Annual Report 2025

Key Figures

	2025	2024 [3]
Sales	**€38,810 million**	**€41,377 million**
Adjusted EBIT Adjusted EBIT margin	**€1,748 million** 4.5%	**€1,465 million** 3.5%
Net profit or loss before tax	**–€1,839 million**	**–€636 million**
in % of sales	–4.7%	–1.5%
Net profit or loss after tax	**€–2,147 million**	**€–1,059 million**
Adjusted free cash flow [1]	**€1,371 million**	**€305 million**
Investment in property, plant and equipment	**€1,779 million**	**€2,252 million**
Equity ratio (Dec. 31)	**13.3%**	**18.9%**
Employees (Dec. 31) [2]	**153,153**	**161,631**

Sales development by region

- 49,6% EMEA
- 25.8% North America
- 21.2% Asia-Pacific
- 3.4% South America

1) Cash flow from operating activities less cash flow from investing activities, adjusted for M&A activities, securities and cash investments up to twelve months.
2) Direct and indirect employees without temporary workers, apprentices and vacation workers
3) Previous year's figures restated

€38.8 billion
Sales

€3.3 billion
Research and development expenditure

64%
Sales share, cars and light commercial vehicles <6t

36%
Sales share, commercial vehicles, industrial technology and aftermarket

85%
Reduction in Scope 1 & 2 CO_2e emissions compared to 2019

100%
Electricity from renewable sources at all ZF locations worldwide

Company Profile

FOCUS ON STRENGTHS TO GROW WITH SUSTAINABLE TECHNOLOGIES

ZF is a global technology company. We supply mobility systems for passenger cars, commercial vehicles and industrial technology. ZF offers comprehensive product and software solutions for established vehicle manufacturers and newly emerging transport and mobility service providers.

We are constantly driving our transformation forward with focus and speed. The increasing presence in global growth markets, investments in high-yield products and future technologies as well as an efficient and resilient organizational structure are top priorities.

In short, we are continuously expanding our strengths. This also includes the Group's unique ability in the market to transfer innovations and technologies across segment boundaries.

The ZF Group is represented with 162 production locations in 29 countries. With some 153,000 employees worldwide, ZF reported sales of €38.8 billion in 2025.

Our key to success is that we have the broadest product and technology portfolio in the market, paired with the ability to integrate products into system landscapes and our customers' vehicle environment.

With its diverse competencies, ZF covers both current and future mobility solutions.

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Board of Management Letter

Dear Readers,
Dear Partners of ZF,
Dear Employees,

The journey ahead will not be without challenges, but our ambition is unmistakable: We intend to bring ZF back to a leading position. In recent months, we have shown that our ambition is more than just words – we are driving forward with real determination. We have worked hard as a team and made sacrifices as a team. We have left familiar paths and taken new directions in our business activities. We have reassessed our costs and executed our economic projects with discipline and consistency.

It is motivating to see that our performance and transformation processes are beginning to take effect. We take this as motivation to stay the course with unwavering focus.There is no room for complacency. But we also know: continuing our upward path will require full focus and maximum effort across the Group.

Financially, we have exceeded our targets for 2025. With sales of €38.8 billion, the adjusted EBIT margin is 4.5 percent. We had anticipated a value between 3.0 and 4.0 percent. Adjusted free cash flow amounts to €1.4 billion. We had projected €500 million plus. Nevertheless, the ZF Group is again reporting a loss of €2.1 billion for the 2025 fiscal year.

Our upward path will require full focus.

Mathias Miedreich
Chief Executive Officer

The reason for this loss is a one-off charge in the e-mobility sector, which enabled us to eliminate legacy obligations. Together with several customers of the Electrified Powertrain Technology Division, we agreed to discontinue certain projects early, as the slower uptake of e-mobility would not have supported the expected profitability. This results in a noticeable one-off charge in the 2025 financial statements. In return, we are regaining the flexibility for decisions that will drive our long-term economic progress.

It is also encouraging that the year-on-year operating performance of the Electrified Powertrain Technology Division has improved significantly and is in line with the restructuring program, which we will continue with all its components in the current year.

Let me be clear and transparent regarding the figures: We are presenting solid operating results for 2025. These figures are not dazzling. But they give us a foundation to build on. We are in a transition phase and will gradually regain the profitability expected by our owners – and by ourselves.

How will we achieve that? How will ZF achieve a stable and sustainable return to its rightful position?
In essence, there are three fields of action:

1. **Strengthen our financial position:** We are working to improve our operating performance and consistently reducing our debt. This allows us to retain essential cash flow within the company and regain our strategic scope for action.

2. **Focus:** We are aligning our strategy with the areas in which we secure or attain leadership in the future. We invest there, and only there. By sharpening our core business, we will be able to compete with confidence and return to generating healthy financial results.

3. **Adapt:** We are rapidly restructuring ZF's organizational setup and processes. We operate with an agile mindset that openly embraces impulses from the markets. This increases our responsiveness and fosters a new corporate culture.

Whichever course we take in the years ahead, it will require sufficient financial freedom. That is why **reducing liabilities** remains our highest priority. With every euro less in interest payments, we strengthen our resilience. At the same time, the scope for pursuing initiatives that enhance our sustainable earnings is growing.

Let me provide you with some background:
Just a year ago, our net debt was €10.5 billion.
At the same time, interest expenses amounted to €735 million. This was well above what our Group can sustain over the long term. We are pleased that we were able to reduce our debt by €250 million in 2025. This debt reduction, achieved despite challenging conditions, is still relatively small. However, it is a vital indicator of stability and confidence for our employees, customers and, last but not least, the financial market. The positive reactions of the capital market to this confirm that we are on the right path. Our goal is to continue reducing our debt in the current year.

A crucial step in the realignment of ZF was the agreement to sell ADAS, our passenger-car driver assistance segment, to Harman. ADAS is increasingly converging with in-car infotainment and software platforms. This is precisely where Harman ranks among the world's leading companies. Together with our ADAS teams, Harman will become one of the leading providers of automotive electronics for vehicle domains such as driver assistance or infotainment. ZF will remain active in the commercial-vehicle ADAS business.

The agreement with Harman is not based on technological considerations alone. The sale contributes to further reducing our debt and also makes strategic sense: It allows us to sharpen our focus on ZF's core strengths: chassis, driveline technology, commercial vehicles, industrial technology and aftermarket.
This will enable us to **direct our energy even more precisely on the areas where we create the greatest added value for our customers.**

As we refine our focus, carving out or divesting selected parts of the company – including independence via an IPO – remains an option for us in other areas as well. Let me emphasize this: We are under no time pressure whatsoever. We act only when we are certain that we have the best solution. This also applies to our still highly profitable Passive Safety Technology business, which we successfully organized as an independent company in 2024 under the name ZF Lifetec. We are also setting up our wind division as an independent unit to enhance its agility and strengthen its market position, and to open up strategic options.

We see the strategic focus of our business activities as an effective response to the high level of dynamics in our markets. Even for the major players in our industry, it will ultimately become impossible to compete in every field. Development cycles are rapid, and entrepreneurial risks are high. This is another reason why we are moving forward here with new determination.

In the end, our customers remain focused on integrated, full-system solutions. To achieve this, we will strengthen our existing strategic partnerships and establish new ones. This may take the form of a joint venture, for example in the field of e-mobility. It may also involve close cooperation in fields where services are complementary. With every smart cooperation, we increase our competitiveness and open the door to new customers.

Dear Employees,

I am convinced that we will make our way back to the top not as lone fighters, but as a team. We need to collaborate with partners. And we need more intensive, faster and even more trusting cooperation within our Group. **For this reason, we will further enhance cross-functional collaboration throughout ZF in the future while simultaneously strengthening divisional accountability.** Instead of scheduling lengthy meetings, we now prefer to speak directly with each other. Trying out new things, making mistakes and learning quickly from them – that's part of our new daily routine. Speed has become a critical competitive factor.

The successful agreement with the employee representatives last fall and the numerous subsequent discussions across the Group show me that we are pulling in the same direction at ZF. As part of the alliance between ZF and its employees, we have agreed to carry out the restructuring of the Electrified Powertrain Technology Division on our own. This means that the Electrified Powertrain Technology Division remains an integral part of ZF. We are strengthening its competitiveness and driving the focused development of its existing product portfolio. To this end, we are directing our efforts toward strategically relevant products such as the 8HP evo plug-in hybrid transmission or ZF's TherMaS thermal management system. We may opt for external sourcing for certain products, including electric motors or inverters, if that offers a better economic outcome. Analyses and discussions on this are in progress.

Supported by comprehensive, company-wide measures to reduce costs, we will generate savings of more than half a billion euros in the Electrified Powertrain Technology Division by 2027. An essential contribution comes from our employees, through reduced working hours and collectively agreed contributions. These cost savings also help us establish the prerequisites to successfully tackle the realignment.

The fact that we can now respond quickly and collectively to challenges in the Group if we all pull in the same direction was also demonstrated during the Nexperia chip crisis: Shortly after the situation became known, we set up a task force. Where necessary, we agreed internally on short-time work and initiated comprehensive measures with customers and suppliers to keep supply chains stable and to review potential alternatives. For me, this flexibility and this form of cooperation are exemplary for our way ahead.

This is also a good way to keep an eye on our climate targets: Since 2025, all our locations worldwide have been fully supplied with electricity from renewable energy sources – five years earlier than planned. Together with the systematic increase in our energy efficiency, we managed to cut greenhouse gas emissions from our own operations by over 80% compared to 2019. This, along with the significantly reduced accident rate, shows the great dedication of our employees to ESG issues. I would like to thank you sincerely for this remarkable achievement.

Dear Readers,

Our industry is reshaping itself in response to a new reality. The following applies to all stakeholders: Only those who remain focused, adapt quickly and build on a stable foundation will play an active role in shaping the future of our industry. ZF is accepting this challenge – knowing that the climb is motivating, but also the most strenuous part of the journey.

In 2025, we did our homework to prepare for this. We advanced our business with focus across all divisions, broadened our customer relationships and further unlocked market potential. We introduced new processes and brought excellent products to the market: the rollout of the passenger car performance program, the integration of the new Manufacturing Platform, the entry of the AxTrax 2 electric axle into the Indian city bus market, the Chinese launch of the SAE Level 3 driver assistance system together with Horizon Robotics – the list of progress made last year could easily be continued.

We will build on this in 2026. We were able to announce a major milestone on our path back to success at the beginning of February. Together with BMW, we agreed on a long-term supply contract in the field of passenger car drives. Central to the agreement is the supply and further development of the 8HP 8-speed automatic transmission. The contract is worth several billion euros and will run until the late 2030s. This order gives us planning reliability and creates a solid foundation for both companies to advance technology-neutral and low-emission mobility of the future.

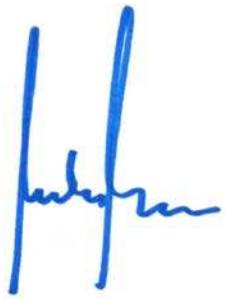
In the coming years, we aim to become even more international. We see significant potential in North America and Asia. China in particular is a market where we can play to our strengths in chassis technology. At the same time, we see potential for an upswing in the commercial vehicle business in Europe.

Germany remains a key location for us. The current measures do not change this. If we become more competitive as a Group, this will also strengthen production in Germany. We are pursuing intelligent improvements in our value chains. The number of employees in Germany will decline – but not necessarily the local added value, provided we consistently continue to strengthen the competitiveness of our locations. Here as well, together with employees and the teams on site, we have achieved initial progress which encourages us to continue along this path.

Together with my Board of Management team, I would like to thank all our employees. Day after day, your remarkable dedication ensures that we deliver on our quality promise and confirm the excellent reputation of our products. With your wealth of ideas, you are paving the way for innovations that will shape our value creation tomorrow. I am counting on you to ensure that we do not rest on our recent successes but instead use them as motivation to continue our path with determination and speed.

I thank our stakeholders for their trust and constructive support during this period of change – the owners, the partners in the market and in research, the politicians and especially also the employee representatives. We are aware of our great responsibility. In everything we do, we will be as clear and transparent as possible. I am looking forward to the constructive dialogue with you!

With best regards



Mathias Miedreich
Chief Executive Officer

The Board of Management

from left to right

Dr. Peter Holdmann
Chassis Solutions
Regions of North America and South America
Research & Development

Michael Frick
Chief Financial Officer
Passive Safety Systems (ZF Lifetec),
Electronics & ADAS
Finance, M&A, IT/Digital

Mathias Miedreich
Chief Executive Officer
Electrified Powertrain Technology
Region of Asia-Pacific
CEO Functions, Strategy & Transformation,
Sales & Program Management, Operations &
Quality, Procurement

Dr. Lea Corzilius
Chief Human Resources Officer/
Director of Labor Relations
Aftermarket
Human Resources, Corporate Governance

Andreas Moser
Commercial Vehicle Solutions,
Industrial Technology
Region of India

Report of the Supervisory Board

Dr. Rolf Breidenbach

Dear Readers,

Throughout the 2025 fiscal year, ZF operated in an exceptionally dynamic and challenging market environment. Existing challenges persisted while new ones arose. Unfortunately, there were no indications of a significant easing of economic conditions in 2025.

Geopolitical uncertainties and trade conflicts continued to influence global economic development. The increasing implementation of tariffs and export restrictions resulted in higher costs across supply chains and greater level of complexity in international business relationships. In a globalized world, these developments had a broad impact on the entire automotive supply industry. ZF was similarly influenced by the prevailing framework conditions.

At the same time, the automotive industry continued to undergo profound technological transformation. New vehicle architectures, digitalization, software-oriented systems and changing customer requirements require shorter innovation cycles and, consequently, a high level of investment. Vehicle production volumes in Europe and North America showed an overall downward trend, while existing production capacities, especially in Europe, persisted above prevailing market levels. In response, many OEMs implemented consistent cost structure adjustments, which had a direct impact on ZF and further intensified the pressure to transform.

In light of the challenging external environment and the strained financial situation, the Board of Management maintained a consistent focus in 2025 on enhancing operating performance, lowering debt levels, securing sufficient liquidity, and protecting ZF's market position. The Board of Management's cost structure adjustment measures launched in 2024 were also pursued in 2025. To this end, Group wide transformation and performance programs were initiated, aimed at improving operating results and increasing organizational efficiency, including faster decision making processes.

Despite the numerous challenges, ZF has succeeded in developing new products and solutions for its customers. At IAA Mobility, ZF presented new technologies in the areas of vehicle motion control, electric mobility, driver assistance as well as safety and security systems, highlighting the growing trend toward software-defined vehicles. The focus was on the software-based Chassis 2.0 chassis concept, production-ready steer-by-wire and brake-by-wire technologies, the modular electric drive platform SELECT and the new thermal management system TherMaS designed to enhance the range of electric vehicles.

ZF also strengthened its position in the areas of commercial vehicle technology and industrial applications. ZF introduced the AxTrax 2 LF electric portal axle, marking a significant technological development aimed at enhancing the efficiency of urban electric bus applications. The portfolio of electrified auxiliary units was further developed through the targeted addition of energy efficient systems, such as the e-comp Scroll compressor. With the ZF SUMS Service Suite, which is already used by trailer manufacturers, the Group also supports bus manufacturers in meeting regulatory requirements for secure software updates, thereby establishing important prerequisites for software-based vehicle architectures.

ZF demonstrated a high level of innovation in its industrial business as well. With the introduction of the eTRAC electric drive system, the company expanded its portfolio to support locally emission-free construction machinery with power ratings up to 230 kW. The eTERRADRIVE solution further complements this offering as a highly integrated axle system for emission free tractors up to 100 kW.

In the maritime sector, ZF further expanded its portfolio and presented the ENC series, the first marine transmission specially developed for all-electric vessels. In addition, ZF presented a new railway transmission specifically developed for the requirements of the Indian railway market.

In the 2025 fiscal year, activities in the area of climate protection and sustainability were also further advanced. On July 29, 2025, the new EcoVadis scorecard was published. ZF improved significantly in comparison to the previous year and achieved gold status with 80 out of 100 points. This places ZF among the top 3% of companies evaluated worldwide. In the automotive supply industry, ZF is even among the top 1%. The award reflects continued progress in the areas of environmental protection, labor and human rights, ethics, and sustainable procurement and underscores the importance of sustainability within the company.

A significant strategic milestone of 2025 was the agreement on the sale of the Advanced Driver Assistance Systems (ADAS) business unit to the international electronics specialist Harman International Inc., with a company value of 1.5 billion euros. This sale includes innovative technologies, such as compute solutions, smart cameras, radar systems and ADAS software. The transaction is expected to be completed in the second half of 2026, subject to regulatory approvals.

The Supervisory Board views this sale as a positive step in three respects. From a technological perspective, as ADAS and in-vehicle infotainment are increasingly converging. From a financial perspective, as the transaction makes a significant contribution to debt reduction and the proceeds provide additional scope to further strengthen the company's core business, in which it holds a leading global position. And from a strategic perspective, because ZF can focus on its core competencies.

In 2025, there were significant personnel changes in the company's boards. After many years of commitment, Dr. Heinrich Hiesinger resigned from his position as Chairman of the Supervisory Board in the 2025 fiscal year. The Supervisory Board expresses its sincere thanks to Dr. Hiesinger for his many years of outstanding service and performance as Chairman of the Supervisory Board. Dr. Rolf Breidenbach was elected as the new Chairman of the Supervisory Board.

On the employee representative side, Mr. Hermann Sicklinger stepped down from the Supervisory Board effective October 31, 2025. We would like to thank Mr. Sicklinger for the trusting cooperation in the Supervisory Board.

New to the Board are Ms. Ingrid Jägering as a representative of the shareholders as well as Ms. Barbara Resch and Mr. Winfried Sicklinger as employee representatives. The Supervisory Board elected Ms. Resch as Deputy Chairwoman.

It was with deep emotion that we said goodbye to the former member of the Supervisory Board, Mr. Rupert Baur, who passed away on February 12, 2025. The Board of Management and the Supervisory Board will honor the memory of Mr. Baur with respect and gratitude.

Significant changes were made to the Board of Management during the past fiscal year. With effect from October 1, 2025, Mr. Mathias Miedreich was appointed Chief Executive Officer (CEO), succeeding Dr. Holger Klein, who resigned from the Board of Management by mutual agreement. Mr. Miedreich has led the Electrified Powertrain Technology Division since January 1, 2025. The Supervisory Board expresses its thanks to Dr. Klein for his tireless commitment to ZF. Through his strategy, he laid the foundation for the company's turnaround and, together with the entire team, has achieved significant successes. At the same time, he wishes Mr. Miedreich all the best and every success in his new role.

In addition, Prof. Dr. Peter Laier stepped down from the Board of Management by mutual agreement, effective September 30, 2025. Mr. Andreas Moser succeeded him, assuming responsibility for the Commercial Vehicle Solutions and Industrial Technology divisions as well as the Region of India. The Supervisory Board expresses its thanks to Prof. Dr. Laier for his outstanding contributions to company as well as the ZF Group's realignment and wishes Mr. Moser every success in his new position.

In fiscal year 2025, the Supervisory Board performed its duties as required by the law, our articles of association and code of procedure duly and with due diligence. It continuously accompanied and monitored the work of the Board of Management and provided advice in the management and strategic further development of the company. The Supervisory Board was directly involved in all issues and decisions of material importance at an early stage. In addition, the Chairman of the Supervisory Board was in continuous and close contact with the Board of Management, in particular with the Chief Executive Officer, and was also regularly informed about current business developments and key events in the Group beyond formal committee meetings.

As in previous years, the Supervisory Board conducted a self-assessment at the end of the 2025 fiscal year. Its goal is to further improve cooperation within the Supervisory Board and increase the effectiveness of the Supervisory Board's work. As part of this process, the members provided constructive feedback and stipulated suggestions for the further development of the committees' work, which will be taken up in 2026.

A total of four ordinary and three extraordinary meetings of the Supervisory Board were held in the 2025 year under review. In addition, the committees met to discuss specific matters.

At its ordinary and extraordinary meetings, the Supervisory Board dealt, among other things, in detail with the company's economic situation. The discussions focused in particular on political and economic conditions, the financial situation and key performance indicators, as well as detailed reports on performance and transformation programs. They included structural adjustments, portfolio and location decisions as well as the implementation of measures to enhance efficiency and control costs. The meetings also focused on the developments in the electric mobility business. The Supervisory Board continuously monitored the matter, with particular regard to its strategic importance for the ZF Group. The Supervisory Board was continuously informed on all relevant topics in due time. This provided a reliable basis for decision-making.

The Executive Committee held four ordinary and three extraordinary meetings in 2025. Its consultations focused in particular on the strategic orientation of the ZF Group as well as key legal issues and personnel matters.

The Audit Committee held four ordinary meetings and one extraordinary meeting in 2025. In the year under review, it dealt in particular with accounting, the (semi-annual and) annual financial statements, the internal control and risk management system, Group auditing and compliance management.

In addition, the Audit Committee regularly examined ZF's overall risk situation as part of Group-wide risk management. Potential risks and opportunities were analyzed and assessed with regard to their impact on the economic situation of the company. When analyzing the overall picture of significant risks and opportunities in the fiscal year 2025, no risks can be identified which could jeopardize the company's continued existence, either alone or in combination with other risks.

To reflect the company's current situation and ongoing restructuring activities and to ensure close oversight, the Supervisory Board resolved in summer 2025 to establish a Restructuring Committee, which receives monthly reports on restructuring progress and met four times during the year under review.

The Permanent Committee established in accordance with Section 27 (3) of the German Codetermination Act, held one meeting in this year under review.

The chairmen of the committees, Dr. Breidenbach and Mr. Strotbek, reported regularly and in detail to the Supervisory Board on the work of the committees and on the key topics dealt with in each case.

The annual financial statements of ZF Friedrichshafen AG compiled by the Board of Management in accordance with the provisions of the German Commercial Code as well as the consolidated financial statements compiled in accordance with Sec. 315e HGB on the basis of the International Financial Reporting Standards (IFRS), dated December 31, 2025, including the corresponding management reports, were audited by EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft. The company issued its unqualified audit opinion in each case.

The Supervisory Board extensively studied the submitted documents and examined them independently. All members of the Supervisory Board had access to the audit reports in good time. The appointed auditor reported to the Audit Committee and subsequently, during the meeting on March 18, 2026, to the Supervisory Board in detail on the results of the annual financial statements and the consolidated financial statements. The Audit Committee discussed the results in depth with the Board of Management and the auditors. On the basis of its own review as well as the auditor's report, the Supervisory Board endorsed the audit results. There were no objections to the audit result. During this board meeting, the appointed auditor's report as well as the annual financial statements of ZF Friedrichshafen AG were approved and the consolidated financial statements were adopted.

For fiscal year 2025, the Board of Management drew up a report on the relations to affiliated companies (dependent company report) according to Sec. 312 AktG (German Stock Corporation Act).

The EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft has audited the dependent company report and issued the following audit opinion:

"After our obligatory audit and assessment, we confirm that

firstly, the actual statements of the report are correct;

secondly, the contribution by the company with regard to the legal transactions presented in the report was not unreasonably high."

The Supervisory Board agrees to the audit results of the appointed auditor and, following its own review, raises no objections to the Board of Management's closing statement.

The year 2025 was characterized by numerous challenges and a highly dynamic environment. The Supervisory Board would like to thank the Board of Management and all employees of the company for their high level of commitment and dedicated work in the 2025 fiscal year.

Friedrichshafen, March 2026

On behalf of the Supervisory Board

Dr. Rolf Breidenbach
Chairman

Group Management Report

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Basic Principles of the ZF Group

OPERATING ACTIVITIES AND STRUCTURE

- **Internationally positioned: ZF is a technology company with 162 production locations worldwide.**
- **Focus on the future: ZF electrifies vehicles and contributes to reducing emissions, protecting the climate and enhancing safe mobility.**
- **At the end of 2025, the ZF Group announced the next steps in the strategic realignment: the sale of the Advanced Driver Assistance Systems business unit and the establishment of the Wind Power Technology business unit as an independent entity.**

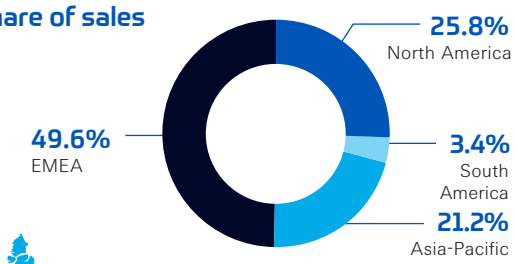
Global technology solutions provider focused on mobility

ZF is a global technology company supplying advanced mobility products and systems for passenger cars, commercial vehicles and industrial technology. Our comprehensive product range is aimed primarily at vehicle manufacturers, mobility providers and start-up companies in the fields of transportation and mobility. ZF electrifies a wide range of vehicle types. With its products, the company contributes to reducing emissions, protecting the climate and enhancing safe mobility. Alongside the automotive sectors – passenger cars and commercial vehicles – we also serve market segments such as construction and agricultural machinery, wind power, marine propulsion, rail drives, special drives and test systems. We sell our aftermarket products under the brands of ZF, Lemförder, Sachs, TRW, WABCO and Boge.

G. 01 ZF worldwide

162 production locations in **29** countries
Global service network with more than **20,000** workshop partners

Share of sales



	Total	EMEA	North America	South America	Asia-Pacific
Production locations	**162**	88	24	8	42
Employees	**153,153**	87,992	31,444	5,354	28,363
Sales in € million	**38,810**	19,256	10,028	1,318	8,208

At the end of 2025, ZF employees worldwide numbered 153,153. The ZF Group is represented with 162 production locations in 29 countries.

Our main sales markets are Europe, North America and the Region of Asia-Pacific, with China as the core market and India as the growth market.

Corporate structure

ZF Friedrichshafen AG is a corporation headquartered in Friedrichshafen (Germany). The Zeppelin Foundation owns 93.8% of the company. These shares are managed by the city of Friedrichshafen. The remaining 6.2% is owned by the Dr. Jürgen and Irmgard Ulderup Foundation, Lemförde (Germany). The shareholders exercise their voting rights at the annual shareholders' meeting and/or at extraordinary shareholders' meetings that are held upon requirement.

To keep our business activities as customer-oriented, market-specific and innovative as possible, we are working in a global network consisting of divisions, regions and corporate functions. The corporate functions and divisions are managed by the Board of Management. This also applies to the regions of North America, South America, Asia-Pacific and India. The regions provide local guidelines and services for their respective regions.

In the ZF Group, business activities by product segments are organized by divisions. The Chassis Solutions, Electrified Powertrain Technology, Electronics and ADAS divisions as well as ZF Lifetec operate in the passenger car and light commercial vehicle sector. The Chassis Solutions Division bundles all competencies relating to chassis, steering and braking technology. The Electrified Powertrain Technology Division combines the expertise for electrifying the powertrain. ZF Lifetec encompasses all business activities related to passive safety systems, such as airbags, steering wheels and seat belts. The Electronics and ADAS Division is responsible for driver assistance systems, sensor technologies and integrated electronics.

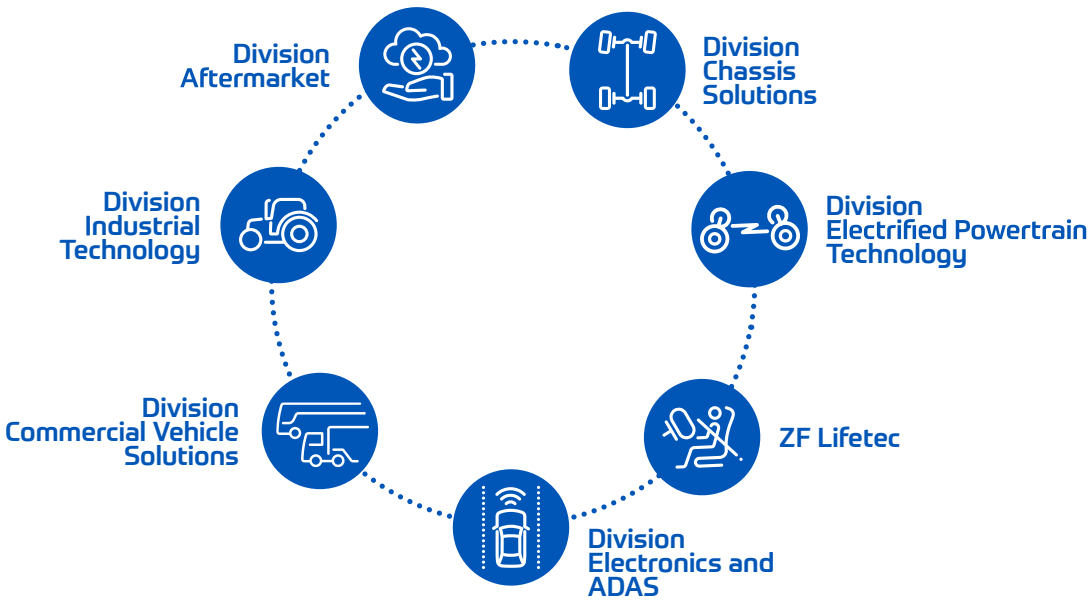
Our Commercial Vehicle Solutions Division is a systems supplier primarily for truck, bus and trailer manufacturers as well as fleet operators. The core tasks of the division are the development and provision of electric drive solutions for commercial vehicles, the promotion and implementation of technologies for autonomous driving, and the integration of digital solutions to improve efficiency and safety in transportation.

Activities in the area of industrial applications are pooled in the Industrial Technology Division and include market segments such as construction and agricultural machinery, wind power, marine propulsion, rail drives, special drives and test systems. In addition to the development of transmissions and drive systems in the areas mentioned, activities include the provision of solutions for the automation of production processes as well as technologies to increase efficiency and sustainability in energy generation and distribution.

The Aftermarket Division makes our OEM expertise available to the aftermarket, drawing on a global service network of more than 20,000 workshop partners. The services include workshop concepts and service offers for fleets, exchange units, maintenance and remanufacturing. Intelligent connectivity solutions for digital mobility management over the entire life cycle of a vehicle complement the range of services.

As a further step in the strategic realignment of the ZF Group, the sale of the Advanced Driver Assistance Systems business unit of the Electronics and ADAS

G. 02 Divisions



Division to Harman International Inc. was announced at the end of 2025. Under the agreement and subject to regulatory approvals, ZF will transfer its ADAS business, including compute solutions, smart cameras, radar technology and driver-assistance software functions, to the acquirer in the second half of 2026. The areas of electronics for chassis and passive safety technology will remain within the ZF Group. In the commercial vehicle sector, activities in the field of driver assistance and autonomous driving will be continued.

In addition, it was decided at the end of 2025 to establish the Wind Power Technology business unit of the Industrial Technology Division as an independent organizational and legal entity in order to enhance competitiveness. The new structure is intended to create additional opportunities for strategic options to support future growth.

BUSINESS CONDUCT

Board of Management

ZF Friedrichshafen AG and the ZF Group are managed by the Board of Management. The Board of Management runs the business independently and determines the strategic orientation of the company. The strategy is implemented in close coordination with the Supervisory Board. The Supervisory Board monitors the activities of the Board of Management and receives regular management updates concerning business performance, strategy and opportunities and risks.

In line with our matrix organization, in addition to strategic and functional management, the Board of Management has responsibility for the divisions and regions.

At the end of the 2025 fiscal year, the Board of Management consisted of five members: Chief Executive Officer Mathias Miedreich, Dr. Lea Corzilius, Michael Frick, Dr. Peter Holdmann and Andreas Moser.

In September 2025, the Supervisory Board appointed Mathias Miedreich as Chief Executive Officer, effective October 1, 2025. Dr. Holger Klein and Prof. Dr. Peter Laier left the company at the end of September 2025. In October 2025, the Supervisory Board appointed Andreas Moser as a new member of the Board of Management with effect from November 1, 2025.

Supervisory Board

The Board of Management is overseen by the Supervisory Board, whose members are appointed with equal representation. At the end of the fiscal year, the Supervisory Board comprised 20 members under the leadership of Dr. Rolf Breidenbach.

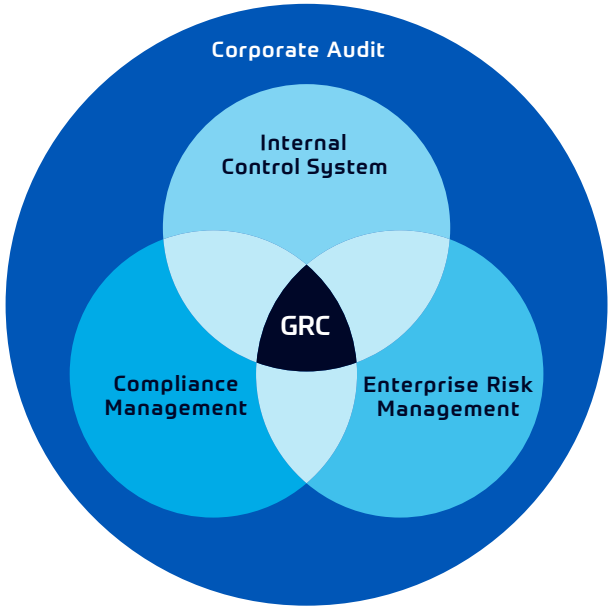
The Supervisory Board is supported by an Executive Committee, an Audit Committee and a restructuring committee.

Corporate Governance

The Board of Management and the Supervisory Board are committed to managing and monitoring the company responsibly in accordance with the principles of good corporate governance. These are a prerequisite for sustainable business success and the fundamental standard on which our day-to-day management behavior is based. For the Group, acting according to the principles of responsible business conduct geared to sustainable value creation is an all-encompassing requirement across all areas of the company. Corporate Governance is implemented by means of an integrated Governance, Risk and Compliance (GRC) approach. The aim of the integrated GRC approach is to synchronize and promote the activities and cooperation of the core governance functions. In addition to Group Risk Management, this system includes the Compliance organization, the Internal Control System, and as an independent supervisory body, Corporate Audit. The departments report regularly to the Board of Management and Audit Committee in a joint GRC report.

↘ **You can find more information in the Sustainability Report.**

G. 03 Integrated Governance, Risk & Compliance (GRC)



Equality and equal opportunities

Equality and equal opportunities are important for our company's success. We support diversity in our company and nurture our employees regardless of their personal attributes. ZF promotes an integrative working environment and an open work culture that respects, values and encourages individual differences.

With due consideration for German legislation governing equal representation of women and men in managerial positions in the private and public sectors, the following targets have been defined and are to be met by June 30, 2027:

- The targets of 20% female Supervisory Board members and 10% female Board of Management members are achieved with the current composition.
- At the first managerial level below the Board of Management as well as the second managerial level, the proportion of women is to increase to at least 20%.

↘ You can find more information in the Sustainability Report.

INNOVATION

> **Adaptation of R&D processes and projects to the challenges in the automotive industry, with artificial intelligence and sustainability aspects gaining in importance.**
> **R&D expenditure of €3.3 billion in 2025. 25,359 R&D employees at 18 main development locations in seven countries.**

In the 2025 fiscal year, research and development (R&D) was affected by noticeable financial restrictions. ZF addressed this by strategically focusing its portfolio. The main focus was on the use of artificial intelligence – both in products and in internal processes – to drive technological progress efficiently and in line with market needs, as well as on the further development of technologies for the software-defined vehicle.

Initiatives of Corporate Research and Development

In 2025, the Global Software Center focused on effectively leveraging the newly established structures and achieving initial improvements in efficiency. The central platforms developed were successfully used in series projects.

In addition, ZF is actively advancing the development of software-defined vehicles within the open-source ecosystem of the Eclipse Foundation. Together with partners, ZF has launched two projects focused on integration and diagnosis. Our joint venture Qorix is also a driving force in the Eclipse S CORE (Safe Open Vehicle Core) project. S CORE is an open, safety-certifiable middleware project of the Eclipse Foundation that has been developing a modular, service-oriented software platform for control units in software-defined vehicles since 2024.

A milestone in the field of artificial intelligence (AI) was the start of series production for the AI-based TempAI function in electric drives with three major German OEMs. The AI function enables a more precise mapping of the temperature behavior of the electric drive, resulting in energy savings in the WLTP cycle and, in the process, increased performance. At the same time, the coordination effort in software development was significantly reduced. The AI Road Sense product for the Chinese market was presented at the Auto Shanghai 2025. It uses camera data to analyze road conditions and has already been nominated for series development by two Chinese OEMs.

In July 2025, ZF presented a test vehicle featuring the new Chassis Health Monitoring digital solution as part of the Chassis Tech Days. This technology uses ZF's system expertise and AI-based algorithms to analyze sensor data in real time and precisely monitor the condition of chassis components. The aim is to avoid breakdowns, plan maintenance based on actual needs and improve the safety and availability of vehicles. Thanks to health monitoring, continuous analysis can be performed not only on chassis systems but also on ZF's electric drives, hybrid drives and conventional automatic transmissions, for the electric motor, power electronics and the transmission. As part of the CeCaS (Central Car Server) funding project, ZF and its partners developed an innovative car computer featuring a chiplet module for modular computing power. A key development objective was to optimize thermal management to ensure the system's thermal stability and efficiency even under high computational loads.

To accelerate the industrialization of mechatronic systems, the Mechatronic Integration Connection (MIC) Lab was expanded. The aim is to bring product and production innovations to market maturity more quickly and efficiently. The new expansion stage allows semiconductor components to be processed and integrated under conditions that closely resemble real-world environments – a key contribution to the early validation and industrialization of complex mechatronic assemblies.

The product cybersecurity management systems (CSMS) from ZF and ZF Lifetec were certified by TÜV Nord in 2025 for a period of three years, based on ISO/SAE 21434. The underlying governance platform integrates functional safety and provides interfaces to other product-related topics such as data protection, open-source software and AI in products.

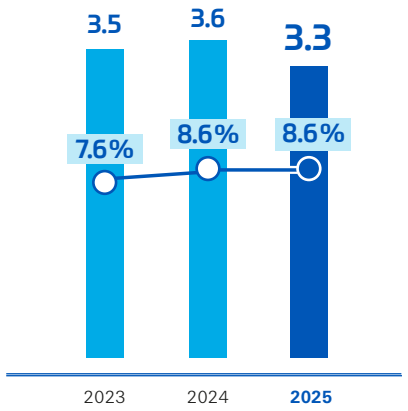
In addition to the AI initiatives, sustainability was another key area of focus. ZF continued its proactive strategy to meet future EU REACH requirements for per- and polyfluoroalkyl substances (PFAS). Internal working groups are continuously identifying PFAS-free alternatives to enable the gradual phase-out of these substances in ZF products. At the same time, ZF is working with its suppliers to advance the search for substitute materials for critical applications.

Building on the results of the EU project SUSMAGPRO, ZF is intensifying its work on sustainable innovations in magnet technology for electric motors. The aim is to reduce dependence on rare-earth elements, in particular by dispensing with neodymium iron boron (NdFeB) magnets or by using recycled magnetic materials. The ZF-wide Materials Warehouse materials database supports the selection of sustainable materials by providing transparent CO_2eq data.

Research and Development key figures

	2025	2024
R&D expenditure in € million	3,341	3,557
R&D expenditure ratio in %	8.6	8.6
Number of invention disclosures	2,043	2,880
Number of R&D employees	25,359	26,954

G. 04 **R&D expenditure**
in € billion/share of sales in %



Highlights from the divisions

Chassis Solutions

In 2025, the Chassis Solutions Division consistently continued its Chassis 2.0 strategy, supporting the evolution toward the software-defined vehicle. Key milestones include the new order from a Chinese manufacturer for the vehicle dynamics control software cubiX (in series production since 2023), which will be delivered for the first time as an updateable solution starting in 2027, as well as the continued development of network-capable by-wire actuators. ZF received a major high-volume order that will bring brake-by-wire braking technologies to nearly five million vehicles produced by a leading global OEM. In addition, the NIO ET9 became the first Chinese production vehicle equipped with true steer-by-wire technology, with Mercedes-Benz set to follow in Europe in 2026. In the luxury segment, Cadillac relies on the ZF Smart Chassis Sensor. It measures the relative movement of the vehicle body and enables new functions and business models through smart algorithms.

Electrified Powertrain Technology

ZF addresses the technological diversity of electrified drives with a flexible platform approach. The SELECT electric drive platform provides highly integrated system solutions combining components such as electric motors, inverters, converters, transmissions and software – also for hybrid solutions such as the 8HPevo and range extenders. To increase efficiency, ZF is leveraging innovations such as TherMaS, a specially developed thermal management system for electric vehicles. It uses propane as a refrigerant and enhances thermal performance while reducing both size and weight. Tests show that range increases by up to 10% in winter operation, and even by up to 30% under extreme conditions.

ZF Lifetec

ZF Lifetec presented several innovative safety and comfort solutions at the IAA 2025. Highlights included the transformable steering wheel, which can be electromechanically lowered and retracted into the dashboard to enlarge the driver's area during automated driving or parking maneuvers. Also on display was the Heat Belt 2.0, an advanced heated seat belt solution that uses a patented algorithm to dynamically adjust the heating performance in response to environmental influences such as open windows or direct sunlight. With the Active Heel Airbag, ZF Lifetec introduced a global innovation designed to protect the lower extremities – particularly effective in reclined seating positions. The portfolio was complemented by the new FI1 pyrotechnic gas generator for frontal impact protection. It stands out for its improved performance-to-size ratio as well as smoother airbag deployment and it is suitable for both driver and passenger airbags.

Electronics and ADAS

The Electronics and ADAS Division significantly expanded its service portfolio to meet the increasing customer demand for turnkey ADAS solutions. ZF now offers comprehensive services ranging from system development, testing and validation right up to the homologation of ADAS hardware and software. As part of the shift towards software-defined vehicles (SDV), automated driving functions have been integrated into the portfolio as standalone software solutions. They are designed to be flexible and compatible with central control units from various suppliers. In the area of central computing units, the ProAI product portfolio has been supplemented to include additional SoC suppliers and more cost-efficient variants for volume models. The high-performance ProAI computer platform has also been upgraded to support optical multi-gigabit Ethernet for automotive applications.

Commercial Vehicle Solutions

In 2025, the Commercial Vehicle Solutions Division intensified its innovation activities to specifically address market changes and industry-wide transformations. The rollout of the CeTrax 2 Dual E-Drive continued to advance. The range was complemented with new applications based on the PI10 platform, including the AxTrax 2 Low Floor for buses and the AxTrax 2 for electrified trailers in North America. ZF also presented the TraXon 2 Hybrid AMT system for plug-in and full hybrid commercial vehicles – a solution for long-haul and regional transport that reduces emissions, improves efficiency and reduces dependence on charging infrastructure. The portfolio was expanded with the award-winning e-comp Scroll and air supply unit, which supplies oil-free compressed air for safety-critical systems. In the area

of digitalization, ZF strengthened its position with the introduction of PKI as a Service and the SUMS Suite for the secure and compliant management of the software lifecycle.

Industrial Technology

Guided by the principle of zero emissions, the Industrial Technology Division aims to operate compact construction and agricultural machinery entirely without generating emissions. The core components are the eTRAC eCD electric central drive, featuring an electric motor developed by ZF. Following a system-based approach, ZF offers not only the transmission and electric motor but also the corresponding inverter and the control unit for the electric driveline. The new eTERRADRIVE transaxle system marks an important step towards zero-emission agricultural machinery: The modular, highly integrated transaxle system for tractors and agricultural towing vehicles up to 100 kW combines traction drive, power take-offs (mechanical power take-off shaft and working hydraulics) and lifting mechanism in one compact unit. During development, particular emphasis was placed on a compact design that fits within the available installation space of the rear axle – without affecting the interfaces to attached implements. In addition, the newly developed system supports energy recuperation at the level of drive power. Thanks to its optimized design, the eTERRADRIVE offers maximum flexibility for installation across various vehicle platforms.

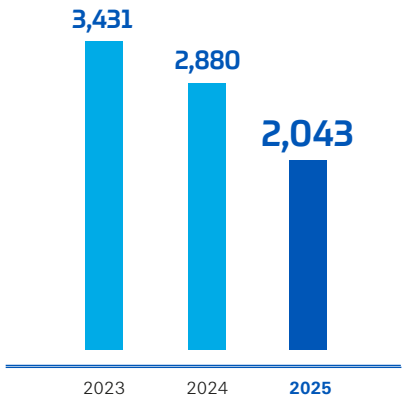
Aftermarket

The Aftermarket Division supports workshops, dealers and fleets with digital solutions that facilitate the transition to the future. One example is direct online appointment booking via Google – made possible through the integration of ZF [pro]Manager with Reserve with Google. Customers can book workshop appointments directly via Google Maps or Search – without the need for an app and without any additional effort. Workshops retain full control over services, schedules and booking rules. For this innovation, ZF was honored with the Equip Auto 2025 Award in the "Digital Solutions and Connectivity" category. The ZF [pro]Manager platform combines customer communication and repair management in a user-friendly interface, significantly boosting workshop efficiency. In the commercial vehicle sector, Aftermarket offers another forward-looking solution with ZF SolarBoost: The rooftop solar system for buses reduces fuel consumption, extends battery life and saves costs – ideal for city buses and coaches with 24V systems.

R&D expenditure

In the fiscal year 2025, ZF invested €3.3 billion (2024: €3.6 billion) in research and development. This corresponds to a sales share of 8.6% (2024: 8.6%). Research and development expenditure is defined as research and development costs in accordance with the statement of profit or loss, plus capitalized development costs, less their depreciation.

G. 05 Invention disclosures



R&D employees

In the past fiscal year, the Group had around 25,359 employees working in research and development (2024: 26,954). Worldwide, ZF has 18 main development locations in 7 countries.

Patent applications

In the year under review, a total of 2,043 invention disclosures (2024: 2,880) were filed by the Group. The filings led to 1,193 (2024: 1,885) new patent applications.

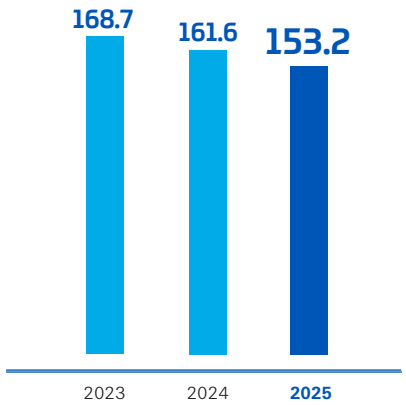
EMPLOYEES

As of December 31, 2025, ZF had a global workforce of 153,153 (2024: 161,631) employees. More than half of the employees (87,992) work in the EMEA region, approximately 56% thereof in Germany (49,210). The decrease in employee numbers across all areas of the ZF Group is the result of adjusting personnel capacities to current market conditions. This primarily affected the regions of Europe and North America.

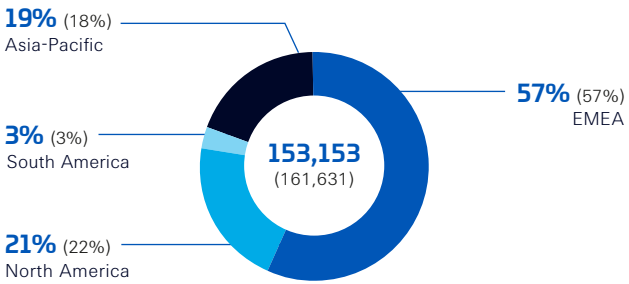
↘ **You can find more information in the Sustainability Report.**

G. 06 Employees

in thousands

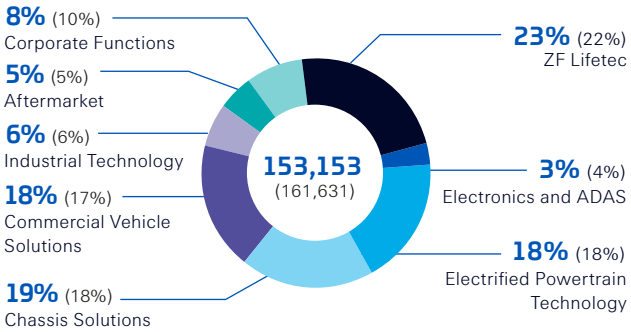


G. 07 Employees by region



Previous year's figures in brackets

G. 08 Employees by division



Previous year's figures in brackets

Economic Report

MARKET AND INDUSTRY ENVIRONMENT

> **Global economy continues to show little momentum – in view of the economic policy uncertainty, the global economy is robust but without drive.**
> **The various ZF industries are partly affected by negative growth rates due to the global economy, which continues to lack momentum; only the wind power sector shows strong positive development.**

Global economy not gaining momentum

Since the new U.S. administration took office in January 2025, the global economy has been under the influence of American trade policy. The government has noticeably increased the average effective tariff rate on U.S. imports. The USA is being driven by China, which is pursuing similar objectives by different means: China has demonstrated its own power with export controls on rare-earth elements. The decline in inflation has stalled and the ongoing war in Ukraine is also weighing on the general economic situation.

At 3.3%, the growth of the global economy was above the 3% mark in 2025 as in the previous years. Trade in goods and industrial production were marked by a surge in imports in the United States ahead of expected tariff increases, the correction of which has not yet been completed.

The U.S. economy has weakened overall. For 2025, growth declined to 2.2%. The momentum on the labor market has also slowed noticeably. Inflationary pressure increased again due to higher import costs.

The Chinese economy grew again by 4.9% despite the trade conflicts. The real estate crisis, which has persisted for five years, remains a major limiting factor for the Chinese economy.

The economic outlook in the euro area remained moderately positive in 2025, with growth of 1.4%. Germany recorded slight growth of 0.2% for the first time after two years of recession.

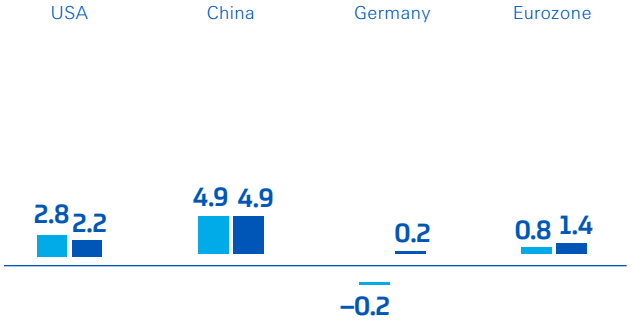
Growth in Brazil amounted to 2.5% in 2025. India was once again able to achieve a significant increase of well over 6%.

Challenging market environment for ZF's industries

In addition to the ongoing war between Russia and Ukraine and the tensions in the Middle East, 2025 was particularly marked by the trade policy of the new U.S. administration. After deciding on a large number of tariff increases in the first half of the year, but in many cases also suspending them, introducing product-specific exemptions or – as in the case of China – reducing punitive tariffs that had applied in the meantime, agreements were concluded with a number of countries in the summer that are intended to be permanent. This led to subdued dynamics in the various ZF industries.

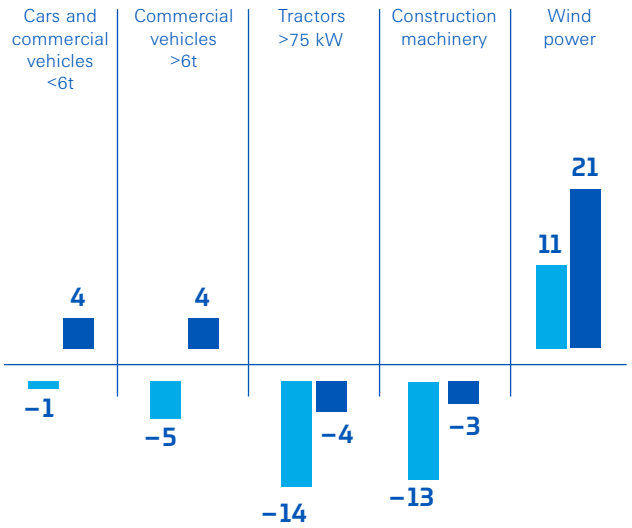
In 2025, production of passenger cars and light commercial vehicles up to 6 tons rose by 4% and thus climbed well above the 90 million mark again. Nevertheless, production was well below the peak

G. 09 GDP development
in %



Sources: Ifo, IWF, OECD, FERII (As of Feb 2026)

G. 10 Development of ZF's industries
in %



(As of Feb 2026)
Sources: ZF-internal estimate

of almost 95 million units in 2017. Production volumes in China, the world's largest automotive market, increased by 10%, while India also recorded a significant rise with a 7% increase in vehicles produced. South America also recorded an increase, with 2% more vehicles produced than last year. By contrast, production declines were recorded in Europe (−1%), North America (−1%) and South Korea (−1%).

Production of heavy commercial vehicles weighing 6 tons or more (4%) also increased. This is particularly due to the Asia-Pacific region and the markets of China (25%) and India (11%). In contrast, declines were recorded in the North America (−26%) and South America (−6%) regions, while Europe was able to halt the negative trend from 2024 and even edge back into positive territory, reaching a production volume of 590,000 vehicles, an increase of 0.2%.

The Industrial Technology business units also had to cope with a difficult market environment in 2025. Heavy tractor production recorded a continued decrease of −4%. This decline in production was caused by the markets of Europe −4%, North America −18% and Asia −2%. Only South America recorded growth with +4%. Construction machinery production, already under pressure in 2023 and 2024, recorded a further decline of −3%. North America in particular experienced a significant decline in production of −20%. South America (−8%), Europe (−5%), Japan (−10%) and South Korea (−15%) likewise posted distinctly negative results. India, on the other hand, was able to report sound growth of +5%.

The expansion of wind energy, developed positively, increasing by 21% globally in 2025 and rising by 27 GW from 127 GW to 154 GW. Europe (+5%), North America (+45%), South America (+2%) and China (+24%) were able to significantly expand their capacities.

OVERALL DEVELOPMENT OF THE GROUP

- **The ZF Group advanced its strategic realignment.**
- **Quality of results and cash generation significantly improved. Liquidity was further optimized through proactive financing measures.**
- **Extraordinary negative impact on results of €1.6 billion in connection with e-mobility projects.**

Overview of the business trend and Board of Management overall statement on business performance

The automotive industry continued to operate in a challenging market environment in the fiscal year 2025, shaped by weak economic growth, volatile regulatory frameworks and a tense geopolitical situation. The introduction of additional tariffs put pressure on the global value chain and had a negative impact on the ZF Group's business performance. The resulting uncertainty led to a significantly lower demand for electric vehicles and sharply declining customer orders. Global production of heavy-duty commercial vehicles and demand for industrial applications also declined more than expected.

In the past fiscal year, the ZF Group generated sales of approximately €38.8 billion in a sideways moving market environment for the entire automotive supply industry and thus did not achieve the sales forecast at the beginning of the year of more than €40 billion, but it achieved the sales forecast adjusted in July of over €38 billion. In total, sales decreased by around 6% from €41.4 billion to €38.8 billion. Adjusted for exchange rate and M&A effects, sales rose organically by approximately 0.6%.

The adjusted EBIT margin of 4.5% (2024: 3.5%) is above the forecast of between 3.0% and 4.0% communicated at the beginning of the year. The improvement in the adjusted EBIT margin is attributable to the performance programs we implemented and the strict focus on our core competencies, supported by a consistent focus on optimization. The measures implemented contributed to an increase in adjusted EBIT in the year under review. This underlines our clear commitment to restoring operational efficiency and financial strength.

Adjusted free cash flow of €1.4 billion also exceeded our forecast at the beginning of the year of more than €500 million and thereby clearly improved compared to the previous year's value of €305 million.

Global vehicle production is stagnating, the ramp-up of electric mobility is processing more slowly than expected and the uncertainties caused by U.S. tariff policy are placing an additional burden on the industry. ZF reacted decisively to these developments and accelerated the implementation of the restructuring program. Areas with positive long-term prospects such as the Chassis Solutions Division, Commercial Vehicle and Industrial Technology as well as the service business were strengthened.

In order to become more efficient in all areas, the existing performance programs for passenger cars and commercial vehicles have been combined, converted into a permanent performance organization and

extended to the entire company. This will result in further streamlining of the product portfolio. Corporate structures are also being reviewed and adapted. In doing so, we are pursuing the goal of ensuring that the company remains on a clearly recognizable and strategically correct course despite the difficult conditions.

The changed framework conditions in e-mobility have prompted us to renegotiate unprofitable customer projects in 2025. As a result, individual, major projects with customers had to be adjusted and cancelled. This led to an extraordinary negative impact on results of €1.6 billion, which had a negative impact on EBIT and net profit or loss after tax in order to strategically position the Group optimally for the future.

In the past fiscal year, another focus was placed on actively shaping the maturity profile of financial liabilities and securing the liquidity of the ZF Group. In fiscal year 2025, ZF repaid debts of €4.7 billion. On the refinancing side, ZF successfully placed approximately €3.1 billion on the capital market, mostly in the form of bonds. The transactions have enabled us to pre-finance almost all of the liabilities due in 2026. At the same time, a redemption offer for outstanding bonds and bonded loans with a maturity date of 2026 was initiated. This combined approach led to an optimization of our borrowing costs in 2025 and is intended to strengthen our liquidity position in the long term. In addition, our €3.5 billion revolving credit facility was completely unused at the end of the year.

Equity fell compared to the previous year mainly due to the negative result after taxes. Due to the decline, the equity ratio decreased to 13.3% (2024: 18.9%).

From the Board of Management's point of view, the ZF Group rests on a solid financial foundation thanks to its long-term oriented and diversified financing strategy, cash and cash equivalents as well as short-term time deposit investments of €3.1 billion and unused credit lines at Group level of roughly €4 billion. Overall, the Board of Management considers the business development to be satisfactory.

RESULTS OF OPERATIONS, NET ASSETS AND FINANCIAL POSITION

In the year under review, it was necessary to restate the previous year's figures in the consolidated statement of profit or loss. The following explanations are based on the restated figures. For further information, please refer to the Fundamental Principles in the Notes to the Consolidated Financial Statements.

Results of operations

> **Group sales in 2025 amounted to €38.8 billion. Sales declined by 6% due to the challenging market environment as well as M&A transactions performed in 2024.**
> **The significant increase in the adjusted EBIT margin is mainly due to the increased flexibility of the plants' costs, the focus on sustainable business development and the consistent implementation of the performance programs.**

Group sales fell by 6%

In fiscal year 2025, the ZF Group achieved sales of €38,810 million (2024: €41,377 million), which corresponds to a decline in sales of roughly €2.6 billion or 6.2% compared to the previous year. Adjusted for negative exchange rate and M&A effects, this results in an organic sales increase of around 0.6%.

Sales development in the divisions

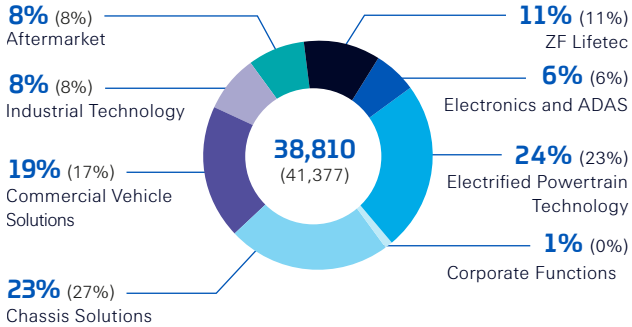
Sales in the Chassis Solutions Division amounted to €9,629 million (2024: €12,000 million). It must be taken into account that around €1.7 billion of the decline in sales is attributable to the sale of the Chassis Systems and Modules product line. The business

Sales development by division

in € million	2025	2024	Change
Chassis Solutions [1]	9,629	12,000	−2,371
Electrified Powertrain Technology	10,067	10,007	60
ZF Lifetec	4,664	4,790	−126
Electronics and ADAS	2,633	2,819	−186
Commercial Vehicle Solutions	7,822	7,703	119
Industrial Technology	3,237	3,280	−43
Aftermarket	3,514	3,618	−104
Corporate Functions	372	105	267
Consolidation	−3,128	−2,945	−183
Total	**38,810**	**41,377**	**−2,567**

1) In 2024, sales of the divested Chassis Systems and Modules product line are included on a pro-rata basis for four months.

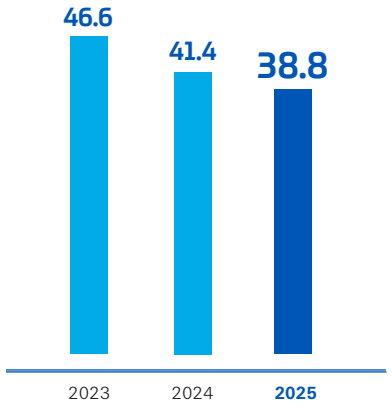
G. 12 Sales by division



Previous year's figures in brackets/Total sales in € million

G. 11 Sales development

in € billion



activities of this product line were integrated into the ZF Foxconn Chassis Modules GmbH joint venture newly founded with the Hon Hai Technology Group with effect from April 30, 2024.

Sales in the Electrified Powertrain Technology Division increased slightly from €10,007 million in the prior year to €10,067 million. After adjusting for negative exchange rate effects, the division's sales grew by around 2.2%.

ZF Lifetec reported a slight decline in sales from €4,790 million to €4,664 million, mainly due to negative exchange rate effects.

The Electronics and ADAS Division also recorded a decline in sales, both organically and due to exchange rates, to €2,633 million (2024: €2,819 million).

Sales of the Commercial Vehicle Solutions Division amounted to €7,822 million after €7,703 million in the prior year, corresponding to sales growth of around 1.5%. Adjusted for exchange rate effects, organic sales growth amounted to approximately 4.6%.

In fiscal year 2025, sales of the Industrial Technology Division amounted to €3,237 million (2024: €3,280 million). Adjusted for exchange rate effects, the division achieved organic growth of around 1.2%.

Negative exchange rates in particular led to a decline in sales to €3,514 million (2024: €3,618 million) also in the Aftermarket Division.

Regional sales distribution

The distribution of sales by region revealed the following: EMEA remained the strongest-selling region at 49.6% (2024: 46.8%). North America's sales share decreased slightly from 27.0% to 25.8%, as did the

share of the Asia-Pacific region, which changed from 22.9% in the previous year to 21.2% in the year under review. The Region of South America has a sales share of 3.4% (2024: 3.3%).

Sales development by region

in € million	2025	2024	Change
EMEA	19,256	19,359	−103
North America	10,028	11,179	−1,151
South America	1,318	1,382	−64
Asia-Pacific	8,208	9,457	−1,249
Total	**38,810**	**41,377**	**−2,567**

Statement of profit or loss

in € million	2025	%	2024 [1]	%
Sales	38,810	100%	41,377	100%
Cost of sales	−33,261	−85.7%	−34,887	−84.3%
Gross profit on sales	**5,549**	**14.3%**	**6,490**	**15.7%**
Research and development costs	−2,902	−7.5%	−2,958	−7.1%
Selling and administrative expenses	−3,489	−9.0%	−3,520	−8.5%
Other income and expenses	−244	−0.6%	−11	0%
Net result from participations	−4	0%	169	0.4%
EBIT	**−1,090**	**−2.8%**	**170**	**0.4%**
Net financial result	−749	−1.9%	−806	−1.9%
Net profit or loss before tax	**−1,839**	**−4.7%**	**−636**	**−1.5%**
Income taxes	−308		−423	
Net profit or loss after tax	**−2,147**	**−5.5%**	**−1,059**	**−2.6%**

1) 2024 restated

Gross margin affected by extraordinary charges

Gross profit on sales decreased from €6,490 million in the previous year to €5,549 million due to sales, corresponding to a gross margin of 14.3% (2024: 15.7%). While the material use ratio improved because of the performance programs and personnel expenses were significantly reduced, risk provisions for e-mobility projects and in particular unscheduled depreciation on property, plant and equipment in this area weighed on production costs in the amount of €1,246 million. Research and development costs amounted to €2,902 million (2024: €2,958 million), representing 7.5% of sales after 7.1% in the prior year. The focus was on the consistent implementation of the corporate strategy in terms of strengthening the future technologies of electrification, safety systems, vehicle motion control as well as strengthening our Commercial Vehicle Solutions Division. Compared to the previous year, sales and administrative expenses increased slightly from €3,520 million to €3,489 million, corresponding to 9.0% of sales.

Adjusted EBIT margin at 4.5%

EBIT totaled −€1,090 million in the past fiscal year (2024: €170 million). Adjusted for the expenses from the purchase price allocation for company acquisitions in the amount of €568 million, restructuring expenses in the amount of €479 million as well as a balance from M&A activities and special items in the amount of −€1,791 million, the adjusted EBIT margin amounts to 4.5% (2024: 3.5%).

