management level and 33% for the second management level. As at December 31, 2023, the ratio of women was 30% in the first management level and 30% in the second management level.

As a global company, Continental continues to attach high priority to the goal of steadily increasing the proportion of women in management positions throughout the Continental Group, above and beyond the legal requirements in Germany.

Diversity concept
Continental counts on the diversity of its employees. The current focus of its commitment to promote diversity is on internationality and a balanced gender ratio.

The Supervisory Board also pays attention to the diversity of the composition of the Executive Board. The Executive Board does the same when appointing people to management positions. As a basic principle, the Executive Board aims to achieve a balanced ratio of domestic to international managers everywhere. The proportion of local and international managers varies according to region. In 2023, a total of around 49% of the Continental Group's managers came from countries other than Germany (PY: around 49%). Continental is also working on increasing the proportion of women in management positions. In 2023, we were able to increase this number to around 20% across the Continental Group (PY: 19%). The proportion is to be increased to 25% by 2025.

In drawing up the Executive Board's succession plan, the Supervisory Board together with the Executive Board makes use of the measures and programs to promote internationality and women in management positions, thus making it possible to identify and develop potential international candidates and female managers for positions on the Executive Board. The aim in the medium term is to use these measures to increase the diversity of the Executive Board even further.

The Supervisory Board also pays attention to the diversity of its own composition. For the Supervisory Board, diversity refers to age, gender, background and professional experience, among other things. The Supervisory Board is convinced that it will achieve diversity in its composition in particular by fulfilling the profile of skills and expertise and meeting the targets for its composition.

Workforce Diversity Concept

At the end of fiscal 2023, female employees make up 27.3% (PY: 26.7%) of our worldwide workforce. We firmly believe that workforce diversity enhances our ability to adapt and increase our innovative capacity as a company. Indeed, different perspectives within an inclusive work environment where individuals feel a sense of belongings give rise to new ideas. Particularly in these times of digital transformation, a diversified workforce is instrumental in driving the future success of the company. In 2008, Continental signed the German Diversity Charter, and in doing so pledged to promote workforce diversity and committed itself to fostering an inclusive culture. When we updated our Code of Conduct at the start of 2019, we strengthened our commitment to this pledge internally.

Facilitating and shaping workforce diversity is an integral part of the corporate function Group Talent Management and Organizational Development, which is responsible for designing a higher-level strategic framework for the development and promotion of diversity, inclusion and belonging, as well as supporting the business units in implementing their own objectives. Diversity, inclusion and belonging are firmly anchored in the global HR strategy. “Enable Transformation” is one component of the HR strategy that deals with harnessing digital transformation opportunities to the greatest extent possible at Continental. In this context, our company promotes diversity, inclusion and belonging to help identify the potential of digitalization and promote new ways of thinking across business areas.

In addition to having diversity, inclusion and belonging embedded in our transformation strategy, three key corporate-wide levers have been identified to promote workforce diversity:

- Increasing diversity by ensuring commitment and accountability that is formally established, and by tracking progress.
- Enhancing inclusion by creating an inclusive workplace and space, eliminating systemic biases to empower our people to overcome prejudice and practicing an inclusive working and leadership style.

Efforts to strengthen diversity are further supported through the introduction of a global key performance indicator: Gender diversity – share of female executives and senior executives (as at December 31) in %. For more information, see the section on Sustainable management practices on page 81. Furthermore, since 2016, we have been delivering the Women@Work program around the world to support women in the early stages of their careers and build female networks into and cross the executive and senior executive levels. To date, more than 650 women in North America and Europe have participated in this program resulting in networking, sharing their experiences or expertise and working together to solve common business problems.

In addition to supporting their career development, improving the balance of work and family life is another important tool we can use to promote the position of women in our company. We are continually increasing our efforts to make work more flexible. Initiatives in this area include the introduction of flexible work models such as part-time and flex-time work, as well as remote working and sabbaticals.

Our success in increasing workforce diversity within the company depends to a great extent on the attitudes of management personnel. To ensure a variety of viewpoints and perspectives are incorporated into our corporate culture, “cross moves”, i.e. a move to a different group sector, business area or function, as well as international experience, are essential criteria for promoting our employees to executive and senior executive levels.

Diagnostic procedures also help to ensure that staffing decisions are made as objectively as possible.

Diversity is also a core element of many further education and training courses. The “Differences Add Value” training course supports managers with deepening their understanding of diversity by sharing and discussing practical experiences and business situations relating to diversity at Continental. The “Train the Trainer” principle lays the foundation for this training course to reach as many Continental employees around the world as possible, giving them a greater understanding of the added value generated when people with different perspectives, strengths or styles work together.

The “Global Diversity Network” serves as a platform for cultural development and creates communities where our employees can find a sense of belonging. There are currently a total of 42 workforce diversity networks within this umbrella organization, which provides a forum for members from around the world to share their business expertise and best practices in the area of diversity, inclusion and belonging on a regular basis.

- Continental also organizes events aimed at enhancing inclusion and fostering belonging by raising awareness and offering the possibility to connect with others, which includes: “Diversity Events”: Each year, we celebrate diversity in our locations all over the world. For example, to mark occasions such as “International Women’s Day”, “Diversity Day”, “Black History Month” or “LGBTQ+ Awareness Month”, employees are invited to join discussions and presentations and participate in games, workshops and more to learn more about the benefits of diversity as well as what they can do to contribute toward a more inclusive culture and workplace.

- “Women (Senior) Executive Networks Event”: In 2021, we brought together women with business responsibilities from the various business areas and regions in six different networks with sponsors, to provide a platform for networking and sharing thoughts, practices and ideas on various topics, such as how to increase the attractiveness of leadership for female professionals. Since then, they have come together for a joint event on an annual basis with the aim of further expanding these networks.

- “LGBTQ+ Awareness Workshop”: For the first time, a workshop was held in 2021 for all employees and management personnel with a focus on providing information and enabling self-reflection on the topic of LGBTQ+ in the workplace. This event not only addressed people’s own unconscious prejudices, but also demonstrates ways of contributing toward an appreciative working environment.

Since then, workshops on this topic have been organized within the Continental Group on a regular basis.

› For more information about diversity, inclusion and belonging, please refer to our website: https://www.continental.com/en/career/working-at-continental/corporate-culture-values/diversity/

Code of Conduct

The Continental Code of Conduct describes the framework of Continental's alliance for creating top value from values based on our shared vision and mission and our four corporate values: Trust, Passion To Win, Freedom To Act, and For One Another, as well as the sustainability of our actions. The Code of Conduct addresses the following topics:

- Compliance with laws, regulations, and internal rules, standards, and instructions
- Respect for human rights and fair working conditions
- Health, safety, the environment, and product integrity
- Honest business practices
- Compliance with antitrust laws
- Anti-corruption
- Prevention of money laundering
- Conflicts of interest
- Use of Continental's corporate property
- Data protection and cybersecurity
- Confidential information and intellectual property
- Import and export regulations
- Tax compliance.

In fiscal 2023, 10,822 employees completed e-learning training on the Code of Conduct (PY: 11,716). In addition, 21,180 participants were recorded taking compliance e-learning courses on anti-corruption and antitrust law (PY: 23,780), while 5,934 participants attended in-person training courses on anti-corruption and antitrust law (PY: 5,069), most of which were conducted virtually as webinars. Participants in in-person training events are selected on a risk-based and target group-oriented basis.

Compliance training sessions	2023	2022
Employees who have completed e-learning on the Code of Conduct	10,822	11,716
Participants in e-learning courses on anti-corruption, antitrust law	21,180	23,780
Participants in in-person training courses on anti-corruption and antitrust law	5,934	5,069

Tax Compliance

We are aware of our social responsibility in terms of meeting our tax obligations. In our Code of Conduct, we expressly pledge to comply with all national and international tax regulations.

The Continental Group tax policy sets out a framework for organizing the management of Group-wide tax risks to enable monitoring of tax compliance. In this context, a Group-wide tax risk management system has been implemented and is being regularly improved upon. This system identifies and assesses tax risks and stipulates appropriate risk-mitigating measures. In this way, we are taking steps to ensure, for example, that there are no illegal tax reductions or infringements of our obligations to cooperate with the tax authorities. Furthermore, the Group tax strategy stipulates that Continental shall not pursue any aggressive tax planning activities and will pay taxes in the areas where our business operations create value. Our Group-level tax departments maintain a professional relationship with the tax authorities.

Within the framework of its statutory obligations, Continental AG discloses relevant tax information for all Continental Group entities on an annual basis, such as tax payments on income and profits, to Germany's Federal Central Tax Office (in what is termed country-by-country reporting). This tax information is based on consolidated financial statements audited and attested to by an independent auditor.

Remuneration Report Pursuant to Section 162 of the German Stock Corporation Act (*Aktiengesetz – AktG*)

Source: Corporate Website > Company/Corporate Governance/Executive Board > Remuneration Report 2023

Note: This text has been shortened.
For more information about:
- the Remuneration System prior to December 31,2019, see page 10 in the 2023 Remuneration Report,
- Individual Remuneration of the Members of the Executive Board in Fiscal 2023, see page 11 in the 2023 Remuneration Report,
- Auditor´s Report, see page 31 in the 2023 Remuneration Report.

This remuneration report describes the amount and structure of the remuneration to be granted to the individual members of the Executive Board and Supervisory Board in fiscal 2023 (reporting year). It also outlines the principles of the remuneration system for the members of the Executive Board and the Supervisory Board.

The complete version of the remuneration system is available online at www.continental.com under Company/Executive Board.

Earnings position in fiscal 2023

Consolidated sales increased by €2,011.6 million or 5.1% year-on-year in 2023 to €41,420.5 million (PY: €39,408.9 million). Before changes in the scope of consolidation and exchange-rate effects, sales rose by 6.9%. Changes in the scope of consolidation had a positive impact on sales performance but were more than offset by negative exchange-rate effects of €760.8 million.

In the Automotive group sector, the significant ramp-up in automotive production coupled with the price adjustments introduced to compensate for cost inflation bolstered sales performance. By contrast, growth in the Tires group sector was dampened by weak demand in the replacement-tire business and negative exchange-rate effects. In ContiTech, the effects of the slight downturn in the industrial and automotive replacement business were offset by higher volumes and positive price adjustments in the automotive original-equipment business. Contract Manufacturing reduced its sales in accordance with the contractually agreed procedure between Continental and Vitesco Technologies.

Adjusted EBIT (after adjusting for special effects, as detailed in the annual report) for the Continental Group increased by €604.6 million or 31.6% year-on-year to €2,517.2 million in 2023 (PY: €1,912.6 million), corresponding to 6.1% (PY: 4.9%) of adjusted sales.

Personnel changes on the Executive Board and Supervisory Board in fiscal 2023

The Executive Board was expanded from five to seven members effective May 1, 2023. Firstly, a new Executive Board function was created for Integrity and Law, which was filled by Olaf Schick. In addition, the management of the Automotive group sector was transferred from the chairman of the Executive Board to Philipp von Hirschheydt as a new member of the Executive Board.

There were no personnel changes on the Supervisory Board in fiscal 2023.

Resolution of the Annual Shareholders’ Meeting on the approval of the 2022 remuneration report (Section 162 (1) No. 6 *AktG*)

For the first time, the 2022 remuneration report contained a tabular overview of the individual remuneration components. It also included further explanations, in particular on the maximum target achievement for the variable remuneration components, the maximum remuneration and the retirement benefits for the members of the Executive Board. The Annual Shareholders’ Meeting approved the 2022 remuneration report on April 27, 2023, with an approval rate of 95.50%. Given the high approval rate, the newly introduced elements have been retained and continued in the 2023 remuneration report.

Significant change in Executive Board remuneration compared with fiscal 2022

The pay-for-performance principle set out in the remuneration system is reflected in the amount of variable remuneration. The relevant performance criteria were fully achieved in some areas in fiscal 2023. This resulted in higher variable remuneration for fiscal 2023 compared with the previous year.

The remuneration conditions for Executive Board members were standardized in 2022. There is a differentiation between the chairman and the other members of the Executive Board. The remuneration of the chairman of the Executive Board and (individual) members of the Executive Board did not increase in fiscal 2023. The remuneration of the Executive Board has therefore not increased since the introduction of the new remuneration system on January 1, 2020.

Overview of the Remuneration System as of January 1, 2020

The remuneration of the active members of the Executive Board is based on the remuneration system in effect since January 1, 2020, which was developed with an independent consultant and finalized by the Supervisory Board at its meeting on March 17, 2020. It takes into account the general legal conditions and the requirements of the German Corporate Governance Code and was approved by the Annual Shareholders’ Meeting of Continental AG on July 14, 2020, with an approval rate of 97.41% (hereinafter “remuneration system”). A revised remuneration system will be presented to the Shareholders’ Meeting for approval in 2024. The key features are outlined at the end of this remuneration report.

The following overview shows the key elements of the current Executive Board remuneration system. The remuneration system for members of the Executive Board comprises a fixed component that is unrelated to performance and a variable component that is based on performance.

Executive Board remuneration system – tabular overview

Fixed remuneration	**Basic remuneration**		- Fixed, contractually agreed remuneration, paid in 12 monthly installments
	Additional benefits		- Company car, reimbursement of travel expenses, as well as relocation costs and expenses for running a second household, where this is required for work reasons, a health check, directors' and officers' (D&O) liability insurance with deductible, accident insurance, employers' liability insurance association contribution plus income tax incurred as a result, health insurance and long-term care insurance contributions
	Future benefit rights	**Type**	- Defined contribution commitment
		Contribution	- Contractually agreed annual fixed amount, which is multiplied by an age factor and credited to the pension account as a capital component
Variable remuneration	**Short-term variable remuneration**	**Type**	- Performance bonus (short-term incentive – STI)
		Cap	- 200% of the contractually agreed target amount of the STI
		Performance criteria[1]	**Financial performance criteria** - 40% EBIT target/actual comparison - 30% ROCE target/actual comparison - 30% consolidated free cash flow target/actual comparison - Share of EBIT and ROCE in the earnings of the Continental Group and, if applicable, the group sector, depending on area of responsibility - Degree of target achievement: on a straight-line basis from 0% to 200% **Non-financial performance criteria** - Possibility of defining additional non-financial performance criteria regarding market development and customer focus, implementation of transformation projects, and organizational and cultural development - Definition of target achievement in the form of a personal contribution factor (PCF) between 0.8 and 1.2 - Multiplier of the result of the financial performance criteria by the PCF - PCF = 1.0 if non-financial performance criteria have not been defined - Cap of 200% to be observed even when applying the PCF
		Payment	- 60%[2] after Annual Shareholders' Meeting in following year
	Long-term variable remuneration	**Equity deferral**	
			- 40%[2] of the payout amount of the performance bonus/STI must be invested in shares - Holding period: three years
		Long-term incentive (LTI)	
		Plan type	- Phantom share plan performance
		Cap	- 200% of the contractually agreed allotment value
		Performance criteria	- Total shareholder return (TSR) of the Continental share compared with the STOXX Europe 600 Automobiles & Parts (SXAGR) index – relative TSR; factor between 0 and 1.5 - Sustainability factor (up to six targets) between 0.7 and 1.3 - Multiplicative link - Share price performance
		Term	- Four years
Maximum remuneration			- €11.5 million (chairman of the Executive Board) and €6.2 million (members of the Executive Board) - Caps (performance bonus and LTI each max. 200%) remain unaffected
Share ownership guideline (SOG)			- Obligation to invest 200% (chairman of the Executive Board) or 100% (other members of the Executive Board) of basic remuneration - Accumulation period: four years after appointment - Investments from the equity deferral are counted toward the total - Holding obligation: two years after the end of term of office

1 This section provides an overview of the performance criteria. There is a remuneration-relevant definition for the KPIs of EBIT and ROCE. For a more detailed breakdown, see the "Performance bonus (short-term incentive – STI)" section on page 5.

2 Net amount: from the net inflow of the performance bonus, shares of Continental AG with a value of 20% of the total gross amount of the performance bonus must be purchased and held for a period of three years; the corresponding gross amount was calculated assuming a tax and contribution ratio of 50% flat.

The remuneration system for members of the Executive Board comprises in detail the following components:

1. Fixed remuneration component
The fixed component that is unrelated to performance comprises the fixed annual salary, additional benefits and future benefit rights.

Additional benefits include (i) provision of a company car, which can also be for personal use, (ii) reimbursement of travel expenses, as well as relocation costs and expenses for running a second household, where this is required for work reasons, (iii) a regular health check, (iv) directors' and officers' (D&O) liability insurance with deductible in accordance with Section 93 (2) Sentence 3 *AktG*, (v) accident insurance, (vi) the employers' liability insurance association contribution including, where necessary, income tax incurred as a result, as well as (vii) health insurance and long-term care insurance contributions based on Section 257 of Book V of the German Social Code *(SGB V)* and Section 61 of Book XI of the German Social Code *(SGB XI)*.

