



Sustainability Report 2016 and UN Global Compact Communication on Progress

Overview of Key Figures for the Continental Corporation

€ millions	2016	2015	Δ in %
Sales	40,549.5	39,232.0	3.4
EBITDA	6,057.4	6,001.4	0.9
in % of sales	14.9	15.3	
EBIT	4,095.8	4,115.6	-0.5
in % of sales	10.1	10.5	
Net income attributable to the shareholders of the parent	2,802.5	2,727.4	2.8
Earnings per share in €	14.01	13.64	2.8
Adjusted sales ¹	40,261.7	39,232.0	2.6
Adjusted operating result (adjusted EBIT) ²	4,341.2	4,369.0	-0.6
in % of adjusted sales	10.8	11.1	
Free cash flow	1,771.3	1,443.6	22.7
Net indebtedness	2,797.8	3,541.9	-21.0
Gearing ratio in %	19.0	26.8	
Total equity	14,734.8	13,213.9	11.5
Equity ratio in %	40.7	40.2	
Number of employees as at December 31 ³	220,137	207,899	5.9
Dividend per share in €	4.25	3.75	13.3
Share price at year end ⁴ in €	183.70	224.55	-18.2
Share price at year high ⁴ in €	220.10	234.25	
Share price at year low ⁴ in €	158.20	166.60	

¹ Before changes in the scope of consolidation.

² Before amortization of intangible assets from purchase price allocation (PPA), changes in the scope of consolidation, and special effects.

³ Excluding trainees.

⁴ Price quotations of the Continental share in the XETRA system of Deutsche Börse AG.

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Introduction

Dear Readers,

Sustainable management and social responsibility are among our fundamental values. They form the basis of our work, guide our corporate strategy and will take us into the future.

We are convinced that acting sustainably will increase our capacity for innovation and our future viability by opening our company to change and helping identify risks and opportunities at an early stage. We defined a comprehensive sustainability program for this purpose in 2015. In our so-called "Roadmap 2020," we defined goals and concrete measures for our fields of action in the area of sustainability (corporate governance and corporate culture, employees and society, environment, products) that are closely associated with our core business. We are working to create electrified, automated and connected mobility that contributes to clean air and accident-free, comfortable driving.

Each year, more than 1.2 million people die and over 51 million are injured as a result of traffic accidents. Our products, technologies and services help to reduce this enormous number. For example, our advanced driver assistance systems detect the surrounding environment, keep the vehicle in its lane and on the road, monitor the blind spot and brake autonomously or call for help in emergencies.

The battle against carbon dioxide emissions has entered a decisive phase. Today, more than seven billion people require mobility. Drivers spend as much as an entire year of their life in traffic jams. Our technologies help reduce fuel consumption in modern combustion engines by more than 20%. In addition, we are investing heavily in technologies for zero-emission mobility.

In 2050, over two thirds of the almost 10 billion people on the planet will live in major cities, which is also where most of the anticipated two billion vehicles will be found. These vehicles will not only have to meet the specific needs of their users, requiring a high degree of interconnectivity, but will also have to be emission-free. Electric drive systems, in particular, present a solution to this challenge.

Our solutions will save lives and improve the health of people and society, as well as offering a better quality of life, faster progress, better environmental protection and the chance for people to shape their own future.

Continental expressly recognizes the 10 principles of the United Nations Global Compact for Human and Employee Rights, Environmental Protection and Anti-Corruption Measures. This sustainability report describes our progress in the 2016 fiscal year.

Report Profile

For the sixth year, this report provides an overview of the key figures, goals, strategies and activities of Continental Aktiengesellschaft in the area of sustainability. The report is issued annually. The GRI (Global Reporting Initiative) standards were applied in accordance with the "Core" option for the first time in the 2016 fiscal year, which corresponds to the 2016 calendar year.

This sustainability report is aimed at investors, analysts, customers, employees, suppliers, politicians and public authorities, as well as all other stakeholders that have relations with the company and would like to know about the values and principles that define our actions. It also serves as a communication on progress to the United Nations Global Compact.

Continental performed a detailed materiality analysis in 2015 to determine and prioritize the report's content. Information about economic circumstances, as well as facts and figures about the environment and staff subject areas in this report, is based primarily on information from the 2016 Annual Report.

In addition to the parent company, the scope of consolidation also includes 510 (2015: 502) domestic and foreign companies that Continental Aktiengesellschaft incorporates according to the regulations of IFRS 10 or that are classified as joint arrangements or associated companies. Of these, 396 (2015: 386) are fully consolidated and 114 (2015: 116) are accounted for using the equity method.

The number of consolidated companies has increased by a total of eight since the previous year. Seven companies were formed, 13 were acquired and one previously unconsolidated unit was included in consolidation for the first time. Five companies were liquidated, one was deconsolidated and one was sold. In addition, the number of companies consolidated was reduced by six as a result of mergers.

The framework for recording key figures on the workforce covers around 212,000 employees worldwide (2015: 180,000), which equates to a coverage of 97%. If necessary, reformulations deviating from previous reports are included as footnotes.

All relevant environmental performance indicators are recorded corporation-wide in a central reporting tool. The recording methods and data quality are reviewed with limited assurance by an independent auditor.

This sustainability report was approved by Dr. Ariane Reinhart, Member of the Executive Board (Human Relations, Director of Labor Relations, Sustainability) and Chair of the Sustainability Board. The editorial deadline was June 20, 2017. The report is available in English and German.

Company Profile

Structure of the Corporation

The Hanover-based company is made up of the Automotive Group and the Rubber Group. These are in turn divided into a total of five divisions and 29 business units depending on the product or product group.

The Automotive Group is made up of three divisions: Chassis & Safety, Powertrain and Interior. They generate around 60% of consolidated sales. The Rubber Group, which includes the Tires and ContiTech divisions, pools business activities based on rubber and plastic. These two divisions generate around 40% of consolidated sales.

Our team comprises some 220,000 employees worldwide. The corporate culture and values of Continental establish and promote a common understanding of our cooperation, which spans organizational and geographical boundaries.

Our product portfolio includes brake systems, systems and components for drives, chassis and instrumentation, infotainment solutions, vehicle electronics, tires, rubber and non-rubber products and systems for interconnected automobile communications. Below are the important brands for each area:

- > Technical products: ContiTech, Schwingmetall, Benecke-Kaliko, Phoenix, Continental Elite
- > Automotive: Continental, ATE, VDO

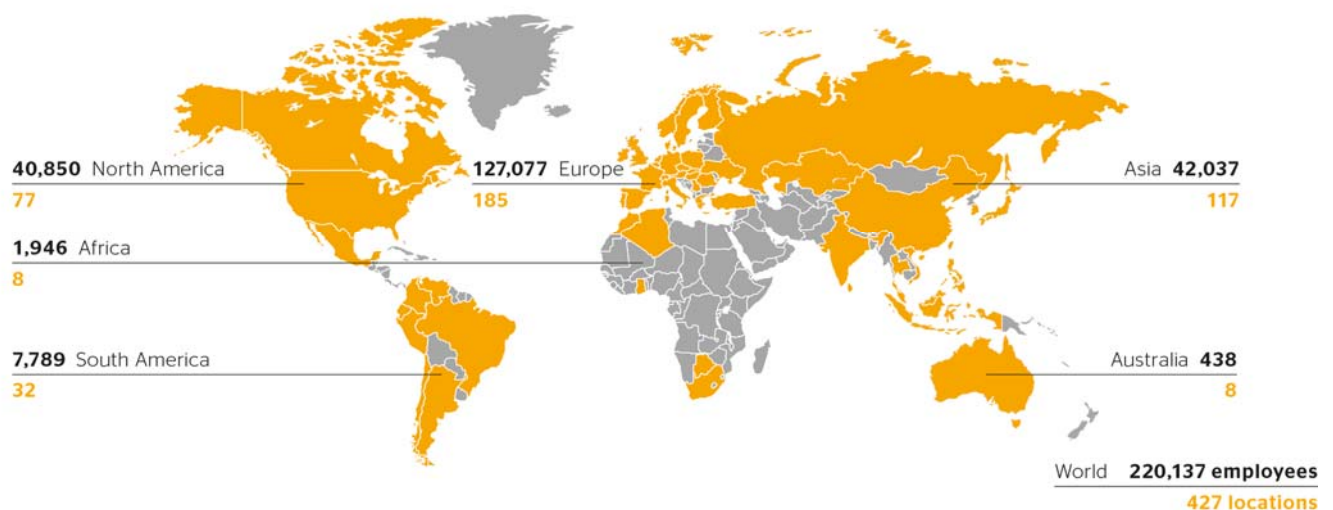
- > Tires: Continental, General Tire, Uniroyal, Semperit, Barum, Gislaved, Mabor, Viking, Matador, Sime Tyres, Euzkadi

Continental operates at 427 locations in 56 countries:

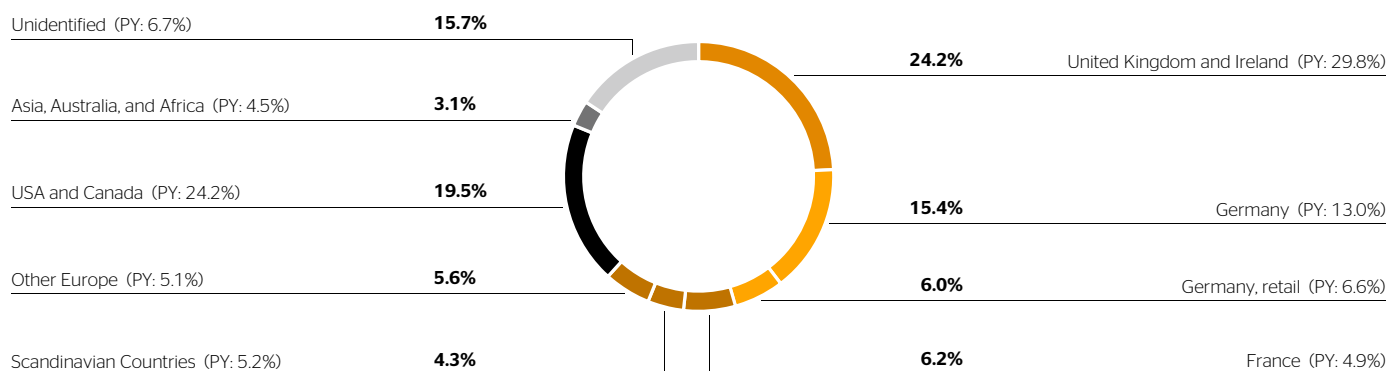
- > Europe: Austria, Belgium, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Kazakhstan, Ireland, the Netherlands, Norway, Poland, Portugal, Romania, Russia, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine, the U.K.
- > North America: Canada, Mexico, the U.S.
- > South America: Argentina, Brazil, Chile, Columbia, Ecuador, Peru, Venezuela
- > Africa: Algeria, Ghana, Botswana, Morocco, the Republic of South Africa
- > Asia: China, India, Indonesia, Japan, Malaysia, the Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand, the United Arab Emirates, Vietnam
- > Australia

Continental is a stock corporation under German law. As of December 31, 2016, 46% of shares were owned by the IHO Group, Herzogenaurach (Germany) and 54% were in free float. Continental AG is listed on the German stock index (DAX).

427 locations in 56 countries



Geographic distribution of free float in 2016



Mission Statement and Corporate Values

Our corporate culture is based on our four values: Trust, Passion To Win, Freedom To Act and For One Another. These values form a basis that helps guide us in the way we interact with customers and business partners, work with one another, and resolve conflicts of interest.

- › Trust: We earn the trust we give. Trust is the basis for everything we do and the prerequisite for our success. We justify the trust that has been placed in us.
- › Passion To Win: We have the passion to win. Competition is our world, top performance is our goal. We want to create value continuously. For this, we give our best.
- › Freedom To Act: Freedom enables us to grow in responsibility. We motivate people to self-organize their work and take responsibility for the results.
- › For One Another: We attain top value with our team spirit as one. We combine our forces and put aside individual interests. In this way, we achieve the greatest possible success for Continental

The most important documents at corporation level are:

- › Code of Conduct: We published a new version of the "Continental Code of Conduct" in 17 languages in September 2012.
- › Corporate Guidelines: Since 1989, our BASICS have been conveying the corporation's vision, values and self-image.
- › Principles of our Corporate Social Responsibility: These provide an overview of our CSR principles.
- › Corporate Governance Principles: Based on the applicable legal provisions, the German Corporate Governance Code and the Corporate Guidelines, these principles provide a detailed description of the corporation's managerial and supervisory tasks and processes.

Memberships

This section lists the majority of the corporation's memberships. Due to the scope of this document, memberships of the individual subsidiaries and locations (for example, memberships in German chambers of industry and commerce or employers' associations) have not been included.

- › Association Connecting Electronics Industries (IPC)
- › Cyber-Sicherheitsrat Deutschland e.V.
[Cyber Security Council Germany]
- › Deutsche Gesellschaft für Personalführung (DGFP) [German Association for Personnel Management]
- › Deutsche Kautschuk-Gesellschaft (DKG) [German Rubber Society]
- › Deutsche Vereinigung für Internationales Steuerrecht
[German Association for International Tax Law]
- › Deutscher Verkehrssicherheitsrat (DVR) [German Road Safety Council]
- › Deutsches Institut für Kautschuktechnologie (DIK) [German Institute of Rubber Technology]
- › European Tyre & Rubber Manufacturers' Association (ETRMA)
- › Forschungsvereinigung Automobiltechnik (FAT)
[Research Association of Automotive Technology]
- › Organisation Werbungtreibende im Markenverband (OWM)
[German Advertisers' Association]
- › Schmalenbach-Gesellschaft für Betriebswirtschaft
[Schmalenbach Society for Business Administration]

- › Stifterverband für die Deutsche Wissenschaft [Donors' Association for German Science]
- › Verband der Automobilindustrie (VDA) [German Association of the Automotive Industry]
- › Verband für Sicherheit, Gesundheit und Umweltschutz bei der Arbeit (VDSI) [German Association for Safety, Health and Environmental Protection at Work]
- › Verein Deutscher Ingenieure (VDI) [Association of German Engineers]
- › Verein zur Förderung des Betrieblichen Brandschutzes Niedersachsen (vfbb) [German Association to Promote Operational Fire Protection in Lower Saxony]
- › Wirtschaftsverband der deutschen Kautschukindustrie (wdk) [Trade Association of the German Rubber Industry]
- › Wissensfabrik – Unternehmen für Deutschland [Knowledge Factory – Companies for Germany]
- › Zentrale zur Bekämpfung unlauteren Wettbewerbs [German Center for Combating Unfair Competition]

In addition, the Continental Corporation is committed to and has signed the following initiatives and declarations of commitment:

- › Women's Empowerment Principles (since 2015): The seven principles offer companies a guideline for promoting a balanced gender ratio and the status of women in the workplace, in the economic process and in society.
- › econsense (since 2015): The Forum for Sustainable Development of German Business e.V. – was established in 2000 on the initiative of the Federation of German Industries e.V. (BDI).