The improvement of the adjusted EBIT margin was achieved through the increased flexibility of plant costs and the effectiveness of the measures under the implemented performance program. In addition, the year-on-year reduction in R&D expenses contributed to the improvement of the adjusted EBIT margin. The Board of Management considers these measures to have a lasting effect on the quality of results and to strengthen the Group's long-term competitiveness.

Adjusted EBIT is defined as EBIT corrected for net effects from the purchase price allocation, including amortization and depreciation, as well as M&A activities and other special items that are considered exceptional or non-recurring in nature.

The adjustment of the special items is always carried out following external confirmation of the classification. The correction is made in order to reflect the sustainable quality of results of the ZF Group from the company's point of view. Adjustments are constantly made on the basis of the criteria described, provided that these have had a significant impact on the year under review, whether positive or negative.

The special items in the year under review relate in particular to net expenses in connection with e-mobility projects of €1,600 million. In addition to the necessary depreciation on property, plant and equipment, risk provisions were required in particular due to volume reductions and the unsatisfactory quality of results of the orders.

The net financial result of –€749 million (2024: –€806 million) improved mainly due to a positive currency and hedging result. Interest expenses, on the other hand, increased slightly.

Income tax expenses in 2025 amounted to –€308 million (2024: –€423 million).

NET ASSETS AND FINANCIAL POSITION

> **Active structuring of the maturity profile and early refinancing of the 2026 maturities.**
> **Positive adjusted free cash flow of €1.4 billion.**

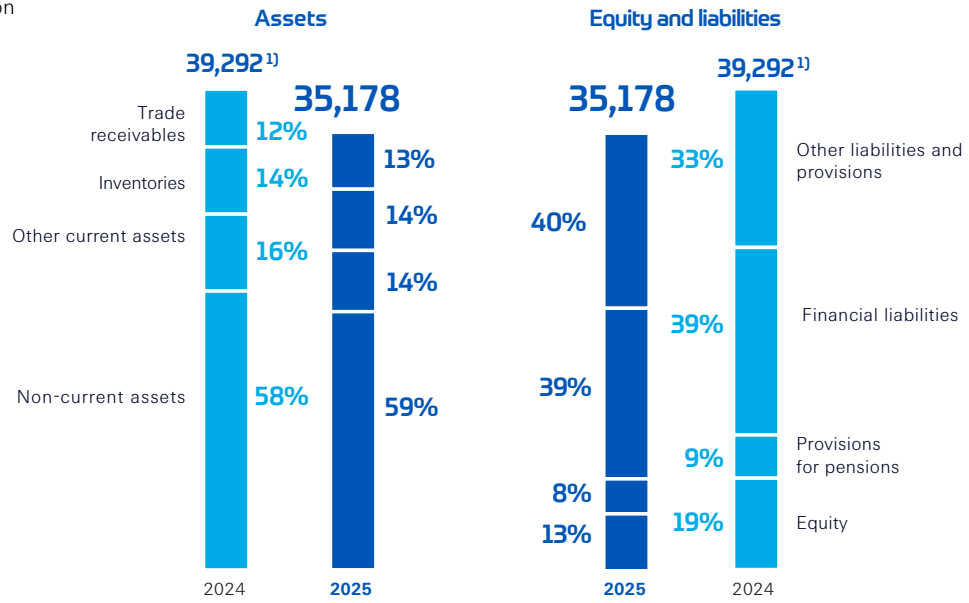
Decrease in total assets

Compared to the prior year, total assets decreased by €4,114 million to €35,178 million (2024: €39,292 million).

Current assets decreased by approximately €2.2 billion from €16,592 million in the previous year to €14,423 million. In particular, cash and cash equivalents as well as financial assets went down by approximately €1.6 billion in order to repay financial liabilities. Non-current assets decreased from €22,700 million to €20,755 million, mainly due to foreign currency translation and depreciation.

G. 13 Consolidated statement of financial position

in € million



1) Previous year restated

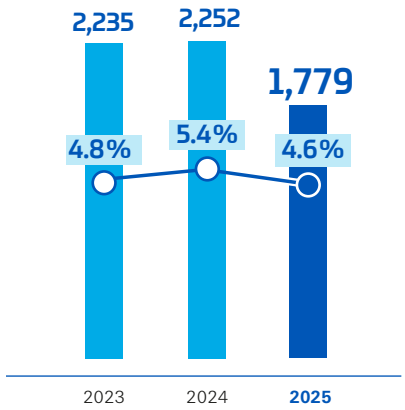
Investments lower compared to previous year

The investments in property, plant and equipment of €1,779 million focused on the technology fields of electric mobility, transmission applications (including hybridization), chassis systems, electronics, damper modules, brakes, steering systems and other safety technology.

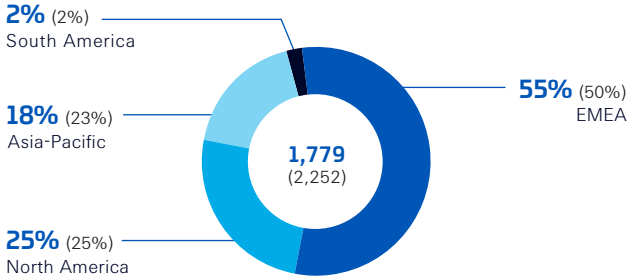
Of the capital expenditure, 41.7% was spent on payments in advance and construction in progress, 36.3% on technical equipment and machines, 12.5% on land and buildings and 9.5% on other equipment, factory and office equipment.

G. 14 Investments and investment ratio

in € million / share of Group sales in %



G. 15 Investments by region



Previous year's figures in brackets

Financing secured well in advance through 2027

Current and non-current financial liabilities amounted to a total of €13,531 million as of December 31, 2025 (2024: €15,166 million). Without considering the change of derivative financial instruments, there was a decrease in gross debt year-on-year of €1,701 million to €13,364 million.

The financing strategy in 2025 was aimed at refinancing and repaying the maturities in 2026. In June 2025, ZF had issued a fixed-interest euro bond of €1.5 billion with a maturity period of five years under the Debt Issuance Program (DIP). This was followed by a fixed-interest private placement of €165 million in July 2025 with a maturity period of three years and the conclusion of a bilateral variable-interest loan of €200 million in September 2025 with a maturity until July 2029. In addition, a U.S. dollar bond in the amount of $1.5 billion was placed in September, combined with a redemption offer for the euro bonds maturing in 2026. The redemption offer enabled €1.2 billion to be repaid early. The remaining €0.3 billion of euro bonds maturing in 2026 were repaid via a par or clean-up call in December 2025. After a further early repayment of variable-interest bonded loans in December 2025, around €120 million remain with an original final maturity in 2026.

During the reporting year, the Group was at all times able to meet its financial obligations.

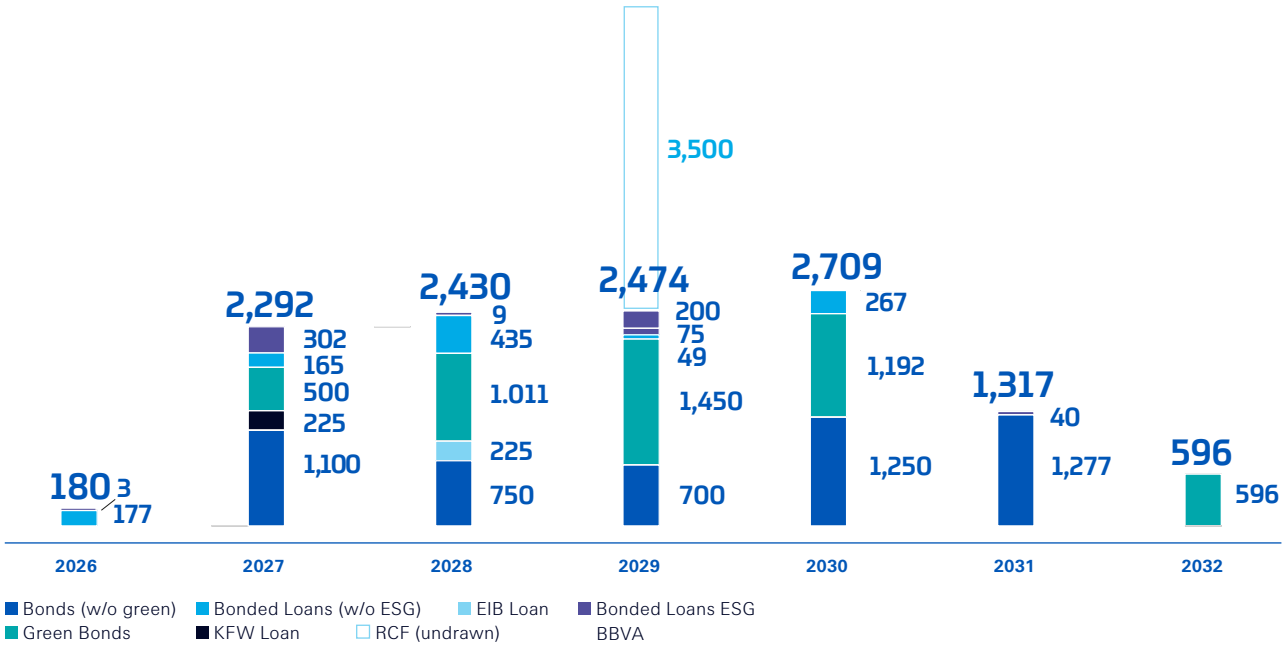
As of the reporting date, the syndicated loan refinanced in 2022 in the amount of €3.5 billion in the form of a revolving credit facility was unused. The syndicated loan has a residual term until July 2029.

In addition, there was still an undrawn loan of €425 million with the European Investment Bank.

The revolving credit facility and the loans mentioned also include a financial covenant among other obligations that ZF has to comply with. ZF concluded agreements in the course of 2025 to adjust the financial covenant.

Against the backdrop of the corporate goal of achieving financial independence, ZF continues to aspire to be assigned a stable investment grade rating. As of the reporting date, ZF had company and bond ratings of Ba2 with a negative outlook from Moody's and BB- with a stable outlook from Standard and Poor's.

G. 16 **Maturity profile**
in € million



As a result of the interest rate adjustments in Germany, provisions for pensions were reduced to €2,900 million compared with €3,509 million in the previous year.

Other provisions increased from €2,194 million to €3,748 million, mainly due to risk provisions in the course of the adjustments and cancelations of e-mobility projects in the year under review.

As of the reporting date, Group equity amounted to €4,676 million (2024: €7,428 million). The net loss after tax and the negative result from foreign currency translation are counteracted by actuarial gains from the valuation of pensions. The sale of shares in an Indian subsidiary and unrealized gains from financial instruments also had a positive impact on equity. In the year under review, dividends were paid to the shareholders of ZF Friedrichshafen AG in the amount of €41 million and to holders of non-controlling interests in the amount of €117 million. Taking into account the decrease in total assets, the equity ratio was 13.3% (2024: 18.9%).

Adjusted free cash flow at €1.4 billion

Taking into account the effects of changes in exchange rates and the basis of consolidation at the end of the year, the cash position of the year under review is €2,790 million (2024: €3,372 million).

The cash flow from operating activities amounts to €2,511 million (2024: €1,721 million). The significant increase is mainly due to the improvement in net working capital and lower income taxes paid.

The cash flow from investing activities amounted to –€469 million (2024: –€2,678 million). The change is mainly due to the cash inflow of maturing time deposit investments, which were used to repay financial liabilities. Furthermore, expenditures for investments in property, plant and equipment were also reduced by €492 million compared with the previous year.

Free cash flow amounts to €2,042 million (2024: –€957 million). The free cash flow adjusted for cash inflows and outflows in connection with M&A activities, securities and money market investments up to twelve months amounts to €1,371 million (2024: €305 million).

The cash flow from financing activities amounted to –€2,441 million in the past fiscal year compared to €675 million in the previous year and is significantly influenced by the repayment of financial liabilities. The balance from repayments of financial liabilities and new borrowings totals –€1,513 million (2024: €1,220 million).

The net financial position decreased accordingly by €250 million to –€10,217 million as of the reporting date (2024: €–10,467 million). It consists of current and non-current financial liabilities excluding derivative financial instruments, less cash and cash equivalents as well as securities and money market investments up to twelve months recorded as financial assets.

Consolidated statement of cash flows

in € million	2025	2024
Cash flow from operating activities	2,511	1,721
Cash flow from investing activities	–469	–2,678
Free cash flow	**2,042**	**–957**
Cash flow from financing activities	**–2,441**	675
Net change in cash	**–399**	**–282**
Cash position at the beginning of the fiscal year	3,372	3,637
Other changes in cash and cash equivalents	**–183**	17
Cash position at the end of the fiscal year	**2,790**	**3,372**

Opportunities and Risks

- **Risks are managed within the framework of our Enterprise Risk Management (ERM) system where they arise.**
- **We address transformation risks by focusing on key technologies, establishing strategic partnerships and strengthening our core competencies.**
- **Geopolitical conflicts as well as adjustments to trade and customs policies may continue to strain supply chains and impair international competitiveness.**
- **Sustainability and digitalization are opening up new business areas for us – ranging from circular economy and green steel to software platforms for the software-defined vehicle.**

ORGANIZATION OF THE OPPORTUNITY AND RISK MANAGEMENT SYSTEM

ZF defines risks as any internally or externally occurring events or developments that may result in a negative deviation from the business plan, whereas opportunities may result in a positive target deviation.

Through established processes and responsibilities, our risk management system involves all pillars of the ZF Group matrix organization, consisting of corporate functions, divisions and regions. The objective is to identify and analyze opportunities and risks early on and to take measures to manage risks and seize opportunities.

As a governance and assurance function at Group level, Group Risk Management provides structures and methods for the implementation of the ERM process. The existing ERM Directive is addressed to all employees.

The Board of Management bears overall responsibility for the risk management system. At least four times a year, it informs the Audit Committee and the Supervisory Board comprehensively about the opportunities and risks of the ZF Group and the respective control measures initiated and planned. The Group risk report is part of the integrated Governance, Risk & Compliance (GRC) report.

At Group level, the cross-functional Risk Committee, chaired by the Chief Financial Officer, is tasked with evaluating ZF's risk situation – regularly or ad hoc if necessary – and ensuring its active management. The continuous further development of corporate governance aspects within the framework of the GRC approach is another essential task of the Risk Committee.

G. 17 Risk management at ZF

Within the scope of its control obligation, the Audit Committee deals with the effectiveness of the risk management system. Among other things, Corporate Audit is responsible for regularly checking and evaluating the efficiency of the risk management system, including the implementation of the underlying ERM Directive. Within the context of the annual or consolidated financial statements audit, the auditor appointed by the Supervisory Board also assesses whether the Board of Management has set up suitable measures for the establishment of a monitoring system in order to detect early on whether there is any development that may threaten the existence of the company. Insights from these regular audits are integrated into the continuous further development of the ERM, including our risk culture and risk strategy.

At least every three months and ad hoc, if required, the operational and strategic risks within the matrix organization are identified and reported. Risk identification is supported by the ZF risk catalog, which is applicable Group-wide and subject to regular review by the GRC managers in the corporate functions, divisions and regions. The risk categories in this catalog cover the entire value chain of our company.

The risks are chiefly assessed quantitatively, differentiated according to their gross (before risk treatment) and net risk value (after risk treatment), and the indication of a probability of occurrence range (%). The possibility of qualitative risk assessment using our GRC consequence matrix enables us to also consider and manage not (yet) quantifiable or difficult-to-quantify risks in our risk landscape.

Significant risks for the Group are identified for Group reporting by means of thresholds defined by the Board of Management with regard to expected extent of damage and probability of occurrence. We include opportunities if they have a direct material link to a risk.

To manage a risk, the responsible risk owner defines measures which are documented and tracked in a central risk database. Interdependencies between individual risks and aggregation effects are taken into account. ZF's risk landscape aggregated using the Monte Carlo method is compared with the risk-bearing capacity of ZF.

KEY RISKS COMMENTARY

Based on our current assessment, the risks we classed as significant to the future development of the company are described below. Risk reporting generally covers a whole year.

Market and customer

As a global player we essentially face location-, country- and region-specific risks arising, among other things, from economic, geopolitical and domestic political developments, which affect both sales and procurement.

In the short and medium term, weak economic growth, the risk of recession in some countries, volatile legislation and the associated uncertain circumstances in particular can have a negative impact on demand for our products and services. This makes it more difficult for us to predict our sales volumes and there is a risk that our production facilities are underutilized. Should the markets, however, grow faster than expected, there could be capacity bottlenecks with the result that customer demands cannot be fully met. Our logistics early-warning system and customer-oriented production planning based on continuous communication enable us to respond flexibly to fluctuations in demand.

The automotive industry is an important customer base for ZF and faces major challenges worldwide, especially in Germany and Europe. Strict environmental regulations and sustainability goals, discussions about the end of the internal combustion engine as well as announced or already enforced driving bans are major sources of uncertainty for the entire automotive industry. This leads to changes in consumer behavior, which is also reflected in stagnating global vehicle sales. We expect the share of hybrid and battery electric vehicles to continue to develop with strong regional differences, while the transition to electric mobility is progressing more slowly than expected. ZF adapts its driveline products and components to market conditions and no longer pursues new developments in the traditional passenger car and commercial vehicle sectors that are exclusively suitable for pure combustion-engine vehicles.

We are increasingly observing the expansion of dedicated market access barriers worldwide. Countries such as the USA and Mexico have increased tariffs on selected imports, e.g., steel and aluminum, to boost the competitiveness of their domestic industries. The European Union, on the other hand, has raised tariffs on battery-powered electric vehicles from China to offset state subsidies for Chinese OEMs. These protectionist measures complicate international trade and can negatively impact market growth and consumer behavior due to higher product prices.

The current framework conditions lead to redistributions among customers and competitors. Global volume shifts are increasing – especially towards Chinese automotive manufacturers and suppliers. As these companies are becoming more technologically competitive and at the same time cheaper in Europe due to their industrialization and expansion strategies, this could weaken ZF's market position across several industries in the long term. Through market research activities and the continuous monitoring of sales markets, we strive to identify changes in market structures at an early stage and thereby proactively combat the associated sales risks. Localization analyses in specific markets provide us with a focused and sustainable approach to new business ventures.

Risks may also ensue from the ramp-up of new products and the breakthrough of disruptive technologies. As a supplier, we are facing high investments and massive cost pressure, which, while coping with scarce resources, calls for stringent cost management to compensate for price reductions. If we do not succeed in this, it could have a significant impact on the profitability of customer projects. There are uncertainties regarding the profitability of long-term customer contracts for which the start of volume production lies in the future. These essentially result from assumptions regarding the ability to pass on cost increases as well as the implementation of cost and price optimization measures. Some of these assumptions lie outside our direct sphere of influence.

Our portfolio management approach allows us to focus on technologies that reinforce our leading position. Here, we can draw on a network of partnerships and participations. As a general principle, targeted diversification measures are also taken to reduce our dependence on the automotive business.

Changing political conditions, structural deficits and the economic downturn in some countries may lead to declining sales and payment defaults. Under these conditions, we are also observing increasing liquidity problems on the customer side. In the year under review, a cyber incident at a customer also demonstrated that call-off delays and revenue shifts caused by cyber attacks at customers represent relevant risks for us.

In addition to our activities in the traditional markets, we want to continue to proactively position ourselves in previously underrepresented markets in order to realize sales opportunities from potential growth impulses and diversification. In this way, ZF can compensate for market slowdowns in individual regions by shifting volumes to other markets.

Purchasing, suppliers and supply chain

Procurement markets also remained under pressure in 2025. Rising geopolitical tensions, violent conflicts and the expansion of existing conflicts between individual countries and regions may lead to further strains for the ZF Group. We are closely monitoring current developments in the Middle East conflict. Due to the ongoing risks affecting international trade routes, such as temporary closures of key maritime passages, shipments may need to be rerouted, leading to longer transit times between Asia and Europe and higher freight costs. We try to minimize the risk as much as possible by negotiating with carriers and customers. Cross-divisional task forces and working groups are closely monitoring the situation in the crisis regions. They derive appropriate measures to ensure that deliveries are continued, our employees stay safe, business activities remain compliant and that international sanctions are observed, where relevant. In addition, we continue to monitor potential economic and security-related conflicts between the USA and China, including potential reciprocal sanctions that threaten the international movement of goods. In this context, we continuously analyze the potential implications of government decisions on our business activities, e.g., in the area of taxes, trade and customs regulations, in order to respond quickly to dynamic developments. Corresponding measures are taken into account directly in the decentralized strategies and processes. Based on scenario analyses, we derive measures as needed to maintain robust supply chains and avoid critical dependencies.

According to ZF's purchasing strategy, raw materials and components are to be procured from a variety of different suppliers in different regions. Nevertheless, we cannot always avoid being dependent on individual suppliers. Delays in delivery and supply shortages (for example due to natural disasters, cyber attacks on or financial imbalances of suppliers right up to their insolvency) as well as the consequences of strikes or insufficient delivery quality can lead to production and delivery interruptions on our side. Volumes have declined, purchase prices and costs have gone up in recent years. Since there are only limited possibilities to pass on these price increases within the value

chain, this poses a particular burden on medium-sized companies in Europe. In the area of production materials, this primarily affects casting suppliers.

In the area of casting, it is our aim to limit the risk of business interruptions by implementing a new, comprehensive ZF casting strategy. In addition, experts of Financial Risk Management check and coordinate support services for critical suppliers.

Supplier Risk Management systematically works to avoid interruptions in deliveries due to financial instability or market introduction, quality and logistics problems at suppliers. By presenting alternative sourcing options, we aim to minimize our procurement risk position as much as possible. In order to reduce the risk of successful cyber attacks, suppliers who have access to confidential and sensitive ZF information are obliged to provide evidence of an effective information security management system in accordance with the Trusted Information Security Assessment Exchange (TISAX) or according to the ISO/IEC 27001 standard. The required TISAX assessment level is determined by the classification of the information processed or transmitted by the supplier. Depending on the sensitivity of the data, higher TISAX labels for confidentiality are required to ensure that appropriate technical and organizational protective measures are in place. For suppliers whose services affect the availability of critical ZF information, systems or services, proof of a valid TISAX label with extended availability requirements is also required.

ZF addresses the challenges of the procurement side by continuously monitoring the markets via a special central department (Raw Material Intelligence), which closely coordinates with representatives from the purchasing departments regarding price developments in the raw materials and energy sectors. There is also close coordination between Purchasing and suppliers and customers regarding changes in supply chains. Overall, energy and raw material prices eased noticeably in 2025. However, the conflict in the Middle East carries the risk that prices – particularly for fossil energy sources – may rise again. The dependence on individual semiconductor suppliers continues to pose considerable risks. A supply stop at a strategically important supplier illustrates the need for consistent diversification and effective supply chain risk management. In addition, export restrictions, for example those imposed by China on rare-earth elements, pose risks to global supply chains. A suitable bottleneck control system is intended to reduce or ideally prevent negative impacts. Increasing costs for products and components must be compensated for by improving productivity, establishing synergies or distributing costs to the upstream and downstream supply chains. If this fails, there may be price-related declines in demand and losses in profitability.

Research and development including quality

Our business in the automotive industry in particular is subject to market developments and technical trends to which we must respond quickly and with innovations. This entails operational and strategic development and technology risks, e.g., in the fields of electric mobility, digitalization or vehicle motion control. Opportunities and risks also arise from the increasing awareness of the markets for ESG-related aspects as well as stricter or upcoming new regulations to limit potentially negative effects of our business activities and products on the environment. Our customers' expectations with regard to new technologies and sustainability require flexible and rapid adaptation of product development, which is usually associated with high investments. If, due to external or internal factors, we are unable to make the necessary investments in key technologies and capacities to the extent required, this could adversely affect the development of new products and our competitive position. We address these transformation risks by (re-)focusing on our strengths and core competencies, among other things. For example, we are reducing our dependence on individual propulsion technologies. This leads to the fact that a significant part of our product portfolio is used in vehicles both with combustion engines and with electric drives, and our sales of these products are developing in line with the market.

We also focus on building strategic partnerships. In order to leverage synergies in development throughout the Group, we follow the modular principle and operate across divisions via agile competence centers and global tech centers. This allows us to provide both external and internal customers with system solutions for any application according to their needs and market requirements.

Both product development and product optimization processes generally involve a variety of risks. These include possible time delays, which in the worst case jeopardize the start of production (SOP) of our customers' products, as well as cost overruns, especially in long-term development projects. Furthermore, risks arise from possible intellectual property violations as well as (cyber) risks within the context of networked products and the increased use of artificial intelligence as well as cloud solutions.

We take responsibility for our products and thus for their impact on society, our business partners and the environment. Non-compliant internally or externally sourced components or functions can lead to time and cost-intensive corrective measures as well as recalls, resulting in losses regarding customer and market acceptance. This is especially true since many of our products are important components that contribute to the overall safety, durability and performance of our customers' end products. For products that do not comply with customer specifications or (supposedly) exhibit malfunctions, ZF may face warranty and product liability claims which cause considerable costs due to investigations or proceedings.

We strive for the highest quality. This goal is anchored in the Group-wide "ZF DNA of Quality" quality strategy. ZF runs a certified quality management system according to IATF 16949 with standardized quality controls as well as regularly optimized process workflows, as we want to maintain our product quality at the highest level despite the increasing product complexity. The close cooperation between the Corporate Quality team, quality management of the divisions and Corporate Research and Development is to ensure that quality problems are identified as early as possible and the associated risks can be promptly addressed and mitigated. In addition, ZF has established a Product Safety and Regulatory Office and operates a comprehensive Product Compliance Management System to record, interpret and fulfill technical legal and regulatory requirements that are relevant to ZF products.

Cybersecurity including information security

We are highly dependent on IT systems and networks for our business and production processes as well as products and services. Since these systems and the products themselves are becoming more and more networked, they are fundamentally exposed to risks of cyber attacks and other disruptions or failures. With the rising geopolitical tensions, we also expect an increase in targeted, sometimes state-sponsored cyber attacks on critical infrastructure in companies worldwide, including ZF. This threat situation intensified further during the year under review and could result in production downtimes and data loss. As a fundamental measure, ZF operates an extensive threat and vulnerability management system. Our comprehensive cybersecurity strategy aims at protecting people and their assets, business and personal information and data as well as ZF's physical and intangible assets. Our integrated Information Security Management System (ISMS) based on ISO 27001 covers not only IT but also development, production, staff security, compliance, physical safety as well as legal and customer requirements. Our ISMS is regularly audited by independent authorities at Group and location level.

Through technical and organizational measures, we protect data streams and processing in our infrastructure, both on-premise (operated on site) and off-premise (e.g., in the cloud). Our security culture is a central element of ZF's resilience. For this reason, we regularly carry out awareness-raising measures worldwide, such as our Security Awareness Campaigns, phishing simulations as well as mandatory training for our employees. Partners and suppliers handling ZF information are committed to comply with our security policy and to provide proof of an effective ISMS. We use internal and external sources of information to monitor the global cybersecurity situation. Alarm processes and crisis management are in place for security incidents, enabling us to react immediately to emergency situations with corresponding contingency plans and specific crisis response teams. The functioning of these processes is checked regularly. A cross-divisional Cyber Security Advisory and Decision Panel monitors and manages ZF's cyber risk situation across all risk categories.

As vehicles are now highly connected and digitalized, a particular focus in product development is given to the implementation of the ISO/SAE 21434 international standard on cybersecurity in vehicles. Our cybersecurity development processes meet this standard and thus form a cybersecurity management system that enables our customers to homologate their vehicles in accordance with the mandatory UNECE R 155 regulation. A central team of cybersecurity assessors has been set up to support product releases. In addition, a Red Team monitors the automotive-specific threat situation and initiates reactions to possible security incidents. In parallel, a Blue Team is working centrally on advance development for emerging technologies. The product cybersecurity management system was successfully certified according to the Vehicle Cyber Security Audit (VCSA) standard in 2023. ZF is also preparing for the introduction of the Cyber Resilience Act, which mandates cybersecurity for products with digital elements and will become binding in stages through 2027.

Finance

As part of central financial risk management, we monitor and control liquidity, foreign currency, interest rate and counterparty risks as well as credit risks in order to safeguard our financial stability. Provisions regarding the individual risk types have been put in place which determine how to assess and manage the particular risk. Where required, we hedge financial risks using appropriate instruments. Wherever possible and expedient, we use derivative financial instruments to manage interest and currency risks in particular. ZF controls and hedges currency risks with a standardized model to hedge underlying transactions in foreign currencies and a uniform system landscape.

High reference interest rates in currencies relevant to us and high risk premiums (spreads) in combination with higher gross debt can lead to an increase in interest expenses. In the year under review, measures were taken that may be beneficial in the future, such as early refinancing to secure refinancing interest rates and at the same time early repayment of maturities from 2026 to reduce the interest burden.

The deterioration of the economic environment and the associated significant decline in customer demand had a negative impact on our results and cash flow positions in the past, resulting in an adjustment of our ratings as well as in the credit assessments issued by trade credit insurers. This could result in higher refinancing costs and more difficult access to the capital market for ZF. Nevertheless, the capital market transactions carried out in the year under review once again demonstrated strong investor interest in ZF and underscore the company's ability to successfully refinance upcoming maturities on the capital markets and to secure long-term financing.

Active cash and cost management helps us to stabilize our liquidity. A revolving credit of €3.5 billion is still fully available as a liquidity reserve. In addition, central cash pooling with sufficient cash and committed credit lines contributes to the necessary financial flexibility.

Among other obligations, the bank loans from the EIB and KfW, as well as the revolving credit facility, contain a financial covenant which has to be complied with throughout all quarters. A breach of this financial covenant would mean that, in the event of a respective claim, the creditor could demand immediate repayment of the financing or terminate the credit facility. Thanks to the measures implemented to secure liquidity and by adapting the financial covenant, ZF Friedrichshafen AG was always able to comply with the financial covenant in 2025, also as of the balance sheet date. From a current perspective, ZF has no reason to believe that these obligations will be breached in future.

In order to reduce counterparty risks within finance, we only transact with banks that have first-class financial stability and within stipulated limits. The credit rating of our suppliers and customers is continually checked.

A further risk is the need to recognize impairments on financial assets. If company participations or business units do not develop sustainably in accordance with the underlying business plan, we could be forced to make significant balance sheet depreciations.

In the course of audits, tax laws and relevant contracts or events could be interpreted and assessed in a different manner by local tax authorities than by ZF. This poses the risk of a claim for back taxes based on an adjustment to the tax base. Furthermore, tax law initiatives can influence future tax expenses or tax payments.

ZF is subject to high pension obligations, particularly in Germany and Great Britain. These pension obligations are covered to a varying extent completely or in part by plan assets. We invest the plan assets in a variety of asset classes that are exposed to corresponding value fluctuation risks. A change in key parameters, such as the discount rate or other factors dependent on macroeconomic or regulatory developments, could lead to negative effects on ZF's earnings and equity.

Legal and compliance risks

Due to the complexity of our business model with economic activities on all continents, we are generally exposed to the risk of legal disputes in areas such as product liability, competition law, export control regulations, environmental protection and taxation. Particularly in the USA, we are involved in proceedings whose outcome may have a substantial negative impact on our earnings. Accounting provisions for legal risks are made in accordance with the applicable accounting regulations.

In addition, it cannot be completely ruled out that individual employees significantly harm the company intentionally or unintentionally by violating applicable law in connection with their work activities, e.g., due to ignorance of complex antitrust regulations. This may result in payment or other obligations as well as damage to our reputation. In the event of investigations, we cooperate fully with the relevant authorities. ZF has created corresponding structures in order to ensure as far as possible that the different country-specific legal provisions are complied with and to monitor and minimize legal risks. Key elements are our global Compliance Organization, the ZF Code of Conduct and the Code of Conduct for Business Partners, especially suppliers, the anonymous whistleblower system for internal and external compliance notifications, and a comprehensive mandatory training concept. Our membership in the Responsible Supply Chain Initiative (RSCI) e.V. also supports our efforts to fulfill due diligence obligations in supply chains and thus contributes to reducing risks in the area of human rights.

KEY OPPORTUNITIES COMMENTARY

Industry and company-specific opportunities

In the partly disruptive industries in which we operate, we continuously see new opportunities that we take into account for our plans and forecasts, provided they have a sufficient probability of occurrence. We use systematic scenario analyses to record long-term market and technology trends. Using trend and environmental analyses and maintaining close contact with customers, we are continuously working on identifying where there is potential to improve our products' design, production efficiency, effect on humans and the environment, market performance as well as our cost structure.

One example is our Wind Power business unit, where we are strengthening cooperation with partners (customers, suppliers and other stakeholders) with what we call the "System Co*Operation." By bundling the innovative power of our products, services and expertise, ZF is to become more flexible in adapting to the changing environment and transformation of the energy sector.

The chassis business is an important component of the ZF product range. In the Chassis Solutions Division, ZF has been pooling all competencies in the field of braking and steering systems as well as damping and can thus offer its customers a comprehensive chassis portfolio with innovative hardware and software solutions that address major automotive megatrends.

The carve-out of our Passive Safety Systems Division as ZF Lifetec underlines the entire Group's capability in driving the transformation of our business. With the autonomy gained, ZF Lifetec can flexibly adapt to market changes and customer requirements and pursue growth opportunities that contribute to its strategic mission: "Saving lives through technology."

ZF took another important step in the transformation process by establishing a joint venture with Foxconn, the world's largest electronics manufacturer. This partnership allows us to tap additional resources, new customer access and additional development fields beyond the growing core market of chassis systems and modules.

A strategic highlight of 2025 was the agreement on the sale of the Advanced Driver Assistance Systems (ADAS) business unit to the international electronics specialist Harman. This sale includes innovative technologies, such as compute solutions, smart cameras, radar systems and ADAS software. The transaction is expected to be completed in the second half of 2026, subject to regulatory approvals, and represents an important step in the company's structural realignment.

In addition, a decision was made at the end of 2025 to establish the Wind Power Technology business unit of the Industrial Technology Division as an independent organizational and legal entity in order to enhance its competitiveness. The new structure is intended to create opportunities for strategic options to support future growth.

We will continue to leverage opportunities through collaborations and strategic partnerships in order to adapt to changing market perspectives and persistently high competitive pressure. Our diversification reduces our dependence on the automotive sector and enables us to realize opportunities in markets such as marine, agriculture and rail.

Sustainability

We rely on an integral approach to achieve climate neutrality and for the transition to a circular economy. For example, in addition to consistently decarbonizing our business processes, we are increasingly integrating recycled materials into our product designs to reduce their ecological footprint. The use of green steel also reduces the carbon footprint of our products and strengthens ZF's position as a sustainable technology partner. By remanufacturing drive modules and other components for passenger and commercial vehicles, we reduce resource consumption while unlocking additional sales potential. These measures help meet regulatory requirements and customer expectations, open up new business opportunities in the field of the circular economy and increase ZF's attractiveness to ESG-oriented investors.

The annual internal ZF Excellence Award Sustainability recognizes the importance of sustainability in the company as well as our employees' commitment in this regard. This contest recognizes outstanding projects throughout the company that, for example, support ecological sustainability or improve working conditions.

With the development of a magnet-free electric motor, ZF has created a technology that reduces dependence on critical raw materials, such as rare-earth elements, thereby further supporting the decarbonization of mobility.

The EU's CO_2 fleet target regulation requires vehicle manufacturers to reduce fleet consumption in their vehicle and drive mix. With our further growing portfolio of systems and components for plug-in hybrids and electric vehicles, we are already providing solutions for passenger cars and commercial vehicles that support customers in complying with the legal framework regarding emissions.

Beyond these requirements, our customers have set themselves ambitious sustainability goals. These go beyond their own carbon footprint and that of their suppliers. Among other things, they focus on energy and water consumption in production and use, the materials used and their origin, circular product requirements as well as the fulfillment of due-diligence obligations in our supply chains. To support our customers and conserve resources, we implement measures to reduce energy and water consumption in our own production. In addition, we require our own supply chains to raise environmental and social standards and to work consistently on improving them.

The development of environmentally friendly technologies and the expansion of renewable energies create a wide range of opportunities for us. Our sustainability strategy and its concrete implementation can strengthen our position as a responsible industrial partner.

Consistently sustainable entrepreneurial action, including intensified efforts to improve the circular economy as well as increasing transparency and assuming due-diligence obligations within supply chains, opens up opportunities to attract and retain employees. Our sustainability performance has a direct impact on how the ESG rating agencies evaluate ZF. It is an important element of our financing strategy with banks and investors.

↘ **More impacts, risks and opportunities and the respectively derived strategies are presented in the Sustainability Report.**

Research & Development

ZF relies on three pillars to successfully shape technological change in the mobility industry: technological openness, innovation and flexibility. Innovations such as the cubiX platform for chassis control in the software-defined vehicle or strategic partnerships for the development of silicon carbide components aim to provide ZF with new market opportunities.

To promote competitiveness, ZF has optimized its global research and development. In the process, corporate structures were streamlined and competencies within the divisions were strengthened to better meet our customers' requirements. Our Global Software Center 2.0 also stands for a stronger customer focus and aims at improved scalability in software development with a modern, flexible organizational structure. All divisions are given clear performance priorities, from the microcontroller platform to OEM-specific basic software.

The modular range extender for battery-electric vehicles enables ZF to respond specifically to increasing market demands for greater range and to tap into new customer segments. By integrating this solution, vehicle manufacturers can accelerate their electrification strategies and better meet individual customer requirements regarding range and application profiles. The technology supports our customers' transformation paths by complementing existing product portfolios and opening up new business models in the field of sustainable mobility. This expansion of our product portfolio enables us to offer OEMs flexible solutions and to position ourselves as an innovative partner in the field of electric mobility.

The start of volume production of the steer-by-wire steering system marks a technological milestone for ZF. With the fully electronic transmission of signals between the steering wheel and wheels, mechanical components are no longer required, giving our customers new freedom in vehicle design as well as reducing weight and installation space. The system architecture allows the integration of redundant safety mechanisms and supports software-based vehicle dynamics functions, aligning the solution with the requirements of automated and software-defined vehicles (SDV). The market launch strengthens ZF's position as a system partner for innovative mobility concepts.

In the Commercial Vehicles segment, the newly introduced TraXon 2 Hybrid transmission is leading the decarbonization revolution in the commercial vehicle industry. The underlying, technology-open modular system allows OEMs to transform their conventional vehicle platforms into hybrid platforms with minimal effort in order to meet CO_2 regulatory requirements and increase the ranges for logistics companies and their fleets.

ZF also offers a range of hybrid-capable marine products, thereby supporting the transition to low- and zero-emission shipping. From hybrid transmissions and transmissions for fully electric marine propulsion systems to electronic control integrations, ZF's marine portfolio helps reduce fuel consumption and greenhouse gas emissions. In doing so, we are strengthening our position as an innovative partner in the marine sector and creating additional business potential in sustainable and digital mobility solutions.

Digitalization

Digitalization offers us numerous opportunities along our entire value chain. For this reason, our transformation also focuses on the digitalization and networking of actuators and sensors necessary for software-defined vehicles and their chassis and drive systems. We are also driving forward the digitalization of our own processes in all areas of the company, which is reflected in 153 projects submitted for this year's ZF Excellence Award in the "Processes and Digitalization" category. With the Continuous Improvement System (CIS), ZF uses a Group-wide standardized platform for planning, evaluating and implementing improvement measures and initiatives of varying complexity. The platform offers our employees access to all measures, enabling them to identify and implement improvements within their own areas of responsibility and activity.

AI, especially generative AI, also offers numerous new opportunities for ZF to gain competitive advantages and expand our skills in order to become more productive, efficient and effective, as well as more differentiated and innovative. For example, ZF uses proven, licensed software products such as GitHub Copilot to support development and programming. In addition, we rely on pre-trained Large Language Models (LLMs) and use them as a basis to further develop customized solutions for "Service Desks" or "Knowledge Management." Through targeted qualification programs for our employees, we aim to integrate artificial intelligence into our workflows. Standards, ethical principles and the targeted development of competencies are intended to ensure the safe use of AI.

In Production, the cloud-based Digital Manufacturing Platform (DMP) offers a high level of transparency for all relevant process data in order to further increase the efficiency and flexibility of the plants. Meanwhile, we have connected several plants and their machines in all regions and turned them into a smart factory. As part of this platform, for example, employees use a "DMP app" during their shop floor routine to define measures that can improve the availability, quality and performance of production machines. As a result, quicker intervention is possible in the event of malfunctions.

ZF is expanding its digital business models. The joint venture Qorix between KPIT and ZF, founded in 2024, gained another partner in 2025 with Qualcomm. The enhanced capabilities in portability, safety and over-the-air (OTA) updates strengthen our role as a system partner for software-defined vehicles.

ZF Rescue Connect from the Industrial Technology Division is another successful example with continuously increasing numbers of customers and applications beyond the automotive sector. ZF Rescue Connect connects and digitalizes all rescue services in Europe in one ecosystem with harmonized connectivity solutions. With the help of this intelligent ecosystem, fire and rescue services can get to the scene faster. Once there, incident commanders can keep an eye on all vehicles, emergency services, equipment and patients as well as recorded data on a real-time situation map.

OVERALL STATEMENT ON THE OPPORTUNITY AND RISK SITUATION

The ZF Group works to counter the above risks using a decentralized risk management system that is embedded in an integrated GRC approach. Risks are managed where they arise; in this way, we ensure that the process experts and those who have the knowledge take the lead in the corresponding risk category and that the risks are managed competently. The Opportunities Report represents a consolidated observation of significant opportunities in the period under review. Wherever cost-effective and within our sphere of influence, we do our best to develop these opportunities.

Based on currently available information as well as the individual risks illustrated in the financial statement and set out in this report, we can identify no additional risks which may substantially influence the ZF Group's results of operations, net assets and financial position in fiscal year 2026. The financial situation of the Group is stable after successfully renegotiating the financial covenant with the banks. The need for financial means is covered by existing liquidity and available credit lines.

Given our market position and the precautions we have taken, we are confident in our ability to control these risks and meet the resulting challenges. When analyzing the overall picture of significant risks and opportunities, no risks can be identified which could jeopardize the Group's continued existence, either alone or in combination with other risks.

Forecast Report

INDUSTRY ENVIRONMENT TRENDS

> **Uncertainty about future trade policy and subdued economic momentum are once again dampening the forecasts for the ZF industries. As a result, both manufacturers and suppliers will once again face considerable challenges in the coming financial year.**

No noticeable economic recovery in sight

Substantial risks for the global economy remain, driven by the possibility that the trade conflicts involving the USA could escalate further. It is unlikely that these risks will be resolved within the forecast period. It remains hard to assess how strongly the ongoing uncertainty about external economic conditions will weigh on global investment. The economic slowdown is likely to be reflected above all in weaker production growth next year.

After the global economy grew by 3.3% in 2025, slightly reduced growth of 2.9% is expected in 2026. This would mean falling below the 3% threshold. The economic outlook in the euro area remains moderately positive. A growth rate of 1.1% is forecast for the euro area, while Germany – after years of recession and stagnation – is expected to return to a growth trajectory with a growth rate of 1.1%.

Annual GDP growth in the United States is expected to increase to 2.4% in 2026.

China is forecast to grow by 4.6% in 2026, driven by a slowdown in earlier investment, the introduction of higher tariffs and a reduction in fiscal support.

Based on the information currently available, it can be assumed that the attack on Iran will lead to increased geopolitical uncertainties in the Middle East. The impacts cannot be reliably assessed at this point in time.

Situation in ZF's industries remains tense

In light of the ongoing challenging environment, forecasts for the ZF industries in 2026 remain subdued. The outlook is shaped by trade policy uncertainties, persistent geopolitical tensions and ongoing wars. As a result, the ZF industries will have to continue to hold their own in a challenging environment. This results in a cautious and conservative assessment of the growth prospects for the ZF industries.

Global production of passenger cars and light commercial vehicles up to 6 tons is expected to fall below the previous year's level in 2026, reaching roughly 89 million vehicles which represents a decline of around 3%.

Forecasts point to declining growth across virtually all markets: Europe (–3%), North America (–6%), Japan (–5%), South Korea (–7%), and China (–4%). South America, on the other hand, shows positive momentum with +9%, and India is also expected to increase its production of passenger cars and light commercial vehicles up to 6 tons by +3% in 2026.

A decline of around 7% is expected for the commercial vehicle industry in 2026. China in particular is expected to record an extremely sharp decline of 17%, starting from a high production level of almost 1.4 million heavy commercial vehicles in 2025. Japan (–8%) is also developing negatively, whereas South Korea is forecast to be at a comparable level (36,000) to 2025. Europe, by contrast, could see a slight recovery from its moderate level (+2%). India, with an expected growth of 4%, continues to show positive development as in the previous year. North America (–1%) and South America (–3%) remain at a low level.

Forecasts differ in the industrial sectors. Global tractor production is expected to recover slightly (+1.3%); yet volumes remain well below 300,000 at around 269,000 units. Almost all markets are expected to show modest improvements compared with the previous year: Europe, North America and South America with +2% each, India with +5% and Japan with +3%, whereas China is forecast to remain unchanged. In 2026, the construction equipment sector is projected to see a mild improvement of +3%. Here, nearly all markets are showing similarly positive developments: Europe with +3%, North America with +2%, China with +3% and India with +5%. South America and Japan are expected to remain at the previous year's level. The situation is different in the wind sector: After the solid growth rates in recent years, a slight decline is expected for new installations.

It therefore becomes clear that manufacturers and suppliers in all segments served by ZF will continue to face considerable challenges in 2026.

DEVELOPMENT OF THE GROUP

> **ZF is advancing its transformation with greater speed and focus.**
> **To achieve a better quality of results, ZF will further adapt organizational and corporate structures to market developments.**

Considering the planned negative exchange rate effects, we expect Group sales of more than €38 billion in 2026 and expect sales to be at the same level as in the previous year. The forecast does not consider planned company transactions.

In the passenger car and light commercial vehicle sectors, we expect sales to remain slightly below the prior-year level due to market uncertainties. For the Electrified Powertrain Technology, Chassis Solutions and ZF Lifetec divisions, we expect a slight decline in sales or sales at the previous year's level due to expected negative exchange rate effects. In the Electronics and ADAS Division alone, we expect a low increase in sales due to new product launches.

In the Commercial Vehicle Solutions Division, we expect sales to be at the previous year's level, reflecting the ongoing market weakness and negative exchange rate effects.

We expect sales to be slightly above the prior-year level in the Industrial Technology Division. The increase is mainly driven by sales growth in the areas of Off-Highway and Test Systems, Marine and Special Driveline Technology as well as the Wind Power and Industrial Technology business.

We also expect a slight sales increase in the spare parts and service business of the Aftermarket Division.

With the expected development of the sales and procurement markets in conjunction with a corresponding control of the cost structures, we consider an adjusted EBIT margin between 4.0% and 5.0% to be attainable in 2026.

We expect free cash flow adjusted for corporate transactions to exceed €1.0 billion. Due to potential effects on net working capital arising from the currently volatile market environment, we consider it possible that the adjusted free cash flow for 2026 will fall below that of the reporting year. This assessment is based primarily on the planned development of the operating business, the Group-wide performance program launched in 2025 and the planned investments.

For 2026, we expect another reduction in the number of employees. In Europe, especially in Germany, as well as in North America, additional adjustments to current market conditions will be required. In the Asia-Pacific region, by contrast, we expect a slight increase in the number of employees in connection with the expansion of our business in China.

The general conditions in 2026 remain challenging. Effects on the forecast with regard to uncertainties, in particular due to the dynamic development of markets and geopolitical events as well as the explained risks, such as possible changes in the trade and fiscal policy, cannot be ruled out.

The attacks on Iran launched on February 28, 2026, and the counterattacks on countries in the Middle East are disrupting value chains worldwide. The impact on our business performance cannot be fully assessed yet.

Financial forecast

	FORECAST 2026	REPORTED 2025
Sales in € billion	>38.0	38.8
Adjusted EBIT margin in %	4.0 – 5.0	4.5
Adjusted free cash flow in € billion	>1.0	1.4

ZF faces up to the transformation in the automotive industry, continuing to adapt its structures in order to increase its competitiveness and reflect the changing environment. The presence in global growth markets, investments in high-yield products and technologies as well as an efficient organizational structure continue to be top priorities on our agenda.

Supported by the trust of our customers and investors, the close cooperation with our suppliers and business partners as well as our employees' commitment and willingness to change, we are convinced that ZF will successfully master the current challenges.

Friedrichshafen, March 12, 2026

ZF Friedrichshafen AG
The Board of Management

Sustainability

45 — 1 General Information
57 — 2 Climate Change
67 — 3 Pollution
71 — 4 Water and Marine Resources
75 — 5 Biodiversity and Ecosystems
79 — 6 Resource Use and Circular Economy
88 — 7 EU Taxonomy
90 — 8 Own Workforce
110 — 9 Workers in the Value Chain
120 — 10 Affected Communities
122 — 11 Consumers and End Users
126 — 12 Business Conduct
134 — 13 ESRS Index

1 General Information

1.1 FUNDAMENTAL PRINCIPLES

In the Sustainability Report for the 2025 fiscal year, ZF voluntarily discloses information about its targets and policies in the areas of environmental, social and corporate governance (ESG), as well as the measures taken to implement them and the progress made so far. Reporting is based on the European Sustainability Reporting Standards (ESRS), which are the framework of the Corporate Sustainability Reporting Directive (CSRD). The report is the result of an ongoing development process to prepare for future CSRD reporting obligations. Since we are applying ESRS requirements voluntarily, the standards are applied in an adapted form in this report. The Board of Management released the Sustainability Report for publication on March 12, 2026.

The basis of consolidation for sustainability reporting corresponds to that of our financial reporting. The consolidated quantitative data include the environmental, social and governance dimensions of ZF Friedrichshafen AG and its subsidiaries. Further information can be found in the Notes to the Consolidated Financial Statements. In addition to our own business area, the Sustainability Report also covers our upstream and downstream value chains.

To assess the impact of its business activities along the entire value chain as well as the associated risks and opportunities, the ZF Group applies the time periods defined in ESRS 1, Section 6.4, for short-, medium- and long-term time horizons.

For reporting certain data points, we use assumptions and estimates that are regularly reviewed based on factors such as empirical values or current developments in ESG reporting. Where estimates have been made, the corresponding information is presented in context within the respective sections of the relevant key-figure chapters. Where there are no such uncertainties or estimates, no information is provided. ZF takes great care to transparently present the methods used as well as any uncertainties arising from a limited data basis. Where valuation methods have changed compared to the previous year, this is explained in the respective topic-specific sections.

If deviations due to measurement or calculation errors are detected in the context of sustainability reporting, they will be explained in the topic-specific sections, including their causes and corrections.

1.2 STRATEGY AND ORGANIZATION

Sustainability strategy

We produce highly advanced products and systems for passenger cars, commercial vehicles and industrial technology. Detailed information on the corporate structure, the breakdown of Group sales and the employee structure by region in which we operate, as well as on ZF's divisions and markets and the changes in the year under review is provided in the Group Management Report in the chapters ↘ **Basic Principles of the ZF Group** and ↘ **Economic Report**.

ZF's sustainability strategy "Acting now. Sustainability@ZF" is integrated into the overarching Group strategy and reflects the dimensions of environment ("acting for climate and nature"), society ("acting for all people") and governance ("acting for lasting values"). Each of these three dimensions contains strategic fields of action that include goals and measures.

G. 01 ZF sustainability strategy

In the field of the environment, the focus is on climate protection and the development of circular products and business models. The goal is to reach net zero emissions by 2040 (Scope 1 to 3). This requires reducing greenhouse gas emissions by at least 90% compared with the 2019 base year. In line with common standards, only up to 10% may be offset via CO_2eq sequestration projects or carbon credits.

The society dimension includes the promotion of an inclusive work culture that values diversity, supports continuous learning and enables personal development. Furthermore, the protection of our employees' health and safety is a key area of focus. We work towards ensuring that human rights are observed in our own business area and along the entire value chain.

In the field of governance, we believe that good business conduct includes complying with applicable laws and regulations, promoting responsible conduct within the company and creating lasting values.

With our membership in the UN Global Compact (UNGC), we express our intention to promote the ten principles of the UNGC in our sphere of influence. We are committed to integrating these principles into our corporate strategy, culture and daily business. This commitment includes participating in collaborative projects that promote the general goals of the United Nations and, in particular, the achievement of the Sustainable Development Goals.

Value chain

Around 60% of ZF's value creation takes place within the upstream value chain. Trusting and reliable collaboration with our suppliers is therefore important to us.

The supply of materials and components lays the foundation for high-quality products and thus for customer satisfaction. A significant share of ZF's total value added is generated within the upstream supply chain.

ZF processes a wide range of raw materials, such as steel, aluminum and plastics, as well as intermediate products, including electronic and electromechanical components. These are sourced through a globally diversified supplier base.

For production materials, ZF maintains a worldwide network of approximately 11,000 suppliers, ranging from small family businesses to large corporations. The purchasing volume for production materials was €19.5 billion in 2025 (2024: €21.5 billion), including directed-buy volume, in which ZF's customers determine which sub-suppliers are to be subcontracted. Furthermore, ZF cooperates globally with about 35,000 suppliers of non-production materials. The purchasing value of non-production materials amounted to around €5.2 billion in 2025 (2024: €6.0 billion).

The supply chain comprises the upstream value creation of this global supplier base. This means that ZF's value chain extends to the sources of raw materials and the initial processing stages.

Management and supervisory bodies

Supervisory Board

ZF's Supervisory Board consists of 20 members, of whom 30% are female and 70% male. Ten represent the shareholders and ten represent the employees. The Supervisory Board continuously monitors the work of the Board of Management and advises management. Moreover, it supports the strategic development of the company, including the ZF sustainability strategy.

Within the scope of its control obligation, the Supervisory Board's Audit Committee deals with the effectiveness of the risk management system at least every six months. At least on a quarterly basis, and on an ad hoc basis when required, reporting on material risks and opportunities and their management is provided in the form of an integrated Governance, Risk & Compliance (GRC) report.

Board of Management

As of December 31, 2025, the Board of Management of ZF Friedrichshafen AG consists of five members, 20% of whom are female and 80% male.

Our Board of Management takes the lead and has the highest decision-making authority with regard to sustainability at ZF. It bears overall responsibility for the corporate strategy and manages the sustainability strategy "Acting now. Sustainability@ZF."

Our Chief Human Resources Officer is responsible for Sustainability as well as Human Resources, Legal and Compliance. The Human Rights Officer reports directly to the Chief Human Resources Officer twice a year and on an ad hoc basis.

Our Chief Financial Officer is responsible for ZF's financial strategy and financial management. The company aligns its financing decisions with the corporate strategy. As part of the corporate strategy, the sustainability strategy is promoted through targeted investments. The CFO is also responsible for Enterprise Risk Management and the Internal Control System.

Sustainability organization and management

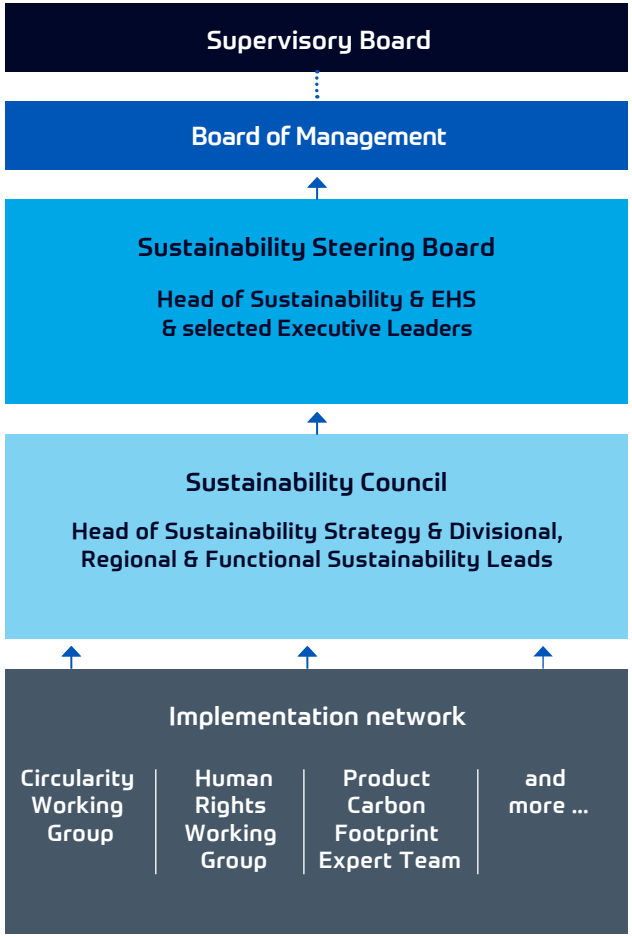
The ZF Sustainability Steering Board is the highest steering committee for sustainability topics in the ZF Group. It is composed of representatives from senior management of the divisions, regions and corporate functions and is chaired by the Head of Sustainability and EHS. The Sustainability Steering Board meets on a quarterly basis. Its tasks include:

- regular reviews of the effectiveness of the sustainability strategy as well as of agreed targets and measures,
- ensuring that the sustainability strategy is anchored in relevant processes and structures of the company,
- granting or making sustainability-related project approvals and decisions,
- supporting the Board of Management in sustainability and corporate social responsibility matters and providing information on relevant developments.

The ZF Sustainability Steering Board regularly informs the Board of Management and the Supervisory Board about the status of the sustainability strategy as well as about the results and effectiveness of the defined sustainability targets, policies, actions and key figures. The integration of sustainability topics into the strategic planning process supports their implementation within the company. In the year under review, the Board of Management, among other things, focused more closely on the topics of climate change mitigation and circular economy.

The Group also has a committee for coordinating sustainability activities, the ZF Sustainability Council. Its members, the sustainability officers of the corporate functions, divisions and regions are responsible for

G. 02 ZF sustainability organization



integrating the sustainability strategy into the core processes and business activities as well as for its implementation. For specific topics, the Sustainability Council can set up working and project groups as well as campaigns.

The central Sustainability Department is responsible for developing the Group-wide sustainability strategy across all corporate functions, divisions and regions. It is also the contact point for any questions about sustainability and steers the stakeholder dialogue. In addition, the department assumes responsibility for individual topics, such as decarbonization or circular economy as well as for developing the corresponding strategies and targets. The Sustainability Department also centrally provides methods for the analysis and control of product-related sustainability. To this end, it develops and supports the implementation of instruments and procedures to evaluate and improve the ecological impact of a product over its entire life cycle.

Incorporating sustainability-related performance into incentive systems

We use clearly defined structures to ensure fair and competitive remuneration throughout the Group. Accordingly, the remuneration of executive managers is based on a global job evaluation system and a comparative analysis of local and supraregional regulations and market practices in the relevant labor markets. The incentive plan for executive managers comprises a fixed basic salary and two variable salary components, each consisting of short- and long-term incentives. While the short-term remuneration component (Short-Term Incentive, STI) relates to the achievement of targets in the respectively preceding fiscal year, the long-term component (Long-Term Incentive, LTI) is calculated on the basis of the business performance over the previous three years. The aim is to promote innovation, motivation and sustainable conduct among executive managers. On an annual basis, the STI and LTI components are approved by the Supervisory Board for members of the Board of Management and by the Board of Management for the remaining executive managers.

The LTI consists of a financial key performance indicator (KPI) and two non-financial ESG performance indicators. The financial KPI is weighted at 80%, while the two non-financial KPIs are each weighted at 10%. For the long-term incentive program, we have selected the following non-financial KPIs:

1. **CO_2eq emissions**
   10% of the LTI is linked to our climate targets and tied to the achievement of the greenhouse gas emission reduction targets. The LTI plans 2023 to 2025 and 2024 to 2026 each refer to Scope 1 and Scope 2 emissions. The LTI plan for 2025 to 2027 also takes into account Scope 3 emissions from the upstream value chain.

2. **Gender diversity**
   A further 10% of the LTI for the periods 2023 to 2025, 2024 to 2026 and 2025 to 2027 was originally linked to the achievement of our gender diversity targets. In the USA, restrictions were introduced at the beginning of 2025 as part of executive orders that limit the inclusion of diversity goals in personnel decisions, including incentive systems. Accordingly, we needed to modify the design of our LTI programs for the periods 2023 to 2025 and 2024 to 2026. This does not change our deeply rooted conviction about the importance of diversity, equity and inclusion (DEI).

   - LTI-eligible employees outside the USA: Gender diversity remains in place as a KPI; however, the target definition and target achievement are calculated without taking U.S. employees into account.
   - LTI-eligible employees within the USA: For LTI-eligible executive managers in the USA, gender diversity is replaced by a discretionary factor determined by the Board of Management. This factor is used to assess the collective contribution of U.S. employees to the company's ongoing transformation.

Our goal is to measure all LTI-eligible employees against the same set of key figures. It was therefore decided to harmonize the LTI plan for 2025 to 2027 again. The gender diversity metric was replaced by a discretionary factor to be defined by the Board of Management and the Supervisory Board, intended to reflect performance within the context of the transformation.

Statement on due diligence

In the Sustainability Report, ZF explains management approaches and procedures for fulfilling due diligence obligations. We describe how we integrate due diligence into our governance structures, our strategy and our business model. We also report on how we involve affected stakeholders in important steps of exercising our due-diligence obligations. In the following individual chapters, we present our respective management approaches as well as procedures and measures for fulfilling due diligence obligations:

Core elements of due diligence	Sections of the sustainability statement
(1) Integration of due diligence into governance, strategy and the business model	• General disclosures, strategy and organization • General disclosures, materiality analysis • Further disclosures in the respective topical standards
(2) Involvement of stakeholders in all key steps of the due-diligence process	• General disclosures, strategy and organization • General disclosures, materiality analysis • Further disclosures in the respective topical standards
(3) Identification and assessment of negative impacts	• General disclosures, materiality analysis • Further disclosures in the respective topical standards
(4) Measures to address these negative impacts	• Further information in the respective topical standards
(5) Tracking the effectiveness of these efforts and communication	• Further information in the respective topical standards

Risk management and internal controls over sustainability reporting

ZF has implemented an integrated GRC approach based on the pillars of Enterprise Risk Management (ERM), the Internal Control System (ICS), Compliance and Corporate Audit. ESG risk and control implications are embedded in the GRC approach.

The Board of Management is responsible for implementing the GRC approach and comprehensively reports to the Audit Committee at least twice a year on the ZF Group's corporate governance as well as the measures and initiatives taken and planned. The Group risk report is part of the GRC Report. At Group level, the cross-functional Risk Committee, chaired by the Chief Financial Officer, is tasked with evaluating ZF's risk situation – regularly or ad hoc if necessary – and ensuring its management.

The primary objective of the ERM is to identify and analyze opportunities and risks at an early stage and to initiate measures to manage the identified risks. All organizational units of the ZF Group are involved through established processes and defined responsibilities. The main features of our general ERM are presented in the Group Management Report under the chapter ↘ **Opportunities and Risks**.

ESG-related risks along the entire value chain are integrated into the ZF risk catalog. It defines clear responsibilities: The Sustainability Department supports the Risk Category Owners in addressing sustainability aspects in their decentralized risk management processes in order to manage ESG risks. The qualitative risk assessment matrix provides the basis for GRC reporting to take ZF's impact on the environment into account. In doing so, we have complemented the traditionally dominant outside-in perspective of the ERM with an inside-out perspective.

The ICS is intended to ensure the organization's target achievement with regard to relevant business processes, reliable reporting of financial as well as non-financial key figures and compliance. Our standardized ICS approach is based on the tenets of transparency, the principle of dual control as well as the separation of duties. It is implemented throughout the Group. The direct reference of the ICS to the ZF risk catalog enables us to ensure control coverage also for non-financial processes and to further develop it in a targeted manner. The adequacy and effectiveness of the controls are monitored by the divisions, regions and corporate functions. Effectiveness tests and audit procedures are carried out by central Risk & Control Management as well as Corporate Audit. To ensure the completeness and accuracy of ESG data, we use the same processes and tools as for financial reporting. Internal controls are introduced in parallel with the development and operationalization of ESG disclosures and key figures. The results are integrated into the regular GRC reporting and form part of the GRC reports submitted to the Board of Management and the Audit Committee.