In accordance with their future benefit rights, each member of the Executive Board is granted post-employment benefits that are paid starting at the age of 63, but not before they leave the service of Continental AG (hereinafter "insured event"). From January 1, 2014, the company pension for the members of the Executive Board was changed to a defined contribution commitment. A capital component is credited to the Executive Board member's pension account each year. To determine this, a fixed contribution, agreed by the Supervisory Board in the Executive Board member's service agreement, is multiplied by an age factor that represents an appropriate return. When the insured event occurs, the benefits are paid out as a lump sum, in installments or – as is normally the case due to the expected amount of the benefits – as a pension. Post-employment benefits must be adjusted after commencement of such benefit payments by 1% p.a. in accordance with Section 16 (3) No. 1 of the German Company Pensions Law *(Betriebsrentengesetz – BetrAVG)*.

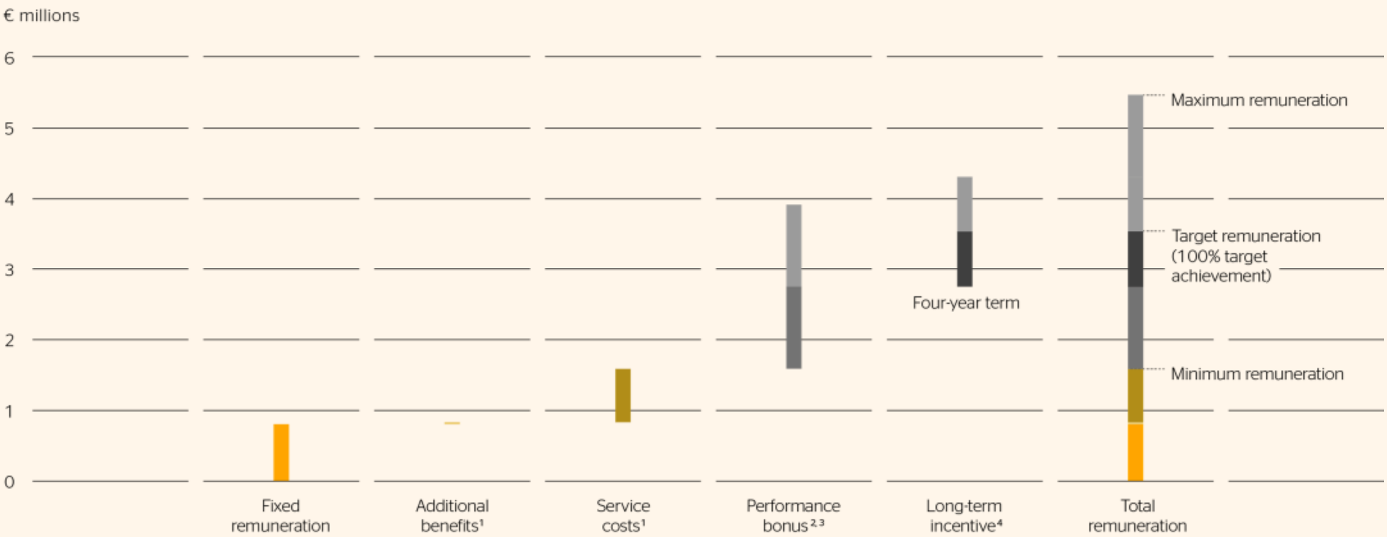
For Nikolai Setzer, the future benefit rights accrued until December 31, 2013, were converted at that time into a starting component in the capital account. In this case, post-employment benefits must be adjusted after commencement of such benefit payments by 1.75% p.a. to take account of the obligation stipulated in Section 16 (1) *BetrAVG*.

2. Variable remuneration component
The variable components that are based on performance comprise a short-term remuneration component (performance bonus without equity deferral, also short-term incentive, STI) as well as long-term remuneration components (long-term incentive (LTI) and equity deferral of the performance bonus). For the variable remuneration components, before the start of each fiscal year, target criteria are determined by the Supervisory Board with a view to its strategic goals, the provisions of Sections 87 and 87a *AktG* and the German Corporate Governance Code in its respective valid version, whereby the degree to which these criteria are met will determine the actual amount paid out.

The Supervisory Board may take the function and area of responsibility of the individual members of the Executive Board into account accordingly when determining the amount of the total target-based remuneration. As part of this, shares of the individual remuneration components for the total target-based remuneration are indicated below in percentage ranges. The precise shares therefore vary depending on the functional differentiation as well as any adjustments made as part of the annual remuneration review.

The fixed annual salary comprises 22% to 28% of the target remuneration, the performance bonus (excluding equity deferral) between 17% and 22%, and the equity deferral and long-term incentive between 33% and 38%. Future benefit rights make up between 17% and 23% of the target remuneration, and additional benefits make up approximately 1%.

Chart showing the remuneration of ordinary members of the Executive Board (example with average service costs)



1 Average figure.
2 Based on a target amount (here €1.167 million) for 100% achievement of defined EBIT, ROCE and FCF targets as well as a personal contribution factor (PCF) of 1.0. A maximum of 200% of the target bonus can be achieved.
3 From the net inflow of the performance bonus, shares of Continental AG with a value of 20% of the total gross amount of the performance bonus must be purchased and held for a period of three years.
4 Based on the allotment value (here €0.783 million), which is converted into virtual shares of Continental AG. The payment amount depends on the relative total shareholder return, the sustainability criteria achieved and the share price before the payment. A maximum of 200% of the allotment value can be achieved.

a) Performance bonus (short-term incentive, STI)

In the service agreement, the Supervisory Board agrees to a target amount for the performance bonus (hereinafter “STI target amount”) that is granted to each member of the Executive Board in the event of 100% target achievement. The maximum amount of the performance bonus is limited to 200% of the STI target amount.

The amount of the performance bonus to be paid out depends on the extent to which a member of the Executive Board achieves the targets set by the Supervisory Board for this Executive Board member for the following three key financial indicators as performance criteria within the meaning of Section 87a (1) Sentence 2 No. 4 *AktG*:

- Earnings before interest and tax (hereinafter “EBIT”), for the purposes of Executive Board remuneration, adjusted for goodwill impairment as well as gains and/or losses from the disposal of parts of the company.[1]
- Return on capital employed (hereinafter “ROCE”) as the ratio of EBIT (adjusted, as mentioned above) to average operating assets for the fiscal year.
- Cash flow before financing activities (hereinafter “free cash flow”), adjusted for cash inflows and outflows from the disposal or acquisition of companies and business operations.

The degree to which the EBIT target is achieved is weighted at 40%, the ROCE target at 30% and the free cash flow target at 30% in the calculation of the STI.

For each financial performance criterion, the target value for 100% target achievement corresponds to the value that the Supervisory Board agreed in each case for this financial performance criterion in the planning for the respective fiscal year.

Prior to the start of the fiscal year, the Supervisory Board determines for each financial performance criterion the values for target achievement of 0% and 200% on an annual basis. It is not possible to adjust or change these performance criteria after the end of a fiscal year. The degree to which the target is achieved is calculated on a straight-line basis between 0% and 200% by comparing this with the respective actual value for the fiscal year.

1 The information provided in this report, and in the tables in particular, is based on EBIT adjusted according to this method.

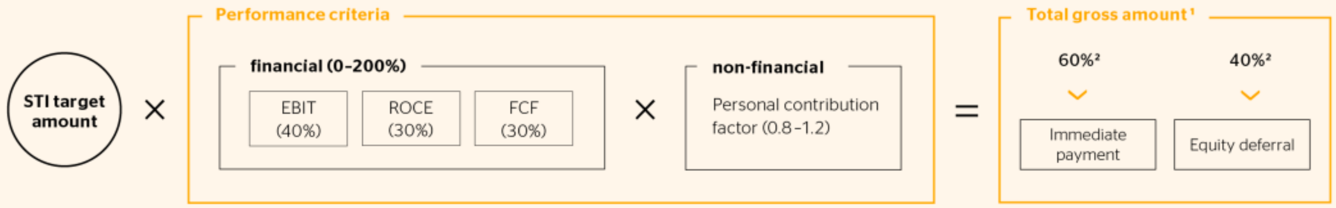
Prior to the start of each fiscal year, the Supervisory Board can also determine personal, non-financial performance criteria to be included in target achievement in the form of a personal contribution factor (hereinafter "PCF") with a value between 0.8 and 1.2 for individual or all members of the Executive Board:

- Market development and customer focus (e.g. new markets, new product or customer segments).
- Implementation of transformation projects (e.g. spin-off, portfolio adjustment, reorganization, increase in efficiency, strategic alliances).
- Organizational and cultural development (e.g. promotion of corporate values, agility and ownership, strengthening of internal cooperation and communication, succession planning, employer branding).

If the Supervisory Board does not determine a PCF for a member of the Executive Board, the PCF value is 1.0. In terms of the PCF, it is also not possible to adjust or change the non-financial performance criteria after the end of the fiscal year.

After the end of the fiscal year, the target achievement for each financial performance criterion is calculated on the basis of the audited consolidated financial statements of Continental AG, and the sum total of these financial performance criteria is multiplied by the STI target amount in accordance with the weighting described above. By multiplying this result by the PCF, the gross value of the STI amount to be paid (hereinafter "total gross amount") is determined.

Structure of the performance bonus (STI)



1 A maximum of 200% of the target amount can be achieved.
2 Net amount: from the net inflow of the performance bonus, shares of Continental AG with a value of 20% of the total gross amount of the performance bonus must be purchased and held for a period of three years; the corresponding gross amount was calculated assuming a tax and contribution ratio of 50% flat.

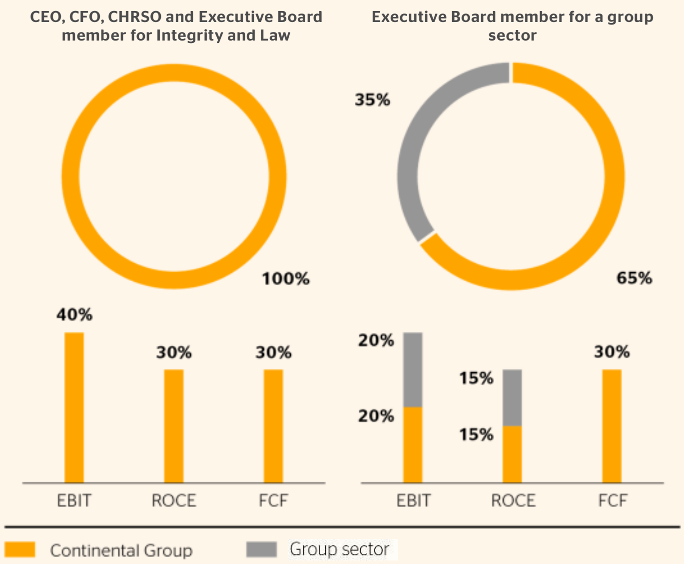
The financial and non-financial performance criteria for the performance bonus are intended to incentivize the members of the Executive Board to create value and to achieve or even exceed the short-term economic goals as well as motivate them to attain operational excellence. The PCF also allows the Supervisory Board to take into account the individual or collective achievements of the Executive Board members, based on non-financial performance criteria and goals, that are decisive for the operational implementation of the corporate strategy.

The performance bonus is intended firstly to reflect the overall responsibility for the company of the members of the Executive Board and promote collaboration among the group sectors, and secondly to provide independent leadership for the respective areas.

Since January 1, 2022, the Continental Group has been divided into four group sectors: Automotive, Tires, ContiTech and Contract Manufacturing. Taking into account this structure, the targets set for each Executive Board member and the calculation of the STI as of January 1, 2022, are based on the following respective business responsibility:

- For an Executive Board member whose area of responsibility covers the Continental Group as a whole – in fiscal 2023, this encompassed the positions of chief executive officer (CEO), chief financial officer (CFO), chief human relations and sustainability officer (CHRSO) and the Executive Board member responsible for Integrity and Law – achievement of the EBIT and ROCE targets is measured based on the key figures determined for the Continental Group.
- For an Executive Board member whose area of responsibility covers the Automotive, Tires or ContiTech group sectors, achievement of the EBIT and ROCE targets is measured based on the key figures determined for the Continental Group and for the group sector (50% each). Achievement of the free cash flow target is measured for all Executive Board members based on free cash flow (FCF) for the Continental Group as a whole.
- As a rule, each member of the Executive Board is obligated to invest 20% of the total gross amount (generally corresponding to around 40% of the net payout amount) in shares of Continental AG and to hold these shares legally and economically for a period of at least three years from the day of acquisition. The shares acquired as deferral can be counted toward the obligation of the Executive Board member to acquire shares of Continental AG in accordance with the share ownership guideline presented in Section 4. The remainder of the total gross amount (generally corresponding to around 60% of the net payout amount) is paid out as short-term variable remuneration.

Performance bonus (STI) – consideration of business responsibility from January 1, 2022



b) Long-term incentive (LTI)

The long-term incentive (hereinafter "LTI") is intended to promote the long-term commitment of the Executive Board to the company and its sustainable growth. Therefore, the long-term total shareholder return (hereinafter "TSR") of Continental shares, compared with an index consisting of European companies that are active in the automotive and tire industry and comparable with Continental AG (STOXX Europe 600 Automobiles & Parts (SXAGR), hereinafter "benchmark index"), is a key performance criterion for the LTI. The second performance criterion is a sustainability score that is multiplied by the degree of target achievement in order to calculate the LTI to be paid. The amount of the LTI to be paid is based on the performance of the Continental share price over the term of the LTI.

Each LTI has a term of four fiscal years. In the service agreement, the Supervisory Board agrees to an allotment value in euros for the LTI with each member of the Executive Board. At the start of the first fiscal year of the term of the LTI plan, this allotment value is converted into a basic holding of virtual shares. The allotment value is divided by the arithmetic mean of Continental AG's closing share prices in Xetra trading on the Frankfurt Stock Exchange (or a successor system) in the last two months prior to the start of the term of the respective LTI plan (issue price).

The maximum amount of the LTI to be paid is capped at 200% of the allotment value.

For the calculation of the relative TSR, after the four-year term of the LTI plan, the TSR on Continental shares (hereinafter "Continental TSR") is compared with the performance of the benchmark index over this time period.

If the Continental TSR corresponds to the benchmark TSR, the TSR target is 100% achieved. If the Continental TSR falls short of the benchmark TSR by 25 percentage points or more, the target achievement is 0%. If the Continental TSR exceeds the benchmark TSR by 25 percentage points or more, the target achievement is 150%. If the Continental TSR falls short of, or exceeds, the benchmark TSR by fewer than 25 percentage points, the degree to which the targets are achieved is calculated on a straight-line basis between 50% and 150%. A target achievement of more than 150% in the Continental TSR performance criterion is excluded.

The Supervisory Board sets out appropriate provisions in the event of changes to Continental's share capital, the listing of the Continental share or the benchmark index that have a substantial impact on the Continental TSR or the benchmark TSR.

In addition to the TSR, the Supervisory Board sets out up to six performance criteria and targets for the sustainability score of the respective plan. The targets are based on the Continental Group's sustainability ambition, the reported sustainability indicators and associated corporate targets as well as management processes, which are specified in detail in the non-financial statement within the management report. The target values for the individual target years of the LTI are derived from the medium and long-term corporate targets. For own CO_2 emissions, for example, the target path of the 2040 carbon neutrality target and the corresponding intermediate steps for the respective LTI target values are used. The basis for measuring the target achievement is the measurement of performance in the corresponding period or in the last year of the plan.

Overview of performance criteria for the ongoing long-term incentive (LTI) tranches

Plan / performance criteria	Strategic orientation for the defined target values, where necessary with interim steps for the individual tranches in order to achieve the long-term goal	Included in the plan				
		2020–2023	2021–2024	2022–2025	2023–2026	2024–2027
Own CO_2 emissions	Reduction of own CO_2 emissions to 0.7 million metric tons of CO_2 by 2030 and to net zero by 2040	✓	✓	✓	✓	✓
Waste for recovery quota	Increase in the waste for recovery quota to 95% by 2030	✓	✓	✓	✓	✓
Accident rate	Defined reduction in the accident rate over the term of the plan and to 2.2 accidents per million working hours by 2030	✓	✓	✓	✓	
Sick leave	Defined reduction in sick leave over the term of the plan	✓				
Women in management positions	Increase in the share of women in management positions to 25% by 2025 and to up to 30% by 2030[1]	✓	✓	✓	✓	✓
Sustainable engagement	Permanent achievement of at least 80% in the Sustainable Engagement index, which measures employee agreement with the corresponding questions in the employee survey	✓	✓	✓	✓	

1 Excluding the USA due to legal reasons.

The Supervisory Board determines the extent of the target achievement based on the audited consolidated financial statements and the non-financial statement of the Continental Group for the fourth fiscal year of the term of the LTI plan. For the calculation of the sustainability score, to the value of 0.7 for each target that has been achieved, a value is added that is determined by dividing 0.6 by the number of determined performance criteria. The sustainability score can be no higher than 1.3.