- › The United Nations Global Compact (since 2012): This demonstrates our clear commitment to the Global Compact's 10 principles in the areas of human rights, labor, environment and the fight against corruption.
- › The Luxembourg Declaration on Workplace Health Promotion in the European Union (since 2010): The goal is to promote workplace health management.
- › "Charta der Vielfalt" (German Diversity Charter) (since 2008): The goal is to promote equal opportunities and diversity in the workforce.
- › The European Road Safety Charter (since 2007): The goal is to increase road safety.
- › Continental is a member of a work group of the "Sustainable Natural Rubber Initiative."
- › Since 2009, we have responded annually to the Carbon Disclosure Project's (CDP) extensive questionnaire about our commitment to climate protection.
- › World Business Council for Sustainable Development (since 2005): The aim of this alliance is to promote the role of ecological efficiency, innovation and corporate social responsibility.

In addition, companies of the corporation have signed further (country-)specific codes or declarations of commitment. For example, Continental Reifen Deutschland GmbH has signed the "Gemeinsame Erklärung Erfolgsfaktor Familie" [Joint Declaration on the Family as a Success Factor].

Corporate Governance

Management Approach

Continental uses the Corporate Governance Principles, the Corporate Guidelines (BASICS), our Corporate Social Responsibility Principles and the Code of Conduct as a basis for its continuous fight against corruption and bribery. Together, they form the basis of responsible corporate management and control founded on achievement of a long-term increase in value. The Continental Executive Board is firmly committed to these principles and that of "zero tolerance," particularly with regard to corruption and antitrust violations.

Illegal, unethical and irresponsible actions damage the company and its stakeholders. Our anti-corruption guidelines and related electronic training sessions (eLearning) increase awareness of compliance with the relevant regulations at all levels and serve as guidance in dealing with the issue of gifts and benefits.

A compliance and anti-corruption hotline has been set up to help track down any improper behavior more effectively. In this way, any Continental stakeholder who becomes aware of illegal or dubious activities – such as violations of our basic values or criminal activities – can report such activities effectively and anonymously to the hotline (e.g. in the case of suspected fraud, money laundering or conflicts of interest). Tips received by the compliance and anti-corruption hotline are passed on to Corporate Auditing and the Compliance department for investigation.

In order to operate successfully as a company in our complex business sector and to ensure the effectiveness, efficiency and propriety of accounting and compliance with the relevant legal and sub-legislative regulations, Continental has created a governance system that encompasses all relevant business processes. The governance system comprises the internal control system, the risk management system and the compliance management system.

The risk management system in turn also includes the early risk identification system. The Executive Board is responsible for the governance system, which includes all subsidiaries. The Supervisory Board and its Audit Committee monitor its effectiveness.

Continental has established a compliance management system (CMS) based on a comprehensive analysis of potential compliance risks that can arise from structures and processes, from a specific market situation, or in specific regions. The effectiveness of our compliance management system was reviewed and confirmed in the year under review by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft in accordance with Audit Standard PS 980 of the Institut der Wirtschaftsprüfer e.V.

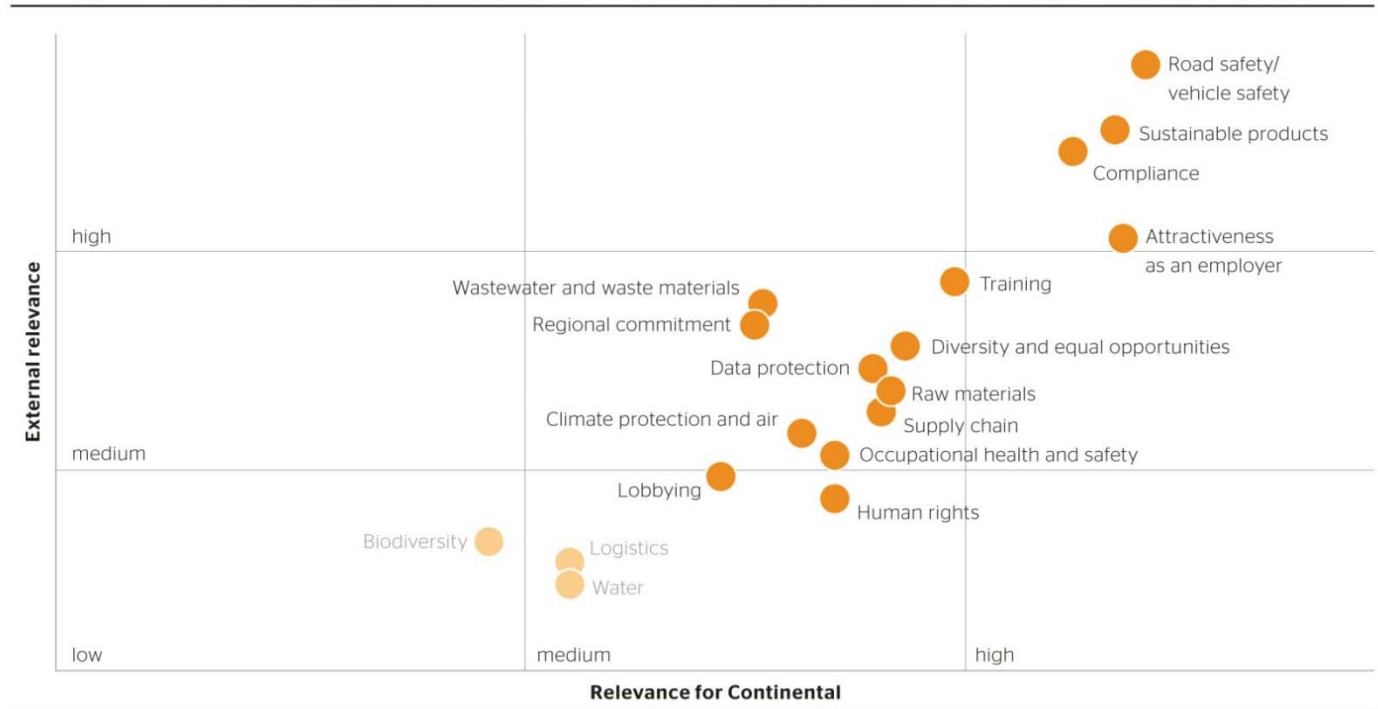
Continental respects the "Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy" of the International Labour Organization (ILO). The principles laid down in this declaration are considered guidelines for multinational enterprises, governments, and employers' and workers' organizations. The fundamental objective of the guidelines is to improve the working and living conditions of people worldwide.

In principle, Continental does not grant any financial support in the form of donations to political parties, political organizations or politicians. The option that our employees in the U.S. have of personally making political donations through a "political action committee" does not contradict this policy.

Strategy and Management

In 2015, Continental worked out the issues that are important for the corporation both for the present and the future in the scope of a multistage analysis. For this purpose, 18 sustainability issues from our four key fields of action were evaluated with respect to their contribution to long-term business success and sustainable development from both an external and an internal perspective.

Materiality matrix



Material issues	Associated GRI aspects	Inside	Outside
Road and vehicle safety	Customer health and safety		X
Sustainable products	Products and services	X	X
	Energy; emissions	X	X
	Identification of products and services		X
Compliance	Compliance (ecological, society, product stewardship)	X	X
	Anti-corruption	X	X
	Anti-competitive behavior		X
	Complaints procedures regarding ecological aspects, work practices, and human rights violations		X
Attractiveness as an employer	Employment	X	X
	Market presence		X
	Employer-employee relationship	X	X
	Job training and continuing education	X	
Wastewater and waste	Wastewater and waste	X	
Regional commitment	Indirect economic performance		X
Diversity and equal opportunities	Diversity and equal opportunities	X	
	Equal pay for women and men	X	
	Market presence	X	
Data protection	Protection of customers' privacy		X
Raw materials	Materials	X	
Supply chain	Procurement: evaluation of suppliers with respect to ecological aspects, work practices, human rights, and social impacts		X
	Rights of indigenous people		X

Climate protection and air	Products and services	X	X
	Energy, emissions	X	X
Occupational health and safety	Occupational safety and health protection	X	
Human rights	Investments, equal treatment, freedom of association, right to collective bargaining, child labor, forced or compulsory labor, verification		X
Lobbying	Politics		X
Water	Water	X	
Biodiversity	Biodiversity		X

The way we strategically embed sustainability in our fields of action is apparent, for example, in human resources work and environmental management. In view of future growth and increasingly short innovation cycles, we need to act now to identify and secure our future personnel requirements. This is why the global Human Relations teams are involved in the product development process at an early stage and work in close collaboration with the business units. In 2015, we completed a pilot project that further increased the level of detail in our planning while also creating a uniform and reliable basis for the procedure for strategic, cross-divisional HR planning. In this project, we simulate firstly the expected development of our current workforce based on factors such as retirements, staff turnover, etc., and secondly the increasing personnel requirements that we will have in order to successfully achieve our business goals. An early comparison allows us to identify both quantitative and qualitative fields of action for the future so that we can build up the required competence in good time. Expertise management helps, for example, to identify how the challenges of digital transformation will affect the requirements for individual employees so that corresponding training measures can be initiated on a preparatory basis in the next step.

Our environmental strategy acts as a substantial booster for our business activities. For example, negative environmental impacts, such as climate change and shortage of raw materials, turn into opportunities for our company, and the resulting product innovations give us a competitive edge. Examples include our complete range of products for reducing CO₂ emissions as well as the development initiatives for systematic lightweight design and use of recycled materials. In the reporting period, Continental generated around €11.6 billion of its consolidated sales with highly energy-efficient products or with products that reduce CO₂ emissions. This is testament to the fact that the clearly defined objectives of our environmental strategy pay off, not only ecologically, but economically, too. The conservation of raw materials and process optimizations reduce costs and strengthen our competitiveness, as product innovations focused on protecting the environment and conserving resources satisfy the ever-more demanding requirements of our customers to an ever-greater degree.

A Corporate Sustainability Council was established to manage sustainability and corporate responsibility. It comprises two members of the Executive Board and representatives from the areas of environment, Human Relations, legal and compliance, corporate safety and health, investor relations, accounting, corporate auditing, corporate accounting, and corporate communications. The council is chaired by the Executive Board member for Human Relations. The Sustainability Board meets four times a year and for relevant occasions. The Environment area is assigned directly to the chairman of the Executive Board.

Sustainability issues are treated in the regular reporting of the Executive Board to the Supervisory Board about ongoing business development and in the annually held strategy meeting of the Supervisory Board. The Audit Committee of the Supervisory Board is closely involved in compliance and risk management.

The Executive Board initiated a project in the year under review to anchor sustainability even more firmly in the organization in the future and optimize existing processes. Concrete recommendations and measures will be defined in 2017 with the participation of all relevant specialist departments and management personnel and will then be rolled out later.

Sustainability Program

We base our performance on both financial and non-financial indicators and criteria. It is crucial that sustainability objectives and measures create value. This is the only way to ensure their acceptance within the company and their credibility outside the company.

In 2015, we developed a consolidated sustainability program and set ourselves goals for 2020 in order to achieve measurable improvement in our four fields of action. Some of these extend until 2025. These goals form our Roadmap 2020. We will report regularly and provide a position statement on how we are attempting to achieve these goals, which projects and measures have already been implemented, and what progress has been achieved.

Field of activity	Goal	Achieved 2016	Deadline
Corporate governance and corporate culture			
Compliance and Supply Chain	Proof of acknowledgment of the Code of Conduct has been provided for 100% of suppliers	Implementation of a standard process (certification Code of Conduct and due diligence)	2020
Compliance and Supply Chain	Regular implementation of e-learning programs	Roll-out of a refresher training course on anti-trust law	Continuous
Compliance and Supply Chain	Regular implementation of classroom training	Risk-based in-person training schedule: gen. compliance, anti-trust law, corruption prevention; 11,681 participants	Continuous
Lobbying	Transparent communication with political positions	Participation by the Chairman of the Executive Board in VDA dialogue series "Mobility of Tomorrow" on the topic of "Digital Ethics"	Continuous
Lobbying	Active participation in sustainability-related standard setting and standardization procedures	Co-Chair of Chairman of the Executive Board for the "Energy, Climate and Resource Efficiency" task force within the scope of the B20 process. Dr. Degenhart represents the whole automotive and automotive supplier industry on this board.	Continuous
Employees and society			2020
Diversity and equal opportunities	Increase the share of female management personnel (senior executives/executives) to at least 16%	12.2% (Executives: 13%, Senior Executives: 5.7%)	2020
Diversity and equal opportunities	50% of jobs in Germany will be non-age-dependent by 2020	Age stability rate of production positions in Germany increased to 45.6% (2015: 41.7%)	2020
Diversity and equal opportunities	Global documentation and improvement of the ergonomic quality of 80% of jobs worldwide	The roll-out was launched in 87 locations. This covers 50% of production employees	2025
Diversity and equal opportunities	Uniform minimum standards for flexible work models worldwide	"Future Work: Flexibility" program to introduce flexible working conditions for 21 countries, in which 90% of workers are employed, was adopted.	2020
Occupational safety and health	Absence rate continuously under 3.5%	Worldwide absence rate in 2016: 4.1%, absence rate worldwide not including Germany 3.0%, planning measures to lower the absence rate for the year 2017 with a focus on Germany	2020
Occupational safety and health	Reduction of accident rate to 2.5 (= number of occupational accidents per million contract work hours)	Accident rate 2.9 (incl. new locations through acquisition)	2020
Attractiveness as an employer	Reduction of worldwide fluctuation to 5%	Fluctuation rate 4.7%	2020
Attractiveness as an employer	Further development of our corporate culture. Improvement of values in all categories of our internal cultural survey	Definition of concrete goals as part of the 2017 survey	Continuous
Job training and continuing education	All employees have had an individual employee development meeting with their manager	65,473 employees (= 96%) of the employees in the system had such a meeting	Continuous
Environment			
Climate protection/air	Reduction of the specific energy consumption and specific CO ₂ emissions by 20% (basis: 2013)	Currently -1.3% in comparison to 2013. Primarily due to initial inclusion of environmental data from a major acquisition, although its sale included in 2015.	2020
Climate protection/air	Reduction of the specific CO ₂ emissions by 20% (basis: 2013)	Currently -1.0% in comparison to 2013. Primarily due to initial inclusion of environmental data from a major acquisition, although its sale included in 2015.	2020
Climate protection/air	Gradual acquisition of Scope 3 emissions	Target achieved, recording completed	2020
Climate protection/air	Coverage of 5% of total energy consumption via renewable energy	Program to achieve goals initiated	2025
Climate protection/air	Reduction of absolute solvent emissions by 20% by 2025 (basis: 2013)	Initiation of programs to reduce solvent emissions	2025
Waste	Increase the waste recycling rate to 95% (basis: 2013)	Currently 79% in comparison to 2013. Primarily due to initial inclusion of environmental data from a major acquisition, although its sales were already included in 2015.	2020
Waste	Reduction of specific waste production by 20% (basis: 2013)	Currently +4.7% in comparison to 2013. Primarily due to initial inclusion of environmental data from a major acquisition, although its sales were already included in 2015.	2020
Water	Reduction of specific water consumption by 20% (basis: 2013)	Currently -1.5% in comparison to 2013. Primarily due to initial inclusion of environmental data from a major acquisition, although its sales were already included in 2015.	2020