Our certified EHS management system, various Group-wide policies, including the Compliance and EHS Policy, as well as the implemented ERM and ICS help to minimize the key risks identified in relation to sustainability reporting. These risks concern the completeness, accuracy and traceability of the reporting content. They are measured using defined KPIs to which clear responsibilities are assigned.

Stakeholder communication and management

Effective communication and cooperation with internal and external stakeholders is essential for comprehensive sustainable development.

We therefore maintain a variety of dialogue formats with our stakeholders to take their perspectives into account and to develop viable solutions. In the year under review, 2025, topics such as climate change mitigation, circular economy, respect for human rights and the implementation of the German Supply Chain Due Diligence Act (LkSG) continued to determine ZF's exchange with and activities in the industry.

We use the insights gained from these dialogues to identify potential to improve our products' design, production efficiency, their impact on humans and the environment, their success in the market as well as our cost structure. We also use our stakeholders' assessments, among other things, to determine the materiality of sustainability topics.

The Head of Sustainability & EHS reports internally on stakeholder communication, including in an annual sustainability strategy review to the Board of Management and Supervisory Board. This also includes an explanation of the stakeholder context and its implications for our strategic direction and priority setting. In addition, as part of the ZF sustainability organization described above, the Sustainability Council is briefed monthly and the Sustainability Steering Board every two months on key developments and the impacts of our business activities that are relevant to our stakeholders. Regulatory requirements and customer expectations in particular play a crucial role in this context. During Board of Management briefings, the expectations and requirements of our stakeholders – and how these are evolving – are typically addressed first. The Supervisory Board is also regularly informed about regulatory developments related to sustainability reporting.

Our key stakeholders include our own workforce, suppliers, customers and investors. These and other stakeholder groups, along with the various formats used to engage with them (multi-stakeholder dialogues) are listed below.

Stakeholder communication channels

Stakeholder groups	Media and formats
Own workforce	Global Employee Survey, Zoom (intranet including various news channels, blogs of CEO, CHRO and other Board members), face-to-face and virtual town hall meetings, webinars, skip-level meetings (employees meet top management), leadership calls (executive managers answer topic-specific questions), location calls, interactive Q&As, innovation challenges, pitch events and virtual market-places, team communities, ZF BarCamp, New Work, management calls and internal target group mailings, notices, poster campaigns and on-screen information at the plants, family days, ZF website, social media and ZF hilft e.V.
Potential employees and educational institutions	Collaborations with universities and schools, combined Annual and Sustainability Report, advertise-ments, ZF website, participation in trade fairs, events, sponsoring, social media and employee ambassadors
Customers including end customers	Combined Annual and Sustainability Report, ZF website, brochures, advertisements, face-to-face or virtual customer days, participation in trade fairs, key account management, social media
Suppliers and partners	Combined Annual and Sustainability Report, ZF website, participation in trade fairs, advertisements, key purchasing strategy, ZF Global Supplier Summit, supplier days, ZF Supplier Academy (trainings and Q&As), social media, ZF Supplier Board website (webinars and information offers)
Workers in the value chain	ZF Trustline, RSCI audits, worker dialogues and interviews in the context of on-site social audits, participation in industry initiatives such as the human rights complaints mechanism "Mecanismo de Reclamación de Derechos Humanos" (MRDH), "Labour Rights along the Automotive Supply Chain in Türkiye", VDA working groups
Politicians, associations, interest groups	Combined Annual and Sustainability Report, ZF website, Associations & Politics Department: topic-related discussions, round-table events/webinars, on-site visits, association work, social media
Press and other media	Combined Annual and Sustainability Report, ZF website, press releases, face-to-face and virtual press conferences, on-site and virtual test drives, social media
Communities	Press, ZF website, advertisements, sponsoring, social commitment at the locations, regional events, social media
Investors, analysts, rating agencies and other capital market participants	Combined Annual and Sustainability Report, investor calls on ESG topics, annual and semi-annual conference calls with analysts and investors, capital market days, face-to-face meetings, trade fairs, ZF IR website

ZF actively incorporates the interests and rights of its own workforce into strategy development and its business model, and also explicitly takes them into account in the due diligence process. Through digital and analog formats (see table ↘ **Stakeholder communication channels**), employee feedback is systematically captured and translated into strategic measures. Employee representative bodies are regularly involved in the development of organizational structures and Human Resources (HR) instruments through various committees.

We know how important it is to include employees in the value chain who may be significantly affected by our activities. Therefore, we have carried out a thorough assessment to identify these employees as part of our due diligence process. In doing so, we systematically record relevant stakeholders, including contractors, and suppliers. We also involve their legitimate representatives as well as civil society organizations. We use various engagement formats for dialogue (see table ↘ **Stakeholder communication channels**).

The interests, perspectives and rights of affected communities, including respect for human rights, are also taken into account as part of our due diligence process and thus form the basis of our management approaches for a responsible value chain. The same applies to consumers and end users of ZF's products.

Additional stakeholder positions, for example from civil society, are considered when planning investments in new locations, establishing new representative offices or in the run-up to M&A transactions, among other things. In addition to direct dialogue, we also evaluate studies, ratings, indices and other sources. Risk criteria from the entire sustainability spectrum are systematically reviewed and assessed. These ratings can directly influence the respective investment decisions.

Assessments from our capital-market stakeholders are also important for our business decisions and for shaping our business models and strategies. They formulate specific requirements in the context of project and corporate financing and in some cases pursue sustainability-oriented investment strategies. The information needs of capital market participants span the entire spectrum of sustainability topics. To meet these expectations, we disclose our impacts, risks and opportunities – as well as the corresponding work programs – in comprehensive ESG due diligence processes.

ZF is an active member of the Automotive Industry Dialogue, a multi-stakeholder forum under the umbrella of the UN Global Compact Network Germany. This format has replaced the industry dialogue previously funded by the Federal Ministry of Labour and Social Affairs (BMAS) under the framework of the National Action Plan for Business and Human Rights (NAP) and has been continued on a self-financed basis since July 2025. The aim is to jointly address human rights challenges in supply and value chains and to develop effective measures. ZF participates in working groups and projects that support companies in implementing their human rights due diligence obligations.

On top of this, ZF participates in local and international sustainability campaigns, including:

- Responsible Supply Chain Initiative (RSCI)
- UN Global Compact (UNGC)
- European Association of Automotive Suppliers (CLEPA) – ZF is active in the Energy & Environment and the Taxonomy & CSDDD working groups to help advance the development of the EU Taxonomy and the Corporate Sustainability Due Diligence Directive.
- German Association of the Automotive Industry (VDA) – Participation in the Environment and Sustainability Committee (VDA UNA).
- Value Balancing Alliance (VBA) – ZF is an associate member and advances the development of methods for the monetary valuation of ecological and social impacts.
- Ad-hoc group "Decarbonization of the automotive value chain" within the expert group "Transformation of the Automotive Industry" of the German Federal Government.

In addition, ZF is active in other associations, including:

- German Digital Industry Association (Bundesverband Digitale Wirtschaft (Bitkom e.V.))
- Mexican National Auto Parts Industry (Industria Nacional de Autopartes (INA))
- German Mechanical Engineering Federation (Verband Deutscher Maschinen- und Anlagenbau e.V. (VDMA))

1.3 MATERIALITY ANALYSIS

Material impacts, risks and opportunities

For the voluntary Sustainability Report 2025, we conducted a double materiality analysis (see section ↘ **Procedures for identifying material impacts, risks and opportunities**). As part of this analysis, we identified the following impacts, risks and opportunities (IROs) along ZF's entire value chain as material:

Impacts, risks and opportunities (IROs)	Time horizon			Value creation stage			Page
	short-term	medium-term	long-term	up-stream	own opera-tions	down-stream	
ESRS E1: Climate change							**57**
Climate change adaptation (potential negative impact)		✔	✔	✔	✔	✔	57
Climate change adaptation (risk)	✔	✔	✔	✔	✔	✔	57
Climate change (actual negative impact)	✔	✔		✔	✔	✔	57
Climate change (risk)	✔	✔		✔	✔	✔	57
Climate change (opportunity)	✔	✔		✔	✔	✔	57
Energy (actual negative impact)	✔	✔	✔	✔	✔	✔	58
ESRS E2: Pollution							**67**
Pollution of water (actual negative impact)	✔	✔	✔	✔	✔		67
Pollution of soil (actual negative impact)	✔	✔	✔	✔	✔		67
ESRS E3: Water and marine resources							**71**
Water consumption (actual negative impact)	✔	✔	✔	✔			71
Water withdrawals (actual negative impact)	✔	✔	✔	✔			71
Water discharges (actual negative impact)	✔	✔	✔	✔			71

Impacts, risks and opportunities (IROs)	Time horizon			Value creation stage			Page
	short-term	medium-term	long-term	up-stream	own opera-tions	down-stream	
ESRS E4: Biodiversity and ecosystems							**75**
Direct drivers of biodiversity loss							
• Climate change (actual negative impact)	✔	✔	✔	✔	✔	✔	75
• Land-use, freshwater-use change and sea-use change (actual negative impact)	✔	✔	✔	✔			75
• Pollution (actual negative impact)	✔			✔			75
Impacts on the extent and condition of ecosystems							
• Land degradation, desertification and soil sealing (actual negative impact)	✔			✔		✔	75
ESRS E5: Resource use and circular economy							**79**
Resource inflows, including resource use (actual negative impact)	✔	✔	✔	✔			79
Resource inflows, including resource use (risk)	✔	✔	✔	✔			79
Resource inflows, including resource use (opportunity)	✔	✔	✔	✔			79
Resource outflows related to products and services (actual positive impact)	✔	✔	✔		✔	✔	79
Resource outflows related to products and services (opportunity)	✔	✔	✔			✔	80
Waste (actual negative impact)	✔	✔	✔	✔	✔	✔	80
ESRS S1: Own workforce							**90**
Working conditions							
• Secure employment (actual positive impact)	✔				✔		90
• Working time (actual negative impact)	✔				✔		90
• Adequate wages (actual positive impact)	✔				✔		90
• Social dialogue (opportunity)		✔			✔	✔	90
• Freedom of association, the existence of works councils and the information, consultation and participation rights of workers (actual negative impact)	✔				✔		90
• Collective bargaining including the rate of workers covered by collective agreements (actual negative impact)	✔				✔		90
• Work-life balance (actual positive impact)	✔				✔		91
• Health and safety (actual negative impact)	✔				✔		91
Equal treatment and opportunities for all							
• Gender equality and equal pay for work of equal value (actual negative impact)	✔				✔		91

Impacts, risks and opportunities (IROs)	Time horizon			Value creation stage			Page
	short-term	medium-term	long-term	up-stream	own opera-tions	down-stream	
• Training and skills development (actual negative impact)	✔				✔		91
• Training and skills development (risk)	✔	✔			✔		91
• Measures against violence and harassment in the workplace (actual negative impact)	✔				✔		91
• Diversity (opportunity)		✔			✔		91
Other work-related rights							
• Privacy (potential negative impact)	✔				✔		91
ESRS S2: Workers in the value chain							**110**
Working conditions							
• Secure employment (actual positive impact)	✔	✔		✔			110
• Secure employment (opportunity)	✔	✔		✔			110
• Working time (actual negative impact)	✔	✔		✔			110
• Working time (risk)	✔			✔			110
• Adequate wages (actual negative impact)	✔	✔		✔			111
• Social dialogue (actual negative impact)	✔	✔		✔			111
• Freedom of association, the existence of works councils and the information, consultation and participation rights of workers (actual negative impact)	✔	✔		✔			111
• Collective bargaining, including the rate of workers covered by collective agreements (actual negative impact)	✔	✔		✔			111
• Health and safety (actual negative impact)	✔	✔		✔			111
Equal treatment and opportunities for all							
• Gender equality and equal pay for work of equal value (potential negative impact)	✔	✔		✔			111
• Measures against violence and harassment in the workplace (actual negative impact)	✔	✔		✔			111
Other work-related rights							
• Forced labor (actual negative impact)	✔	✔		✔			111
ESRS S3: Affected communities							**120**
Communities' economic, social and cultural rights							
• Security-related impacts (potential negative impact)	✔			✔	✔	✔	120

Impacts, risks and opportunities (IROs)	Time horizon			Value creation stage			Page
	short-term	medium-term	long-term	up-stream	own opera-tions	down-stream	
ESRS S4: Consumers and end users							**122**
Personal safety of consumers and/or end users							
• Health and safety (opportunity)		✔				✔	122
ESRS G1: Business conduct							**126**
Protection of whistleblowers (actual negative impact)	✔			✔			126
Management of relationships with suppliers including payment practices (actual negative impact)	✔			✔			126
Management of relationships with suppliers including payment practices (risk)	✔	✔	✔	✔			126

The detailed description of the identified material IROs of ZF is provided in the respective topic-specific chapters.

The assessment of the topics and the identification of the IROs were carried out taking into account ZF's corporate strategy and business model, which reflect the company's business practices, production and supply chains as well as regional specifics. The relationships with our business partners were also considered, as they influence people and the environment in the context of our business in various ways in the short, medium and long term. Details are explained at the beginning of the respective topic-specific chapters.

The impact of IROs on the corporate strategy, the business model, the value chain and decision-making is continuously reviewed. If this leads to relevant impacts, targeted measures are developed to manage, mitigate or strategically leverage these effects. In the year under review, neither the identified IROs nor the measures taken and planned resulted in any fundamental change to the corporate strategy or the business model.

All material information must be disclosed in financial reporting in order to enable an assessment of ZF's net assets, financial position and results of operations as well as cash flows. This also applies to ZF's sustainability-related risks, which must be analyzed and, where material, presented in the financial statements. Sustainability-related risks and the legislation associated with them are continuously monitored in the preparation of the consolidated financial statements. Resulting effects (e.g., on decisions about company locations, the further development of the product portfolio or the expected useful lives of non-current assets) are taken into account if the management considers their occurrence to be probable. In the current fiscal year, there were no material effects arising from the sustainability-related opportunities and risks on the accounting and valuation of assets and liabilities.

ZF has started to assess the resilience of its strategy and business model with regard to the identified current and future material sustainability-related risks and opportunities, as well as the potential impacts reflected in the assessed scenarios and time horizons in accordance with ESRS 1. Resilience is continuously monitored so that measures can be derived and implemented whenever necessary.

Risk-bearing capacity analyses are carried out at Group level. In this process, the aggregated risk landscape – including but not limited to sustainability-related

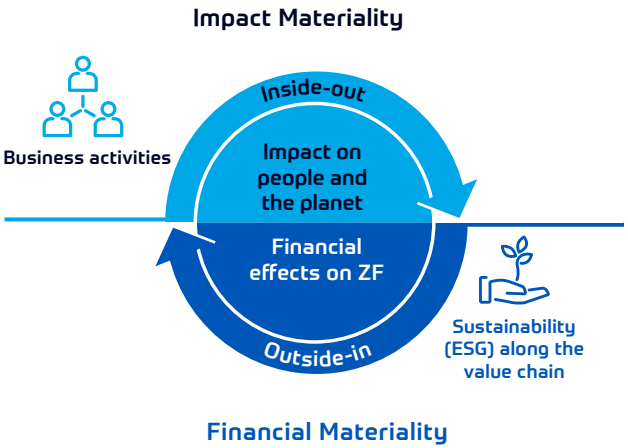
risks – is assessed using Monte Carlo simulations and compared with the company's financial resilience.

Procedures for identifying material impacts, risks and opportunities

ZF will be required to provide sustainability reporting in accordance with the CSRD from the 2027 reporting year onward. In preparation for the reporting obligation, we revised the Double Materiality Analysis (DMA) during the reporting year, which we had carried out for the first time in 2023. The identification and assessment of the material IROs were carried out in accordance with the principles of the Double Materiality Analysis (gross assessment) set out in ESRS 1.

In accordance with these specifications, we identified our actual and potential IROs in our own business operations and in the upstream and downstream value chains: On the one hand, the material impacts of the ZF Group's business activities on people and the environment were determined (inside-out). On the other hand, we examined which sustainability aspects entail significant financial risks as well as opportunities for ZF (outside-in). A distinction was made as to whether an impact, a risk or an opportunity would have an effect in the short, medium or long term. The geographical coverage of ZF's activities was also taken into account. The basis of consolidation of ZF's consolidated financial statements served as the basis for the assessment. From this, we compiled a list of possible IROs for the 2025 DMA.

G. 03 **Materiality analysis**



In a cross-functional workshop held during the year under review, internal experts representing all relevant internal and external stakeholder groups assessed the materiality of each individual IRO. The ESRS dimensions of severity, likelihood and scope were used. To ensure the greatest possible compatibility with the ERM, we applied the existing ERM thresholds and scale-and-scope definitions. The ERM matrix was also used to determine the probability of occurrence. If a topic received different assessments, we applied the highest rating.

For the assessment, we used a comprehensive data basis, including the current internal climate risk analysis and the internal surveys for the German Supply Chain Act (LkSG) risk analysis, the World Economic Forum's Global Risk Report 2025, the Planetary Health Check 2024 of the Potsdam Institute for Climate Impact Research, the CDP Industry Impact Classification as well as the Lancet Countdown on Health and Climate Change 2024 and industry benchmarks.

The results were subsequently validated by the Sustainability Steering Board over the course of the reporting year and confirmed by the Board of Management.

If adjustments become necessary due to the ongoing revision of the ESRS standards or changes at ZF, we will update the materiality analysis in the 2026 fiscal year.

Special procedures for identifying impacts, risks and opportunities

Each individual chapter of this ZF Sustainability Report includes a detailed list of the specific IROs. The methods used to identify the individual IROs are also described in greater detail there. Building on this, all individual chapters contain a description of the targets, strategies and organizational structures as well as specific actions and evaluation procedures aimed at limiting negative impacts and risks while realizing opportunities.

1.4 ESRS DISCLOSURE REQUIREMENTS COVERED BY THE SUSTAINABILITY REPORT

The ↘ **ESRS Index** contains the disclosure requirements that ZF applied in the preparation of the Sustainability Report based on the results of the double materiality analysis.

2 Climate Change

Mobility shapes modern life. Automotive suppliers have a special responsibility for the environment and climate because the production of essential components consumes resources and the greenhouse gas emissions released during the use of our products contribute to climate change. We are fulfilling this responsibility with the "Acting for Climate and Nature" element of our sustainability strategy: We are pursuing an ambitious climate strategy and working to reduce our impact on the environment and climate as much as possible. At the same time, it is important for our company in the long term to be prepared for the consequences of climate change and to adapt our business model and processes for this purpose. Our activities are based on the climate risk analysis, which is described in the section ↘ **Procedures for identifying and assessing material climate-related impacts, risks and opportunities**.

2.1 MATERIAL CLIMATE-RELATED IMPACTS, RISKS AND OPPORTUNITIES

As part of the Double Materiality Analysis, ZF has identified the following impacts, risks and opportunities related to climate change adaptation and mitigation:

Climate change adaptation (potential negative impact)

Time horizon	short-term	✔ medium-term	✔ long-term
Value creation stage	✔ upstream	✔ own operations	✔ downstream

The direct impact of our business model on land use was classified as rather low. However, climatic changes such as more frequent extreme weather events or new legal requirements may result in an increased need for adaptation to land use at our locations and in the supply chain.

Climate change adaptation (risk)

Time horizon	✔ short-term	✔ medium-term	✔ long-term
Value creation stage	✔ upstream	✔ own operations	✔ downstream

Climate events can lead to physical damage – for example, to buildings, production facilities and infrastructure – and can also interrupt business processes and supply chains. This may affect ZF's operational performance and result in additional expenses for restoration and adjustment measures.

Climate change (actual negative impact)

Time horizon	✔ short-term	✔ medium-term	long-term
Value creation stage	✔ upstream	✔ own operations	✔ downstream

ZF's business model causes significant greenhouse gas emissions across the entire value chain. Despite the transformation already underway toward electric mobility, emission intensity remains high, particularly in our downstream value chain, and continues to weigh on our carbon footprint.

Climate change (risk)

Time horizon	✔ short-term	✔ medium-term	long-term
Value creation stage	✔ upstream	✔ own operations	✔ downstream

The ongoing transformation toward lower emission products — such as zero emission electric drive solutions — and the use of low carbon materials in the supply chain require, in some cases, significant investments as well as changes in production and supply chain processes. The introduction of new technologies entails particular market risks, for example, due to new market participants or dynamic regulatory developments. Delays or inefficiencies in the transformation process can lead to competitive disadvantages and increased costs, thereby weakening ZF's market position in the medium term.

Climate change (opportunity)

Time horizon	✔ short-term	✔ medium-term	long-term
Value creation stage	✔ upstream	✔ own operations	✔ downstream

The strategic realignment of the business model toward lower-emission products and materials reduces dependence on the combustion engine and creates new economic opportunities. ZF is thus improving its climate footprint, complying with regulatory requirements and strengthening its position in a growing market for zero-emission vehicles.

Energy (actual negative impact)

Time horizon	✔ short-term	✔ medium-term	✔ long-term
Value creation stage	✔ upstream	✔ own operations	✔ downstream

The business model of a technology provider for mobility solutions is generally energy-intensive. High energy consumption promotes climate change through rising greenhouse gas emissions. The transformation of our business model is time-consuming, which means that energy consumption has a negative impact on ZF's environmental balance.

Procedures for identifying and assessing material climate-related impacts, risks and opportunities

Climate-related risks and related legislation are continuously monitored by ZF. Among other things, they influence our decisions on company locations, the further development of the product portfolio and the useful life of non-current assets.

Based on the requirements of the Corporate Sustainability Reporting Directive (CSRD), ZF uses climate scenarios to assess the impacts of climate change on the Group. Both physical risks as well as transition risks and opportunities are analyzed. In addition, the resilience of our business model and processes under different scenarios is examined. In the following, we describe the scenarios we used to determine our climate-related impacts, risks and opportunities in the reporting year.

The starting point was the climate risk analysis started in 2022 and updated in 2024/2025, in which two qualitative scenario analyses were conducted that spanned the entire upstream and downstream value chain of the company. Physical risks were assessed and transitory risks were analyzed in accordance with the guidelines of the International Energy Agency (IEA).

Identifying climate-related physical risks

To identify and assess climate-related physical risks, ZF used the Shared Socioeconomic Pathways (SSPs) of the Intergovernmental Panel on Climate Change (IPCC). All operating units worldwide were included based on their geographic coordinates and assessed under two different climate scenarios: a high emission scenario with global warming of 4.8°C by 2100 (according to Representative Concentration Pathway, RCP 8.5/SSP5) and the current policy reference scenario (according to RCP 4.5/SSP2) with a corresponding increase of 2.7°C. The starting point for the temperature comparison is the pre-industrial level (1850–1900). The analysis covered three time horizons – short-term, medium-term and long-term – and included all 28 acute and chronic natural hazards according to the Task Force on Climate-related Financial Disclosures (TCFD).

Out of the 28 defined natural hazards, an interdisciplinary team of experts initially identified 15 climate-related risks as generally relevant to the company, using external scenario data and internal expertise. Further prioritization was based on historical risk assessments, predicted changes in the above-mentioned high-emission scenario and the strategic and operational importance of the respective production site for the Group. The prioritization ultimately revealed two main physical risks: flood risks (acute physical risk) and water scarcity (chronic physical risk). For these risks, a further analysis was carried out in order to analyze, for example, the vulnerability of assets and business activities to physical climate risks and to quantify potential direct and indirect impacts. The first interim results of this analysis were validated in the year under review. ZF will regularly carry out the screening of physical risks in the future.

Identifying climate-related transition risks and opportunities

As a starting point for identifying climate-related transition risks and opportunities, we conducted another qualitative scenario analysis as part of the climate risk analysis. It also covered the entire upstream and downstream value chain of the company. Two scenarios were used for this purpose: the 1.5°C scenario (net zero emissions by 2050) of the International Energy Agency (IEA) and the Stated Policies Scenario (STEPS) with around 2.5°C of global warming by the end of the century. The analysis spanned three time horizons – short-term, medium-term and long-term – and took into account all core categories of potential transition risks and opportunities defined by TCFD and CSRD.

The recording and assessment of climate-related transition risks and opportunities was also carried out in the context of interdisciplinary workshops. Prioritizing the identified risks highlighted two main areas of concern: First, raw material procurement, particularly steel, as significant medium- to long-term cost changes are expected due to differing production technologies; and second, the transformation of the passenger car market, as ZF's future sales development may be significantly influenced by the currently

difficult-to-predict market share of electrified drivelines. Both areas will in future be incorporated into further scenario analyses, business impact assessments and resilience analysis.

The key risk areas were further examined during the reporting year in order to analyze, for example, the vulnerability of assets and business activities to climate-related transition risks and opportunities. We plan to regularly review the longlist of transition risks and opportunities in the future.

ZF has also begun to assess the resilience of its business strategy – taking into account the identified risks, opportunities and potential impacts from the scenarios and time horizons mentioned. These findings will be incorporated into the further development of the climate strategy. The established ↘ **Risk management and internal controls over sustainability reporting** forms the basis for the analytical approach and for assessing our resilience to future challenges.

2.2 TARGETS

ZF has pursued a long-term climate strategy since 2021. It is based, among other things, on the results of the climate risk analysis described above and aims to achieve a neutral greenhouse gas balance by 2040 – across all scopes defined in the Greenhouse Gas (GHG) Protocol. The target of our climate strategy is in line with the targets of the Paris Climate Agreement. The interim targets for 2030 formulated in this context were validated in 2022 by the Science Based Targets initiative (SBTi).

The goal of our climate change mitigation strategy is at the heart of our climate change mitigation transition plan (see section ↘ **Transition plan for climate change mitigation**) and forms the overarching framework for all measures launched by ZF to address climate-related IROs. ZF has identified key levers that contribute to achieving the reduction targets for greenhouse gases (GHG). This includes, in particular, the introduction and scaling of new technologies. The Group plans to expand their use in the following areas:

- product development (such as magnet-free electric motors, CO_2-reduced components),
- production processes (such as electrification of thermal processes, digitalization),
- materials management and procurement (such as green steel, preference for low-CO_2 materials and production processes at suppliers),
- energy sourcing (such as electricity from renewable sources for our own operations and also for suppliers),
- circular economy (such as lifecycle planning, remanufacturing),
- data management (such as Product Carbon Footprint (PCF) tracking, automated KPI monitoring).

These technologies are critical to reducing remaining emissions and accelerating business model transformation.

On the way to climate neutrality by 2040, ZF has set science-based interim targets for 2030, with both absolute and relative targets:

- ZF is committed to reducing absolute Scope 1 and 2 greenhouse gas emissions (measured in t CO_2eq) from its own global operations by 80% by 2030 compared to the base year 2019.
- ZF is committed to reduce its relative Scope 3 greenhouse gas emissions per million € of sales (measured in t CO_2eq) by 40% by 2030, with 2019 as the base year.
- ZF is committed to increasing the annual share of electricity purchased from renewable sources for all locations with electricity consumption worldwide from 10% in 2019 to 100% by the end of 2025 (indirect Scope 2 greenhouse gas emissions). This means that the target horizon originally set for 2030 has been brought forward by five years to 2025.

Climate targets at a glance

- **ZF is committed to reducing its absolute Scope 1 and 2 GHG emissions by 80% by 2030, with 2019 as the base year.**
- **ZF is committed to reducing its Scope 3 GHG emissions by 40% per million € of sales by 2030, with 2019 as the base year.**
- **ZF is committed to increasing its annual procurement of electricity from renewable sources from 10% in 2019 to 100% by the end of 2025.**

ZF's GHG emission reduction targets apply throughout the Group. They encompass all activities along the upstream and downstream value chain. The targets are not only part of the climate strategy, but also an integral element of the company-wide sustainability strategy "Acting now. Sustainability@ZF." They have been integrated as parameters into operational and strategic planning and are linked to the long-term incentive for executives – and are thus an integral part of corporate management. Further details on the remuneration components of management staff can be found in the section ↘ **Incorporating sustainability-related performance into incentive systems**.

ZF uses 2019 as the uniform base year for its GHG emission reduction targets. This year was chosen because it is a representative reference year for the corporate structure and emissions situation at the time – prior to the pandemic-related special effects from 2020 onwards. The emissions data for 2019 have been collected in full and comply with the requirements of the GHG Protocol. In accordance with applicable external requirements as well as the requirements of the ESRS, the defined base year and the associated climate targets are regularly reviewed and, if necessary, updated as part of the company-wide due diligence and review process. Progress made before the 2019 base year is not reported in terms of target achievement.

All of ZF's climate targets were developed on the basis of scientifically sound methods and internationally recognized standards. The climate targets were set in line with the requirements of the Science Based Targets initiative (SBTi). For Scope 1 and 2, they correspond to the 1.5°C target path of SBTi; the Scope 3 target corresponds to SBTi's 2°C target path. In accordance with the requirements of the SBTi, ZF plans to revalidate its climate targets within the framework of the SBTi, aiming to define an absolute target for Scope 3 as well. The targets are based on absolute emissions (Scope 1 and 2) as well as intensity-based relative values (Scope 3 per million € of sales) from the 2019 base year. The underlying emissions data comes from the Group-wide Corporate Carbon Footprint (CCF) Reporting, which is based on the GHG Protocol. For Scope 3, supplier data as well as values from the Product Carbon Footprint (PCF) and industry comparisons are also used.

The target horizons were set as part of the climate strategy and with the involvement of our stakeholders and suppliers. They are directly linked to the operational concepts for emission reduction, energy efficiency, use of renewable energies, decarbonization of the supply chain and climate adaptation.

The targets up to 2030 are defined as gross targets. This means that CO_2 offsets, credits or avoided emissions are not counted towards achieving the target. The target for 2040 is net zero emissions. The organizational and operational boundaries of the target definition fully correspond to the boundaries of the GHG inventory according to E1-6. A consistent demarcation is thus guaranteed. For Scope 2, only the market-based method was used in order to adequately map the impact of the green-electricity strategy (such as power purchase agreements – PPAs, certificates of origin). For Scope 3, relevant GHG Protocol categories were considered, including: Purchased Goods and Services (3.1), Use of Sold Products (3.11 – active emissions), Transportation and Distribution (3.4, 3.9) and End-of-Life Treatment of Sold Products (3.12). The categories 3.8 Upstream Leased Assets, 3.13 Downstream Leased Assets and 3.14 Franchises were classified as not applicable in the conception of ZF's Corporate Carbon Footprint in 2021 and were therefore not taken into account.

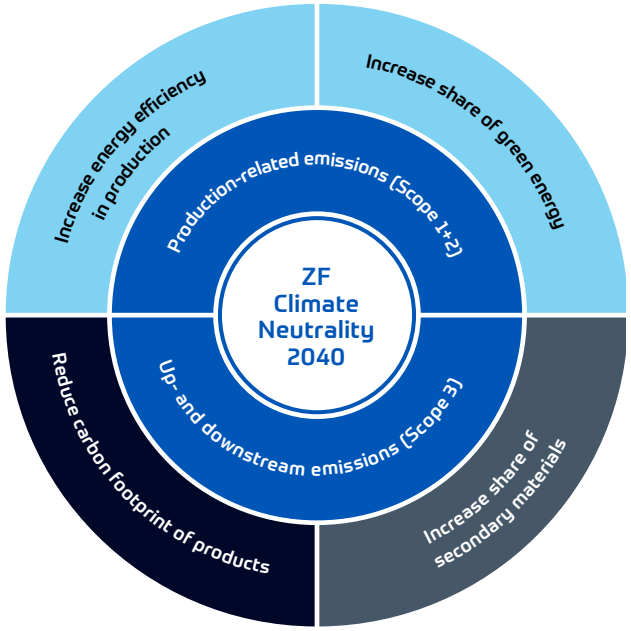
Progress towards achieving the climate targets is monitored systematically and based on defined key figures. Reporting – including to the Board of Management and Supervisory Board – takes place via a central KPI tracking system that is updated annually. The data is collected on location level, consolidated and verified by external auditors.

In 2025, we increased our share of green electricity to 100% and have thus achieved our goal of using 100% green electricity globally by the end of 2025 in accordance with our ZF Green Power Strategy.[1] In terms of Scope 1&2 emissions, an absolute reduction of 85% was achieved compared to the base year 2019. Scope 3 emissions have fallen by 37% compared to 2019 on an intensity basis. Progress on emission reduction is therefore on track across all scopes.

1 For the 2025 financial year, audited with reasonable assurance by KPMG. All required certificates of origin were acquired for the renewable electricity recognized in the table of emissions. As of the reporting date, some cancelations were not yet available due to ongoing administrative registration processes.

2.3 TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

G. 04 Climate strategy and implementation (Scope 1, 2 and 3)



Climate change mitigation is of strategic importance to ZF and thus an integral part of its corporate strategy. We are committed to making an active contribution to the implementation of the Paris Agreement and to limiting global warming. To this end, we have developed a comprehensive transition plan for climate change mitigation designed to align the adaptation of our business model and strategy with the goals of the Paris Agreement and to promote the transformation toward a climate-neutral economy within our sphere of influence. The plan aims to achieve net zero emissions in all three emission areas (Scope 1, 2 and 3) by 2040 ("Climate Neutrality 2040"). We describe our objectives in detail in the section ↘ **Targets**.

Responsibility for the implementation of the transition plan lies with the Board of Management. The Sustainability & EHS Department is responsible for Group-wide management and strategic development of the measures.

The plan focuses on the following fields of action, which are also the key decarbonization levers and actions to achieve our GHG emission reduction targets:

- **Energy efficiency:** To reduce our Scope 1 and Scope 2 emissions, we are concentrating on implementing energy efficiency measures at our locations worldwide. Other levers are the electrification of our processes and the introduction of smart factory technologies, both in machines and systems for production as well as in technical building equipment.
- **Green electricity conversion:** To achieve the full use of renewable energy at all global locations, we are aiming to switch to green electricity in all countries and to conclude physical and virtual PPAs (for instance, in Spain, Germany, USA, India). To reliably document the purchase of green electricity and certificate management, we use our own Green Power Standard. We are also focusing on the expansion of our own photovoltaic systems.
- **Supply chain:** To reduce our Scope 3 emissions in the upstream value chain, we are focusing on the implementation of a CO_2 classification system for materials (Sustainability Score – SUS Score), the use of green steel and recycled materials as well as material classification in the Materials Warehouse.

Furthermore, we require our suppliers to use green electricity, disclose PCF values and gradually switch to low-emission production materials.

- **Product innovation:** To reduce our Scope 3 emissions in the downstream value chain, we are focusing on low-emission mobility solutions such as the development of magnet-free electric motors, the integration of circular design principles into product development and the promotion of remanufacturing.
- **Circular economy:** To reduce our resource consumption and waste generation as well as to promote the use of secondary materials, we want to strengthen the circular economy by driving forward the implementation of the ZF Circularity Framework. Among other things, we want to further expand closed-loop systems and take-back processes as well as promote solutions for design for remanufacturing (see also the chapter ↘ **Resource Use and Circular Economy**.
- **Monitoring:** We plan to introduce a central tracking tool to monitor the achievement of targets as well as the integration of climate criteria into the Sourcing Decision Board (SDB) and the use of PCF data in procurement.

ZF has no significant activities in the extraction or processing of coal, oil or gas. The transformation primarily concerns the decarbonization of the company's own production and supply chain as well as the electrification of the product portfolio. Therefore, these areas are not included in the transition plan.

ZF shareholders endorse the strategic claim pursued with the transition plan and fully support the associated actions. The implementation will take place gradually:

- **2021–2025**: Transition to 100% green electricity (Scope 2), introduction of smart factory initiatives, training for employees and suppliers
- **2021–2030:** Reduction of Scope 3 emissions by 40% (intensity-based), scaling of circular economy, development of sustainable products
- **2021–2040:** Achievement of net zero emissions in Scope 1–3, full implementation of climate targets in all business areas

The transition plan is an integral part of the company-wide sustainability strategy "Acting now. Sustainability@ZF." Its targets and measures are regularly aligned with the Group strategy as part of the strategic planning process and are integrated into the operational planning of the business units. The transition plan was also integrated into the financial planning. ZF uses sustainable financing instruments such as green bonds and sustainability-linked loans, which are anchored in the updated Green Finance Framework.

ZF records EU-taxonomy-eligible activities on a monthly basis and aligns the definition of these activities in close cooperation with the responsible business units. For 2025, the focus was on gearboxes for wind turbines (Activity 3.1) and products specially developed for battery-electric vehicles (Activity 3.18) due to materiality. These priorities are aligned with the Green Financial Framework and the ZF Green Finance Report. Further information can be found in the chapter ↘ **EU Taxonomy**.

2.4 POLICIES RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

ZF wants to avoid negative environmental impacts and reduce existing environmental risks to contribute to an environmentally friendly society. Therefore, the efficient, environmentally friendly and safe operation of our plants as well as the responsible use of resources are essential parts of our environmental strategy. The strategy defines our requirements with respect to climate change mitigation, the environmental impact of production, environmentally friendly product design and environmental performance improvement. The planning, implementation and control of corresponding measures in these areas is regulated by our worldwide, binding management system for Environmental, Health and Safety (EHS). The EHS targets are aligned with ZF's sustainability strategy and are geared toward reducing our GHG emissions and avoiding other negative environmental impacts. The EHS management structure and the EHS policy are described in detail under in the chapter ↘ **Pollution**.

To address the material IROs related to climate change, ZF pursues an integrated management approach. The concepts are part of the sustainability strategy "Acting now. Sustainability@ZF" and relate to climate change mitigation as well as climate adaptation and energy. We implement various measures to manage our material IROs related to climate change (see section ↘ **Actions and resources in relation to climate change policies**). In the area of adaptation to climate change, a climate risk analysis was carried out, locations were assessed using IPCC scenarios and the results were integrated into Enterprise Risk Management (see section ↘ **Procedures for identifying and assessing the material impacts, risks and opportunities related to water and marine resources**).

In the area of climate change mitigation, we are pursuing a transition plan with the goal of achieving net zero emissions by 2040. We are transforming our product portfolio toward climate-friendly technologies and are decarbonizing the supply chain with green steel and recycled materials. In the field of energy, we are aiming for 100% green electricity in all our plants worldwide by the end of 2025 – through long-term power purchase agreements (PPAs), green electricity certificates and self-generated electricity. With wind turbine gearboxes, we also tap into new markets in the field of renewable energy. We describe our transition plan in detail in section **Transition plan for climate change mitigation**.

As part of our climate change mitigation strategy, we attach particular importance to the reduction of Scope 3 emissions, which is monitored decentrally in the various business units as well as centrally in the corporate functions. The Materials Management and Research & Development departments as well as Sustainability Management work closely together to achieve the binding targets both in the central functions and in the various business areas. These include increasing the proportion of secondary materials and green steel as well as supply chain-related measures such as the use of green electricity by our suppliers (see section **Actions and resources in relation to climate change policies**).

2.5 ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE POLICIES

In the 2025 reporting year, ZF Friedrichshafen AG reached a major milestone in its climate strategy: All global ZF locations – including production, development, administration and service units – are now fully supplied with electricity from renewable energy sources. This means that ZF has surpassed its original goal of achieving 100% green electricity supply by 2030 and will already reach this target five years earlier than planned.

The consistent switch to renewable electricity has played a key role in reducing Scope 1 and 2 greenhouse gas emissions by 85% compared to the base year 2019. This means that ZF already exceeds the reduction target of 80% by 2030 validated by the Science Based Targets initiative (SBTi).

This progress is the result of a comprehensive package of measures:

- Global transition of all locations to green electricity using various procurement models (e.g., PPA, green tariff, etc.).
- The implementation of extensive energy efficiency programs worldwide, including the modernization of building technology, the optimization of process heat, the use of waste heat and the introduction of digital energy management systems, led to total savings of roughly 118,500 MWh in 2025 through over 980 energy efficiency measures.
- The progressing electrification of production processes and building infrastructure, which increasingly helps replacing fossil fuels and enables the use of renewable energy at the process level.

These developments show that ZF is consistently driving forward its decarbonization strategy while at the same time strengthening its resilience to rising energy costs and climate-related risks. Achieving the target ahead of schedule underscores the company's ambition to actively contribute to a climate neutral industrial ecosystem across the entire value chain.

We not only implement targeted measures within our own business operations, but also work closely with our suppliers to reduce the impacts on climate change and sustainably lower emissions. The Sustainability – Supply Chain Department is continuously promoting various initiatives to reduce greenhouse gas emissions together with Corporate Purchasing, Production Planning and other cross-functional partners from Materials Management.

We request our suppliers to consistently use green electricity in the production of components and products for ZF. From 2025, all ZF production material suppliers will have to use 100% green electricity for the production of ZF products. This is a binding condition in the sourcing process. Suppliers must prove the implementation with evidence such as green electricity certificates (such as EACs, GoOs, RECs).

We work intensively with those suppliers who play a key role in achieving our green electricity targets. Together with external experts, we impart the necessary knowledge on renewable energies in

supplier training courses and invite suppliers to share their experiences during implementation. In addition, we support them in the acquisition of green electricity certificates and the implementation of suitable procurement mechanisms as well as in applying the applicable ZF policies and directives. From 2026 onwards, evidence will be verified by independent audit companies as part of Green Electricity Audits. In the year under review, 77% of the production material purchase volume was already covered by green electricity obligations. In addition, we capture PCF values during procurement to ensure our suppliers have the lowest possible carbon footprint. In this way, we are reducing our upstream emissions (Scope 3) and, consequently, the Group's overall carbon footprint. If the values do not correspond to the defined targets, we enter into dialogue with the suppliers concerned.

Steel and aluminum account for over 50% of ZF's upstream Scope 3 emissions. Reducing this share is essential to achieve our climate target. A sustainability classification introduced in 2023 supports the selection of materials and simplifies communication with suppliers and customers. Based on this classification, ZF implemented a greenhouse gas emission indication in the ZF Materials Warehouse in the year under review. This central materials database maps the portfolio of released and preferred ZF construction materials and provides relevant material data. The Materials Warehouse supports the comparison and selection of materials and offers a guided workflow for the material release process in order to promote the selection of low-emission materials. Find more on this topic in the section ↘ **Prioritizing more sustainable materials**.

In 2024, we implemented a central tracking tool that enables us to measure and monitor target achievement at various organizational levels during the year. This continued to apply in the 2025 reporting year.

The calculation of Scope 3 emissions is based on primary and secondary data; in individual categories, scaling was applied using industry-typical parameters.

A total of around 2,400 PCF values were taken into account as part of the calculation of the Corporate Carbon Footprint in Scope 3. They represent about 3% of the total ZF spend.

Of these, 168 PCF values (around 1% of spend) come directly from suppliers who provided this data via SupplyOn and the Catena-X interface.

This is the first time that PCF information from the upstream supply chain ("primary information") has been incorporated into the calculations. This represents an important step forward in establishing an interoperable, standardized data exchange along the value chain as well as in improving the data quality of the Corporate Carbon Footprint.

We also use green bonds and other green financial instruments to finance our climate-related activities. Further information can be found in the Green Finance Framework and ZF's Green Finance Report. The currently taxonomy-eligible funds are shown in the chapter ↘ **EU Taxonomy**.

2.5 KEY FIGURES

Energy consumption and energy mix

in MWh	2025	2024	2023
Total energy consumption related to own operations	**3,841,602**	**3,861,485**	**4,048,548**
Total energy consumption from fossil sources	**1,220,586**	**2,060,362**	**2,544,858**
Percentage of fossil sources in total energy consumption (%)	31.8	53.4	62.9
Fuel consumption from coal and coal products	0	0	0
Fuel consumption from crude oil and petroleum products	122,998	132,987	145,772
Fuel consumption from natural gas	943,797	944,623	1,019,912
Fuel consumption from other fossil sources	7,916	4,153	3,684
Consumption of purchased or acquired electricity, heat, steam or cooling from fossil sources	145,875	978,599	1,375,490
Total energy consumption from nuclear sources	**261**	**139,013**	**213,432**
Percentage of energy consumption from nuclear sources in total energy consumption (%)	0.0	3.6	5.3
Total energy consumption from renewable sources	**2,620,755**	**1,662,110**	**1,290,258**
Percentage of renewable sources in total energy consumption (%)	68.2	43.0	31.9
Fuel consumption from renewable sources	4,450	3,998	3,164
Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources	2,581,135	1,634,858	1,274,594
Consumption of self-generated non-fuel renewable energy	35,170	23,254	12,500
Non-renewable energy production	70,933	80,341	106,559
Renewable energy production	35,325	23,392	12,668
Energy intensity from activities in high climate impact sectors (total energy consumption per net revenue) (in MWh per € milion of sales)	99	93	87
Total energy consumption from activities in high climate impact sectors	3,841,602	3,861,485	4,048,548
Net revenue from activities in high climate impact sectors (€ million)	38,810	41,377	46,627
Net revenue from activities other than in high climate impact sectors (€ million)	0	0	0
Net revenue (€ million)	38,810	41,377	46,627

Gross Scopes 1, 2, 3 and total GHG emissions

in million tons (CO_2 equivalent)	2025	2024	2023	2019 Baseline
Scope 1 [1]	**0.226**	**0.229**	**0.247**	**0.406**
Percentage of Scope 1 GHG emissions from regulated emission trading schemes	1.5	1.8	2.2	-
Scope 2 [2]				
location-based [2]	1.141	1.144	1.184	1.437
market-based [2]	0.036	0.649	0.805	1.371
Scope 1 + Scope 2 emissions (market-based)	**0.262**	**0.878**	**1.052**	**1.777**
Emission intensity Scope 1 + 2 market based (in tCO_2e per € million of sales)	**6.751**	**21.220**	**22.562**	**48.661**
Scope 3	**69.188**	**67.205**	**82.456**	**102.719**
1 Purchased goods and services [1]	12.037	12.345	15.169	21.688
2 Capital goods [1]	1.274	1.418	1.528	1.485
3 Fuel- and energy-related emissions (not included in Scope 1 or 2) [1]	0.129	0.230	0.263	0.222
4 Upstream transportation and distribution [1] [3]	0.917	0.986	1.082	1.127
5 Waste [1]	0.122	0.123	0.132	0.131
6 Business travel [1]	0.042	0.049	0.041	0.113
7 Employee commuting [1]	0.143	0.151	0.158	0.149
9 Downstream transportation and distribution	0.338	0.363	0.398	0.415
10 Processing of sold products	0.060	0.060	0.060	0.060
11 Utilization phase	53.987	51.363	63.487	77.235
– direct	5.525	5.190	7.633	8.414
– indirect	48.463	46.173	55.854	68.821
12 End-of-life treatment of sold products	0.137	0.113	0.135	0.071
15 Investments	0.001	0.004	0.003	0.022
Emission intensity Scope 3 upstream (in tCO_2e per € million of sales) [4]	**378**	**370**	**394**	**682**
Total GHG emissions (location-based)	70.555	68.578	83.887	104.561
Total GHG emissions (market-based)	69.450	68.083	83.508	104.495
Carbon intensity				
Carbon intensity (location-based)	1,818	1,657	1,799	2,863
Carbon intensity (market-based)	1,789	1,645	1,791	2,861
Net revenue (€ million)	38,810	41,377	46,627	36,518

1) The disclosures for Financial Year 2025 are audited with limited assurance by KPMG.
2) The disclosures for Financial Year 2025 are audited with reasonable assurance by KPMG.
3) In the reporting year, the calculation for transport emissions was simplified by summarizing emission factors. As a result, comparability with previous years is only possible to a limited extent.
4) Ratio of Scope 3 upstream emissions (Scope 3.1 to 3.7, in Financial Year 2025 audited with limited assurance by KPMG) to revenue (in Financial Year 2025 audited with reasonable assurance by EY).

3 Pollution

Environmental protection is firmly embedded in our corporate culture. ZF is aware of the risks that pollution poses to people and nature. Our sustainability strategy "Acting now. Sustainability@ZF" as well as the topic-specific strategic concepts are aimed at continuously reducing environmental risks both in our own operations and in the supply chain, avoiding negative environmental impacts and contributing to an environmentally friendly society.

3.1 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO POLLUTION

As part of the Double Materiality Analysis, ZF has identified the following impacts related to pollution:

Pollution of water (actual negative impact)

Time horizon	✔ short-term	✔ medium-term	✔ long-term
Value creation stage	✔ upstream	✔ own operations	downstream

Activities at upstream stages of the value chain have a significant impact on water quality, for example, in the mining of the ores needed for the production of aluminum, iron and copper. Ore mining is generally associated with significant impacts on local aquatic ecosystems. In upstream industrial processes or in the company's own operations, contamination can also occur if wastewater is discharged that contains, for example, heavy metals, chemicals or organic compounds.

Pollution of soil (actual negative impact)

Time horizon	✔ short-term	✔ medium-term	✔ long-term
Value creation stage	✔ upstream	✔ own operations	downstream

Soil pollution occurs in our upstream value chain, in particular due to the mining of the ores needed for the production of aluminum, iron and copper. Processes such as the deposition of overburden, the use of chemical substances or contamination by heavy metals can lead to long-term impairments of soil functions and ecosystems. Soil contamination can also occur during further processing in the company's own business.

Procedures for identifying and assessing the material impacts, risks and opportunities related to pollution

In the course of the DMA, the topics of water and soil pollution in the upstream value chain and in the company's own business operations were identified as material.

As part of the additional internal IRO-1 process for the assessment of water and soil pollution, ZF has determined the following results for its own operations for the year 2025: In the net risk assessment, no materiality regarding water and soil pollution was found for the reporting year 2025.

With regard to the construction and operation of production facilities that are subject to special permits, ZF is actively cooperating with the relevant authorities. We have taken precautions to ensure that our production facilities operate safely and that continuous measures are taken to improve environmental performance.

3.2 TARGETS

Our ambition is to meet legal obligations and to continuously improve our own standards. We use regular reviews, transparent reporting and involve relevant stakeholders to achieve this.

The methodology described above for assessing our environmental impact has shown that there are no relevant impacts or risks in our own operations and therefore no specific Group targets need to be derived.

However, there may be negative impacts related to pollution in our upstream value chain. ZF is currently reviewing whether a specific target should be set for this area of application.

3.3 POLICIES RELATED TO POLLUTION

Our policies related to pollution include the prevention and mitigation of air, water and soil pollution, the management of emissions and resources as well as the management of substances of concern to combat environmental impacts. This includes the systematic monitoring, disclosure, control, reduction and, where possible, elimination of emissions that contribute to water, air, soil and noise pollution.

Strict compliance with all legally required emission limits at the locations is checked and ensured by our internal and external ISO 14001 audits. Additional requirements for corporate environmental protection are reviewed and implemented as part of our internal EHS Management System and compliance audit program.

ZF pursues a comprehensive environmental strategy aimed at sustainability and continuous improvement. With preventive measures and careful environmental management within our own operations, we strive for the best possible protection of people and the environment.

We also expect our business partners to comply with environmental standards in their own business area and along their value chain. These principles are set out in our Business Partner Code of Conduct, to which our partners commit when cooperating. Further information on this can be found in the section ↘ **Business Partner Code of Conduct**.

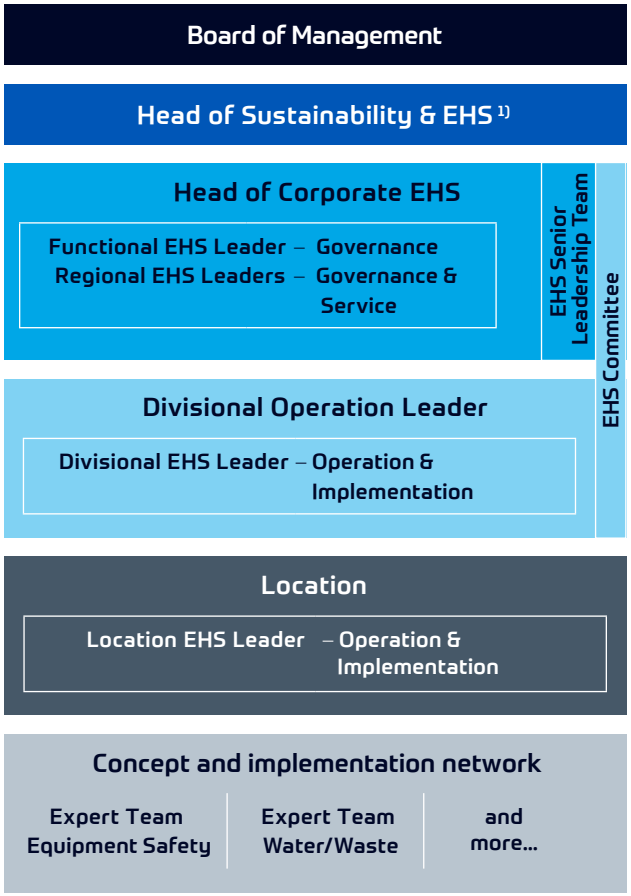
In this context, ZF expects its suppliers to implement a sustainable environmental management system in their operations – based on the ISO 14001 environmental standard. In accordance with the standard, our suppliers must minimize their consumption of resources, implement measures to protect the environment and reduce pollution (especially emissions, pollutants and waste). The disclosure requirements for the implementation of ISO 14001 requirements are clearly regulated in our procurement requirements, for example, in the Supplier Quality Directive QD83.

EHS organization

ZF's EHS organization covers all divisions, regions and locations. The Corporate Environmental Management Officer is responsible at Group level, and the environmental, occupational health and safety managers are appointed at division level. At plant level, location EHS managers are responsible for monitoring compliance with the environmental management system and continuously improving it. Regional EHS managers support them in complying with the valid provisions in their region and implement the ZF standards.
An Environmental Management System (EMS) in accordance with ISO 14001 has been established as a standard at all production and main development locations at ZF and is part of our integrated EHS Management System. The Group-wide ISO 14001 coverage rate based on the number of employees is around 90%. External reviews and audits have confirmed the effectiveness of our EHS Management System and thus also of the EMS. Compliance with the current legislation at the ZF locations was also confirmed in this context. In addition, a management review is conducted twice a year with the global Head of EHS and the responsible member of the Board of Management. It assesses the extent to which locations achieve their targets and manage EHS effectively. In addition, it is evaluated whether the EMS is adequate for fulfilling current customer and management requirements.

ZF has also taken organizational precautions to receive and carefully process information about compliance-relevant processes that may be subject to reporting obligations as well as incidents or violations. Environmental compliance is explicitly included here. Information on ZF's notification system and complaint management can be found in the chapter ↘ **Business Conduct**.

G. 05 Environment, health and safety



1) Environment, Health & Safety

EHS policy and management system

The EHS policy defines major fields of action, including in the area of the environment, such as climate change mitigation, the environmental impact of production, environmentally friendly product design and environmental performance improvement. The guideline is an integral part of our corporate culture and strategy and is binding for all ZF locations. The EHS policy includes compliance with all legal and regulatory requirements. Due to differing local requirements, local legal developments are also monitored and evaluated and – where necessary – measures are initiated at all locations and levels of the ZF Group to ensure compliance.

The EHS policy determines our business operations and defines our mission and targets:

- Minimizing EHS risks and impacts both in our own business area and in the supply chain
- Achieving EHS excellence through the implementation of company-wide standards and the integrated EHS Management System
- Protecting health and promoting well-being of our employees (see also chapter ↘ **Own Workforce**)
- Promoting energy efficiency, using resources responsibly
- Minimizing our impact on the environment, including climate change considerations
- Considering EHS aspects throughout the entire life cycle of our products – from development to production, use, re-use and disposal
- Continuously measuring and improving EHS systems and performance

The policy regulates how EHS management is to be implemented throughout the company:

- Preparing, implementing and complying with strategic plans in the EHS area
- Using a holistic approach (procedural, technical and behavioral elements) to identify and mitigate EHS risks
- Building up and continuously improving health promotion and health management
- Promoting individual responsibility, leadership and personal accountability of management
- Involving and empowering all employees to actively participate in achieving excellent EHS performance
- Empowering a global EHS team for the topics of leadership, governance and service
- Sharing company-wide resources, knowledge, best practices and experience with respect to EHS
- Measuring and verifying company-wide compliance with EHS performance targets using meaningful EHS metrics
- Continuously working on, further developing and evaluating company-wide conformity

All ZF employees worldwide, including external service providers who work for ZF, are obliged to comply with the provisions of the EHS policy. Management at all levels is responsible for the implementation of this policy in their respective areas of responsibility and is required to ensure compliance with EHS standards through exemplary conduct and commitment. The Board of Management bears overall responsibility for the EHS policy. It delegates the authority to manage and measure its implementation to the EHS function. The EHS policy can be viewed both internally and externally on our website.

All locations follow the "prevention before reaction" and precautionary principle. Our policies and directives are designed to prevent incidents and emergency situations. This is achieved through standardized procedures, trained employees, clear communication as well as optimized and maintained systems and our emergency plans. They also help us control and limit potential negative impacts on people and the environment. Therefore, as set out by our EHS policy, each location has an emergency organization. Emergency response teams must be provided with all the necessary equipment and procedures. Mock emergency drills are carried out on a regular basis. Technical installations for dealing with emergency situations, such as floods or fires, are an integral part of the company standard. In addition, there is a Group-wide reporting obligation in the event of an emergency situation.

Obligations for business partners

We expect our business partners to comply with and demand environmental and social standards within their own operations and along their value chain, just as ZF does. These principles are set out in our Business Partner Code of Conduct to which our partners commit when cooperating. The Code of Conduct contains, among other things, standards for environmental sustainability and – in the case of business partners working in environmentally relevant industries – the obligation to use certified environmental management systems.

Further information on our Business Partner Code of Conduct is presented in the chapter ↘ **Business Conduct**.

Global Supplier Quality Directive

In our Global Supplier Quality Directive (QD83), we have defined product-related environmental and Safety Data Sheet requirements. All deliveries must comply with the applicable legal, environmental and import provisions according to the EU Regulation on the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), the EU Directive on End-of-Life Vehicles and the ZF Company Standard for the Control of Prohibited and Regulated Substances. Upon request, suppliers must provide recycling and disposal concepts. Additional information (for instance, energy consumption and emissions) may also be requested for the life cycle assessment of ZF products. Suppliers must submit Safety Data Sheets (SDS) for materials and mixtures in accordance with the United Nations' Globally Harmonized System of Classification and Labelling of Chemicals (GHS) and the European Regulation on the Classification, Labelling & Packaging (CLP) of substances and mixtures. For products classified as dangerous goods, the supplier must provide Safety Data Sheets or similar information so that ZF can meet the handling and transport requirements. This applies, for example, to pressurized shock absorbers, pyrotechnic articles or lithium batteries.

3.4 ACTIONS AND RESOURCES RELATED TO POLLUTION

As a global technology company, ZF strives to always design state-of-the-art production processes. This approach allows us to both improve our environmental performance and comply with legal and other regulatory requirements at all times.

Emissions to air, water and soil

ZF records environmentally relevant emissions to air, water and soil at our relevant locations worldwide every year. An internal database helps us create transparency. With comprehensive EHS data, it forms the basis for detailed analyses and reports. ZF conducted a thorough review of its operating activities and its emissions to air, water and soil in the year under review.

Outside of the company's own business operations – in the upstream value chain – there has been no monitoring of soil and water pollution so far.

4 Water and Marine Resources

Water is an essential resource. At the same time, it is increasingly negatively impacted by human and economic activities. As a result, there may be an increased risk of water scarcity. Against this backdrop, ZF is aware of its corporate and social duty to manage water resources responsibly. Therefore, we are striving to conserve natural resources and reduce the company's ecological footprint with ZF's environmental strategy (see chapter ↘ **Pollution**), our corporate guidelines and clearly defined targets and measures.

4.1 MATERIAL WATER AND MARINE RESOURCES-RELATED IMPACTS, RISKS AND OPPORTUNITIES

As part of the Double Materiality Analysis, ZF has identified the following impacts related to water resources:

Water consumption (actual negative impact)

Time horizon	✔ short-term	✔ medium-term	✔ long-term
Value creation stage	✔ upstream	own operations	downstream

Although ZF's own production processes have only a limited direct impact on water consumption, water-intensive processes in the upstream value chain are sometimes subject to considerable burdens, especially in the extraction of ore raw materials for the production of aluminum, iron, copper and other critical raw materials. The associated water consumption demands local water resources. This can restrict the availability of water for communities and ecosystems, lead to conflicts of use and cause negative ecological and social impacts in the long term.

Water withdrawals (actual negative impact)

Time horizon	✔ short-term	✔ medium-term	✔ long-term
Value creation stage	✔ upstream	own operations	downstream

The upstream ore raw material extraction for the production of aluminum, iron, copper and other critical raw materials is associated with a significantly increased demand for water. ZF is dependent on the use of these raw materials. The water-intensive production processes in the mining industry often lead to large-scale water withdrawal, placing significant pressure on local water resources.

Water discharges (actual negative impact)

Time horizon	✔ short-term	✔ medium-term	✔ long-term
Value creation stage	✔ upstream	own operations	downstream

The water-intensive production processes in the upstream ore raw material extraction for the production of aluminum, iron, copper and other critical raw materials lead to the discharge of water in the form of wastewater and process residues. These discharges can contain pollutants and put pressure on local water ecosystems, especially in regions with restricted water treatment capacities. The associated environmental damage represents an actual negative impact, especially in the upstream value chain.

Procedures for identifying and assessing the material impacts, risks and opportunities related to water and marine resources

In 2024, ZF began a careful assessment of the material impacts, risks and opportunities of its locations related to water as part of the update of the DMA (see section ↘ **Materiality analysis**) and completed it in 2025. The evaluation included operational data and information on water withdrawal and consumption at the individual ZF locations. In addition, geological data on water risks at the locations from the World Resources Institute's (WRI) Aqueduct Water Risk Atlas and the WWF Water Risk Filter were used. The assessment showed that the topic of water resources is material with regard to our upstream value chain. For our own locations, on the other hand, the topic is not to be regarded as material; it remains below the materiality threshold in the company's own operations. Nevertheless, ZF considers the topic to be important and is continuing the reporting on the topic of water in its own operations, which has been established for years.

4.2 TARGETS

For our production sites in areas of water-stress, ZF has defined the target of reducing water withdrawal relative to sales by a total of 10% from 2021 to 2025. These sites were identified using the WWF Water Risk Filter, considering the factors of geographical location, amount of water withdrawn and potential reputational and regulatory risks. In 2025, the assessment was comprehensively revised in accordance with the ESRS requirements. The result will be taken into account from 2026. For all other ZF locations, a total reduction of 5% was targeted for the same period. The base year for both targets is 2019. Both targets were met in 2025.

All water sources, including rivers and groundwater as freshwater sources, are considered when assessing target achievement. Progress is monitored and managed at the locations and Group level in line with the ZF environmental management system, the EHS Management System (see section ↘ **EHS organization**). Further progress reviews by management take place every six months in accordance with ISO 14001. They are carried out both locally by the location management and at Group level by the Board of Management.

ZF is committed to the responsible use of water in internal guidelines, such as the EHS Policy (see section ↘ **EHS policy and management system**) and the ZF Circularity Framework (see section ↘ **ZF Circularity Framework**).

Sustainable water management is already part of the procurement requirements. Suppliers are obliged to establish an environmental management system and submit appropriate certifications. In addition, the topic of resource efficiency is anchored in the Business Partner Code of Conduct and is part of the sustainability self-assessment questionnaire. Compliance with these requirements is a prerequisite for consideration in the procurement process and is continuously monitored internally.

Water-related targets and requirements for suppliers have not been established to date. The water strategy for the supply chain is currently in the concept phase. It is to be finalized and gradually implemented in the coming years.

ZF is currently working on the risk assessment of the supply chain. The aim is to identify particularly water-intensive supply chains as well as those with high water stress. These supply chains provide key products for ZF's operations and are to be systematically integrated into future measures aimed at improving water efficiency. As early as next year, the company plans to work with prioritized suppliers to define the first specific targets and measures to improve water usage.

4.3 POLICIES RELATED TO WATER AND MARINE RESOURCES

The efficient, environmentally friendly and safe operation of our plants as well as the responsible use of water and other resources are essential parts of our environmental strategy (see chapter ↘ **Pollution**). With the following guidelines and policies, we want to ensure that we meet the requirements for our use of water resources defined in the environmental strategy.