For the calculation of the LTI to be paid out, the relative TSR and the sustainability score for the performance index are first multiplied together. By multiplying the basic holding of virtual shares by the performance index, this results in the final holding of virtual shares.

The final holding of virtual shares is multiplied by the payout ratio in order to determine the gross amount of the LTI to be paid out in euros (hereinafter "payout amount"). The payout ratio is the sum of the arithmetic mean of Continental AG's closing share prices in Xetra trading on the Frankfurt Stock Exchange (or a successor system) on the trading days in the last two months prior to the next ordinary Annual Shareholders' Meeting that follows the end of the term of the LTI plan and the dividends paid out per share during the term of the LTI plan.

Structure of the 2023 long-term incentive (2023–2026 LTI)

3. Maximum remuneration

Pursuant to Section 87a (1) Sentence 2 No. 1 *AktG*, the Supervisory Board has set a maximum amount for the sum of all remuneration components including additional benefits and service costs ("maximum remuneration"). The maximum remuneration amounts to €11.5 million for the chairman of the Executive Board and €6.2 million for the other members of the Executive Board. These maximum limits relate to the total of all payments (gross) resulting from the remuneration regulations for a fiscal year.

The fixed annual remuneration component and the variable performance bonus and LTI components are already capped in terms of their amount (fixed remuneration or cap of 200% for the performance bonus and LTI) and already represent a significant limitation of remuneration. In terms of the additional benefits and service costs, fluctuations in the remuneration to be considered can occur despite a clear delineation of the committed benefits. For the additional benefits, the amounts to be considered include the non-cash benefits resulting from tax regulations. For the service costs, the amount to be considered is the service cost for the year in accordance with IFRS as opposed to the fixed pension contribution. This service cost in accordance with IFRS varies annually depending on several factors, including the respective age of the Executive Board member and the discount rate as at the end of the reporting period. The maximum remuneration was defined taking into account these potential fluctuations, which have no impact on the remuneration actually paid.

4. Share ownership guideline

Each member of the Executive Board is required to invest a minimum amount in Continental AG shares and to hold these shares during their term of office plus an additional two years after the end of their appointment and the end of their service agreement.

The minimum amount to be invested by each member of the Executive Board is based on their agreed gross fixed annual salary. It amounts to 200% of the fixed annual salary of the chairman of the Executive Board and 100% of the fixed annual salary of all other members of the Executive Board. The Executive Board members have four years to accumulate their shares.

Contrary to this principle, the accumulation period may be postponed if, after four years, the sum of the net amounts paid from the variable remuneration components of the performance bonus (including the amount that the Executive Board member is obligated to invest as part of the equity deferral) and the LTI is below the SOG investment obligation. In this case, the accumulation period shall end six weeks after the sum of the net amounts paid has reached the SOG target. The accumulation period shall end ahead of time if the Executive Board member's service agreement ends less than four years after the start of the accumulation period. In this case, the contractually defined SOG target is reduced pro rata temporis, but may not exceed the sum of the net payments made for the performance bonus and LTI during the reduced period.

For the duration of the mandatory holding period, a member of the Executive Board may neither pledge Continental shares acquired in accordance with the share ownership guideline nor otherwise hold them.

In the Spotlight

Remuneration

Continental's compensation strategy aligns all its employees from the Executive Board throughout its executives and non-executives on the corporation's targets, with the aim of fostering value creation and sustainability. Sustainability criteria have been incorporated into the Long-Term incentive plan (LTI) since 2019.

Continental's long and short-term compensation elements comply with the German Corporate Governance Code (DCGK) and the Law on the Implementation of the 2nd EU Shareholder Rights Directive (ARUG II).

Further information on this can be found in the Remuneration Report starting page 93 in this Integrated Sustainability Report.

In the Spotlight

Continental Profit Sharing Program

The Continental Profit Sharing Program is a global program by which our employees globally benefit from the Group's positive performance.

When calculating the bonus, both the legal regulations and the contractual agreements in the individual countries are taken into account, in addition to economic and environmental performance.

In 2020, due to economic challenges faced by the company, Continental decided to suspend the program. As announced in early 2023, Continental has now decided, after negotiations with the employee representatives, to start a new global Profit-Sharing-Program in fiscal 2024 with the first payout in 2025. This new program is based on different criteria, two of which are sustainability criteria: own CO_2 emission (Scopes 1 and 2) and the global accident rate.

Corporate Citizenship

Management Approach

As an active member of the global community, we demonstrate sustained commitment to social issues in many locations around the world. We are primarily involved in the regions and markets in which we are present or that are directly influenced by our business activities. Our commitment focuses as far as possible on local social needs, and aims to make long-lasting, positive changes to benefit people's living conditions as well as the environment.

Community projects, donations and other charitable activities are therefore initiated and managed at a local level at the discretion of the decentralized, distributed units. In particular, these include donations, local support for volunteer work (corporate volunteering), as well as partnerships with public and non-profit organizations, schools and universities. The focus is on projects and initiatives in the areas of empowerment and inclusion, education opportunities and social mobility, health and well-being as well as environmental protection and biodiversity. Wherever possible, we also bring in aspects of our core business to draw on our employees' professional skills in a social context as well – such as in the form of mentoring programs.

Our Group-wide donations directive defines the main content and processes for financial donations and donations in kind. As a general rule, we only make donations to charitable non-profit organizations. We do not make any donations, either directly or indirectly, to political parties, political organizations, or politicians. The option that our employees in the United States have of making political donations themselves through a "political action committee" does not contradict this policy.

In the Spotlight

Living Up to Our Values and Fostering Workforce Wellbeing: "Health Guardians" Program in Brazil

Data from the World Health Organization (WHO) has revealed that Brazil is the most anxious country in the world. For this reason, Continental rolled out its "Health Guardians" program in 2023 in Brazil. The program actively supports our colleagues in areas relating to their health and wellbeing.

Voluntary employees are trained to help colleagues in situations such as panic attacks, depression or griefs among other things. In Brazil, "Health Guardians" is integrated into Continental's health and wellness strategy and follows a holistic approach to deliver appropriate help and relief to affected employees and their families.

To ensure its implementation, the "Health Guardians" program partnered up with Brazil's Industry Social Service SESI to deliver adequate training to each employee volunteering to become a "Health Guardian".

By the end of 2023, the program counts around 122 "Health Guardians" at administration and shopfloor level distributed across all Brazilian Continental locations.

Risks and Opportunities

Source: 2023 Annual Report > Management Report > Report on Risks and Opportunities (starting p. 93)

The overall situation is analyzed and managed corporate-wide using the risk and opportunity management system.

As an integral part of the corporate strategy, Continental's risk strategy is aligned with the company's strategic objectives and is currently being further formalized and developed. It aims to create long-term value while also taking into account the differentiation between the individual group sectors. We evaluate risks and opportunities continually and responsibly to achieve our goal of adding value.

We define risk as the possibility of internal or external events occurring that can have a negative influence on the attainment of our strategic and operational targets. As a global corporation, Continental is exposed to a number of different risks that could impair business and, in extreme cases, threaten the company's existence. At the same time, we aim to resolutely seize opportunities that arise, as described in the Strategy of the Continental Group section. We accept manageable risks if the resulting opportunities are expected to result in sustainable growth in value. We consider growth in value in terms of the Continental Value Contribution (CVC) system described in the Corporate Management section.

Continental's Internal Control and Risk Management System

The governance systems at Continental comprise the internal control system (ICS), the risk management system (RMS) and – as a subcomponent of these systems – the compliance management system. The risk management system in turn also includes the early risk identification system in accordance with Section 91 (2) of the German Stock Corporation Act *(Aktiengesetz – AktG)*.

The Executive Board is responsible for the governance systems, which include all subsidiaries. The Supervisory Board and its Audit Committee monitor the effectiveness of these systems.

Main characteristics of the internal control system
In order to operate successfully as a company in a complex business environment and to ensure the effectiveness, efficiency and propriety of all processes and compliance with the relevant legal and sub-legislative regulations, Continental has established an internal control system that encompasses all relevant business processes. Certain aspects of sustainability are also considered and continuously further developed in compliance with the regulatory framework. The management and monitoring of the internal control system are currently being incorporated into a holistic ICS governance system.

The Governance, Risk and Compliance (GRC) Committee, chaired by the Executive Board member responsible for Integrity and Law and the Executive Board member responsible for Finance, Controlling and IT, is responsible for monitoring the internal control system and the risk management system and – as part of these systems – the compliance management system.

Key elements of the corporate-wide internal control system are the clear allocation of responsibilities and system-inherent controls in the respective process flows. The two-person rule and separation of functions are fundamental principles of this organization. Continental's management also issues guidelines to ensure that all business processes are conducted in an economical, orderly and legally compliant manner. Guidelines specific to the Continental Group and to its individual group sectors are managed centrally in the "House of Rules" and are thus available to all Continental employees.

Based on these fundamental principles and the globally applicable guidelines, the internal control system at Continental follows the Three Lines Model.

In the **first line**, system-inherent controls are configured in the company's IT systems to support the orderly and economical execution of all process flow transactions in accordance with the corporate-wide guidelines. At the same time, these transactional controls help to identify risks and deviations that require separate consideration. As the controls and process flows established in the first line apply to Continental's operating business, they are generally put in place at the level of our operating units, such as our subsidiaries, business areas and group sectors.

In the **second line** of our internal control system, guidelines for process flows are developed, implemented and updated and compliance with controls and guidelines is monitored. Responsibility for this lies primarily with the group functions, in addition to the business areas and group sectors. The responsibilities include, for example, the risk management system and the compliance management system. In order to perform this supervisory and monitoring function, an integrated reporting system has been established that includes, for example, the financial reporting internal control system (Financial Reporting ICS), the general risk management system, the compliance risk management system and the tax compliance management system. The supervisory and monitoring function is performed on the basis of regular reports and supplemented as needed with effectiveness tests as part of self-audits and regular internal and external reviews.

The compliance management system plays an important role within the second line of defense by helping to prevent, detect and respond to compliance violations. The Group Compliance group function is responsible for the compliance management system. The chief compliance officer reports directly to the Executive Board member responsible for Integrity and Law. The work done by Group Compliance focuses mainly on preventing and detecting corruption, fraud and other property offenses, violations of antitrust and competition law and money laundering; implementing data protection; and responding to compliance violations. For other legal areas in which there is a risk of compliance violations – such as taxes, customs, sanctions and export controls, and quality/technical compliance – responsibility for appropriate and effective compliance management lies with the respective functions, which are supported in these tasks by Group Compliance.

An effective culture of compliance is the basis for prevention. It begins with setting an appropriate “tone from the top” by the Executive Board and management and, in addition to risk analysis, includes in particular employee training, compliance consulting and the internal publication of guidelines.

In the course of risk analysis, the business activities of Continental are examined for compliance risks within the scope of top-down as well as bottom-up review processes. The risk of compliance violations arises primarily from organizational structures and workflows, the given market situation, activities in certain geographical regions, inappropriate incentive systems, conflicts of interest, and criminal intent on the part of individual employees. Furthermore, findings from investigations by the Group Internal Audit group function as well as discussions with management and employees at all hierarchical levels are taken into account. This risk analysis is not a one-off procedure, but is performed annually and continuously updated.

Prevention is also fostered by consultation on specific matters with Group Compliance and by the internal publication of guidelines on topics such as anti-corruption (including giving and receiving gifts as well as donations and sponsoring), antitrust and competition law, anti-money laundering and data protection. In training events, Group Compliance addresses topics directly related to everyday compliance issues and challenges.

Continental introduced the Business Partner Code of Conduct to prevent compliance violations by suppliers, service providers, representatives or similar third parties. This must be recognized as a basic requirement for doing business with Continental.

In the context of detection, Continental has set up an Integrity Hotline to give employees and third parties outside the Continental Group the opportunity to report violations of legal regulations, its fundamental values and ethical standards. Information on any kind of potential violations, including accounting manipulation, can be reported anonymously via this hotline. The hotline is available worldwide in many different languages. The company’s investigating units rigorously pursue any and all substantiated leads.

Detection also includes the support of regular and incident-related audits conducted by Group Internal Audit. Compliance-related issues are regularly the subject of audits by Group Internal Audit.

Responses are aimed at implementing measures as a consequence of identified compliance violations. Group Compliance is involved in decision-making on measures that may be required, including thorough analysis to ensure that isolated incidents are not symptoms of failings in the system. In this way, corresponding gaps can be closed preventively and the compliance management system, as well as the internal control system, can be systematically developed.

When it comes to preventing violations in the area of technical compliance, responsibility lies with the Group Quality, Technical Compliance, CBS and Environment group function, supported by the central functions within the group sectors. The technical compliance policy as well as the technical compliance management system manual and other procedural standards set out how the compliance management system is designed and implemented.

A network of supporting roles in the various functions within the group sectors, business areas, segments and sites is being devised and expanded on an ongoing basis in order to support the identification of risks and other technical compliance considerations.

The **third line** of our internal control system is our Group Internal Audit group function.

Group Internal Audit serves an independent and objective auditing and advisory function, applying a systematic approach to help review, assess and improve the adequacy and effectiveness of the organization’s governance systems. Continental’s Executive Board authorizes Group Internal Audit to conduct audits in all regions, companies or functions of Continental AG and its affiliated, fully consolidated subsidiaries worldwide.

Group Internal Audit prepares an annual risk-oriented audit plan that is submitted to Continental’s Executive Board for review and approval. In addition to its planned general audits, Group Internal Audit also conducts special investigations. These are based on tips and information about fraudulent acts received from internal or external sources such as the Integrity Hotline or the ombudsman’s office.

Group Internal Audit regularly reports its audit and investigation results to the Executive Board and the Audit Committee. Significant risks and potential improvements to internal controls are presented as part of the reporting to the aforementioned bodies. The implementation by management of the measures recommended in the course of audits is also monitored by Group Internal Audit and reported to the Executive Board and the Audit Committee.

Main characteristics of the internal control and risk management system with respect to the accounting process (Sections 289 (4) and 315 (4) of the German Commercial Code *(Handelsgesetzbuch – HGB)*)

Pursuant to Sections 289 (4) and 315 (4) *HGB*, the main characteristics of the internal control and risk management system with respect to the accounting process must be described. All parts of the risk management system and internal control system that could have a material effect on the annual and consolidated financial statements must be included in the reporting.

The consolidated financial statements of Continental AG are prepared on the basis of standard reporting by the subsidiaries included in the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). Reporting is performed in compliance with IFRS and with the accounting manual applicable throughout the Continental Group. The consolidation of subsidiaries, debt, income and expenses, and intercompany profits is performed at corporate level.

The effectiveness of the financial reporting internal control system (Financial Reporting ICS) is evaluated in major areas by carrying out effectiveness tests in the reporting units on a quarterly basis. In addition, Group Internal Audit reviews the efficiency and effectiveness of control processes as well as compliance with internal and external requirements. If any weaknesses are identified, the Continental Group's management initiates the necessary measures.

Main characteristics of the risk management system

In the GRC policy adopted by the Executive Board, Continental defines the general conditions for integrated GRC as a key element of the risk management system that regulates the identification, assessment, reporting and documentation of risks. In addition, this also further increases corporate-wide risk awareness and establishes the framework for a uniform risk culture.

The GRC system incorporates all components of risk reporting and the examination of the effectiveness of the Financial Reporting ICS. Risks are identified, assessed and reported at the organizational level that is also responsible for managing the identified risks. A multi-stage assessment process is used to involve also the higher-level organizational units. The GRC system thus includes all reporting levels, from the company level to the top corporate level.

At the corporate level, the responsibilities of the GRC Committee include identifying material risks for the Continental Group, based on a multi-stage reporting process, as well as complying with and implementing the GRC policy. The GRC Committee regularly informs the Executive Board and the Audit Committee of the Supervisory Board of the material risks, any weaknesses in the control system and measures taken. Moreover, the auditor is required to report to the Audit Committee of the Supervisory Board regarding any material weaknesses in the Financial Reporting ICS which they have identified as part of their audit activities.