Water	Creation of an atlas of water risk regions for Continental	Creation in preparation, results likely available at the end of 2017	2020
Water	Acquisition of water consumption by use (production-specific/sanitary)	Target achieved, water data recording integrated into reporting	2020
Products			
Road and vehicle safety	Reduction in fatalities from accidents in European road traffic, based on measures from "Vision Zero."	Summarized with the following goal regarding road and vehicle safety	2020
Road and vehicle safety	Contribution to the EU target: Reducing the number of fatalities from accidents by 50% from 2010 to 2020 NCAP = New Car Assessment Program	NCAP campaign implemented in additional countries Expansion of Euro NCAP (ENCAP) to cover additional accident scenarios Highly automated driving: worldwide test of the Cruising Chauffeur. Participation in field testing for the Olympic Games in Tokyo 2020	2020
Road and vehicle safety	Provision of system functions for future EU NHTSA legislation and NCAP	All new ENCAP requirements in the area of advanced driver assistance systems reflected on the Chassis & Safety Roadmap through relevant products and system functions.	2020
Road and vehicle safety	Increase in vehicle safety through advanced driver assistance systems	Integrated MK C1 brake system in production. Further shortened stopping distance with emergency brake assist	2020
Raw materials	Develop sustainable materials: serial use of natural rubber made from dandelions (Taraxa gum) >= 2021	Made decision on project outline and location of Taraxagum lab (Hanseatic city of Anklam), funding approval from Ministry of Agriculture available	
Sustainable products	LCAs (life cycle assessments) are available for all defined core product segments	Needs were reviewed, existing LCAs for the core product segments are still up to date, currently no further LCAs necessary	2020
Sustainable products	Share of raw material requirements in tire production covered by recycled materials: 10%	Percentage of recycled materials of raw materials used in tire production 3%, development of technologies necessary to achieve 10% going according to plan	2025
Sustainable products	Contribution to the EU target: 20% reduction in CO ₂ emissions compared to 1990	In 2016, approx. 3 million tons of CO ₂ were saved using Continental components (turbochargers, transmission control units, power electronics, etc.)	2020
Sustainable products	Provision of technologies for reaching the target of 85 g CO ₂ /km with gasoline vehicles (mild hybrid, "Best Car" as reference vehicle)	Presentation of the GTC 2 (Gasoline Technology Car) at the Vienna Motor Symposium with 85g CO ₂ emissions. Further measures are currently being implemented to further reduce CO ₂ emissions	2020
Sustainable products	Contribution to the improvement of air quality through the prevention of particles and nitrogen oxides in gasoline and diesel vehicles	Multiple production start-ups with numerous automotive manufacturers for extensive introduction of SCR systems that will make a decisive contribution to reducing NOx emissions	2020

Stakeholder Dialogue

In the scope of our business activities, we have many points of contact with a very wide variety of stakeholders over the entire value chain. Our stakeholders primarily include our customers, suppliers and partners, our shareholders, society, and our employees. With all stakeholders, we enter into a dialogue marked by fairness and honesty. In order to better understand and meet the requirements of our stakeholders for sustainable corporate governance, we carried out a detailed materiality analysis in 2015. The key concerns of our stakeholders are generally related to sustainable products and especially our contribution to road and vehicle safety. Likewise, our stakeholders have high expectations with respect to legally compliant business practices. See also the materiality analysis on pages 10-11.

The corporation's locations interact with society through a wide range of activities all around the world. One topic that will affect our future in many parts of the company is automated driving. To this end, Continental has created the platform www.2025ad.com to

help advance public debate in this area. The platform gives experts and consumers the opportunity to form and convey their opinions on technical, legal and social aspects of future mobility. In addition, we regularly complete studies on the topic of mobility, including the mobility "The networked truck" study in 2016.

Continental maintains systematic and ongoing dialogue with existing and potential equity and bond investors, analysts and other capital market participants. One point of focus is personal contact with our private shareholders as well as with schools and universities. The Executive Board and Supervisory Board answer questions from shareholders at the Annual Shareholders' Meeting.

Our employees are a key stakeholder group for us. We hold discussions with them regularly, for example through our worldwide surveys. Our employees use these to tell us about their general satisfaction, the quality of management in the company and their opinion of Continental. Participation is voluntary and anonymous.

To facilitate dialogue between the Executive Board and employees, we use worldwide video conferences (three to four times a year), the corporation's internal social network, letters from the Executive Board on the occasion of recent events, the quarterly comments on key financial figures and town hall meetings at our locations.

Co-determination in the workplace is also one element of employee involvement that has a long history at Continental. While employee co-determination is governed by law in Germany, it is guided by local circumstances in other countries. Continental's European locations appoint employee representatives to the European Works Council (EWC), which has existed since 1992 and convenes annually to share experiences with the Executive Board member for Human Relations and the employer representatives for each respective country.

The Executive Board reports to the Supervisory Board on matters regarding (upcoming) operational changes in the corporation, informing the employee representatives at the same time. Continental ensures that employees are informed about major operational changes early on. At the locations and in the business units of Continental AG, employee representatives are elected on the basis of the respective legislation. These representatives likewise inform Continental about changes at an early stage. If changes are implemented within Europe that affect more than one country, the information and consultation procedure is also carried out with the European Works Council early on. We comply with all legal regulations relating to notice periods as well as those governed separately by collective bargaining agreements.

In order to respond as effectively as possible to the needs of future junior employees in its role as an employer, Continental regularly surveys graduates – the annual surveys were introduced in Germany as early as 2004. But we perform regular surveys in countries such as Romania or China too. In 2016, a representative survey of students and experienced employees was completed. Around 1,000 employees aged between 35 and 50 were surveyed about their career expectations in the "Career survey."

Stakeholder	Format
Customers	Reputation survey, open days, trade fairs
Suppliers	Workshops, open days
Stockholders and shareholders	Annual Shareholders' Meeting, annual financial press conference, roadshows, trade fairs
Employees	Employee surveys, webcasts, pulse checks, town hall meetings, work meetings, mentoring programs, breakfast meetings, open days, meetings of top executives, senior executive conferences
Society	Student surveys, mobility studies, open days, trade fairs
Customers	Reputation survey, open days, trade fairs

Furthermore, a reputation analysis was carried out in Japan in the year under review. As part of this, young talents, bloggers and journalists were surveyed about the topics of management and leadership, vision and strategy, products and processes, competitiveness, work environment, sustainability, digitalization, and technology.

Furthermore, Continental maintains an active, open exchange with associations, labor unions and policymakers. We contribute to relevant political issues as well as regulatory and legal processes via our liaison offices in Berlin, Brussels, Beijing and Washington. Continental supports policymakers and legislators in the development of mobility for the future, especially in the areas of safety, the environment, information and affordability. In November 2016, our chairman of the Executive Board, Dr. Elmar Degenhart, was appointed co-chair of the Energy, Climate and Resource Efficiency Taskforce within the scope of the B20 process (Business 20, B20). Dr. Degenhart represented the whole automotive and automotive supplier industry on this board. The B20 group represents 20 of the world's leading industrial and emerging countries also known as the G20. The mission of the B20 is to support the G20 with specific recommended actions, expertise and solutions. Their work focused on formulating concrete recommended measures on behalf of politicians that will help meet the targets of the agreement reached at the 2015 United Nations Climate Change Conference (COP 21) in Paris efficiently and effectively. The spotlight was on the automotive industry, in particular, and its contribution through climate-friendly products and the accelerated expansion of digitalization, as well as the associated efficient driving style of vehicles. The recommendations were officially submitted to the German Chancellor on May 3, 2017 in preparation for the G20 summit on July 7 and 8, 2017 in Hamburg.

Within the task force, Continental is prioritizing a combined approach, which involves extending the worldwide emissions trading system and at the same time investing the money acquired through this in the expansion of broadband technology to improve energy efficiency and reduce emissions.

Through the cross-sector expansion of regenerative energies and the supply infrastructure, the automotive industry has the additional task of maximizing the potential for further CO₂ reductions. Both approaches boost the innovative capabilities and competitiveness of the automotive industry and allow it to develop sustainable and environmentally friendly products.

We are active in various initiatives for issues related to sustainable development. As a participant in the "United Nations Global Compact" and through our cooperation in the Global Compact Network Germany, we support its 10 principles for human rights, labor standards, environmental protection and the fight against corruption. In the World Business Council for Sustainable Development (WBCSD), we work together with other tire manufacturers to jointly address the challenges associated with the production of tires, their use and the recycling of used products. In this context, for example, we work with other tire manufacturers in the Tire Industry Project (TIP), which celebrated its 10th anniversary in 2015, to identify and minimize the health-related and environmental impacts of tires.

We are also an active member of econsense, the Forum for Sustainable Development of German Business, and the international Sustainable Natural Rubber Initiative (SNR-i).

Corporate Governance

In line with the law and the Articles of Incorporation, the Executive Board, the Supervisory Board and the Annual Shareholders' Meeting are the executive bodies of Continental AG. As a German stock corporation, the company has a dual management system characterized by a strict personnel division between the Executive Board (management) and the Supervisory Board (control).

The Executive Board has sole responsibility for managing the company free from instructions from third parties in accordance with the German Stock Corporation Act, the company's Articles of Incorporation and its by-laws, while taking into account the resolutions of the Annual Shareholders' Meeting. Notwithstanding the principle of joint responsibility, whereby all members of the Executive Board share equal responsibility for managing the company, the members of the Executive Board are all responsible for the areas entrusted to them. The chairman 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 had nine members (eight men, one woman) in the 2016 fiscal year.

The five divisions are represented by one member each on the Executive Board. The central units are represented by the chief executive officer, the chief financial officer and the chief human relations officer. One member of the Executive Board is responsible for all business in China. The central units assume the cross-divisional functions necessary for corporate management, including, in particular, Finance and Controlling, Law and Compliance, Sustainability, Environment, and Quality Management.

Continental AG's Supervisory Board has 20 members. In accordance with the Mitbestimmungsgesetz (German Co-determination Act) and the company's Articles of Incorporation, it maintains equal representation of shareholders and employees. The Supervisory Board appoints the Executive Board and supervises and advises it in the management of the company. As specified by applicable law, certain corporate management matters require its approval. It is directly involved in decisions of material importance to the company. The chairman of the Supervisory Board coordinates its work and represents its interests vis-à-vis third parties. He is in regular contact with the Executive Board, and in particular with its chairman, to discuss the company's strategy, development and risk management. The Supervisory Board currently has four committees: the Chairman's Committee, the Audit Committee, the Nomination Committee and the committee formed in line with Section 27 (3) of the MitbestG (Mediation Committee).

Please refer to the "Corporate Governance" chapter starting on page 18 et seqq. of the Annual Report 2016 for additional information.

Remuneration for Executive Board members consists of fixed remuneration, variable remuneration elements, additional benefits and retirement benefits. Each Executive Board member receives fixed annual remuneration paid in 12 monthly installments. After a comprehensive in-house review and discussion, the Supervisory Board specifically resolved to make adjustments to variable compensation elements in 2016, in order to increase direct compensation for the Members of the Executive Board to the average of the compensation range for comparable companies.

The Executive Board members also receive variable remuneration in the form of a performance bonus and a share-based long-term incentive (LTI). The performance bonus is based on a target bonus that the Supervisory Board determines for each Executive Board member for 100% target achievement, and is then calculated in line with the attainment of certain targets relating to the year-on-year change in the Continental Value Contribution (CVC) and the return on capital employed (ROCE). For 2016, the Supervisory Board had set the additional strategic target of attaining a specific free cash flow for the corporation.

In addition to the performance bonus, a special bonus can be agreed upon for special projects in individual cases or a recognition bonus can be granted. However, a recognition or special bonus of this kind together with the performance bonus must not exceed 150% of the target bonus, and it is included in the division into immediate payment and deferral.

The variable remuneration is supplemented by granting an LTI that increases the share of long-term components of variable remuneration on the basis of the target values, and thus further strengthens its focus on the sustainable development of the company.

The Supervisory Board is responsible for defining the remuneration of the Executive Board. The remuneration system for the Executive Board is regularly submitted for approval at the Annual Shareholders' Meeting. In the 2016 fiscal year, the Supervisory Board once again tasked an independent compensation consultant with reviewing the Executive Board remuneration and its structure.

Further information on Executive Board compensation is available in the "Compensation Report" chapter starting on page 23 of the Annual Report 2016.

Remuneration below the Executive Board is defined based on a global remuneration policy.

In 2016, the average personnel expenses per employee amounted to €45,000. The fixed salary of the chairman of the Executive Board was approximately 30 times the arithmetic average of the personnel expenses. For energy and environmental managers and operations managers, part of the variable remuneration is based on the extent to which the company's environmental targets have been attained. For the majority of human relations managers, part of the variable remuneration is calculated on the basis of diversity objectives or the sickness absence rate.

The rules of procedure for the Supervisory Board and Executive Board include regulations for avoiding conflicts of interest and handling such conflicts. In addition, the Corporate Governance Principles of Continental AG also address this issue for the Supervisory Board and Executive Board. In its report to the General Meeting, the Supervisory Board will report on any conflicts of interest that have occurred and the actions taken with respect thereto. No conflicts of interest arose among the members of the Executive Board or the Supervisory Board in the year under review. In the opinion of the Supervisory Board, it always had a sufficient number of independent members during the reporting period. Furthermore, our Code of Conduct – which also addresses the issue of conflicts of interest – is binding for all employees, including the Executive Board.

The Annual Report and the financial reporting system in general report in detail about existing controlling shareholders and relations to associated companies and persons.

Compliance

Compliance management at Continental encompasses measures for complying with legal and official regulations as well as internal directives and codes that we regard as mandatory.

Continental observes the Human Relations policy of the “Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy” of the International Labour Organization (ILO). Among other things, this includes the employees’ right to freedom of association. At Continental, 70% of employees work in countries that are members of the Organisation for Economic Co-operation and Development (OECD) and are expected to comply with the aforementioned principle. In Germany, collective bargaining agreements have been reached for almost 90% of the core workforce.

In addition, we are cosigners of the UN Global Compact, whose principles include the protection of the freedom of association, among other things. Moreover, our Code of Conduct points out that Continental adheres to existing laws and requirements. This also includes ensuring freedom of association and assembly. Our Law and Compliance departments pursue any reports of potential violations.

Our compliance management system (CMS) is based on a comprehensive analysis of potential compliance risks that can arise from structures and processes, from a specific market situation, or in specific regions. In this regard, the results of the regular corporation-wide risk inventory are used, as well as recognized external sources (e.g. Transparency International’s Corruption Perception Index). We see significant corruption risks in the following areas: facilitation payments; advisors/business intermediaries and slush funds; gratuities in business transactions that do not comply with internal requirements, especially with high value hospitality; and kickback scenarios in purchasing and sales.

The standardized corporation-wide risk management system regulates the recording, assessment, documentation and reporting of risks and is integrated into the company’s strategy, planning and budgeting processes. A review of the risk situation is completed

four times per year during meetings of the Governance, Risk & Compliance Committee, as well as four times per year during Executive Board meetings and four times per year during meetings of the Audit Committee of the Supervisory Board.

The Supervisory Board and its Audit Committee are closely involved in compliance and risk management. The Executive Board regularly reports to the Supervisory Board on the work of the Compliance department and the Corporate Audit department, and on significant events.