Resource-efficient water management through EHS management

The requirements of the environmental strategy also include the topic of water and are implemented by our Group-wide EHS organization and the associated binding EHS Management System. The Group-wide EHS policy obliges all locations to minimize negative impacts on the environment. This includes a nature-friendly and resource-efficient usage of water. The focus is on factors such as health protection, quality and availability of groundwater and surface water, avoidance of soil and groundwater contamination, protection of drinking water protection areas and consideration of flood hazard area. The EHS Management System and our EHS policy are described in detail in the chapter ↘ **Pollution**.

Strengthening water cycles

The extraction of water for the operation of ZF locations is an important environmental topic. The availability of freshwater is increasingly restricted, for instance due to the impacts of climate change on water resources. The ↘ **ZF Circularity Framework** therefore focuses on closing water circuits, for example, in cooling systems. Further information on this topic can be found in the section ↘ **ZF Circularity Framework**. When assessing target achievement, the framework takes into account not only the water sources utilized but also the water usage of our production sites in water stress areas as well as the corresponding impacts of our operations on water resources.

Obligations for suppliers

We also expect our business partners to comply with environmental standards in their own business area and along their value chain as well as to manage water resources responsibly. These principles are set out in our Business Partner Code of Conduct to which our partners commit when cooperating. Further information on this can be found in the section ↘ **Business Partner Code of Conduct**.

ZF expects its suppliers to implement a sustainable water management system in their operations based on the ISO 14001 environmental standard. In accordance with this standard, our suppliers must minimize their consumption of resources, implement resource efficiency measures and avoid pollution. The disclosure requirements for the implementation of ISO 14001 requirements are clearly regulated in our procurement requirements. Suppliers must demonstrate continuous improvement in their environmental performance. ZF reserves the right to carry out environmental audits. Non-compliance can lead to escalation or influence procurement decisions.

The IRO analysis has identified material impacts on water resources within the upstream value chain. Against this background, a new project was initiated in 2025 that aims to gain a deeper understanding of the water-related dependencies and impacts of ZF suppliers worldwide. The focus is particularly on suppliers who provide leading products with a high water footprint in regions experiencing pronounced water stress. The risk assessment is the first step in determining the extent of affected suppliers. The materials used serve as a central evaluation criterion, as they largely determine the water-related effects and dependencies. The next step is the strategic direction of the project, including prioritizing relevant suppliers, defining measures and policy guidelines as well as resource planning. The targets for prioritized suppliers will not be set until the next reporting year at the earliest. New requirements will be integrated into the sourcing decision process and their compliance will be systematically monitored.

4.4 ACTIONS AND RESOURCES RELATED TO WATER AND MARINE RESOURCES

Every location is obliged to constantly monitor and improve water efficiency on site. This requirement is defined in the ZF sustainability strategy, the EHS Management System as well as the water reduction targets and is part of the continuous improvement process according to ISO 14001 certification. The locations independently identify the environmental impact of their operations, plan appropriate measures to systematically minimize them and implement these measures.

To reduce freshwater withdrawal and wastewater volume, ZF uses water treatment technologies and reuses treated water from production for washing, rinsing and cleaning processes, for irrigating green

areas and as a component of cooling lubricants. Wastewater at ZF is usually discharged into the public sewer system and treated in local wastewater plants. In the case of some industrial wastewater, treatment takes place at the location in advance.

Direct discharge into surface water occurs only at very few locations where, for example, there is no public infrastructure or when the water has previously been withdrawn from the relevant surface water for cooling purposes. In such cases, the water is treated or processed at the location according to the state of the art if necessary and then directly discharged with the approval of the authorities.

ZF has also implemented water-saving measures in 2025. A significant part of ZF's water requirements is attributable to the sanitary area and the kitchen. For this reason, water-saving fixtures have been installed in the sanitary area at locations in areas with water stress, among other things. In addition, employees have been trained in the responsible use of water to increase awareness of sustainable practices.

In 2025, the Brazilian location in Sorocaba in particular distinguished itself with the implementation of numerous water measures. With the help of automated process monitoring, for example, the blowdown cycle of three cooling towers could be extended, resulting in annual water savings of nearly 2,200 m³.

The cleaning cycles of filter systems were extended through intelligent control, enabling additional annual water savings of 370 m³. The location was also able to make progress in the area of water reuse.

Deionized water used in the painting process is now subsequently reused for rinsing operations, which previously required potable water from the public supply. As a result, around 90% of the potable water can be replaced in the rinsing process, thus saving around 3,600 m³ per year. Furthermore, after a thorough review, the water temperature in one washing process was reduced by 10°C, which decreases evaporation and lowers water consumption by around 47 m³ per year.

Based on the results of the IRO assessment of water demand in the supply chain, Materials Management Sustainability has initiated a new project that addresses water risks. The aim is to complement the already established preventive measures with more specific water-related requirements, which will be considered in the future procurement process. The project focuses on assessing supplier risks and analyzing the extent to which purchased raw materials, purchased parts and the associated manufacturing processes are affected by water-related risks. This is not only about the sheer availability of water, but about a comprehensive understanding of risks — including water stress, water quality, regulatory requirements and potential impacts on supply capability.

4.5 KEY FIGURES

Water

in m³	2025	2024	2023
Absolute water withdrawal	**9,251,952**	**9,699,192**	**9,720,705**
Ground water	766,293	917,309	937,115
Surface water	5,170,816	5,312,886	5,174,675
Water from third parties	3,314,843	3,468,997	3,608,914
Withdrawal in water-stress areas	**65,099**	**67,601**	**79,226**
Ground water	1,206	1,179	1,251
Surface water	0	0	0
Water from third parties	63,893	66,422	77,975
Water discharge	**8,187,560**	**8,429,356**	**8,423,978**
Ground water	0	0	0
Surface water	4,806,491	5,003,656	4,869,207
Third-party water	3,381,069	3,425,700	3,554,771
Total water consumption	**1,064,392**	**1,269,836**	**1,296,727**
thereof in water-stress areas	34,270	33,129	41,608

5 Biodiversity and Ecosystems

Biodiversity and ecosystems are central to sustaining the livelihoods of our planet and preserving a livable environment for its inhabitants. But despite continued efforts, biodiversity is decreasing worldwide. According to the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services, climate change, pollution, land-use changes, changes in freshwater and marine use, the direct exploitation of ecosystems and the introduction of invasive alien species are among the main drivers of this development. Against this backdrop, ZF plans to engage even more systematically in promoting biodiversity in the future. Our targets and measures set out in the chapters ↘ **Climate Change** and ↘ **Resource Use and Circular Economy** describe important fields of action in which we want to minimize the negative impact of our operating activities on biodiversity and ecosystems and contribute to stabilizing ecosystems and curbing species loss.

5.1 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO BIODIVERSITY AND ECOSYSTEMS

As part of the Double Materiality Analysis, ZF has identified the following impacts related to biodiversity and ecosystems:

Direct drivers of biodiversity loss

• Climate change (actual negative impact)

Time horizon	✔ short-term	✔ medium-term	✔ long-term
Value creation stage	✔ upstream	✔ own operations	✔ downstream

ZF's operating activities cause greenhouse gas emissions along the entire value chain, which contribute to global warming. The associated ecological consequences – such as more frequent extreme weather events, rising sea levels and changes in ecosystems – have a negative impact on biodiversity.

• Land-use, freshwater-use change and sea-use change (actual negative impact)

Time horizon	✔ short-term	✔ medium-term	✔ long-term
Value creation stage	✔ upstream	own operations	downstream

In the upstream supply chain, the extraction of ore used for the production of aluminum, iron, copper and other critical raw materials generates negative impacts on terrestrial, freshwater and marine ecosystems. ZF is dependent on these raw materials. Mining often leads to interventions in natural habitats, land-use changes and the impairment of water bodies through water withdrawal, sediment displacement and the introduction of pollutants. These interventions can endanger biodiversity, affect ecosystem services and cause long-term ecological damage.

• Pollution (actual negative impact)

Time horizon	✔ short-term	medium-term	long-term
Value creation stage	✔ upstream	own operations	downstream

The production of the materials required for our products – especially in the upstream supply chain – can be associated with environmental impacts. In particular, the extraction and processing of raw materials for the production of aluminum, iron, copper and other critical raw materials generate emissions into air, water and soil through the use of chemicals, overburden dumps and industrial wastewater. These forms of pollution can damage local ecosystems.

Impacts on the extent and condition of ecosystems

• Land degradation, desertification and soil sealing (actual negative impact)

Time horizon	✔ short-term	medium-term	long-term
Value creation stage	✔ upstream	own operations	✔ downstream

In the upstream supply chain, the extraction of raw materials for our products generates negative impacts on terrestrial ecosystems, especially in mining for the extraction of aluminum, iron, copper and other critical raw materials. The associated interventions in land and water resources can contribute to soil degradation, erosion, loss of fertile land and an increase in soil sealing.

Procedures for identifying and assessing the material impacts, risks and opportunities related to biodiversity and ecosystems

ZF used a structured, multi-stage process to analyze the materiality of its impacts, risks and opportunities in the fields of biodiversity and ecosystems, taking into account international standards and current regulatory requirements.

The analysis began with the evaluation of the entire value chain in a pilot project as part of ZF's articipation in the Value Balancing Alliance (VBA). In line with the VBA methodology, the impacts of key influencing factors such as land use changes, water withdrawal, emissions and raw material sourcing were analyzed using scientifically validated indicators, actual data from our own operations and statutory requirements. The results then served as the basis for identifying and assessing risks at the company's own production and main development locations as well as for assessing the impact on the supply chain as part of the materiality analysis. The time horizons of the assessment were based on the Kunming-Montreal Global Biodiversity Framework.

In order to identify nature-relevant interfaces for all locations, we subsequently conducted an assessment of our production and major development locations based on the LEAP[1] approach. Using the WWF Biodiversity Risk Filter, we identified aspects such as proximity to protected areas, geographic location within or near Key Biodiversity Areas (KBAs) and location-specific risks. All of ZF's production and main development locations were analyzed to assess possible negative impacts on biodiversity and ecosystems. In some cases, positive effects were also documented and assessed at the location level. During the reporting period, all analyzed locations were under operational control by ZF and were subject to a certified environmental management system. When evaluating the location data, we came to the conclusion that there were no direct significant negative impacts.

However, through our extensive analyses of our direct and indirect emissions, we know that our operating activities contribute to climate change through greenhouse gas emissions and thus also to the loss of global biodiversity as well as the damage to ecosystems. Further information on our emissions and their impacts is presented in the chapter ↘ **Climate Change**.

As part of our DMA, we have identified systemic risks such as global biodiversity loss, water stress and climate-related extreme events – regardless of our specific locations. Opportunities arising from nature-based solutions and sustainable business models were also taken into account. This information is incorporated into our sustainability strategy.

To classify the IROs, we used a combination of ecological, economic and regulatory criteria. These include the availability of ecosystem services, risk assessments in the event of resource scarcity and compliance with environmental regulations. Methods such as the WWF Biodiversity Risk Filter, the Aqueduct Water Risk Atlas and the VBA methodology supported the analysis.

With the analysis method described, ZF aims to ensure that negative impacts as well as risks and pportunities related to biodiversity and ecosystems are identified, evaluated and managed. The knowledge gained will be incorporated into the adaptation and updating of various business processes, among other things. This applies, for example, to the ZF EHS Management System (including the environmental management system in accordance with ISO 14001), the company-wide ERM and supplier management.

Environmental risks and opportunities have significantly shaped ZF's supply chain strategy, especially in response to climate change, regulatory pressures and stakeholder expectations. ZF is concentrating on the upstream supply chain, among other things, in order to achieve the strategic target of climate neutrality in all greenhouse gas emission categories (Scope 1, 2 and 3) by 2040.

The update of the DMA in 2025 helped to identify other material risks and opportunities in the supply chain, which will also be gradually integrated into the supplier strategy.

1 LEAP stands for **Locate** your interface with nature, **Evaluate** your dependencies and impacts on nature, **Assess** your nature-related risks and opportunities, **Prepare** to respond to, and report on, material nature-related issues. The method is recommended by the Taskforce on Nature-related Financial Disclosures (TNFD).

5.2 TARGETS

ZF endorses the objectives of the EU Biodiversity Strategy and of the Kunming-Montreal Global Biodiversity Framework. For ZF, this means consistently reducing the negative impacts of its own operating activities. The focus is on mitigating the main drivers of biodiversity loss for ZF: climate change and resource consumption.

Further information on our environmental targets and the measures taken to implement them are described in detail in the chapters ↘ **Climate Change** as well as ↘ **Resource Use and Circular Economy**.

Additional targets related to the impact of our operating activities on the environment and the damage to biodiversity and ecosystems are integrated into the ZF EHS Management System. The effectiveness of existing measures, such as compensation measures required under local legal regulations in the context of construction and permitting procedures, is tracked through local qualitative assessments and regular environmental reports.

5.3 TRANSITION PLAN ON BIODIVERSITY AND ECOSYSTEMS

ZF pursues the approach of integrating biodiversity-relevant aspects into the existing scenario analyses (which are part of the overarching climate risk analysis). In these analyses, we focus primarily on the impact of our own plants and locations on local biodiversity and ecosystems. They support us in identifying the key levers for preserving biodiversity and in embedding them more strongly into our strategies and business models. Among other things, we assessed our contributions to climate change as a key driver of global biodiversity loss. These results, in turn, are incorporated into the climate strategy and the ZF Circularity Strategy. For further information, see chapter ↘ **Climate Change**.

5.4 POLICIES RELATED TO BIODIVERSITY AND ECOSYSTEMS

Environmental protection has long been firmly embedded in our corporate culture. We are continuously working to minimize our environmental impact and risks, both in our own operations and in the supply chain. The diversity of species and ecosystems plays an important role for ZF in this context, as the activities of ZF and its partners in the value chain can influence this diversity and also depend on it. Our policies therefore relate to environmental protection as well as to biodiversity and ecosystems and reflect these interactions between both dimensions: impacts and dependencies.

ZF is committed to complying with the legal requirements regarding the protection of biodiversity and expects the same from its business partners. We are dedicated to preventing deforestation and to bringing land use in line with international biodiversity regulations as well as the Resolutions and Recommendations on Biodiversity of the International Union for Conservation of Nature (IUCN). To achieve this, we intend to increase our efforts to influence our business partners as well. Accordingly, ZF expects its business partners to analyze their dependencies on biodiversity and ecosystems as well as their impact on them. With our Business Partner Code of Conduct, we also call on our business partners to set an adequate level of ambition for their business to support the targets of the Kunming-Montreal Global Biodiversity Framework. Further information on our Business Partner Code of Conduct can be found in the chapter ↘ **Business Conduct**.

ZF intends to further expand the analysis of risks and impacts in the supply chain in the future and develop additional policies based on this.

We also want to gradually further establish the requirements for the protection of biodiversity and ecosystems in our own processes. For this purpose, we use, among other measures, an environmental management system certified in accordance with ISO 14001, which covers the biodiversity aspects material to ZF and is embedded in the EHS management structure. This system applies to all ZF production and main development locations. Detailed explanations on the EHS management can be found in chapter ↘ **Pollution**. Also relevant for biodiversity aspects is our circular economy concept, which is presented in detail in the chapter ↘ **Resource Use and Circular Economy**.

5.5 ACTIONS AND RESOURCES RELATED TO BIODIVERSITY AND ECOSYSTEMS

ZF is continuously working to reduce the impacts on biodiversity and ecosystems related to its business activities. The focus of our actions is on climate change, pollution, water and resource consumption.

With our climate strategy and our commitment to significantly reduce our greenhouse gas emissions by 2030 and to achieve climate neutrality by 2040 for all scopes defined in the Greenhouse Gas (GHG) Protocol, we want to help reduce pressure on ecosystems. We describe our actions in connection with greenhouse gas emissions in chapter ↘ **Climate Change**.

As part of our commitment to biodiversity, we intend to apply the principles of the circular economy even more consistently, thereby reducing the consumption of raw materials in our value chain. As a key measure, we are relying on an increased use of secondary materials, among other things. In this way, we want to help reduce the extraction of raw materials and the associated damage to ecosystems – for example, through deforestation or changes in land use. We describe our actions for the circular economy in the chapter ↘ **Resource Use and Circular Economy**.

In the meantime, ZF already has established processes in place to prevent or minimize negative environmental impacts – such as pollution or water consumption – as far as possible. All locations follow the "prevention before reaction" principle, and thus the precautionary principle. In accordance with the mitigation hierarchy, the avoidance of harmful impacts is our top priority. We seek to mitigate unavoidable impacts and, where required by legal regulations, implement offset measures, restoration activities or other legally permitted compensation measures. Where we are free to decide, we consider compensation measures to be secondary in our strategy compared with avoidance and reduction. For more information on our actions, see chapters ↘ **Pollution** and ↘ **Water and Marine Resources**.

On a project basis, in voluntary activities and for legally required measures, we collaborate with environmental protection organizations and associations at a local level. This may be the case, for example, in the context of construction and operating permit procedures or environmental impact assessments, and may, where appropriate, also involve the expertise of local communities.

In addition, we prepared for the EU Deforestation Regulation (EUDR) in the year under review and integrated the corresponding requirements into our procurement processes. ZF will fulfill its obligations on time in accordance with the specifications. We remain committed to working with all stakeholders to mitigate deforestation risks and collectively promote sustainable procurement.

6 Resource Use and Circular Economy

In view of the world's increasingly scarce natural resources, it is important for ZF to use them responsibly. Therefore, the development of a circular economy is firmly embedded in our sustainability strategy under the "Acting for climate and nature" field of action. Our business model is linked to resource- and energy-intensive production and development processes. As a result, our production requires the use of large quantities of steel, aluminum and plastics, among other resources and materials. We are aware of our responsibility associated with this and are therefore pursuing approaches to transition to circular economy in which growth is decoupled from raw material consumption as far as possible.

6.1 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

As part of the Double Materiality Analysis, ZF has identified the following impacts, opportunities and risks related to resource use and the circular economy:

Resource inflows, including resource use (actual negative impact)

Time horizon	✔ short-term	✔ medium-term	✔ long-term
Value creation stage	✔ upstream	own operations	downstream

ZF mainly uses steel, aluminum and plastics, as well as smaller quantities of rare-earth elements. The high demand for steel and aluminum results in adverse environmental impacts, particularly during ore extraction and metal production. The production of plastics and the extraction of rare-earth elements also cause negative environmental impacts, among other things.

Resource inflows, including resource use (risk)

Time horizon	✔ short-term	✔ medium-term	✔ long-term
Value creation stage	✔ upstream	own operations	downstream

ZF faces potential risks arising from trade restrictions as well as from the availability of recycled or renewable materials and rare-earth elements. In addition, disruptions in the supply chain may occur. Legal requirements – such as the planned EU End-of-Life Vehicles Regulation (EU ELV Regulation Proposal 2023/0284), the EU Packaging and Packaging Waste Regulation (EU PPWR Regulation 2025/40) and the EU Critical Raw Materials Act (EU CRMA 2024/1252) – also entail additional risks, for example due to mandated recycled-material quotas.

Resource inflows, including resource use (opportunity)

Time horizon	✔ short-term	✔ medium-term	✔ long-term
Value creation stage	✔ upstream	own operations	downstream

By increasing the use of recycled materials and reducing the share of rare-earth elements in its products, ZF strengthens the resilience of its supply chains and decreases its dependency on critical raw materials. This enables cost savings in material procurement and creates competitive advantages through sustainable product design. Aligning the upstream value chain with resource efficient principles reduces the negative environmental impacts of our business activities and supports ZF's position as a responsible technology provider.

Resource outflows related to products and services (actual positive impact)

Time horizon	short-term	✔ medium-term	✔ long-term
Value creation stage	upstream	✔ own operations	✔ downstream

ZF's products are designed for durability and reuse. In the development of new products, care is taken to ensure that they can be repaired, refurbished and recycled. By continuously improving recyclability and reducing the use of raw materials, we lessen resource-related negative environmental impacts during the use phase and in the further use of our products. This helps conserve natural resources, reduces waste and strengthens the circular economy. In this way, we improve our competitive position and reinforce our customer relationships by establishing circular business models.

Resource outflows related to products and services (opportunity)

Time horizon	✔ short-term	✔ medium-term	✔ long-term
Value creation stage	upstream	own operations	✔ downstream

By expanding and developing circular business models and increasing the circularity of its products, ZF creates new market opportunities along the downstream value chain. Reducing resource inflows and extending product life cycles can reduce negative environmental impacts and strengthen our competitiveness. Opportunities arise from applying our expertise to the development of resource-efficient, durable and remanufacturable products. We continue to expand circular business models such as remanufacturing and, together with our customers, bring circular solutions to the market. In this way, we can further strengthen our position as a provider of circular innovations.

Waste (actual negative impact)

Time horizon	✔ short-term	✔ medium-term	✔ long-term
Value creation stage	✔ upstream	✔ own operations	✔ downstream

Across the entire value chain, the production, use and reuse of our products lead to negative, waste-related environmental impacts. In particular during upstream raw material extraction and in connection with components that are not fully recyclable, industrial residues, packaging waste and hazardous waste may be generated, which can pose risks to the environment and to human health.

6.2 TARGETS

Closing material cycles is one of ZF's central sustainability goals. We are working to transition from a currently predominantly linear economy to a circular economy. This means that we want to promote an economic system in which resources are used sustainably and products are manufactured in such a way that they and their materials can be reused or recycled after use. In this way, we aim to decouple our economic development as far as possible from additional resource consumption.

For our strategic development in this area, we have defined Group-wide circularity ambitions and initial targets in the 2025 fiscal year. These were developed in a structured, cross-functional and cross-divisional process based on the ZF Circularity Framework (see the following section ↘ **ZF Circularity Framework**). The basis for this included, for instance, a status analysis of the ZF circularity indicators as well as trend analyses of current and future customer requirements, regulations and market developments. The ambitions and targets were approved by the Board of Management in the year under review.

Our overarching ambition:

By 2040, all new business will be based on circularity principles.

These basic principles are:

- **Product design focused on durability, repairability, disassembly, remanufacturing and recycling**
- **Use of more sustainable materials and improvement of material efficiency**
- **Further development of closed and open material cycles**
- **Application of regenerative measures (e.g., use of renewable raw materials)**

To further specify the focus areas of the ZF Circularity Framework, the following topic-specific ambitions have been defined:

- **Rethink value creation:** By 2030, circular business will grow faster than linear business.
- **Prioritize sustainable material:** By 2040, our products will be made of more sustainable materials (in particular, secondary raw materials, materials with a low carbon footprint and renewable raw materials).

- **Optimize resource use:** In a circular economy, resources such as energy and water are indispensable. Therefore, these strategic fields of action are an integral part of the ZF Circularity Strategy. We are working to use the most sustainable sources and to continuously increase resource efficiency and circularity if possible.
  - Energy: By 2040, energy consumption will be covered from renewable energy sources.
  - Water: By 2040, water use will be reduced to the technical minimum.

- **Eliminate waste:** By 2040, material loops will be closed. In addition, ZF has set itself the target for all ZF locations worldwide to reduce the volume of waste for disposal relative to revenue by a total of 5% from 2021 to 2025. The base year for the target is 2019. Reducing hazardous waste is also a goal in waste management. Both targets were met in 2025.

As part of the continuous further development of our Circularity Strategy, we derived specific, measurable targets in the year under review on the basis of our ambitions, for example to increase the share of recycled materials and to reduce waste. With these specifications, ZF reached an important milestone in anchoring the circular economy strategically in the year under review. We also developed a concept for detailing the targets at the divisional level. This is scheduled to be rolled out in 2026.

Based on widely recognized standards such as the circular economy standards ISO 59010:2024, ISO 59020:2024 and the ecodesign standard series DIN EN 45552-45559, ZF is also working on developing quantitative targets for circular product design and for the more sustainable sourcing and use of renewable resources.

The methodology for defining our ambitions and targets is based on a structured analysis of relevant business areas, material groups and customer requirements, as well as existing and future regulations. Technological developments and material availability were taken into account, as well as feasibility, potential for increasing the share of recycled materials and internal expert knowledge. All divisions and relevant functions such as Research & Development, Purchasing, Production and Sales were involved in defining the ambitions and targets to ensure that the requirements are practical and aligned across the company.

We are also working to establish internal processes that will allow us to review progress and effectiveness on an annual basis. To incorporate external perspectives into our strategy development, we also engage in dialogue with external stakeholders (see section ↘ **Stakeholder communication and management**).

6.3 POLICIES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

Our systematic management approach – the ZF Circularity Strategy – aims to reduce resource inflows, extend the useful life of existing resources, enable multiple use and gradually increase the use of secondary raw materials, thereby reducing the use of primary raw materials. In this way, we aim to reduce our dependence on finite raw materials and decrease our environmental impact, thereby strengthening our resilience. This also means proactively minimizing the risks to our business model and leveraging opportunities to further advance the implementation of the circular economy. Our ZF Circularity strategy, including the associated measures, applies worldwide and to ZF's entire product portfolio. It covers our resource inflows and outflows and is an integral part of the overarching sustainability strategy. The continuous implementation of internationally recognized standards such as ISO 14001 (Environmental Management Systems) and ISO 50001 (Energy Management Systems) supports the achievement of our strategic ambitions. Overall responsibility for the strategy and the associated management processes lies with the Board of Management, with the Supervisory Board providing advisory guidance. The corporate Sustainability Department is responsible for the strategy development across all divisions, regions and corporate functions, while operational implementation is carried out by the individual business units and location managers (see section ↘ **Strategy and organization**). The Group-wide integration of circular solutions into relevant processes is regularly reviewed.

ZF Circularity Framework

The ZF Circularity Framework and the ZF Circularity Indicators form the strategic basis for defining and systematically implementing key circular-economy principles in our company.

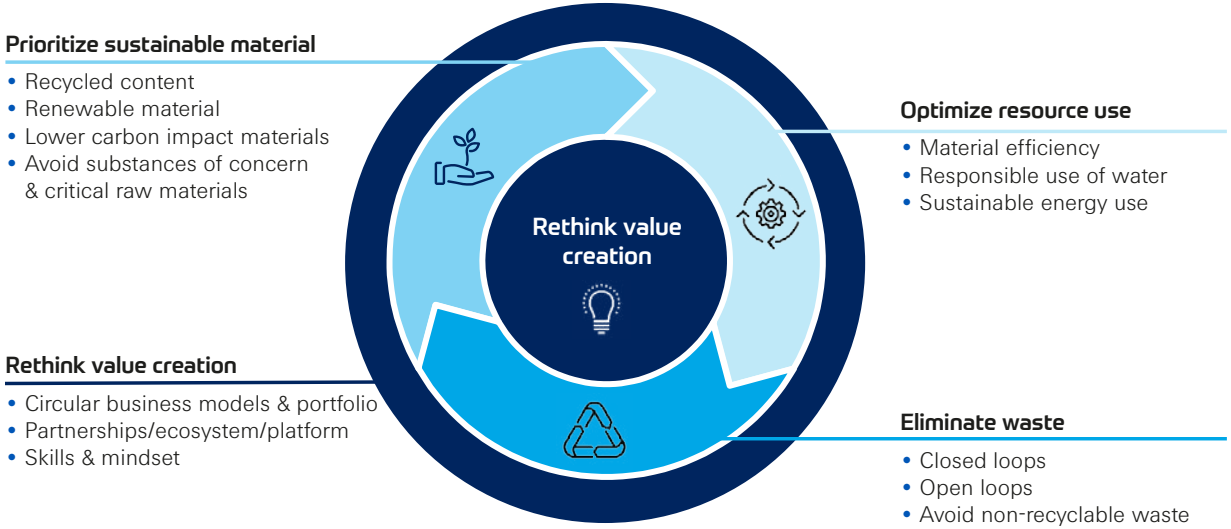
The central element of the ZF Circularity Framework is:

- **Rethink value creation:** Together with potentially affected external stakeholders – such as customers, suppliers, research institutions and other actors along product life cycles, for example recycling companies – we aim to develop and promote additional circular solutions and business models for the reuse of products and materials.

Further elements are:

- **Prioritize sustainable material:** We prioritize the use of recycled, renewable and lower-carbon materials to reduce significant negative environmental impacts (such as greenhouse gas emissions, resource consumption and pollution) and to ensure the availability of critical resources.
- **Optimize resource use:**
  - Renewable energies: Transition to regenerative energy sources and improvement of energy efficiency to ensure competitiveness and the support of decarbonization.
  - Water utilization: Use of water-saving technologies to conserve a critical resource.
- **Eliminate waste:** We consider waste to be a valuable resource. The reuse of materials reduces dependence on primary raw materials, increases security of supply and strengthens competitiveness.

G. 06 Principles of ZF Circularity Framework



The successful implementation of the strategy requires active collaboration with partners along the value chain. Particularly important in this context are customers, suppliers and their workforces, recycling companies, research institutions and other environmental and social stakeholders. Their expectations and requirements feed into the further development of our circular economy concepts and into specific project planning. Internal departments such as Purchasing, Research & Development and Sustainability Management are also actively involved in the implementation. With shared responsibility, we aim to develop closed-loop circular economy systems and thereby create a circular ecosystem.

6.4 ACTIONS AND RESOURCES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

ZF is continuously working to optimize its production processes, supply chains and organizational structures in order to use resources more efficiently and implement the principles of the circular economy. In doing so, ZF promotes reuse and material recovery throughout the entire product life cycle: from repair and remanufacturing to recycling at the end of the product's service life.

During the reporting period, ZF systematically integrated targeted initiatives to promote the circular economy into existing business processes. These include, among others, measures to extend the product service life, to reuse components and to design

products and processes in a more resource-efficient manner. Further projects are planned for 2026 to support the transition towards a circular economy. To implement these projects, a dedicated budget has been allocated to support sustainable product strategies and circularity-focused solutions (see section ↘ **Promoting sustainable innovation**).

Rethinking value creation

To close material and product cycles, ZF implements a wide range of measures aimed at making value chains circular. These include, among other things, remanufacturing and the circular design of products based on ecodesign standards.

Cooperations and funding projects

To create solutions for a functioning circular ecosystem that can operate within planetary boundaries, ZF continued its commitment in 2025 through partnerships and funding projects such as Catena-X, which aims to digitally connect automotive supply chains. We seek cross-industry knowledge exchange and aim to incorporate the latest scientific findings into our work. One example of this is the collaboration with RWTH Aachen University, where ZF is working with research and industry partners to develop concrete solutions with the aim to advance circular product design and evaluate circular business models.

Training activities

Since 2024, ZF has been sharing knowledge about the circular economy via the new Skills Hub training platform. Following two learning packages and the Zero Waste week in 2024, we deepened the topic of circular economy in 2025 with the internal Sustainability in Focus initiative. As part of this initiative, seven expert sessions were held with internal experts. The focus areas were remanufacturing, circular product design and circular materials.

ZF Remanufacturing

A long-standing circular business model at ZF is the ZF remanufacturing business, which extends the service life of products and conserves resources. This is a standardized industrial process in which used components are reconditioned so that they fully regain their original functionality.

Our aftermarket activities include 20 remanufacturing locations in eleven countries and cover more than 250 product types. The basis of the remanufacturing process is the use of cores – used components that are returned for remanufacturing. Since 2024, the remanufacturing activities have been consolidated under the "ZF REMAN" label. ZF REMAN stands for the industrial remanufacturing of products whose functionality is comparable to that of new products – while significantly reducing raw material consumption along the supply chain. The basis for remanufacturing is the return of cores from workshops to the manufacturer via wholesale. This reverse-logistics process must be designed to be as simple, fast and efficient as possible. To support this, ZF has developed the user-friendly online platform CorExpedia. It streamlines the reverse-logistics process, provides customers with transparent insight into the status and acceptance criteria of the cores, and handles the financial aspects of the return process. In the year under review, CorExpedia was further enhanced to improve user-friendliness and the reverse-logistics process.

As part of the Brown Box project, we will gradually introduce brown cardboard packaging for ZF REMAN products in Europe in the Aftermarket Division starting in 2026. This measure helps reduce the CO_2eq emissions generated during the production process of packaging materials. Moreover, by eliminating certain chemical ingredients, the risk of environmental pollution – especially regarding water and soil pollution – is significantly reduced.

Products from our remanufacturing site in Bielefeld have been certified by independent auditors according to the Cradle to Cradle (C2C) standard. Here, aspects such as material health, product circularity, use of renewable energy, responsible water management and social fairness were evaluated.

To further increase the number of remanufactured products, ZF has established a global internal expert group that contributes its expertise to new product designs for the remanufacturing of components: the Design for Remanufacturing Network. This also includes evaluating the remanufacturing potential of new mobility technologies.

Circular design based on ecodesign standards

Within the framework of internal standards, guidelines and requirements for circular product design (ecodesign) as well as recognized external standards (such as the ecodesign standards DIN EN 45552-45559 and VDA 900-100), we already take sustainability aspects into account during product development. We identify the key product groups based on investment levels and development expenditures. An assessment tool supports the development teams in selecting more sustainable materials and design options. Criteria such as modularity, durability, repairability, reusability and recyclability are assessed in a systematic manner. Product design-related data (durability, repairability and recyclability) are determined on the basis of expert assessments. Where possible, additional tests are carried out, for instance to verify product durability. Recyclability is determined based on the material composition and the

recyclability of the materials. To assess the repairability of our products, we take into account both technical features and the integration of service processes.

The use of the assessment tool in product development at ZF helps to strengthen the focus on sustainability in all development departments. The results support well-informed decisions for sustainable and circular product design.

Promoting sustainable innovation

As early as 2023, part of our internal innovation budget was reserved for sustainability projects. In 2025, these funds were used to support technologies and product solutions in strategic sustainability areas.

Building on the successes of the EU funded SUSMAGPRO project (2019–2023), ZF continues to drive innovation in sustainable product design within magnet technology. Our engineering teams are optimizing components with the aim of reducing dependence on rare-earth elements – in line with the European Critical Raw Materials Act. To increase the use of recycled magnets made of neodymium-iron-boron (NdFeB), we are testing processes for recovering magnets from ZF products and testing prototypes with recycled magnet materials. We are also developing strategic partnerships to support a circular economy and more resilient supply chains – working together with leading academic institutions and industrial partners, ranging from established magnet manufacturers to innovative start-ups in the recycling sector.

Prioritizing more sustainable materials

ZF pursues a comprehensive approach to selecting and developing more sustainable materials to conserve resources, reduce emissions and improve product circularity. This approach and its implementation have been continuously advanced since 2022. Based on the overall material volume, a concept was developed to test new process technologies and higher recycled-content shares. This resulted in a roadmap that includes alternative material concepts and production routes for ZF's main material groups. To implement this roadmap, ZF has initiated sub-projects to validate the changes in material properties caused by more sustainable materials and to increase their use.

The Materials Warehouse, a cross-divisional ZF materials database, supports our development teams in selecting more sustainable materials. Among other things, it contains information on CO_2eq emissions by material group to facilitate the selection of low-emission materials. For further information, see chapter ↘ **Climate Change**.

Steel is one of the most widely used materials at ZF. Due to the environmentally harmful and energy-intensive production and extraction of conventional steel, we are increasingly relying on green steel from electric arc furnaces (EAF), which generates lower greenhouse gas emissions and has a higher share of recycled content. Since the higher scrap content can introduce elements other than iron into the steel, their influence on the material properties is carefully investigated to ensure high quality of the steel. In preparation for the use of flat steel from EAF processes with higher recycled content, we carried out production tests in various European plants to assess its usability on the basis of selected products. From 2026 onward, up to 250,000 tons of green steel are to be procured annually. This volume corresponds to around 10% of our current steel requirements. The steel sourced from the manufacturer Stegra enables a significant reduction in CO_2eq emissions compared to steel produced conventionally in a blast furnace.

To further reduce ZF's carbon footprint, we are also increasing the share of recycled content in light-metal alloys. The Group standard introduced in 2023, which defines a minimum recycled content for cast aluminum alloys, is firmly established and applied consistently in new product developments. In the year under review, we also began evaluating innovative technologies for processing light metals in order to unlock additional potential for CO_2eq reduction along the upstream and downstream value chains.

Polymers (plastics) are another important material group for ZF products. They are indispensable, for example, in electrical connectors, housings, seals, cladding, bearings and insulation components. Various approaches to use more sustainable materials and production methods with reduced emission intensity were investigated and assessed. In addition, closed-loop material cycles for polymers were analyzed in the year under review. Based on this work and the related analyses, additional new Group standards were developed that enable and formally define the approval and use of more sustainable polymer alternatives.

Cooling pipes made from 50% recycled polyamide (PA66)

As part of our sustainability strategy, the Chemicals Purchasing and Materials Technology team was able to achieve an important milestone together with our partner. Volume production of cooling pipes now uses an innovative plastic that consists of 50% waste from airbag manufacturing. This targeted material change enables a significant reduction in CO_2eq compared to conventional material. The project impressively demonstrates that ecological responsibility and economic efficiency are not mutually exclusive, but can generate impact together.

For ZF, the careful handling of critical and hazardous substances is another important aspect in connection with resource use and the circular economy. This, for example, applies to substances that pose potential hazards to human health and the environment according to the REACH regulation. Substances that are on the Global Automotive Declarable Substance List (GADSL) and whose use must be reported due to various environmental and health concerns are also included. For products containing critical substances, we are working to reduce the share of these substances and to extend the usage of the affected products as much as possible. Further information on our approach to handling substances of concern and substances of very high concern can be found in chapter ↘ **Pollution**.

Our measures for the responsible use of water and for our water management are explained in more detail in chapter ↘ **Water and Marine Resources**.

Eliminating waste

ZF pursues the goal of consistently avoiding production waste or reusing it. A large proportion of production waste – including metal scrap, used oil, paper, cardboard and wood – is processed through recycling. In doing so, we rely on both technical solutions and systematic monitoring and control instruments. Our EHS management system defines how we proceed in this regard. For further information, see chapter ↘ **Pollution**.

Packaging plays a particularly important role in promoting the circular economy and reducing waste. The use of reusable packaging can contribute to this. Implementing such measures requires close collaboration among various internal and external stakeholders. In the year under review, the Eger location in Hungary and the Zhangjiagang location in China were able to get suppliers to replace a part of their disposable packaging with reusable alternatives. This results in an annual reduction of around 180 tons of waste at the Eger location, and in Zhangjiagang, a decrease in packaging waste of around 130 tons per year is expected.

6.5 KEY FIGURES

Resource inflows

ZF uses a wide range of materials and components in its products, particularly steel, aluminum and polymers, as well as electronic, electromechanical and mechanical components. In addition, packaging materials are used, which vary depending on the product group and are increasingly selected based on sustainability aspects.

These resource inflows originate from global, diversified supply chains that include both primary materials and recycled materials. Critical raw materials, such as rare-earth elements, are used in certain electronic components. Water is also used in various production processes, especially for cooling and cleaning, with ZF ensuring its efficient and resource-conserving use. Further information on our approach to water management can be found in chapter ↘ **Water and Marine Resources**. In addition, the resource inflows also include property, plant and equipment such as machinery, tools and production infrastructure. These represent additional relevant resource inflows that contribute to long-term value creation.

The resource inflows described – in particular, materials such as steel, aluminum, polymers or rare-earth elements as well as packaging, water and property, plant and equipment – are directly related to the identified material impacts, risks and opportunities in the area of circular economy. The use of these materials as well as the waste they generate lead to environmental pollution, for example due to energy-intensive production processes. At the same time, dependence on critical raw materials such as rare-earth elements entails supply and price fluctuation risks. There are also economic risks related to regulatory requirements, for example due to the amendment of the End-of-Life Vehicles Directive 2000/53/EC as part of the upcoming EU End-of-Life Vehicles Regulation, or the new EU Packaging and Packaging Waste Regulation 2025/40 (PPWR). In addition, potential disruptions in the supply chain may occur. A local for local approach offers potential for mitigating these risks.

Opportunities arise from the targeted use of recycled materials and those with lower CO_2eq emissions in production, as well as from the introduction of more sustainable packaging solutions – for example, the Brown Boxes project, which uses paper and cardboard made from recycled and unbleached material. These measures help reduce CO_2eq emissions and improve resource efficiency.

Overall, sustainably designed resource inflows enable us to unlock new business opportunities, strengthen customer loyalty and implement our Group-wide sustainability strategy.

Resource outflows

The products and components that enter the market – representing ZF's resource outflows – comprise a broad range of technologies for mobility. ZF develops and produces systems for passenger cars, commercial vehicles and industrial applications. The portfolio includes, among other things:

- chassis systems (such as dampers, steering systems, brakes),
- driveline technologies (such as electric axle drives, transmissions for hybrid and electric vehicles),
- safety and assistance systems (such as camera systems, ADAS components),
- electronics and software solutions for automated driving and vehicle control,
- industrial solutions such as wind turbine gearboxes and axles for construction machinery.

The share of products designed according to circular economy principles is continually increasing at ZF. Key aspects include durability, repairability, ease of disassembly, reusability and recyclability. The evaluation of these characteristics is conducted as part of the company-wide product development process and is based on the ZF Design for Sustainability standard.

The resource outflows are directly related to the identified material impacts, risks and opportunities in the area of circular economy. To help reduce negative environmental impacts, we have made provisions for the production and use of durable, repairable, remanufacturable and recyclable components and products. Further details can be found in the section ↘ **Circular design based on ecodesign standards**.

Risks related to resource outflows also arise from current regulatory developments, for example from the regulations mentioned under ↘ **Resource inflows** as well as the new EU Ecodesign Regulation (ESPR 2024/1781) and the implementation of the EU Critical Raw Materials Act (CRMA 2024/1252).

Additional risks arise from the uncertain availability of critical raw materials as well as potential loss of reputation, for example if regulatory or societal sustainability expectations are not met.

However, the consistent implementation of sustainable product designs also opens up a wide range of opportunities – from opening up new markets to strengthening customer loyalty and enhancing competitive differentiation. As an integral part of the corporate strategy, the ZF Circularity Strategy supports the necessary transformation towards resilient, future-proof business models.

Waste

The waste streams generated at ZF are directly linked to the materials and components used in production and product development, as previously described. ZF records its waste streams systematically in accordance with internationally recognized standards. The aim is to ensure transparent and responsible treatment and to keep materials in use for as long as possible. The waste volumes are reported separately for hazardous and non-hazardous waste in the following categories:

- **Preparation for reuse:** Products or components that are considered waste are cleaned, inspected or repaired in such a way that they can be reused without further processing.
- **Recycling:** Waste is transformed into new products, materials or substances – either for the original or for another purpose. The energy recovery of waste and its conversion into fuels or filling materials are excluded from this definition.
- **Recycling – backfilling:** Waste is used – but only to the extent actually necessary – for land restoration or for technical purposes.
- **Recovery – incineration with energy recovery:** Waste serves a useful function, for example by using the energy generated during incineration.
- **Disposal:** Waste that cannot be recovered is disposed of, for example, by landfilling or incineration without energy recovery.
- **Construction and demolition waste:** This is recorded separately to avoid double counting. It is generated during construction-related activities and reported exclusively under the Construction/Demolition Waste category.

Waste

in tons	2025	2024	2023
Total amount of waste (diverted from disposal)	**526,260**	**534,768**	**557,626**
thereof total amount of non-hazardous waste (diverted from disposal)	494,346	501,380	526,450
thereof total amount of hazardous waste (diverted from disposal)	31,914	33,388	31,176
Total amount of waste (directed to disposal)	**45,615**	**46,865**	**55,930**
thereof total amount of non-hazardous waste (directed to disposal)	26,817	27,350	29,411
thereof total amount of hazardous waste (directed to disposal)	18,798	19,515	26,520
Total	**571,875**	**581,633**	**613,557**
Hazardous waste (diverted from disposal) [1)]	**31,914**	**33,389**	**-**
thereof preparation for reuse [1)]	934	1,064	-
thereof recycling [1)]	22,084	23,302	-
thereof other recovery operations [1)]	8,896	9,023	-
Non-hazardous waste (diverted from disposal) [1)]	**494,346**	**501,382**	**-**
thereof preparation for reuse [1)]	2,858	3,910	-
thereof recycling [1)]	476,876	483,724	-
thereof other recovery operations [1)]	14,612	13,748	-
Hazardous waste (directed to disposal) [1)]	**18,798**	**19,515**	**-**
thereof incineration [1)]	7,137	7,164	-
thereof landfill [1)]	2,508	3,421	-
thereof other disposal operations [1)]	9,153	8,930	-
Non-hazardous waste (directed to disposal) [1)]	**26,817**	**27,351**	**-**
thereof incineration [1)]	2,624	3,308	-
thereof landfill [1)]	22,712	22,809	-
thereof other disposal operations [1)]	1,481	1,234	-
Percentage of non-recycled waste (%) [1)]	**12**	**12**	**-**
Total amount of non-recycled waste [1)]	**69,123**	**69,635**	**-**
Total amount of hazardous waste [1)]	**50,712**	**52,905**	**-**

1) Data was first collected in 2024.

7 EU Taxonomy

EU taxonomy is a central part of the European Green Deal and supports the transformation of the EU economy towards a sustainable and climate-neutral economy. Its main objective is to channel capital towards activities and investments that meet binding sustainability criteria and contribute to the achievement of the EU's climate and environmental objectives. In addition, the information is intended to help make the business activities of companies more comparable.

In preparation for mandatory reporting and mandatory disclosure pursuant to Article 8 of the Taxonomy Regulation (EU) 2020/852 from the 2027 fiscal year onward, ZF has reviewed its business portfolio in accordance with this Regulation regarding the six environmental objectives of the EU Taxonomy: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control as well as the protection and restoration of biodiversity and ecosystems.

A business activity is considered EU taxonomy-eligible and thus potentially sustainable if it is included in the list of economic activities covered by the EU Taxonomy Regulation. A business activity is also taxonomy-aligned if it contributes substantially to at least one EU environmental objective, it does no significant harm to any other environmental objective and it complies with the minimum social safeguards.

Activities are to be assigned to one of the following two categories:

- Enabling activities directly allow other activities to make a substantial contribution to one of the EU's environmental objectives.
- Transitional activity: An activity that supports the transition to a climate-neutral economy.

As a result of this assessment, ZF has identified activities within its portfolio that contribute to the environmental objective of climate change mitigation. All reported taxonomy-eligible activities are classified as enabling activities.

For the 2025 reporting year, ZF publishes its taxonomy-eligible activities for the following business activities for the first time.

Business activity CCM 3.1 – Manufacture of renewable energy technologies

ZF is active in the production of renewable energy technologies mainly through the ZF Wind Power Division, which specializes in the development and production of gearboxes for wind turbines. These gearboxes are crucial components for the use of wind energy and enable efficient conversion of mechanical energy into electrical energy. ZF's manufacturing activities thus support the transition to clean energy by providing powerful, durable and efficient propulsion solutions for onshore and offshore wind power applications.

Business activity CCM 3.18 – Manufacture of automotive and mobility components

This activity includes the manufacturing, repair, maintenance, retrofitting and modernization of components for the automotive and mobility industry that contribute significantly to improving the environmental performance of vehicles. It applies to components used in zero-emission vehicles, such as passenger cars, commercial vehicles and buses.

Other potential activities were not taken into account in the analysis for the 2025 reporting year, among other reasons due to immateriality under the Omnibus Regulation (EU) 2026/73 or still existing uncertainties regarding the interpretation of the technical screening criteria in the EU Taxonomy Regulation.

ZF is already in an advanced stage in the review of its activities regarding compliance with the EU Taxonomy, which is scheduled to be completed for mandatory reporting in 2027.

KEY FIGURES

ZF reports on taxonomy-eligible activities in accordance with the EU Taxonomy Regulation, focusing on the environmental goal of "climate change mitigation." Reported KPIs include sales, capital expenditure (CapEx) and operating expenses (OpEx).

The share of taxonomy-eligible sales in the ZF Group is 4.1%. For sales, the denominator is based on the total sales of the ZF Group as reported in the consolidated statement of profit or loss. The numerator includes only external sales that were clearly assigned to the taxonomy-eligible activities described. The strict interpretation of the EU taxonomy to only consider business activities related to fully CO_2-emission-free technologies under 3.18 results in a relatively low sales share from taxonomy-eligible activities.

The share of taxonomy-eligible CapEx in the ZF Group is 28.1 %. The investments relate to additions to property, plant and equipment as well as intangible assets for the business activities 3.1 and 3.18.

The share of taxonomy-eligible OpEx in the ZF Group amounts to 16.0 % and includes in particular expenses for research and development as well as maintenance costs. The key figure is determined both by evaluating individual projects and using an allocation model for projects related to taxonomy-relevant sales.

Taxonomy 2025

		Revenue		CapEx		OpEx	
Eligible Economic Activity	**Code**	**€ million**	**%**	**€ million**	**%**	**€ million**	**%**
Manufacture of renewable energy technologies	CCM 3.1	806	2.1%	51	2.6%	54	1.4%
Manufacture of automotive and mobility components	CCM 3.18	799	2.0%	490	25.5%	558	14.6%
Total Taxonomy-eligible		**1,605**	**4.1%**	**541**	**28.1%**	**612**	**16.0%**
Total Taxonomy-non-eligible		37,205	95.9%	1,382	71.9%	3,211	84.0%
Total		**38,810**	**100.0%**	**1,923**	**100.0%**	**3,823**	**100.0%**

8 Own Workforce

Responsibility and commitment characterize what ZF stands for as an employer. The "Acting for All People" element of ZF's sustainability strategy means that all measures, policies and strategies are geared not only to the long-term economic success of the company, but also to its own workforce. ZF fosters a culture that strengthens cooperation, leadership and responsibility, and provides a working environment that rewards good performance and teamwork. Fairness means benefits for both workers and ZF as an employer. We are convinced that this approach promotes commitment and ultimately helps improve economic results. It is based on the five principles of our "ZF Way" initiative: passion, anticipation, diversity, empowerment and accountability.

We use the term "own workers" as defined in the ESRS and use the term "employees" interchangeably.

8.1 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO OWN WORKFORCE

As part of the Double Materiality Analysis, ZF has identified the following impacts, opportunities and risks related to its own workforce:

Working conditions

• Secure employment (actual positive impact)

Time horizon	✔ short-term	medium-term	long-term
Value creation stage	upstream	✔ own operations	downstream

ZF offers employment opportunities that are based on secure employment relationships, collective bargaining agreements and comprehensive social benefits.

• Working time (actual negative impact)

Time horizon	✔ short-term	medium-term	long-term
Value creation stage	upstream	✔ own operations	downstream

Partial non-compliance with working time regulations has a negative impact on the health, well-being, job satisfaction and motivation of the company's workforce.

• Adequate wages (actual positive impact)

Time horizon	✔ short-term	medium-term	long-term
Value creation stage	upstream	✔ own operations	downstream

Remuneration at ZF meets at least the legal requirements and makes a positive contribution to the financial security and quality of life of the workforce through additional social and fringe benefits.

• Social dialogue (opportunity)

Time horizon	short-term	✔ medium-term	long-term
Value creation stage	upstream	✔ own operations	✔ downstream

Ongoing dialogue with the company's workforce in key manufacturing countries and support from the Global Employee Engagement Survey promote co-determination and trust. These measures can increase ZF's attractiveness as an employer and support the social sustainability of the company.

• Freedom of association, the existence of works councils and the information, consultation and participation rights of workers (actual negative impact)

Time horizon	✔ short-term	medium-term	long-term
Value creation stage	upstream	✔ own operations	downstream

In certain production countries where there is no comprehensive trade union representation, there are no or only fragmentary structures to safeguard the rights of the company's workforce to freedom of association, participation and involvement.

• Collective bargaining, including the rate of workers covered by collective agreements (actual negative impact)

Time horizon	✔ short-term	medium-term	long-term
Value creation stage	upstream	✔ own operations	downstream

In individual production countries where there is no comprehensive trade union representation, there are no adequate structures in place to implement collective bargaining.

• Work-life balance (actual positive impact)

Time horizon	✔ short-term	medium-term	long-term
Value creation stage	upstream	✔ own operations	downstream

Flexible working time models, supportive offers for reconciling work and private life and an appreciative corporate culture help attract qualified specialists to ZF and retain them in the long term. This has a positive impact on the satisfaction and productivity of the company's workers, while strengthening the social sustainability of the company.

• Health and safety (actual negative impact)

Time horizon	✔ short-term	medium-term	long-term
Value creation stage	upstream	✔ own operations	downstream

Due to the industry-specific activities, some employees are exposed to increased physical and psychological stress, which can, in some cases, have negative impacts on their health and safety. In addition, accidents, ergonomic strain or improper handling of machinery, components and hazardous substances can lead to negative health impacts.

Equal treatment and opportunities for all

• Gender equality and equal pay for work of equal value (actual negative impact)

Time horizon	✔ short-term	medium-term	long-term
Value creation stage	upstream	✔ own operations	downstream

In some countries where ZF operates, cultural circumstances present challenges to fully achieving gender equality and fair pay. This leads to structural inequalities in pay and development opportunities, especially for women. Insufficient adherence to these principles negatively affects equal opportunities, employee satisfaction and compliance with international social standards.

• Training and skills development (actual negative impact)

Time horizon	✔ short-term	medium-term	long-term
Value creation stage	upstream	✔ own operations	downstream

Due to far-reaching technological and structural changes in the industry, there is a risk that the company's workforce is not sufficiently being prepared for new qualification requirements. Insufficient qualification leads to skill gaps, reduced employability and a lack of commitment – which has a negative impact on the professional development of employees.

• Training and skills development (risk)

Time horizon	✔ short-term	✔ medium-term	long-term
Value creation stage	upstream	✔ own operations	downstream

Disruptive changes in the industry can mean that existing training opportunities and skills-based qualification measures are not sufficient to prepare the company's workforce for new technological and process requirements. These skill gaps can lead to productivity losses, quality deficiencies and innovation deficits, jeopardizing the competitiveness of the company.

• Measures against violence and harassment in the workplace (actual negative impact)

Time horizon	✔ short-term	medium-term	long-term
Value creation stage	upstream	✔ own operations	downstream

Incidents of violence and harassment in the workplace affect the physical and mental well-being of workers.

• Diversity (opportunity)

Time horizon	short-term	✔ medium-term	long-term
Value creation stage	upstream	✔ own operations	downstream

ZF strengthens diversity within the workforce through the targeted implementation of various methods for recruiting workers. A wide range of perspectives and experiences promotes innovation, improves problem-solving skills, increases productivity and contributes to employer attractiveness.

Other work-related rights

• Privacy (potential negative impact)

Time horizon	✔ short-term	medium-term	long-term
Value creation stage	upstream	✔ own operations	downstream

ZF processes personal data as part of its business processes. Inadequate protective measures or technical errors can lead to unauthorized access, data loss or misuse, which may have a negative impact on the rights and trust of the people affected and, subsequently, on ZF's reputation.

The identified impacts result, in particular, from ZF's business model and global presence. Market trends such as electrification, digitalization, automation and demographic change are transforming the business model and the world of work. Consolidation of locations, restructuring and a shortage of skilled workers influence qualification requirements and workplace structures and pose risks such as social tensions and skill gaps.

ZF meets these challenges with a strategically anchored personnel policy and structural adjustments that are integrated into long-term corporate planning. The goal is an agile, employee-oriented and profitable organization with reduced complexity and available growth opportunities – also through new employment models. ZF takes regional differences into account: In Western Europe, the focus is on structural change, while in regions such as Asia-Pacific, new production capacities and additional jobs are being created.

The transformation of the business model brings risks and opportunities for the workforce. Digitalization and a lower real net output ratio reduce the need for labor

but require new qualifications. ZF invests in reskilling, upskilling and smart manufacturing processes to secure productivity and competitiveness in the long term. An agile location structure allows for flexible working models and quick market reactions. Social sustainability continues to be a key success factor.

The impacts affect around 150,000 employees in over 30 countries – from production and logistics workers through to employees in development, IT and administration as well as executive managers, apprentices and project-related teams. Regional differences exist in particular when it comes to co-determination, collective bargaining and labor law standards. External workers are temporarily deployed worldwide in areas such as maintenance, cleaning, logistics and IT. They are employed by specialized third-party undertakings and are subject to ZF's plant orders or equivalent safety standards. With regard to the identified negative impacts, regular risk analyses, especially in high-risk regions, do not show any systemic or widespread violations at the company's own locations or at direct suppliers. To date, no individual incidents such as serious industrial accidents or human rights violations in connection with ZF workers are known.

Positive impacts on the company's workforce result from the creation of secure employment opportunities, above-average remuneration at many locations and additional social and fringe benefits. Moreover, flexible working time models contribute to a better work-life balance. The following groups benefit from these approaches:

- employees in production and logistics covered by collective bargaining agreements, for whom flexible working time models offer greater job security,
- specialists in development and digitalization, who gain new development opportunities through investments in future technologies,
- apprentices and students in a dual study program who are prepared for the future world of work through modernized training content, and
- managers who are involved in transformation processes and can experience greater efficacy through the implementation of their own ideas.

External workers are indirectly positively impacted, for example through safety and qualification standards that must be observed. The positive impacts are particularly beneficial in Germany, but also in the USA, China, Eastern Europe, India, Mexico and Brazil.

Material risks arise mainly from the changes in the automotive industry: The declining demand for conventional passenger car drives is increasing the pressure to realign personnel and capacities, especially in Europe, including Germany. Global disruptions such as geopolitical crises, interrupted supply chains and rising prices are leading to uncertainty in employment and measures such as the reduction of regular working hours. At the same time, technological transformation requires a rapid adaptation of qualifications, which presents some workers with the challenge of keeping up with new requirements in software and electronics. In regions with lower levels of occupational health and safety, there is also a higher risk of labor law violations and damage to the company's image, which is why ZF implements its own cross-border standards and control mechanisms.

On the other hand, material opportunities lie in the transformation to climate-neutral mobility. Business areas such as e-mobility offer future-oriented jobs. ZF specifically invests in research, development and qualification measures in these areas. Agreements with employee representatives enable employment and socially acceptable adjustments, including the continued employment of apprentices upon completion of their training. Partnerships such as ZF Foxconn Chassis Modules create access to further know-how and new markets, opening up additional employment opportunities in Asia and North America. Reduced working hours help stabilize locations in high-wage regions, while profit sharing in countries with high profitability is intended to sustainably strengthen employee motivation and retention.

As part of the DMA, ZF has developed a systematic understanding of which groups within the workforce may potentially be more affected by negative impacts. Regional, functional and task-related differences were considered. The following groups are particularly at risk:

- production workers, for example due to automation, efficiency programs and relocations,
- apprentices and students in a dual study program who are confronted with uncertainties regarding their career prospects in phases of structural upheaval,
- external service providers working on the factory premises who have limited access to internal protection mechanisms,
- employees in low-wage countries due to lower social security and labor law protection mechanisms, and
- older employees in areas subject to restructuring, who are at increased risk in terms of mobility and ability to reskill.

To identify these groups, ZF uses location-specific risk analyses, job profiles, feedback from the ZF Trustline notification system and findings from audits and social dialogues.

With respect to risks and opportunities, we have also identified certain groups that may be particularly affected. In terms of risks, in addition to the groups of people already mentioned, these are specialists in key areas such as software, electronics and AI. The shortage of skilled workers is a regionally differentiated risk, especially in Europe and North America. Political uncertainties also have different regional impacts and particularly affect workers in countries with unstable conditions.

In terms of opportunities, the affected groups are:

- Young talents and apprentices who benefit from investments in future technologies and modernized training programs with a focus on digital skills,
- Employees in regions with growth potential, such as the Asia-Pacific region, who gain new job opportunities through the development of new production capacities, and
- Executive managers who are working in transformation areas and are involved in the strategic realignment to develop new leadership models and agile organizational structures.

8.2 TARGETS

ZF wants to protect, preserve and promote the safety, health and well-being of employees. To this end, we have defined specific targets that are in line with human rights and in some cases go beyond legal requirements. We are committed to equal professional opportunities and strive for diversity by basing career opportunities on qualifications and performance – regardless of gender, age, ethnic and social origin, religion or belief, nationality, sexual orientation, gender identity, disability or other individual characteristics.

Diversity and equal opportunities

Our target is to increase the share of female managers at ZF in all management groups up to and including the Board of Management to at least 20% by 2030. To achieve this, we aim to increase the proportion of female managers at the first and second management levels below the Board of Management to at least 20% already by mid-2027. These objectives apply worldwide, with the exception of the USA due to national legislation. Since the introduction of these targets in 2022, we have been recording their progress annually within our central HR system and monitoring it as part of our regular management reporting. To achieve its objectives, ZF pursues a value-based approach in line with its strategy, promoting fairness and equal opportunity. Our management teams are committed to expanding talent pipelines, promoting equal access to career development and maintaining selection processes based on merit, skills and performance.

In addition, ZF strives for greater internationality in the management teams to reflect the diversity of the company.

Occupational health and safety

ZF pursues a continuous reduction in the Lost Time Accident Rate (LTAR) in order to minimize significant negative impacts on employee health and safety resulting from workplace accidents. Within the long-term corridor 2021–2025, a year-end target of 2.0 was defined for 2025, corresponding to an annual improvement rate of approximately 10%. This target was achieved and even exceeded. In the reporting year 2025, the LTAR improved to 1.7. Further details are provided in the section ↘ **Key figures**.

All incidents are recorded, and target achievement is managed and monitored using centrally administered and standardized tools. This is followed by corresponding regular management reporting.

Another key focus is the assessment and optimization of ergonomic workplace design. To support this, a global monitoring system has been established, based on the use of defined and standardized assessment and evaluation tools. The ergonomic risk assessments conducted out at our locations worldwide are consolidated into a site-specific Ergonomics Risk Score, which creates transparency regarding ergonomic risks and enables targeted improvements. Based on this score, a global ergonomic improvement of 1.4% was achieved in the reporting year.

As part of its preventive health initiatives, one of the company's goals was to appoint local occupational health professionals at all of its locations by 2025 to ensure that occupational health expertise is available on site at all times. By the end of 2025, 195 locations reported having achieved this goal. The qualification requirements for occupational health professionals have been defined at the Group level in order to guarantee the necessary quality standards.

To prevent work-related ill health and promote the well-being of our workforce, all ZF locations are obliged to implement at least one initiative per year on a health promotion topic. This goal was achieved in 2025. In the year under review, the Group-wide exercise campaign entitled "No sports? Every activity is a win!," which was launched by the Corporate Health Services in 2024. 91.3% of all locations worldwide reported that they had carried out activities as part of this campaign.

8.3 POLICIES RELATED TO OWN WORKFORCE

In Human Resources (HR), we have defined policies and directives to effectively address the IROs identified as material in the DMA in relation to the company's workforce. The focus is on working conditions – such as working time regulations and fair, adequate wages, equal treatment, equal opportunities and other work-related rights. These policies and directives are in line with relevant international conventions, such as the United Nations Guiding Principles on Business and Human Rights and those of the International Labour Organization (ILO).

HR Strategy

ZF sees itself as an employer that combines economic success with responsibility for its own workforce. Against the backdrop of economic, technological and industry-specific market conditions in the year under review, we revised our global HR strategy. On this new basis, we want to ensure long-term global competitiveness that is in line with the principles of socially sustainable HR work. The revision was based on the results of the DMA. The HR strategy is closely interlinked with the corporate strategy and addresses the challenges of the company's current transformation. The Group-wide strategy is supplemented by local initiatives. HR's job is to execute the strategy and thus support the company's transformation into a more agile and profitable organization with reduced omplexity. ZF pursues a value-based approach focused on fairness and equal opportunity.

ZF fulfills its corporate human rights due diligence by establishing a dedicated position for human rights in the HR Department.