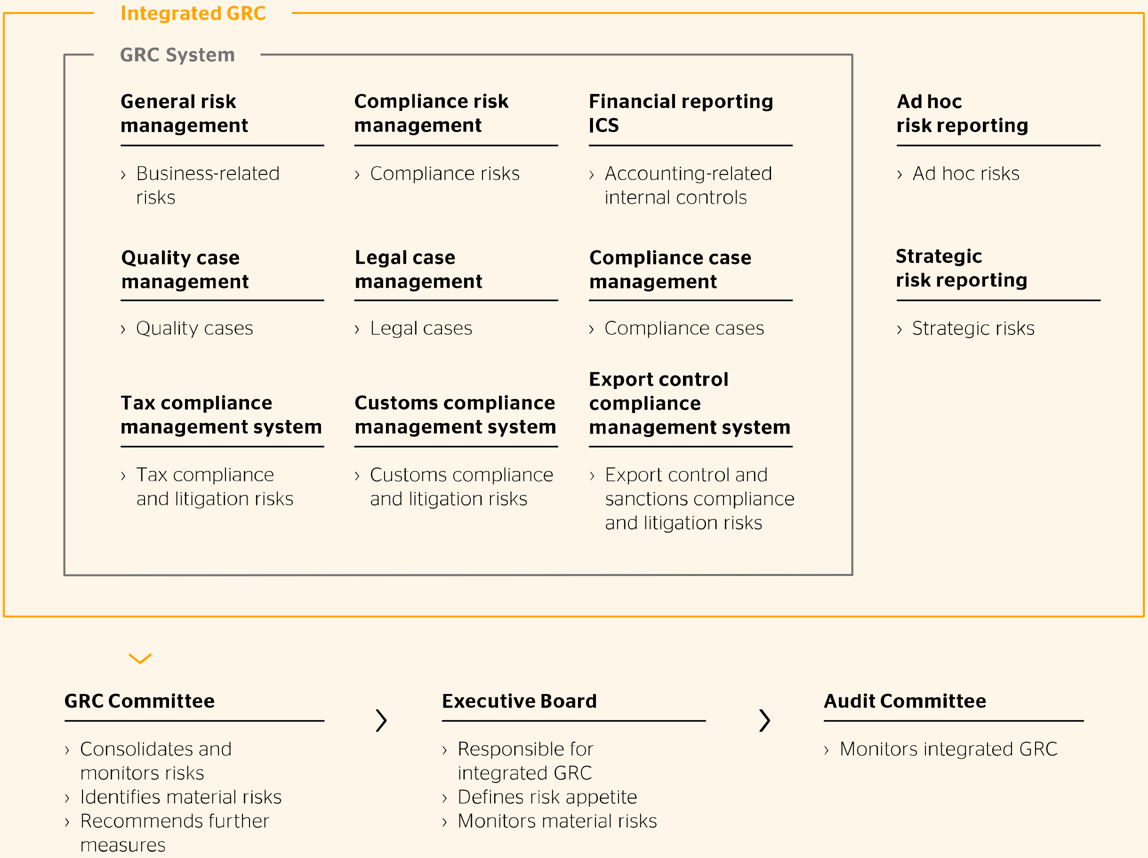
A period under consideration of one year is always applied when evaluating risks and opportunities. Risks and their effects are assessed using an end-to-end gross and net assessment methodology that helps to identify the impact of risk mitigation measures. Risks are assessed primarily according to quantitative criteria in various categories. If a risk cannot be assessed quantitatively, then it is assessed qualitatively based on the potential negative effects its occurrence would have on achieving corporate goals and based on other qualitative criteria such as the impact on Continental's reputation. Risks and opportunities are not offset.

Material individual risks for the Continental Group are identified from all the reported risks based on the probability of occurrence and the potential amount of damage that would be caused in the period under consideration. Quantified risks are based on EBIT effect and free cash flow effect.

The individual risks that Continental has classified as material and the aggregated risks that have been assigned to risk categories are all described in the report on risks and opportunities, provided the potential negative effect of an individual risk or the sum of risks included in a category exceeds €100 million in the period under consideration or there is a significant negative impact on the corporate goals.

The risk inventory, aggregated using a Monte Carlo simulation, is compared with the risk-bearing capacity determined on the reporting date, taking into account possible interactions and quantitative assumptions on qualitatively assessed risks, and is supplemented by a qualitative assessment by the GRC Committee on overarching non-quantifiable risks in order to derive a statement on the potential risk to the Continental Group.

Risk reporting



Local management can utilize various instruments for risk assessment, such as predefined risk categories (e.g. exchange-rate risks, product-liability risks, legal risks) and assessment criteria, centrally developed function-specific questionnaires as well as the Financial Reporting ICS's process and control descriptions. The key controls in business processes (purchase to pay, order to cash, asset management, HR, IT authorizations, the financial statement closing process and sustainability reporting) are thus tested with respect to their effectiveness.

All major subsidiaries carry out a semiannual assessment of business-related risks and an annual assessment of compliance risks in the GRC system's IT-aided risk management application. Any quality, legal and compliance cases that have actually occurred are also taken into account when assessing these risks. The GRC system likewise encompasses the tax compliance management system, the customs compliance management system and the export control compliance management system in order to ensure standard and regular review and reporting of pertinent risks. The quarterly Financial Reporting ICS completes regular GRC reporting.

In the reporting year, Continental redesigned its process for identifying and reporting strategic risks and began implementing these procedures in the established GRC process. Any new material risks arising ad hoc between regular reporting dates have to be reported immediately and considered by the GRC Committee. These also include risks identified in the audits performed by group functions.

In addition to the risk analyses carried out by the reporting units as part of integrated GRC, audits are also performed by Group Internal Audit. Furthermore, the various controlling functions analyze the key figures provided as part of this reporting process at corporate and group-sector level in order to assess the effects of potential risks.

For each risk identified, the responsible management team initiates appropriate countermeasures which, for material risks, are also documented in the GRC system. The GRC Committee monitors and consolidates the material risks and suitable countermeasures at the corporate level. It regularly reports to the Executive Board and recommends further measures if needed. The Executive Board discusses and resolves the measures and reports to the Supervisory Board's Audit Committee. The responsible bodies continually monitor the development of all identified risks and the progress of actions initiated. Group Internal Audit regularly audits the risk management process, thereby continually monitoring its effectiveness and further development.

Appropriateness and effectiveness of the internal control and risk management system

The Executive Board based its assessment of the appropriateness and effectiveness of the internal control and risk management system on the findings from routine internal reporting, but in particular also on function-specific statements on the internal control and risk management system as well as an assessment of these by Group Internal Audit, which were consolidated into an overall statement by the GRC Committee. These statements, together with the overall statement by the GRC Committee, are intended to offer an overview of key activities and controls that have been implemented, summarize measures for reviewing appropriateness and effectiveness, and indicate critical weaknesses in the control system as well as any related improvement measures.

The function-specific statements, collected on the basis of a risk-oriented selection process, included various aspects in accordance with the implemented Three Lines model. In the first line, documented processes and controls were checked with respect to whether these were in place and had been implemented, as was any communication relating to these elements. Responsibility for guidelines and process flows lies in particular with the second line, which – within the scope of the review of the appropriateness and effectiveness of the internal control and risk management system, including the compliance management system – is generally also satisfied with respect to the status of implementation of the regulations, based on random checks as well as the processing of external supporting documentation such as certification in line with the International Organization for Standardization (ISO), the Trusted Information Security Assessment Exchange (TISAX) and the International Automotive Task Force (IATF). These not only reinforce compliance with regulatory provisions, but also underscore the appropriate and effective operation of systems implemented at Continental in accordance with industry standards. Monitoring the internal control system and risk management system is one of the core tasks of Group Internal Audit, the third line. As part of its audits, Group Internal Audit assesses the implementation of risk-control measures and internal controls, conducted with the help of recognized standards and methods. Deviations and weaknesses noted are summarized in a report for the relevant persons responsible, and any improvement measures initiated. Significant risks and potential improvements to internal controls are presented as part of the reporting to the Executive Board and the Audit Committee. The implementation by management of the measures recommended in the course of audits is also monitored by Group Internal Audit and reported to the Executive Board and the Audit Committee.

The internal control and risk management system, including the compliance management system, of Continental AG is undergoing a continuous process of improvement in order to expand existing processes and controls and meet new regulatory challenges. Currently, this mainly includes implementing a technical compliance management system and improving IT governance and data compliance. In addition, the global reorganization of the customs and export control functions is currently being driven forward and transferred to a comprehensive compliance management system. In a cross-domain project, work is also being done on a reinforced integrative approach and expansion of the governance functions.

Based on the statements from the respective functional areas, the assessment of these by Group Internal Audit and the consolidated overall statement by the GRC Committee, no matters have come to the Executive Board's attention that would suggest that the internal control and risk management system, including the compliance management system, was inappropriate or ineffective in all material respects in fiscal 2023.

Nevertheless, there are inherent limitations to any internal control or risk management system, including the compliance management system. Even a system considered appropriate and effective does not offer any guarantee that all risks or violations that have actually occurred will be uncovered in advance or that any process disruptions can be entirely ruled out.

Opportunity management

As part of our opportunity management activities, we assess market and economic analyses and changes in legal requirements (e.g. with regard to fuel consumption and emission standards as well as safety regulations). In addition, we deal with the corresponding effects on the sectors and markets relevant to us, our production factors and the composition and further development of our product portfolio.

Material Risks

The order of the risk categories and individual risks presented within the four risk groups reflects the current assessment of the relative risk exposure for Continental and thus provides an indication of the current significance of these risks. If no quantitative information on the amount of damage is provided, the assessment is carried out on the basis of qualitative criteria. Unless the emphasis is placed on a specific group sector, the risks apply to all group sectors.

Financial Risks

Continental is exposed to risks in connection with its financing agreements and the syndicated loan.
Continental is subject to risks in connection with its financing agreements. Risks arise from the bonds that Continental AG and Conti-Gummi-Finance B.V., Maastricht, Netherlands, have issued as part of the Debt Issuance Programme (DIP). These financing agreements contain covenants that could limit Continental's capacity to take action as well as change-of-control provisions.

In order to finance current business activities as well as investments and payment obligations, a syndicated loan agreement is in place, from which risks may arise. Under the terms of the syndicated loan agreement, the lenders have the right to demand repayment of the loan in the event of a change of control at Continental AG.

The requirements for and consequences of a change in control in accordance with the terms of the bonds or the syndicated loan agreement are described in detail in the Additional Disclosures and Notes Pursuant to Sections 289a and 315a *HGB* section on pages 90 and 91. The loans and bonds cited here could also immediately become due and payable if other financing agreements of more than €75.0 million are not repaid on time or are prematurely called for repayment. Continental continuously monitors compliance with the applicable conditions.

The committed volume of the syndicated loan consists of a revolving tranche of €4.0 billion (due in December 2026). As at the end of fiscal 2023, €316.3 million of the revolving tranche had been utilized.

Continental is exposed to risks associated with changes in currency exchange rates and hedging.
Continental operates worldwide and is therefore exposed to financial risks that arise from changes in exchange rates. This could result in losses if assets denominated in currencies with a falling exchange rate lose value and/or liabilities denominated in currencies with a rising exchange rate appreciate. In addition, fluctuations in exchange rates could intensify or reduce fluctuations in the prices of raw materials in euros, as Continental sources a considerable portion of its raw materials in foreign currency. As a result of these factors, fluctuations in exchange rates can influence Continental's earnings situation.

External and internal transactions involving the delivery of products and services to third parties and companies of the Continental Group can result in cash inflows and outflows that are denominated in currencies other than the functional currency of the respective subsidiary of the Continental Group (transaction risk). To the extent that cash outflows of the respective subsidiary of the Continental Group in any one foreign currency are not offset by cash flows resulting from operational business in the same currency, the remaining net exchange-rate risk is hedged against on a case-by-case basis using the appropriate derivative instruments, particularly currency forwards, currency swaps and currency options with a term of up to 12 months.

Moreover, Continental is exposed to exchange-rate risks arising from external and internal loan agreements that result in cash inflows and outflows denominated in currencies other than the functional currency of the respective subsidiary of the Continental Group. These exchange-rate risks are in general hedged against by using appropriate derivative instruments, particularly currency forwards, currency swaps and cross-currency interest-rate swaps. Any hedging transactions executed in the form of derivative instruments can result in losses.

In order to quantify the possible effects of transaction-related exchange-rate risks from financial instruments on the earnings position of the Continental Group, transaction currencies with a significant exchange-rate risk within the next 12 months are identified based on current net exposure. If the exchange rates of these currencies all develop disadvantageously for Continental at the same time, then the hypothetical negative effect on the Continental Group's earnings position, calculated based on a 10% change in the current closing rate, would amount to between €500 million and €600 million.

Continental is exposed to default risks in connection with cash and cash equivalents, derivative instruments and interest-bearing investments.
In order to minimize the default risk for cash and cash equivalents, derivative instruments and interest-bearing investments, Continental generally uses banks that it has classified as core banks on the basis of defined criteria. As a general rule, these banks should have at least one investment-grade credit rating from one of the global rating agencies. The default risk can therefore be considered very low. The creditworthiness of the core banks – and of other banks with which investments are made, loans are granted or derivative instruments are traded in derogation from the core bank principle for operational or regulatory reasons – is continuously monitored. Not only the credit ratings but also in particular the premiums for insuring against credit default risks (credit default swaps, CDSs) are monitored, provided this information is available. In addition, Continental sets investment limits for each bank and trading limits for derivative instruments. The amount of these limits is based on the creditworthiness of the respective bank. Compliance with these limits is continuously monitored. Within the internally defined risk groups, the cash and cash equivalents, interest-bearing investments

and positive (net) fair values of derivative instruments held at banks assigned to a higher risk group range from €100 million to €200 million.

Risks Related to the Markets in which Continental Operates

Continental could be exposed to material risks in connection with a global financial and economic crisis.
With a 64% share of consolidated sales, the automotive industry – with the exception of the replacement business – is Continental's most important customer group. The remainder of its sales are generated from the replacement or industrial markets, mainly in the replacement markets for passenger-car and truck tires and to a lesser extent in the non-automotive end markets of the other group sectors.

The automotive markets recovered in the year under review, despite the ongoing high level of geopolitical and macroeconomic uncertainty. Should this revival not last in the long term or be dampened by a general economic downturn, it would likely adversely affect Continental's sales and earnings.

In the year under review, Continental's five largest OEM customers (BMW, Ford, Mercedes-Benz, Stellantis and VW) generated approximately 34% of sales. If one or more of Continental's OEM customers is lost or terminates a supply contract prematurely, the original investments made by Continental to provide such products or outstanding claims against such customers could be wholly or partially lost.

Moreover, Continental generated 48% of its 2023 total sales in Europe and 19% in Germany alone. By comparison, 27% of Continental's total sales in 2023 were generated in North America, 21% in Asia-Pacific and 4% in other countries. Therefore, in the event of an economic downturn in Europe, particularly in Germany, for example, Continental's business and earnings situation could be affected more extensively than that of its competitors. Furthermore, the automotive and tire markets in Europe and North America are largely saturated. To minimize this dependence, Continental is striving to improve its regional sales balance, particularly by generating more sales in emerging markets and especially in Asia.

Based on a scenario analysis that assumes a 10% decline in sales volume in 2024 compared with planning assumptions, and taking into account measures required as a result, we anticipate a possible decline of around 3 percentage points in the adjusted EBIT margin.

Continental operates in a cyclical industry.
With a 64% share of consolidated sales, the automotive industry – with the exception of the replacement business – is Continental's most important customer group. Global production of vehicles and, as a result, sales to OEMs are subjected to major fluctuations in some cases. They depend, among other things, on general economic conditions, disposable income and household consumer spending and preferences, which can be affected by a number of factors, including fuel costs as well as the availability and cost of consumer financing. As the volume of automotive production fluctuates, the demand for Continental's products also fluctuates, as OEMs generally do not commit to purchasing minimum quantities from their suppliers or to fixed prices. It is difficult to predict future developments in the markets Continental serves, which also makes it harder to estimate the requirements for production capacity. As Continental's business is characterized by high fixed costs, it is thus exposed to the risk that fixed costs are not fully covered in the event of falling demand and the resulting underutilization of its facilities (particularly in Automotive). Conversely, should the markets in which Continental operates once again grow faster than anticipated, there could be insufficient capacity to meet customer demand. To reduce the impact of the potential risk resulting from this dependence on the automotive industry, Continental is strengthening its replacement business and industrial business, including by means of acquisitions.

Continental is exposed to geopolitical risks.
Current geopolitical developments such as the war in Ukraine, the conflict in the Middle East and the ongoing conflict between China and Taiwan could have significant effects on Continental's sales and procurement markets. These include sanctions and other risks in supply chains as well as unforeseeable effects on the global economy. Continental constantly monitors current developments and derives possible scenarios and necessary measures.

Continental is exposed to fluctuations in the prices of raw materials and electronic components as well as the risk of rising logistics costs.
For the Automotive group sector, higher prices for raw materials and electronic components in particular can result in cost increases. The Tires and ContiTech group sectors mainly use natural and synthetic rubber as well as oil-based raw materials. The prices for these raw materials and components are exposed to sometimes considerable fluctuations worldwide, although the situation on the raw materials markets has eased compared with the previous year. At present, Continental does not actively hedge against the risk of rising prices of electronic components or raw materials by using derivative instruments. In addition, increases in logistics costs can occur, for example due to the armed conflicts around the Red Sea and the resulting changes to transportation routes. If the company is not able to compensate for the increased costs or to pass them on to customers, these price increases could reduce Continental's earnings by €100 million to €200 million.