The highest management and control bodies of the organization are continuously informed about anti-corruption measures and procedures. The head of the Corporate Compliance department reports regularly about this to the Executive Board, as well as every quarter to the Audit Committee of the Supervisory Board and annually at the plenary meeting of the Supervisory Board. The top control body, the Supervisory Board, consists exclusively of non-executive members. For this reason, they are not separately trained by the company in anti-corruption issues.

Please refer to the “Employees” chapter on page 30 for more information about anti-corruption training.

The Executive Board is fully committed to a zero tolerance policy with regard to corruption and antitrust. Corruption-related issues are reviewed in every general audit. For this reason we do not conduct any audits specifically related to this topic. For the year under review, the audit “universe” of Continental AG encompassed 458 audit objects and locations. We completed 53 principle reviews at our locations in relation to upholding human rights in the scope of our audit program.

Compliance-relevant incidents can be reported both internally and externally by means of the Compliance and Anti-Corruption Hotline. Reporting is possible 24 hours a day both by telephone and by e-mail, as well as anonymously and in the respective national language. The employees are informed about the function and purpose of the hotline in the scope of the onboarding process and via the intranet. The Compliance department works together with Corporate Audit to analyze the entries and make decisions about required measures. Moreover, employees can also turn to their superiors, directly to the Compliance department or to local compliance coordinators.

Corporate Audit and the Compliance department follow up on every report. In the year under review, there was a total of 440 such reports, 114 of which were related to the issue of discrimination and harassment or the issue of work practices. A total of 71 complaints were submitted under the heading of anti-corruption/bribery. As of the present time, five of these have been

confirmed and prosecuted by disciplinary measures and a recommendation for termination was issued in one other case. In the year under review, 243 complaints were successfully processed.

No violations of environmental regulations resulting in significant fines occurred in 2016.

There were 37 customer complaints (2015: 148) related, among other issues, to incorrect marketing measures – including, for example, the accidental dispatch of advertising materials to customers of our trading companies. In the year under review, no complaints were submitted by regulatory agencies, nor were there any known incidents related to data leaks, data theft and data loss.

No violations were reported that resulted in significant monetary fines due to non-compliance with laws and regulations related to the provision and use of products and services or in relation to product stewardship, information about or knowledge of products. There were also no reported violations of regulations and voluntary conduct rules.

Economy

Management Approach

Continental is represented at 427 locations in 56 countries. Our business model is characterized by a high degree of localization. A large number of product applications are developed and produced locally. Our development and production teams worldwide enable us to offer solutions and products for high-quality cars and affordable vehicles, as well as customized industrial applications. Our goal is for at least eight out of ten application developments to be achieved locally, and for the share of local production to be just as high.

Responsible business practices include handling risks to the company carefully. To ensure that we do so, Continental has a corporation-wide internal control and risk management system that is used to analyze and manage the risks to the company. We use this risk management system to identify and evaluate developments that could give rise to significant disadvantages for Continental and to avoid risks that would endanger the continued existence of the company.

We are guided by the United Nations "Universal Declaration of Human Rights" in our business activities and our actions. It requires each individual, every organ of society and, by extension, economic agents and businesses, to contribute toward the observation of these rights. This is a primary concern at Continental as well. We are convinced that a commitment to observing human rights and the strengthening of political freedoms encourages a society's economic development, particularly by improving investment opportunities, freedom of movement and educational prospects.

As an international company, we at Continental are committed to actively promoting the observance of human rights where we can. Continental and all of its subsidiaries, including minority interests under management control by a Continental company, are

obligated to honesty and integrity in every respect with regard to their corporate actions toward employees, customers, suppliers, competitors and other stakeholders. This is firmly embedded in our Corporate Social Responsibility Principles and our Supplier Code of Conduct and is reinforced by our participation in the United Nations Global Compact.

Continental is aware that legal and cultural requirements can vary in a global market. We expect all of our suppliers to be guided by fairness, honesty and responsibility in all aspects of their business. Our supplier code establishes important standards that match the Continental corporate values. Every supplier must comply strictly with these standards. We use them to define requirements for good working conditions, then check compliance with these requirements through our on-site audits.

As part of our Corporate Social Responsibility policy, Continental has a series of voluntary initiatives. These include public-private partnerships, with which we take on responsibility for ensuring that human rights are put into practice. We are of the firm opinion that a company and its regional branches can only contribute toward compliance with human rights as a complement to politics, not as a replacement for it.

In addition, Continental participates in the Sustainable Natural Rubber Initiative (SNR-i). This establishes standards and best practices to make the entire value chain for natural rubber more sustainable. In this regard, upholding human rights and promoting humane working conditions constitute one of the six key fields of action.

Added Value

Develop locally, purchase locally (where possible and logical from a global sourcing perspective), manufacture and market locally – this is our approach to business. Quality, material and costs are our key purchase criteria. We use local suppliers if they satisfy these three requirements.

Structure of the Continental Corporation

Continental Corporation				
Sales: €40.5 billion; Employees: 220,137				
Automotive Group			Rubber Group	
Sales: €24.5 billion; Employees: 124,753			Sales: €16.1 billion; Employees: 94,966	
Chassis & Safety Sales: €9.0 billion Employees: 43,907	Powertrain Sales: €7.3 billion Employees: 37,502	Interior Sales: €8.3 billion Employees: 43,344	Tires Sales: €10.7 billion Employees: 52,057	ContiTech Sales: €5.5 billion Employees: 42,909

Sales by region in %	2016	2015
Germany	21	21
Europe excluding Germany	29	28
North America	26	26
Asia	21	20
Other countries	3	5

In the 2015 fiscal year, around 220,000 employees generated sales of €40.5 billion. This is equivalent to a 3.4% increase in sales compared to 2015. Earnings before interest and taxes (EBIT) decreased by €19.9 million or 0.5% to €4.1 billion (2015: €4.1 billion). Investments for research and development rose to €2.8 billion (2015: €2.5 billion). 73% of our sales in 2016 were attributable to automotive manufacturers and 27% to customers from other branches of industry and end users.

Continental uses a wide range of raw materials and semifinished products. The purchasing volume came to roughly €26.3 billion in 2016.

In the Automotive Group, 65% of all suppliers had production located near a Continental production site. It is supplied directly by approx. 2,800 suppliers, which are distributed as follows regionally (share of purchasing volume):

- › Europe 42%
- › Asia 42%
- › North/Central America 15%
- › Other 1%

Most raw materials suppliers for the Rubber Group are global companies due to the unique nature of the business. Local sourcing is therefore not always appropriate for various reasons. We are working to add information on manufacturing locations to our supplier database. We are already able to assign the majority of our raw materials to their production location, so that this can serve as a basis for the following data. Based on the production locations of raw materials, this results in a share of approx. 70% of deliveries within the same region (America, Europe, Asia, other). The share of local deliveries (within the same country) was approx. 27% in the year under review.

Key raw materials for the Rubber Group include synthetic rubber (24%), chemicals (28%), reinforcing materials (25%), natural rubber (15%) and other goods.

The Rubber Group is supplied directly by approx. 1,800 suppliers. They are distributed as follows (share of purchasing volume):

- › Europe 40%
- › Asia 38%

› North/Central America 18%

› Other 5%

Risk Management

The management of the Continental Corporation is geared toward creating added value and ensuring a well-balanced financing structure. This means sustainably increasing the value of each business unit and the corporation as a whole. We evaluate the risks and opportunities that arise responsibly and on an ongoing basis in order to achieve this.

The standardized corporation-wide risk management system regulates the recording, assessment, documentation and reporting of risks and is integrated into the company's strategy, planning and budgeting processes. A review is held four times per year as part of the meetings of the Audit Committee of the Supervisory Board, four times per year during Executive Board meetings, and four times per year during the Compliance and Risk Committee meetings.

The Supervisory Board and its Audit Committee are closely involved in compliance and risk management. In particular, the work of the Compliance department and the Corporate Audit department, as well as reporting on significant events, are regular topics at each Audit Committee meeting. The head of the Compliance department and the head of Corporate Audit are also available to provide information directly to the Audit Committee and its chairman in coordination with the Executive Board, both in and outside of the meetings of the Audit Committee. The head of the Compliance department reports to the plenary session of the Supervisory Board once a year about the work of the Compliance department and significant compliance cases.

The essential risks covered by the risk management system and the corresponding measures resolved by the Executive Board are presented to the Audit Committee. IT system security was once again a subject of discussion in 2016 as well. The Audit Committee declared itself satisfied with the effectiveness of the internal control system, the risk management system and the internal audit system.

The risk management system complies fully with the Corporate Governance Principles of the Continental Corporation and with statutory regulations, and is part and parcel of the annual financial statements audit. In terms of the system for early risk detection, which is part of the risk management system, the auditor of our 2016 consolidated financial statements found that the Executive Board had taken the necessary measures under Section 91 (2) of the German Stock Corporation Act (AktG) and that the company's

system for early risk detection is suitable for identifying developments that pose a risk to the continued existence of the company at an early stage.

The potential environmental risks include:

- › Additional regulations that restrict or limit car traffic as measures aimed at combating global warming. This could lead to a significant decrease in car sales – and consequently adversely affect demand for Continental's products and services.
- › Production cutbacks at locations due to changing (regional) climatic conditions.
- › Bottlenecks in the availability of raw materials.
- › Extreme fluctuations in temperature and natural disasters could result in production downtimes or interruptions in the supply chain.
- › Due to higher oil prices, for example, the behavior of consumers could change more rapidly than industrial development and production can respond.

The potential opportunities include:

- › Shortage of natural resources. Continental relies increasingly on the use of recycling material.
- › Additional legal regulations to reduce CO₂ emissions. We already generate around a third of our sales with products that are designed to reduce CO₂ emissions.
- › New legal regulations to reduce air pollution. For example, the Powertrain division develops and produces efficient injection systems and coolant pumps that reduce fuel consumption (and therefore emissions).
- › Rising energy taxes are increasing the demand for fuel-efficient products. Our Powertrain, Tire and ContiTech divisions orient their research and development activities toward this trend.
- › Introduction of eco-labels for products. With these labels, Continental could advertise its ecologically beneficial products more effectively, thereby setting itself apart from competitors.
- › Hybrid vehicle technology. If this technology gains ground on the market, the demand for the relevant components will rise – Continental is already well-positioned in this future market.

Further information on key risks and opportunities is available in the Annual Report 2016 starting on page 110.

Supplier Management

Continental commissions around 4,600 suppliers for production materials (2,800 in the Automotive Group and 1,800 in the Rubber Group). In 2016, we procured 64% of all production materials from companies headquartered in states belonging to the Organisation for Economic Co-operation and Development (OECD), where problems with respect to human rights and work practices are not expected to occur.

Since 2011, we have required all of our suppliers and service providers to uphold our Supplier Code of Conduct. This Code of Conduct comprises 10 points, one of which is compliance with human rights. Our suppliers promise to observe these principles.

In addition to the commitment of suppliers to comply with the Code of Conduct, production materials suppliers are subject to review prior to initiating a supply relationship. The goal is to review the suppliers on the basis of different criteria with respect to their sustainable "delivery capability." Apart from technological and financial criteria, the suppliers are also evaluated with respect to general corporate issues.

The plant visits completed during the review (2016: Automotive 92, Rubber Group 61) also help to create an impression of the prevailing working conditions. This is integrated into the review if recognizable deficits are ascertained. A supply relationship can be suspended in extreme cases if defined countermeasures do not yield the desired success.

In the reviews we carried out, we did not determine any suspected cases of child labor, forced labor or the violation of indigenous peoples' rights.

Potential negative effects with respect to work practices were found in relation to one supplier in 2015. Corrective measures were agreed with the supplier, and these have now been implemented.

For the Rubber Group, 38 audits were completed in 2016 at our suppliers' production sites. No violations were found. The audits are carried out by experienced and qualified employees and generally last two days. Apart from the satisfaction of quality requirements, the reviews also verify whether the manufacturer meets the requirements of the Supplier Code of Conduct with respect to occupational safety, environmental protection and social responsibility. Apparent violations result in the definition of mandatory corrective actions that are subsequently tracked and documented by the auditor.

In the Environment area, we evaluate new suppliers prior to the placement of an order by means of a questionnaire. These included questions on energy consumption, packaging, workplace hygiene, safety data sheets, environmental certification and contingency management in the plant. We also encourage our suppliers to obtain similar data from their (upstream) suppliers.

Starting in 2017, we will systematically evaluate our suppliers based on sustainability criteria with the help of an independent service provider. Our goal in doing so is to better fulfill our responsibilities and ensure that we are able to comply with our requirements within the worldwide supply chain.

In the scope of our 2020 environmental strategy, the supply chain has the same importance as strategic environmental projects for reducing environmental impacts through our own action. In the supplier area, Continental has set the goal that 100% of strategic suppliers will meet the requirements of ISO 14001 (environmental management) by 2020. In cooperation with the Purchasing and Supplier Development departments, assessments have been developed, firstly to determine the status of the supplier. Then, measures are initiated to achieve our goals in supplier development as necessary.

For the vast majority of suppliers it already has contracts with, Continental regularly assesses the level of certification according to ISO 14001. This information is incorporated in the internal assessment system. About 85% of our suppliers in the Automotive Group and 73% in the Rubber Group were certified according to ISO 14001 in 2016.

With a pilot project for "Sustainability in the Mexican Supply Chain" sponsored by DEG/KfW, we started a cooperation network with local Mexican suppliers in 2015. The goal is to improve the environmental performance of our suppliers by means of the transfer of best practices, individual consulting and training. Moreover, an important project approach is to provide preparation and support for the certification of an environmental management system according to ISO 14001. In 2016, we carried out a total of six on-site training sessions involving our suppliers' employees and environmental experts. Areas of focus for the workshops and advice sessions included reduction of CO₂ emissions, water management, waste prevention and training on the adoption of environmental management systems in accordance with ISO 14001.

We monitor the environmentally friendly production of our suppliers worldwide as part of internal supplier audits. Relevant issues in the scope of these audits include compliance, organization and the provision of resources for EH&S.

Employee Pension Scheme

In addition to the statutory pension scheme, the Continental Corporation offers the majority of its employees pension plans in the form of either general or individual benefit- and contribution-oriented plans. The provisions cover the obligations from defined benefit plans, in particular in Germany, the U.S., Canada and the U.K., as well as Austria, France, Mexico, Italy and Ireland.

Separate pension funds exist to fully or partially finance the company's pension obligations in conjunction with many of the plans. These pension fund assets can only be used to settle pension obligations. The principal funds are in the U.S., the U.K., Canada and Germany in the form of contractual trust arrangements (CTAs). As of December 31, 2016, the defined benefit obligations of all Continental Corporation defined benefit plans amounted to €6,528.7 million. This was offset by separated pension fund assets amounting to €2,684.4 million.

The focus on defined contribution plans lies at the heart of the international pension strategy of Continental, insofar as is possible under the respective country-specific laws. This is an essential precondition for offering both employees and the company a sustainable and transparent pension system. With company subsidies for employee contributions, we support the personal contribution of our employees. We also encourage our employees to pay into a deferred compensation scheme, whereby employees relinquish part of their earned income. Continental then invests this in the company pension scheme.

In addition, Continental offers a long-term account model to management personnel in all affiliated German companies, as well as to all employees who are covered by the collective agreement of the chemical industry in Germany. This model offers both the option of a flexible transition to a retirement pension and the possibility of leave for qualification measures, parental leave and care periods.