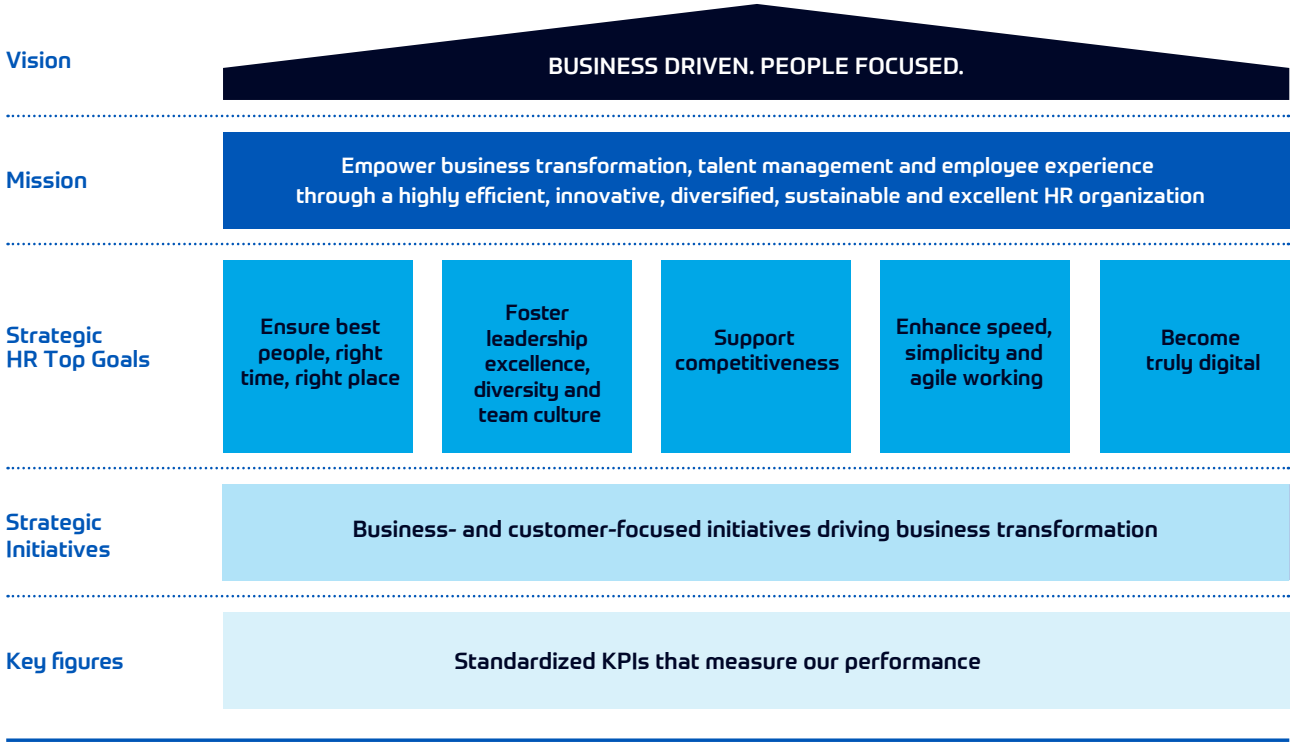
Integrity and responsibility through ZF Code of Conduct

Our Code of Conduct emphasizes the importance of integrity and responsibility in everyday business activities. It is binding for all employees and executive managers at ZF. Detailed information on this can be found in the section ↘ **ZF Code of Conduct**.

Policy Statement on Respect for Human Rights

Respecting human rights and protecting the environment are key priorities for ZF. We put people at the center of everything we do and assume responsibility not only for our own workforce but also for the people who work with and for us throughout the value chain (also see chapter ↘ **Workers in the Value Chain**). The safety, health and well-being of all workers and our efforts to protect the environment are firmly embedded in the company in line with nationally and internationally recognized standards. We believe that sustainable business practices are only successful if they involve the entire value chain. As a result, we expect not only all our employees but also our business partners to comply with applicable laws and regulations as well as internationally recognized human rights and environmental standards.

G. 07 HR strategy



The ZF Policy Statement on Respect for Human Rights is a globally valid document that was jointly approved by the Board of Management, the works council and the employee representatives. Various forms of dialogue with stakeholders, including our own workforce, trade unions and associations, are used to identify human rights risks and assess the effectiveness of the measures to prevent and correct adverse human rights impacts. The Policy Statement incorporates a due diligence approach to risk assessment and supports the structured implementation of processes and key performance indicators (KPIs) used by ZF to systematically prevent human rights conflicts. The implementation of our approach is supported through collective bargaining, in particular through a large number of works agreements that are intended to secure the rights and interests of employees in the long term.

Information on the Policy Statement and the associated internal policies is published in the Policy Management System on the intranet. The Compliance Department provides monthly updates on innovations and changes and obliges executive managers to pass on this information to their teams.

The Policy Statement reaffirms our common commitment to society and the environment, illustrates our strategic approach and provides an insight into the responsibilities and processes we use in order to foster the protection and promotion of human rights in all our business activities. In the Policy Statement, we speak out clearly against the violation of human rights, including human trafficking, forced labor and child labor. The Policy Statement is published in 17 languages. Human rights training for office workers was conducted worldwide in 2024. The completion rate was 97%. The training roll-out to production employees started in the last quarter of 2025 as an integrated approach together with the EHS training courses and is to be systematically expanded to include all locations in 2026. In the Policy Statement, we clearly commit ourselves to the following internationally recognized human rights standards and guidelines:

- The Universal Declaration of Human Rights
- The United Nations Guiding Principles on Business and Human Rights
- The Ten Principles of the UN Global Compact
- The International Covenant on Civil and Political Rights
- The International Covenant on Economic, Social and Cultural Rights
- The ILO Declaration on Fundamental Principles and Rights at Work
- The OECD Guidelines for Multinational Enterprises

ZF uses a comprehensive due diligence process to ensure compliance with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines. It includes an annual risk analysis regarding human rights, which systematically identifies and prioritizes

potential risks. In addition, internal control systems are implemented that are closely interlinked with existing policies and monitor their compliance. In the event of emerging risks, for example from abstract risk analyses, information from stakeholders or whistleblower reports, ad-hoc analyses are carried out in order to initiate countermeasures in a timely manner. The effectiveness of these measures is checked through continuous monitoring and regular reporting. External mechanisms such as the requirements of the German Supply Chain Due Diligence Act, National Contact Points for the OECD Guidelines and international standards such as the OECD Due Diligence Guidance complement this process, ensuring transparency and accountability.

Diversity and equal opportunities

The diversity of the workforce is one of ZF's great strengths. We are firmly committed to equal opportunities in all areas of the company and explicitly reject discrimination and harassment – regardless of gender, age, social or ethnic origin, nationality, sexual orientation, gender identity or expression, marital status, mental or physical disability, or any other characteristics protected by law. ZF expects its workforce to actively oppose discriminatory behavior. Individuals who report incidents or assist in investigations must not face any negative repercussions. Regular mandatory training on the Code of Conduct and the whistleblowing process via the ZF Trustline helps to keep these principles top of mind and contributes to preventing incidents.

Strengthening these principles is firmly embedded in our diversity strategy. It is based on three pillars: "Commitment," "Empowerment" and "Processes."

The first pillar, Commitment, seeks to create awareness of the different dimensions of diversity. We would like to achieve this through various events such as International Women's Day, Diversity Week or Mental Health Day. In addition, there are Employee Resource Groups in all regions that create know-how and awareness of specific target groups. We also cooperate with external partners. These partners strengthen ZF's commitment and provide support through resources, best practice examples and networking opportunities.

The second pillar, Empowerment, includes training courses that enable employees to actively foster an open, collaborative and inclusive work environment. This includes on-demand training on topics such as "Why Diversity, Equity, Inclusion and Belonging Matter" and "How to Eliminate Bias." At ZF, equity means that all employees have equal access to opportunities, resources and support needed to succeed. We want to ensure that promotions are based on merit, skills and qualifications. In addition, we offer mentoring programs that support talent development across diverse backgrounds, fostering a culture of inclusion and professional growth.

Furthermore, the diversity team has set itself the goal of embedding diversity in all processes. This constitutes the third pillar, Processes.

The global diversity team, which also has regional responsibilities, promotes the further development of the diversity strategy as well as the implementation of global and regional activities and initiatives. It is supported by diversity managers, experts and various employee initiatives worldwide. ZF focuses on the following action fields to meet strategic challenges and contribute to enhancing the Group's competitiveness:

- a balanced gender ratio,
- cultural background and internationality of the workforce,
- a wide range of experience and expertise as well as
- responses to demographic change.

The action fields are systematically analyzed on a regular basis, and the results are reported to the Board of Management.

Occupational health and safety through EHS policy

With our EHS policy, we pursue the global goal of protecting the health of our employees and promoting their well-being.

We implement these principles within our EHS management system, which is based on the continuous improvement process (PDCA cycle). This includes the early identification and assessment of potential hazards – for example through task- or workplace-related risk assessments covering topics such as ergonomics, hazardous substances, transportation or equipment safety. In addition, the root causes of incidents are identified through systematic analyses. Based on the results, location-specific measures – such as awareness training and technical improvements – are derived and implemented. The effectiveness of the system is regularly verified through internal and external audits.

The EHS management system is aligned with international occupational health and safety standards and the requirements of relevant ISO standards. ZF locations can be certified in accordance with ISO 45001 – voluntarily or to meet customer requirements. Certification is primarily carried out through a matrix approach, with divisional EHS experts coordinating the relevant aspects.

The ZF EHS policy and the EHS management system are further explained in the chapter ↘ **Pollution**.

Fair remuneration

The remuneration of managers is based on a global job evaluation system and a benchmarking process which takes local regulations and market practices of the relevant labor markets into account, among other things. In addition, ZF has set up incentive plans for executive managers to promote decision-making that is in line with the company's objectives. A global, short-term incentive plan (STI) is available to all executive managers. From the management level "Director" onwards, a global, long-term incentive plan (LTI) also applies. We describe the incentive plans in more detail in the section ↘ **Incorporating sustainability-related performance into incentive systems**.

Below the management levels, remuneration is based either on collective agreements or local job classification systems and is also benchmarked to local market conditions. Job evaluations, classification systems and collective agreements are to ensure fair treatment of all employees, including gender equity and fair remuneration.

Since ZF is a foundation-owned corporation, neither employees nor managers receive shares of ZF Friedrichshafen AG. For this reason, ZF offers incentive programs to a majority of its employees also outside management levels. All employees with part-time, full-time, permanent or fixed-term contracts have access to additional benefits. The focus is on health and insurance services. They are determined locally and are based on the applicable regulations and market practices. Additional benefits for contract workers and agency-based temporary workers are also designed depending on local regulations. Our globally harmonized and digital Annual Salary Review (ASR) process for managers and employees whose remuneration is not based on a collective agreement currently records around 34,000 employees in 38 countries. The program supports equal pay and equal opportunities since it enables a central analysis and detection of potential issues as well as appropriate reactions of the Group.

Placement Policy

The Internal Placement Policy stipulates Group-wide principles, responsibilities and processes for the filling of positions. The policy is based on two existing approaches:

- The internal recruiting process tries to fill positions with existing employees through internal recruitment (for executive managers).
- The internal application process serves to ensure career opportunities for employees within the organization and to reduce the risk of employee churn due to external offers. It provides the parties involved (e.g., Global Talent Acquisition and executives) with clear and binding regulations and obligations regarding their roles.

Processes for engaging with own workers and workers' representatives about impacts

Our approach is to improve the working conditions of our workforce, manage actual and potential impacts on them and ensure respect for human rights. To this end, ZF relies on a structured and continuous exchange with employee representatives in the form of regular meetings and other dialogue formats. We take part in these meetings through our regional, divisional and HR country managers (see sections ↘ **Employer/employee relationship** and ↘ **Further information on the involvement of the workforce**). In this way, we want to systematically incorporate the views of the workforce into corporate decisions at location, divisional and Group level. This dialogue not only establishes a reliable connection with the workforce but also provides them with timely and comprehensive information about relevant topics and changes. Especially in the event of upcoming changes in the organization and the working environment, area-specific townhall meetings are held virtually or in person in the affected areas.

ZF also offers its workers a wide range of opportunities to contribute their views directly to corporate processes and to actively participate in process improvements. Direct communication is possible, for example, via the intranet "Zoom," where corporate processes and projects are communicated at an early stage. Regular skip-level meetings enable communication across hierarchies between employees and senior managers. For the continuous further development of these formats, ZF also relies on exchanges in multi-stakeholder dialogues. For further information on the exchange formats, see section ↘ **Stakeholder communication and management**.

In addition, ZF includes the interests of the workforce in the due diligence process. The global framework agreement on respect for human rights provides a binding basis for taking employees' interests into account. With our Human Rights Due Diligence approach (see chapter ↘ **Workers in the Value Chain**) and compliance management (see chapter ↘ **Business Conduct**) ZF aims to ensure human rights standards – also in the supply chain. Both approaches underscore our commitment to working conditions that comply with human rights. In addition, ZF is a member of the Responsible Supply Chain Initiative (RSCI) and systematically pursues the implementation of the RSCI sustainability goals – with a special focus on human rights aspects.

ZF promotes the integration of and exchange among its workforce, with a focus on disadvantaged and vulnerable groups. To this end, we use an extensive network of diversity groups. Measures and activities are communicated via a central diversity platform which also creates space for networking, expression of opinion and initiatives. The platform offers a variety of sub-communities, including Inclusive Leadership@ZF, (Wo)men@ZF, Parents@ZF, Black and Brown People@ZF, Asians@ZF, the African Ancestry Network, Culture Matters@ZF and the Mental Health Community. These groups provide the workforce with an easy way to participate and proactively shape their working environment.

Further communication channels and approaches are explained below.

Employee surveys

In regular surveys, we evaluate the quality of cooperation with our workforce. In this way, they can help shape central working conditions with their feedback.

In October 2024, we conducted the Global Employee Engagement Survey. The focus was on aspects such as employee satisfaction, identification and affiliation with the company as well as employer attractiveness. At 69 points, the engagement index was close to the 2023 figure (72 points). In the year under review, 2025, we closely followed up on the processing of the results and findings – at all levels of the organization as well as within the individual teams. While the survey showed some positive trends, such as the dimensions of brand, feedback and prioritization, there are other areas that require further work. The follow-up process mainly focuses on the areas of communication, obstacles in everyday work, cooperation as well as care and recognition. The programs for executive managers developed in the previous year on the topic of "inclusive leadership," recognition programs for employees and the comprehensive approach to mental well-being were further developed and rolled out in the organization. We have strengthened internal communication with additional measures such as Quick Chat video formats with members of the Board of Management and skip-level meetings with senior management. Employees and managers regularly report on the progress and experiences from these dialogue formats in our internal company blog. The next survey is scheduled for the 2027 fiscal year.

Involving employees in occupational health and safety

Employee participation in occupational health and safety is of high importance to ZF. In Germany, employee representatives must also be involved in certain decision-making processes in this area due to legal requirements.

Our Group-wide EHS management system (see section ↘ **EHS policy and management system**) defines mandatory minimum standards for occupational health and safety, in some cases exceeding the legal requirements of individual countries. Where applicable, works councils at the respective locations, as well as the Group Works Council, cooperate with the EHS management team and location management to effectively implement these standards.

In line with the requirements of the EHS management system, location managers are expected to encourage employees and their representatives to participate in EHS initiatives. Management defines the framework for this involvement to ensure compliance with legal requirements while also integrating employees into relevant programs. These programs are supported and further developed by committees and EHS expert teams, such as EHS councils and ergonomics teams. In addition, employees can participate in risk assessments and workshops to develop ideas and actions.

ZF takes strict precautions to continuously ensure and further improve occupational health and safety at all locations. In doing so, we focus our attention specifically on ZF locations whose accident trend deviates significantly from their individual location targets. For these locations, a dedicated review

process has been established in which location managers and EHS officers report monthly on concrete measures to improve occupational health and safety. Once sustainable improvements have been achieved, the locations exit this process. In 2025, 21 locations participated in the review process; 16 of the locations successfully completed it.

In addition, we have a Safety Excellence Program. In the reporting year, we continued this program in the areas of safety leadership, behavior-based safety and continuous improvement of the EHS management system.

To further strengthen safety awareness and support leaders in their role-model function, an interdisciplinary team of experts has developed Mindset Essentials. This is a toolbox designed to support managers in the practical application of leadership principles related to occupational health and safety. By the end of 2025, the concept had been tested at selected locations and, following a successful pilot phase, is scheduled for global rollout starting in the 2026 fiscal year.

ZF expressly encourages its employees to report near misses, unsafe conditions as well as deviations and complaints related to occupational health and safety. Reporting takes place, among other channels, through daily routines such as the globally established Shop Floor Management in production areas, the Raise Your Hand methodology, the global Behavior Based Safety program, Safety Kaizen workshops or the anonymous ZF Trustline.

In addition, employees at the locations are actively involved in identifying risks, conducting incident analyses and deriving appropriate improvement measures. They receive the necessary knowledge through regular training and qualification programs, such as training on hazard assessments or on conducting incident analyses.

Employer/employee relationship

Approximately 61% of ZF employees worldwide are covered by national, regional or local collective agreements. For the European Economic Area, the coverage is approximately 82%. Within the company, they are represented either by trade unions, works councils or both. Temporary workers or service providers are subject to their respective employer's collective agreements, in which they are represented by employee representatives such as works councils, if applicable. ZF informs the elected employee representatives in good time and comprehensively about any changes in the company as well as matters of business development. The employee representatives thus have the opportunity to articulate the interests of the workforce. The German Occupational Health and Safety Act stipulates that occupational health and safety committees (ASA) are to be organized at all German locations, in which the works council is also represented. The ASA meets at least once every quarter and makes proposals and recommendations. The ASA itself is not a decision-making body; the decision-making authority lies with the employer and the works council.

ZF respects the right of its employees to form associations and conduct collective bargaining on working conditions. Employees should also exercise their right to strike in accordance with current national and international law. In the event of disagreements, ZF cooperates with the employee representatives for the benefit of the workforce and the company. Being affiliated or unaffiliated with a trade union or employee representative body does not lead to any preference or disadvantage.

In Germany, workers and staff meetings are held quarterly. This is where the company and the works council inform the workforce about relevant processes. Employees also have the opportunity to voice their concerns directly. To safeguard co-determination rights, relevant information is passed on to the economic committees and the works councils within the respective deadlines.

Further information on the involvement of the workforce

In Germany, the participation processes and dialogues usually result in the conclusion of company wage agreements or works agreements with the respective committees. In the period under review, we concluded 40 central works agreements with the Group Works Council on key issues affecting all employees in Germany.

The European Works Council of ZF Friedrichshafen AG regularly exchanges information to promote a transnational dialogue with and between the respective employee representatives. Economic, social and environmental challenges at the European level are discussed and coordinated in these meetings.

For the ZF locations in China, the labor-related provisions are defined in accordance with labor law and employment contract regulations of the People's Republic of China. This is done through consultation and enactment by the trade union or employee representatives. A significant part of the workforce is covered by collective agreements and is a member of the trade union. Together with employee representatives, it plays an important role in negotiating working conditions.

The social dialogue and involvement of ZF's workforce in the India region is also subject to local laws. The provisions cover the cooperation with employees and their representatives on working conditions, health and safety, freedom of association, consultation and co-determination rights as well as negotiations with trade unions on collective agreements. These regulations are laid down in the Factories Act, Industrial Dispute Act, Contract Labor (Regulation and Abolition) Act and other laws.

In South and North America, ZF respects the right of its employees to self-organization, accession or support of labor organizations, collective bargaining by representatives of their choice and other concerted activities for the purpose of collective bargaining or other mutual aid or protection – as well as the right to omit any such activities.

In Brazil, trade unions have representation, with each entity having employee representatives associated with the local trade union. In addition to representing employees in collective agreements, the trade unions also have the task of monitoring working conditions, including health, safety and well-being, and are in dialogue with our responsible functions for this purpose. The local trade union and its representatives have the right to conduct member campaigns and hold regular meetings at companies to communicate agreements and the trade union's stance on labor issues. Information about employees' rights is provided by both the company and the trade union.

The plants in Mexico have established bipartite committees consisting of employee and union representatives as well as management representatives. These committees have monthly meetings and audits to ensure safe working conditions, investigate accidents, propose preventive measures, carry out monitoring and supervision, identify risks and ensure training. Employees who are not unionized follow the same procedure. They choose a group of employees (employee committee) to be represented in the wage/benefits agreement. Semi-annual meetings with the union representatives or employee committee serve to review the quality of services and benefits for the workforce and to gather concerns and areas for improvement from each location. Employees are regularly informed about the results of these meetings.

By closely involving representative bodies for severely disabled employees in operational co-determination, ZF wants to protect the special needs and rights of people with disabilities.

Processes to remediate negative impacts and channels for own workers to raise concerns

ZF provides various channels and processes for employees through which they can voice concerns regarding compliance, safety, health and well-being and actively participate in improvements. For the further development of complaint mechanisms, ZF relies on exchanges in multi-stakeholder dialogues to create low-threshold and accessible offers.

Processes to remediate negative impacts related to occupational health and safety

All locations in which ZF holds a majority share manage their activities in alignment with the global EHS management system. This ensures compliance with legal requirements while continuously advancing our EHS standards. Active participation is a key element in meeting our EHS expectations: ZF encourages its employees to report unsafe conditions or potential hazards to their supervisors at an early stage (also see section ↘ **Involving employees in occupational health and safety**).

Further information on the EHS management system can be found in the section ↘ **EHS policy and management system** and the chapter ↘ **Pollution**.

Notification system for our own workforce

Our notification system, the ZF Trustline (see detailed explanation in chapter ↘ **Business Conduct**), serves as a central mechanism to monitor compliance with the rights of our workers. It is the main channel through which employees, customers, business partners and third parties can report concerns and incidents. In addition, there is the option of contacting ZF's management or Compliance Organization directly or sending an e-mail to humanrights@zf.com. ZF wants to ensure that workers are informed of the existing channels and trust them. This is facilitated through training and awareness-raising measures, integration into audits, feedback mechanisms and feedback to whistleblowers.

Measures to implement effective occupational health and safety and to promote equal opportunities

In the year under review, ZF continued to place its strategic focus on effective occupational health and safety, equal opportunities and the reconciliation of work and private life. The global EHS programs, which apply to both the company's own workforce and temporary workers, are managed and continuously further developed by interdisciplinary expert teams. They include the continuation of programs to promote safety awareness and leadership skills (Safety Leadership), strengthen employee participation (Behavior Based Safety) and improve equipment safety and ergonomics at workplaces.

The monitoring, evaluation and effectiveness control of the measures is carried out on a location-specific basis and lays the foundation for targeted and long-term optimization throughout the company. ZF systematically derives measures for the continuous improvement of the global EHS management system as well as other worldwide or regional activities from the results of internal and external audits, the semi-annual management reviews of the locations and the evaluation of work-related accidents.

Remedial measures

ZF wants to ensure that the company's own processes do not have any significant negative consequences for workers and that such impacts are actively counteracted. To this end, we draw on a large number of basic policies, management systems and training courses, which also include the areas of procurement as well as information security and data protection. By aligning itself with national and international standards, ZF promotes the observance of human rights and protects the rights of workers as comprehensively as possible throughout business operations.

To ensure fair working conditions and to effectively prevent child and forced labor, checks are carried out at locations in high-risk countries. In the event of violations, appropriate measures are implemented. In addition, we introduced new policies in the year under review and implemented a revised control process for child and forced labor as part of the Internal Control System for selected areas. It is to be rolled out to all locations worldwide in 2026. At the end of 2025, a process was launched to introduce three globally applicable policies on the topics of "compliance with working hours," "avoiding child labor" and "preventing forced labor."

In the event of incidents with actual negative impacts in its own business area, ZF examines the respective facts as part of the complaint procedure (see ZF Trustline and Compliance Management System in chapter ↘ **Business Conduct**). Together with the affected location, ZF seeks long-term solutions to remedy the situation.

Diversity and equal opportunities

As part of our diversity strategy, we have planned and implemented measures in each of the three pillars.

In the "Commitment" pillar, we organized various events focusing on cultural diversity in 2025 as part of our annual Diversity Week. A group of 15 internal speakers representing more than ten countries shared their experiences of collaborating in international teams and working across various countries.

In 2025, ZF continued to roll out the "ZF Inclusive Leadership Program" in the "Empowerment" pillar and anchored it within company processes. This is an online learning program that shows executive managers how they can lead more inclusively, from hiring to evaluating employee performance. This is also supported by more than 80 ambassadors, who empower managers and teams in the corresponding areas with workshops about the program. In Germany, we introduced a workshop format for training instructors to make the recruitment of apprentices and students more inclusive. Additional training sessions were held on topics such as psychological safety and unconscious bias.

After introducing improvements in the recruiting process in 2024, we continued to enhance the tracking of candidates in the system in 2025 to ensure greater transparency in personnel decisions. Applicants can indicate their gender during the application process, but this information is not visible to recruiters. This enables us to identify potential discrimination more easily in subsequent stages of the process. To raise awareness of the topic, we also provided training courses for employees in recruiting and hiring managers.

Occupational health and safety

Internal health and safety experts support and train our managers in conducting regular risk assessments. Proven methods are applied in this process, including Failure Mode and Effects Analysis (FMEA), root cause analyses using the 5 Why or Ishikawa method, as well as the Substitution, Technical measures, Organizational measures, Personal measures (STOP) principle for deriving appropriate actions. Employees are also specifically trained – for example, in the inspection of work equipment and machinery. Systematic risks are reduced through mandatory measures and requirements defined as part of the annual update of the EHS management system. A special focus is placed on the systematic analysis of events with potential for serious or fatal injuries (SIF potential). Our goal is to design workplaces that comply with ZF's health and safety requirements, meet legal obligations and reflect the current state of the art. This includes consistently preventing hazards and risks for our own employees – including temporary workers – as well as for contractors.

Semi annual self assessments by the locations on the implementation of mandatory requirements from the EHS management system, along with regular incident analyses at the locations, management reviews, walk throughs and audits, are intended to ensure the effectiveness of these measures. Locations with a significant deviation in their Lost Time Accident Rate are required to report monthly to Corporate EHS Management on planned and implemented measures to improve occupational health and safety.

The campaign "No sports? Every activity is a win!" – launched globally in 2024 – was continued in 2025. This prevention campaign is intended to inspire people with a low affinity for exercise to take up physical activity. To this end, information events were held worldwide, intranet campaigns were set up and a wide range of exercise activities were advertised and carried out. For international coordination and the exchange of experiences, an Experience Sharing Group was established with members from all regions, which holds regular meetings.

HR development

In the current transformation phase of our industry, the further development of our workforce is a main factor for the power of innovation and long-term success of the company. We want to attract the best talent, promote education and further training and be the employer of choice for internal and external talents.

Talent promotion

Our talent development strives to attract and retain high-performance talents and starts with the Performance Potential Succession process. This includes the evaluation of performance, discussion of development measures and assessment of the potential for more responsible positions. To promote talent, ZF offers a variety of Global Strategic Talent Pools: The "Plant Manager Development Program" is aimed at employees who are prepared to manage a ZF plant. The "Finance Top Talent Pool" aims to prepare finance managers for roles in top management.
In order to increase the percentage of women in management positions, there is the "Empower, HerPower" program for women in the pay-scale sector, as well as "Empower, HerPower – Next Level" for women in middle management. With "Digital GameChangers," we support talents in networking and developing their skills in the digital sphere. The "GDPEP Program Management" talent pool was newly introduced in 2025 and is intended to promote talent in the product evolution process.

Training and development

At ZF, a vast range of training opportunities is available to employees of all functions and levels. A standardized apprenticeship management system supports apprentices and trainers in accessing jointly developed content and controlling all apprenticeship processes digitally.

The ZF Academies offer more than 2,000 learning opportunities worldwide. The offer ranges from digital learning formats to classroom training – tailored to a wide variety of disciplines and career levels. Whether it's an introduction to megatrends, awareness training or expert programs – the offer is wide-ranging and based on a skills-oriented approach to HR development. This is to ensure that all employees are specifically supported and prepared for future challenges. In 2025, we counted a total of 91,000 active learners who together completed 1,000,000 training hours.

Work-life balance

ZF actively promotes a family-friendly corporate culture and strengthens the work-life balance through a wide range of measures. They include flexible working time models, customized solutions for shift work and the option to convert salary into additional vacation days. Group-wide agreements, including ZF Parental Leave and the ZF Sabbatical program, offer the company's workforce greater flexibility. The targeted promotion of parental leave for fathers and the continued engagement with employees during family-related absences foster social integration. The offer is supplemented by well-established counseling services for professional and personal crisis situations. Proof of this commitment is the certification of the ZF locations in Friedrichshafen, Hanover, Passau, Schweinfurt, Saarbrücken and Lemförde as family-friendly companies under the "Beruf und Familie" ("Work and Family") audit. In this context, specific family-related goals and measures are continuously defined, contributing to social sustainability and fostering an inclusive and supportive work environment. Works agreements on mobile working allow employees to work independently of location across all audited locations. In India and the Czech Republic, we have successfully introduced a "return to work" program for employees returning from parental leave.

8.4 KEY FIGURES

Characteristics of the undertaking's employees

As of December 31, 2025, ZF employees worldwide numbered 153,153. By the end of 2025, ZF had hired a total of 18,838 new employees, of whom 6,546 were women and 12,292 were men. Just over a third of the new hires took place in North America (35.7%), followed by the EMEA region (29.5%).

To be flexible and quickly attract the required skilled talent, ZF also employs temporary workers. We make sure that their working conditions are appropriate and fair. For example, external employees are included in all regular employee communication activities, they are subject to the same rules for occupational health and safety and have the same access to plant facilities such as cafeterias. Cooperation with recruitment agencies is regulated Group-wide by standardized supplier agreements, which include strict requirements in line with our Code of Conduct and our business ethics. If recruitment fees apply, they are paid by the company and not the candidates.

For the compilation of data, the employee numbers were recorded as headcount numbers only and not as full-time equivalents (FTEs). A definition or calculation of FTEs was therefore not made. The data was collected at the end of the reporting period and no averages were used.

Employees by contract type

	2025	2024	2023
ZF Group	**153,153**	**161,631**	**168,738**
Female	42,699	45,109	45,819
Male	110,450	116,519	122,915
Diverse / unknown	4	3	4
Number of permanent employees	**144,991**	**152,544**	**155,197**
Female	40,884	42,944	42,530
Male	104,103	109,597	112,663
Diverse / unknown	4	3	4
Number of non-guaranteed hours employees [1]	**0**	**0**	**0**
Female	0	0	0
Male	0	0	0
Diverse / unknown	0	0	0
Number of limited employees	**8,162**	**9,087**	**13,541**
Female	1,815	2,165	3,289
Male	6,347	6,922	10,252
Diverse / unknown	0	0	0
Number of full-time employees	**138,665**	**150,292**	**163,137**
Female	38,280	40,892	42,235
Male	100,381	109,398	120,898
Diverse / unknown	4	2	4
Number of part-time employees [2]	**14,488**	**11,339**	**5,601**
Female	4,419	4,217	3,584
Male	10,069	7,121	2,017
Diverse / unknown	0	1	0
Number of apprentices, interns and external agency workers			
Apprentices	2,181	2,285	2,351
External agency workers	16,211	16,448	19,588
Interns	858	894	1,219

1) There are only employees with hourly contracts.
2) Collective reduction of working hours since 2024 in several locations in Germany.

Employees by country [1)]

	2025	2024	2023
ZF Group	**153,153**	**161,631**	**168,738**
Germany	49,210	52,027	54,447
Mexico	22,397	25,042	24,539
China	15,267	15,497	16,931
India	11,187	11,238	11,032
Poland	10,793	11,037	10,963
USA	8,796	9,414	10,696
Brazil	4,929	5,166	5,085
Romania	4,160	4,506	4,691
Czech Republic	3,820	3,753	3,899
Slovakia	3,707	3,863	3,947
Rest	18,887	20,088	22,508

1) Number of employees per headcount.

Employee turnover

in %	2025	2024	2023
ZF Group	**7.1**	**7.8**	**8.5**
By gender			
Female	9.5	11.2	12.0
Male	6.1	6.4	7.1
By age group			
Under 30 years	16.7	20.8	20.2
30–50 years	5.9	5.5	7.1
Over 50 years	3.8	3.8	3.2
By region			
EMEA	4.5	4.1	4.4
thereof Germany	3.0	2.0	1.9
North America	15.5	19.2	21.3
South America	3.4	3.6	3.1
Asia-Pacific	6.4	6.3	7.8

Diversity metrics

Demographic change takes many different forms in different regions of the world. While western industrialized countries are primarily confronted with the challenges of an aging population, developing and newly industrialized countries have far younger populations. ZF is represented at 299 locations in 41 countries. The age structure of the workforce is thus very heterogeneous and strongly influenced by the respective locations. The percentage of older employees is much higher in Europe, where the average age is 43.7 years, whereas the workforce in other regions tends to be younger on average. In India, for example, the average age is 31.4 years.

Adequate wages

All employees receive appropriate remuneration that complies with local regulations (including minimum wages, if applicable) and local market wages. ZF acquires market data for this purpose and uses it as a benchmark for determining internal pay grades.

Diversity

	Women			Men		
	2025	2024	2023	**2025**	2024	2023
Top Management						
Under 30 years	6	5	5	3	9	13
30–50 years	680	713	700	2,824	3,018	3,104
Over 50 years	358	340	309	2,810	2,873	2,902
Top Management (in %)						
Under 30 years	0.6	0.5	0.5	0.1	0.2	0.2
30–50 years	65.1	67.4	69.0	50.1	51.1	51.6
Over 50 years	34.3	32.1	30.5	49.8	48.7	48.2
Employees						
Under 30 years	8,147	9,622	10,045	18,116	20,912	24,197
30–50 years	23,904	24,905	25,380	60,580	63,192	66,017
Over 50 years	9,608	9,527	9,380	26,117	26,515	26,682
Employees (in %)						
Under 30 years	19.6	21.9	22.4	17.3	18.9	20.7
30–50 years	57.4	56.5	56.7	57.8	57.1	56.5
Over 50 years	23.0	21.6	20.9	24.9	24.0	22.8

Social protection

All employees are protected against loss of income due to illness, unemployment, accidents at work, occupational diseases and retirement. In the case of loss of income due to parental leave, there are country-specific exceptions, which can be found in the respective table.

People with disabilities

Since 2006, ZF Friedrichshafen AG has been compliant with the statutory requirements for employees with disabilities and meets the required rate for Germany. Accordingly, ZF also implements the necessary measures to integrate employees with disabilities. These employees are supported by a global EHS team. In 2025, the proportion of employees with disabilities amounted to 6.0% (2024: 5.9%) in Germany. This level exceeded the minimum 5% stipulated by legislation.

Training and skills development

Around 63% of our workforce participate in the regular Performance Potential Succession process. This is 41,848 out of 66,278 employees. 13,500 of our employees have a development plan. A total of 1,000,000 training hours were completed in the year under review. The average number of training hours per person was around 11 hours in the period under review.

Social protection

	Sickness		Unemployment		Employment injury and acquired injury		Parental leave		Retirement	
Countries	Statutory	ZF	Statutory	ZF	Statutory	ZF	Statutory	ZF	Statutory	ZF
Germany	Yes	Yes	Yes	No	Yes	Yes	Yes	No	Yes	Yes
Mexico	Yes	Yes	Yes	No	Yes	No	No	No	Yes	No
China	Yes	Yes	Yes	No	Yes	Yes	Yes	No	Yes	No
Poland	Yes	No	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
India	Yes	Yes	Yes	No	Yes	Yes	No	No	Yes	No
USA	Yes	Yes	Yes	No	Yes	Yes	Yes	No	Yes	Yes
Brazil	Yes	Yes	Yes	No	Yes	Yes	Yes	No	Yes	Yes
Romania	Yes	Yes	Yes	No	Yes	Yes	Yes	No	Yes	Yes
Slovakia	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Czech Republic	Yes	No	Yes	No	Yes	No	Yes	No	Yes	Yes
Spain	Yes	No	Yes	No	Yes	Yes	Yes	No	Yes	No
Türkiye	Yes	Yes	Yes	No	Yes	Yes	No	No	Yes	No
Portugal	Yes	Yes	Yes	No	Yes	No	Yes	No	Yes	Yes
United Kingdom	Yes	No	Yes	No	Yes	No	Yes	No	Yes	Yes
Hungary	Yes	Yes	Yes	No	Yes	Yes	Yes	No	Yes	Yes
Serbia	Yes	Yes	Yes	No	Yes	No	Yes	No	Yes	No
Italy	Yes	No	Yes	No	Yes	No	No	No	Yes	No
Belgium	Yes	No	Yes	No	Yes	Yes	Yes	No	Yes	No
Austria	Yes	No	Yes	No	Yes	No	No	No	Yes	No
France	Yes	Yes	Yes	No	Yes	Yes	No	No	Yes	No
South Korea	Yes	Yes	Yes	No	Yes	Yes	Yes	No	Yes	Yes

Health and safety

The leading key performance indicator for occupational health and safety at ZF is the Lost Time Accident Rate (LTAR). This indicator relates the number of accidents resulting in at least one lost workday to the total hours worked and scales the result to one million working hours. Temporary workers are recorded as own workers; accidents and working hours are recorded collectively. Accidents of external companies or contractors are recorded at the locations but are not included in the company's key figures.

In the reporting year, ZF's LTAR amounted to 1.7, representing a 15% reduction compared to the previous year. In 2025, the number of lost workdays resulting from occupational accidents was reduced by 3,975 days. In 2025, 131 recognized occupational diseases were reported worldwide. Most cases (55%) were diseases of the musculoskeletal system. Since these develop over a longer period of time, it is important to design the workplaces ergonomically to prevent future diseases.

Occupational diseases are part of the category of "work-related ill health" and must be distinguished from them. The recognition of an occupational disease is usually carried out by a national authority, in Germany, for example, by the employers' liability insurance association. Due to internationally diverging lists of occupational diseases, we use the recognized "List of occupational diseases" of the International Labour Organization (ILO) as a basis. The prerequisite for recognition is usually a primary relationship between occupational exposure and a specific disease that is found with increased frequency in exposed persons compared to the normal population.

Health and safety [1]

	2025	2024	2023
Employees ISO 45001 certified [in %] [2]	**70**	**75**	**-**
Fatalities	**0**	**0**	**1**
own workforce	0	0	1
other workers	0	0	0
Work-related accidents			
Number of recordable work-related accidents [3]	567	693	862
Rate of recordable work-related accidents (injuries per million hours worked) (LTAR) [in %]	1.7	2.0	2.4
EMEA	3.3	3.9	4.5
thereof Germany	4.2	5.8	6.3
thereof Europe (excluding Germany)	2.4	2.1	2.7
North America	0.5	0.6	0.9
South America	1.9	1.1	1.7
Asia-Pacific	0.2	0.2	0.3
Hours worked	**327,771,323**	**340,789,536**	**353,325,642**
Number of days lost to work-related injuries and fatalities from work-related accidents	**13,226**	**17,201**	**20,512**

1) Figures include temporary workers, interns and student trainees.
2) Data was first collected in 2024.
3) With related lost working days >1 day.

Work-life balance

Use of family-related leave [1] [2]

in % of employees	2025	2024	2023
ZF Group	**2.57**	**2.38**	**–**
Female	4.63	3.37	–
Male	1.75	1.97	–
Diverse / unknown	0.00	0.00	–

1) Family reasons: maternity leave, paternity leave, parental leave and leave for caregivers granted under national law or collective agreements.
2) Data was first collected in 2024.

Incidents, complaints and serious impacts related to human rights

During the reporting period, 63 cases of discrimination, including harassment, were reported. Two cases of serious human rights violations were reported.

9 Workers in the Value Chain

Respect for human rights and employee rights at our business partners is an indispensable foundation for ZF's actions. We put people at the center and take responsibility not only for our own workforce, but also for the well-being of the people who work with and for us along the value chain. "Acting for All People" is a central element of our sustainability strategy.

In this way, we emphasize that all measures, policies and strategies are not only geared to the long-term economic success of the company, but also to safeguarding the rights and interests of the people affected. This claim is the basis of our human rights due diligence along the supply chain.

9.1 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO VALUE CHAIN WORKERS

As part of the Double Materiality Analysis, ZF has identified the following impacts, risks and opportunities related to the workers in the value chain:

Working conditions

• Secure employment (actual positive impact)

Time horizon	✔ short-term	✔ medium-term	long-term
Value creation stage	✔ upstream	own operations	downstream

ZF maintains steady supplier relationships that contribute to stable and secure employment relationships in the upstream value chain and promote compliance with social standards in the sourcing countries.

• Secure employment (opportunity)

Time horizon	✔ short-term	✔ medium-term	long-term
Value creation stage	✔ upstream	own operations	downstream

Steady relationships with suppliers strengthen ZF's reputation as a reliable business partner. In addition, innovative product developments secure demand from suppliers and open up new business opportunities for ZF.

• Working time (actual negative impact)

Time horizon	✔ short-term	✔ medium-term	long-term
Value creation stage	✔ upstream	own operations	downstream

In parts of the upstream value chain, violations of statutory and contractual working time regulations were found, such as violations of working hours, lack of breaks or undocumented working hours. These grievances have a negative impact on working conditions, violating both international labor and social standards as well as the ZF Business Partner Code of Conduct.

• Working time (risk)

Time horizon	✔ short-term	medium-term	long-term
Value creation stage	✔ upstream	own operations	downstream

Some suppliers are at risk of not complying with working time regulations. This may lead to health problems, an increased risk of accidents and inadequate occupational health and safety. To counteract this, additional personnel capacities would be required, which can lead to higher procurement costs.

• Adequate wages (actual negative impact)

Time horizon	✔ short-term	✔ medium-term	long-term
Value creation stage	✔ upstream	own operations	downstream

In certain segments of the upstream value chain of the automotive industry, especially in regions with poor labor law conditions or a high proportion of informal employment, the remuneration of workers falls short of fair and appropriate standards. This discrepancy contributes to systemic social inequalities and may violate internationally accepted labor standards – especially those defined by the International Labour Organization (ILO).

• Social dialogue (actual negative impact)

Time horizon	✔ short-term	✔ medium-term	long-term
Value creation stage	✔ upstream	own operations	downstream

Insufficient social dialogue and lack of representation of certain groups of workers in the value chain can lead to a loss of trust, increased potential for conflict and weakened cohesion. In the long term, this threatens organizational stability and hinders fair and inclusive working practices.

• Freedom of association, the existence of works councils and the information, consultation and participation rights of workers (actual negative impact)

Time horizon	✔ short-term	✔ medium-term	long-term
Value creation stage	✔ upstream	own operations	downstream

In parts of the value chain, freedom of association, institutionalized participation and the appropriate representation of workers' rights are not sufficiently guaranteed, so that workers' interests are not effectively represented.

• Collective bargaining including the rate of workers covered by collective agreements (actual negative impact)

Time horizon	✔ short-term	✔ medium-term	long-term
Value creation stage	✔ upstream	own operations	downstream

The lack of collective bargaining agreements or limited participation in collective bargaining at some suppliers means that workers cannot work under fair and transparent working conditions. This impairs the protection of fundamental workers' rights.

• Health and safety (actual negative impact)

Time horizon	✔ short-term	✔ medium-term	long-term
Value creation stage	✔ upstream	own operations	downstream

Industry-specific requirements and activities create increased burdens on the health and safety of workers along the automotive value chain. Especially in upstream production processes, physical and psychological hazards may occur due to heavy machinery, hazardous substances or inadequate protective measures.

Equal treatment and opportunities for all

• Gender equality and equal pay for work of equal value (potential negative impact)

Time horizon	✔ short-term	✔ medium-term	long-term
Value creation stage	✔ upstream	own operations	downstream

In parts of ZF's global value chain, there is a potential negative impact of gender-specific discrimination due to existing cultural norms and social structures.

• Measures against violence and harassment in the workplace (actual negative impact)

Time horizon	✔ short-term	✔ medium-term	long-term
Value creation stage	✔ upstream	own operations	downstream

In several countries in which ZF or its suppliers operate, cultural norms and social structures exist that make it difficult to implement effective measures against violence and harassment in the workplace and thus have a negative impact on affected workers in the value chain.

Other work-related rights

• Forced labor (actual negative impact)

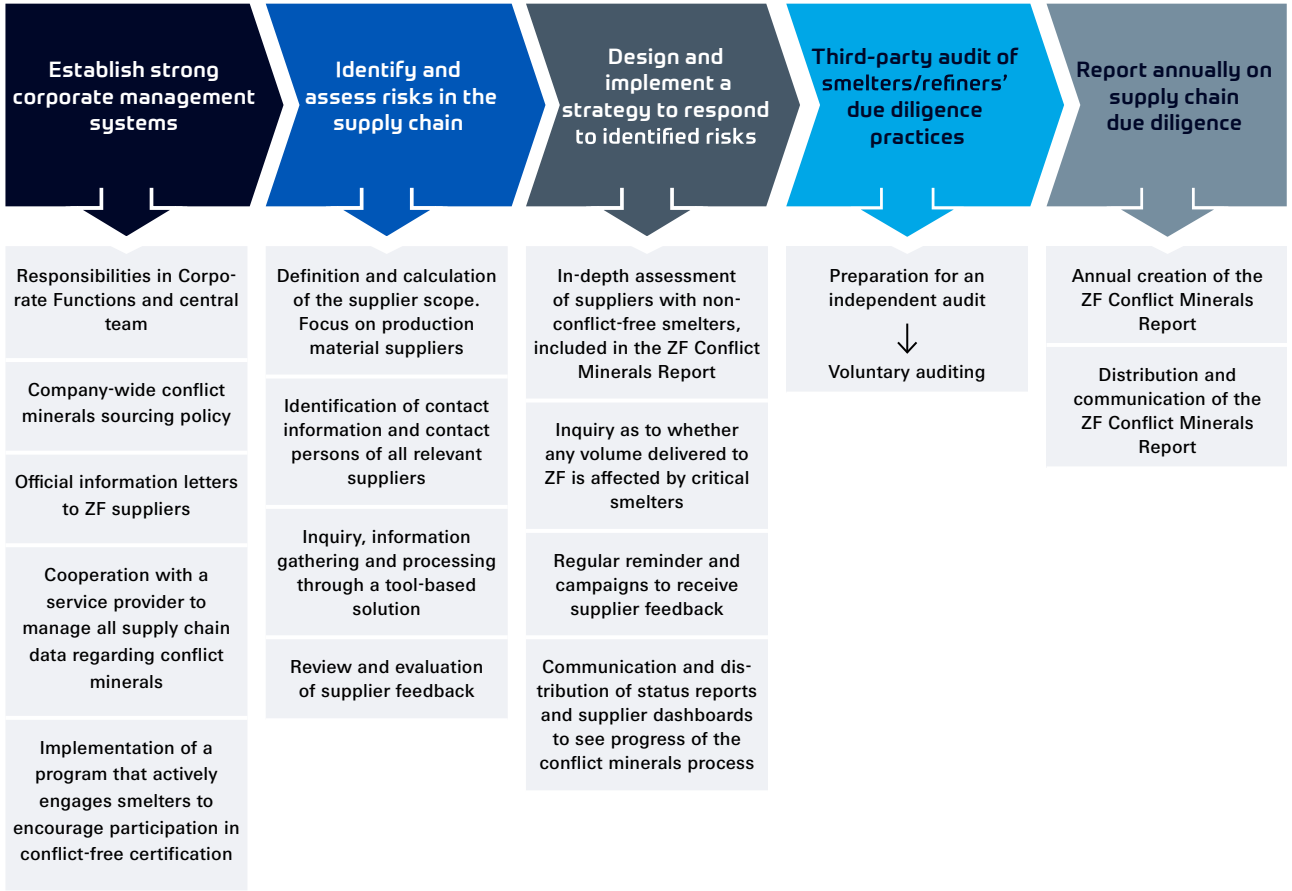
Time horizon	✔ short-term	✔ medium-term	long-term
Value creation stage	✔ upstream	own operations	downstream

There are documented risks and cases of forced labor in parts of ZF's global value chain – especially in areas such as raw material extraction and industrial manufacturing. Such practices violate fundamental work-related rights and contradict internationally recognized standards such as the ILO Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

As a global automotive supplier, our business model is characterized by a complex global value chain. Our supply chains also extend to countries with special risks in terms of working conditions or human rights violations, such as child labor, forced labor or modern slavery. Such grievances have a negative impact on social conditions in the value chain and may result in reputational and compliance risks for ZF.

The IROs identified as material in our supply chains have a direct impact on ZF's strategic orientation and operational management. They are incorporated into the further development of our business model and strategy as well as into the prioritization of sustainability measures. We have developed various preventive and corrective measures to manage the identified IROs. This also enables us to build long-term resilience and secure sustainable value creation. One example of this is the development of an electric drive system without permanent magnets. By avoiding critical raw materials such as rare-earth elements, we reduce both environmental and human rights risks – for example, in connection with working conditions in mining. In this context, we maintain long-term partnerships with suppliers that enable us to strengthen ZF's reputation as a trusted business partner. Innovative products that are introduced in the course of our transformation also open up new business opportunities for us and our suppliers.

G. 08 ZF approach in line with the OECD Due Diligence Guidance for Minerals



ZF includes workers in the value chain who may be materially affected by its activities in its due diligence process. To this end, we subject our supply chains to a human rights risk analysis every year in accordance with the guiding principles of the UN Global Compact (see section **Human Rights Due Diligence approach**). We recently identified material impacts on the human rights of workers at various stages of the value chain in several areas. These impacts are often associated with the extraction of resources or the manufacturing of required products and materials. For example, the mining and trading of conflict minerals may contribute to the financing of armed conflicts or human rights violations in the supply chains. To effectively counter these impacts, we classify them by commodity as well as by production and non-production material as part of our management processes. ZF is implementing further measures to ensure responsible supply chains and sustainable procurement processes. This includes the consistent integration of human rights due diligence and comprehensive sustainability requirements into our supplier development and sourcing strategy. A key lever is the targeted selection of materials based on improved environmental and social performance indicators, which actively promotes the principles of a circular economy.

In addition, we identify key risk countries in our value chains. These include Brazil, China, India, Morocco, Mexico, South Africa, South Korea, Thailand, Turkey and the USA.

ZF is already using numerous opportunities for networking and information exchange in the industry to identify particularly vulnerable groups of workers in the value chain and to develop targeted measures. A key element is active participation in industry-wide multi-stakeholder initiatives, which enable exchange with employee representatives, NGOs, industry associations, suppliers, customers, civil society organizations and international institutions. For more information on our multi-stakeholder initiatives, see section **Industry dialogue and initiatives** and section **Stakeholder communication and management**.

With regard to the discovered IROs, ZF has identified workers who belong to the most vulnerable groups due to their work or due to materials in production.

ZF procures products, raw materials and services from a wide range of industries worldwide. This broad procurement base has an actual or potential impact on different groups of workers. Particularly affected are people who work on ZF premises but are not part of the company's own workforce, as well as employees of direct and indirect suppliers within the upstream value chain. This also includes particularly vulnerable groups such as migrants.

Some activities take place in the areas of technical services and facility management, such as machine manufacturing and maintenance, assembly mechanics, maintenance and servicing of equipment, execution of construction work as well as recycling and waste management. The (potential) negative impacts that occur here are mainly work-related health hazards that can arise from exposure to hazardous materials and a lack of protective equipment.

External workers who are used for specialist services are also exposed to negative impacts. These impacts are different from those mentioned above and affect areas of activity such as location services (e.g., cleaning or catering), HR services, logistics and transport as well as IT or engineering services. The reasons for this include precarious employment, poor working conditions and a lack of social security. Due to limited access to complaint mechanisms, remedial action may also be omitted.

Material risks related to the dependence on workers

As part of this analysis, ZF has identified several systemic risks, especially with regard to certain raw material supply chains in high-risk regions. Furthermore, working time violations and restrictions on employee representation were identified as recurring problems in certain regions, especially in countries with weak labor law regulations. In addition to these structural risks, individual incidents were also documented. Other material risks relate in particular to compliance with labor rights and safety standards. Activities in countries with an increased risk of forced labor are particularly critical. ZF counters these risks through a comprehensive due diligence system based on prevention, transparency and continuous improvement.

9.2 TARGETS

Our goal is to achieve high standards of integrity and sustainability in our supply chains through responsible procurement and ethical business practices, thereby creating a positive impact on the supply chain workforce. We support this goal with company-wide sustainability and procurement policies and expect the same commitment from our partners in the value chain. More information can be found in the section ↘ **Sustainable procurement**.

The target is derived from a risk-based segmentation of the supplier portfolio, international legal frameworks (such as the OECD Guidelines, UN Guiding Principles) and the expectations of our stakeholders. The involvement of suppliers and other external stakeholders such as non-governmental organizations (NGOs), employee representatives, trade unions or employers' associations is intended to help us also take value chain perspectives into account when defining targets.

Our long-term goal is to establish fully responsible value chains. Target achievement is measured using the newly introduced "Responsible Spend" indicator. It takes into account both the sustainability performance of the suppliers and their economic relevance for our company. Currently, 61% of purchased production material already meet these requirements.

In addition, we use findings from our complaint mechanisms such as the ZF Trustline (see chapter ↘ **Business Conduct**), industry-wide multi-stakeholder initiatives and audits.

9.3 POLICIES RELATED TO VALUE CHAIN WORKERS

Respect for human rights is an integral part of ZF's organizational culture and shapes the common understanding of values of all people who work for the company. We are committed to fair working conditions, equal rights and respect for freedom of association and the right to collective bargaining along the entire supply chain. We also actively support the abolition of modern slavery, forced labor and child labor. This is also reflected in our sustainable purchasing practices. Our global workforce, including management and business partners, are required to comply with the ZF Policy Statement on Respect for Human Rights and to ensure that their professional activities are in line with the principles set out there as well as with the ZF Code of Conduct and the Business Partner Code of Conduct.

The responsibility to systematically include the respect for human rights in the strategy, processes and decisions of materials management is clearly regulated. This also includes providing regular updates and reports to higher-level management and the ZF Human Rights Officer. She monitors the adequacy and effectiveness of risk management and implements risk-based control measures. The Human Rights Officer acts unbound by instructions and regularly reports directly to the member of the Board of Management in charge of Human Resources, Sustainability, Legal and Compliance.

Sustainable procurement

With the global ZF sustainability and procurement policies, we support our goal of promoting sustainable purchasing practices and expect the same commitment from our partners in the value chain. Accordingly, we have established a strategic approach to ensure transparent and sustainable purchasing decisions. There are three aspects to this approach:

- ZF expects its suppliers to comply with our Business Partner Code of Conduct. Further information on this can be found in the section ↘ **Business Partner Code of Conduct**.
- Furthermore, ZF asks its suppliers to implement at least the following preventive measures: (a) a guideline for working conditions and human rights, (b) a guideline on health and safety at work as well as (c) a guideline or a code of conduct to define and pass on sustainability and human rights expectations to suppliers.
- Finally, ZF measures the sustainability performance of its suppliers with the ZF Sustainability Score (SUS Score). Suppliers must achieve an SUS Score of over 65%. If the value is lower, the supplier must work on improvement measures in order not to be disadvantaged when new orders are awarded.

Human Rights Due Diligence approach

To determine the impact of its operating activities on human rights, ZF pursues a comprehensive Human Rights Due Diligence (HRDD) approach. It consists of five core elements, as shown in the graphic, and is intended to ensure that ZF recognizes and avoids potential and actual negative impacts on human rights at an early stage through proactive risk management. To this end, we subject our supply chains to a comprehensive human rights risk analysis every year in accordance with the guiding principles of the UN Global Compact.

Reports of possible sustainability violations in the supply chain:

- Number of reports of possible violations of our sustainability principles received through our reporting channels: 25
- Thereof: number of reports that could be resolved in the year under review: 17
- Thereof: number of cases classified and confirmed as serious human rights violations: two

Immediate remedial actions were taken regarding the violation, and further preventive measures were initiated to minimize future risks.

In addition, ZF has implemented an integrity management system for business partners to identify and mitigate potential compliance and ethical risks (see section ↘ **Processes to remediate negative impacts and channels for own workers to raise concerns**).

G. 09 **Elements of the Human Rights Due Diligence (HRDD) approach**

As part of its HRDD approach, ZF has adopted the following policies, frameworks, tools and measures to manage its material IROs related to workers in the value chain and, in particular, to prevent human rights violations:

- Policy Statement on Respect for Human Rights
- Business Partner Code of Conduct
- Sustainable procurement terms
- Self-assessment questionnaire (NQC)
- Sustainability Score (SUS Score) and benchmarking
- Supplier training on Human Rights Due Diligence

Detailed information on these policies and frameworks can be found in the chapter ↘ **Business Conduct**.

To continuously develop our HRDD approach, we have set up a cross-functional Human Rights working group. This working group has an advisory role and acts as a multiplier within the Group.

9.4 PROCESSES FOR ENGAGING WITH VALUE CHAIN WORKERS ABOUT IMPACTS

An important part of our HRDD approach and the exercise of our due diligence is the involvement of stakeholders and people potentially affected by human rights violations in the value chain. Cooperation with workers in the value chain or their legitimate representatives (such as NGOs) is at the heart of the entire human rights due diligence process. The aim is to ensure transparency, accountability and continuous improvement of social working conditions.

The mechanisms and initiatives of our HRDD approach to address risks and challenges range from single interactions to ongoing, regular engagement with stakeholders. Involvement begins in the pre-operational phase, in which we evaluate the working conditions at our suppliers as part of the Double Materiality Analysis, among other things, or ensure compliance with our standards through contractual agreements. When awarding new contracts, for example, we check to what extent providers already comply with our standards in terms of working conditions. If the evaluation is positive, the operational phase can begin in which we further develop the supplier relationship. In the

operational phase, we continue our engagement process through the following measures, among others:

- On-site audits and supplier evaluations by ZF Supplier Development Engineers with appropriate additional qualifications to ensure compliance with labor standards and working conditions. On-site audits according to the RSCI standard by independent third parties to improve transparency and comparability among manufacturers and suppliers with regard to sustainable working conditions.
- Employee interviews and surveys as part of the RSCI audit standard to gather direct feedback and understand employee concerns and needs.
- Implementation of sustainability training for suppliers.

In addition, ZF has set up complaint mechanisms that also enable workers in the value chain to report suspected violations. These include reporting channels such as the ZF Trustline as well as industry-wide multi-stakeholder initiatives. Further information can be found in the sections ↘ **Compliance tools** and ↘ **Industry dialogue and initiatives**.

To ensure that these participation processes are effective and lead to meaningful improvements, ZF evaluates the effectiveness of measures for workers in the value chain with the help of various key performance indicators, including:

- Supplier audits (RSCI): Number of audits carried out to verify compliance with labor and social standards – with a focus on the actual situation of the workforce on site. A central element of these audits are interviews with workers, which provide valuable insights into actual working conditions, challenges and possible grievances. This qualitative component is crucial in order to credibly and effectively involve the people affected.
- Responsible spend: metric that indicates the percentage of responsible spend. It is based on the Sustainability Score as well as the underlying sustainability requirements and compliance standards and serves as an expression of responsible procurement practices for the benefit of fair working condition

Industry dialogue and initiatives

ZF uses numerous opportunities for networking and information exchange in the industry. A key element is active participation in industry-wide multi-stakeholder initiatives, which enable exchange with employee representatives, NGOs, industry associations, suppliers, customers, civil society organizations and international institutions.

These initiatives are central components of stakeholder engagement at ZF and contribute not only to identifying human rights risks, but also to effectively addressing them together with relevant stakeholders. Cooperation with trade unions and civil society organizations strengthens the legitimacy and effectiveness of measures, promoting responsible corporate practice along the entire value chain. In the year under review, ZF was involved in the following initiatives, among others, to make global supply chains more sustainable:

- **Mecanismo de Reclamación de Derechos Humanos (MRDH):** The MRDH is a cross-company complaint mechanism initiated by ZF together with two of our customers. It is aimed at employees, communities, business partners and other stakeholders in the supply chains of member companies in Mexico. The mechanism was developed in a multi-stakeholder process lasting several years together with Mexican and German NGOs, trade unions, national human rights institutions as well as the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ, German Agency for International Cooperation) and the German Institute for Human Rights (GIHR). Complaints are treated confidentially and examined by an independent panel of experts. The aim is to close protection gaps, identify systemic risks and enable effective remedial action. The MRDH is also intended to pool resources, serve as an early warning system and improve access to relief for those affected.
- **Dialogue platform on labor rights in the Turkish automotive industry:** ZF is part of a multi-stakeholder dialogue with OEMs, suppliers, trade unions, government representatives, NGOs, the ILO and the Responsible Business Helpdesk Türkiye. The aim is to jointly analyze and improve working conditions and fundamental rights in the region. It involves employees, employee representatives, civil society organizations and government agencies.
- **Responsible Supply Chain Initiative e.V. (RSCI):** ZF actively promotes the sustainable design of global supply chains. In addition to using the RSCI audit standard for the sustainability assessment of production locations, ZF is an active member of the Responsible Supply Chain Initiative (RSCI) and is represented on the RSCI Board. Through this role, ZF supports the further development and enforcement of this industry-wide automotive standard for responsible supply chains. The aim is to strengthen transparency, comparability and compliance with social and environmental standards among suppliers worldwide.

- **Sustainability working group of the VDA:** ZF uses this platform to network and exchange information within the industry and is actively involved in the development of industry-wide standards, for example the Automotive Business Partner Code of Conduct (BPCoC). It defines binding requirements for business partners with regard to human rights, working conditions and environmental standards. Engagement takes place via OEMs, suppliers and industry associations.
- **Catena-X DD Check Group:** ZF participates in the development of a standardized due diligence check for small and medium-sized enterprises (SMEs) within the framework of the CSDDD. The aim is the wide application of a digital industry standard using Catena-X data space technology. In particular, it involves SMEs within the supply chain as well as technology partners.
- **Industry dialogue of the Federal Ministry of Labor and Social Affairs:** ZF participates in the industry dialogue of the Federal Ministry of Labor and Social Affairs. It seeks to improve human rights conditions along the global supply and value chains of the automotive industry.

9.5 PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR VALUE CHAIN WORKERS TO RAISE CONCERNS

ZF pursues a comprehensive approach to collecting, processing, tracking and monitoring human rights-related concerns in the value chain. As part of our HRDD approach, we train our own workforce as well as suppliers and provide remedial action if negative impacts on workers in the value chain become apparent. These measures are based on our Business Partner Code of Conduct.

Processes to remediate negative impacts related to human rights risks

We have implemented a Human Rights Due Diligence system to identify and minimize potential compliance and other ESG risks. In this context, we regularly audit our suppliers to ensure compliance with ZF policies, directives and standards. Business partners must promptly provide relevant information and documents during audits under the RSCI audit program as well as on-site inspections by ZF or its authorized representatives.

In the event of violations, our suppliers are contractually obliged to initiate suitable and adequate remedial measures within their own business area and along their value chain. Having mechanisms in place for their workforce to report labor rights violations and other issues without fear of retaliation is therefore a basic requirement for our business partners. We also expect our partners to report potential criminal offenses or legal or ethical violations that could affect ZF.

ZF has set up an escalation process to handle violations. It provides for three escalation levels – each with clearly defined measures and exit criteria. The measures include Corrective Action Plans (CAPs), training and audits. The escalation process is incorporated in our Business Partner Code of Conduct and in ZF's sustainability-related bid conditions.

First, reported incidents are investigated and verified by internal, cross-functional teams at ZF. When it comes to verifying and managing suppliers, Materials Management plays a leading role. In coordination with the affected stakeholders, information is collected, corrective action plans are derived and appropriate remedial measures are defined if violations are identified. The basis for the weighting and prioritization of an incident and the action to be initiated is the criteria "severity and probability," "influence," "causal contribution" and "type and scope of business activities." Where our influence is limited, we cooperate with third parties, including industry and multi-stakeholder initiatives.

ZF verifies the implementation of corrective action through continuous monitoring and follow-up audits. If the affected supplier does not implement the corrective action and this leads to persistent violations of the human rights and environmental standards defined in the Code of Conduct, the incident is escalated to the higher-level management within ZF. Continued non-compliance with ZF standards can lead to sanctions up to the suspension of business relationships or the termination of contracts. This also applies if business partners do not cooperate appropriately or fail to take necessary or agreed measures.

To continuously improve our approach and address emerging risks, ZF works closely with stakeholders. In various dialogue formats, we assess the effectiveness of our measures to prevent and correct adverse human rights impacts. We aim to further strengthen the dialogue with local stakeholders and those potentially

affected if we identify a high risk of potential human rights violations. In addition to auditing, training is provided to suppliers to ensure that they are aware of and able to meet ZF's requirements.

Processes to remediate negative impacts related to diversity and the promotion of women and minorities

Advocacy for human rights includes protection against discrimination and the promotion of diversity. For ZF, diversity also means including providers with special characteristics in the supplier pool. That is why we invite these suppliers to register with their portfolio on our website. In this way, our commodity teams can approach them in their search for suitable technologies and skills, for example to realize new product features.