Continental is exposed to risks associated with additional or higher tariffs.
Due to the trend toward protectionism and the increase in trade conflicts around the world, Continental sees itself at risk from additional or higher tariffs on automobiles and on the products, components and raw materials it supplies or purchases. These tariffs could cause demand for Continental's products to drop and costs to increase, which would have an adverse effect on Continental's business and earnings situation.

Risks Related to Continental's Business Operations

Continental depends on a limited number of key suppliers for certain products.
Continental is subject to the potential risk of unavailability of certain raw materials and production materials. Although Continental's general policy is to source product components from a number of different suppliers, single sourcing cannot always be avoided and, consequently, Continental is dependent on certain suppliers, in particular with respect to certain products manufactured by Automotive as well as in Tires and ContiTech. Since Continental's procurement logistics are mostly organized on a just-in-time or just-in-sequence basis, supply delays, cancellations, strikes, insufficient quantities or inadequate quality can lead to interruptions in production and therefore have a negative impact on Continental's business operations in these areas. Continental tries to limit these risks by endeavoring to select suppliers carefully and monitor them regularly. However, if one of Continental's suppliers is unable to meet its delivery obligations (e.g. due to insolvency, destruction of production plants as a result of natural disasters or refusal to perform following a change in control), or if corresponding deliveries are affected by sanctions due to geopolitical disputes, Continental may be unable to source input products from other suppliers on short notice at the required volume. Such developments and events can therefore cause delays in the delivery or completion of Continental products or projects and could result in Continental having to purchase products or services from third parties at higher costs or even to financially support its own suppliers. Furthermore, in many cases OEM customers have approval rights with respect to the suppliers used by Continental, which could make it impossible for Continental to source input products from other suppliers upon short notice if the relevant OEM customer has not already approved other suppliers at an earlier point in time and which could lead to order cancellations. Claims for damages on a considerable scale can also not be ruled out. Furthermore, Continental's reputation among OEM customers could suffer, with the possible consequence that they select a different supplier.

Continental is exposed to information-technology risks.
With regard to its business and production processes, its products and its internal and external communication, Continental is highly dependent on centralized and standardized information-technology systems and networks. These systems and networks as well as the products themselves are potentially exposed to the risk of various forms of cybercrime as well as damage and disruption that can have a wide range of other causes. In hacker attacks, third parties could attempt to gain unauthorized access to confidential information and data that is stored, processed or communicated in the systems and networks. In addition, data, products and systems could be blocked, damaged, controlled or destroyed as a result of becoming infected with viruses or malware.

During a cyberattack that was discovered in August 2022, attackers infiltrated parts of Continental's IT systems and copied several terabytes of data before the attack could be stopped. Continental subsequently received ransom demands from the alleged attackers, who threatened to publish the copied data. Continental did not respond to the demands. The hacker group published a list of the data that it claimed to have in its possession. With the support of external cybersecurity experts, Continental is conducting an investigation into the incident and the data affected. Rights to information and claims for damages are also being asserted, both in and out of court. The number of legal proceedings in connection with this incident is currently still manageable. The possibility that further court proceedings could follow cannot be ruled out. No fines were imposed against Continental in the context of this cyberattack. Continental's business activities were not affected by the attack at any point, and Continental maintains full control over its IT systems.

Although Continental has taken appropriate precautions to manage the risks associated with system and network disruptions and corresponding attacks, a prolonged outage in a computer center or telecommunication network or a comparable incident could result in systems or networks becoming unexpectedly unavailable over an extended period. The measures taken to minimize such risks include technical and organizational precautions such as duplicated data storage and contingency plans, as well as suitable training measures that are continuously expanded, particularly to raise awareness of the growing threat from cybercrime.

Should the precautions taken prove insufficient to adequately protect the systems, networks, products and information, Continental could suffer considerable damage and disadvantages as a result of outages or the knowledge and use of its information by third parties.

Continental is exposed to risks in connection with its pension commitments.
Continental provides defined benefit pension plans in Germany, the USA, the UK and certain other countries. As at December 31, 2023, the pension obligations amounted to €5,646.0 million. These existing obligations are financed predominantly through externally invested pension plan assets. In 2006, Continental established legally independent trust funds under contractual trust arrangements (CTAs) for the funding of pension obligations of certain subsidiaries in Germany. In 2007, Continental assumed additional CTAs in connection with the acquisition of Siemens VDO. As at December 31, 2023, Continental's net pension obligations (defined benefit obligations less the fair value of plan assets) amounted to €2,580.4 million.

Continental's externally invested plan assets are funded by externally managed funds and insurance companies. While Continental generally prescribes the investment strategies applied by these funds and takes these into account when selecting external fund managers, it does not have any influence over their individual investment decisions. The assets are invested in different asset classes, including equity, fixed-income securities, real estate and other investment vehicles. The values attributable to the externally invested plan assets are subject to fluctuations in the capital markets that are beyond Continental's influence. Unfavorable developments in the capital markets could result in a substantial coverage shortfall for these pension obligations, resulting in a significant increase in Continental's net pension obligations.

Any such increase in Continental's net pension obligations could adversely affect Continental's financial condition due to an increased additional outflow of funds to finance the pension obligations. Also, Continental is exposed to risks associated with longevity and interest-rate changes in connection with its pension commitments, as an interest-rate decrease could have an adverse effect on Continental's liabilities under these pension plans. Furthermore, certain US-based subsidiaries of Continental have entered into obligations to make contributions to healthcare costs of former employees and retirees. Accordingly, Continental is exposed to the potential risk that these costs may increase in the future.

If the discount rates used to calculate net pension obligations were to decrease by 0.5 percentage points at the end of the year, all other things being equal, this would lead to a rise in net pension obligations of anywhere from €400 million to €500 million, which could not be reduced by taking measures to minimize risk. However, this would not affect EBIT.

Continental is exposed to risks associated with warranty and product liability claims.
In its quality strategy, Continental has defined the framework conditions for all quality-related activities and ascribes the highest priority to quality. However, Continental is constantly subject to product liability claims and proceedings alleging violations of due care, violation of warranty obligations or material defects, and claims arising from breaches of contract due to recalls or government proceedings. Any such lawsuits, proceedings and other claims could result in increased costs for Continental. Moreover, defective products could result in loss of sales and loss of customer and market acceptance. Such risks are insured up to levels considered economically reasonable by Continental, but its insurance coverage could prove insufficient in individual cases. Additionally, any defect in one of Continental's products (in particular tires and other safety-related products) could also have a considerable adverse effect on the company's reputation and market perception. This could in turn have a negative impact on Continental's sales and income. Moreover, vehicle manufacturers are increasingly requiring a contribution from their suppliers for potential product liability, warranty and recall claims. In addition, Continental is subject to continuing efforts by its customers to change contract terms and conditions concerning the contribution to warranty and recall cost. Furthermore, Continental manufactures many products pursuant to OEM customer specifications and quality requirements. If the products manufactured and delivered by Continental do not meet the requirements stipulated by its OEM customers at the agreed date of delivery, production of the relevant products is generally discontinued until the cause of the product defect has been identified and remedied. Under certain circumstances, this could lead to losses of sales and earnings. Furthermore, Continental's OEM customers could potentially claim damages, even if the cause of the defect is remedied at a later point in time. Moreover, failure to fulfill quality requirements could have an adverse effect on the market acceptance of Continental's other products and its market reputation in various market segments.

The quantifiable risks from warranty and product liability claims as at December 31, 2023, taking into account provisions, amounted to around €100 million.

Continental is exposed to risks from trade restrictions, sanctions and export controls.
Due to the global alignment of the economic activity of the Continental Group, there are business risks with respect to embargoes, sanctions and export controls. As a global company, Continental also has business relations with customers and partners based in countries that are – or may be in the future – subject to export restrictions, embargoes, economic sanctions or other forms of trade restrictions. In addition to the fundamental influence that such restrictions have on the business activity of the Continental Group, violations of relevant provisions may lead to considerable penalties, administrative sanctions, damage to the company's reputation, as well as claims for damages. Continental may also be forced, through new trade restrictions, to limit or put an end to business activity in certain countries or regions.

Continental could be adversely affected by property loss and business interruption.
Fire, natural hazards, terrorism, power failures or other disturbances at Continental's production facilities or within Continental's supply chain – with customers and with suppliers – can result in severe damage and loss. Such far-reaching negative consequences can also arise from political unrest or instability. Due to climate change, the probability of natural hazards, in particular extreme weather events, is expected to continue to rise and the extent of damage to increase. The risks arising from business interruption, loss of production or the financing of facilities are insured up to levels considered economically reasonable by Continental, but its insurance coverage could prove insufficient in individual cases. Furthermore, such events could injure or damage individuals, third-party property or the environment, which could, among other things, lead to considerable financial costs for Continental.

Continental is exposed to risks in connection with its interest in MC Projects B.V.
Continental and Compagnie Financière Michelin SAS, Clermont-Ferrand, France (Michelin), each hold a 50% stake in MC Projects B.V., Maastricht, Netherlands, a company to which Michelin contributed the rights to the Uniroyal brand for Europe as well as for certain countries outside Europe. In turn, MC Projects B.V. licensed to Continental certain rights to use the Uniroyal brand on or in connection with tires in Europe and elsewhere. Under the terms of the agreement concluded in this connection, both the agreement and the Uniroyal license can be terminated if a major competitor in the tire business acquires more than 50% of the voting rights of Continental AG or of its tire business. Furthermore, in this case Michelin also has the right to acquire a majority in MC Projects B.V. and to have MC Projects B.V. increase its minority stake in the manufacturing

company Continental Barum s.r.o., Otrokovice, Czechia – one of Continental's largest tire plants in Europe – to 51%. These events could have an adverse effect on the business and earnings position of Continental's Tires group sector.

Legal and Environmental Risks

Continental could be threatened with fines and claims for damages for alleged or actual unlawful behavior.
Despite the compliance management system in place at Continental, the global nature of the Continental Group's business activities means there is a possibility that unlawful behavior (e.g. corruption, fraud, violations of antitrust and competition law, money laundering) could occur in individual cases or that Continental could be accused of unlawful behavior. This alleged or actual unlawful behavior could lead to fines or claims for damages. Significant proceedings in this context are outlined below.

In May 2005, the Brazilian competition authorities opened investigations against Continental's Brazilian subsidiary Continental Brasil Industria Automotiva Ltda., Guarulhos, Brazil (CBIA), following a complaint of anticompetitive behavior in the area of commercialization of tachographs. On August 18, 2010, the Brazilian antitrust authorities determined an "invitation to cartel" and imposed a fine of BRL 12 million (around €2.2 million) on CBIA, which was then reduced to BRL 10.8 million (around €2.0 million). CBIA denies the accusation that it has infringed Brazilian antitrust law. Although the court of first instance appealed to by CBIA upheld the decision, on CBIA's further appeal the next higher court annulled this decision and remanded the matter. In February 2023, the court of first instance rendered a verdict against CBIA and lifted the ban on the enforcement of the financial penalty against CBIA (at that time an amount of BRL 34.2 million [around €6.5 million]). CBIA filed a motion for clarification requesting that the preliminary injunction against enforcement remain in full force up until a final and unappealable ruling is made. This motion was denied, and CBIA filed an appeal against this decision. In case an infringement of Brazilian antitrust law is found, third parties may, in addition, claim damages from CBIA.

On October 2, 2006, South African antitrust authorities received a complaint from a third party accusing several South African tire manufacturers of alleged antitrust behavior, including Continental Tyre South Africa (Pty.) Ltd., Port Elizabeth, South Africa (CTSA), a subsidiary of Continental. On August 31, 2010, the South African antitrust authorities came to the conclusion that CTSA had violated South African antitrust law and referred the matter to the responsible antitrust court for a decision. CTSA denies the allegation of infringements of South African antitrust law. However, the tribunal could impose a fine of up to 10% of CTSA's sales. In addition, third parties may also claim damages from CTSA in case of an infringement of South African competition law.

As a result of investigations by the US Department of Justice (DOJ) and the Korea Fair Trade Commission (KFTC) in connection with the suspected involvement in violations of US and South Korean antitrust law in the instrument cluster business, which came to light in 2012, the KFTC imposed a fine on Continental Automotive Electronics LLC, Bugang-myeon, South Korea (CAE), at the end of 2013, the final amount of which was set in 2018 at KRW 32,101 million (around €22.5 million). In the USA, CAE and Continental Automotive Korea Ltd., Seongnam-si, South Korea, agreed to pay a fine of US $4.0 million (approximately €3.6 million) in 2015. In the proceedings relating to class action lawsuits filed in the USA and Canada for alleged damages resulting from the antitrust violations, settlements totaling US $5.0 million (around €4.5 million) were concluded in the USA in 2018 and settlements totaling CAN $0.6 million (around €0.4 million) concluded in Canada in 2020. The risk of investigations by other antitrust authorities into this matter and claims for damages by further alleged victims remain unaffected by the fines imposed.

As a result of investigations that came to light in 2014, the European Commission imposed a fine of €44.0 million on Continental AG; Continental Teves AG & Co. oHG, Frankfurt am Main, Germany; and Continental Automotive GmbH, Hanover, Germany; on February 21, 2018, for the unlawful exchange of information. This involved specific brake components. Continental has paid this fine. Customers have since approached Continental to claim for damages, in some cases for specific amounts. Mercedes-Benz Group AG filed for declaratory judgment action with the Hanover District Court against Continental AG and two other companies of the Continental Group in December 2022. In April 2023, several companies of the Stellantis Group as well as several companies of the Renault Group filed a civil lawsuit in each case against Continental AG and three other companies of the Continental Group before the High Court in London, United Kingdom. Both the Stellantis Group and the Renault Group are yet to attach any specific amount to their claims, and these are also yet to be delivered to Continental. In addition, two class action lawsuits have been filed in Canada against Continental AG and several of its subsidiaries. Continental believes that these claims and lawsuits are without merit. However, should the lawsuits lead to a judgment against Continental, the resulting expenses could be substantial and exceed the provision set aside for this purpose. In accordance with IAS 37.92 and GAS 20.154, no further disclosures will be made with regard to the proceedings and the related measures so as not to adversely affect the company's interests.

On March 3, 2021, the Brazilian antitrust authorities (Conselho Administrativo de Defesa Econômica, CADE), acting on the basis of the issues addressed by the European Commission and described above, formally initiated proceedings against Continental Teves AG & Co. oHG, Frankfurt am Main, Germany, and certain former employees for alleged unlawful exchange of competition-sensitive information concerning hydraulic brake systems. Continental considers it possible that this proceeding will end with a fine. Continental is therefore unable to reliably predict in any way what the outcome of these proceedings will be. If Continental is found responsible for any violation, CADE could impose a fine on the company of 0.1% to 20% of its revenue or that of the Continental Group in Brazil in the year prior to when the administrative proceedings were launched (2020). Non-pecuniary penalties may also be possible. Furthermore, customers allegedly affected by the alleged exchange of information could claim for damages if indeed a violation of Brazilian antitrust law is established.

Since 2020, the public prosecutor's office in Hanover has been conducting investigative proceedings against former employees as well as former board members of Continental AG suspected of committing criminal acts and breaches of supervisory duties in connection with the development and use of illegal defeat devices in diesel and gasoline engines of multiple automotive manufacturers as well as in connection with the subsequent investigation of these actions, and as part of these proceedings has conducted multiple searches at locations of Continental AG and individual companies of the Continental Group. Continental AG and individual companies of the Continental Group are ancillary parties to these proceedings. The investigations concern activities of the former Powertrain business area that were transferred within the scope of the spin-off to Vitesco Technologies Group AG, Regensburg, Germany, and its subsidiaries in 2021.

Both the investigations by the public prosecutor's office in Hanover and the company's internal investigation into the matters covered by these proceedings, which involve considerable costs and effort, are ongoing. Continental AG and the companies of the Continental Group are continuing to cooperate with the public prosecutor's office in Hanover. There is a risk that fines will be imposed as a result of the allegations. The amount of such fines, which could comprise a levy and a penalty component, is currently unknown but collectively could be significant. Furthermore, the risk of damage to the company's reputation cannot be ruled out.

To cover risks of fines arising from the proceedings conducted by the public prosecutor's office in Hanover, a provision amounting to a high eight-figure sum had been set aside as at December 31, 2023.

In the event that fines or other measures are imposed on Continental AG and/or individual companies of the Continental Group that concern the transferred business, Vitesco Technologies Group AG is obligated on the basis of and in accordance with contractual provisions arising in particular from the corporate separation agreement concluded in the context of the spin-off to indemnify Continental AG and any individual companies of the Continental Group against the ensuing costs and liabilities. This is consistent with the agreement between the parties that all opportunities as well as all risks arising from the transferred business shall pass to Vitesco Technologies Group AG and the companies of Vitesco Technologies. These regulations have not been taken into account in the formation of the provision described above. In accordance with IAS 37.92 and GAS 20.154, no further disclosures will be made with regard to the proceedings and the related measures and any potential claims against Vitesco Technologies Group AG so as not to adversely affect the company's interests.