Environment

Environmental Policy and Management Approach

Continental established an environmental management system throughout the corporation more than 30 years ago. From the very beginning, the aims have been to minimize the use of resources and to continue reducing environmental pollution. Initially, the environmental management system focused on the production locations and on manufacturing. Today, management – under consideration of environmental aspects – is focused on the identified global megatrends in the automotive industry, which are also the foundation of the corporation's overall strategy. The environmental strategy for 2020 makes up the framework of our environmental management policy and outlines a number of clear objectives, indicators and measures. In 2016, we started updating our environmental strategy for the period up to 2030, aligning ourselves with the United Nations' 17 sustainable development goals (SDGs). The development of our strategy in accordance with the SDGs represents a further step toward global responsibility.

The environmental management system incorporates all levels of the value chain and the complete life cycles of Continental products. As a result, our environmental responsibilities extend from research and development, the purchasing of raw materials and components, logistics and production, to the use and recycling of our products.

Our activities are geared toward continually optimizing the use of resources in relation to business volume. We manufacture products that make an active contribution toward protecting the environment and conserving resources throughout their entire duration of use as well as when they are ultimately recycled.

In manufacturing, we are aiming for a 20% reduction in relation to the adjusted sales volume of energy and water consumption, CO₂ emissions and waste generation by 2020 (base year: 2013). At the same time we are doing our best to increase the recycling rate of industrial waste by 2% each year.

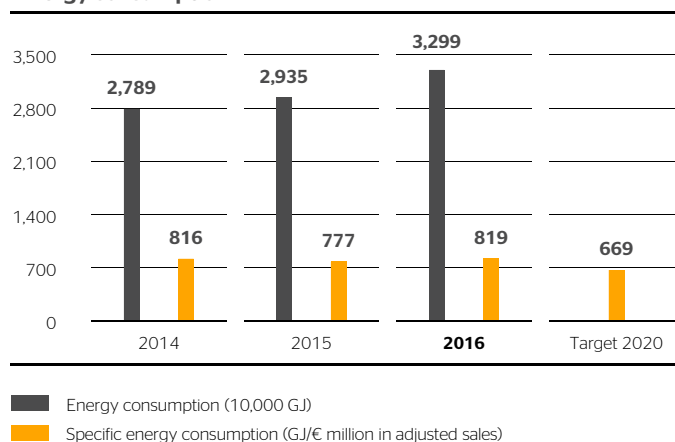
Of our 210 production sites, 189 were certified in accordance with ISO 14001 at the end of 2016.

Continental is working to encourage our suppliers to observe our key environmental principles. Before new suppliers are commissioned, for example, a supplier assessment is conducted using a questionnaire. Questions are asked on topics such as energy consumption, product packaging, plant tidiness and cleanliness, product safety data sheets, environmental certification and contingency management in the plant. The information is checked as part of the supplier audit. Continental regularly requests valid environment certificates from the vast majority of suppliers with which it already has contracts.

Energy

The total energy requirements in the year under review rose by 12.2% to 33 million GJ (2015: 29.3 million GJ). Electricity accounted for 16.3 million GJ and fossil fuels for 16.7 million GJ. The fossil fuel share includes 3.4 million GJ of purchased steam and 79,840 GJ of district heating. The quantity of self-generated renewable energy was 2,907 GJ. No energy was sold to third parties during the period under review.

Energy consumption*



The specific energy consumption increased by roughly 5.1% to 819 GJ per € million adjusted sales (2015: 777 GJ) in the year under review. The reason for this is that environmental data from a major acquisition was included for the first time, although its sales were already included in 2015 in association with the consolidation.

The introduction of energy management systems and campaigns to save energy helps us take advantage of potential savings. In 2016, these savings were primarily in the areas of infrastructure and production. At the same time, purchase criteria for energy efficiency were defined for machine procurement and for new building construction and equipment.

State of implementation	Number of projects	Estimated CO ₂ savings in t
Implementation planned	60	7,390
Implementation begun	139	23,082
Implementation completed	481	37,326

By 2020, we want to reduce specific energy consumption relative to adjusted sales to 669 GJ per € million. A strategic environmental objective of the corporation is to reduce energy consumption by 20% between 2013 and 2020.

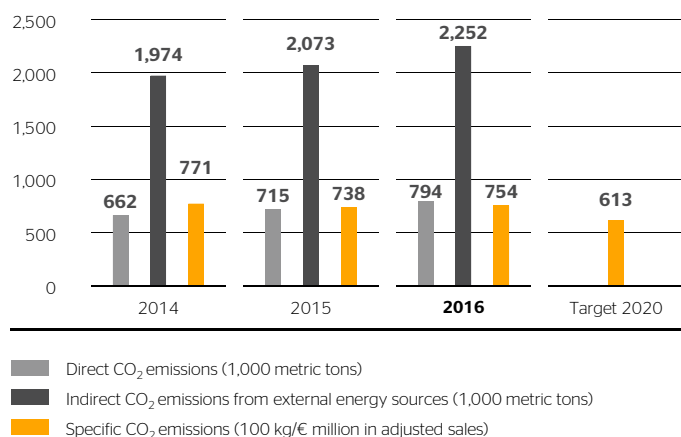
*The energy intensity quotient used at Continental is the adjusted sales total from the 2016 financial statement (€40.3 billion, with sales adjusted for changes in the group of consolidated companies). All Scope 1 and 2 energies are included in the calculation of energy intensity. The total energy includes the following types: fossil fuels, purchased electricity, self-generated electricity, purchased steam and district heat.

Emissions

In Scope 1 emissions, only CO₂ emissions are currently recorded. No other potential gases play a significant role. As a standard for calculating emissions, we base our calculations on the GHG Protocol (GHG, Greenhouse Gas Protocol). Wherever there are gaps in the GHG Protocol, we use the DEFRA emission factors. We use a software solution from a CDP partner company to ensure that the factors are updated regularly (CDP, previously Carbon Disclosure Project).

The total Scope 1 CO₂ emissions of the included locations amounted to 793,895 metric tons in 2016 (2015: 715,000 t). This corresponds to an absolute increase of 10%, partly due to the increase in production volume, the corresponding start-up effects of producing new products and virtual increases caused by the adaptation of local/regional emission coefficients. At 19.7 metric tons of Scope 1 CO₂ emissions per € million of adjusted sales in 2016, this yields a higher specific figure compared to the previous year (2015: 18.9 t). This corresponds to an increase in the specific value of 4.2% and is primarily caused by the fact that environmental data from a major acquisition was included for the first time, although its sales were already included in 2015 in association with the consolidation.

CO₂ emissions



The emissions contained in Scope 2 are caused by the consumed electricity, consumed purchased district heat and purchased steam.

The total Scope 2 CO₂ emissions of the included locations amounted to 2.252 million metric tons (2.073 million metric tons in 2015). This represents an increase of 8%. This yields a lower specific figure of 5593 metric tons of Scope 2 CO₂ emissions per € million of adjusted sales in 2016 (2015: 54.89 t), which represents an increase in the specific value to roughly 1.8%. Overall in 2016 an amount of around €18 million was invested in CO₂ reduction projects with the scope of its environmental strategy.

For 2016, the Scope 3 emissions were calculated for different categories. The following table provides an overview of figures also reported to the CDP:

Scope 3 emissions in metric tons of CO₂

Self commissioned incoming logistics	1,152,124
Self commissioned outgoing logistics	539,058
Purchased goods and services	8,721,849
Waste produced through operational processes	20,660
Fuels and energy-related activities not included in Scope 1 and 2	449,081
Fuels and energy-related activities not included in Scope 1 and 2	449,081
Total	10,882,772

For the selected indirect CO₂ emissions (Scope 3), we follow international standards such as the Corporate Value Chain Accounting and Reporting Protocol of the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

Since 2009, we have responded annually to the CDP's extensive questionnaire about our commitment to climate protection. The process is linked to a public ranking of our company. In 2016, Continental was once again given an improved rating compared with the previous year. Our rating was upgraded from level C to level B. This upgrade is testament to our active climate protection management and makes us one of the best companies in the automotive sector.

Monitoring of the use of refrigerants is carried out at the different locations using a local refrigerant register. Within the scope of our environmental strategy, we are developing a substitution plan to avoid or to reduce the use of climate-damaging refrigerants. The planned substitution goes beyond the legal requirements of many countries and clarifies the global responsibility of our company with respect to climate protection.

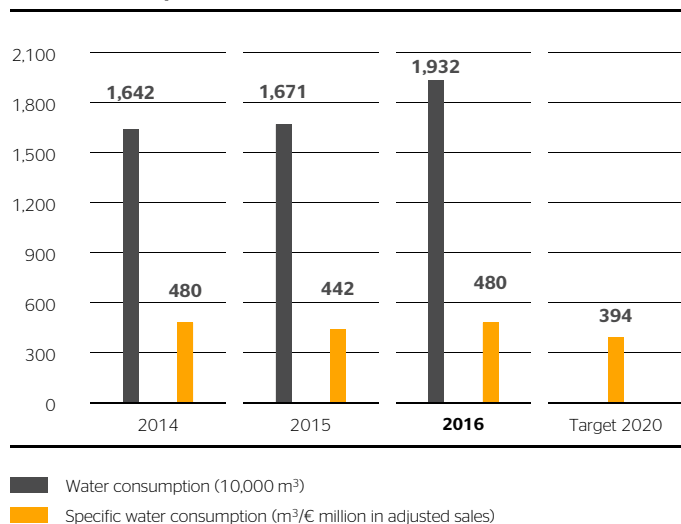
Locations with on-site boiler houses emit certain levels of nitrogen oxide, dust and sulfur dioxide. These levels are within the legal limits and are regularly monitored. In various manufacturing processes, we use highly volatile organic solvents that can result in VOC emissions.

For 2016, all solvent consumption was recorded globally to develop reduction plans. These are integrated in the local environmental programs of the different locations. 3,000 t of VOC emissions were produced by purchased solvents in 2016.

Water

Overall, water requirements rose by 15.4% to 19.3 million m³ in 2016 (2015: 16.7 million m³). The specific requirements increased compared with 2015 from 442 to 480 m³ per € million of adjusted sales – this represents an increase in the specific value of 8.6%. The reason for this is that environmental data from a major acquisition was included for the first time, although its sales were already included in 2015 in association with the consolidation. By 2020, we want to reduce specific water consumption to 394 m³ per € million of adjusted sales.

Water consumption



The water requirements are covered by public networks (approx. 48%), wells (approx. 37%) and river water (approx. 14%).

Water is processed and reused at various locations. The types of water re-use range from watering green spaces to use as gray water in sanitary facilities. These water quantities are not yet being recorded.

Continental is removing large quantities of groundwater at various locations as part of renovation work. All removals are officially coordinated and approved. Regular monitoring is being completed. Some of the sources are at the edges of groundwater protection zones. No negative influences on biodiversity or on local communities have been found either internally or externally by agencies during this regular monitoring.

We are developing a concept for water risk areas in order to achieve a more targeted response to water risks. The objective is to be able to react better to the negative effects of water shortages and to align goals related to water consumption at our locations and savings projects to the challenges of the specific regions.

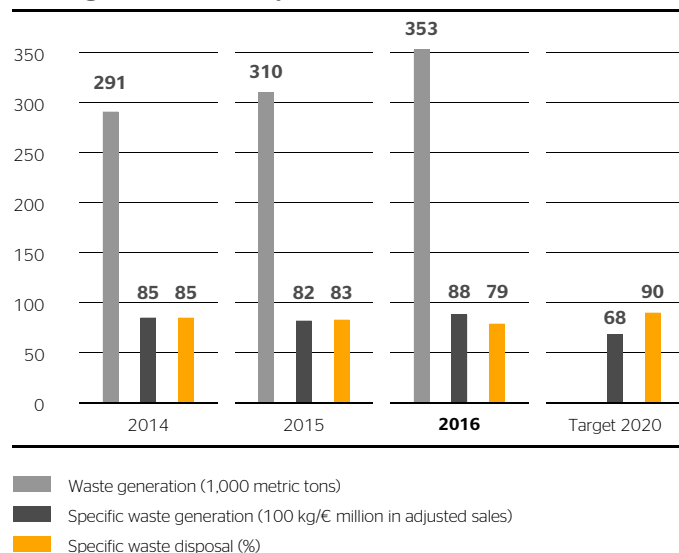
Wastewater and Waste

The principles of the five-step waste hierarchy are regulated in a binding manner for all locations (prevention, reuse, recycling, material/energetic recovery and disposal) in our environmental management system. The disposal procedures are selected according to these principles. Only approved disposal companies that strictly comply with all legal requirements are employed.

In 2016, the corporation produced 353,000 metric tons of waste in total (2015: 310,085 t). This figure is made up of 74,421 metric tons of waste for disposal and 278,464 metric tons of waste for recycling. The recycling quota is 78.9%. The absolute increase by approx. 12.2% is a result of the increased production volume, acquisitions and consolidation of waste collection. In 2016, approx. 8.6% of the waste was hazardous (2015: 1%). The specific quantity of waste per € million of adjusted sales increased in the year under review from 8.2 t/€ million to 8.8 t/€ million. This represents an increase in the specific value of 7.3%. The reason for this is that environmental data from a major acquisition was included for the first time, although its sales were already included in 2015 in association with the consolidation.

We are striving for a specific waste volume of 6.8 metric tons per € million of adjusted sales and a recycling rate of 90% by 2020.

Waste generation and disposal



Continental does not export any waste. We have contracts with certified and approved waste disposal companies who collect our waste and properly recycle or dispose of it.

At Continental, all wastewater is discharged into the public sewerage system either directly or with pre-treatment. In this regard, we meet all legal requirements for wastewater quality. At a small number of locations, we discharge rainwater directly into water bodies via storm sewers. Here, too, regular inspections are carried out to ensure compliance with the legal requirements. The total amount of wastewater for 2016 was 6,750,179 m³.

In case of an accidental release of materials or a violation of limit values, we promptly take all measures necessary as part of emergency management, working actively alongside officials.

Biodiversity

Some of our locations directly border conservation areas. In cooperation with officials, we work to ensure that the conservation areas are cared for and their condition improved. One example of this is our Babenhausen location in Germany. A FFH conservation area is maintained and secured here in close collaboration with the conservation authorities. The area is known as a "calcareous grassland," which was placed under protection under the EU project "Natura 2000." Another example is the reforestation of a conservation area in Guadalajara (Mexico), which has been ongoing for many years. The location is participating in an environmental protection initiative in the Bosque de la Primavera protected zone.

Products

Management Approach

Safe mobility and clean air are two central focal areas where we want to make a contribution with our products. According to the World Health Organization, around 1.3 million people still die each year in traffic accidents around the world, and millions are injured. The main cause of these accidents is human error. Studies prove that more than 90% of car accidents are due at least in part to the fault of the driver. In over 70% of cases, the sole cause is human error. In order to reduce the number of accidents further, we are developing advanced driver assistance systems, mobility services and technologies for automated driving. We consider the creation of products, technologies and services that significantly improve road safety to be a major and sustainable benefit of our work to society.

Reducing carbon dioxide emissions is our second key focal area. Our technologies help reduce fuel consumption in modern combustion engines by more than 20%. In addition, we are working intensively on technologies for zero-emission mobility. We focus on using resources in a responsible manner at all times.