One example is the ZF North America Supplier Diversity Program, in which women-owned business enterprises (WBE) are registered. This certification is awarded by the Women Owned initiative. Companies must be at least 51% owned and controlled by women and meet other criteria such as U.S. citizenship and entrepreneurial management. ZF supports the integration of these companies through targeted approaches, participation in industry networks and training opportunities. ZF North America is also looking for various suppliers that are certified according to the standards of the National Minority Supplier Development Council (NMSDC). The NMSDC advocates for profit-oriented companies that, regardless of their size, are owned, operated and managed by people from minority groups. According to the NMSDC statutes, minority groups include United States citizens of African American or Hispanic American origin as well as members of indigenous peoples of North America. Americans of Asian-Pacific or Asian-Indian origin are also included.

Notification system for workers in the value chain

Our notification system, the ZF Trustline (see detailed explanation in the chapter ↘ **Business Conduct**), serves as a central mechanism to monitor compliance with the rights of workers in the value chain. In addition, there is the option of contacting ZF's management or Compliance Organization directly or sending an e-mail to humanrights@zf.com.

ZF wants to ensure that workers in the value chain are informed of the existing channels and trust them. This is facilitated through training and awareness-raising measures, integration into audits, feedback mechanisms and feedback to whistleblowers. To raise awareness of the ZF Trustline, a dedicated chapter is included in the Business Partner Code of Conduct.

Measures for implementing human rights due diligence, more sustainable procurement and equal opportunities in the supply chain

In the year under review, 2025, ZF implemented various measures to strengthen the human rights of workers in the value chain.

Development and planning of measures

Our measures aim to prevent or minimize potential and real negative impacts on human rights. The activities are part of a continuous process that includes the integration of human rights due diligence into our business processes, supply chains and governance structures. When defining priorities and action plans, we are guided by the criterion of appropriateness: In order to prevent human rights violations in our sphere of influence along our value chain, we use formalized controls within the framework of our Internal Control System. Where our influence is limited, we enter into cooperative relationships with other parties. These include the aforementioned industry and multi-stakeholder initiatives such as Catena-X, MRDH and industry dialogues.

Corrective and remedial actions are defined on a case-by-case basis. This means that for each identified actual material impact on human rights, an individual assessment is carried out, on the basis of which specific measures are developed and implemented. This can include reparations for affected persons or groups, cooperation with business partners to eliminate the cause and the introduction of additional control or prevention mechanisms. If deviations are identified, experts from Supplier Quality develop and implement targeted corrective actions together with the suppliers. The Business Partner Code of Conduct obliges suppliers to implement mitigation and remedial measures. ZF monitors compliance with and effectiveness of these measures and initiates an escalation process in the event of non-compliance.

The measures are selected and implemented taking into account the affected stakeholders, the geographical and operational scope of the impact and the company's existing human rights obligations. The goal is to identify risks at an early stage, prevent them and, if necessary, provide effective and appropriate remedial action that meets both international standards and corporate due diligence requirements.

All recorded incidents are assigned to a multi-stage incident review process, which first verifies whether actual violations were committed. If this is the case, suitable remedial actions are defined, taking into account legal appropriateness criteria.

Further information on this topic, including our Business Partner Integrity Management System, can be found in the chapter ↘ **Business Conduct**.

To assess the effectiveness of our measures in the year under review, prioritized risks were reviewed using various procedures: These include media monitoring, the analysis of self-assessment questionnaires, audits and supplier visits, whistleblower reports and the evaluation of relevant KPIs (including Responsible Sourcing, Human Rights Compliance, SUS Score, training participation).

Due diligence audits of suppliers and partners

In the year under review, we conducted due diligence reviews and audits of existing suppliers and partners. The goal was to ensure that suppliers comply with the requirements we defined in policies and standards such as the ZF Business Partner Code of Conduct. In addition, we have integrated social compliance risk screening into our supplier approval process and systematically transferred the entire due diligence process to risk assessment. This allows us to identify risks at an early stage and address them in a targeted manner.

In addition, we continued our training programs on labor law and ethical standards for internal and external stakeholders and published reports on labor practices and human rights risks – for example under the German Supply Chain Due Diligence Act (LkSG) and the UK's Modern Slavery Act (MSA).

Introduction of the ZF SUS Score as a binding criterion

With the ZF Sustainability Score (SUS Score) introduced in 2023, we have a binding instrument for evaluating the sustainability performance of our suppliers. It is an integral part of our procurement practices. In the year under review, 2025, the determined SUS Scores formed the basis for further measures.

For example, we have been gradually introducing a new training platform for ZF suppliers since 2024. The platform offers courses on ZF requirements and processes as well as in-depth training on various sustainability topics. In 2025, we published three new modules for suppliers in the sustainability catalogue. Suppliers with increased ESG risks were invited to our training on human rights due diligence in the supply chain, where we focus on the due diligence process in accordance with the LkSG and the expectations for suppliers. The program started in March 2025.

Further development of ZF's procurement strategy

Using the results of risk management in procurement, we continuously further develop our sourcing strategy, incorporating new findings on human rights and environmental risks. Accordingly, we regularly update our Business Partner Code of Conduct and revise the sustainability-related tender conditions for the awarding of new business. In the year under review, for example, we expanded the contractual requirements for responsible raw material procurement. The aim of the revision was to strengthen the communication of requirements and contractual obligations, promote the development of knowledge and awareness of human rights risks, implement preventive control measures for the further development of our business partners and enhance the agreement and implementation of risk-based control measures.

10 Affected Communities

As a manufacturing company, ZF depends on the reliable procurement and processing of raw materials and intermediate products. We are aware of the human rights risks along international supply chains – especially with regard to the economic, social and cultural rights as well as the civil and political rights of communities, including indigenous peoples.

10.1 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO AFFECTED COMMUNITIES

As part of the Double Materiality Analysis, ZF has determined the following impact related to affected communities:

Communities' economic, social and cultural rights			
• Security-related impacts (potential negative impact)			
Time horizon	✔ short-term	medium-term	long-term
Value creation stage	✔ upstream	✔ own operations	✔ downstream

In some countries where ZF operates, the deployment of security personnel in its own business area or along the value chain can affect the economic, social and cultural rights of local communities – for instance, through certain control measures or restrictions on freedom of movement of the local population.

As part of the DMA, it was determined that in some countries where ZF operates, the use of security personnel can have a potential negative impact on the rights and trust of local communities – either through their own activities or those in the upstream and downstream value chain. We are preparing to systematically analyze these impacts and derive suitable targets, concepts and measures to counteract them. Reporting on this topic is currently still being developed.

10.2 TARGETS

ZF strives to mitigate and avoid negative impacts of its business activities on affected communities. At the same time, we want to promote positive impact.

10.3 POLICIES RELATED TO AFFECTED COMMUNITIES

ZF is consistently committed to comply with human rights due diligence along the entire value chain. Our approach aims to identify negative impacts on affected communities at an early stage and effectively minimize them.

ZF currently does not have a specific policy for affected communities, including indigenous peoples. However, this issue is addressed as part of our Group-wide HRDD approach as well as in our Environment, Health & Safety Policy, the Business Partner Code of Conduct and our Policy Statement on Respect for Human Rights. Our mission statement is in line with the UN Guiding Principles on Business and Human Rights, the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work as well as the Guidelines for Multinational Enterprises of the Organisation for Economic Co-operation and Development (OECD).

The principles, guidelines and approaches mentioned are explained in more detail in the chapters ↘ **Own Workforce**, ↘ **Workers in the Value Chain** and ↘ **Business Conduct**.

10.4 PROCESSES FOR ENGAGING WITH AFFECTED COMMUNITIES ABOUT IMPACTS

We take the interests and needs of internal and external stakeholders into account in strategic considerations as part of our regular stakeholder management. ZF uses various formats to enter into dialogue with stakeholders and their legitimate representatives. Our stakeholder approach is described in detail in the section ↘ **Stakeholder communication and management**. As part of our stakeholder management, we strive to map the rights and needs of affected communities through in-house experts. In addition, ZF actively participates in industry-specific dialogue formats and initiatives to promote exchange and human rights due diligence along the entire value chain.

10.5 PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR AFFECTED COMMUNITIES TO RAISE CONCERNS

Our notification system, the ZF Trustline (described in chapter ↘ **Business Conduct**), serves as a central mechanism for monitoring and safeguarding the rights of affected communities. In addition, there is the option of contacting ZF's management or Compliance Organization directly or sending an e-mail to humanrights@zf.com. The extent to which affected communities are aware of the existing structures and processes and actually trust them depends largely on our ongoing dialogue with relevant stakeholders. At present, ZF does not yet have a clearly defined approach for systematically recording these factors.

10.6 ACTIONS TO ADDRESS MATERIAL IMPACTS ON AFFECTED COMMUNITIES

At this stage, no specific measures have been implemented to manage this potential negative impact. If we become aware of incidents via our notification system, we will track them as part of our Compliance Management System and derive appropriate measures.

11 Consumers and End Users

As an international company, ZF places great importance on the satisfaction and safety of its end customers, who are also consumers in the sense of ESRS. We continuously work to prevent potential harm to end customers, placing product quality and safety at the center of our processes. Despite increasing complexity, we guarantee the highest standards in terms of reliability, sustainability as well as compliance with all regulatory requirements. In this context, data protection and digital responsibility also play a decisive role in ensuring the security of our customers in an increasingly networked world.

ZF aims to ensure product quality and safety by using targeted prevention strategies and measures that should also help minimize liability and reputational risks in the event of any product-related incidents. We want to strengthen both the trust of our customers and the long-term competitiveness of our company.

11.1 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO CONSUMERS AND END USERS

As part of the Double Materiality Analysis, ZF has identified the following opportunity related to the company's consumers and end users:

Personal safety of consumers and/or end users

• Health and safety (opportunity)

Time horizon	short-term	✔ medium-term	long-term
Value creation stage	upstream	own operations	✔ downstream

With its solutions, ZF is committed to increasing the safety of road traffic and industrial applications. Our technologies can help prevent accidents, protect vehicle occupants and other road users as well as promote the health of end users. This focus not only strengthens our core business, but also opens up new market opportunities in safety-critical areas. At the same time, this approach can strengthen trust in the ZF brand and contribute to the social acceptance of our products. This enables us to create the basis for long-term growth and gain a strong position in an increasingly safety-oriented market environment.

As part of the DMA, it was established that ZF actively promotes safety in road traffic and industrial applications through innovative technologies that prevent accidents and protect people. This opens up new market opportunities while strengthening the trust and acceptance of the brand in the market. In future, we want to continue to use this opportunity and derive appropriate targets, policies and actions.

11.2 TARGETS

ZF strives to fulfill the needs and expectations of its customers while preventing any harm to them. Based on our DNA of Quality strategy, we have created framework plans with all divisions. They include individual excellence targets and related initiatives as well as a DNA of Quality assessment that determines the progress of implementation. ZF has currently not yet defined any additional measurable, results-oriented targets with regard to the opportunity identified as material.

11.3 POLICIES RELATED TO CONSUMERS AND END USERS

ZF uses the following policies, directives and approaches to ensure the quality, safety and reliability of its products and services in the interest of its customers. We have not yet implemented any policies that address our material opportunity.

ZF quality management system

To ensure maximum product quality, we use a certified quality management system based on the IATF 16949 standard for quality management in the automotive industry. Accordingly, we carry out consistent quality controls and regularly optimize our processes. The responsibility for these processes lies with the Product Safety and Regulatory Office which analyzes, evaluates and tracks all relevant quality incidents and associated risks. The office reports directly to the member of the Board of Management responsible for Quality.

DNA of Quality strategy

In addition, we have implemented various strategies to ensure customer satisfaction and avoid reputational risks. This includes the DNA of Quality strategy, which is derived from the Group strategy and forms the framework for the ZF quality management system. The core of the strategy consists of five principles which support a zero-defect philosophy: people, prevent, perceive, perform and the plan, do, check, act (PDCA) approach. The implementation of the quality excellence strategy is supported by a training portfolio jointly developed by the Quality Function, the HR Department and the ZF internal quality academy.

Product Compliance Management System

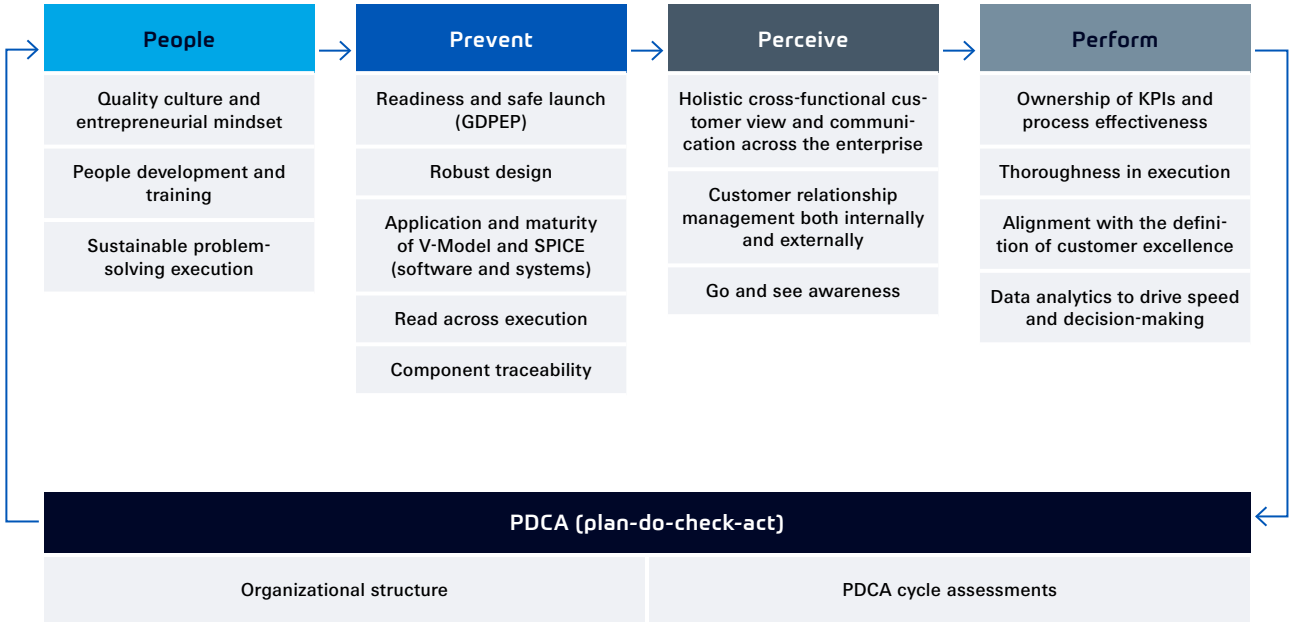
ZF's top priority along the entire value chain is that its products and services comply with applicable regulatory requirements. ZF uses a Product Compliance Management System (PCMS) that supports our technical teams with regard to product-related regulatory topics. The PCMS defines structured management of the specific risks and controls in the area of product compliance.

Development of reliable vehicle safety systems according to current standards and norms

ZF develops active and passive safety systems that can prevent accidents or mitigate their consequences. These systems monitor the vehicle, issue warnings to the driver and, if necessary, intervene in a corrective or protective manner. ZF systems are developed according to current safety standards – in particular the ISO 26262 standard for functional safety in road vehicles. These requirements are also stipulated in the internal directive DCF 23-0070. ZF carries out various hazard, error and risk analyses in order to present a reliable safety case. This is a prerequisite for a vehicle with the tested products to be approved for road use. The Group Directive is regularly adapted to the latest developments. ZF has established a functional safety expert team at Group level that organizes the further development of processes and a company-wide exchange of information. Since January 2023, for example, the directive has taken into account the ISO 21448 standard on the Safety of the Intended Functionality (SOTIF). For ZF, these requirements are particularly relevant to highly complex sensors and autonomous driving.

Employees are qualified for the development of products with functional safety at the internal training academy. The academy provides in-depth methodological knowledge and shows how it can be applied to typical products of the Group. In this way, it contributes to strengthening the established safety culture and keeping the responsible developers constantly aware of the topic.

G. 10 ZF DNA of Quality – Guiding principles



Digital responsibility, information security and data protection

Our company attaches great importance to digital responsibility, information security and data protection. We have implemented binding policies and directives to ensure the availability, confidentiality and integrity of our products and protect our customers' data. The aim of all these measures is to protect the company and our products from cyber attacks and strengthen the resilience of the entire value chain.

For this purpose, we operate an integrated Information Security Management System (ISMS) aligned with ISO 27001 controls and certified according to the international TISAX standard. It provides a framework to systematically manage sensitive corporate information, covering not only IT but also development, production, staff security, compliance, physical security as well as legal and customer requirements. The ISMS is based on policies and defined processes that aim to minimize risks, such as data loss, data breaches and IT security incidents as well as to meet legal and customer-specific requirements. It is therefore a central component of our digital responsibility.

Our ISMS complies with internationally recognized standards. It is regularly reviewed in external audits to ensure its effectiveness and compliance with the latest security requirements. This proactive approach enables us to identify potential vulnerabilities at an early stage and to take preventive action. As we have integrated ISMS into our business processes, we have made sure that our information is secure and our customers and business partners can trust in our digital practices.

In addition to the ISMS, we work with a data protection management system (DPMS) to ensure that our obligations to protect personal data are met. The DPMS ensures the protection of personal data of all customers, not just individual groups. For example, the DPMS regulates the incorporation of data protection standards in our products and services, includes strict security requirements for third-party providers and provides for regular corporate audits for continuous quality improvement. It is based on the ZF Data Privacy Policy, which stipulates our data protection principles within the company and for our processors. The policy also describes the roles and responsibilities along the entire organizational structure, including the regional and local levels.

ZF has also established a Center of Competence for Cybersecurity, bundling the Group-wide development tasks for cybersecurity. It offers development and testing services to both the divisions and our customers, assumes operational tasks in a large number of projects and participates in internationally funded research projects.

For ZF, digital responsibility means ensuring respect for human rights in the digital space as well. This includes protecting personal data, avoiding discriminatory technologies and using artificial intelligence responsibly. This commitment is enshrined in our Policy Statement on Respect for Human Rights and is supplemented by the internal guideline on the ethical use of AI. This guideline defines clear principles such as transparency, data protection, technical robustness and human control to ensure fair and trustworthy digital solutions.

11.4 PROCESSES FOR ENGAGING WITH CONSUMERS AND END USERS ABOUT IMPACTS

ZF uses various formats to determine the interests and needs of internal and external stakeholders and to enter into dialogue with them or their legitimate representatives. Our stakeholder management is described in detail in the section ↘ **Stakeholder communication and management**.

11.5 PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR CONSUMERS AND END USERS TO RAISE CONCERNS

ZF has a Group-wide whistleblower process. The ZF Trustline, described in detail in the chapter ↘ **Business Conduct**, also enables consumers and end users to report misconduct and potential compliance incidents – anonymously if necessary. The extent to which consumers and end users are aware of the existing structures or processes and actually trust them depends largely on our ongoing dialogue with relevant stakeholders. At present, ZF does not yet have a clearly defined approach for systematically recording these factors.

11.6 MEASURES RELATED TO CUSTOMERS AND TO PROMOTE PRODUCT QUALITY AND SECURITY

Due to the increasing digitalization of the automotive industry, our targets are focused on measures to ensure data protection and information security with regard to our customer's security. This is reflected in the policies described above under ↘ **Digital responsibility, information security and data protection** as well as in the following measures. At present, we are not implementing any specific measures that explicitly address the identified material opportunity.

Safety of vehicle systems

Our ZF Security Policy prioritizes cybersecurity in product development, which includes technological measures to prevent cyber attacks or make the perpetration of such attacks significantly more difficult. For this purpose, ZF conducts, among other activities, threat, risk and vulnerability analyses. Depending on the result, appropriate measures are implemented. These include for example:

- control unit software signature check to ensure that they originate from authorized sources,
- authentication of diagnosis access to the control units, e.g., in workshops, by product development employees or for the analysis of return parts,
- access-proof storage of key and certificate material within the products,
- authentication of vehicle-internal data communication (ZF also uses microprocessors featuring co-processors with a specific focus on cryptography).

The effectiveness of these measures is confirmed by comprehensive security testing of our products.

Through its membership in the Automotive Information Sharing and Analysis Center (Auto-ISAC), ZF regularly receives the latest information about hacker attacks on products and technologies that are relevant to the company. In the event that third parties identify possible weaknesses in our products, they can notify the Product Security Incident Response Team via e-mail.

In addition to the product evolution process, ZF has established continuous processes for event monitoring and incident response. The aim is to be able to respond quickly and legally to system attacks. In 2023, ZF was awarded the Vehicle Cybersecurity label by the European Network Exchange Association. This label confirms that ZF has a certified management system according to ISO/SAE 21434, UN R-155 and ISO PAS 5112. In July 2025, the ZF Product Cybersecurity Management System was re-audited by TÜV Nord without any findings, confirming the continued validity of the label.

Data protection and information security processes

We organize annual security awareness weeks and have an ethics policy for trustworthy AI to sensitize our staff to the topics of data protection and information security. Our measures in this area include an effectiveness audit of our incident and crisis management, monitoring of the external threat landscape, on-site inspections at ZF locations as well as regular tests by external testers (red teams) and penetration tests of our systems. Crisis management exercises and effective partner management complement these measures.

ZF's Information Security Management System (ISMS) is based on the requirements of ISO/IEC 27001 and is certified according to the TISAX® standard. In the event of incidents or emergency situations, our ISMS comes into effect. It covers all relevant ZF locations worldwide and has been assessed with the highest TISAX® label. The system is regularly audited by independent bodies.

Reporting of data protection and compliance incidents

Data protection incidents can be reported to our Chief Data Privacy Officer via our data protection management system or via our ZF Trustline, which is available around the clock. The ZF Trustline is explained in more detail in the section above ↘ **Processes to remediate negative impacts and channels for own workers to raise concerns** as well as in the chapter ↘ **Business Conduct**.

12 Business Conduct

The ZF Group has earned the recognition and trust of its customers through its responsible business conduct and high-quality products and services. For us, responsible business conduct means above all the consistent adherence to our values in compliance with legal requirements. It is the foundation for the long-term and sustainable success of the company.

12.1 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO BUSINESS CONDUCT

As part of the Double Materiality Analysis, ZF has identified the following impacts and risks related to our business conduct:

Protection of whistleblowers (actual negative impact)

Time horizon	✔ short-term	medium-term	long-term
Value creation stage	✔ upstream	own operations	downstream

Many people have reservations about notification systems and doubt their confidentiality, effectiveness or independence. Potential whistleblowers may fear that, despite existing protective mechanisms, they could still face reprisals or disadvantages. This concern may reduce their willingness to uncover violations of laws and rules or to voice complaints.

Management of relationships with suppliers including payment practices (actual negative impact)

Time horizon	✔ short-term	medium-term	long-term
Value creation stage	✔ upstream	own operations	downstream

Due to certain requirements and purchasing practices, ZF may have a negative impact on the economic stability of individual suppliers. These include, for example, short contract periods, price pressure or a lack of planning security, which can lead to financial burdens on suppliers.

Management of relationships with suppliers including payment practices (risk)

Time horizon	✔ short-term	✔ medium-term	✔ long-term
Value creation stage	✔ upstream	own operations	downstream

ZF's business activities lead to economic dependence of individual suppliers, especially in countries with low market diversification and limited access to alternative sales channels. Short-term contract terminations, price negotiations or a lack of planning transparency can jeopardize the economic stability of these suppliers, especially small and medium-sized enterprises in the upstream value chain whose financial resilience is limited.

12.2 TARGETS

Our target is to maintain and further strengthen our commitment to our customers, employees, business partners and other stakeholders, as well as the recognition we receive from them, through to society in general. We have embedded this target in our sustainability strategy under the motto "Acting for lasting values."

12.3 POLICIES RELATED TO CORPORATE CULTURE AND CORPORATE GOVERNANCE

We regard compliance as the foundation of successful corporate governance and therefore as a core value of our corporate culture. It ensures reliable and respectful engagement with all stakeholders and thus forms the basis for lasting cooperation in an atmosphere of trust. As a globally active company, ZF constantly works to ensure compliance with relevant laws, regulations and guidelines. This applies especially to the increasingly complex regulations in the fields of climate change mitigation and human rights. We promote honest, law-abiding and responsible behavior of our employees throughout the Group.

In particular, our policies aim to manage and mitigate potential negative impacts and risks along the entire value chain – with a special focus on supplier relationships. Great importance is placed on compliance as well as combating corruption and bribery. We take preventive and defensive measures and continuously check their effectiveness. In this way, we want to ensure that not only our corporate values are upheld, but also that trust in the integrity of the supply chain is strengthened.

Compliance Organization and Compliance Management System

With our Compliance Organization as well as our Compliance Management System (CMS) and the associated policies, we anchor our expectations of lawful behavior within our workforce and business partners and implement our corporate values on a daily basis. The CMS is based on three pillars: prevention, detection and response. The main objective of the CMS is to comply with internal and external regulations. It focuses on preventing and investigating potential violations by employees and business partners in the following areas:

- Antitrust law
- Anti-money laundering
- Corruption/bribery, including the handling of gifts and entertainment
- Conflicts of interest
- Data privacy
- Foreign trade
- Human rights

The CMS is based on the compliance auditing standard IDW PS 980 and the ten principles of the UN Global Compact. The implementation of the processes and organizational requirements stipulated therein as well as compliance with the ZF Group Policies (including the Corporate Compliance and Antitrust and Interaction with Competitors policies) are mandatory for all employees and management bodies.

ZF has a comprehensive and well-documented compliance risk assessment process. The assessment covers several risk areas, including potentially anti-competitive practices, and takes place at regular intervals. The process includes a specific analysis of the probability of occurrence of a risk and the impact of risk realization for each of the risk areas covered. We also take into account the reports of internal and external stakeholders. Based on the results of this evaluation, appropriate corrective measures and controls are introduced. The GRC report informs the Board of Management and the Audit Committee about the results and controls (also see section ↘ **Risk management and internal controls over sustainability reporting**). The GRC report also covers the progress made in refining the ZF CMS, details of significant investigations conducted, known violations of law, imposed sanctions as well as corrective and preventive measures that have been put into place. In addition, all significant ongoing investigations are reported to the Board of Management, the Audit Committee and the Supervisory Board. Moreover, each substantiated investigation is reported to the member of the Board of Management in charge.

ZF Compliance Organization

Prevent	Detect and respond
● Risk analysis	● Reporting violations
● Regulations	● Investigation
● Communication	● Sanctioning misconduct
● Training	● Actions monitoring
● ComplianceHelpdesk	● Continuous improvement
● Business partner due diligence	

The effectiveness of the CMS, including the adequacy of internal policies, directives and processes, is regularly reviewed. The operational efficiency and effectiveness of the CMS in daily operations is monitored continuously. Depending on the risk-oriented audit plan such audits are performed regularly, both by Corporate Audit and by external service providers. The goal of the ZF Group for consolidated joint ventures is the implementation of ZF's own or a comparable CMS. To further develop our CMS, we also include results from ESG ratings.

Compliance tools

Various tools, procedures, policies and training measures form the basis for systematically identifying, clarifying and documenting compliance issues.

All employees can contact the ComplianceHelpdesk whenever they are faced with a compliance-related issue in their day-to-day business activities. The ZF CMS is complemented by the ZF Trustline, a digital notification system for reporting suspected misconduct. It is available to all employees, business partners and other parties involved if they wish to report suspected misconduct with regard to rules, regulations or laws. The ZF Trustline is clearly communicated on our Group website as well as in our reporting and in the Business Partner Code of Conduct. This notification system is currently available in 14 languages. Notifications can be made anonymously: 24/7, in writing via the company website or by phone via a hotline. The data is stored on protected servers and encrypted so that the content of complaints or reports can only be processed by ZF.

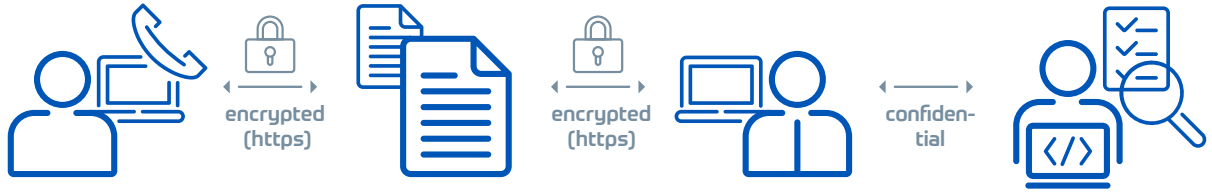
For example, such reports could be about potential violations of competition and antitrust law, cases of corruption and bribery, conflicts of interest, violations of product and regulatory requirements as well as requirements regarding anti-money laundering, data protection as well as export laws, environment, health and safety regulations, fraud and financial reporting concerns, employment-related matters, violations of human rights and other material violations of policies or law.

New employees are made aware of our notification system already during onboarding. In addition, we regularly inform our workforce about innovations in this regard via the intranet. In countries with low reporting activity, we strengthen the communication of our whistleblower process through additional training and further information measures. Our suppliers are made aware of our notification system in the Business Partner Code of Conduct, among other means. In this context, we clearly state that we do not tolerate retaliation against individuals who submit reports of potential violations in good faith and that we expect the same of our business partners. In this way, we want to strengthen the trust of potential whistleblowers in our system.

The ZF Trustline is the responsibility of the Senior Vice President Corporate Compliance & Security, Foreign Trade as well as of the Chief Compliance Officer (CCO). All incoming complaints are checked centrally by the ZF Compliance Department and its independent experts within the legal requirements and deadlines. The Compliance Department reports to the CCO, who is in contact with our Board of Management and Supervisory Board.

All complaints received are examined independently, transparently and carefully. As soon as a report is confirmed or incidents become known through other channels, we take appropriate steps and take corrective measures to limit or remedy the damage caused. ZF's internal Compliance Case Management

G. 11 ZF Whistleblower Process



Whistleblower/ Reporter

- Reports concerns, risks and irregularities
- Can stay anonymous if desired
- An inbox can be set up to communicate with the Examiner (anonymously, if desired)
- Receives acknowledgement of receipt within seven days and feedback/update within three months

ZF Trustline System

- Web- and telephone-based notification system
- Guarantees technical security (to protect the whistleblower)
- Protects reports from third-party access

Examiner

- Processes reports (plausibility check, categorization, scope definition and further handling)
- Communicates with the whistleblower and provides feedback (if an inbox was set up)

Investigation handling

- Investigator or expert department (e.g., HR) conducts the investigation (interviews, data analysis, etc.)
- Defines and follows up on measures as necessary
- Provides feedback to Examiner for communication with the whistleblower

Department collects the necessary information and can also forward cases internally to responsible departments or externally to authorities. During the investigation, relevant documents are reviewed and witnesses are interviewed. All parties involved must adhere to certain rules of conduct to ensure fairness and confidentiality and to protect the whistleblowers. At the end of the investigation, the results are summarized in a report and forwarded to relevant stakeholders. In the event of confirmed violations, appropriate remedial measures are taken, such as sanctions, appropriate compensation or corrective actions, to mitigate the extent of the violations. ZF protects whistleblowers from retaliation and informs them of the measures taken. The process we have implemented also ensures that all investigations are carried out independently if the investigating individuals are biased or if there could be a conflict of interest.

We regularly check the effectiveness of the Trustline through the CMS.

Together with other companies and stakeholders, ZF has developed another complaint mechanism. It is presented in the section ↘ **Industry dialogue and initiatives**.

ZF Code of Conduct

Our Code of Conduct defines mandatory principles for correct and ethical behavior, emphasizes the importance of integrity and responsibility in day-to-day business and serves as an orientation for all employees and executive managers at ZF. The Code of Conduct defines the base requirements for each individual person to behave with integrity and provides an overview of ZF's understanding of values.

The Code covers topics such as fair competition, anti-discrimination, equal opportunity and the compliance with human rights, anti-corruption activities, economic and social responsibility, product compliance, occupational health and safety, data protection and transparency. It is a core element of the CMS and is available in 27 languages. Furthermore, employees receive information on how to ask questions about the ZF Code of Conduct and how to report possible violations. The Code of Conduct has been adopted by the Board of Management and is made available to all employees via the intranet and to external stakeholders via our website.

In addition to the ZF Code of Conduct, there are regulations, work instructions, directives and policies that primarily cover the following areas:

- Ban on corruption
- Business partner integrity (Business Partner Code of Conduct)
- Handling favors, gifts and hospitality
- Donations and sponsorship
- Correct behavior in competition
- Conflicts of interest
- Contacting the Corporate Compliance Office and reporting incidents
- Responsibilities, tasks and authority of the compliance organization
- Money laundering

Favors, gifts, hospitality and donations for the following individuals and organizations are prohibited accordingly:

- Politicians and political parties, with the exception of donations made through political action committees (PACs) in the United States, which are in strict compliance with applicable law. Also, the distribution of such donations must reflect neutrality regarding parties and candidates. Payments to private accounts or in cash are prohibited.
- Individuals or organizations that are not charitable.
- Organizations that discriminate third parties on the basis of skin color, gender, age, nationality, origin, religion, sexual orientation, disability or other legally prohibited grounds.

Awareness measures for compliance topics

Compliance training is mandatory for all employees and executive managers at the beginning of their work for ZF. ZF offers a total of eight compliance training courses with different focuses such as information and data security, code of conduct, export controls and money laundering. In addition, we regularly conduct training and awareness-raising programs for the entire workforce. Topic-specific compliance training courses are held every three years throughout the Group. Some training courses are specifically aimed at executive managers.

Our learning management system, myHRSuite, enables all employees to independently track their training progress. To ensure participation in mandatory training, we have established a control process by the HR Department, which also includes escalation measures in the event of non-participation. The training courses are accompanied by regular communication measures on compliance topics, for example via our intranet blog. Information on new

ZF regulations, directives and policies is also sent to all relevant target groups in a monthly newsletter. Employees can thus independently obtain information on many topics, also on a voluntary basis. Training in other formats, such as in-person training on key topics, is provided in a targeted manner based on region, job function and risk category. In addition, the Compliance Pulse Check employee survey takes place every two years. It contains questions such as "Do you know the Code of Conduct?" or "Do you know the tools provided by the Compliance Department?."

12.4 MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS

Maintaining fair business relationships with our suppliers is crucial for us, as they strengthen the integrity of our partnerships and make a significant contribution to making our supply chains sustainable.

ZF has set up a cross-functional procurement committee to manage these requirements: The Sourcing Decision Board (SDB) is the highest decision-making body for procurement at ZF. It makes sure that ecological, social, qualitative, technical, logistics and price requirements are equally taken into account when selecting a supplier. Target conflicts are also resolved within the SDB.

In parallel with the development of these cross-functional decision-making competencies, we have established a number of mechanisms to help us integrate sustainability criteria into our procurement processes. These are presented below.

Policy Statement on Respect for Human Rights

The Policy Statement on Respect for Human Rights describes ZF's approach to carrying out its human rights responsibility throughout the value chain. It follows the principles outlined by the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The policy statement takes into account not only our own employees, but also affected local communities, indigenous population groups and workers within the supply chain. Details of our Policy Statement on Respect for Human Rights are explained in the chapter ↘ **Own Workforce**.

Business Partner Code of Conduct

Our requirements for suppliers are defined in the ↘ **Business Partner Code of Conduct**. It contains the central requirements for a value-based cooperation with us. This includes topics such as human rights, labor standards, occupational health and safety, environmental protection, business ethics and compliance. The BP CoC conforms to principles and conventions, such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights as well as the core labor standards of the International Labour Organization (ILO).

All suppliers must endorse the principles defined in the BP CoC. We expect our business partners to reject any form of slavery, forced labor and child labor, to respect the freedom of association and the right to form interest groups as well as to guarantee fair remuneration and working hours in accordance with applicable law. We also expect them to take effective action to reduce their direct and indirect CO_2 emissions and to continuously work on improvements. Both the consumption of raw materials (including the use of energy and water resources) and the generation of waste are to be reduced to a minimum in every business activity. Our suppliers must also ensure that minimum environmental standards are met in accordance with the ISO 14001 requirements.

Suppliers must comply with all applicable laws and ensure that ZF's Business Partner Code of Conduct and the applicable legal requirements are also respected in their supply chains. In some areas, we go beyond national law and additionally require compliance with international guidelines and industry standards. The acceptance of the BP CoC is mandatory when awarding contracts and for the registration of new suppliers. The Code is based on nationally and internationally relevant laws and industry standards. ZF also regularly updates the Business Partner Code of Conduct to ensure that it meets the latest standards and expectations.

We have implemented specific processes to ensure that our business partners comply with the due diligence obligations set out in the Code. In the event of violations, we initiate appropriate remedial measures and reserve the right to scrutinize business relationships and terminate them as a last resort.

Sustainable procurement terms

ZF integrates sustainability criteria into the procurement process and ensures that suppliers meet the ZF standards for ethical and sustainable practices. We evaluate bids not only on the basis of cost and quality, but also according to various sustainability criteria. We also incorporate sustainability requirements into our contracts with suppliers, making compliance a binding obligation.

Self-assessment questionnaire

ZF uses a standardized questionnaire to identify and assess risks related to human rights, labor practices and environmental impacts within the supply chain. The questionnaire is supplied by the service provider NQC. Our suppliers use the questionnaire to independently provide information about their sustainability performance and share this assessment with ZF. This process is intended to identify areas for improvement and motivate suppliers to continuously improve their practices in order to meet ZF's sustainability and ethics standards.

The questionnaire also helps us to identify and assess risks related to human rights, labor practices and environmental impacts within the supply chain as well as to assess compliance with ZF standards and identify opportunities for improvement.

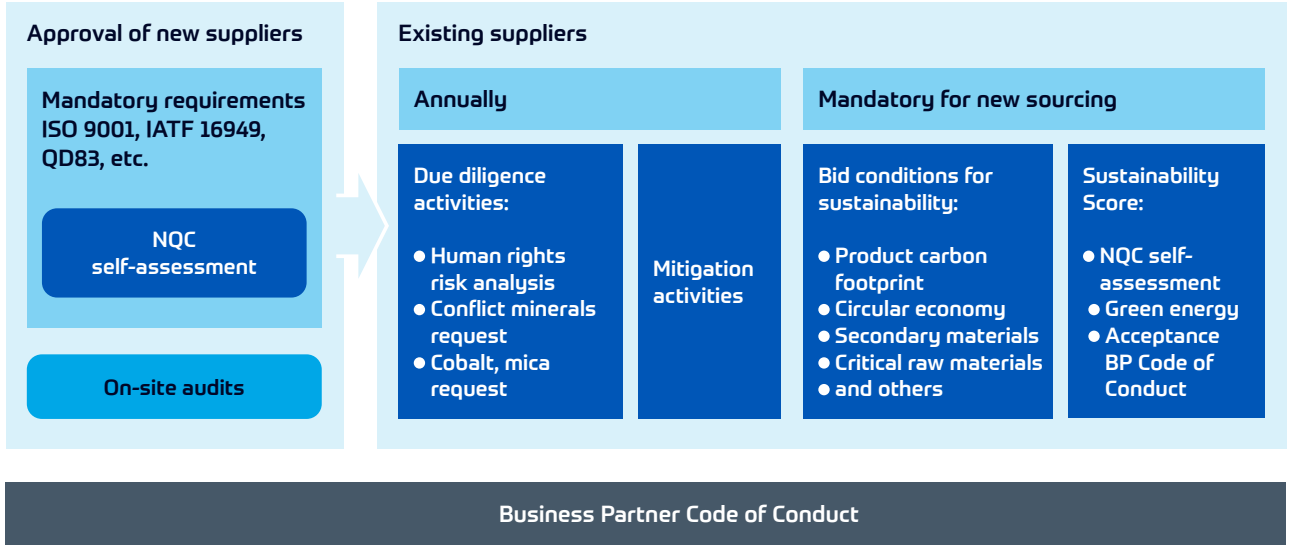
Sustainability Score (SUS Score) and benchmarking

With our SUS Score, we assess compliance with social and environmental standards and measure sustainability performance based on three key metrics: the share of green electricity, the result of the self-assessment questionnaire and the acceptance of the Business Partner Code of Conduct. Suppliers must achieve an SUS Score of over 65%. If the value is below 65%, the supplier must work on improvement measures in order to reach the minimum score. In addition, we have defined minimum requirements for each topic that our suppliers must meet. With regard to social compliance, for example, we would like to minimize potential negative impacts and human rights violations by implementing preventive measures. The SUS Score thus serves ZF as a basis for making responsible actions by suppliers visible and creating incentives for sustainable improvements.

Prevention and monitoring

ZF has implemented an integrity management system for business partners that helps us identify and minimize potential compliance and ethics risks. We regularly audit our suppliers to ensure compliance with ZF policies, directives and standards. In addition to auditing, training is provided to suppliers to ensure that they are aware of and able to meet ZF's requirements. For more information, see section ↘ **Policies related to own workforce**.

G. 12 Supplier approval and sourcing of production material



This is based on a workflow that allows risk-based due diligence of ZF's business partners in an efficient, detailed and documented manner. In addition, the system enables continuous monitoring and has been designed to establish a clear definition of internal roles and responsibilities. Furthermore, the Business Partner Integrity Management System comprehensively covers risk areas such as anti-money laundering, anti-bribery/corruption, human rights, personnel security, antitrust and sanctions.

We also offer the possibility to report violations of labor rights and other problems via the ZF Trustline without fear of retaliation.

In addition to this approach, we collaborate with various stakeholders, including NGOs and civil society organizations, trade unions and workers' representatives, government agencies and authorities, multi-stakeholder initiatives, employees, suppliers and business partners, to continuously improve our practices and address emerging risks at an early stage. For more information, see section ↘ **Industry dialogue and initiatives**.

12.5 PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY

ZF pursues a comprehensive approach to prevent, detect, investigate and prosecute corruption and bribery. We rely on a robust CMS that takes into account both internal processes and external requirements. The aim is to ensure an ethical and lawful business environment and to strengthen the trust of our stakeholders.

One focus of our CMS is on preventing and investigating potential violations in the areas of corruption and bribery, including the handling of gifts and hospitality. The CMS is based on the internal Corporate Compliance and Antitrust and Interaction with Competitors policies, which define binding standards of conduct, review processes and training measures to ensure lawful behavior. A central component of our CMS is our Group-wide whistleblower portal (ZF Trustline), which offers all employees, business partners and third parties the opportunity to report violations anonymously and securely. We take notifications of corruption and bribery seriously and address them within the scope of our CMS. Incoming notifications are investigated by qualified personnel and followed up according to defined processes. The investigation is conducted independently and objectively, and relevant cases are reported to internal committees and supervisory bodies. They include the Board of Management, the Chief Compliance Officer and the Head of Compliance Prevention as well as the Head of Compliance Investigation. The investigators from Case Management and Compliance Investigation are organizationally and functionally clearly separated from the management chain involved in incident reporting. This ensures that the investigation of compliance incidents is independent, objective and unbiased.

As part of the training courses on our CMS, we also regularly conduct online training on the prevention of corruption, bribery and fraud. Participation in this training, as well as in all other compliance training courses, is mandatory for all responsible executive managers.

High-risk departments that are in contact with third parties (e.g., Purchasing, Sales, M&A and Public Affairs) are also regularly trained on bribery and corruption as well as on how to use the existing compliance tools to report potential violations. Our training program incorporates a risk-based approach to cover the relevant functions.

Incidents related to corruption and bribery

To track the effectiveness and performance of our compliance measures, we document them continuously and publish key figures below.

39 (2024: 28) compliance-relevant notifications were received in the reporting period. As a result, 42 (2024: 29) new compliance investigations were initiated. In the reporting period, 31 investigations were completed (2024: 37), including ongoing investigations from previous years. In total, the findings from completed investigations were confirmed in eleven cases (2024: 19). Based on these incidents, we derived and implemented measures, such as terminations or written warnings, and process improvements. ZF was not convicted of any violations of corruption and bribery regulations during the reporting period and in the two previous years.

Compliance-relevant notifications [1)]

	2025	2024	2023
Fraud	15	12	12
Bribery/Corruption	13	5	4
Conflicts of interest	7	8	10
Other	4	3	6
Total	**39**	**28**	**32**

1) Prior-year figures were adjusted due to the new reporting logic and now include only cases that led to a compliance investigation.

In order to consistently address violations of procedural rules and standards for the prevention of corruption and bribery, we rely on our established notification system, the advisory services offered by the ComplianceHelpdesk and mandatory training courses on corruption and bribery issues for our workforce.

We consistently conduct comprehensive supplier screening to remedy the situation for individuals or groups who have been harmed by actual material impacts as a result of compliance or corruption violations. Business partners that raise concerns, for example through negative results in screening or a comparison with lists of sanctions, are blocked immediately.

12.6 POLITICAL INFLUENCE AND LOBBYING ACTIVITIES

The transformation to a sustainable economy requires collective efforts and cooperation. As a globally operating company, we therefore place great importance on representing our interests in industry associations and communicating with political decision-makers. The External Affairs Department, which maintains our national and international relations, is responsible for representing our interests. It works in close coordination with the Board of Management during this process.

The key topics in our political communication during the reporting period concerned various legislative proposals at national, European and international level. Our focus is primarily on corporate and industrial policy issues in the areas of climate change mitigation, competition, trade, but also energy, sustainability, transport and digitalization. Therefore, we have addressed the following regulations, for example:

- EU Green Deal
- Revision of CO_2 fleet targets for passenger cars, light and heavy commercial vehicles
- Type approval regulation (UN ECE & EU)
- EU Data Act
- EU Cyber Resilience Act
- EU AI Act
- Corporate Sustainability Reporting Directive
- Corporate Sustainability Due Diligence Directive
- European Sustainability Reporting Standards
- Omnibus I
- EU Green Claims Directive
- Corporate Fleets
- Legislative framework for renewable energies
- End-of-Life Vehicles Ordinance
- Net-Zero Industry Act
- Taxation of company cars in Germany
- Fuel consumption and emission standards in the USA
- EU Taxonomy
- Eurovignette
- Environmental Protection Agency standards for greenhouse gas emissions (light, medium and heavy-duty vehicles)
- California Air Resources Board (CARB)
- Advanced Clean Cars II (ACCII)
- Advanced Clean Trucks (ACT)
- Advanced Clean Fleets (ACF)

Transparency in our representation of interests

Transparency is one of our corporate values, which is why we disclose the nature and extent of our respective representation of interests in the Lobby Register of the German Bundestag and in the Transparency Register of the European Commission. ZF is listed in the EU Transparency Register under the identification number 194094423131-36 and in the Lobby Register of the German Bundestag under the register number R001500.

Friedrichshafen, March 12, 2026

ZF Friedrichshafen AG
The Board of Management

13 ESRS Index

The ESRS index contains the disclosure requirements that ZF applied in the preparation of the Sustainability Report based on the results of the Double Materiality Analysis (DMA).

Code	Title	Section
General information		
ESRS 2 BP-1	General basis for preparation of the sustainability statement	**1.1 Fundamental principles**
ESRS 2 BP-2	Disclosures in relation to specific circumstances	**1.1 Fundamental principles**
ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	**1.2 Strategy and organization**
ESRS 2 GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	**1.2 Strategy and organization**
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	**1.2 Strategy and organization**
ESRS 2 GOV-4	Statement on due diligence	**1.2 Strategy and organization**
ESRS 2 GOV-5	Risk management and internal controls over sustainability reporting	**1.2 Strategy and organization**
ESRS 2 SBM-1	Strategy, business model and value chain	**1.2 Strategy and organization**
ESRS 2 SBM-2, ESRS S1 SBM-2, ESRS S2 SBM-2, ESRS S3 SBM-2, ESRS S4 SBM-2	Interests and views of stakeholders	**1.2 Strategy and organization**
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	**1.3 Materiality analysis**
ESRS 2 IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	**1.3 Materiality analysis**
ESRS 2 IRO-2	Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	**1.4 ESRS Disclosure Requirements covered by the Sustainability Report**
ESRS E1 GOV-3	Integration of sustainability-related performance in incentive schemes	**1.2 Strategy and organization**

Code	Title	Section
Climate change		
ESRS E1-1	Transition plan for climate change mitigation	**2.3 Transition plan for climate change mitigation**
ESRS E1 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	**2.1 Material climate-related impacts, risks and opportunities**
ESRS E1 IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	**2.1 Material climate-related impacts, risks and opportunities**
ESRS E1-2	Policies related to climate change mitigation and adaptation	**2.4 Policies related to climate change mitigation and adaptation**
ESRS E1-3	Actions and resources in relation to climate change policies	**2.5 Actions and resources in relation to climate change policies**
ESRS E1-4	Targets related to climate change mitigation and adaptation	**2.2 Targets**
ESRS E1-5	Energy consumption and energy mix	**2.6 Key figures**
ESRS E1-6	Gross Scopes 1, 2, 3 and total GHG emissions	**2.6 Key figures**
Pollution		
ESRS E2 IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	**3.1 Material impacts, risks and opportunities related to pollution**
ESRS E2-1	Policies related to pollution	**3.3 Policies related to pollution**
ESRS E2-2	Actions and resources related to pollution	**3.4 Actions and resources related to pollution**
ESRS E2-3	Targets related to pollution	**3.2 Targets**
ESRS E2-4	Pollution of air, water and soil	**3.4 Actions and resources related to pollution**
Water and marine resources		
ESRS E3 IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	**4.1 Material water and marine resources-related impacts, risks and opportunities**
ESRS E3-1	Policies related to water and marine resources	**4.3 Policies related to water and marine resources**
ESRS E3-2	Actions and resources related to water and marine resources	**4.4 Actions and resources related to water and marine resources**
ESRS E3-3	Targets related to water and marine resources	**4.2 Targets**
ESRS E3-4	Water consumption	**4.5 Key figures**

Code	Title	Section
Biodiversity and Ecosystems		
ESRS E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	**5.3 Transition plan on biodiversity and ecosystems**
ESRS E4 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	**5.1 Material impacts, risks and opportunities related to biodiversity and ecosystems**
ESRS E4 IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	**5.1 Material impacts, risks and opportunities related to biodiversity and ecosystems**
ESRS E4-2	Policies related to biodiversity and ecosystems	**5.4 Policies related to biodiversity and ecosystems**
ESRS E4-3	Actions and resources related to biodiversity and ecosystems	**5.5 Actions and resources related to biodiversity and ecosystems**
ESRS E4-4	Targets related to biodiversity and ecosystems	**5.2 Targets**
Resource use and circular economy		
ESRS E5 IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	**6.1 Material impacts, risks and opportunities related to resource use and circular economy**
ESRS E5-1	Policies related to resource use and circular economy	**6.3 Policies related to resource use and circular economy**
ESRS E5-2	Actions and resources related to resource use and circular economy	**6.4 Actions and resources related to resource use and circular economy**
ESRS E5-3	Targets related to resource use and circular economy	**6.2 Targets**
ESRS E5-4	Resource inflows	**6.5 Key figures**
ESRS E5-5	Resource outflows	**6.5 Key figures**

Code	Title	Section
Own workforce		
ESRS S1 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	**8.1 Material impacts, risks and opportunities related to own workforce**
ESRS S1-1	Policies related to own workforce	**8.3 Policies related to own workforce**
ESRS S1-2	Processes for engaging with own workers and workers' representatives about impacts	**8.3 Policies related to own workforce**
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Code	Title	Section
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ESRS S2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	**9.1 Material impacts, risks and opportunities related to value chain workers**
ESRS S2-2	Processes for engaging with value chain workers about impacts	**9.4 Processes for engaging with value chain workers about impacts**
ESRS S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	**9.4 Processes for engaging with value chain workers about impacts**
ESRS S2-4	Taking action on material impacts on affected communities and approaches to managing material risks and pursuing material opportunities related to affected communities and effectiveness of those actions	**9.5 Processes to remediate negative impacts and channels for value chain workers to raise concerns**
ESRS S2-5	Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities	**9.2 Targets**
Affected communities		
ESRS S3 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	**10.1 Material impacts, risks and opportunities related to affected communities**
ESRS S3-1	Policies related to affected communities	**10.3 Policies related to affected communities**
ESRS S3-2	Processes for engaging with affected communities about impacts	**10.4 Processes for engaging with affected communities about impacts**
ESRS S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	**10.5 Processes to remediate negative impacts and channels for affected communities to raise concerns**
ESRS S3-4	Taking action on material impacts on affected communities and approaches to managing material risks and pursuing material opportunities related to affected communities and effectiveness of those actions	**10.6 Actions to address material impacts on affected communities**
ESRS S3-5	Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities	**10.2 Targets**

Code	Title	Section
Consumers and end-users		
ESRS S4 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	**11.1 Material impacts, risks and opportunities related to consumers and end users**
ESRS S4-1	Policies related to consumers and end-users	**11.3 Policies related to consumers and end users**
ESRS S4-2	Processes for engaging with consumers and end users about impacts	**11.4 Processes for engaging with consumers and end users about impacts**
ESRS S4-3	Processes to remediate negative impacts and channels for consumers and end users to raise concerns	**11.5 Processes to remediate negative impacts and channels for consumers and end users to raise concerns**
ESRS S4-4	Taking action on material impacts on consumers and end-users and approaches to managing material risks and pursuing material opportunities related to consumers and end-users and effectiveness of those actions	**11.6 Measures related to customers and to promote product quality and security**
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Business conduct		
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Consolidated Financial Statements

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Consolidated Statement of Profit or Loss

ZF FRIEDRICHSHAFEN AG FOR THE PERIOD DATING JANUARY 1 TO DECEMBER 31, 2025

in € million	Notes	2025	2024 (restated)
Sales	1	38,810	41,377
Cost of sales[1]	2/9	33,261	34,887
Gross profit on sales[1]		**5,549**	**6,490**
Research and development costs	9	2,902	2,958
Selling expenses	9	1,796	1,805
General administrative expenses	9	1,693	1,715
Other operating income	3	1,138	916
Other operating expenses	4	1,382	927
Result from associates	5	−6	167
Other net result from participations	5	2	2
EBIT[1]		**–1,090**	**170**
Financial income	6	874	968
Financial expenses	7	1,623	1,774
Net profit or loss before tax[1]		**–1,839**	**–636**
Income taxes	8	308	423
Net profit or loss after tax[1]		**–2,147**	**–1,059**
thereof shareholders of ZF Friedrichshafen AG[1]		−2,272	−1,192
thereof non-controlling interests		125	133

1) The previous year's figures have been restated in accordance with IAS 8. For further information, please refer to the Fundamental Principles of the Notes to the consolidated financial statements.

Consolidated Statement of Comprehensive Income

ZF FRIEDRICHSHAFEN AG FOR THE PERIOD DATING JANUARY 1 TO DECEMBER 31, 2025

in € million	Notes	2025	2024 (restated)
Net profit or loss after tax[1)]		**–2,147**	**–1,059**
Line items that will be reclassified in the consolidated statement of profit or loss			
Foreign currency translation differences			
Gains (+) / Losses (–) arising during the year[1)]		–1,201	392
Reclassification adjustments for gains/losses included in profit or loss		7	7
Mark-to-market of cash flow hedges			
Gains (+) / Losses (–) arising during the year		150	–59
Reclassification adjustments for gains/losses included in profit or loss		–50	–78
Income taxes		–37	37
		–1,131	**299**
Line items that will not be reclassified in the consolidated statement of profit or loss			
Gains (+) / Losses (–) on equity instruments		24	–30
Actuarial gains (+) / Losses (–) from pension obligations		582	424
Income taxes		7	–14
		613	**380**
Other comprehensive income after tax[1)]	**25**	**–518**	**679**
Total comprehensive income[1)]		**–2,665**	**–380**
thereof shareholders of ZF Friedrichshafen AG[1)]		–2,730	–533
thereof non-controlling interests		65	153

1) The previous year's figures have been restated in accordance with IAS 8. For further information, please refer to the Fundamental Principles of the Notes to the consolidated financial statements.

Consolidated Statement of Financial Position

ZF FRIEDRICHSHAFEN AG AS OF DECEMBER 31, 2025

Assets in € million	Notes	Dec. 31, 2025	Dec. 31, 2024 (restated)
Current assets			
Cash and cash equivalents		2,790	3,372
Financial assets	10	436	1,419
Trade receivables	11	4,520	4,768
Contract assets	12	326	537
Other assets[1]	13	1,304	868
Income tax receivables		49	96
Inventories	14	4,998	5,532
		14,423	**16,592**
Non-current assets			
Financial assets	10	797	707
Associates	15	385	436
Contract assets	12	595	458
Other assets	13	192	182
Intangible assets	16	9,877	10,884
Property, plant and equipment	17	8,296	9,216
Deferred taxes	8	613	817
		20,755	**22,700**
		35,178	**39,292**

Liabilities and equity in € million	Notes	Dec. 31, 2025	Dec. 31, 2024 (restated)
Current liabilities			
Financial liabilities	20	832	3,320
Trade payables[1]		5,456	5,682
Contract liabilities	21	1,613	1,653
Other liabilities	22	1,836	1,757
Income tax provisions		305	519
Other provisions	23	1,862	1,091
		11,904	**14,022**
Non-current liabilities			
Financial liabilities	20	12,699	11,846
Trade payables		7	11
Contract liabilities	21	571	684
Other liabilities	22	176	212
Provisions for pensions	24	2,900	3,509
Other provisions	23	1,886	1,103
Deferred taxes	8	359	477
		18,598	**17,842**
Equity			
Subscribed capital	25	500	500
Capital reserve	25	386	386
Retained earnings[1]	25	3,220	5,931
Equity attributable to shareholders of ZF Friedrichshafen AG[1]		**4,106**	**6,817**
Non-controlling interests		570	611
	25	**4,676**	**7,428**
		35,178	**39,292**

1) The previous year's figures have been restated in accordance with IAS 8. For further information, please refer to the Fundamental Principles of the Notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

ZF FRIEDRICHSHAFEN AG FOR THE PERIOD DATING JANUARY 1 TO DECEMBER 31, 2025

in € million	Notes	2025	2024 (restated)
Net profit or loss before tax[1]		−1,839	−636
Depreciation and amortization/impairments		2,862	2,544
Results from first-time consolidation and deconsolidation		14	−208
Net result from participations and net financial result		753	637
Results from the disposal of intangible assets and property, plant and equipment		3	−9
Other non-cash changes		0	21
Income taxes paid		−500	−770
Changes in non-current provisions made through profit or loss		954	332
Decrease (+) / Increase (−) in inventories		299	−237
Decrease (+) / Increase (−) in trade receivables		−68	642
Decrease (+) / Increase (−) in other assets[1]		−471	−182
Decrease (−) / Increase (+) in trade payables[1]		46	−523
Decrease (−) / Increase (+) in other liabilities		458	110
Cash flow from operating activities		**2,511**	**1,721**
Expenditures for investments in			
intangible assets		−50	−64
property, plant and equipment		−1,536	−2,028
associates and other participations		−4	−17
financial receivables		−301	−1,241
securities		−208	−98
Proceeds from the disposal of			
intangible assets		1	4
property, plant and equipment		67	62
associates and other participations		34	9
financial receivables		1,246	106
securities		49	120
Cash inflow from the sale of consolidated companies and business units	28	26	278

in € million	Notes	2025	2024 (restated)
Cash outflow from the acquisition of consolidated companies	28	−50	−7
Dividends received		11	9
Interest received		246	189
Cash flow from investing activities		**−469**	**−2,678**
Dividends paid to ZF Friedrichshafen AG shareholders		−41	−41
Dividends paid to non-controlling interests		−117	−127
Disposal of non-controlling interests		80	358
Repayments of borrowings	29	−4,655	−2,329
Proceeds from borrowings	29	3,142	3,549
Interest paid and transaction costs		−850	−735
Cash flow from financing activities		**−2,441**	**675**
Net change in cash position		**−399**	**−282**
Cash position at the beginning of the fiscal year		3,372	3,637
Effects of changes in the basis of consolidation on cash		0	−9
Effects of exchange rate changes on cash position		−183	26
Cash position as of the closing date	27	**2,790**	**3,372**

1) The previous year's figures have been restated in accordance with IAS 8. For further information, please refer to the Fundamental Principles of the Notes to the consolidated financial statements.

Consolidated Statement of Changes in Equity

ZF FRIEDRICHSHAFEN AG FOR THE PERIOD DATING JANUARY 1 TO DECEMBER 31, 2025

			Retained earnings							
in € million	Subscribed capital	Capital reserve	Other retained earnings	Foreign currency translation differences	Equity instruments	Mark-to-market of cash flow hedges	Actuarial gains and losses	Equity attributable to shareholders of ZF Friedrichshafen AG	Non-controlling interests	Group equity
Jan. 1, 2024	**500**	**386**	**7,459**	**–466**	**0**	**92**	**–805**	**7,166**	**553**	**7,719**
Changes due to error corrections[1]			–73	6				–67		–67
Jan. 1, 2024 (restated)	**500**	**386**	**7,386**	**–460**	**0**	**92**	**–805**	**7,099**	**553**	**7,652**
Net profit or loss after tax[1]			–1,192					–1,192	133	–1,059
Other comprehensive income after tax[1]				410	–33	–131	413	659	20	679
Total comprehensive income[1]	**0**	**0**	**–1,192**	**410**	**–33**	**–131**	**413**	**–533**	**153**	**–380**
Changes in the basis of consolidation			–7					–7	–12	–19
Dividends paid			–41					–41	–127	–168
Sales of non-controlling interests			253					253	44	297
Other changes			46					46		46
Dec. 31, 2024 (restated)	**500**	**386**	**6,445**	**–50**	**–33**	**–39**	**–392**	**6,817**	**611**	**7,428**
Jan. 1, 2025	**500**	**386**	**6,445**	**–50**	**–33**	**–39**	**–392**	**6,817**	**611**	**7,428**
Net profit or loss after tax			–2,272					–2,272	125	–2,147
Other comprehensive income after tax				–1,160	24	89	589	–458	–60	–518
Total comprehensive income	**0**	**0**	**–2,272**	**–1,160**	**24**	**89**	**589**	**–2,730**	**65**	**–2,665**
Dividends paid			–41					–41	–117	–158
Sales of non-controlling interests			58	2				60	11	71
Other changes			–18		18			0		0
Dec. 31, 2025	**500**	**386**	**4,172**	**–1,208**	**9**	**50**	**197**	**4,106**	**570**	**4,676**

1) The previous year's figures have been restated in accordance with IAS 8. For further information, please refer to the Fundamental Principles of the Notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

OF ZF FRIEDRICHSHAFEN AG FOR 2025

FUNDAMENTAL PRINCIPLES

Corporate structure

ZF Friedrichshafen AG is a corporation, of which 93.8% is owned by the Zeppelin Foundation and 6.2% by the Dr. Jürgen and Irmgard Ulderup Foundation. The company is headquartered in 88046 Friedrichshafen, Germany, Löwentaler Straße 20 and is listed in the commercial register of the municipal court of Ulm under the number HRB 630206.

Further explanations on the corporate structure can be found in the management report.

General

The line items of the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows and the consolidated statement of changes in equity are broken down and explained in the notes to the consolidated financial statements.

The Group's currency is the euro. Unless otherwise stated, all amounts are reported in millions of euros (€ million).

The Board of Management of ZF Friedrichshafen AG approved these consolidated financial statements on March 12, 2026, and forwarded them to the Supervisory Board.

The consolidated financial statements, which were prepared as of December 31, 2025, as well as the Group management report will be announced in the Business Register.

The consolidated statement of financial position is broken down by maturities. The financial line items are divided into non-current and current assets and/or liabilities on the basis of whether they have a residual term of more than one year or up to one year, respectively.

Assets and liabilities included in a disposal group classified as held for sale as well as assets held for sale are presented separately from other assets and liabilities in the consolidated statement of financial position.

The recognition of assets and liabilities is carried out according to the historical cost principle. This does not include derivative financial instruments, plan assets, securities and investments in participations that are recognized at fair value.

Restatements according to IAS 8

In the year under review, our Group-wide Internal Control System identified issues in the course of continuous analysis for irregularities in one of our units in North America that indicated that inappropriate accounting had been carried out. The Board of Management immediately initiated a comprehensive investigation, including external support. The investigation showed that other assets were overvalued, trade payables were undervalued and the cost of materials in the cost of sales was understated.