In view of the scope of these national and international investigations against automotive manufacturers and suppliers, further proceedings by public authorities, civil legal proceedings and claims by third parties, along with the related financial risks, cannot be ruled out.

As part of industry-wide searches, the European Commission began conducting a search of the premises of Continental AG on January 30, 2024, due to alleged antitrust violations. On the same day, Germany's Federal Cartel Office (Bundeskartellamt) searched the premises of TON Tyres Over Night Trading GmbH, Schondra-Schildeck, Germany, a subsidiary of Continental, also due to alleged industry-wide antitrust violations. Both proceedings are at a very early stage. Continental is therefore unable to reliably predict in any way what the outcome of these proceedings will be. In the event that Continental is responsible for any such violation, the European Commission and the Bundeskartellamt could each impose substantial fines. Furthermore, customers allegedly affected by the alleged exchange of information could claim for damages. In this context, class action lawsuits have already been filed in the USA and Canada against Continental and other tire manufacturers. Continental has not yet been served with the lawsuits.

There is a risk that Continental could infringe on the industrial property rights of third parties.
There is a risk that Continental could infringe on the industrial property rights of third parties, since its competitors, suppliers and customers also submit a large number of inventions for industrial property protection. It is not always possible to determine with certainty whether there are effective and enforceable third-party industrial property rights to certain processes, methods or applications. Therefore, third parties could assert claims (including illegitimate ones) of alleged infringements of industrial property rights against Continental. As a result, Continental could be required to cease manufacturing, using or marketing the relevant technologies or products in certain countries, or be forced to make changes to manufacturing processes and/or products. In addition, Continental could be liable to pay compensation for infringements or could be forced to purchase licenses to continue using technology from third parties.

Continental, for example, supplies telecommunication modules that transmit vehicle data, enable voice and internet functionality, and are compatible with cellular communication standards. In this respect, there is a risk that Continental or its suppliers may be denied their own direct license to use patents relating to these standards (standard essential patents), especially in the field of telecommunications standards such as 3G, 4G or 5G, and that Continental may become dependent on licenses and the conditions under which they are granted to customers. In addition, Continental is subject to efforts by its customers to change contract terms and conditions concerning the participation in disputes regarding alleged infringements of intellectual property rights. Continental has formed provisions to cover the risks in this regard. In accordance with IAS 37.92 and GAS 20.154, no further disclosures will be made so as not to adversely affect the company's interests.

Continental could become subject to additional burdensome environmental or safety regulations, and new regulations could adversely affect demand for the company's products and services.
As a corporation that operates worldwide, Continental must observe a large number of different regulatory systems in numerous countries that change frequently and are continuously evolving and becoming more stringent, particularly with respect to the environment, chemicals and hazardous materials, as well as health regulations. This also applies to air, water and soil pollution regulations

and to waste legislation, all of which have recently become more stringent through new laws, particularly in the European Union and the USA. Continental could be affected in particular by greater restrictions on the use of per- and polyfluoroalkyl substances (PFAS). Moreover, Continental's locations and operations necessitate various permits, and the requirements specified therein must be complied with. In the past, adjusting to new requirements has necessitated investments, and Continental assumes that further investments in this regard will be required in the future.

Continental is exposed to risks from legal disputes.
Companies from the Continental Group are involved in a number of legal and arbitration proceedings and could become involved in other such proceedings in the future. These proceedings could involve substantial claims for damages or payments, particularly in the USA. For more information on legal disputes, see Note 36 of the notes to the consolidated financial statements.

Continental could be unsuccessful in adequately protecting its intellectual property and technical expertise.
Continental's products and services are highly dependent upon its technological know-how and the scope and limitations of its proprietary rights therein. Continental has obtained or applied for a large number of patents and other industrial property rights that are of considerable importance to its business. The process of obtaining patent protection can be lengthy and expensive. Furthermore, patents may not be granted on currently pending or future applications or may not be of sufficient scope or strength to provide Continental with meaningful protection or commercial advantage. In addition, although there is a presumption that patents are valid, this does not necessarily mean that the patent concerned is effective or that possible patent claims can be enforced to the degree necessary or desired.

A major part of Continental's know-how and trade secrets is not patented or cannot be protected through industrial property rights. Consequently, there is a risk that certain parts of Continental's know-how and trade secrets could be transferred to collaboration partners, customers and suppliers, including Continental's machinery suppliers or plant vendors. This poses a risk that competitors will copy Continental's know-how without incurring any expenses of their own. Moreover, Continental has concluded a number of license, cross-license, collaboration and development agreements with its customers, competitors and other third parties under which Continental is granted rights to industrial property and/or know-how of such third parties. It is possible that license agreements could be terminated under certain circumstances in the event of the licensing partner's insolvency or bankruptcy and/or in the event of a change of control in either party, leaving Continental with reduced access to intellectual property rights to commercialize its own technologies.

Continental could be exposed to tax risks in connection with previous assessment periods.
Continental AG and its subsidiaries operate worldwide and are continuously audited by local tax authorities. Tax estimates made for the financial statements may differ from how these are interpreted by the tax authorities, for example because of changes to tax legislation and the development of case law. Tax risks arise in particular from the valuation of cross-border, intercompany deliveries and services (transfer prices). Through organizational measures, such as monitoring transfer prices and where necessary carrying out bilateral appeals procedures, Continental AG monitors and controls the development of taxation risks and their impact on the consolidated financial statements. Tax processes are continuously adapted to new tax laws and changes to case law.

During the reporting period, Italian tax authorities opened criminal tax investigations into three Italian companies of the Continental Group. The investigations relate to a possible failure by the units concerned to comply with reporting and declaration requirements vis-à-vis the Italian tax authorities. Financial charges in the form of back taxes, penalties and fines as well as interest payments are not implausible. Due to the complexity of the facts presented by the Italian authorities and the early stage of the investigations, it is not possible to reliably estimate the possible financial charges.

Material Opportunities

Unless the emphasis is placed on a specific group sector, the opportunities apply to all group sectors.

There are opportunities for Continental if the economy performs better than anticipated.
If the economy in our major sales regions develops better than we have anticipated, we expect that demand for vehicles, replacement tires and industrial products will also develop better than we have anticipated. Due to the increased demand for Continental's products among vehicle manufacturers and industrial clients and in the replacement business that would be expected as a consequence, our sales could rise more significantly than expected and there could be positive effects with regard to fixed cost coverage. Particular importance is attached to the European market due to the high share of sales that Continental generates in this region (48%).

There are opportunities for Continental if prices fall on the raw materials markets relevant to us.
Continental's earnings situation is affected to a significant extent by the cost of raw materials, electronic components, logistics and energy. For Automotive, this particularly relates to the cost of electronic components as well as metals and plastics. The earnings situation of Tires and ContiTech is significantly impacted by the cost of oil and of natural and synthetic rubber. If prices for natural and synthetic rubber in particular decline, this could have a positive impact

on Continental's earnings, provided sales prices for rubber products remain stable.

The trend toward automated and autonomous driving presents Continental with opportunities.
The trend from assisted driving to automated and autonomous driving is set to continue. Several vehicle manufacturers plan to offer new models with partially automated "Level 3" functions over the next few years. A key requirement for partially automated driving is that vehicles be equipped with sensors. To date, between two and seven sensors for assisted driving have been installed per vehicle, depending on their equipment features. Even for partially automated driving, considerably more and also higher-quality radar, camera and LiDAR sensors are required, depending on the scope of the functionality. Since Continental is one of the leading providers of advanced driver assistance systems, the increasing volume of sensors, electronic control units and new software could result in considerable sales and earnings opportunities.

There are opportunities for Continental from strategic partnerships, particularly in the Automotive group sector.
Continental is increasingly focusing on strategic partnerships in order to shape the transformation in the automotive sector as efficiently as possible. The latest examples of this are the strategic partnerships with the technology companies Ambarella and Aurora. Such partnerships allow the companies involved to contribute their expertise and optimize research and development costs, for example. In addition, the strengths of each company can help ensure a higher level of innovation and agility when launching products. Cost optimization and an improved competitive position – thanks to faster time to market, for example – present Continental with opportunities.

The digitalization of vehicles and the services generated as a result present Continental with opportunities.
The massive amounts of data generated by driver assistance systems and driver information systems as well as the immediate processing of this data in vehicles require switching the vehicle architecture to the most cutting-edge high-performance computers. This – together with the new software solutions required for this purpose – results in substantial growth potential for Continental with positive effects on its future sales and attainable margins. Furthermore, the increasing digitalization of our products gives us the opportunity to offer our customers software-based services and regular software updates in addition to the product itself, and to open up new markets for mobility services. The implementation of generative AI can also lead to growth opportunities and faster time to market for new Continental products (e.g. partnership with Google Cloud; see the Research and Development section).

Innovations for vehicle interiors present Continental with opportunities.
For optimum interaction between the driver and the vehicle, more and more new products are being used in car manufacturing. For the user experience of the future, Continental has developed countless innovations such as curved digital 3D displays and temporarily hidden displays. With customer-specific solutions for interior sensor technology, Continental is also increasing safety and ease of use within the vehicle. Since intelligent concepts for new experiences in the vehicle interior are becoming more and more important for car buyers, and Continental is one of the leading providers of these, increasing demand among car manufacturers could result in considerable sales and earnings opportunities.

The tire business presents Continental with opportunities.
Continental intends to further increase its market share in the growth markets of Asia and North America in particular. In the passenger-car tire segment, the global business with tires for electric mobility and ultra-high-performance tires is to be systematically expanded further. The truck and bus tire business is to be further developed in all regions through the Conti360° fleet services. Continental's specialty tire business, which includes not only two-wheel and racing tires but also tires for a variety of industrial applications, is expected to grow further as well. Smart, digital tire solutions and ambitious sustainability goals will also make a significant contribution to market success and differentiation in the future. The market launch of the new UltraContact NXT production tire and the presentation of the Conti CityPlus tire concept are important milestones (see the Research and Development section). In the area of service-based digital solutions, the Tires group sector of Continental aims to become the leading supplier worldwide by 2030. If Continental succeeds in increasing its market share in high-growth segments and in digital solutions and services even more than planned, this is likely to have positive effects on its sales and earnings.

Digitalization and sustainability in the industrial business present Continental with opportunities.
The growth potential results primarily from the increasing demand for sustainable as well as digital and intelligent solutions in the industrial business. In this regard, the ContiTech group sector draws on its long-standing and detailed knowledge of the industry and materials to open up new business opportunities. Various materials are thus combined with electronic components and individual services. Continental also shows, for example, how future mobile interiors might look (e.g. SPACE D design concept; see the Research and Development section). If these new products become established more quickly than planned, this would create corresponding sales and earnings opportunities for Continental.

There are opportunities for Continental from changes in the legal framework.
Legal regulations with the aim of further improving traffic safety provide an opportunity for a rise in demand for Continental's products. Based on our broad product portfolio for active vehicle safety, we have developed more advanced safety systems over the past years. Further volume growth is expected as a result of more stringent requirements in various regional safety tests, since an increasing number of safety systems have been recognized as having achieved the very highest level of safety. In addition, more and more legal requirements in individual countries are being expanded to include active safety systems.

Statement on Overall Risk and Opportunities Situation

In the opinion of the Executive Board, the overall risk situation of the Continental Group has not changed significantly in the past fiscal year.

It remains to be seen to what extent and for how long current geopolitical events, the ongoing uncertainty in supply chains and inflation will continue to affect the automotive industry and the macroeconomic situation.

However, the analysis for the year under review did not reveal any risks, either at the end of the reporting period or at the time the annual financial statements were prepared, that individually or collectively pose a threat to the company or the Continental Group as a going concern. In the opinion of the Executive Board, there are also no discernible risks to the Continental Group as a going concern in the foreseeable future.

Considering the material opportunities, the overall risk assessment for the Continental Group presents a reasonable risk and opportunities situation to which our risk-containment measures and our corporate strategy have been aligned accordingly.

Notes and Additional Information
Information in Accordance with the EU Taxonomy Regulation

Source: 2023 Annual Report > Management Report > Sustainability and Combined Non-Financial Statement (starting p. 52)
All page references in the following chapter refer to the original document.

The EU Taxonomy is a classification system for determining sustainable economic activities in the real economy. The following disclosures are the mandatory disclosures of the Continental Group in accordance with Art. 8 of EU Taxonomy Regulation 2020/852.

Specific information on the implementation of disclosure requirements in accordance with the EU Taxonomy Regulation
Since January 1, 2023, companies in the real economy have had to provide information on Taxonomy eligibility and Taxonomy alignment with regard to the two climate objectives of the Climate Delegated Act under EU Taxonomy Regulation 2021/2139. In June 2023, the Environmental Delegated Act under EU Taxonomy Regulation 2023/2486 was published, containing the activities and technical assessment criteria for the four remaining environmental objectives. The six environmental objectives of the EU Taxonomy are:

- 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

Publication of the Environmental Delegated Act under EU Taxonomy Regulation 2023/2485 was accompanied by the introduction of amendments to the Climate Delegated Act, comprising changes to the existing activities for the two climate objectives as well the inclusion of new economic activities for the two climate objectives. This affects, among others, the two economic activities of category 3.18 ("Manufacture of automotive and mobility components") and category 3.19 ("Manufacture of rail rolling stock constituents"). Furthermore, the EU Commission made it explicit in Recital 10 of Delegated Regulation 2023/2485 (amending Delegated Regulation 2021/2139) that the activity of tire manufacturing, because of its potential to reduce greenhouse gas emissions in the transport sector, is a Taxonomy-eligible activity that is currently to be allocated to category 3.6 ("Manufacture of other low-carbon technologies").

While the amendments to the Climate Delegated Act do clear up some existing ambiguities in terms of how the regulation is to be interpreted when it comes to the Taxonomy eligibility of Continental's economic activities, reporting pursuant to the EU Taxonomy Regulation remains fraught with uncertainty for Continental. This is mainly because unclear wording continues to be used in the regulations and notes on determining Taxonomy eligibility and in particular Taxonomy alignment, as well as the calculations for key performance indicators for turnover, capital expenditure and operating expenditure as they pertain to the economic activities relevant for Continental. As a result, these regulations and notes are still open to interpretation.

From Continental's perspective, there is also uncertainty about the interaction between the various regulations, delegated acts and official answers to frequently asked questions. Furthermore, the short implementation period granted by the delegated act published in 2023 means that many questions of interpretation related to implementation have not yet been conclusively clarified. In interpreting the regulation, we also take into consideration the assessments of industry associations in the supplier and automotive industries, the reporting practices of European suppliers for 2022 and unofficial assessments by various experts.

Taxonomy-eligible economic activities
As part of our sustainability ambition, we strive for carbon neutrality and emission-free mobility and industry by 2050 at the latest (see also the sections on carbon neutrality and on emission-free mobility and industry in this combined non-financial statement) and thus for the expansion of clean and carbon-neutral mobility. With this in mind, we have introduced performance indicators at a corporate level as part of our sustainability scorecard, with the aim of monitoring our progress. In the previous year, we used this scorecard to classify the allocated business with emission-free mobility and industry as the indicator that comprises all economic activities to be disclosed for Continental as Taxonomy-eligible with respect to the environmental target of climate change mitigation in accordance with the EU Taxonomy Regulation. It consisted of allocated business with zero-tailpipe-emission vehicles and allocated low-carbon business beyond business with zero-tailpipe-emission vehicles. This business was therefore classified under category 3.6 ("Manufacture of other low-carbon technologies") of the Delegated Regulation for Climate Change Mitigation (EU 2021/2139, Annex I) in the previous year, since at the time no general regulations or specific upstream economic activities were provided for. The introduction of category 3.18 ("Manufacture of automotive and mobility components") and category 3.19 ("Manufacture of rail rolling stock constituents") coupled with the updated approach to the activity of tire manufacturing resulted in the reclassification of various Continental economic activities reported as Taxonomy-eligible in the reporting year compared with 2022, as well as a significant increase in sales, capital expenditure and operating expenditure.

In the reporting year, we allocated all economic activities involved in the manufacture of automotive and mobility systems and components for road vehicles – with the exception of tires, but also extending beyond components for zero-tailpipe-emission vehicles – to category 3.18. Continental is of the opinion that the manufacture of all components, irrespective of the drive system, is Taxonomy-eligible for all vehicles belonging to the vehicle classes listed in the category. This classification is based on the fact that, from Continental's perspective, the activity designation does not entail any restrictions in terms of components, for example in relation to function or drive system, and the corresponding components, parts and systems are intended for use in road vehicles. The unclearly defined qualification characteristic (criterion) of activity 3.18 – essential contribution to environmental performance – is, in Continental's view, part of the assessment of Taxonomy alignment and not Taxonomy eligibility. Alternative interpretations were examined but they were found to be unsuitable by Continental.