Our responsibility extends over the entire life cycle of our products – from the raw materials used, product development and production, to their use and subsequent recycling. Continental conducts development and production to the highest standards in order to minimize the impact on health and the environment, while customers are responsible for ensuring that products are used for their designated purpose.

Our ISO 9001- and ISO TS 16949-certified quality management system, which is in place at all of our locations worldwide and is subject to regular recertification, contains detailed specifications regarding product safety and quality. If complaints or concerns related to products manufactured or distributed by Continental arise, the appropriate processes are established according, for instance, to the company directive on product integrity.

A corporation privacy policy ensures correct and responsible handling of personal data throughout the entire corporation. The regulations of this policy are recognized as "binding corporate rules" in accordance with the process based on Art. 26 para. 2 of the European Union Data Protection Directive (95/46/EC). The directive regulates the processing of all personal data by potential and current employees, customers, suppliers, other business partners and other affected parties, and it sets uniform standards for the protection and security of such data.

Materials and Recycling

In the fields of development and production, we work to the highest standards in order to minimize the negative impact of our production activities and products on health and the environment as far as possible. When consuming raw materials, we ensure that natural resources are used carefully. Our 14 product life cycle assessments (11 in the Rubber Group, three in the Automotive Group) provide important information here.

Material use in metric tons

Ferrous metals/steel	360,000
Non-ferrous metals	105,000
Rare earth	108
Auxiliary/precious metals	27
Plastic	96,106
Rubber	1,023,918
Chemicals	1,091,108
Textile/steel cord	367,080

In the Rubber Group, the use of recycled materials is assuming an increasingly important role. Production waste generated in physical/chemical processes is used as reclaim and adhesive mixtures as recycled products. Particular importance is attached to the multi-award-winning RUBIN research project, which generates natural rubber from Russian dandelions ("Taraxagum"). In cooperation with the Fraunhofer Institute and the University of Münster, a procedure was developed in which natural rubber generated from dandelions is expected to replace rubber from rubber trees in the future. On the one hand, this shortens the transport routes to production sites. On the other hand, the globally growing need for rubber can be met this way without the need to sacrifice more precious rainforest areas. Both of these factors have a sustainably positive effect on the world's carbon footprint and on biodiversity. Our plans for the Anklam Taraxa gum lab were presented to the Anklam City Council in 2016. The presentation was generally accepted with broad approval for all plans. Now, the next steps are to purchase the roughly 30,000 m² site, obtain a building permit and construct the first building. €35 million is planned to be invested over the next five years to transform processes on an industrial scale.

In the year under review, the percentage of recycled products of the total raw materials used in tire production was 3%. Our goal is to increase this share to 10% by 2015. In the Automotive Group, steel and aluminum alloy materials contain a volume of recycled material of at least 70%.

In the scope of the "Design for Environment" development initiative, we are working with our partners to successively increase the reclaimed share of recycled plastic. Reclaim can now also be used for safety components – an essential factor in this was the "Zero Win" EU research project that Continental took part in.

Continental has no legal extended producer responsibility for OEM components. This is the responsibility of the vehicle manufacturers, i.e. under the EU End of Life Vehicles Directive. In many European countries, we reclaim old tires in accordance with national laws. However, we are not able to specify quantities due to differing legal regulations. The average recycling rate for old tires (from all manufacturers) in Europe is currently around 96%. Continental was involved in achieving this notable success as a member company of the European Tyre & Rubber Manufacturers' Association (ETRMA). In the Automotive Group, products and packaging are taken back in a few areas of the aftermarket business via the dealer networks.

We provide our customers with all of the relevant information to make it easier for them to recycle our products. In the Automotive Group, this is achieved by means of a "recycling passport" that includes component drawings and material data and explains dismantling steps.

Environmentally Friendly Products

In light of increasingly scarce resources, we believe that it is our duty to develop sustainable solutions for our products in order to reduce the demand for natural resources and therefore also lower the energy requirement of products.

In 2016, around one-third of our sales comprised products that are exceptionally energy-efficient or demonstrably lead to reduced emissions of pollutants or CO₂. In the past few years, for example, we have managed to substantially reduce the weight of our brake components, while at the same time enhancing brake performance. In addition, we are continuously lowering the average rolling resistance of our tires – without compromising on safety. Our piezo injection valves for conventional gasoline and diesel engines reduce CO₂ emissions by up to 20%. What is more, our telematics systems are reducing climate-relevant emissions. Our products for the automotive industry will continue to help reduce CO₂ emissions from cars and trucks. Hybrid drives for cars can lower CO₂ emissions by 10% to 25%, depending on the hybrid type and application conditions.

The HECO₂ (Highly Efficient CO₂) flagship project initiated in the Automotive Group consistently exploits the light-weight design of our products, resulting in a significant conservation of raw materials, as well as lowering consumption of fuels in motor vehicle operation. An additional aspect of this development initiative is the conservation of energy through more energy-efficient components. In combination with energy recovery and efficiency management in vehicle operation, this leads to considerable savings.

Today, Continental technologies are already reducing the amount of carbon dioxide in car exhaust emissions by about a fifth. As a result, a commuter can cut down on about three kilograms of CO₂ in a one hour trip, or the equivalent of 1,500 liters.

Our products also contribute to climate protection in non-automotive applications. For example, our conveyor belts with optimized rolling resistance (energy-optimized conveyor belts) significantly reduce the energy required. In addition, the new Conti Thermo-Protect insulation protects industrial plants from thermal loss even in inaccessible places, thereby reducing the amount of raw fossil materials required to produce heat energy.

Customer Health and Safety

Customer safety is our top priority when developing our products. The Chassis & Safety division is focusing not only on providing safety technologies in line with the various customer and market requirements, but also on developing these technologies to be used in all vehicle classes.

An important factor for ensuring product health and safety for our customers is compliance with all requirements as per the product identification and information obligations. A standardized marking obligation for motor vehicle tires has applied within the EU since November 2012. This is aimed at enhancing road safety while reducing fuel consumption: The EU tire label uses three criteria to indicate a tire's environmental and safety-relevant characteristics. Continental provides the relevant information, which can also be accessed online by our customers.

The EU's REACH directive (Registration, Evaluation and Authorization of Chemicals) is relevant for both groups within the corporation. This directive stipulates detailed obligations to provide the European Chemicals Agency (ECHA) as well as customers with information relating to specific substances (Substances of Very High Concern, SVHC).

Automotive industry customers connected to the International Material Data System (IMDS) only give us approval for products as a supplier if they are informed about their composition in the form of a suitable IMDS dataset.

Our established practice is to not knowingly buy raw materials that contain so-called conflict minerals. Wherever we or our customers have reporting requirements, i.e. in the U.S., we declare to the U.S. government that our products do not contain "conflict minerals" and that they meet the requirements of the Dodd Frank Act.

No violations were reported in the year under review that resulted in significant monetary fines due to non-compliance with laws in relation to product stewardship, information about products and product identification. There were also no reported violations of voluntary conduct rules. The same applies to regulations regarding advertising. As a member of the German Advertisers' Association (OWM), we adhere to the OWM's Code of Conduct. This contains recommendations regarding conduct during collaboration between brand companies and the advertising industry.

Employees

Corporate Policy and Management Approach

Personnel tasks are an important part of our company’s value creation. They play an important and pioneering role as part of our growth strategy – after all, our employees and the way in which we work together within our organization are what guarantee our future success. They drive our technological progress and growth and lay the foundations today for the success of our company tomorrow.

Our Human Relations policy is holistic and based on working with and for one another. In our collaboration, we attach great importance to relationships with one another and to ensuring that the shared corporate values – Trust, Passion To Win, Freedom To Act and For One Another – are put into practice. These values form the basis for our corporate culture and shape the way in which we interact with each other and with our customers and partners. We are convinced that Values create corporate value. The continuous development of our corporate culture is therefore a vital part of ensuring our future viability and creating value.

In our everyday business, we ensure that human rights and appropriate working conditions are upheld and base our work on internationally recognized standards from the United Nations, the UN International Labour Organization (ILO) and the OECD Guidelines for Multinational Enterprises.

Healthy and safe work is part of our corporate culture and is as integral to our occupational health management as maintaining a good work-life balance and physical and mental fitness. For this purpose, we rely on a management system that meets the OHSAS 18001 standard for occupational health and safety management.

Diversity and equal opportunity are vital to our business and our success. We need the creative ideas of our diverse employees, with their different viewpoints, experiences and cultural experiences. We are currently focused on ensuring gender equality and internation-

al representation in our management team. Our goal is to continue increasing the percentage of female management personnel and to create a balanced relationship between domestic and international management personnel in our markets. By signing the “Equal Opportunities Charter” in 2016, Continental once again publicly declared its commitment to diversity, fairness and respect when working with employees.

Workforce

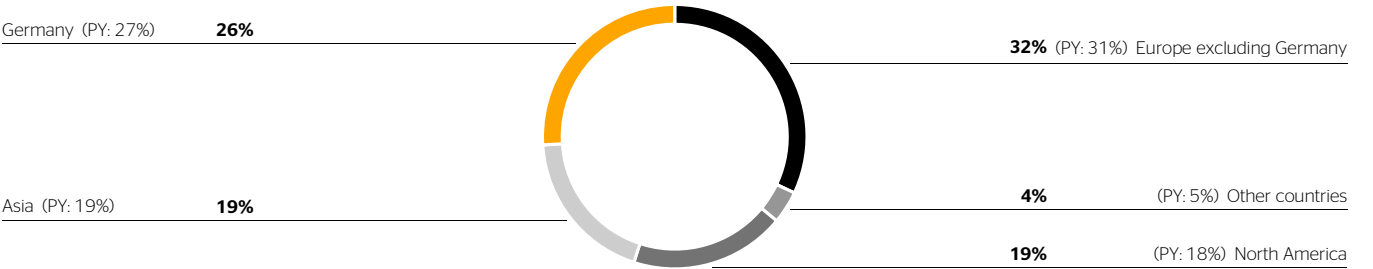
At the end of 2016, Continental employed 220,137 women and men worldwide at over 400 locations in 56 countries, 13,975 of whom were leased employees. The number of permanent employees increased by 5.8% over the previous year, and the number of leased employees increased by 1.6%.

Around 127,000 employees work in our locations in Europe, more than a third of these in Germany alone. Women make up 27.0% of our worldwide permanent workforce and 12.2% of our management personnel, representing an increase of 1.7 percentage points.

Employees by contract type and employment relationship	Permanent	Temporary	Total
Employees total	182.069	38.068	220.137
Employees (variable)	95.929	27.320	123.249
Own employees	95.929	15.734	111.663
Leasing employees		11.586	11.586
Employees (fixed)	86.140	10.748	96.888
Own employees	86.140	8.359	94.499
Leasing employees		2.389	2.389

At the end of 2016, 2,124 young people were in apprenticeships in Germany (2015: 2,097). The percentage of trainees in Germany, therefore, was 3.72% (2015: 3.78%). In 2012, we concluded an agreement specifying that, in the future, young trainees will receive employment contracts of indefinite duration following completion of their training with us.

Employees by region



Demographic trends in the Western industrial nations over the next few years will represent a major challenge for Continental too: The number of older employees will increase, especially in our factories. Our "Demography Program," launched in 2005, is a comprehensive concept aimed at dealing with this issue.

At the end of 2016, our workforce* was subdivided into the following age groups:

Age structure of the workforce

Age group	Percentage
> 60	2%
50-59	16%
40-49	24%
30-39	32%
20-29	24%
< 20	1%

As of December 31, 2016, corporation-wide fluctuation was 4.7% (previous year: 4.9%). The average job tenure worldwide was 9.2 years (Germany: 14.6 years). Around 94% of employees form the core workforce.

Fluctuation by age and gender in %	Male	Female	Total
Under 20 years	10.2	11.7	10.7
20 to 29 years	7.3	7.2	7.3
30 to 39 years	3.7	4.4	3.9
40 to 49 years	1.9	2.4	2.0
50 to 59 years	1.2	1.5	1.3
Over 60 years	1.7	3.1	2.0

Fluctuation by region in %	2016	2015
Asia	5.6	7.7
Germany	1.2	1.0
Europe excluding Germany	5.1	4.4
North America	8.8	9.6
South America	3.0	2.8
Others	1.5	2.3
Total	4.7	4.9

Remuneration and Company Benefits

No gender characteristics are considered in the assessment of job activities in accordance with collective agreements in force at Continental. Instead, criteria such as knowledge and capability, responsibility associated with the position, difficulty of the particular job, and managerial responsibility are important for the assessment. In addition, only the position in question is fully assessed,

not the person occupying it. This assessment logic also continues beyond the collective agreements. The remunerations paid here are oriented toward the usual market compensation for a comparable position/function in the relevant market. This ensures that every employee is paid in line with their own relevant market.

Variable compensation components that are based on individual objectives agreed with certain employees are paid on the basis of the objectives achieved.

Years with the company	Male in %	Average of all men	Female in %	Average of all women
Asia				
5 or less	41.8%	29.2	17.7%	29.7
5 to 10 years	16.7%	36.0	7.3%	33.0
10 to 20 years	8.0%	40.3	3.6%	38.5
more than 20 years	4.0%	49.5	0.9%	46.4
Germany				
5 or less	19.5%	33.9	5.5%	32.9
5 to 10 years	11.0%	36.5	2.7%	37.2
10 to 20 years	24.4%	44.6	6.0%	44.7
more than 20 years	24.2%	52.8	6.8%	51.7
Europe excluding Germany				
5 or less	30.5%	32.0	12.8%	34.0
5 to 10 years	15.7%	36.7	6.1%	39.5
10 to 20 years	17.4%	42.0	6.5%	43.9
more than 20 years	8.3%	51.0	2.7%	50.9
North America				
5 or less	34.3%	32.7	20.1%	33.9
5 to 10 years	11.9%	38.4	6.3%	39.6
10 to 20 years	11.7%	43.8	5.5%	44.3
more than 20 years	8.2%	54.1	2.0%	55.6
South America				
5 or less	23.4%	34.0	5.3%	33.3
5 to 10 years	23.6%	37.3	7.1%	36.7
10 to 20 years	12.8%	44.6	3.6%	45.5
more than 20 years	21.3%	52.1	2.8%	51.0
Other				
5 or less	38.8%	31.9	7.5%	30.5
5 to 10 years	26.3%	35.8	5.7%	35.0
10 to 20 years	15.1%	40.3	1.8%	39.1
more than 20 years	4.0%	51.7	0.8%	48.7

The annual profit participation distributed worldwide among the company employees has represented a central component of the company benefits since 2011, following an Executive Board resolution. A corresponding corporation-wide works agreement was concluded with the resident work council in Germany. With this agreement, we directly involve our employees in the success of the company by awarding them with a bonus. The amount depends on

the absolute value contribution of the Continental Corporation in the respective fiscal year. In the year under review, the total volume of this value-sharing bonus was around €150 million.

The focus on defined contribution plans lies at the heart of the international pension strategy of Continental, insofar as this is possible under the respective country-specific laws. It is an essential precondition for offering both employees and the company a sustainable and transparent pension system. With company subsidies for employee contributions, we support the personal contribution of our employees. We also encourage our employees to pay into a deferred compensation scheme, whereby employees relinquish part of their earned income. Continental then invests this in the company pension scheme.