In accordance with the requirements of IAS 8, a retrospective restatement was necessary. The following tables show the changes in the previous year's figures. The presentation of the opening statement as of January 1, 2024, in the consolidated financial statements has been omitted for reasons of materiality and clarity.

The table below summarizes the impact on the consolidated statement of financial position:

	Jan. 1, 2024			Dec. 31, 2024		
in € million	Reported	Restatement	Restated	Reported	Restatement	Restated
Other assets (current)	788	–5	783	886	–18	868
Others	38,382	0	38,382	38,424	0	38,424
Total assets	**39,170**	**–5**	**39,165**	**39,310**	**–18**	**39,292**
Trade payables (current)	6,628	62	6,690	5,596	86	5,682
Others	24,823	0	24,823	26,182	0	26,182
Total liabilities	**31,451**	**62**	**31,513**	**31,778**	**86**	**31,864**
Retained earnings	6,280	–67	6,213	6,035	–104	5,931
Others	1,439	0	1,439	1,497	0	1,497
Equity	**7,719**	**–67**	**7,652**	**7,532**	**–104**	**7,428**
Total liabilities and equity	**39,170**	**–5**	**39,165**	**39,310**	**–18**	**39,292**

The balance sheet restatements result in the following changes in the consolidated statements of cash flows:

	2024		
in € million	Reported	Restatement	Restated
Net profit or loss before tax	–597	–39	–636
Decrease (+) / Increase (–) in other assets	–196	14	–182
Decrease (–) / Increase (+) in trade payables	–548	25	–523
Others	3,062	0	3,062
Cash flow from operating activities	**1,721**	**0**	**1,721**

The changes in the consolidated statement of profit or loss and in the consolidated statement of comprehensive income are shown in the following table:

	2024		
in € million	Reported	Restatement	Restated
Cost of sales	34,848	39	34,887
Others	–35,868	0	–35,868
Net profit or loss after tax	**–1,020**	**–39**	**–1,059**
Foreign currency translation differences: Gains (+) / Losses (–) arising during the year	390	2	392
Other comprehensive income: Others	287	0	287
Total comprehensive income	**–343**	**–37**	**–380**

Adoption of IFRS Accounting Standards

As a company that is not publicly traded, ZF Friedrichshafen AG has chosen the option to draw up its consolidated financial statements on the basis of the IFRS Accounting Standards pursuant to Sec. 315e para. 3 HGB (German Commercial Code).

The consolidated financial statements are in accordance with the IFRS Accounting Standards and Interpretations valid on the reporting date and issued by the International Accounting Standards Board (IASB), London, as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e para. 3 in conjunction with para. 1 HGB (German Commercial Code). The following amendment, applied for the first time in fiscal year 2025, does not result in any significant change in the ZF Group's accounting:

- Amendments to IAS 21 "Lack of Exchangeability"

Further standards and interpretations issued or revised by the IASB were not yet applied by ZF in fiscal year 2025 because either the application of these standards and interpretations was not yet mandatory or the European Union had not yet endorsed them. ZF will not adopt any of these standards or standard amendments earlier.

Standard/ Interpretation	Title	Applicable pursuant to IFRS as of	Endorsement by EU	Expected impact
Various	Annual Improvements to IFRS Accounting Standards – Volume 11	Jan. 1, 2026	Yes	None
IFRS 9 and IFRS 7	Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	Jan. 1, 2026	Yes	None
IFRS 9 and IFRS 7	Amendments to IFRS 9 and IFRS 7 "Classification and Measurement of Financial Assets"	Jan. 1, 2026	Yes	Additional disclosures in the notes
IFRS 18	Presentation and Disclosure in Financial Statements	Jan. 1, 2027	Yes	Under review
IFRS 19	Subsidiaries without Public Accountability: Disclosures	Jan. 1, 2027	No	None
IAS 21	Amendments to IAS 21 "The Effects of Changes in Foreign Trade Rates" (Translation to a Hyperinflationary Presentation Currency)	Jan. 1, 2027	No	None

The amendments to IFRS 9 and IFRS 7 "Classification and Measurement of Financial Instruments" clarify the timing of the recognition and derecognition of certain financial assets and liabilities, with a new exception for financial liabilities settled through an electronic payment system. In addition, the application guidelines for assessing whether a financial asset exists are specified and further notes are introduced. These changes in particular may lead to additional disclosures in the Notes to the consolidated financial statements.

IFRS 18 "Presentation and Disclosure in Financial Statements" will replace IAS 1 "Presentation of Financial Statements." The standard provides for binding subtotals and a uniform categorization of all income and expenses into operating, investing and financial activities as well as income taxes and discontinued operations. In addition, goodwill is to be presented separately in the consolidated statement of financial position, company-specific key performance indicators are to be disclosed in the notes and limited amendments are made to IAS 7 "Statement of Cash Flows." It is currently being analyzed which effects the initial adoption of IFRS 18 will have on the consolidated financial statements. The following changes are currently expected:

- Interest income, dividends and the result of associates or joint ventures are included in the investment category.
- Interest expense from debt instruments or lease liabilities as well as net interest income from pension obligations and plan assets are included in the financing category.
- Foreign currency differences are reported in the category that includes the related income and expenses from which the foreign currency differences arise.
- Gains and losses from derivatives are generally in the same category as income and expenses arising from the hedged risk.

The Group currently does not expect that the other changes in the new or amended standards in their current form will have a significant impact on the presentation of financial statements.

Basis of consolidation

In addition to ZF Friedrichshafen AG, 52 German and 287 international subsidiaries controlled by ZF Friedrichshafen AG are included in the consolidated financial statements.

The following table shows the composition of the consolidated ZF Group (without ZF Friedrichshafen AG):

	Jan. 1, 2025	First-time consolidations	Legal changes	Deconsolidations	Dec. 31, 2025
Subsidiaries	342	5	0	−8	339
of which German	49	3	0	0	52
of which international	293	2	0	−8	287
Joint ventures	5	0	0	0	5
Associates	14	0	0	−5	9

Compared with the previous year, the basis of consolidation decreased by three companies. In 2025, five newly founded companies were included in the basis of consolidation for the first time. In addition, eight companies were deconsolidated through sale or liquidation.

Company disposals

With a contract dated December 23, 2025, ZF entered into an agreement on the sale of the Advanced Driver Assistance Systems (ADAS) business unit to the international electronics specialist Harman International Industries Inc. The transaction is expected to be completed in the second half of 2026, subject to regulatory approvals. The requirements of IFRS 5 have not been met as of December 31, 2025, as the activities required to prepare the disposal have not yet been completed.

Company acquisitions

With the purchase agreement dated November 12, 2024 and the associated transfer of control on October 1, 2025, the production line for the manufacture of transmissions and pumps of Dumarey Powerglide Strasbourg SAS, Strasbourg (France) – hereinafter DPS – was acquired as part of an asset deal. With regard to the acquired component production for transmissions, the previous customer for these products has mainly been ZF itself and, therefore, this is an internalization of a production previously operated by the supplier DPS.

The purchase price of €110 million was paid in cash. The goodwill recognized based on the preliminary purchase price allocation amounts to €94 million.

The purchase price allocation is provisional, as adjustments to the valuation of property, plant and equipment may still arise. The excess remaining after capital consolidation is particularly due to the synergies acquired in connection with the internalization of the production previously outsourced to DPS as well as due to buyer-specific synergies related to securing the supply chain. The acquired assets of the production line were recognized at the date of acquisition on a preliminary purchase price allocation at the following fair value:

in € million	
Inventories	3
Property, plant and equipment	13
Net assets acquired	16
Purchase price	110
Excess remaining after capital consolidation	94

Consolidation principles

The consolidation of investments in subsidiaries is carried out according to the purchase method. When control is obtained, the revalued assets and liabilities of the subsidiary and contingent liabilities, if they do not depend on a future event, are offset against the fair value of the consideration paid for the shares. Contingent purchase price payments are recognized at the amount expected. Subsequent adjustments of contingent purchase price payments are recognized in profit or loss. Acquisition-related expenses are recognized in profit or loss when they are incurred.

Any excess remaining after capital consolidation is recognized as goodwill and recorded under intangible assets. The goodwill is tested for impairment as of the reporting date. An impairment test is performed during the year if there are any triggering events. Negative differences arising on the consolidation of investments in subsidiaries are recognized in profit or loss in the consolidated statement of profit or loss under other operating income.

If not all interests are acquired during an acquisition, the non-controlling interests can be recognized at the amount of the proportionally revalued net assets or at their proportional total company value including the applicable goodwill. This right of choice is applicable to every company acquisition. As of December 31, 2025, all non-controlling interests are reported with the proportional net assets.

In the case of a step acquisition, the already existing interests in the company which has not yet been consolidated are revalued at fair value at the date when control is obtained. The difference to the carrying amount of the investment is recognized in profit or loss.

The acquisition of additional interests of already fully consolidated subsidiaries is recognized as an equity transaction. In this method, the difference between the cost of the investment acquired and the carrying amount of the non-controlling interest is recognized in retained earnings. The effects of a sale of interests, which does not lead to a loss of control over a subsidiary, are to be recognized with no effect on profit or loss by offsetting the capital gain or loss against retained earnings and by increasing the non-controlling interests to the amount of the proportional net assets.

The deconsolidation of subsidiaries is carried out on the date of the loss of control or the date of liquidation. The gain or loss on deconsolidation is recognized in other operating income or expenses, respectively. Remaining interests are recognized at fair value under associates or accounted for as other participations in accordance with IFRS 9.

Consolidation of receivables, liabilities, provisions, income and expenses as well as gains or losses is effected for the companies included in the basis of consolidation. Guarantees and warranties between consolidated companies are eliminated.

Foreign currency translation

The financial statements of consolidated Group companies prepared in foreign currencies are translated on the basis of the concept of functional currency by the modified closing rate method. Since the subsidiaries operate independently from a financial, economic and organizational point of view, the functional currency is generally identical with the company's local currency. Accordingly, the income and expenses in the financial statements of subsidiaries drawn up in foreign currencies are translated in the consolidated financial statements applying average rates, and assets and liabilities at the closing rate. The exchange difference resulting from the translation of equity at historical rates and the exchange differences resulting from the translation of the statement of profit or loss at the average exchange rate are recognized in other comprehensive income in equity.

Upon initial recognition, foreign currency receivables and liabilities are measured at the rate valid on the day of transaction in the individual financial statements of ZF Friedrichshafen AG and its subsidiaries. The closing rate on the reporting date will be used for subsequent measurements. Foreign exchange gains and losses from the revaluation of trade receivables and trade payables on the reporting date are recognized in other operating income and expenses. Foreign exchange gains and losses from financial assets and liabilities are generally recognized within other financial income and financial expenses. To the extent that non-current financial receivables or liabilities denominated in foreign currency exist toward a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, the translation differences are recognized in other comprehensive income. A transfer to the consolidated statement of profit or loss only occurs upon repayment or sale of the foreign operation.

The translation of any goodwill carried in foreign currency is based on the closing rate as of the reporting date. The differences resulting from currency translation are recognized in other comprehensive income.

The exchange rates used for foreign currency translation with a significant influence on the consolidated financial statements changed as follows in relation to one euro:

	Closing rate		Average rate	
	Dec. 31, 2025	Dec. 31, 2024	**2025**	2024
U.S. dollar	1.17500	1.03890	1.12950	1.08293
British pound	0.87260	0.82918	0.85660	0.84685
Chinese renminbi	8.22620	7.58330	8.11695	7.78975
Brazilian real	6.43640	6.42530	6.30756	5.82308
Mexican peso	21.11800	21.55040	21.67718	19.81864

Türkiye is classified as a hyperinflationary economy within the meaning of IAS 29 "Financial Reporting in Hyperinflationary Economies." Activities in Türkiye are recognized in the balance sheet adjusted for the effects of inflation and not on the basis of historical cost. For Türkiye, the consumer price index of the statistics institute TURKSTAT is used, which stood at 3,513.87 (2024: 2,684.55) on December 31, 2025.

Accounting policies

The financial statements of ZF Friedrichshafen AG and the companies included in the consolidated financial statements are drawn up as of December 31 of each fiscal year, applying uniform Group accounting principles.

Recognition of expenses and income

Sales are recognized in accordance with IFRS 15 at the date when control over the product or the service is obtained by the customer. The assessment is made separately for each type of performance promise. The amount of sales is determined by the contractual agreement. To the extent that the purchase price refers to multiple sales transactions, the transaction price is allocated appropriately to the individual sales transactions.

Sales from selling products and tools as well as the reimbursement of development expenses are recognized at a point in time, i.e., once ownership or control is transferred to the customer. Income from service and license contracts are recognized either at a point in time or over a period of time, depending on the respective contractual structure. Sales are reported net of cash discounts, price reductions, customer bonuses and rebates.

Additional explanation regarding revenue recognition in accordance with IFRS 15 can be found in the notes on judgments and uncertainties in connection with estimates.

Cost of sales comprises the cost of conversion of products sold as well as the purchase costs of sold merchandise. In addition to the directly attributable material and production costs, it also includes indirect production-related overheads, including depreciation on property, plant and equipment used and amortization of intangible assets. Cost of sales also includes write-downs of inventories to the lower net realizable value.

Research costs and non-capitalizable development costs are recognized in profit or loss when incurred.

Borrowing costs are recognized as expenses.

Interest income is recognized in profit or loss when it is incurred.

Dividend income is recognized at the time the payout entitlement arises.

Hedging transactions

Derivative financial instruments are used at the consolidated ZF Group for hedging in order to reduce foreign currency and raw material price risks as well as interest rate and market price risks. If the criteria for hedge accounting are met, they are accounted for as fair value hedges, cash flow hedges or hedges of a net investment in a foreign business.

If hedge accounting is not applicable, the derivative financial instruments are measured at their fair values and changes in fair value are recognized through profit or loss in the net financial result.

Fair value hedges are used to hedge risks of changes in the value of items recognized in the statement of financial position. If the criteria are met, the results from fair value adjustment on derivative financial instruments and the underlying hedged items are reflected in profit or loss.

Cash flow hedges are used to hedge exposure to variability in future cash flows. If the market value of derivative financial instruments – used for cash flow hedges – changes, the unrealized gains and losses in the amount of the designated as well as not designated effective portion are initially recognized in other comprehensive income without affecting profit or loss. Reclassification to the consolidated statement of profit or loss is effected in the same period during which the hedged transaction affects profit or loss. The ineffective part of market value changes is reflected directly in the consolidated statement of profit or loss.

In the case of hedges of a net investment in a foreign operation, the changes in the value of the designated hedging instrument are recognized in the foreign currency translation differences item in other comprehensive income, analogous to the hedged item. The cumulative currency effects of the hedging instrument are not reclassified into the consolidated statement of profit or loss until the net investment in a foreign operation is sold or liquidated.

The profit and loss derived from hedging in connection with hedging operating transactions is recognized under other operating income and expenses or as part of acquisition costs. The gains and losses from derivative financial instruments used to hedge interest rate, market price or foreign currency risks related to financial assets or liabilities are shown under other financial results.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank deposits available any time and short-term overnight money.

Financial assets

In general, the classification of current and non-current financial assets in accordance with IFRS 9 is based on the following three measurement categories:

- at amortized cost (AC)
- at fair value through other comprehensive income (FVtOCI) or
- at fair value through profit or loss (FVtPL)

The classification into the relevant measurement category is determined by the business model based on the management of the respective financial asset and by the contractual cash flow characteristics of the financial asset.

If the financial asset can be allocated to the “Hold” business model and if the cash flows collected are solely payments of principal and interest, the asset is measured at amortized cost (AC). The initial measurement is based on the fair value including transaction costs or, for trade receivables, on the transaction price, while subsequent measurement is based on amortized cost. This measurement category primarily includes trade receivables held to maturity as well as financial receivables and cash and cash equivalents.

If the financial asset can be allocated to the “Hold and Sell” business model and if the cash flows collected are solely payments of principal and interest, the asset is measured at fair value through other comprehensive income (FVtOCI). Fair value changes recognized in other comprehensive income are reclassified to the statement of profit or loss upon the disposal of the financial asset, except in the case of equity financial instruments. The initial measurement is based on fair value including transaction costs, while subsequent measurement is based on fair value. This measurement category may be used for trade receivables to the extent that these are held to maturity or sold prior to maturity.

To avoid mismatches in terms of recognition or measurement, a financial asset that falls within the scope of one of the two measurement categories mentioned above may, alternatively, be measured at fair value through profit or loss (FVtPL). This is currently not in use.

Financial assets that do not meet the above-mentioned criteria regarding business model and cash flow characteristics are recognized at fair value through profit or loss (FVtPL). Both initial measurement and subsequent measurement are based on fair value. Among other things, this measurement category includes securities, investments in participations, derivative financial instruments as well as a share of other receivables.

Alternatively, if certain prerequisites are met, assets within the scope of this measurement category may also be measured at fair value through other comprehensive income (FVtOCI). ZF uses this option for equity instruments not held for trading; for example, for instruments held in the portfolio for strategic reasons. Subsequently, all future changes in fair value have to be recognized in other comprehensive income; after the derecognition of the financial instrument, these changes remain within equity. Only dividend income is recorded through profit or loss.

Financial instruments measured at amortized cost mainly comprise current receivables. Impairments on these receivables are determined using the simplified model for the recognition of expected credit losses (loss allowance based on creditworthiness). This results in an earlier recognition of losses since not only incurred losses are taken into account, but also losses expected for the future. For this purpose, ZF applies a rating-based model to determine loss rates of receivables and contract assets. This involves the classification of customers into four risk categories. This risk classification is based on credit metrics provided by the external rating agency (Allianz Trade) and takes into account both past and forward-looking information. Changes in the customers' creditworthiness are recorded within the framework of a regular monitoring process. The basis for the calculation of the general credit-based loss allowances are the respective gross receivables, less credit-based specific loss allowances and the expected probability of default.

Cash and cash equivalents are normally not reviewed in more detail as to a potentially existing credit risk.

A significant increase in credit risk is assumed to exist when the risk category has deteriorated.

Risk category	Risk	Probability of default	Definition of category
Risk category 1	Low risk	0.10–0.175 %	Customers have a small credit risk and a strong ability to meet their payment obligations.
Risk category 2	Medium risk	0.375–1.50 %	Customers have a medium credit risk and a good ability to meet their payment obligations.
Risk category 3	High risk	3.00–8.25 %	Customers have an increased credit risk and a sufficient ability to meet their payment obligations.
Risk category 4	Not credit-worthy/insolvent	14.00 %	Customers have a high credit risk. It can be expected that the customers cannot meet their payment obligations in whole or in part.

As a rule, financial assets are capitalized as of the settlement date.

A financial asset is derecognized as of the settlement date when the contractual rights to receive cash flows from the asset have expired or substantially all risks and rewards have been transferred. A derecognition is performed once it is established that the trade receivables as well as financial receivables are uncollectible.

Contracts to buy or sell non-financial items that ZF entered into and continues to hold for the purpose of the receipt or delivery of a non-financial item in accordance with the expected purchasing, sale or usage requirements, are not part of the scope of IFRS 9. Instead, these contracts are accounted for as pending business in accordance with IAS 37.

Inventories
As a general rule, raw materials and supplies as well as merchandise are measured at their average cost taking into consideration the lower net realizable value. Work in progress and finished goods, including development expenses to be reimbursed by customers, are recognized at cost of conversion, taking into account the lower net realizable value. The cost of conversion includes all costs directly attributable to the manufacturing process and appropriate portions of the production-related overheads. This includes production-related depreciation, prorated general administrative expenses and prorated social expenses.

Contract assets
Contract assets comprise contingent customer receivables. This includes development expenses, which are being reimbursed through the component price within the framework of volume production delivery. After the transition of the development results to the customer, these expenses are derecognized from inventories and recognized as contingent customer receivables in contract assets. Furthermore, this item contains contingent receivables arising from price agreements with customers.

Investments in associates and joint ventures
Investments in associates and joint ventures are generally recognized in accordance with the equity method with the proportionate equity. If, on the reporting date, there is objective evidence for the impairment of an investment, an impairment test is performed. The share of the consolidated ZF Group in the profit for the period of the associate or joint venture, respectively, and income and expenses related to such shares are recognized separately in the consolidated statement of profit or loss. Income and expenses that are directly recognized in the equity of the associate or joint venture are recognized in the consolidated ZF Group without effect on profit or loss as well.

Intangible assets
Purchased or internally generated intangible assets are capitalized if a future economic benefit can be expected from the use of the asset and the costs of the asset can be reliably determined.

For recognition and measurement of goodwill, please refer to the explanations on the consolidation principles.

Development costs that are not reimbursed by the customer are capitalized at cost of conversion in as far as both technical feasibility and marketability are ensured. It must furthermore be sufficiently probable that the development activity will generate future economic benefits. Capitalized development costs comprise all costs directly attributable to the development process. Capitalized development costs are amortized from the start of production over an expected product life cycle of one to eight years.

Other intangible assets are recognized at cost and amortized based on the following useful lives:

	in years
Software	3 to 5
Patents, trademarks and licenses	5 to 10
Customer relations	3 to 30

Property, plant and equipment
The entire property, plant and equipment is used for business purposes and is measured at cost less depreciation for wear and tear. Depreciation on property, plant and equipment is recorded on the basis of the straight-line method in accordance with its utilization and allocated to the function costs. Throughout the consolidated Group, systematic depreciation is based on the following useful lives:

	in years
Buildings	9 to 33
Technical equipment and machines	2 to 14
Other equipment, factory and office equipment	2 to 13

The depreciation on machines used in multi-shift operations is increased accordingly by shift allowances.

The residual values, depreciation methods and useful lives of assets are reviewed annually and adapted, if necessary.

Right-of-use assets are capitalized and a corresponding lease liability is recognized at the inception of a lease in which ZF acts as the lessee. The lease liability is

recognized at the present value of the future lease payments and discounted using the interest rate implicit in the lease. If this cannot be determined, ZF's incremental borrowing rate for matching maturities and currencies is used. This rate is derived from observable credit spreads and swap rates. Lease liabilities are measured at the updated carrying amount using the effective interest method.

Amounts that are expected to be paid due to a residual value guarantee as well as extension, termination and purchase options – to the extent reasonably certain – are taken into account in the measurement of future payments.

In addition to the present value of the future lease payments, the cost of the right-of-use asset is determined by taking into account any payments made before the commencement date, lease incentives and initial direct costs, if applicable. Furthermore, the estimated costs for retirement obligations assumed are included in the measurement. The capitalized right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the expected useful life. By exercising the corresponding option, agreements with a term of up to one year and agreements regarding assets that can be used independently and are of low value are recognized directly in profit or loss, not affecting the statement of financial position. ZF does not apply IFRS 16 to transactions involving intangible assets (including software and licenses). These are accounted for in accordance with IAS 38.

The capitalized right-of-use assets are reported in the statement of financial position as a part of property, plant and equipment in the respective asset classes to which the asset underlying the lease is to be allocated. Lease liabilities are included in the line item "Financial liabilities." The interest expense is part of the net financial result.

Government grants

Government grants are recognized only if there is reliable evidence that the related conditions are met and the subsidies are likely to be granted. Investment subsidies are deducted from property, plant and equipment in the period in which they were received. Expense subsidies are recognized as income during the same period in which the expenses, for which compensation was granted, are incurred. This does not include reimbursements for employer contributions to social security in the context of short-time work. These are offset against the personnel expenses.

Current market interest rates are used for the valuation of non-interest-bearing or low-interest-bearing government loans. The difference between the discounted value and the repayment value is deferred and recognized under other liabilities. The deferred amount is broken down over the duration of the loan contract and recognized in interest expenses.

Assets held for sale and disposal groups

Assets and liabilities are reported as disposal groups when these are to be disposed of by sale together as a group in a single transaction which is highly probable, and the group is available for immediate sale in its current state. Individual assets are reported in the statement of financial position as assets held for sale. The affected assets and liabilities are presented separately in the statement of financial position in current assets and liabilities as "Assets held for sale and disposal groups" and "Liabilities of disposal groups," respectively. Income and expenses of the assets and liabilities affected are included in the profit or loss from continuing operations until disposal.

The disposal group is measured upon initial recognition in accordance with the relevant IFRS Accounting Standards. Subsequently, the disposal group is measured at the lower of its carrying amount or fair value less costs to sell. In the event of depreciation, expenses are recognized in other operating expenses.

Impairment tests

For investments in associates, intangible assets already in use as well as property, plant and equipment, it is verified as of the reporting date whether there are indications of potential impairment. If there are any indications, an impairment test must be performed. Intangible assets that are not yet ready to be used as well as reported goodwill are subject to an annual impairment test.

To perform the impairment test, the recoverable amount is determined. This corresponds to the asset's or the smallest cash-generating unit's fair value less any costs to sell. The recoverable amount is determined for the individual asset or a cash-generating unit, if no cash flows can be allocated to the individual asset. The cash-generating units underlying the impairment tests are defined on the basis of the Group's business units. The Group's business units also represent the organizational level which is subject to regular review by management.

The fair value is determined based on the present value of future cash flows. Based on an upstream strategic planning with a seven-year planning horizon and downstream three-year budget planning, this extended projection period formed the basis for determining the fair value according to the discounted cash flow method. The extended planning horizon is better suited to reflect the long-term development of ZF's business and its strategic prospects against the backdrop of the transformational changes in the automotive industry – which require longer projection periods, in particular for research and development as well as investment planning – and the longer product life cycles, especially in the commercial vehicle sector. The capital cost rates of the consolidated ZF Group, which are determined on the basis of the Weighted Average Cost of Capital method (WACC), are used to discount the cash flows. The forecast for cash flows is based on the current operational and strategic planning of the consolidated ZF Group, in which general economic data from external macroeconomic research as well as financial surveys is also taken into consideration. The assumptions made consider the country-specific rates of inflation for the period investigated. Cost of materials is forecast based on the individual premises at the level of each cash-generating unit. The development of personnel expenses is also forecast individually on the basis of the collective agreements in effect. Based on these cash flow predictions, the fair value of the cash-generating units is determined assuming a discount factor before tax of 10% (2024: 11%) and a sustainable growth rate of 1% (2024: 1%). For perpetuity going beyond the planning horizon, the cash flows are extrapolated taking into account the respective sustainable expected margin of the individual cash-generating units. In order to determine the recoverable amount, any costs to sell are deducted from the fair value.

An impairment loss is recognized if the recoverable amount falls below the carrying amount of the asset or the cash-generating unit.

If the reason for an impairment loss recognized in an earlier period ceases to exist, the impairment loss is reversed, however up to a maximum of the carrying amount that would have been determined (net of depreciation or amortization) if no impairment loss had been recognized. Impairment losses and reversals of impairment losses for intangible assets and property, plant and equipment are assigned to the functional areas of the consolidated statement of profit or loss.

Goodwill from business combinations is allocated to those groups of cash-generating units that derive benefit from the business combinations. In the consolidated ZF Group, these are the respective divisions. An impairment test for goodwill is performed annually and on a case-by-case basis using the impairment test in accordance with the above-described methods. An impairment of goodwill is recognized if the recoverable amount of the corresponding cash-generating unit is below its carrying amount. Impairment losses for goodwill are reported under other operating expenses. Impairment losses recognized on goodwill are not reversed.

Financial liabilities and other liabilities

If financial liabilities are held for trading, the related changes in fair value are recognized through profit or loss (FVtPL). Both initial measurement and subsequent measurement are based on fair value.

Financial liabilities not held for trading are measured at amortized cost (AC) (if they do not fall within a special category). The initial measurement is based on fair value less transaction costs, while subsequent measurement is based on amortized cost. This measurement category primarily comprises financial debt and trade payables.

Alternatively, to avoid mismatches in terms of recognition or measurement, the liabilities may also be measured at fair value through profit or loss (FVtPL). The consolidated ZF Group dispenses with applying the fair value option.

Reverse factoring agreements were concluded for part of the trade payables. These agreements did not lead to any substantial modifications to the terms of the contract, which is why they are still disclosed under trade payables.

Contract liabilities

Contract liabilities comprise prepayments from customers received for goods or services that are yet to be delivered or provided by ZF. In addition, outstanding charges or credits not yet granted by ZF to the customer are reported in this item.

Provisions for pensions

Provisions for pensions are recognized in accordance with the projected unit credit method. Under this method, not only pensions and vested interests recognized as of the reporting date are taken into account, but also increases in pensions and current salaries and wages that are expected in the future. The calculation is based on actuarial reports, taking into account biometric calculation bases. The plan assets which are solely used for satisfying the pension obligations and which are restricted from the access of all other creditors are offset against provisions. If these exceed the amount of provisions, such excess is reported under non-current financial assets. The plan assets are recognized at fair value. Expenses resulting from unwinding the discount on pension obligations and expected returns on plan assets are offset and recognized in financial expenses. Changes in actuarial assumptions, diverging estimates as regards the risk profile of pension obligations as well as deviations between the actual and the expected return on plan assets are recognized as actuarial gains or losses under other comprehensive income. All other expenses resulting from the addition to pension provisions are assigned to the affected functional areas within the consolidated statement of profit or loss.

Other provisions

Other provisions are recognized if an obligation to third parties exists, which will probably result in the outflow of resources, and if a reliable estimate can be made of the amount required.

As a general rule, all cost elements that are capitalized in inventories are reflected in the measurement of provisions relating to sales, in particular those for warranties and potential losses on pending transactions. The measurement takes place at the value of the best possible estimate of expenses which are necessary to fulfill the obligation on the reporting date. The measurement of provisions for warranty costs takes place on the basis of actual warranty expenses under consideration of warranty and goodwill periods as well as sales development over several years.

Personnel-related obligations mainly relate to semi-retirement obligations, obligations in connection with restructuring measures as well as long-service awards.

The provisions for semi-retirement obligations comprise individual or pay-scale-related top-up benefits for pension insurance as well as the wages and salaries to be paid until the end of the release phase. They are accrued on a pro-rata basis when the obligation arises and according to the respective nature of the commitment, taking into account a minimum period of employment. The major portion of the semi-retirement obligations is protected against insolvency using a trust model. The assets, which are solely used for satisfying the semi-retirement obligations and which are restricted from the access of all other creditors, are offset against provisions (plan assets). They are recognized at fair value. If the plan assets exceed the amount of provisions, such excess is reported under non-current financial assets. The return on plan assets is offset against expenses from the interest cost of provisions and reported in the statement of profit or loss together with financial expenses.

Provisions for restructuring measures are recorded as soon as a formal plan exists and has been communicated to the parties affected or when the implementation of the plan has started. In addition to the scope of the planned capacity adjustments, country- and location-specific regulations as well as the corresponding remuneration level are also taken into account in the evaluation.

Provisions for employee long-service bonuses are calculated on an actuarial basis.

Current provisions are expected to be utilized in the course of the following fiscal year. Non-current provisions with a residual term of more than one year are recognized at the reporting date with their discounted settlement amount. They are discounted when the effect of the time value of money is material.

Income tax

The current income tax receivables and provisions for current and previous periods, which also include tax risks, are measured using the amount for which reimbursement from or payment to tax authorities is expected. The amount is calculated using the tax rates and the tax laws that are in effect on the reporting date.

Deferred tax assets and liabilities are recognized via temporary differences between the tax basis and the IFRS carrying amounts. Deferred tax assets also include tax reductions that will result from the expected utilization of existing tax loss carryforwards and tax credits in the subsequent years. Deferred taxes are computed on the basis of the tax rates that will or are expected to apply on the realization date with sufficient probability in accordance with the current legal situation in the individual countries.

Deferred tax assets on temporary differences and on tax loss carryforwards are only recognized if there is sufficient probability that the tax reductions resulting from them will actually occur in future.

The carrying amount of deferred tax assets is reviewed on each reporting date and written down accordingly, if it is anticipated that there will not be enough taxable profit to offset the tax assets at least in part. Unrecognized deferred tax assets are reviewed on each reporting date and recognized to the extent that a future taxable income allows the utilization of deferred tax assets.

In addition, no deferred tax assets and liabilities are recognized if these result from the initial recognition of an asset or liability as part of a business transaction which is not a business combination, and if, through this initial recognition, neither the accounting net profit or loss before income tax nor the taxable profit is influenced, unless the transaction gives rise to temporary differences of the same amount.

Furthermore, no deferred tax liabilities are recognized on differences arising from the initial recognition of goodwill.

Taxes that refer to line items that are directly recognized in equity are also recognized in equity and not in the consolidated statement of profit or loss.

Deferred tax receivables and deferred tax liabilities are offset against each other if the consolidated Group has a recoverable right to offsetting the current tax refunds against current tax liabilities and if they apply to the income taxes of the same tax subject levied by the same tax authority.

Judgments and uncertainties in connection with estimates

Preparation of the consolidated financial statements requires assumptions to be made and estimates to be applied, which affect the reported amounts and disclosure of assets and liabilities, income and expenses as well as contingent liabilities.

Essential assumptions and estimates as used in the recognition and measurement of the balance sheet items are explained below.

ZF recognizes sales (Note 1) from a transaction with a customer at the date when ZF has satisfied its performance obligation and control over the product or the service is transferred to the customer. For the major part of the transactions, the transfer of control occurs on the basis of the terms of delivery agreed with the customer (Incoterms). The most commonly used Incoterms are “Ex Works” and “Free Carrier” (FCA). After the transfer of control, the payment for the items delivered or services rendered is made based on terms of payment that are common in the industry and dependent on the individual creditworthiness of the customer. To the extent that warranties with service characteristics are provided to customers that extend beyond typical warranty agreements, sales are recognized over the agreed service period.

In the case of sales not related to volume production, ZF partially receives, prior to or concurrently with service provision, advance payments in relation to the services to be provided. The transaction price underlying revenue recognition is measured on the basis of the payment claim contractually agreed at the date of the transaction. Any existing variable price components, such as price reductions linked to meeting specific quantity targets or to the development of material prices or exchange rates, are reviewed periodically as to their feasibility.

Contract assets (Note 12) are amortized depending on the project term and unit prices. They are reviewed regularly as to their feasibility based on orders received and sales expectations. If there are any indications that a contract asset is not recoverable, a loss allowance is recognized in the corresponding amount.

Management estimates as to technical and economic feasibility of development projects influence the decision to capitalize development costs under intangible assets (Note 16). The measurement of the capitalized development costs depends on the assumptions about the amount and timing of expected future cash flows as well as on the discount rates to be applied.

For the accounting of other intangible assets (Note 16) and property, plant and equipment (Note 17), the assumptions and estimates essentially relate to the definition of useful lives.

Extension, termination and purchase options have to be taken into account in the recognition of right-of-use assets from leases (Note 18) as well as lease liabilities to the extent that it is reasonably certain that such options are exercised. Reasonably probable extension and purchase options lead to an increase of future payments and thus to higher right-of-use assets and, accordingly, to higher future depreciation. In contrast, reasonably probable termination options result in a decrease of the recognized right-of-use assets and to lower future depreciation. In particular, real estate rental contracts may include such options, and the exercise of such options is reviewed regularly taking into account economic aspects.

Measurement as well as the determination of the useful lives of assets, liabilities and contingent liabilities to be recognized in the context of acquisitions are primarily made using cash-flow-based estimates. The allocation of purchased goodwill was subject to estimates as regards the amount and the timing of future cash flows resulting from synergies.

In the context of the impairment tests (Note 19), assumptions and estimates are used in determining the future cash flows to be expected as well as for defining discount rates. This may have an influence on the values of intangible assets in particular.

The assessment of the recoverability of trade receivables (Note 11) is subject to estimates as regards the expected probability of default.

In accounting the deferred tax assets (Note 8), the assumptions and estimates essentially relate to the likelihood of expected tax reductions actually occurring in the future.

The determination of income tax assets and liabilities (Note 8) is subject to assumptions and estimates relating to the tax assessment of circumstances. Within the scope of current or future audits, tax laws and relevant facts or circumstances could be interpreted and assessed in a different manner by tax authorities than by ZF.

When determining the outstanding customer charges or credits to the customer as part of contract liabilities (Note 21) in the consolidated financial statements in connection with differences in prices or quantities, assumptions and estimates were made based on ongoing customer negotiations or past experience with customers.

The actuarial measurement of provisions for pensions (Note 24) requires several assumptions depending on the nature of the commitment. The assumptions regarding discount rates, future pension and salary increases as well as demographic developments have a major influence on the valuation. In addition to the aforementioned assumptions, the amount of deferred remuneration by the participating employees as well as their future selection with regard to payment options is also an essential estimate for the measurement of the capital-related defined benefit obligations in Germany.

Determination of warranty provisions (Note 23) is subject to assumptions and estimates which refer to the time period between delivery date and the occurrence of the warranty event, warranty and goodwill periods as well as future warranty burdens.

The determination of provisions for onerous contracts (Note 23) is subject to judgments with respect to the interpretation of supply contracts. In this respect, the major decision criteria are the bindingly defined term of delivery as well as quantities and prices.

The measurement of the restructuring provisions (Note 23) depends to a great extent on the expected corporate development and implementation of the initiated cost reduction and structural adjustment measures.

ZF Friedrichshafen AG and its subsidiaries are exposed to various claims arising from legal disputes (Note 32), in particular in connection with warranty cases as well as antitrust proceedings and investigations by authorities. Against the backdrop of complex legal matters, the assessment of the outcome of the proceedings is subject to discretion. The probability and the amount of utilization is taken into account when recognizing provisions. The assessment is based on internal estimates, supported by external consultants and lawyers in individual cases. These estimates will be adjusted if new insights and changes in circumstances occur, and they may deviate significantly from the actual outcome of the proceedings.

The worldwide consequences of global warming include more severe or frequent weather extremes such as floods, storms and droughts. These climate-related risks as well as the related legislation are continuously monitored as part of the preparation of the consolidated financial statements. Resulting effects (e.g., decisions about company locations, further development of the product portfolio, useful life of non-current assets) are taken into account in strategic planning. In the current fiscal year, there were no major effects on the accounting and measurement of assets and liabilities.

Regarding contracts to buy or sell non-financial items, it is subject to judgment whether ZF has entered into them and continues to hold them for the purpose of the receipt or delivery of a non-financial item in accordance with the expected purchasing, sale or usage requirements, which would put them outside the scope of IFRS 9. There are multi-year power purchase agreements with various providers. ZF expects to use the supplied electricity itself.

No other major judgments were made.

In individual cases, actual amounts could differ from these assumptions and estimates. Changes are recognized in profit or loss as soon as better information is available. This could have an impact on the Group's future net assets, financial position and results of operations.

NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The consolidated statement of profit or loss has been drawn up in accordance with the cost-of-sales method.

1 Sales

In the following tables, the sales based on contracts with customers are broken down into sales categories, geographical regions and divisions:

in € million	2025	2024
Volume production business sales	32,245	34,637
Aftermarket and service sales	4,821	4,881
Other sales	583	1,096
Product development and application sales	1,161	763
	38,810	**41,377**

in € million	2025	2024
EMEA	19,256	19,359
North America	10,028	11,179
South America	1,318	1,382
Asia-Pacific	8,208	9,457
	38,810	**41,377**

in € million	2025	2024
Chassis Solutions	9,629	12,000
Electrified Powertrain Technology	10,067	10,007
Electronics and ADAS	2,633	2,819
ZF Lifetec	4,664	4,790
Commercial Vehicle Solutions	7,822	7,703
Industrial Technology	3,237	3,280
Aftermarket	3,514	3,618
Corporate Functions	372	105
Consolidation	−3,128	−2,945
	38,810	**41,377**

2 Cost of sales

in € million	2025	2024 (restated)
Cost of materials[1)]	23,138	25,502
Personnel expenses	5,405	5,722
Depreciation, amortization and impairment	2,090	1,697
Others	2,628	1,966
	33,261	**34,887**

1) The previous year's figures have been restated in accordance with IAS 8. For further information, please refer to the Fundamental Principles of the Notes to the consolidated financial statements.

Depreciation, amortization and impairment include allowances of €482 million as part of the asset impairment test of the Battery Electric Vehicle Business Unit of the Electrified Powertrain Technology Division. For further clarification, please refer to Note 19 of the Notes to the consolidated financial statements. Other expenses include risk provisions of €0.7 billion for unprofitable orders in the field of electric mobility.

3 Other operating income

in € million	2025	2024
Foreign exchange gains	347	374
Income from hedging	160	155
Income from the disposal of intangible assets and property, plant and equipment	16	22
Income from deconsolidations	8	211
Compensation and cost reimbursements	515	137
Other income	92	17
	1,138	**916**

The increase in other operating income of €0.3 billion is related to the renegotiation of contracts in the field of electric mobility. This income is included in compensation and cost reimbursements.

4 Other operating expenses

in € million	2025	2024
Foreign exchange losses	397	344
Expenses from hedging	88	80
Losses on the disposal of intangible assets and property, plant and equipment	19	13
Changes of allowances for receivables and contract assets	100	295
Expenses from impairment of goodwill	0	122
Expenses from deconsolidations	22	3
Other expenses	756	70
	1,382	**927**

The increase in other operating expenses of €0.7 billion is related to the renegotiation of contracts in the field of e-mobility. These expenses are included in other expenses.

5 Net result from participations

in € million	2025	2024
Result from at-equity valuation	−14	3
Result from disposal of associates	20	−5
Other income and expenses	−12	169
Result from associates	**−6**	**167**
Income from participations	3	3
Valuation of participations	−1	−1
Other net result from participations	**2**	**2**
Net result from participations	**−4**	**169**

In the previous year, other income and expenses from associates mainly included the revaluation of the remaining shares in ZF Foxconn Chassis Modules GmbH.

6 Financial income

in € million	2025	2024
Interest from financial assets	188	203
Other interest	93	54
Income from derivative financial instruments	0	8
Interest income	**281**	**265**
Foreign exchange gains	407	505
Income from derivative financial instruments	174	187
Income from securities	10	10
Other income	2	1
Other financial income	**593**	**703**
Financial income	**874**	**968**

Interest income under the effective interest method accounts for €275 million for the fiscal year (2024: €233 million).

7 Financial expenses

in € million	2025	2024
Interest from financial liabilities	745	735
Interest from lease liabilities	37	33
Other interest	42	27
Interest cost on pension provisions	100	103
Unwinding the discount on other non-current items	30	4
Expenses from derivative financial instruments	5	1
Interest expenses	**959**	**903**
Foreign exchange losses	226	634
Expenses from derivative financial instruments	345	129
Expenses from securities	0	5
Valuation of financial receivables	17	46
Transaction costs and incidental expenses	62	57
Other expenses	14	0
Other financial expenses	**664**	**871**
Financial expenses	**1,623**	**1,774**

8 Income taxes

Income taxes are composed as follows:

in € million	2025	2024
Current taxes	380	580
Current taxes – Pillar 2	4	1
Deferred taxes	–76	–158
Income tax expenses	**308**	**423**

Current income tax expenses include income in the amount of €38 million (2024: –€14 million) for current taxes of prior fiscal years. Deferred tax income includes tax income of approximately €68 million (2024: €184 million) in connection with the development of temporary differences.

The current taxes in Germany were determined on the basis of an overall tax rate of 30%, derived from the corporate income tax rate of 15%, the solidarity surcharge of 5.5% and an average trade tax rate of 14.175%. The current taxes of international subsidiaries are determined on the basis of relevant national tax laws and the tax rate applicable in the country of incorporation.

Deferred tax assets and liabilities are measured at the tax rates which are expected to apply at the time of realizing the asset or discharging the liability. In this context, the gradual reduction of the corporate tax rate in Germany from 15% to 10% over the period from 2028 to 2032 was taken into account. Deferred tax assets and liabilities arising from the application of the global minimum taxation rules are not calculated or recognized due to the amendment of the IAS 12 standard published in May 2023 and endorsed by the EU Regulation as per November 8, 2023.

The (current and deferred) income tax expenses expected on the basis of the German overall tax rate of 30% (2024: 30%) deviate from the reported income tax expenses as set out below:

in € million	2025	2024
Expected income tax income/expenses (+)[1]	–552	–191
Increase/decrease of income taxes due to		
Tax effects due to different national tax rates and taxation systems	–9	–49
Effects of changes in tax laws	2	–4
Tax effects due to non-recognition and write-down of deferred tax assets and their reversal	854	579
Tax effects due to permanent differences[2]	43	89
Tax effects from provisions and due to prior-period items	–29	–14
Others[1]	–1	13
Reported income tax expenses	**308**	**423**

1) Previous year's figures adjusted due to restated earnings before tax.
2) Permanent differences comprise tax-reducing items such as tax credits as well as non-deductible operating expenses and withholding taxes.

A significant effect of the reconciliation of tax expenses results from the item "Non-recognition and write-down of deferred tax assets and their reversal" and is due to the unchanged business outlook of the ZF Group, especially in Germany. The business outlook is driven in particular by the new and unexpectedly prolonged geopolitical conflicts and the resulting increase in competitive intensity, as well as the ongoing transformation process in the automotive industry.

Deferred tax assets of €193 million were capitalized for temporary differences and tax credits in companies that reported a negative IFRS pre-tax result in fiscal year 2025. The company assumes, based on sustainably positive taxable results and one-off effects in 2025, that these deferred tax assets are recoverable.

In principle, for the impairment, in the event of an excess of deferred tax assets, the company takes into account the projected gains beyond the reversal of taxable temporary differences as the losses are based on identifiable and special, most likely not recurring circumstances.

The gross amounts of deferred tax assets and liabilities resulted from the following line items:

	2025		2024 (restated)[1]	
in € million	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	0	394	0	514
Other assets	329	247	333	99
Pensions	42	0	70	0
Other liabilities	542	179	427	127
Tax loss carryforwards and tax credits	161	0	250	0
Total	**1,074**	**820**	**1,080**	**740**
Netting	−461	−461	−263	−263
	613	**359**	**817**	**477**

1) The allocation to balance sheet items was restated in the prior year.

The change in deferred taxes results not only from income taxes recognized in the consolidated statement of profit or loss but also from changes in line items of the consolidated statement of comprehensive income, of equity and from foreign currency effects.

At the end of the fiscal year, tax loss carryforwards are reported which were subject to offsetting restrictions. To that extent, no deferred tax assets have been recognized for these since their utilization due to future positive taxable profit is not probable.

No deferred tax assets were recorded for the following items (gross amounts):

in € million	2025	2024
Deductible temporary differences	3,757	2,282
Tax loss carryforwards and interest carryforwards	4,014	2,363
Tax credits	1,310	1,009
	9,081	**5,654**

The use of unrecognized tax loss and interest carryforwards of €606 million (2024: €425 million) and tax credits of €172 million (2024: €187 million) is limited in time to up to five years. For tax loss and interest carryforwards of €3,408 million (2024: €1,938 million) and tax credits of €1,138 million (2024: €822 million), the use extends beyond five years or can be unlimited. Other items in the amount of €237 million (2024: €249 million) were not taken into account because the probability of a claim is deemed to be extremely low.

Deferred taxes are to be recognized for temporary differences in relation to subsidiaries if their realization is probable. Deferred tax liabilities of €179 million (2024: €201 million) were recorded for reserves generated by subsidiaries, as far as can be reliably ascertained. Apart from that, no deferred taxes have been recognized for the reserves generated by subsidiaries of € 3,185 million (2024: €2,857 million), as the profits are to be reinvested for an indefinite period of time.

9 Other notes to the consolidated statement of profit or loss

The consolidated statement of profit or loss includes the following cost of materials:

in € million	2025	2024 (restated)
Cost of raw materials, supplies and merchandise[1)]	23,055	25,453
Cost of purchased services	340	365
Other cost of materials	23	27
	23,418	**25,845**

1) The previous year's figures have been restated in accordance with IAS 8. For further information, please refer to the Fundamental Principles of the Notes to the consolidated financial statements.

The breakdown of personnel expenses is as follows:

in € million	2025	2024
Wages and salaries	8,007	8,324
Social security and benefit expenses	1,529	1,523
Pension expenses	195	188
	9,731	**10,035**

Personnel expenses include expenses for defined contribution plans in the amount of €360 million (2024: €416 million). The expenses contained for the state plans amounting to €300 million (2024: €353 million) primarily comprise the employer's contribution to the state pension scheme, which is included in the social security expenses.

Amortization on intangible assets and property, plant and equipment is included in the following consolidated statement of profit or loss items:

	Intangible assets		Property, plant and equipment	
in € million	2025	2024	2025	2024
Cost of sales	168	250	1,442	1,445
Research and development costs	23	32	126	124
Selling expenses	377	376	20	21
General administrative expenses	34	33	121	131
	602	**691**	**1,709**	**1,721**

In addition, in the fiscal year, impairments on property, plant and equipment of €521 million (2024: €10 million) were recognized, of which €498 million are attributable to the asset impairment test of the Battery Electric Vehicle business unit within the Electrified Powertrain Technology Division. For further clarification, please refer to Note 19 of the Notes to the consolidated financial statements. Impairments on intangible assets amounted to €30 million (2024: €0 million).

Research and development costs recorded in the fiscal year reached €2,902 million (2024: €2,958 million).

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

10 Financial assets

in € million	Dec. 31, 2025 Total	Dec. 31, 2025 Thereof current	Dec. 31, 2024 Total	Dec. 31, 2024 Thereof current
Investments in participations	86	0	60	0
Securities	201	171	42	12
Financial receivables	322	185	1,462	1,322
Net assets from defined benefit plans	530	0	462	0
Derivative financial instruments	94	80	100	85
	1,233	**436**	**2,126**	**1,419**

Investments in participations have developed as follows:

in € million	2025	2024
Carrying amount as of Jan. 1	60	104
Changes in the basis of consolidation	0	−14
Net exchange differences	2	2
Changes affecting profit and loss	0	−1
Changes not affecting profit and loss	24	−30
Additions	1	0
Disposals	0	−1
Depreciation, amortization and impairment	−1	0
Carrying amount as of Dec. 31	**86**	**60**

The financial receivables include granted loans and direct insurance claims against life insurances of €25 million (2024: €27 million). The financial receivables also contain unavailable bank deposits and time deposit investments of €225 million (2024: €1,293 million). The decrease in financial receivables is primarily attributable to the maturity of a term deposit in 2025.

The specific loss allowances for financial receivables have developed as follows:

in € million	2025	2024
Carrying amount as of Jan. 1	111	68
Additions	18	44
Utilization	−2	−1
Reversals	−1	0
Carrying amount as of Dec. 31	**126**	**111**

The credit-based loss allowances for financial receivables are at €3 million (2024: €4 million).

11 Trade receivables

The trade receivables have the following risk structure:

Dec. 31, 2025 Risk category	Net in € million	Risk structure in %	Specific loss allowances in € million	Credit-based loss allowances in € million	Gross in € million
1	338	8	3	1	342
2	3,656	81	42	33	3,731
3	516	11	7	25	548
4	10	0	19	1	30
Total	**4,520**	**100**	**71**	**60**	**4,651**

Dec. 31, 2024 Risk category	Net in € million	Risk structure in %	Specific loss allowances in € million	Credit-based loss allowances in € million	Gross in € million
1	447	9	4	1	452
2	3,818	80	38	32	3,888
3	496	11	12	22	530
4	7	0	20	0	27
Total	**4,768**	**100**	**74**	**55**	**4,897**

The specific loss allowances for trade receivables have developed as follows:

in € million	2025	2024
Carrying amount as of Jan. 1	74	72
Net exchange differences	–5	–14
Changes in the basis of consolidation	–3	–1
Additions	29	41
Utilization	–9	–9
Reversals	–15	–15
Carrying amount as of Dec. 31	**71**	**74**

The credit-based loss allowances for trade receivables have developed as follows:

in € million	2025	2024
Carrying amount as of Jan. 1	55	66
Net exchange differences	–5	–4
Net additions	10	0
Net reversals	0	–7
Carrying amount as of Dec. 31	**60**	**55**

12 Contract assets

in € million	Dec. 31, 2025 Total	Dec. 31, 2025 Thereof current	Dec. 31, 2024 Total	Dec. 31, 2024 Thereof current
Volume production business	473	233	716	423
Product development and application	448	93	272	107
Others	0	0	7	7
	921	**326**	**995**	**537**

Sales recorded in fiscal year 2025 from performance obligations satisfied (or partially satisfied) in previous fiscal years amount to €225 million (2024: €66 million).

Contract assets have developed as follows:

in € million	2025	2024
Carrying amount as of Jan. 1	995	1,000
Changes in the basis of consolidation	0	−51
Net exchange differences	−27	6
Additions	619	874
Allowances	−85	−284
Utilization	−581	−541
Reversals	0	−9
Carrying amount as of Dec. 31	**921**	**995**

The contract assets have the following risk structure:

Dec. 31, 2025 Risk category	Net in € million	Risk structure in %	Specific loss allowances in € million	Credit-based loss allowances in € million	Gross in € million
1	698	76	317	3	1,018
2	139	15	61	1	201
3	6	1	0	0	6
4	78	8	0	0	78
Total	**921**	**100**	**378**	**4**	**1,303**

Dec. 31, 2024 Risk category	Net in € million	Risk structure in %	Specific loss allowances in € million	Credit-based loss allowances in € million	Gross in € million
1	793	80	293	3	1,089
2	136	14	0	1	137
3	0	0	0	0	0
4	66	6	0	0	66
Total	**995**	**100**	**293**	**4**	**1,292**

13 Other assets

in € million	Dec. 31, 2025 Total	Dec. 31, 2025 Thereof current	Dec. 31, 2024 (restated) Total	Dec. 31, 2024 (restated) Thereof current
Other tax receivables	628	578	614	601
Prepaid expenses	146	122	151	119
Others[1]	722	604	285	148
	1,496	**1,304**	**1,050**	**868**

1) The previous year's figures have been restated in accordance with IAS 8. For further information, please refer to the Fundamental Principles of the Notes to the consolidated financial statements.

Other tax receivables are, for the most part, sales tax refund entitlements. Others comprise, in general, capitalized reimbursement claims against suppliers and customers as well as payments in advance. Reimbursement claims related to the renegotiation of projects in the field of electric mobility were recognized in the amount of €0.3 billion.

The specific loss allowances for other assets amount to €3 million (2024: €15 million).

The credit-based loss allowances for other assets are at €2 million (2024: €1 million).

14 Inventories

in € million	Dec. 31, 2025	Dec. 31, 2024
Raw materials and supplies	2,005	2,032
Work in progress	1,845	2,266
Finished goods and merchandise	1,142	1,222
Payments in advance	6	12
	4,998	**5,532**

Compared to the previous year, write-downs of inventories decreased by €1 million to €324 million.

15 Associates

in € million	Dec. 31, 2025	Dec. 31, 2024
Investments in joint ventures	59	352
Investments in associates	326	84
	385	**436**

The joint ventures and associates, including the shareholding, are set out in the list of shares held.

The total comprehensive income of the associates is as follows:

in € million	Investments in joint ventures 2025	Investments in joint ventures 2024	Investments in associates 2025	Investments in associates 2024
Net profit or loss after tax	4	171	–10	–4
Other comprehensive income	3	1	1	1
Total comprehensive income	**7**	**172**	**–9**	**–3**

ZF Foxconn Chassis Modules GmbH

ZF Foxconn Chassis Modules supplies global premium and volume manufacturers with chassis systems and modules, which means it is highly integrated into the production processes of the automotive manufacturers.

ZF holds 50% of ZF Foxconn Chassis Modules GmbH, that was founded in 2024 and is based in Osnabrück, Germany. ZF calculates the pro rata result and the equity-method carrying amount of ZF Foxconn Chassis Modules GmbH on the basis of the best possible estimates. The investment is included in the consolidated financial statements as a joint venture using the equity method and has an equity-method carrying amount of €271 million (2004: €284 million) as of December 31, 2025.

No dividends were paid in the fiscal year.

in € million	Dec. 31, 2025	Dec. 31, 2024
Notes to the consolidated statement of profit or loss[1)]		
Sales	3,732	2,415
Depreciation and amortization	−76	−54
Interest income	2	0
Interest expense	−44	−27
Income taxes	−21	−5
Net profit or loss after tax	−9	−14
Other comprehensive income/loss	2	0
Total comprehensive income/loss	−7	−14
Notes to the consolidated statement of financial position and reconciliation to the equity-method carrying amount [2)]		
Non-current assets	1,101	1,078
Current assets	1,043	1,103
thereof cash and cash equivalents	166	209
Non-current liabilities	319	266
thereof non-current financial liabilities	418	374
Current liabilities	1,002	127
thereof current financial liabilities	140	127
Equity	529	579
Equity shares allocated to the Group	265	290
Reconciliation effects including equity-method goodwill	6	−6
Equity-method carrying amount	271	284

1) Figures for the statement of profit or loss include investor level adjustments. The prior-year figures relate to the period May 1 to December 31.
2) Figures for the consolidated statement of financial positions and reconciliation to the equity-method carrying amount relate to the balance sheet date December 31 and also include investor level adjustments.

16 Intangible assets

in € million	Goodwill	Patents, licenses, software and similar rights and assets	Development costs	Payments in advance	Total
Cost as of Jan. 1, 2025	**8,122**	**8,580**	**263**	**28**	**16,993**
Changes in the basis of consolidation	0	−10	−5	0	−15
Net exchange differences	−457	−562	−22	−1	−1,042
Additions	94	24	1	25	144
Reclassifications	0	7	0	−7	0
Disposals	0	−15	0	0	−15
Cost as of Dec. 31, 2025	**7,759**	**8,024**	**237**	**45**	**16,065**
Accumulated amortization as of Jan. 1, 2025	**195**	**5,718**	**196**	**0**	**6,109**
Changes in the basis of consolidation	0	−10	−5	0	−15
Net exchange differences	0	−503	−21	0	−524
Additions (amortization)	0	589	13	0	602
Additions (impairments)	0	30	0	0	30
Disposals	0	−14	0	0	−14
Accumulated amortization as of Dec. 31, 2025	**195**	**5,810**	**183**	**0**	**6,188**
Carrying amount as of Dec. 31, 2025	**7,564**	**2,214**	**54**	**45**	**9,877**

in € million	Goodwill	Patents, licenses, software and similar rights and assets	Development costs	Payments in advance	Total
Cost as of Jan. 1, 2024	**8,078**	**8,327**	**260**	**15**	**16,680**
Changes in the basis of consolidation	9	−23	0	0	−14
Net exchange differences	235	261	10	0	506
Additions	0	35	6	23	64
Reclassifications	0	8	1	−9	0
Disposals	−200	−28	−14	−1	−243
Cost as of Dec. 31, 2024	**8,122**	**8,580**	**263**	**28**	**16,993**
Accumulated amortization as of Jan. 1, 2024	**73**	**4,889**	**182**	**0**	**5,144**
Changes in the basis of consolidation	0	−23	0	0	−23
Net exchange differences	0	207	10	0	217
Additions (amortization)	0	673	18	0	691
Additions (impairments)	122	0	0	0	122
Disposals	0	−28	−14	0	−42
Accumulated amortization as of Dec. 31, 2024	**195**	**5,718**	**196**	**0**	**6,109**
Carrying amount as of Dec. 31, 2024	**7,927**	**2,862**	**67**	**28**	**10,884**

Goodwill

Accordingly, goodwill from the consolidation of investments in subsidiaries and from the individual financial statements is shown below:

in € million	Dec. 31, 2025	Dec. 31, 2024
Chassis Solutions	1,179	1,294
Electrified Powertrain Technology	882	787
Electronics and ADAS	57	57
ZF Lifetec	1,047	1,173
Commercial Vehicle Solutions	3,660	3,832
Industrial Technology	233	233
Aftermarket	506	551
	7,564	**7,927**

Goodwill mainly represents synergies in the areas of materials purchasing, technology development and administrative company organization. The change is mainly attributable to currency fluctuations and the acquisition of the product line for the production of transmission and pump components of Dumarey Powerglide Strasbourg SAS in the context of an asset deal.

17 Property, plant and equipment

in € million	Land and buildings	Technical equipment and machines	Other equipment, factory and office equipment	Payments in advance and construction in progress	Total
Cost as of Jan. 1, 2025	**4,940**	**15,789**	**3,128**	**1,665**	**25,522**
Changes in the basis of consolidation	0	0	0	13	13
Net exchange differences	−114	−381	−82	−81	−658
Additions	222	645	170	742	1,779
Reclassifications	90	918	81	−1,089	0
Disposals	−116	−1,000	−280	0	−1,396
Cost as of Dec. 31, 2025	**5,022**	**15,971**	**3,017**	**1,250**	**25,260**
Accumulated depreciation as of Jan. 1, 2025	**2,224**	**11,683**	**2,399**	**0**	**16,306**
Net exchange differences	−32	−242	−61	0	−335
Additions (depreciation)	236	1,250	223	0	1,709
Additions (impairments)	39	392	20	70	521
Reclassifications	19	−34	15	0	0
Disposals	−100	−864	−273	0	−1,237
Accumulated depreciation as of Dec. 31, 2025	**2,386**	**12,185**	**2,323**	**70**	**16,964**
Carrying amount as of Dec. 31, 2025	**2,636**	**3,786**	**694**	**1,180**	**8,296**

in € million	Land and buildings	Technical equipment and machines	Other equipment, factory and office equipment	Payments in advance and construction in progress	Total
Cost as of Jan. 1, 2024	**4,705**	**14,934**	**3,116**	**1,662**	**24,417**
Changes in the basis of consolidation	−129	−142	−68	−51	−390
Net exchange differences	32	104	14	−4	146
Additions	214	686	185	1,167	2,252
Reclassifications	192	782	113	−1,087	0
Disposals	−74	−575	−232	−22	−903
Cost as of Dec. 31, 2024	**4,940**	**15,789**	**3,128**	**1,665**	**25,522**
Accumulated depreciation as of Jan. 1, 2024	**2,085**	**11,052**	**2,412**	**0**	**15,549**
Changes in the basis of consolidation	−59	−85	−55	0	−199
Net exchange differences	−15	28	7	0	20
Additions (depreciation)	239	1,256	226	0	1,721
Additions (impairments)	3	1	6	0	10
Reclassifications	40	−64	24	0	0
Disposals	−69	−505	−221	0	−795
Accumulated depreciation as of Dec. 31, 2024	**2,224**	**11,683**	**2,399**	**0**	**16,306**
Carrying amount as of Dec. 31, 2024	**2,716**	**4,106**	**729**	**1,665**	**9,216**

18 Leases

The leased assets are primarily rented properties, leased motor vehicles and forklift trucks. The rights of use from leases reported in property, plant and equipment have the following additions and depreciations:

in € million Dec. 31, 2025	Land and buildings	Technical equipment and machines	Other equipment, factory and office equipment	Total
Additions	175	1	67	243
Depreciations	135	3	47	185
Carrying amount	**565**	**11**	**116**	**692**
Dec. 31, 2024				
Additions	155	1	68	224
Depreciations	119	7	45	171
Carrying amount	**569**	**25**	**100**	**694**

In fiscal year 2025, expenses for current leases amounted to €38 million (2024: €42 million) and expenses for leases of low-value assets were incurred in the amount of €28 million (2024: €25 million). Interest expenses for leases reported in the net financial result amounted to €37 million (2024: €33 million).

In the fiscal year, payments for lease liabilities in the amount of €162 million (2024: €172 million), including interest, were made.

In some cases, there are purchase options or termination options for long-term leasing contracts, mainly for real estate. To the extent that management considers the exercise of these options to be probable, they are included in the calculation of the lease liabilities. Beyond these, no significant leasing contracts were signed as of December 31, 2025, whose lease terms only begin after the end of the fiscal year.

The maturity structure of lease liabilities, including interest, as of December 31, 2025, is as follows:

in € million	2025	2024
within the upcoming fiscal year	180	184
between 2 and 5 years	453	452
more than 5 years	324	254
	957	**890**

As of December 31, 2025, there are purchase commitments for short-term leases to the customary extent.

19 Impairment tests

In the fourth quarter of 2025, goodwill impairment tests, that have to be conducted annually, as well as asset impairment tests were performed on the basis of a triggering event analysis to assess the impairment of the assets.

Inter alia, assumptions were made with regard to the development of sales in order to calculate the impairment tests. The partial decline in growth rates in the detailed planning period is mainly attributable to the growing uncertainty in the global economy and the ongoing transformation process in the automotive industry.