We allocated all economic activities involved in the manufacture of rail rolling stock constituents to category 3.19. This classification is based in particular on the fact that, from Continental's perspective, the reference to activity 3.3 does not impose any restrictions on components in relation to the function or drive system of rail vehicles for which the components are manufactured, provided that the components and systems are necessary for the operation and functioning of rail vehicles. Furthermore, the activity designation does not entail any restrictions on components, for example in relation to function or drive system.

In contrast to the previous year, in the reporting year all activities involved in tire manufacturing were classified as Taxonomy-eligible under category 3.6. In Recital 10 of Delegated Regulation 2023/2485 (amending Delegated Regulation 2021/2139), the Commission made it clear that tire manufacturing has the potential to reduce greenhouse gas emissions in the transport sector and can contribute to a more circular economy. Until specific technical assessment criteria are defined for this activity, tire manufacturing shall remain a Taxonomy-eligible activity under category 3.6 ("Manufacture of other low-carbon technologies"). It is Continental's opinion that this clarification for the purposes of Taxonomy eligibility refers to the manufacture of tires of all kinds, without any restrictions in terms of specific properties, label classes or drive system technologies. Based on this clarification, Continental has amended its approach compared with the previous year and now allocates the manufacture of tires of all kinds, without any restrictions in terms of specific properties, label classes or drive system technologies, to category 3.6. Alternative interpretations were also examined here but they were found to be unsuitable by Continental, particularly with regard to Recital 10.

In addition, various Continental industrial businesses will continue to be reported as Taxonomy-eligible, as they were in the previous year. In the reporting year, these primarily comprised the manufacture of components for wind turbines and the manufacture of materials for industrial plant insulation. Continental still allocates these businesses to category 3.6 ("Manufacture of other low-carbon technologies"), since the economic activities pursue substantial reductions and therefore make significant contributions to the expansion of renewable energies and energy saving, for example through insulation in industrial plants. For these classifications as well, Continental believes it is irrelevant which functions are fulfilled by the supplier technologies in the end products, as long as the end product facilitates the goals set out in Art. 10 (1) of the Taxonomy Regulation.

The activities mentioned are not identified as Taxonomy-eligible under Annex II to the Climate Delegated Act (climate change adaptation).

All other economic activities of the Continental Group that are not included in the aforementioned economic activities have been classified as Taxonomy-non-eligible for the reporting year. Accordingly, Continental currently has not allocated any economic activities to the other environmental objectives under Annex I: Sustainable use and protection of water and marine resources, Annex II: Transition to a circular economy, Annex III: Pollution prevention and control or Annex IV: Protection and restoration of biodiversity and ecosystems.

We base the classification on the information publicly available at the time the report was prepared.

Taxonomy-eligible turnover

The information on turnover is prepared in accordance with section 1.1.1 of Annex 1 to the Delegated Regulation on Disclosure Obligations (2021/2178) and in compliance with IFRS accounting regulations (see tables at the end of this non-financial statement). The method of determination selected by Continental ensures that double counting is avoided.

The described first-time classification of all tire manufacturing activities as Taxonomy-eligible under category 3.6 and the first-time classification of all other economic activities involved in the manufacture of automotive and mobility systems and components for road vehicles as Taxonomy-eligible under category 3.18 resulted in a significant increase in Taxonomy-eligible turnover in the reporting year. Added to this was the first-time classification of other economic activities involved in the manufacture of rail rolling stock constituents as Taxonomy-eligible under category 3.19. In addition, various Continental industrial businesses were reported as Taxonomy-eligible under category 3.6, as they were in the previous year. A total sum of €35.9 billion was reported as Taxonomy-eligible turnover in the reporting year (PY: €2.8 billion), equivalent to 86.6% of total consolidated sales (PY: 7.1%). The breakdown of Taxonomy-eligible turnover by category is shown in the table on page 56.

Information on the Continental Group's total turnover (the denominator of the key figure calculation) can be found in the consolidated statement of income of this annual report under "Sales."

Taxonomy-eligible capital expenditure and operating expenditure

Taxonomy-eligible capital expenditure and operating expenditure have been recorded in accordance with the Delegated Regulation on Disclosure Obligations (2021/2178) and taking into account the clarifications made by the European Commission in October 2022.

The figures for Taxonomy-eligible capital expenditure and operating expenditure under category a are allocations based on the proportion of Taxonomy-eligible turnover. For reasons connected to the business model, the equipment, machinery and buildings of the Continental Group are thus used both for Taxonomy-eligible activities and for other activities. This applies both to capital expenditure and operating expenditure for assets or processes associated with Taxonomy-eligible activities (category a).

The allocation takes place at group sector level, and not according to the individual locations, in order to avoid double counting, take into account internal business and consolidation effects and reflect the Continental Group's matrix structure. This allocation of turnover thus reflects the distribution of Continental's production. The Platform on Sustainable Finance also recommends such an approach to allocation in its report to the Commission dated October 2022. This states, for enabling activities, that capital expenditure and operating expenditure should be reported on the basis of their proportion of turnover, provided the activities are Taxonomy-eligible and that they not do not include activities that are Taxonomy-non-eligible.

The expanded interpretation of economic activities classified as Taxonomy-eligible in the reporting year likewise led to a significant increase in Taxonomy-eligible capital expenditure. A total sum of

€2,140.9 million was reported as Taxonomy-eligible capital expenditure in the reporting year (PY: €183.1 million), equivalent to 87.9% of total capital expenditure (PY: 7.5%). The breakdown of Taxonomy-eligible capital expenditure by category is shown in the table on page 57.

The information on capital expenditure is prepared in accordance with section 1.1.2 of Annex 1 to the Delegated Regulation on Disclosure Obligations (2021/2178) in compliance with IFRS accounting regulations. Information on the Continental Group's total capital expenditure can be found in the notes to the consolidated financial statements in the segment reporting (Note 1) of this annual report. The information refers to capital expenditure in the intangible assets (Note 13), property, plant and equipment (Note 14), leases (Note 15) and investment property (Note 16) presented in the notes to the consolidated financial statements.

Operating expenditure is defined in accordance with section 1.1.3 of Annex 1 to the Delegated Regulation on Disclosure Obligations (2021/2178) and has been calculated on an imputed basis as described above. For the denominator of the key figure calculation for operating expenditure, Continental takes into account direct, non-capitalized costs incurred in the reporting year as a result of research and development (net), building renovation measures, short-term leasing, and maintenance and repairs.

The expanded interpretation of economic activities classified as Taxonomy-eligible in the reporting year likewise led to a significant increase in Taxonomy-eligible operating expenditure. A total sum of €3,571.9 million was reported as Taxonomy-eligible operating expenditure in the reporting year (PY: €220.1 million), equivalent to 90.5% of total operating expenditure (PY: 6.1%). The breakdown of Taxonomy-eligible operating expenditure by category is shown in the table on page 58.

When determining the Taxonomy-eligible capital expenditure and operating expenditure, for reasons of materiality the decision was made to forgo separate reporting of investments in individual measures and the acquisition of products from Taxonomy-eligible economic activities under category c, as well as reporting of the resulting operating expenditure in the reporting year.

Continental notes that, from its perspective, various interpretations with respect to the requirements concerning capital expenditure and operating expenditure, particularly for category c and for operating expenditure more generally, continue to result in uncertainty when determining Taxonomy-related information.

Taxonomy-aligned economic activities
As in the previous year, Continental did not report any economic activities as being Taxonomy-aligned.

For all economic activities that are reported under category 3.6, specific comparative life-cycle assessments are required in order to also report these as being Taxonomy-aligned. These must demonstrate substantial savings to life-cycle emissions compared with the highest-performing alternative technology or solution available on the market or the highest-performing alternative product available on the market. External verification of the life-cycle assessments must also take place in accordance with predefined standards. A simplified life-cycle consideration, as called for by the Taxonomy Regulation (2020/852) itself, is no longer sufficient in accordance with the Delegated Regulation for Climate Change Mitigation (2021/2139) for category 3.6. Continental did not have the corresponding life-cycle assessments at its disposal in the reporting year, meaning it is currently not possible to allocate Taxonomy-aligned economic activities. For this reason, the "Do No Significant Harm" (DNSH) criteria and the minimum protection requirements along the value chain were not assessed according to specific economic activities.

It was not yet mandatory in the reporting year to report Taxonomy-aligned economic activities if the economic activities are reported according to the categories 3.18 and 3.19 which have been newly integrated into the Climate Delegated Act.

Since Continental does not currently report any activities as Taxonomy-aligned, no Taxonomy-aligned capital expenditure or operating expenditure according to categories a and b has been reported. Since no Taxonomy-eligible capital expenditure or operating expenditure under category c was identified, no Taxonomy-aligned capital expenditure or operating expenditure under category c has been reported.

Information to be disclosed in accordance with the EU Taxonomy Regulation
For the following overviews of Taxonomy information, it should be noted that these were prepared in accordance with the guidelines for the templates in Annex 2 to the Delegated Regulation on Disclosure Obligations (2021/2178).

Given the uncertainties and interpretations of the Taxonomy Regulation, this restriction is relevant since it means, for example, that the designations as environmentally sustainable or non-environmentally sustainable activities only relate to the assessment as per the EU Taxonomy Regulation and not more generally.

Continental has no economic activities according to the complementary Delegated Regulation for Gas and Nuclear Activities (2022/1214) and therefore does not provide the specific templates.

Templates in Accordance with the EU Taxonomy Regulation

Proportion of turnover from products or services associated with Taxonomy-eligible and Taxonomy-aligned economic activities – disclosure covering 2023

Financial year	2023			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities	**Code[1]**	**Turnover**	**Proportion of turnover, 2023**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular economy**	**Biodiversity**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular economy**	**Biodiversity**	**Minimum safeguards**	**Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, 2022**	**Category enabling activity**	**Category transitional activity**
		€ millions	%	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**0.0**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**0.0%**		
of which enabling		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%								0.0%		
of which transitional		0.0	0.0%	0.0%													0.0%		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of other low-carbon technologies	CCM 3.6	11,996.4	29.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								7.1%		
Manufacture of automotive and mobility components	CCM 3.18	23,802.7	57.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n. a.		
Manufacture of rail rolling stock constituents	CCM 3.19	67.3	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n. a.		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		**35,866.4**	**86.6%**	**100.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**7.1%**		
A. Turnover of Taxonomy-eligible activities (A.1.+A.2.)		**35,866.4**	**86.6%**	**100.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**7.1%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		**5,554.1**	**13.4%**																
TOTAL (A + B)		**41,420.5**	**100.0%**																

The tables listed here are the "templates for KPIs of non-financial undertakings" as required by Annex V of Delegated Regulation 2023/2486 of the EU Commission of June 27, 2023. For the sake of simplicity, Continental uses the following terms synonymously outside of these tables: "economic activities" and "business activities", "environmentally sustainable activities (Taxonomy-aligned)" and "Taxonomy-aligned economic activities", "Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)" and "Taxonomy-eligible economic activities".

1 The code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant annex covering the objective, i.e. here: climate change mitigation (CCM).

2 EL: Taxonomy-eligible activity for the relevant environmental objective; N/EL: Taxonomy-non-eligible activity for the relevant environmental objective.

Proportion of capital expenditure for products or services associated with Taxonomy-eligible and Taxonomy-aligned economic activities – disclosure covering 2023

Financial year	2023			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities	Code[1]	CapEx	Proportion of CapEx, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx 2022	Category enabling activity	Category transitional activity
		€ millions	%	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**0.0**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**0.0%**		
of which enabling		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%								0.0%		
of which transitional		0.0	0.0%	0.0%													0.0%		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of low-carbon technologies for transport	CCM 3.3	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Manufacture of other low-carbon technologies	CCM 3.6	834.7	34.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								7.1%		
Manufacture of automotive and mobility components	CCM 3.18	1,304.1	53.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n. a.		
Manufacture of rail rolling stock constituents	CCM 3.19	2.1	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n. a.		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.3%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		**2,140.9**	**87.9%**	**100.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**7.5%**		
A. CapEx of Taxonomy-eligible activities (A.1.+A.2.)		**2,140.9**	**87.9%**	**100.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**7.5%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities (B)		**296.0**	**12.1%**																
TOTAL (A + B)		**2,436.9**	**100.0%**																

The tables listed here are the "templates for KPIs of non-financial undertakings" as required by Annex V of Delegated Regulation 2023/2486 of the EU Commission of June 27, 2023. For the sake of simplicity, Continental uses the following terms synonymously outside of these tables: "economic activities" and "business activities", "environmentally sustainable activities (Taxonomy-aligned)" and "Taxonomy-aligned economic activities", "Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)" and "Taxonomy-eligible economic activities".

1 The code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant annex covering the objective, i.e. here: climate change mitigation (CCM).

2 EL: Taxonomy-eligible activity for the relevant environmental objective; N/EL: Taxonomy-non-eligible activity for the relevant environmental objective.

Proportion of operating expenditure for products or services associated with Taxonomy-eligible and Taxonomy-aligned economic activities – disclosure covering 2023

Financial year	2023			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities	**Code[1]**	**OpEx**	**Proportion of OpEx, 2023**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular economy**	**Biodiversity**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular economy**	**Biodiversity**	**Minimum safeguards**	**Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx 2022**	**Category enabling activity**	**Category transitional activity**
		€ millions	%	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities Taxonomy-aligned) (A.1.)		**0.0**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**0.0%**		
of which enabling		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%								0.0%		
of which transitional		0.0	0.0%	0.0%													0.0%		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of low-carbon technologies for transport	CCM 3.3	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Manufacture of other low-carbon technologies	CCM 3.6	774.5	19.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								6.1%		
Manufacture of automotive and mobility components	CCM 3.18	2,793.9	70.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n. a.		
Manufacture of rail rolling stock constituents	CCM 3.19	3.5	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n. a.		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		**3,571.9**	**90.5%**	**100.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**6.1%**		
A. OpEx of Taxonomy-eligible activities (A.1.+A.2.)		**3,571.9**	**90.5%**	**100.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**6.1%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities (B)		**374.1**	**9.5%**																
TOTAL (A + B)		**3,946.0**	**100.0%**																

The tables listed here are the "templates for KPIs of non-financial undertakings" as required by Annex V of Delegated Regulation 2023/2486 of the EU Commission of June 27, 2023. For the sake of simplicity, Continental uses the following terms synonymously outside of these tables: "economic activities" and "business activities", "environmentally sustainable activities (Taxonomy-aligned)" and "Taxonomy-aligned economic activities", "Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)" and "Taxonomy-eligible economic activities".

1 The code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant annex covering the objective, i.e. here: climate change mitigation (CCM).

2 EL: Taxonomy-eligible activity for the relevant environmental objective; N/EL: Taxonomy-non-eligible activity for the relevant environmental objective.

Performance Indicator Index

The following table summarizes the key sustainability reporting indicators listed in this Integrated Sustainability Report. A complete overview of all financial indicators has been omitted.