In addition, Continental offers a long-term account model to management personnel in all affiliated German companies, as well as to all employees who are covered by the collective agreement of the chemical industry in Germany. This model offers both the option of a flexible transition to a retirement pension and the possibility of leave for qualification measures, parental leave and care periods.

Job Training and Continuing Education

At Continental, promoting qualifications and employee training and education are a matter of course. We expect commitment, goal-oriented work and loyalty from our employees in return. Lifelong learning is particularly challenging against the backdrop of demographic change. However, Continental sees lifelong learning as an opportunity and has firmly incorporated processes to promote it. In the words of our corporate guidelines: "We promote lifelong learning along with personal and professional development. We make knowledge available to everyone in our company as quickly as possible and offer mutual support for enabling swift adjustment to changes within our environment."

Continental has a comprehensive range of training programs. This includes a risk-based on-site training plan that contains general compliance training as well as issues related to cartel law and corruption prevention. Of the roughly 220,000 employees worldwide, around 35,568 employees at all levels received such training between the beginning of 2011 and the end of 2016. In addition to management personnel from the various business units, the target group includes employees from Purchasing, Sales and Business Development in particular. A further pillar of our training program is an electronic learning program on compliance and our Code of Conduct, which is currently available in 10 languages.

Compliance-relevant policies and other internal regulations are also covered in our eLearning programs. We began training new employees on antitrust law and corruption prevention through eLearning programs in 2016. We also began rolling out a refresher course on antitrust law worldwide. Of 8,315 new employees invited, 82% took part by the end of 2016; 90% of the 22,282 existing employees who were invited took part.

For our production employees, we offer specific and local training and further education programs worldwide that are designed to not only strengthen their own qualifications and occupational safety, but also product quality. The program is supplemented by a large number of training courses, qualifications and development programs at our different locations. The focus here is placed on the technical area. We perform regular checks to determine the effectiveness and sustainability of these measures.

In 2016, the total expenditure for external training sessions and seminars was around €72 million. This corresponds to €350 per permanent employee. This does not include internal training sessions, such as IT seminars, project management, and compliance and anti-trust law training courses. The issue of CSR is part of our internal on-boarding program.

In addition to the training program, Continental Idea Management (CIM) places particular importance on the continuing education of our employees. Introduced as early as 1930, Idea Management encourages and calls for the commitment and motivation of our employees and gives them a proactive role in improving their own working environment. Their commitment is rewarded with bonuses and special campaigns.

In the year under review, around 396,000 ideas were submitted worldwide by our employees in this way, of which around 339,000 were put into effect. This led to savings of around €150 million for the company.

To further increase the success of Idea Management, we introduced a new and more efficient system in 2016, which will be rolled out at our new locations in 2017. The goal is to approve all locations over the course of 2017, in order to provide access to all users by the start of 2018.

In addition, Contivation was installed – a platform on which Continental employees post, discuss and develop their innovative product ideas. For an idea to be finally ready for production, it needs to be driven forward methodically. This is the task of the innovation managers in the various business units. They accompany the ideas, as it were, on their path through Contivation. To do this, the innovation managers regularly assess the progress of the ideas, estimate their potential, give advice and establish connections. Finally, they smooth the way into the line organization. From here, the ideas become development projects and ultimately production-ready products. The opportunity for fast feedback and input across divisions and countries means that many good ideas can quickly become real innovations.

In our specific Human Relations development programs, we take into account the different development levels of individual employees. New colleagues with a university degree are greeted at the "Corporate Entry Conference," where they receive information on strategy, processes and structures at Continental. Our "Corporate Entry Program" also not only provides new employees with an opportunity to get to know the company at a national or local

level and form networks, but also empowers them to direct their own work. We also offer orientation in our human relations development center to help employees find their own position. At national or regional level, junior management personnel take part in well-received measures as part of the Leadership Entry Program and the International Management Program that prepare them to solve complex problems and strengthen their management skills. Management personnel at a global level are equipped with additional leadership skills in the "Corporate Executive Development Program". New senior management personnel are offered a customized development program in the form of the "New Senior Executive Workshops".

In general, our management personnel go through a program of 360-degree feedback, called the BIG SIX Radar, every three years. It demonstrates strengths and the development measures with regard to our desired management skills and corporate values. This analysis, which is based on global standards, then helps with individual development planning for each individual supervisor. Colleagues, internal customers and superiors evaluate the executive on the basis of our personnel development success factors, the so-called "BIG SIX": vision, entrepreneurship, execution, drive, learning and interaction. The executive must also carry out a self-evaluation of his or her own personal capabilities.

To make the targeted continued education of our employees possible, regular performance assessments and development plans are carried out regularly at Continental. This is controlled by means of the talent management process. In 2016, employee dialogues were held for 95.7% of relevant employees (around 80,000) through a global process and using electronic systems. Approximately 23% of these 80,000 employees were female and 77% male. All senior management personnel, management personnel and salaried employees, as well as many non-salaried employees, were included in this number.

Diversity and Equal Opportunities

Continental is committed to equal opportunities for all employees, regardless of age, gender, nationality, religion, skin color or sexual orientation. For us, it is the abilities and potential within people themselves that count. This attitude is also reflected in our corporate guidelines and in our signing of the German Diversity Charter.

We have defined clear objectives for all business units when it comes to the advancement of women in our company, and our Executive Board reviews compliance with these on a quarterly basis. This entails increasing the proportion of women at the upper and middle management tiers. To make progress on this front, diagnostic procedures have been introduced to eliminate any prejudice toward women when making recruitment decisions. These measures helped us to increase the proportion of women by 1.7% in 2016, bringing the overall figure to 12.2% as of the end of December. Our goal remains to achieve a percentage of women in management positions of 16% by 2020.

Employees by gender and age in %	male	female
under 20 years	74.1	25.9
20 to 29 years	72.5	27.5
30 to 39 years	72.6	27.4
40 to 49 years	71.9	28.1
50 to 59 years	75.2	24.8
more than 60 years	78.9	21.1

Continental AG is also subject to the German law for the equal participation of women and men in managerial positions in the private and public sectors as of May 1, 2015. According to this law, the Supervisory Board of Continental AG must consist of at least 30% women and at least 30% men. The obligation must be observed when appointing replacements to the Board. In 2016, four women were on the 20-strong Supervisory Board of Continental AG (two shareholder representatives and two employee representatives).

Composition of the Supervisory Board by age	Total
30 or less	0
30 to 49 years	1
50 to 59 years	10
More than 60 years	9

In accordance with the German law for the equal participation of women and men in managerial positions in the private and public sectors, the Supervisory Board must set a target quota of women on the Executive Board and a deadline for achieving this target. If the ratio of women is less than 30% at the time this is set, the target must not subsequently fall below the ratio achieved. In 2016, one woman was on the Executive Board (responsible for the area of Human Relations and also director of labor relations). Please refer to the paragraph "Explanation of Corporate Governance" on page 21 of the Annual Report 2016 for additional information.

We established the Global Diversity Network, an umbrella organization for women's networks at our company, to support women's career development. The Global Diversity Network supports networking across international borders. In addition, a program has been set up to boost the effectiveness and careers of young women. The pilot stage of the program was completed in October 2016 for the America region and involved 70 women. In March 2017, 75 women from all over Europe took part in the program. The plan is to expand this program to the Asia region as well.

In order to improve the work/life balance, we established globally applicable regulations for flexible working conditions in 2016 - across all hierarchical levels and organizational areas. At Conti-

mental, the global approach for flexible working models covers part-time, flextime, options for working from home or elsewhere, and sabbaticals. Country-specific solutions for the 21 countries involved were developed and adapted to regional requirements and legal conditions by the end of 2016. Implementation is planned for 2017. In identifying individual solutions for a personal work-life balance, operational requirements are taken into account and particular attention is paid to local labor law.

We understand diversity as describing the international make-up of our workforce as well. Around 74% of our employees work at locations outside Germany, and 42% are based outside Europe. The highly international nature of the corporation is also reflected in the many nationalities (roughly 53 different nationalities) of the employees working at the different locations. We principally aim to achieve a balanced ratio of local and international management personnel at all locations. This is in line with the market requirements and also the current global understanding. The proportion of local and international management personnel fluctuates according to the region. In 2016, the proportion of international management personnel at the corporation was approximately 45%.

Occupational Safety and Health Management

The overriding objective of occupational safety and health management at Continental is the prevention of accidents and workplace-related illness ("We go for zero incidents"). To achieve this, we rely on an ESH management system that meets the international standard for occupational safety management OHSAS 18001 and that is certified according to the 32 locations worldwide.

In addition, company agreements on occupational health and safety exist at company and/or location level in Germany. Moreover, occupational health and safety committees are in place at all locations in Germany in accordance with the German Occupational Safety Act. They are occupied by works council members, employer representatives, company doctors, occupational health and safety experts, and safety representatives. All legal structures for occupational safety are also complied with internationally. Technical responsibility for matters related to the occupational health and safety of our employees is assumed at the corporate level by the Safety & Health department, which reports directly to the Executive Board member for Human Relations.

An essential indicator for the success of our occupational health and safety program, which focuses on prevention, is the trend of absences and accidents. With respect to the number of industrial accidents per million working hours, the past few years have indicated a positive development from 4.6 in 2010 to 2.9 in 2016. The number of hours lost per million working hours decreased from 729 to 554 hours during the same period.

Unfortunately, two accidents occurred in 2016, in which one Continental employee and one employee of an external service provider suffered fatal injuries. Both accidents occurred in China. Continental took all necessary steps to investigate the accidents thoroughly. All locations were informed of the accidents and their causes. Measures were developed in interdisciplinary and international teams and communicated within the corporation to prevent similar types of accidents in the future.

Our focus in industrial safety is currently on improving machine safety and our safety culture. These measures are having positive effects. For example, in the fall of 2016 our Camacari location in Brazil celebrated 365 days without a work accident that caused lost time. Tires are produced at Camacari, which has 1,920 employees.

In line with the current economic situation, total absences in the corporation increased slightly worldwide in 2016, amounting to a total of 4.1% of the contractually agreed working time. Our European locations were the primary drivers of this increase, which is understandable given the current situation in Europe. Since our German locations have by far the highest absence rate, and since we had already achieved our goal with a rate of 3.0% worldwide without Germany, measures are currently focused on Germany. To achieve long-lasting success in Germany, we implemented long-term tools and processes to reduce absences, as well as short-term projects such as management personnel training sessions.

Accident statistics and absence	2016	2015
Absences due to sickness¹	4.1	3.8
Accident rate²		
Europe and Middle East	4.3	4.3
North America	1.8	1.7
Latin America	3.4	3.3
Asia/Pacific:	0.9	1.2
Worldwide	2.9	3.1
Time lost³		
Europe and Middle East	697	633
North America	665	427
Latin America	422	735
Asia/Pacific:	149	169
Worldwide	554	498

¹ Absences due to sickness: Paid and unpaid absences as a percentage of contractual working hours.

² Accident rate: Number of industrial accidents worldwide resulting in the loss of one or more working-day equivalents per million hours worked.

³ Time lost: Number of hours lost worldwide due to accidents per million hours worked.

Society

Management Approach

Operating globally also entails taking on social responsibility on a global level. By being committed to social responsibility, we make a positive contribution to society while also creating value for our company.

One of our basic values is Trust. Trust assumes integrity, honesty and incorruptibility. Management and employee compliance with all the legal requirements that apply to Continental and its subsidiaries as well as all internal regulations therefore provides our standard for our business activities action and shapes our corporate culture.

In addition to our corporate guidelines, the BASICS and the Corporate Governance Principles, this is also reflected in our Corporate Social Responsibility Principles and Code of Conduct. In accordance with the respective legal regulations of each country, all employees must agree to the Code of Conduct.

Continental embraces its social responsibilities and respects the laws and cultures of each country. Through profitability, we lay the foundations for safeguarding jobs in many regions of the world. In addition, we also want to create value for those who live and work near our locations as well.

The focus of our social commitment is in the areas of social welfare and road safety, education and science, and sports. We take on social responsibility on a mostly decentralized basis.

We agreed upon a project at the end of 2016 to streamline and systematize existing approaches related to corporate engagement. A corporation-wide social responsibility strategy was developed and will be published in 2017.

Worldwide Commitment

Charitable projects, activities and donations are predominantly set up and organized by dedicated employees and supported by the company. In particular emergency situations, Continental provides central support with national projects and challenges, or offers assistance in dealing with international humanitarian emergencies. In doing so, the corporation as a whole fulfills its social responsibility. Continental also makes a positive contribution to society through its business operations at the international locations.

Alongside 18 other companies and the German Society for International Cooperation (GIZ), Continental is one of the founding members of the "Afrika kommt!" initiative. The aim of this initiative is to invite young management personnel from Sub-Saharan Africa to come to Germany for a year, support their development and familiarize them with the country. At the same time, the program paves the way for lasting economic cooperation with German companies in Africa. Participants in the project find out about operational structures at German companies, enhance their specialist and management expertise and acquire cultural knowledge and language skills. This allows them to use their knowledge to establish important contacts between Germany and Africa and take on

further management responsibilities in their home country after completing the program.

Recognizing and incorporating diversity and providing access to education for people with different origins and cultural backgrounds is part of our system of values. In creating education and employment prospects for refugees, we are putting our values into practice. For over a year, we have been working with the German Federal Employment Agency in Germany on a new, specially developed program that makes it easier for refugees to enter the job market.

The language of sport is universal. It is understood all around the world. It overcomes language, social and national barriers. For this reason, we have been promoting various initiatives for competitive and recreational sports for many years. The HAJ Hanover Marathon takes place once a year; many Continental employees participated again in 2016. Over 1,000 of our employees from more than 25 countries ran a total distance of almost 14,000 kilometers to earn the title of "Most Progressive Company" for the fifth time in a row. The prize money was donated to a charity that cares for seriously ill children and their siblings.

Ecuador and Japan both experienced severe earthquakes in April 2016. In response, we provided financial resources to support relief workers in the regions affected by the earthquakes. In Ecuador, we provided assistance with reconstruction work, while in Asia we added to the donations from local employees for the Japanese Red Cross. We thus helped with reconstruction in a non-bureaucratic way and supported the local economy.

In November 2016, financial donations of €50,000 were made to the emergency team of the Welthungerhilfe aid agency, which is running an extensive program to help people who have been displaced from Mosul in northern Iraq. The initiative includes the provision of emergency accommodation, food and drinking water, and the distribution of aid packages. Another part of the program supports education and social cohesion between different sections of the population. With our donation, we also want to help make education possible even in extremely difficult situations.

Continental supports charitable initiatives with financial donations both large and small, with donations of goods and with active involvement. In this context, our employees show their strong social commitment as good neighbors on a local level. For example, in Changshu, China, four employees visited a rehabilitation center for people with physical and mental disabilities in the year under review. They gave the people living there warm blankets and electric kettles to help them withstand the cold winter better.

At an end-of-year party at the location in Regensburg, Germany, the employees initiated a fund-raising campaign. The donations collected benefited two initiatives: The first being the children's cancer charity Deutsche Kinderkrebsnachsorge, which was pleased to obtain financial support, and the cystic fibrosis charity Mukoviszidose e. V. received a donation from our employees for the ninth time.