Sustainability Topic Area / Performance Indicator	**2023**	2022	Comment (page reference)
Carbon Neutrality			
Total own CO_2 emissions (Scopes 1 and 2) in millions of metric tons of CO_2	0.89	0.99	18
Direct CO_2 emissions (Scope 1) in millions of metric tons of CO_2	0.69	0.76	18
Indirect CO_2 emissions (Scope 2) in millions of metric tons of CO_2	0.21	0.23	18
Calculated indirect CO_2 emissions (Scope 3) along the value chain in millions of metric tons of CO_2	102.73	105.95	20
Category 1: indirect CO_2 emissions (Scope 3) in millions of metric tons of CO_2 – Purchased goods and services	14.48	15.01	20
Category 2: indirect CO_2 emissions (Scope 3) in millions of metric tons of CO_2 – Capital goods	0.74	0.87	20
Category 3: indirect CO_2 emissions (Scope 3) in millions of metric tons of CO_2 – Fuel- and energy related activities (not included in Scopes 1 and 2)	0.46	0.63	20
Category 4: indirect CO_2 emissions (Scope 3) in millions of metric tons of CO_2 – Upstream transportation and distribution	0.88	1.00	20
Category 5: indirect CO_2 emissions (Scope 3) in millions of metric tons of CO_2 – Waste generated in operations	0.04	0.04	20
Category 6: indirect CO_2 emissions (Scope 3) in millions of metric tons of CO_2 – Business Travel	0.07	0.05	20
Category 7: indirect CO_2 emissions (Scope 3) in millions of metric tons of CO_2 – Employee commuting	0.22	0.17	20
Category 8: indirect CO_2 emissions (Scope 3) in millions of metric tons of CO_2 – Upstream leased assets	0.10	0.07	20
Category 9: indirect CO_2 emissions (Scope 3) in millions of metric tons of CO_2 – Downstream transportation and distribution	0.42	0.45	20
Category 10: indirect CO_2 emissions (Scope 3) in millions of metric tons of CO_2 – Processing of sold products	0.07	1.31	20
Category 11: indirect CO_2 emissions (Scope 3) in millions of metric tons of CO_2 – Use of sold products	80.71	81.92	20
Category 12: indirect CO_2 emissions (Scope 3) in millions of metric tons of CO_2 – End-of-life treatment of sold products	4.49	4.36	20
Category 13: indirect CO_2 emissions (Scope 3) in millions of metric tons of CO_2 – Downstream leased assets	0.01	0.01	20
Category 14: indirect CO_2 emissions (Scope 3) in millions of metric tons of CO_2 – Franchises	0.02	0.04	20
Category 15: indirect CO_2 emissions (Scope 3) in millions of metric tons of CO_2 – Investments	0.02	0.03	20
Calculated carbon footprint (Scopes 1, 2 and 3) in millions of metric tons of CO_2	103.62	106.94	23
Calculated customer and product use-related CO2 emissions in millions of metric tons of CO_2	81.24	83.75	23
Calculated gross CO_2-backpack of Continental businesses in millions of metric tons of CO_2	22.38	23.19	23
Use of negative CO_2 emissions (CO_2 removals) in millions of metric tons of CO_2	0.00	0.03	23
Calculated net CO_2-backpack of Continental businesses in millions of metric tons of CO_2	22.38	23.17	23
Emission-free Mobility and Industries			
Allocated business with zero-tailpipe-emission vehicles (ZTEV) in millions of euros	2,244	1,657	24
Circular Economy			
Waste for recovery quota in %	87	85	26
Responsible Value Chain			
Number of available, valid supplier self-assessment questionnaires (as at Dec. 31)	1,291	1,009	29
Completion rate for supplier self-assessments in %	71	63	29
Innovation and Digitalization			
Research and development expenses (net) in millions of euros	2,896.0	2,762.9	34
Research and development expenses (net) in % of sales	7.0	7.0	34

Sustainability Topic Area / Performance Indicator	**2023**	2022	Comment (page reference)
Green and Safe Factories			
Environmental management system certifications (ISO 14001) – Employee coverage (as at Dec. 31) in %	76	76	38
Energy management system certifications (ISO 50001) – Employee coverage (as at Dec. 31) in %	43	40	38
Occupational safety and health management system certifications (ISO 45001 or similar) – Employee coverage (as at Dec. 31) in %	64	62	38
Accident rate (number of accidents per million working hours)	2	2.5	39
Energy consumption in TWh	8.3	8.6	39
Energy consumption – Electricity in %	49.7	48.9	39
Energy consumption – Natural gas in %	35.6	36.2	39
Energy consumption – Steam in %	9.5	10.0	39
Energy consumption – Coal in %	1.0	1.8	39
Energy consumption – Heating oil in %	0.8	0.9	39
Energy consumption – Other energy sources in %	3.4	2.2	39
Energy consumption – Non-renewable in TWh	4.1	4.5	39
Energy consumption – Renewable in TWh	4.2	4.1	39
Energy consumption in MWh / Group sales in millions of euros	200.3	218.5	39
Water withdrawal in million m3	15.2	15.7	39
Water withdrawal – Drinking water in %	50.7	47.9	39
Water withdrawal – Groundwater in %	30.8	33.3	39
Water withdrawal – Surface water in %	16.2	16.7	39
Water withdrawal – Industrial water in %	2.2	2.1	39
Water withdrawal in million m3 / Group sales in millions of euros	367.7	397.6	39
Waste generation in metric tons	446,776	401,316	39
Waste – Non-hazardous in %	92.0	91.3	39
Waste – Hazardous in %	8.0	8.7	39
Waste generation in metric tons / Group sales in millions of euros	10.8	10.2	39
Good Working Conditions			
Total employees – Headcount	202,763	199,038	60
Employees – Germany in %	22	23	60
Employees – Europe excl. Germany in %	34	34	60
Employees – North America in %	19	19	60
Employees – Asia-Pacific in %	20	20	60
Employees – Other countries in %	4	4	60
OUR BASICS Live Sustainable Engagement index in %	81	80	60
OUR BASICS Live Survey - return rate	77	75	60
Sickness rate in %	3.2	3.7	60
Unforced fluctuation rate in %	6.0	7.8	60
Unforced fluctuation rate – Germany in %	3.0	3.8	60
Unforced fluctuation rate – Europe excl. Germany in %	6.2	8.4	60
Unforced fluctuation rate – North America in %	8.4	11.2	60
Unforced fluctuation rate – Asia-Pacific in %	6.9	9.2	60
Unforced fluctuation rate – Other countries in %	4.5	4.4	60
Employees with part-time contracts in %	2.6	3.0	77
Employees with full-time contracts in %	97.4	97.0	77
Employees with part-time contracts – Female in %	6.1	6.2	77
Employees with part-time contracts – Male in %	1.5	1.8	77
Employees with permanent contracts in %	87.2	86.3	77

Sustainability Topic Area / Performance Indicator	**2023**	2022	Comment (page reference)
Employees with fixed-term contracts in %	12.8	13.7	78
Employees with fixed-term contracts – Female in %	11.8	14.4	78
Employees with fixed-term contracts – Male in %	9.9	10.9	78
Employees with fixed-term contracts – Germany in %	7.7	8.7	78
Employees with fixed-term contracts – Europe excl. Germany in %	10.7	13.0	78
Employees with fixed-term contracts – North America in %	2.2	4.2	78
Employees with fixed-term contracts – Asia-Pacific in %	33.2	29.2	78
Employees with fixed-term contracts – Other countries in %	4.9	15.2	78
Employees with leasing contract	9,406	10,311	78
Benchmark in Quality			
Quality management system certifications (ISO 9001 or similar) – Employee coverage quota (as at Dec. 31) in %	85	83	79
New field quality events (as at Dec. 31)	29	30	79
Sustainable Management Practice			
Gender diversity – share of female executives and senior executives (as at Dec. 31) in %	19.9	19.1	81
of which share of female executives and senior executives excluding the USA (as at Dec. 31) in %	19.8	18.8	81
OUR BASICS Live Integrity Perception Index in %	81	n.a.	81
Share of female employees (as at Dec. 31) in %	27.3	26.7	91
Employees who completed e-learning on Code of Conduct (number)	10,822	11,716	92
Participants in e-learning on anti-corruption, antitrust (number)	21,180	23,780	92
Participants in classroom training on anti-corruption, antimoney laundering and antitrust (number)	5,934	5,069	92
Information in Accordance with the EU Taxonomy Regulation			
Proportion of Taxonomy-eligible turnover in %	86.6	7.1	118
Proportion of Taxonomy-non-eligible turnover in %	13.4	92.9	118
Proportion of Taxonomy-eligible capex in %	87.9	7.5	119
Proportion of Taxonomy-non-eligible capex in %	12.1	92.5	119
Proportion of Taxonomy-eligible opex in %	90.5	6.1	119
Proportion of Taxonomy-non-eligible opex in %	9.5	93.9	119

GRI Index

Statement of use	Continental AG has reported the information cited in this GRI content index for this reporting period with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION (page reference)
GRI 2: General Disclosures 2021	2-1 Organizational details	8
	2-2 Entities included in the organization's sustainability reporting	6
	2-3 Reporting period, frequency and contact point	6
	2-4 Restatements of information	6
	2-5 External assurance	6
	2-6 Activities, value chain and other business relationships	8
	2-7 Employees	8
	2-8 Workers who are not employees	78
	2-9 Governance structure and composition	15, 82
	2-10 Nomination and selection of the highest governance body	82
	2-14 Role of the highest governance body in sustainability reporting	82
	2-19 Remuneration policies	93
	2-20 Process to determine remuneration	93
	2-21 Annual total compensation ratio	93
	2-22 Statement on sustainable development strategy	5, 15
	2-23 Policy commitments	15
	2-24 Embedding policy commitments	28, 81
	2-26 Mechanisms for seeking advice and raising concerns	28, 103
	2-27 Compliance with laws and regulations	81
	2-28 Membership associations	135
	2-29 Approach to stakeholder engagement	15
	2-30 Collective bargaining agreements	77
GRI 3: Material Topics 2021	3-1 Process to determine material topics	6
	3-2 List of material topics	6
	3-3 Management of material topics	15
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	41
	201-2 Financial implications and other risks and opportunities due to climate change	12, 15, 19
	201-3 Defined benefit plan obligations and other retirement plans	61
	201-4 Financial assistance received from government	59

GRI STANDARD	DISCLOSURE	LOCATION (page reference)
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	92
	205-2 Communication and training about anti-corruption policies and procedures	92
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	92
GRI 207: Tax 2019	207-1 Approach to tax	53, 92
	207-2 Tax governance, control, and risk management	53, 92
	207-4 Country-by-country reporting	92
GRI 301: Materials 2016	301-1 Materials used by weight or volume	10
GRI 302: Energy 2016	302-1 Energy consumption within the organization	39, 124
	302-4 Reduction of energy consumption	39
	302-5 Reductions in energy requirements of products and services	18, 24
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	39
	303-3 Water withdrawal	39
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	18
	305-2 Energy indirect (Scope 2) GHG emissions	18
	305-3 Other indirect (Scope 3) GHG emissions	20
	305-5 Reduction of GHG emissions	18
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	40
	306-2 Management of significant waste-related impacts	40
	306-3 Waste generated	40
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	28
	308-2 Negative environmental impacts in the supply chain and actions taken	28
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	60, 77
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	61
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	77
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	39
	403-2 Hazard identification, risk assessment, and incident investigation	38, 60
	403-4 Worker participation, consultation, and communication on occupational health and safety	77
	403-8 Workers covered by an occupational health and safety management system	39
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	60
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	82, 91
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	28
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	28
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	28
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	28
	414-2 Negative social impacts in the supply chain and actions taken	28
GRI 415: Public Policy 2016	415-1 Political contributions	102
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	79

UN Global Compact Index

The following index serves as a reference regarding the principles of the UN Global Compact.

Topic area	Principle	Page reference
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights.	28-32, 38-39, 60, 77
	2. Make sure that they are not complicit in human rights abuses.	28-32, 38-39, 60, 77
Labor	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	29-30, 60, 77-78
	4. The elimination of all forms of forced and compulsory labor.	28-32, 60, 77-78
	5. The effective abolition of child labor.	28-32, 60, 77-78
	6. The elimination of discrimination in respect of employment and occupation.	28-32, 60, 77-78
Environment	7. Businesses should support a precautionary approach to environmental challenges.	17-26, 28-32, 38-39
	8. Undertake initiatives to promote greater environmental responsibility.	17-26, 28-32, 38-39
	9. Encourage the development and diffusion of environmentally friendly technologies.	17-26, 28-32, 38-39
Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	28-32, 81, 92

SDG Index

The following index shows the Continental Group's sustainability activities described in the context of the UN Sustainable Develop-mentGoals (SDGs).

SDG	Page Reference	SDG	Page Reference
1 NO POVERTY	29-31, 102	10 REDUCED INEQUALITIES	60, 90-91, 102
2 ZERO HUNGER	29-31	11 SUSTAINABLE CITIES AND COMMUNITIES	17-23, 24-25, 26-27, 33-37, 41-59, 80, 102
3 GOOD HEALTH AND WELL-BEING	28-32, 38-39, 77-78, 102	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	17-23, 24-25, 26-27, 33-37, 41-59, 80
4 QUALITY EDUCATION	60-76, 90-91, 102	13 CLIMATE ACTION	17-23, 24-25, 38-40
5 GENDER EQUALITY	81, 90-91, 102	14 LIFE BELOW WATER	38-40
6 CLEAN WATER AND SANITATION	38-40	15 LIFE ON LAND	17-23, 24-25, 26-27, 33-37, 38-40, 41-59, 80, 102
7 AFFORDABLE AND CLEAN ENERGY	17-23, 24-25, 38-40	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	28-31, 90-91, 102
8 DECENT WORK AND ECONOMIC GROWTH	29 -31, 41-59, 60	17 PARTNERSHIPS FOR THE GOALS	15, 28-31, 135
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	17-23, 24-25, 26-27, 33-37, 41-59, 80		

TCFD Index

The following index shows the Continental Group's sustainability activities described in the context of the disclosure recommendations for climate reporting by the Task Force on Climate-Related Financial Disclosures (TCFD).

Disclosure	Page reference
Governance: Disclose the organization's governance around climate related risks and opportunities.	
a) Describe the board's oversight of climate-related risks and opportunities. b) Describe management's role in assessing and managing climate-related risks and opportunities.	5, 14, 15, 81, 93 f.
Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and longterm. b) Describe the impact of climaterelated risks and opportunities on the organization's businesses, strategy, and financial planning. c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	5, 14, 15, 17-23, 24-25
Risk Management: Disclose how the organization identifies, assesses, and manages climate-related risks.	
a) Describe the organization's processes for identifying and assessing climate-related risks. b) Describe the organization's processes for managing climate-related risks. c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	5, 14, 15, 17-23, 24-25, 103-116
Metrics and Targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	
a) Disclose the metrics used by the organization to assess climaterelated risks and opportunities in line with its strategy and risk management process. b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	17-23, 24-25

SASB Index

The following index shows the Continental Group's sustainability activities described in the context of the industry-specific reporting standards of the Sustainability Accounting Standards Board (SASB) for automotive suppliers (Automotive Parts).

Diclosure	Description	Page reference
Energy Management		
TR-AP-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	17-23, 38-40
Waste Management		
TR-AP-150a.1	(1) Total amount of waste from manufacturing, (2) percentage hazardous, (3) percentage recycled	26, 38-40
Product Safety		
TR-AP-250a.1	Number of recalls issued, total units recalled	79
Design for Fuel Efficiency		
TR-AP-410a.1	Revenue from products designed to increase fuel efficiency and/or reduce emissions	24-25
Materials Sourcing		
TR-AP-440a.1	Description of the management of risks associated with the use of critical materials	28-32, 39-40
Materials Efficiency		
TR-AP-440b.1	Percentage of products sold that are recyclable	26 (examples)
TR-AP-440b.2	Percentage of input materials from recycled or remanufactured content	26 (examples)
Competitive Behaviour		
TR-AP-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	112-113
Activity Metrics		
TR-AP-000.A	Number of parts produced	n. a.
TR-AP-000.B	Weight of parts produced	n. a.
TR-AP-000.C	Area of manufacturing plants	8

Key Memberships and Participations

	Organisation	Joined
	World Business Council for Sustainable Development (WBCSD)	2005
	Diversity Charter	2008
	Luxembourg Declaration on Workplace Health Promotion in the European Union	2010
	United Nations Global Compact	2012
	Women's Empowerment Principles	2015
	econsense – Forum for Sustainable Development of German Business	2015
	Global Platform for Sustainable Natural Rubber	2018
	RE100	2020
	CEO Water Mandate	2020
	Development and Climate Alliance	2021
	Responsible Business Alliance	2022

Sustainability Indices and Ratings

Continental features in various sustainability indices:

Index	Description
ECPI Sense in sustainability	Continental is listed in various ECPI sustainability indices.
	Continental is a constituent of the FTSE4good Index series.
DAX® 50 ESG	Continental is listed in the DAX 50 ESG.

Continental also performed as follows in the ratings indicated below:

Rating	Year	Description
Corporate ESG Performance Prime Rated by ISS ESG	May 2023	Prime (C+) Scoring A+ to D-
MSCI [1]	September 2023	A Scoring AAA to CCC
SUSTAINALYTICS a Morningstar company	March 2024	17.6 (low risk) Scoring 0 to 40+; no risk to severe risk Auto Components: Rank 87/247 Auto Parts: Rank 75/218 Global Universe: Rank 3053/15977
CDP DISCLOSURE INSIGHT ACTION	February 2024	Climate: Score A Water: Score B Supply chain: Score A Supplier Engagement Leader Board Scoring A to D-
GOLD | Top 5% ecovadis Sustainability Rating MAR 2024	March 2024	Gold Medal Score: 74/100 96th percentile
FTSE4Good	June 2023	ESG Score 3.5 Scoring from 0 to 5 ICB Supersector: Automobiles & Parts Percentile rank: 51
WDi Workforce Disclosure Initiative 2023 RESPONDER	Dezember 2023	Disclosure score: 36%

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Independent Auditor’s Reports

The following table shows the audit opinions of the independent auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hanover (PwC) for the audited contents of this report.

Name of auditor’s report	**Date of the auditor's report**[2]	**Available on the internet at**
Report on the Audit of the Consolidated Financial Statements and the Consolidated Management Report	March 6, 2024	
Auditor’s Report on the Remuneration Report	March 12, 2024	www.continental-sustainability.com/downloads
Independent Practitioner’s Report on a Limited Assurance Engagement on selected Sustainability Information in the Integrated Sustainability Report of Continental AG	April 22, 2024	

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The Future in Motion