Continental promotes education, helping to make future generations fit for tomorrow's world. For example, our Hungarian plants maintain close relationships with educational institutions. In the summer of 2016, they supported a one-week summer camp at the Budapest University of Technology and Economics. At the

"Children's University," pupils aged between nine and 14 were given an insight into university life and introduced to various areas of science in an entertaining way. The main objective of the summer camp is to help children grow and develop, and particularly to get them interested in science.

GRI Content Index and UN Global Compact Communication on Progress

Continental AG is reporting its sustainability performance for 2016 in accordance with the international standard of the Global Reporting Initiative (GRI). This report was completed in conformance with the GRI standards "Core" option. The information to be reported was selected based on a materiality analysis completed in 2015. In addition, this document serves as our annual "Communication on Progress" on the status of implementation for the 10 principles of the UN Global Compact (UNGC).

This sustainability report was submitted to the GRI to complete the GRI materiality disclosure service. The GRI confirmed the correct positioning of "materiality-related disclosures" (102-40 to 102-49).



**Materiality
Disclosures**
Continental AG



Disclosures	Page	Omissions	External Assurance	UNGCCOP principle
General Disclosures				
Organizational Profile				
GRI 102-1: Name of the organization	5			
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GRI 102-3: Location of headquarters	6			
GRI 102-4: Location of operations	6			
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GRI 102-6: Markets served	6			
GRI 102-7: Scale of the organization	1, 6, 18-19			
GRI 102-8: Information on employees and other workers	28-29			
GRI 102-9: Supply chain	18-19			
GRI 102-10: Significant changes to the organization and its supply chain	5			
GRI 102-11: Precautionary principle or approach	16, 19-20			
GRI 102-12: External initiatives	7-8			
GRI 102-13: Membership of associations	7-8			
Strategy				
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GRI 102-15: Key impacts, risks and opportunities	11-13, 19-20			
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GRI 102-16: Values, principles, standards and norms of behavior	7			10
GRI 102-17: Mechanisms for advice and concerns about ethics		Annual Report (AR) 2016, p. 22		10
Governance Structure				
GRI 102-18: Governance structure	11, 15			
GRI 102-19: Delegating authority	11, 15			
GRI 102-20: Executive-level responsibility for economic, environmental and social topics	11, 15			
GRI 102-21: Consulting stakeholders on economic, environmental and social topics	14			
GRI 102-22: Composition of the highest governance body and its committees		GB 2016, p. 18 et seq., 214 et seq.		
GRI 102-23: Chair of the highest governance body		GB 2016, p. 18		
GRI 102-24: Nominating and selecting the highest governance body		GB 2016, p. 18		
GRI 102-25: Conflicts of interest	16			
GRI 102-26: Role of highest governance body in setting purpose, values and strategy	11			
GRI 102-27: Collective knowledge of highest governance body	11			
GRI 102-28: Evaluating the highest governance body's performance	15	GB 2016, p. 23 et seq.		

GRI 102-29: Identifying and managing economic, environmental and social impacts	19	GB 2016, p. 110 et seq.
GRI 102-30: Effectiveness of risk management processes	19	GB 2016, p. 110 et seq.
GRI 102-31: Review of economic, environmental and social topics	19-20	
GRI 102-32: Highest governance body's role in sustainability reporting		GB 2016, p. 110 et seq.
GRI 102-33: Communicating critical concerns	16	
GRI 102-34: Nature and total number of critical concerns	16	
GRI 102-35: Remuneration policies	15	
GRI 102-36: Process for determining remuneration	15	
GRI 102-37: Stakeholders' involvement in remuneration	15	
GRI 102-38: Annual total compensation ratio	15	
GRI 102-39: Percentage increase in annual total compensation ratio	15	

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GRI 102-40: List of stakeholder groups	5, 14	
GRI 102-41: Collective bargaining agreements	16	
GRI 102-42: Identifying and selecting stakeholders	5, 13-14	
GRI 102-43: Approach to stakeholder engagement	13-14, 16	
GRI 102-44: Key topics and concerns raised	10	

Reporting Practice

GRI 102-45: Entities included in the consolidated financial statement	5	
GRI 102-46: Defining report content and topic boundaries	5, 9-11, 13	
GRI 102-47: List of material topics	10-11	
GRI 102-48: Restatements of information	5	
GRI 102-49: Changes in reporting	5	
GRI 102-50: Reporting period	5	
GRI 102-51: Date of most recent report	5	September 2016 (for the year 2015)
GRI 102-52: Reporting cycle	5	
GRI 102-53: Contact point for questions regarding the report	5	
GRI 102-54: Claims of reporting in accordance to the GRI Standards	5, 35	
GRI 102-55: GRI content index	35	
GRI 102-56: External assurance		See here

Material Topics

GRI 201 Economic Performance 2016		
GRI 103-1, 103-2, 103-3, Management Approach - Economic Performance 2016	18	1-6, 10
GRI 201-1: Direct economic value generated and distributed	29	
GRI 201-2: Financial implications and other risks and opportunities due to climate change	19-20	7
GRI 201-3: Defined benefit plan obligations and other retirement plans	21	
GRI 201-4: Financial assistance received from government		GB 2016, S. 159, 165
GRI 202 Market Presence 2016		
GRI 103-1, 103-2, 103-3, Management Approach - Market Presence 2016	29	6
GRI 202-1: Ratios of standard entry level wage by gender compared to local minimum wage	32	6
GRI 202-2: Proportion of senior management hired from the local community	32	6
GRI 203 Indirect Economic Performance 2016		
GRI 103-1, 103-2, 103-3, Management Approach - Indirect Economic Performance 2016	33	
GRI 203-1: Infrastructure investments and services supported	33-34	
GRI 203-2: Significant indirect economic impacts	33-34	
GRI 204 Procurement Practices 2016		

GRI 103-1, 103-2, 103-3, Management Approach - Procurement Practices 2016	18		
GRI 204-1: Proportion of spending on local suppliers	19-20		
GRI 205 Anti-Corruption 2016			
GRI 103-1, 103-2, 103-3, Management Approach - Anti-Corruption 2016	9		
GRI 205-1: Operations assessed for risks related to corruption	16		
GRI 205-2: Communication and training about anti-corruption policies and procedures	16, 30		
GRI 205-3: Confirmed incidents of corruption and actions taken	16		
GRI 206 Anti-competitive Behavior 2016			
GRI 103-1, 103-2, 103-3, Management Approach - Anti-competitive Behavior 2016	9		
206-1: Legal actions for anti-competitive behavior, anti-trust and monopoly practices		GB 2016, p. 203 et seq.	
GRI 301 Materials 2016			
GRI 103-1, 103-2, 103-3, Management Approach - Materials 2016	26		7-9
GRI 301-1: Materials used by weight or volume	26		7-9
GRI 301-2: Recycled input materials used	26		7-9
GRI 301-3: Reclaimed products and their packaging materials	26		7-9
GRI 302 Energy 2016			
GRI 103-1, 103-2, 103-3, Management Approach - Energy 2016	22		7-9
GRI 302-1: Energy consumption within the organization	22	x	7.8
GRI 302-2: Energy consumption outside of the organization	22		8.9
GRI 302-3: Energy intensity	22		8
GRI 302-4: Reduction of energy consumption	22		8.9
GRI 302-5: Reductions in energy requirements of products and services	27		7-9
GRI 303 Water 2016			
GRI 103-1, 103-2, 103-3, Management Approach - Water 2016	22-23		7.8
GRI 303-1: Water withdrawal by source	24	x	7.8
GRI 303-2: Water sources significantly affected by withdrawal of water	24		7.8
GRI 303-3: Water recycled and reused	24		7.8
GRI 304 Biodiversity 2016			
GRI 103-1, 103-2, 103-3, Management Approach - Biodiversity 2016	22, 25		
GRI 304-1: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity	25		
GRI 304-2: Significant impacts of activities, products and services on biodiversity	26-27		
GRI 304-3: Habitats protected or restored	26		
GRI 305 Emissions 2016			
GRI 103-1, 103-2, 103-3, Management Approach - Emissions 2016	22-23		7-9
GRI 305-1: Direct (Scope 1) GHG emissions	23	x	7.8
GRI 305-2: Energy indirect (Scope 2) GHG emissions	23	x	7.8
GRI 305-3: Other indirect (Scope 3) GHG emissions	23	x	7.8
GRI 305-4: GHG emissions intensity	23		8
GRI 305-5: Reduction of GHG emissions	23		8.9
GRI 305-6: Emissions of ozone-depleting substances (ODS)	23		8
GRI 305-7: Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant air emissions	23		8
GRI 306 Effluents and Waste 2016			
GRI 103-1, 103-2, 103-3, Management Approach - Effluents and Waste 2016	22		8
GRI 306-1: Water discharge by quality and destination	23-24		8
GRI 306-2: Waste by type and disposal method	24	x	8

GRI 306-3: Significant spills	24	No significant spills of hazardous materials were reported for the 2016 reporting period.	8
GRI 306-4: Transport of hazardous waste	24		8
GRI 306-5: Water bodies affected by water discharges and/or runoff		Continental is not aware of any water bodies affected by discharges of water and runoff.	8
GRI 307 Environmental Compliance 2016			
GRI 103-1, 103-2, 103-3, Management Approach - Environmental Compliance 2016	9, 16		8
GRI 307-1: Non-compliance with environmental laws and regulations	16	GB 2016, p. 203 et seq.	8
GRI 308 Supplier Environmental Assessment 2016			
GRI 103-1, 103-2, 103-3, Management Approach - Supplier Environmental Assessment 2016	18		7-9
GRI 308-1: New suppliers that were screened using environmental criteria	20	Currently, no information is available on the percentage of screened suppliers.	7-9
GRI 308-2: Negative environmental impacts in the supply chain and actions taken	20-21		7-9
GRI 401 Employment 2016			
GRI 103-1, 103-2, 103-3, Management Approach - Employment 2016	28		1-6
GRI 401-1: New employee hires and employee turnover	28-29	Currently, it is not possible to provide information on new hires by age and gender.	6
GRI 401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	29		
GRI 401-3: Parental leave		Approximately 6.8% of female employees and 3.2% of male employees in Germany took parental leave in 2016.	
GRI 402 Labor/Management Relations 2016			
GRI 103-1, 103-2, 103-3, Management Approach - Labor/Management Relations 2016	9, 28		3
402-1: Minimum notice periods regarding operational changes	14		3
GRI 403 Occupational Health and Safety 2016			
GRI 103-1, 103-2, 103-3, Management Approach - Occupational Health and Safety 2016	28		
GRI 403-1: Workers representation in formal joint management worker health and safety committees	32		
GRI 403-2: Types of injury and rates of injury, occupational diseases, lost days, absenteeism, and the number of work-related fatalities	32	Currently, no information can be provided by gender.	
GRI 403-3: Workers with high incidence or high risk of diseases related to their occupation	32		
GRI 403-4: Health and safety topics covered in formal agreements with trade unions	32		
GRI 404 Training and Education 2016			
GRI 103-1, 103-2, 103-3, Management Approach - Training and Education 2016	28		6

GRI 404-1: Average hours of training per year per employee	30	Currently, no information on the total number of training hours is available. Over 800 training units were completed worldwide in the years 2013-2016.
GRI 404-2: Programs for upgrading employee skills and transition assistance programs	30-31	
GRI 404-3: Percentage of employees receiving regular performance and career development reviews	31	6
GRI 405 Diversity and Equal Opportunity 2016		
GRI 103-1, 103-2, 103-3, Management Approach - Diversity and Equal Opportunity 2016	28, 31	6
GRI 405-1: Diversity of governance bodies and employees	31	6
GRI 405-2: Ratio of basic salary and remuneration of women to men	29	6
GRI 406 Non-discrimination 2016		
GRI 103-1, 103-2, 103-3, Management Approach - Non-discrimination 2016	9, 28	6
GRI 406-1: Incidents of discrimination and corrective actions taken	16	6
GRI 407 Freedom of Association and Collective Bargaining 2016		
GRI 103-1, 103-2, 103-3, Management Approach - Freedom of Association and Collective Bargaining 2016	9, 18, 28	3
GRI 407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	16	3
GRI 408 Child Labor 2016		
GRI 103-1, 103-2, 103-3, Management Approach - Child Labor 2016	18	5
GRI 408-1: Operations and suppliers at significant risk for incidents of child labor	20	5
GRI 409 Forced or Compulsory Labor 2016		
GRI 103-1, 103-2, 103-3, Management Approach - Forced or Compulsory Labor 2016	18	4
GRI 409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor	20	4
GRI 411 Rights of Indigenous People 2016		
GRI 103-1, 103-2, 103-3, Management Approach - Rights of Indigenous People 2016	9, 18	1, 2
GRI 411-1: Incidents of violations involving rights of indigenous peoples	20	2
GRI 412 Human Rights Assessment 2016		
GRI 103-1, 103-2, 103-3, Management Approach - Human Rights Assessment 2016	18	1, 2
GRI 412-1: Operations that have been subject to human rights reviews or impact assessments	16	2
GRI 412-2: Employee training on human rights policies or procedures	30-31	2
GRI 412-3: Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	20	1, 2
GRI 414 Supplier Social Assessment 2016		
GRI 103-1, 103-2, 103-3, Management Approach - Supplier Social Assessment 2016	20	1, 2
GRI 414-1: New suppliers that were screened using social criteria	20	2
		Currently, no information is available on the percentage of screened suppliers.
GRI 414-2: Negative social impacts in the supply chain and actions taken	20	2
GRI 415 Public Policy 2016		
GRI 103-1, 103-2, 103-3, Management Approach - Public Policy 2016	9	10
GRI 415-1: Political contributions	9	10
GRI 416 Customer Health and Safety 2016		
GRI 103-1, 103-2, 103-3, Management Approach - Customer Health and Safety 2016	26-27	
GRI 416-1: Assessment of the health and safety impacts of product and service categories	27	

GRI 416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	16, 27	
GRI 417 Marketing and Labeling		
GRI 103-1, 103-2, 103-3, Management Approach - Marketing and Labeling	26	7, 8
417-1: Requirements for product and service information and labeling	27	
417-2: Incidents of non-compliance concerning product and service information and labeling	27	
417-3: Incidents of non-compliance concerning marketing communications	27	
GRI 418 Customer Privacy		
GRI 103-1, 103-2, 103-3, Management Approach - Customer Privacy	9	
GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	16, 27	
GRI 419 Socioeconomic Compliance		
GRI 103-1, 103-2, 103-3, Management Approach - Socioeconomic Compliance	9, 16	.
GRI 419-1: Non-compliance with laws and regulations in the social and economic area	16	GB 2016, p. 203 et seq.

Publication Details

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A remark on style

Whenever male pronouns are used in this report, this is done solely to make the text easier to read and should always be understood as including women as well.

Exclusion of liability

We have taken great care in collecting and processing the data contained in this report. Nevertheless, the possibility of errors cannot be entirely ruled out. Statements concerning future developments that are contained in this report are based on the information available today and on assumptions drawn from current forecasts. Even if these forecasts have been meticulously made, there is still a wide range of influencing factors that cannot be predicted now and that can lead to deviations. Therefore, any future-based statements in this report are not to be taken as guaranteed.

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