The assumptions made for the average sales increase in the planning period are as follows:

in %	2025	2024
Chassis Solutions	4	2
Electrified Powertrain Technology	1	2
Electronics and ADAS	16	14
ZF Lifetec	4	6
Commercial Vehicle Solutions	2	8
Industrial Technology	10	10
Aftermarket	5	4

The annual impairment tests of goodwill did not lead to an impairment loss on goodwill. In 2024, the Electrified Powertrain Technology Division recognized an impairment of goodwill amounting to €122 million, which was included in other operating expenses.

In addition, a sensitivity analysis regarding material measurement parameters was conducted in the context of the impairment tests. This involved an analysis to what extent, if assessed on an isolated basis, a reduction of the sustainable operating profit by 10%, a reduction of the sustainable growth rate to 0.5% or an increase in the capitalization rate by 10% would affect the recoverability of goodwill.

In all of the scenarios analyzed, this sensitivity analysis would not have led to an impairment of goodwill.

As a result of the changed framework conditions in electric mobility, the renegotiation of unprofitable customer projects and internal profitability analyses, indicating lower expected cash flows from BEV technology, there were external and internal indications of a potential impairment. Therefore, the Battery Electric Vehicle business unit of the Electrified Powertrain Technology Division was subjected to an asset impairment test. The impairment test resulted in an impairment of €498 million on property, plant and equipment. The basis for the impairment is a recoverable amount that corresponds to the fair value less any costs to sell. The measurement of the assets at fair value was carried out on the basis of input parameters (e.g., prices) that can be observed directly or indirectly on the market.

The impairments in the context of the asset impairment test of the Battery Electric Vehicle business unit are allocated to the individual asset classes as follows:

in € million	2025	2024
Land and buildings	21	0
Technical equipment and machines	388	0
Other equipment, factory and office equipment	19	0
Payments in advance and construction in progress	70	0
Total	**498**	**0**

In the consolidated statement of profit or loss, the impairments were recognized in the cost of sales (€482 million) and in research and development costs (€16 million).

In addition, the following impairments on property, plant and equipment were recognized: €18 million (2024: €0 million) in the Chassis Solutions Division, €3 million (2024: €0 million) in the Commercial Vehicle Solutions Division and €2 million (2024: €10 million) in the Corporate Functions. For intangible assets, impairments of €25 million (2024: €0 million) were recognized in the Commercial Vehicle Solutions Division and €5 million (2024: €0 million) in the Corporate Functions.

20 Financial liabilities

in € million	Dec. 31, 2025 Total	Dec. 31, 2025 Thereof current	Dec. 31, 2024 Total	Dec. 31, 2024 Thereof current
Bonds	9,979	210	11,065	1,971
Bonded loans	1,544	204	2,384	574
Liabilities to banks	912	133	682	398
Other financial liabilities	149	116	168	141
Lease liabilities	780	149	766	156
Derivative financial instru-ments	167	20	101	80
	13,531	**832**	**15,166**	**3,320**

Under current financial liabilities, non-current loans, bonded loans and bonds are recognized with their redemption installments and accrued interest due within one year. Moreover, current liabilities which serve short-term financing purposes are included under this item. The country-specific interest rates on all financial liabilities fluctuate between 1.6% (2024: 1.4%) and 7.5% (2024: 7.1%). Most of the financial liabilities have a fixed interest rate. Most of the loans are due at the end of the contractual term.

The financing strategy in 2025 focused on actively shaping the maturity profile of financial liabilities of the consolidated ZF Group and thus pre-financing the maturities of 2026.

In fiscal year 2025, debts of €4.7 billion were repaid. On the refinancing side, ZF was able to raise around €3.1 billion especially through bonds, bilateral loans and private placements.

The bank loans from the EIB and KfW with a nominal value of €225 million each, along with the revolving credit facility, contain a financial covenant among other obligations, which ZF is obliged to meet. It is defined as the ratio of net debt to adjusted, consolidated EBITDA. This financial covenant is tested each quarter. Over the course of 2025, ZF has concluded agreements to adjust the financial covenant. Accordingly, the maximum value for the financial covenant up to and including June 30, 2026 is 4.75. Thereafter, the value will decrease gradually over time and will be back to the original level of 3.25 as of March 31, 2028.

ZF met the requirement for the financial covenant on all test dates in the past and on the reporting date. As of December 31, 2025, the financial covenant is 2.98. When determining the financial covenant, restructuring expenses, income and expenses arising from M&A activities, as well as special items that resulted, among other things, from the ongoing restructuring within the Electrified Powertrain Technology Division, are not taken into account. No further requirements as regards minimum liquidity were applied, as the defined value threshold of the financial covenant was consistently below the limit.

21 Contract liabilities

in € million	Dec. 31, 2025 Total	Dec. 31, 2025 Thereof current	Dec. 31, 2024 Total	Dec. 31, 2024 Thereof current
Volume production business	1,009	982	1,077	1,052
Product development and application	1,056	521	1,195	550
Others	119	110	65	51
	2,184	**1,613**	**2,337**	**1,653**

Contract liabilities have developed as follows:

in € million	2025	2024
Carrying amount as of Jan. 1	2,337	2,303
Changes in the basis of consolidation	0	−47
Net exchange differences	−53	24
Additions	1,463	1,503
Utilization	−1,404	−1,271
Reversals	−159	−175
Carrying amount as of Dec. 31	**2,184**	**2,337**

Contract liabilities include outstanding credits in the amount of €731 million (2024: €804 million). From the consumption of contract liabilities, €908 million (2024: €635 million) was recognized in profit or loss in sales.

The expected future sales from performance obligations not satisfied (or partially not satisfied) are as follows:

in € million	2025	2024
1 to 5 years	1,033	822
> 5 years	25	14
Carrying amount as of Dec. 31	**1,058**	**836**

The performance obligations not satisfied (or partially not satisfied) mainly refer to contracts with customers in connection with development orders as well as tools.

In the current fiscal year, there were changes in the timeframe, which had an effect amounting to €70 million (2024: €145 million) on the fulfillment of future performance obligations.

22 Other liabilities

in € million	Dec. 31, 2025 Total	Dec. 31, 2025 Thereof current	Dec. 31, 2024 Total	Dec. 31, 2024 Thereof current
Liabilities to employees	1,015	927	798	723
Social contributions	61	61	69	68
Other tax liabilities	268	268	312	312
Prepaid expenses	95	46	105	38
Others	573	534	686	616
	2,012	**1,836**	**1,970**	**1,757**

Other tax liabilities are mainly sales tax liabilities. Others include, among others, deferred liabilities from procurement and sales, for legal costs and costs of litigation, as well as liabilities for licenses and commissions.

23 Other provisions

in € million	Carrying amount Dec. 31, 2025 Total	Expected utilization 2026	2027 to 2031	2032 and beyond
Obligations from sales	2,291	908	1,347	36
Obligations from personnel	1,082	646	375	61
Other obligations	375	308	38	29
	3,748	**1,862**	**1,760**	**126**

in € million	Carrying amount Dec. 31, 2024 Total	Expected utilization 2025	2026 to 2030	2031 and beyond
Obligations from sales	925	530	366	29
Obligations from personnel	895	277	545	73
Other obligations	374	284	44	46
	2,194	**1,091**	**955**	**148**

in € million	Obligations from sales	Obligations from personnel	Other obligations	Total
Jan. 1, 2025	925	895	374	2,194
Changes in the basis of consolidation	−7	0	0	−7
Net exchange differences	−32	−6	−7	−45
Additions	1,706	715	145	2,566
Unwinding of the discount	3	26	1	30
Utilization	−205	−495	−61	−761
Reversals	−99	−47	−77	−223
Netting of plan assets	0	−6	0	−6
Dec. 31, 2025	**2,291**	**1,082**	**375**	**3,748**

The provisions for obligations from sales primarily include provisions for warranty, product liability and punitive damages as well as for imminent losses from supply contracts. The additions to other obligations from sales amounting to €1.3 billion are related to the renegotiation of contracts in the field of e-mobility.

The obligations from personnel mainly affect provisions for restructuring measures as well as other obligations to employees. Furthermore, the surplus of liabilities due to semi-retirement obligations of €203 million (2024: €209 million) remaining after offsetting with plan assets is included. The provisions for restructuring measures primarily concern expenses for severance payments that will be incurred as part of a long-term program for structural adjustment.

Other obligations include, among other things, provisions for litigation and other legal risks, environmental protection measures, other punitive damages, anticipated losses from procurement transactions as well as tax risks.

24 Provisions for pensions

The provisions for pensions are broken down as follows:

2025 in € million	Present value of defined benefit plans					Financial assets	Provisions for pensions
	Unfunded	Funded	Total	Plan assets	Net value	Net assets	Net liabilities
Germany	871	4,814	5,685	−3,346	2,339	287	2,626
United Kingdom	0	869	869	−1,087	−218	218	0
Other	126	119	245	−109	136	25	161
	997	**5,802**	**6,799**	**−4,542**	**2,257**	**530**	**2,787**
Obligations from medical care benefits	113	0	113	0	113	0	113
Balance sheet disclosure						**530**	**2,900**

2024 in € million	Present value of defined benefit plans					Financial assets	Provisions for pensions
	Unfunded	Funded	Total	Plan assets	Net value	Net assets	Net liabilities
Germany	976	5,163	6,139	−3,161	2,978	226	3,204
United Kingdom	0	933	933	−1,141	−208	208	0
Other	114	125	239	−118	121	28	149
	1,090	**6,221**	**7,311**	**−4,420**	**2,891**	**462**	**3,353**
Obligations from medical care benefits	156	0	156	0	156	0	156
Balance sheet disclosure						**462**	**3,509**

The consolidated ZF Group offers various schemes for retirement and medical care benefits. The structure of those schemes depends on the legal, economic and tax situation in the respective countries. A distinction has to be made between defined contribution plans and defined benefit plans.

Under defined contribution plans, the consolidated ZF Group does not enter into any obligations apart from the payment of contributions into earmarked funds and private pension insurance carriers.

Under defined benefit plans, the obligation of the consolidated ZF Group consists of fulfilling promised benefits to current and former employees. There are both unfunded and funded pension systems. Provisions for defined benefit pension commitments are set up for obligations from vested benefits of entitled current and former employees of the consolidated ZF Group and their surviving dependents.

Description of plans

The following paragraphs describe the most significant pension and medical care plans of the consolidated ZF Group. The essential risks for the company lie with the actuarial parameters, particularly interest level and pension trend as well as the demographic developments and the development of the market value of plan assets.

Germany (GER)

In Germany, there is a variety of defined benefit obligations with different characteristics.

Until 1993, commitments were granted depending on length of service and remuneration. From 1997, so-called pension modules were promised to pay-scale employees; the amount depends on the pensionable income in relation to the social security contribution ceiling of the statutory pension insurance. Since 2005, the annually allocated pension modules have been decoupled from the social security contribution ceiling. Since then, the modules' amounts have been calculated on the basis of the remuneration, the length of service, the respective classification of the position within the company hierarchy and the employee's age.

A Group-internal contractual trust arrangement (CTA) was concluded in 2016 to hedge the above-mentioned direct defined benefit obligations, and assets were contributed to the CTA. While the CTA was initially intended to hedge the grants made to executive managers, the group of beneficiaries was expanded in 2021 so that the obligations from all of the above-mentioned commitments involving different hierarchy levels are hedged. There are no legal or regulatory minimum funding requirements.

In the context of the "ZF Rente" pension scheme, employee-financed pension modules are awarded. Employees may defer between 1% and 5% of their pensionable remuneration, where deferring at least 1% is compulsory. There are two rates: The first rate includes a guaranteed interest rate of 3.5% for established employees before December 31, 2005. The second rate does not offer a guaranteed interest rate for new employees as of 2006.

In 2019, employees that had not previously been covered were granted a defined benefit commitment as part of the realignment of company pension schemes. This commitment called "ZF Vorsorge" also requires a monthly employee contribution in the amount of at least 1% of the remuneration. Entitled employees are now able to pay monthly contributions into a funded benefit account from their pensionable remuneration by way of deferred remuneration. With this commitment, the employer also makes contributions depending on the level of the employees' contributions. The commitment includes a retirement benefit as well as risk-based benefits in the case of reduced earning capacity and death. The employees can choose between various payout options. Employees who had already been beneficiaries were offered a change to the "ZF Vorsorge" scheme. Any previously vested benefit obligations were taken into account in the form of starting modules.

Both employer and employee contributions for this new company pension scheme are managed by a trust fund association, specifically founded for this purpose.

The asset ceiling of €208 million (2024: €147 million) is applied for a defined benefit obligation in Germany. The plan assets attributable to ZF from a pension fund are limited to the value of the guaranteed pension benefit.

United Kingdom (UK)

In the United Kingdom, the consolidated ZF Group maintains funded defined pension plans that have been closed except for a small number of employees of ZF CV Distribution UK Ltd. These plans are maintained pursuant to legal provisions and are managed by trust companies. The financing is determined every three years by technical valuations in compliance with local provisions. The technical evaluation may lead to additional contributions from the employer in order to comply with the minimum funding requirements.

In the case of pension commitments for employees of ZF CV Distribution Ltd., both employers and employees must make contributions to the trust assets. The pension amount depends on the pensionable income as well as the period of employment. The employer guarantees a minimum pension.

Defined benefit pension plans

The following actuarial assumptions are used in the calculation of pension provisions:

	2025		2024	
in %	GER	UK	GER	UK
Discount rate	4.2	5.5	3.4	5.5
Pension increases	1.9[1)]	2.3 – 2.7	1.9	2.6 – 3.1

1) The reported pension increase should be interpreted in the context of a long-term observation period.

For employees in Germany, a long-term salary trend of 2.5% is used to calculate the pension provisions, while short-term calculations are based on agreed pay-scale wage increases or remuneration increases.

As part of the measurement of provisions for other pension plans in Germany, the replacement interest rate is determined on the basis of high-quality corporate bonds with a rating of AA (or equivalent) from at least one of the three big rating agencies and are extrapolated based on the yield curve of zero coupon government bonds.

The average maturity period of the defined benefit obligations is as follows:

	2025		2024	
in years	GER	UK	GER	UK
Average maturity	12	13	14	13

Pension provisions are calculated using country-specific mortality tables which are updated annually, depending on the country involved. The following mortality tables are used:

	2025	2024
GER	Heubeck 2018 G mortality tables	Heubeck 2018 G mortality tables
UK	2022 VITA tables (averaged) with CMI 2024	2022 VITA tables (averaged) with CMI 2023

A discount as regards the probability of disability according to the Heubeck 2018 G mortality tables to measure pension obligations at Group companies in Germany was applied. The discount is determined on the basis of company-owned historical data.

The development of pension provisions as well as the related plan assets is presented in the following table:

in € million	GER	UK	Other	2025 Total
Present value of the defined benefit obligations as of Jan. 1	**6,139**	**933**	**239**	**7,311**
Current service costs	98	0	21	119
Past service costs	−13	0	1	−12
Interest expenses	205	48	13	266
Contributions by plan participants	100	0	1	101
Settlements	0	0	1	1
Pension payments	−229	−49	−18	−296
Actuarial gains (−) and losses (+) from the change in demographic assumptions	−5	−3	0	−8
Actuarial gains (−) and losses (+) from the change in financial assumptions	−589	−19	−2	−610
Actuarial gains (−) and losses (+) due to experience adjustments	−21	5	1	−15
Changes in the basis of consolidation	0	0	−6	−6
Net exchange differences from plans abroad	0	−46	−6	−52
Present value of the defined benefit obligations as of Dec. 31	**5,685**	**869**	**245**	**6,799**
Plan assets at fair value as of Jan. 1	**3,308**	**1,141**	**118**	**4,567**
Expected return on plan assets	109	59	4	172
Actuarial gains (+) and losses (−) from the change in plan assets	−2	−3	−1	−6
Employer contributions to the plan assets	121	0	7	128
Employee contributions	100	0	1	101
Pension benefits paid	−82	−49	−5	−136
Other changes	0	−5	−10	−15
Net exchange differences from plans abroad	0	−56	−5	−61
Plan assets at fair value as of Dec. 31	**3,554**	**1,087**	**109**	**4,750**
Asset ceiling as of Jan. 1	**–147**	**0**	**0**	**–147**
Change in asset ceiling	−61			−61
Asset ceiling as of Dec. 31	**–208**	**0**	**0**	**–208**

in € million	GER	UK	Other	2024 Total
Present value of the defined benefit obligations as of Jan. 1	**6,109**	**1,072**	**311**	**7,492**
Current service costs	109	0	−8	101
Interest expenses	199	49	1	249
Contributions by plan participants	104	0	1	105
Settlements	0	0	−27	−27
Pension payments	−221	−48	−20	−289
Actuarial gains (−) and losses (+) from the change in demographic assumptions	−12	−22	0	−34
Actuarial gains (−) and losses (+) from the change in financial assumptions	−157	−135	−12	−304
Actuarial gains (−) and losses (+) due to experience adjustments	21	−33	8	−4
Changes in the basis of consolidation	−9	0	0	−9
Other changes	−4	0	2	−2
Net exchange differences from plans abroad	0	50	−17	33
Present value of the defined benefit obligations as of Dec. 31	**6,139**	**933**	**239**	**7,311**
Plan assets at fair value as of Jan. 1	**2,907**	**1,150**	**137**	**4,194**
Expected return on plan assets	95	53	6	154
Actuarial gains (+) and losses (−) from the change in plan assets	165	−82	10	93
Employer contributions to the plan assets	116	12	7	135
Employee contributions	103	0	1	104
Settlements	0	0	−28	−28
Pension benefits paid	−75	−47	−8	−130
Other changes	−3	−6	−4	−13
Net exchange differences from plans abroad	0	61	−3	58
Plan assets at fair value as of Dec. 31	**3,308**	**1,141**	**118**	**4,567**
Asset ceiling as of Jan. 1	**–133**	**0**	**0**	**–133**
Change in asset ceiling	−14	0	0	−14
Asset ceiling as of Dec. 31	**–147**	**0**	**0**	**–147**

The items recognized in profit or loss in connection with pension obligations are composed of as follows:

in € million	GER	UK	Other	2025 Total
Current service costs	98	0	21	119
Past service costs	−13	0	1	−12
Curtailments and settlements	0	0	1	1
Administration expenses	0	5	1	6
Net interest on the net defined benefit liability	96	−11	9	94
	181	**−6**	**33**	**208**

in € million	GER	UK	Other	2024 Total
Current service costs	109	0	−8	101
Past service costs	0	0	1	1
Administration expenses	0	6	1	7
Unwinding the discount on net liabilities	104	−4	−5	95
	213	**2**	**−11**	**204**

All components of the pension expenses recognized in profit or loss, with the exception of the interest portion, are reported in the functional areas.

The actuarial gains of €566 million (2024: €421 million) are recorded in other comprehensive income with no effect on profit or loss. This also includes an actuarial loss from the change in the asset ceiling of €61 million (2024: €14 million).

The plan assets consist of the following items:

in € million	2025	2024
Cash and cash equivalents	98	105
Securities		
Equity instruments	1,692	1,629
Debt instruments	1,964	1,873
Fund shares	470	444
Others	526	516
	4,750	**4,567**

Securities are measured at prices quoted on active markets. The “Others” item mainly includes securities covered by receivables (asset-backed securities).

Employer contributions to plan assets are expected to amount to €122 million (2024: €122 million) in the following year.

Pension payments for the next ten years are as follows:

in € million	2025	2024
within the upcoming fiscal year	364	343
between one to five years	1,447	1,412
after five up to ten years	1,913	1,865

The calculation presents the expected actual pension payments and not just the pension modules earned by employee service rendered as of the closing date, i.e., pension modules that are to be allocated in future are also considered. In addition, it was assumed that the number of active employees remains constant.

For the other calculation assumptions, the same parameters were used as for the determination of the defined benefit obligations.

The effect of a change in significant assumptions on the defined benefit obligations is shown in the following:

in € million	GER	UK	Other	2025 Total
Discount rate				
−0.25%	+171	+29	+6	+206
+0.25%	−161	−27	−6	−194
Pension increases				
−0.25%	−53	0	−1	−54
+0.25%	+55	0	+1	+56
Life expectancy				
−1 year	−105	−24	−1	−130
+1 year	+117	+24	+1	+142

in € million	GER	UK	Other	2024 Total
Discount rate				
− 0.25%	+212	+29	+6	+247
+ 0.25%	−199	−27	−6	−232
Pension increases				
− 0.25%	−71	0	−1	−72
+ 0.25%	+74	0	+1	+75
Life expectancy				
− 1 year	−129	−26	−1	−156
+ 1 year	+144	+25	+1	+170

For the sensitivity analysis, pension obligations were re-measured. It was assumed that all other presumptions remain unchanged. For calculating the sensitivity of life expectancy, it was assumed that the average life expectancy of a 65-year-old individual will increase or decrease by one year.

Disclosures on medical care benefits

Certain foreign subsidiaries, particularly in the USA and Canada, grant post-retirement benefits to their employees if specific conditions as to age and period of employment are met.

The average maturity period of the defined benefit obligations is 8 years (2024: 8 years).

The development of the present value of the defined benefit obligations is presented as follows:

in € million	2025	2024
Present value of the defined benefit obligations as of Jan. 1	**156**	**153**
Current service cost	0	1
Interest expenses	6	8
Payments made	−11	−13
Actuarial gains (−) and losses (+) from the change in demographic assumptions	0	1
Actuarial gains (−) and losses (+) from the change in financial assumptions	8	20
Actuarial gains (−) and losses (+) due to experience adjustments	−24	−24
Changes in the basis of consolidation	−3	0
Net exchange differences from plans abroad	−19	10
Present value of the defined benefit obligations as of Dec. 31	**113**	**156**

The premises for discounting for the purpose of calculating the obligations for medical care benefits vary depending on the circumstances in the individual countries. As of December 31, 2025, the valuation factors for discounting were between 4.3% and 10.4% (2024: 4.6% and 9.9%).

The net expenses of the obligations for medical care benefits comprise the following:

in € million	2025	2024
Current service costs	0	1
Unwinding the discount on net liabilities	6	8
	6	**9**

The actuarial gains of €16 million (2024: €3 million) are recorded in other comprehensive income with no effect on profit or loss.

The effect of a change in significant assumptions on the medical care obligations is shown in the following:

in € million	2025	2024
Discount rate		
−0.25%	+2	+3
+0.25%	−2	−3
Life expectancy		
− 1 year	−5	−7
+1 year	+6	+7

25 Equity

Subscribed capital

At the end of the fiscal year, the subscribed capital still amounts to €500 million. As of December 31, 2025, the subscribed capital is divided into 500,000,000 registered shares. All shares are fully paid in.

Capital reserve

At the end of the fiscal year, the capital reserve still amounts to €386 million. The capital reserve comprises the premium on the issuance of shares. It is subject to the restrictions of Sec. 150 AktG (German Stock Corporation Law).

Other retained earnings

Other retained earnings contain the legal reserve of ZF Friedrichshafen AG and the accumulated earnings of the companies included in the consolidated financial statements to the extent that such accumulated earnings are not distributed. Asset and liability differences resulting from the capital consolidation in accordance with the book value method and the previously used accounting policies are also accounted for in this line item. Other components include the reserves from the first-time adoption of the IFRS Accounting Standards and the cumulative currency translation adjustments, which were reclassified when changing over to the IFRS Accounting Standards.

Foreign currency translation differences

The line item contains amounts not affecting profit or loss that result from the currency translation of the financial statements from foreign subsidiaries (non-euro area) recognized starting from the date of the first-time adoption of the IFRS Accounting Standards.

The change in equity resulting from foreign currency translation differences after tax amounting to −€1.220 million (2024 restated: +€430 million) is attributed to non-controlling interests in the amount of −€60 million (2024: +€20 million) as well as €4 million (2024: €2 million) to associates. The difference from foreign currency translation is mainly due to the changes in the euro's exchange rate against the U.S. dollar and the renminbi.

Market valuation of equity instruments and cash flow hedges

This line item includes the post-tax effects of the financial instruments valuation that do not affect profit or loss.

Actuarial gains and losses

This line item contains the actuarial gains and losses from employer pension plans after tax, with no effect on profit or loss.

Deferred taxes on equity items not affecting profit or loss

in € million 2025	Before income tax	Income tax	After tax
Foreign currency translation differences	–1,194	–26	–1,220
Gains and losses on equity instruments	24	0	24
Mark-to-market of cash flow hedges	100	–11	89
Actuarial gains and losses	582	7	589
Other comprehensive income	**–488**	**–30**	**–518**

in € million 2024 (restated)	Before income tax	Income tax	After tax
Foreign currency translation differences[1]	399	31	430
Gains and losses on equity instruments	–30	–3	–33
Mark-to-market of cash flow hedges	–137	6	–131
Actuarial gains and losses	424	–11	413
Other comprehensive income[1]	**656**	**23**	**679**

1) The previous year's figures have been restated in accordance with IAS 8. For further information, please refer to the Fundamental Principles of the Notes to the consolidated financial statements.

Sale of shares in consolidated companies without loss of control

In the fiscal year, 3.16% of the shares held in ZF Commercial Vehicle Control Systems India Limited were sold for a sales price of €80 million. The difference of €60 million between the sales price and the carrying amount of the acquired non-controlling interests, taking into account taxes and foreign currency effects, was offset against the retained earnings.

Dividends

At ZF Friedrichshafen AG, no dividend is proposed for the 2025 fiscal year.

The dividend paid for the 2024 fiscal year was €41 million (€0.08 per share).

26 Disclosures on capital management

The primary objective of capital management at the consolidated ZF Group is to ensure the financial stability and independence of ZF and to meet the requirements of the shareholders and lenders. Ensuring a sufficient equity ratio is an important basis for achieving this objective. Net debt and the debt-equity ratio (net debt in relation to EBITDA) are central parameters for capital management at ZF with regard to external financing. The credit rating by the commissioned rating agencies is another vital indicator. The objective is to achieve a stable Group rating at investment grade level.

In order to determine the equity ratio, the equity disclosed in the consolidated statement of financial position is used.

	Dec. 31, 2025	Dec. 31, 2024 (restated)
Equity in € million[1]	4,676	7,428
Equity ratio in %	13	19

1) The previous year's figures have been restated in accordance with IAS 8. For further information, please refer to the Fundamental Principles of the Notes to the consolidated financial statements.

ZF Friedrichshafen AG is not subject to by-laws-based capital requirements.

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

27 General

The consolidated statement of cash flows shows how the cash position of the consolidated ZF Group changed in the fiscal year due to the inflow and outflow of funds. A distinction is drawn between cash flows from operating, investing and financing activities.

The cash flows from investing and financing activities are determined on the basis of payments. The cash flow from operating activities, on the other hand, is indirectly derived from the net profit or loss before income tax.

As part of the indirect calculation, the changes in financial line items taken into account in conjunction with the operating activities are adjusted for effects from the translation of foreign currencies and changes in the basis of consolidation. Changes in the respective financial line items can therefore not be reconciled to the corresponding values on the basis of the published consolidated statement of financial position.

Dividends and interest received are assigned to the cash flow from investing activities. Interest and transaction costs paid for borrowings, including lease liabilities, are included in cash flow from financing activities. To this end, the net profit or loss before income tax in the cash flow from operating activities is adjusted by the net result from participations and the financial result.

The cash position presented in the consolidated statement of cash flows covers all cash and cash equivalents reported in the consolidated statement of financial position, i.e., cash on hand and cash at banks, available at any time for use by the consolidated ZF Group.

The cash position is comprised as follows:

in € million	Dec. 31, 2025	Dec. 31, 2024
Cash and cash equivalents	2,790	3,372
Total	**2,790**	**3,372**

28 Sale and acquisition of consolidated companies and business units

The divestments in assets and liabilities from the share deals relate to the following:

in € million	2025	2024
Current assets	93	956
thereof cash and cash equivalents	0	137
Non-current assets	15	529
Current liabilities	84	699
Non-current liabilities	4	320

The total sales prices in the amount of €26 million (2024: €415 million) were fully paid in cash.

The assets and liabilities of consolidated companies assumed on the date of acquisition are composed as follows:

in € million	2025	2024
Current assets	3	0
Non-current assets	13	0

The total purchase price for the acquisition of shares amounted to €110 million (2024: €0 million). Of this amount, €60 million was paid in cash in the 2024 fiscal year and €50 million in the 2025 fiscal year. In the previous year, the €60 million was reported under the item expenditures for investments in financial receivables.

29 Change in financial liabilities

The change in financial liabilities from financing activities due to cash and non-cash effects is as follows:

		Change in cash		Non-cash changes			
in € million	Carrying amount as of Jan. 1, 2025	Borrowing	Repayment	Changes in consolidated group	Currency effects	Other	**Carrying amount as of Dec. 31, 2025**
Bonds	11,065	2,530	−3,258	0	−394	36	9,979
Bonded loans	2,384	165	−996	0	0	−9	1,544
Liabilities to banks	682	348	−113	0	−16	11	912
Other financial liabilities	168	99	−126	0	−3	11	149
Lease liabilities	766	0	−162	0	−32	208	780
	15,065	**3,142**	**−4,655**	**0**	**−445**	**257**	**13,364**

		Change in cash		Non-cash changes			
in € million	Carrying amount as of Jan. 1, 2024	Borrowing	Repayment	Changes in consolidated group	Currency effects	Other	Carrying amount as of Dec. 31, 2024
Bonds	8,611	2,200	0	0	176	78	11,065
Bonded loans	2,093	796	−513	0	0	8	2,384
Liabilities to banks	2,035	426	−1,510	−256	0	−13	682
Other financial liabilities	158	127	−136	0	0	19	168
Lease liabilities	786	0	−170	−56	−9	215	766
	13,683	**3,549**	**−2,329**	**−312**	**167**	**307**	**15,065**

OTHER DISCLOSURES

30 Contingent liabilities

The following table shows contingent liabilities recognized at nominal values:

	Dec. 31, 2025	Dec. 31, 2024
Guarantees	112	211
thereof for joint ventures and participations	110	206
Other	147	148
	259	**359**

The guarantees are due within one year when fully utilized. The other contingent liabilities essentially refer to potential liabilities from procurement and personnel as well as from litigation and other taxes. As in the previous year, there were no collaterals for contingent liabilities during the fiscal year.

As of December 31, 2025, there are contingent liabilities with ZF Foxconn Chassis Modules GmbH in the amount of €110 million (2024: €113 million).

In 2025, there are contingent assets of €33 million (2024: €12 million).

31 Other financial obligations

In addition to liabilities, provisions and contingent liabilities, other financial obligations consist of investment projects launched and procurement agreements initiated.

	Dec. 31, 2025	Dec. 31, 2024
Purchase commitments	533	1,079
Payment obligations on participations	10	10
	543	**1,089**

The purchase commitments can be broken down into intangible assets amounting to €11 million (2024: €6 million) and property, plant and equipment amounting to €522 million (2024: €1,073 million).

32 Litigation

The National Highway Traffic Safety Administration (NHTSA) in the USA has completed its investigation regarding certain vehicles that are equipped with ZF airbag control units and of which a few were subject to recalls by Toyota, FCA and HKMC. NHTSA has concluded that all relevant vehicles have been recalled. Based on the currently available facts, ZF does not believe to have culpably caused the recalls and is defending itself against lawsuits pending in the USA and Canada.

In connection with already concluded antitrust proceedings, ZF is dealing with customers with regard to possible claims for damages.

In principle, claims for damages may be asserted even in connection with completed proceedings. Neither ZF nor any of its Group companies are involved in current or foreseeable court or arbitration proceedings which, based on facts known today, have had in the past or could have a significant impact on the economic situation of the consolidated ZF Group.

33 Disclosures on financial instruments

Carrying amounts of the financial instruments by category

The following table shows the recognized financial assets and liabilities by measurement category:

in € million	Dec. 31, 2025	Dec. 31, 2024
Assets		
At amortized cost	7,064	9,101
At fair value through other comprehensive income		
Debt instruments	590	501
Equity instruments	84	55
At fair value through profit or loss	238	121
Derivative financial instruments (hedge accounting)[1]	72	44
	8,048	**9,822**
Liabilities		
At amortized cost	18,047	19,992
At fair value through profit or loss	31	24
Lease liabilities[1]	780	766
Derivative financial instruments (hedge accounting)[1]	136	77
	18,994	**20,859**

1) No measurement category in accordance with IFRS 9

In the fiscal year under review, there were no reclassifications of financial assets between the measurement categories.

Fair values

The fair values of the financial assets and liabilities are presented below. Provided that financial assets and liabilities are recognized at amortized cost, the fair value is compared to the carrying amount.

The following table shows the carrying amounts and the fair values of the financial assets and liabilities recognized at amortized cost. Due to short maturities, the carrying amounts of the current financial instruments recognized at cost approximate the fair values.

	Dec. 31, 2025		Dec. 31, 2024 (restated)	
in € million	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
At amortized cost				
Cash and cash equivalents	2,790	2,790	3,372	3,372
Financial receivables	322	322	1,462	1,462
Trade receivables	3,930	3,930	4,267	4,267
Other receivables	22	22	0	0
	7,064	**7,064**	**9,101**	**9,101**
Liabilities				
At amortized cost				
Bonds	9,979	9,801	11,065	10,795
Bonded loans	1,544	1,546	2,384	2,403
Liabilities to banks	912	909	682	682
Other financial liabilities	149	139	168	156
Trade payables[1]	5,463	5,463	5,693	5,693
Lease liabilities[2]	780	-	766	-
	18,827	**17,858**	**20,758**	**19,729**

1) The previous year's figures have been restated in accordance with IAS 8. For further information, please refer to the Fundamental Principles of the Notes to the cconsolidated financial statements.
2) No measurement category in accordance with IFRS 9

In the following, the financial instruments are allocated to the three levels of the fair value hierarchy based on the input parameters used for measurement. The classification as well as the need to perform reclassifications is reviewed on the reporting date. Level 1 covers those financial instruments for which prices for identical assets and liabilities quoted on active markets are available. Allocation to level 2 occurs

if input parameters are used for the measurement of financial instruments that are directly (e.g., prices) or indirectly (e.g., derived from prices) observable on the market. Financial instruments whose valuation is based on information that is not observable on the market are reported in level 3.

The following table shows the allocation of the fair values of the financial instruments recognized at amortized cost to the three levels of the fair value hierarchy:

in € million	Level 1	Level 2	Level 3	Dec. 31, 2025 Total
Assets				
Cash and cash equivalents	0	2,790	0	2,790
Financial receivables	0	322	0	322
Trade receivables	0	3,930	0	3,930
Other receivables	0	22	0	22
	0	**7,064**	**0**	**7,064**
Liabilities				
Bonds	9,801	0	0	9,801
Bonded loans	0	1,546	0	1,546
Liabilities to banks	0	909	0	909
Other financial liabilities	0	139	0	139
Trade payables	0	5,463	0	5,463
	9,801	**8,057**	**0**	**17,858**

in € million	Level 1	Level 2	Level 3	Dec. 31, 2024 Total (restated)
Assets				
Cash and cash equivalents	0	3,372	0	3,372
Financial receivables	0	1,462	0	1,462
Trade receivables	0	4,267	0	4,267
Other receivables	0	0	0	0
	0	**9,101**	**0**	**9,101**
Liabilities				
Bonds	10,795	0	0	10,795
Bonded loans	0	2,403	0	2,403
Liabilities to banks	0	682	0	682
Other financial liabilities	0	156	0	156
Trade payables[1)]	0	5,693	0	5,693
	10,795	**8,934**	**0**	**19,729**

1) The previous year's figures have been restated in accordance with IAS 8. For further information, please refer to the Fundamental Principles of the Notes to the consolidated financial statements.

Except for bonds, the market values of assets and liabilities were calculated using the net present value method. Here, the future cash flows were discounted with the current risk-free interest rates matching the maturities plus a ZF-specific credit risk markup. Bonds were calculated using the fair value on the market.

The following tables show the financial instruments recognized at fair value.

in € million	Dec. 31, 2025	Dec. 31, 2024
Assets		
At fair value through other comprehensive income		
Investments in participations	84	55
Trade receivables	590	501
At fair value through profit or loss		
Securities	201	42
Investments in participations	2	5
Derivative financial instruments	22	56
Other receivables	13	18
Derivative financial instruments (hedge accounting)[1]	72	44
	984	**721**
Liabilities		
At fair value through profit or loss		
Derivative financial instruments	31	24
Derivative financial instruments (hedge accounting)[1]	136	77
	167	**101**

1) No measurement category in accordance with IFRS 9

In the following, the financial instruments recognized at fair value are allocated to the three levels of the fair value hierarchy based on the input parameters used for measurement.

in € million	Level 1	Level 2	Level 3	Dec. 31, 2025 Total
Assets				
Securities	177	0	24	201
Investments in participations	0	55	31	86
Trade receivables	0	590	0	590
Derivative financial instruments	0	94	0	94
Other receivables	0	13	0	13
	177	**752**	**55**	**984**
Liabilities				
Derivative financial instruments	0	158	9	167

in € million	Level 1	Level 2	Level 3	Dec. 31, 2024 Total
Assets				
Securities	9	12	21	42
Investments in participations	0	23	37	60
Trade receivables	0	501	0	501
Derivative financial instruments	0	100	0	100
Other receivables	0	18	0	18
	9	**654**	**58**	**721**
Liabilities				
Derivative financial instruments	0	98	3	101

In the fiscal year, no reclassification took place between levels 1 and 2 of the fair value hierarchy.

For level 1 securities, the fair value is recognized directly as the quoted price on an always active market. An active market is either the stock exchange of the respective country or a comparable trading platform offering the liquidity and transparency of the underlying asset. Level 2 includes classes whose prices can be derived or modeled from parameters which can be observed on the market. This includes in particular observable interest rates, exchange rates or comparable instruments. The level 3 securities are zero-coupon bonds for which no active market exists. The market values of level 3 securities are determined on the basis of currently available information from the funds' managers. A significant change of the underlying future cash flows and the interest rate, which implies a change of the discount factor, would influence the fair values of these securities.

The level 3 investments in participations concern investments in companies that are not listed on the stock exchange. In case of these investments in participations recognized at fair value through profit or loss, there is either not enough information available or only a vast range of possible values can be determined for the fair value by using a multiplier method. The acquisition costs are therefore used to appropriately estimate the fair value. In case of changes in the environment of the participations or in case of proof due to external transactions, the estimate is adjusted accordingly. A significant change regarding the future results and multipliers used for the multiplier method would affect the fair value of these investments in participations in the amount of –€5 million (2024: –€2 million) to +€10 million (2024: +€18 million).

The trade and other receivables measured at fair value are allocated to level 2 since measurement can be derived from parameters observable on the market.

The level 2 derivative financial instruments concern non-tradable derivatives. Fair values are determined on the basis of fixed prices quoted on approved stock exchanges discounted for the remaining term (foreign currency exchange rates, interest rates and raw material price indexes).

The following table illustrates the development of financial instruments assigned to level 3 of the fair value hierarchy:

	Investments in participations		Securities	
in € million	**2025**	2024	**2025**	2024
As of Jan. 1	37	104	21	32
Changes in the basis of consolidation	0	–14	0	0
Fair value changes – recognized through profit or loss	0	–1	0	0
Fair value changes – recognized through other comprehensive income	–6	–36	0	0
Purchases	0	0	3	3
Sales	0	0	0	–14
Reclassifications from level 3 to level 2	0	–16	0	0
As of Dec. 31	**31**	**37**	**24**	**21**

During the fiscal year, no investments in participations and securities from level 3 of the fair value hierarchy were reclassified to level 2.

Net gains and losses by measurement category

in € million	Dec. 31, 2025 Total net gains and losses	Dec. 31, 2025 Thereof from interest	Dec. 31, 2024 Total net gains and losses	Dec. 31, 2024 Thereof from interest
At amortized cost				
Financial assets	–348	271	–36	231
Financial liabilities	–193	–769	–901	–755
At fair value through profit or loss				
Financial assets and liabilities	–138	2	58	11
	–679	**–496**	**–879**	**–513**

Net gains and losses in the "Financial assets at amortized cost" measurement category primarily contain, in addition to interest income, exchange rate gains and losses from foreign currency receivables in the amount of –€510 million as well as expenses from the change in write-downs in the amount of €109 million.

In the "Financial liabilities at amortized cost" measurement category, apart from interest expenses, net gains and losses primarily comprise exchange rate gains and losses from foreign currency liabilities in the amount of €575 million.

Net gains and losses in the "Financial assets and liabilities at fair value through profit or loss" measurement category essentially include losses from derivative financial instruments excluding hedge accounting.

Offsetting financial assets and financial liabilities

Financial assets and liabilities which are subject to settlement agreements, enforceable master netting arrangements and similar agreements:

in € million	Dec. 31, 2025 Gross amount	Dec. 31, 2025 Offsetting	Dec. 31, 2025 Net amount
Offset items			
Trade receivables (current)	4,678	158	4,520
Trade payables (current)	5,614	158	5,456
Eligible for offsetting in the event of insolvency			
Derivative financial instruments (assets)	94	17	77
Derivative financial instruments (liabilities)	167	16	151

in € million	Dec. 31, 2024 (restated) Gross amount	Dec. 31, 2024 (restated) Offsetting	Dec. 31, 2024 (restated) Net amount
Offset items			
Trade receivables (current)	4,942	174	4,768
Trade payables (current)[1]	5,856	174	5,682
Eligible for offsetting in the event of insolvency			
Derivative financial instruments (assets)	100	16	84
Derivative financial instruments (liabilities)	101	16	85

1) The previous year's figures have been restated in accordance with IAS 8. For further information, please refer to the Fundamental Principles of the Notes to the consolidated financial statements.

The framework contracts concluded with the banks for financial futures regulate, among other things, that in the event of insolvency of a contracting party, existing contracts will have to be terminated and settled at the respective market value. Provided that several transactions are settled for a contracting party, positive and negative market values are offset and only the remaining difference is settled. As of December 31, 2025, no risk arises from this regulation due to the outstanding credit rating of our banks.

34 Risks from financial instruments

Management of financial risks

The risk management system within the finance area comprises counterparty and credit risks with customers and suppliers, liquidity and interest rate risks as well as currency and raw material price risks. Reports on the essential risk positions of the consolidated ZF Group are presented to the Board of Management and the Supervisory Board on a regular basis. Compliance with the guidelines is audited by Corporate Audit.

The companies of the consolidated ZF Group hedge their foreign currency risks in a standardized manner at prevailing market conditions either internally through the responsible ZF Treasury Hubs or directly externally with banks. Risk items hedged externally are traded with banks with outstanding credit rating, taking into account the prescribed risk limits. In general, derivative financial instruments with plain vanilla character are used. These are used exclusively to hedge existing balance sheet items or forecast transactions. Hedge accounting is applied if the IFRS criteria are met. Interest rate and raw material price risks are hedged on a case-by-case basis.

Hedging transactions are concluded in accordance with uniform corporate policies, following various jurisdictions' rules and regulations and in line with bank regulations on the operating of trading business. Such conclusions are subject to stringent monitoring, which is ensured in particular by the strict separation of duties between trading, settlement and control.

Credit and counterparty risk

Credit risk is the risk that our contracting parties in the areas of financial investments, financial receivables and trade receivables will not meet their payment obligations. This risk is defined based on calculated probabilities of default or information about the insolvency of contracting parties.

In order to reduce the counterparty risk for financial investments and derivatives, all financial transactions are carried out only with banks with a first-class credit rating within the framework of defined limits. These limits are reviewed quarterly and adjusted, if necessary. Input parameters for taking into account counterparty risk are ratings with a long-term perspective issued by independent rating agencies for the financial institutions participating in the respective transaction.

The financial assets of the consolidated Group lead to a maximum credit risk if one counterparty defaults, amounting to the carrying amount of the respective financial line item without considering collaterals received.

Outstanding trade receivables mainly comprise receivables from manufacturers of passenger cars and commercial vehicles, off-road machinery and wind turbines worldwide. In order to secure the entire value-added chain, the creditworthiness of our strategic suppliers is constantly monitored on the one hand, in particular by concentrating new contract awarding decisions on creditworthy suppliers.
In order to reduce the credit risk in relation to customers on the other hand, the creditworthiness of customers as well as the related receivables are subject to continuous monitoring in the context of an SAP-based credit management. In some instances, credit risks are reduced by appropriate hedging measures such as trade credit insurances. The carrying amount of trade receivables covered by commercial credit insurances as of December 31, 2025 is €244 million (2024: €213 million).

Trade receivables are sold as part of factoring programs. Essentially all opportunities and risks, measured on the basis of the variability of incoming payments, are transferred ("true sale"). An asset-backed securitization program (ABS program) is another off-balance sheet measure. As part of the business practices customary for such programs, trade receivables are sold to a special purpose vehicle on a revolving basis. As is also customary, a portion of the purchase price is retained in reserve accounts. These are reported as other receivables under other assets. In addition, there is a rating-dependent, contingent pledging mechanism for selected bank accounts, which remains inactive until the agreed conditions are met.

Currently, ZF has the unrestricted rights of use to these bank accounts, whose balances are reported as cash and cash equivalents.

The following table illustrates the credit risk existing per risk category for trade receivables and contract assets as of the reporting date:

Dec. 31, 2025 in € million Risk category	Trade receivables	Contract assets
1	342	1,018
2	3,731	201
3	548	6
4	30	78
Receivables (gross)	**4,651**	**1,303**
Specific loss allowances	−71	−378
Credit-based loss allowances	−60	−4
Receivables (net)	**4,520**	**921**

Dec. 31, 2024 in € million Risk category	Trade receivables	Contract assets
1	452	1,089
2	3,888	137
3	530	0
4	27	66
Receivables (gross)	**4,897**	**1,292**
Specific loss allowances	−74	−293
Credit-based loss allowances	−55	−4
Receivables (net)	**4,768**	**995**

A specific loss allowance on receivables is recognized if there is an existing credit risk. The amount of the allowance mainly depends on the risk category and how long the receivable is overdue, and may be up to 100% in individual cases. A distinction is made between credit risk and business risk in assessing the recoverability of receivables.

Liquidity risk

The expected future outflow of funds due to principal and interest payments for financial liabilities and trade payables is contained in the medium-term liquidity planning.

The following table lists the maturity structure of principal and interest payments for the financial liabilities and trade payables:

in € million	Carrying amount Dec. 31, 2025 Total	Cash outflow		
		2026	2027 to 2031	2032 and beyond
Bonds	9,979	526	11,026	616
Bonded loans	1,544	245	1,476	0
Liabilities to banks	912	215	785	15
Other financial liabilities	149	120	23	7
Trade payables	5,463	5,456	7	0
	18,047	**6,562**	**13,317**	**638**

in € million	Carrying amount Dec. 31, 2024 Total (restated)	Cash outflow		
		2025	2026 to 2030	2031 and beyond
Bonds	11,065	2,234	9,851	743
Bonded loans	2,384	655	2,005	42
Liabilities to banks	682	502	324	17
Other financial liabilities	168	162	24	7
Trade payables[1)]	5,693	5,682	11	0
	19,992	**9,235**	**12,215**	**809**

1) The previous year's figures have been restated in accordance with IAS 8. For further information, please refer to the Fundamental Principles of the Notes to the consolidated financial statements.

The solvency and the liquidity reserves within the consolidated ZF Group are managed on the basis of short-, medium- and long-term liquidity and financing planning. A sufficient amount of cash and cash equivalents as well as securities that can be converted to cash and confirmed credit lines is held so that the solvency of the consolidated ZF Group is ensured at all times, provided the financial covenant agreed with the bank is complied with. Cash and cash equivalents amounted to €2,790 million as of the reporting date. The carrying amount of short-term securities was €171 million.

The syndicated loan in the form of a revolving credit facility (RCF) in the amount of € 3.5 billion was unused as of the reporting date. The credit line was refinanced in July 2022 and, since two contractually agreed extension options were exercised in 2023 and 2024, now has a residual term until July 2029.

ZF offers reverse factoring agreements (supplier financing). Within these agreements, suppliers can transfer their trade receivables to the offering bank against a discount and thus receive the discounted invoice amount early. ZF will be charged the original invoice amount by the offering bank on the original due date. If a supplier joins such an agreement, the liabilities to the financing bank exist from the perspective of the consolidated ZF Group, without the liabilities being substantially changed. Therefore, they continue to be recognized under trade payables. As of December 31, 2025, ZF has trade payables from supplier financing business in the amount of €185 million (2024: €189 million). Of this amount, €147 million (2024: €149 million) have already been paid to the suppliers. Liabilities under such an agreement are due after an average of 87 days (2024: 83 days), while comparable trade payables are due after an average of 55 days (2024: 60 days).

Market price risk from securities

The market price risk is the risk that the fair value of securities decreases. Due to the low portfolio of securities, the risk from market price fluctuations is considered immaterial. Therefore, a sensitivity analysis is dispensed with.

Foreign currency risk

The foreign currency risk is the risk that the fair values or future cash flows of monetary items are negatively influenced due to exchange rate changes. As a result of its international orientation, the consolidated ZF Group carries out transactions in different currencies.

The consolidated ZF Group follows a unified approach to managing currency risks. The hedging approach pursues a central and systematic currency risk assessment and strategy that includes regular survey rounds for expected risk items, risk assessment and the implementation of multi-layered hedging for a hedging horizon of up to 24 months.

The net principle applies to foreign currency hedging, i.e., hedging takes place for the net items from bilateral cash flows. Foreign currency hedging is carried out mainly via FX forward instruments. The intended hedging relationship between the designated amount of the hedged item and the designated amount of the hedging instrument generally amounts to up to 80%.

Individual hedging is generally carried out for the project business (gross principle). As a rule, the hedged item of project-related individual hedges is hedged in the full amount.

The translation risk from the measurement of line items is not hedged. The resulting risk is monitored on a regular basis.

The economic relationship between the hedging instrument and the hedged item can be determined in terms of quality and quantity, and ZF assesses the effectiveness of this hedging relationship using the hypothetical derivatives method and linear regression. Ineffectiveness is largely expected to occur through changes in credit risk or from timing adjustments regarding the hedged item. In the current

fiscal year, no amounts (2024: €0 million) from ineffective hedging relationships were derecognized from the cash flow hedge reserve. When hedging instruments are due or de-designated, accumulated measurements are essentially reclassified from other comprehensive income to other operating income and expenses.

As of December 31, 2025, a liability with a partial amount of €2,375 million (2024: €1,315 million) and maturity periods until 2028, 2030 and 2031 is designated for hedging a net investment in a foreign operation of the same amount. The hedging instrument is reported under financial liabilities. The cumulative change in the value of the hedge of a net investment in a foreign operation amounts to €130 million (2024: –€66 million) and is included in other comprehensive income under foreign currency translation differences.

The expected cash outflow from derivative financial instruments entered into to hedge currency risks is presented below:

in € million	Market value as of Dec. 31, 2025	Nominal value	Cash outflow	
			Within a year	1 to 5 years
Derivatives excl. hedge accounting				
Assets	22	2,559	2,369	190
Liabilities	–17	2,735	2,688	47
Cash flow hedge				
Assets	72	1,926	1,330	596
Liabilities	–6	218	134	84

in € million	Market value as of Dec. 31, 2024	Nominal value	Cash outflow	
			Within a year	1 to 5 years
Derivatives excl. hedge accounting				
Assets	56	2,997	2,976	21
Liabilities	–24	1,434	1,408	26
Cash flow hedge				
Assets	31	841	666	175
Liabilities	–62	1,193	970	223

For the purposes of hedging foreign currency risk, the hedging rates for the material currency pairs are as follows: 4.37 EUR/PLN; 1.17 EUR/USD; 19.23 USD/MXN; 8.25 EUR/CNY. The hedging rates comprise derivatives including and excluding hedge accounting.

in € million	Change in value of hedging instrument		Change in value of hedged item	
	2025	2024	2025	2024
Cash flow hedge	66	–31	–66	31
Hedge of a net investment	–130	66	130	–66

Sensitivity analysis

In terms of sensitivity to exchange rate volatility, ZF considers the potential impact of an appreciation or devaluation of the euro on its portfolio of outstanding cash flow hedges as well as on unhedged financing instruments, such as loans or cash and cash equivalents in foreign currencies, to be relevant. For this purpose, the sensitivity of the portfolio of derivatives and financing instruments was determined for a 10% appreciation or devaluation of the euro versus all other currencies represented in the portfolio.

The following table shows the hypothetical effects on equity and profit or loss (in both cases excluding tax effects) within the scope of the aforementioned parameters:

	Effect on equity		Effect on net profit or loss before tax	
in € million	**Dec. 31, 2025**	Dec. 31, 2024	**Dec. 31, 2025**	Dec. 31, 2024
Appreciation of the euro by +10%	−98	−51	−27	40
Devaluation of the euro by −10%	97	52	28	−45

Raw material price risk

The raw material price risk is the risk that the acquisition cost from the purchase of production equipment and operational materials will change. ZF is working on setting up a structured raw material hedging program.

ZF has concluded virtual power purchase agreements with terms of seven and nine years. Under these agreements, ZF receives certificates of origin for the electrical energy generated by photovoltaic systems in Spain with an installed capacity of 109 megawatts assigned to ZF. The agreements meet the definition of a derivative financial instrument and are recognized at fair value through profit or loss in accordance with IFRS 9. Changes in fair value are included in the cost of materials in the electricity procurement costs. As of the reporting date, the agreements had a fair value of −€9 million (2024: −€3 million).

The following table shows the effect on net profit or loss before income tax of an increase or decrease of the electricity price level in Spain by 10%:

	Effect on net profit or loss before tax	
in € million	**Dec. 31, 2025**	Dec. 31, 2024
Increase in electricity price level in Spain by +10%	3	+3
Decrease in electricity price level in Spain by −10%	−3	−4

Interest rate risk

The interest rate risk is the risk that either the fair values or future cash flows of financial instruments will fluctuate due to changes in the market interest rates.

Facing volatile interest rates, interest rate hedges among others by means of interest rate swaps with maturity periods until 2029 were executed in previous financial periods. The existing interest rate swaps fix an average secured interest rate of 3.14%. The executed hedges cover 6% of the variable financing exposures over the full financing lifetime, with variable financing accounting for 12% of the total financing. For IFRS purposes, no hedging relationship to the underlying business was documented.

No new interest rate hedges were executed in the fiscal year 2025.

The assumed cash outflow from derivative financial instruments entered into to hedge interest rate risks is presented below:

in € million	Market value as of Dec. 31, 2025	Nominal value	Cash outflow	
			Within a year	1 to 5 years
Derivatives excl. hedge accounting				
Assets	0	0	0	0
Liabilities	−5	124	−2	−5

in € million	Market value as of Dec. 31, 2024	Nominal value	Cash outflow	
			Within a year	1 to 5 years
Derivatives excl. hedge accounting				
Assets	2	46	−1	−4
Liabilities	−3	346	−2	−2

The following tables indicate the effect on net profit or loss before income tax in the event of an increase or decrease in the average interest rate on financial investments as well as on variable-rate financial liabilities in the corresponding currency:

Investment of funds	Change in base points		Effect on net profit or loss before income tax (in € million)	
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
EUR	+100 −100	+100 −100	+ 7 − 7	+ 7 − 7
USD	+100 −100	+100 −100	+ 8 − 8	+ 5 − 5
CNY	+100 −100	+100 −100	+ 10 − 10	+ 10 − 10

Financial liabilities	Change in base points		Effect on net profit or loss before income tax (in € million)	
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
EUR	+ 100 − 100	+ 100 − 100	+ 7 − 6	− 36 + 22
USD	+ 100 − 100	+ 100 − 100	+ 60 − 60	+ 2 − 2

The effect on net profit or loss before income tax of the variable-rate financial liabilities denominated in euros includes the effect from interest rate hedges.

The sensitivity analysis was drawn up under the assumption that the amount of loans from banks and of financial investments as well as the ratio of fixed and variable interest rates will remain at the same level.

In the current fiscal year, derivative interest rate instruments do not result in material cash outflows.

35 Government grants

In the fiscal year, €89 million (2024: €95 million) in government grants were received. They were divided as follows:

in € million	2025	2024
Investment grants	46	50
Expense subsidies	43	45

Investment grants were mainly received for investments at locations in China.

Expense subsidies mainly comprise research subsidies and subsidies for personnel expenses.

36 Related party transactions

Related party transactions have to be disclosed in accordance with IAS 24. The group of related parties includes associates, joint ventures and non-consolidated subsidiaries (other participations) as well as persons who exercise a significant influence over the financial and operating policies of the consolidated ZF Group. The latter comprise all persons in key positions as well as close members of their family. In the consolidated ZF Group, these are the members of the Board of Management and the Supervisory Board. In addition, the Zeppelin Foundation as a special fund of the City of Friedrichshafen, the Dr. Jürgen and Irmgard Ulderup Foundation and their affiliated companies are considered related companies.

Transactions with related companies and the receivables and liabilities existing on the reporting date result without exception from the ordinary business activities and are displayed as follows:

2025 in € million	Joint ventures	therof ZF Foxconn Chassis Modules GmbH	Associates	Other participations
Supplies and services rendered	500	477	23	11
Supplies and services received	19	12	216	81
Receivables	109	109	9	5
Liabilities	0	0	27	5

2024 in € million	Joint ventures	therof ZF Foxconn Chassis Modules GmbH	Associates	Other participations
Supplies and services rendered	457	437	24	13
Supplies and services received[1)]	31[1)]	28	252	93
Receivables	146	146	18	13
Liabilities	1	1	24	10

1) Previous year's figures have been restated

37 Board of Management

Mathias Miedreich
Chief Executive Officer (as of October 1, 2025)
Sales,
Research and Development (October 1, 2025 to October 31, 2025),
Strategy and Transformation, Sales and Program Management,
Operations and Quality, Procurement (as of November 1, 2025)
Region of Asia-Pacific (as of October 1, 2025)
Electrified Powertrain Technology,
Commercial Vehicle Solutions, Industrial Technology (October 1, 2025 to October 31, 2025)

Dr. Holger Klein (until September 30, 2025)
Chief Executive Officer
Sales, Research and Development,
Region of Asia-Pacific,
Aftermarket, Electronics and ADAS

Dr. Lea Corzilius
Chief Human Resources Officer/Director of Labor Relations
Human Resources, Corporate Governance,
Aftermarket (as of October 1, 2025)

Michael Frick
Chief Financial Officer
Finance, IT and M&A,
ZF Lifetec,
Electronics and ADAS (as of October 1, 2025)

Dr. Peter Holdmann
Quality (until October 31, 2025),
Production (October 1, 2025 to October 31, 2025),
Materials Management (October 1, 2025 to October 31, 2025),
Research and Development (as of November 1, 2025),
Regions of North and South America,
Region of India (October 1, 2025 to October 31, 2025),
Chassis Solutions

Andreas Moser (as of November 1, 2025)
Region of India,
Commercial Vehicle Solutions, Industrial Technology

Prof. Dr. Peter Laier (until September 30, 2025)
Production,
Materials Management,
Region of India,
Commercial Vehicle Solutions, Industrial Technology

38 Supervisory Board

Dr. Rolf Breidenbach
Chairman (as of March 19, 2025)
Former Chairman of the Board of Management of Hella GmbH & Co. KGaA

Dr. Heinrich Hiesinger (until March 19, 2025)
Chairman
Former Chief Executive Officer of thyssenkrupp AG

Barbara Resch* (as of January 31, 2025)
Vice Chairwoman
District Manager of IG Metall Baden-Württemberg

Simon Blümcke
First Mayor of the City of Friedrichshafen

Achim Dietrich*
Chairman of the Group Works Council of ZF Friedrichshafen AG

Rachel Empey
Former Member of the Board of Management (CFO) of Fresenius SE & Co. KGaA

Robert Friedmann
Chairman of the Central Managing Board of the Würth Group

Klaus Helmrich
Former Member of the Board of Management of Siemens AG

Ingrid Jägering (as of March 20, 2025)
Member of the Board of Management for Finance and IT of the STIHL Group

Peter Kippes*
Head of Functional Area Business Policy, IG Metall

Mario Kläs*
Chairman of the Saarbrücken location Works Council of ZF Friedrichshafen AG

Prof. Dr.-Ing. Gisela Lanza
Director of Production Systems at the wbk Institute of Production Science, Karlsruhe Institute of Technology (KIT)

Oliver Moll*
Chairman of the Schweinfurt location Works Council of ZF Friedrichshafen AG

Jürgen Sammer*
Chairman of the Central Executives' Committee of ZF Friedrichshafen AG

Jens Schäfer*
Chairman of the Hanover location Works Council of ZF CV Systems Hannover GmbH

Dr. Thomas Schulze
Chairman of the Dr. Jürgen and Irmgard Ulderup Foundation

Hermann Sicklinger* (until October 31, 2025)
Chairman of the Passau location Works Council of ZF Friedrichshafen AG

Winfried Sicklinger* (as of November 3, 2025)
Chairman of the Passau location Works Council of ZF Friedrichshafen AG

Helene Sommer*
First Representative of IG Metall, Administration Center Friedrichshafen-Upper Swabia

Axel Strotbek
Former Member of the Board of Management of Audi AG

Erdal Tahta*
Chairman of the Koblenz location Works Council of ZF Active Safety GmbH

Dr. Feiyu Xu
University Professor of Industry Artificial Intelligence at the German University of Digital Science

* Employee representative

39 Board of Management and Supervisory Board compensation

The compensation of the Board of Management, as determined by the Supervisory Board of the consolidated ZF Group, comprises one fixed basic salary and two variable salary components, consisting of short- and long-term incentives. While the short-term incentive (STI) is based on the achievement of targets in the respective preceding fiscal year, the long-term incentive (LTI) is determined by reference to the business performance over a 3-year period. The remuneration structure is designed to facilitate a long-term positive development of the company.

Inflow in fiscal year 2025

The payment of basic salaries and short-term incentives (STI) to active members of the Board of Management for fiscal year 2025 amounts to €5.9 million (2024: €5.8 million).

The long-term incentive (LTI) 2022–2024 paid out in April 2025 amounts to €0.6 million (2024: €2.4 million).

In fiscal year 2025, a total of €1.7 million was spent on the pension benefit for the pension scheme, which is paid out as a gross amount.

In total, payments (basic salaries, short-term variable incentives, long-term variable incentives and the pension provision module) to active members of the Board of Management in fiscal year 2025 amount to €8.2 million (2024: €10.1 million), which was therefore below the target compensation and 19% lower than in the previous year.

Expenses in fiscal year 2025

For long-term incentives (LTI), target figures to be achieved in the next three fiscal years are agreed before the beginning of a given fiscal year. Their payment is not guaranteed, but depends on the achievement of ambitious targets for ZF.

Currently, there are LTI commitments for the years 2023–2025, 2024–2026 and 2025–2027, which will be paid out after the end of the fiscal year in April of the following year. The entitlement to be recognized as an expense for all these future commitments is determined in each annual financial statement based on the latest estimates and plans, and the provisions are adjusted accordingly. Expenses for variable long-term salary components amount to €3.6 million (2024: €2.3 million).

Due to the aforementioned compensation for the pension scheme, expenses for pension rights earned by the active members of the Board of Management are eliminated in the fiscal year (2024: €0.5 million).

The total remuneration, consisting of fixed remuneration, short-term and potential long-term variable components as well as pension benefits for the pension scheme of active members of the Board of Management, amounts to €13.5 million (2024: €11.3 million).

Other expenses in fiscal year 2025

The emoluments of former members of the Board of Management and their surviving dependents due to the changes in the Board of Management amount to €15.4 million (2024: €4.8 million). The pension provisions for former members of the Board of Management and their surviving dependents amount to €84.2 million (2024: €91.3 million).

The emoluments of the Supervisory Board for fiscal year 2025 amount to €2.2 million (2024: €2.3 million). As in the previous year, the Supervisory Board again waived a portion of its annual remuneration this year, in line with the employees and executive managers.

Moreover, the companies of the consolidated ZF Group have not carried out any reportable transactions whatsoever with members of the Board of Management or the Supervisory Board of ZF Friedrichshafen AG and other members of management in key positions, or with companies in whose management or supervisory bodies these persons are represented. This also applies to close family members of this group of persons.

40 Personnel

The annual average number of employees was 157,568 (2024: 165,523), of whom 73,752 were direct employees (2024: 79,688) and 83,816 were indirect employees (2024: 85,835). At the end of the year, the consolidated ZF Group had 153,153 (2024: 161,631) employees. Direct employees are employees whose activities depend on the production volume and can be allocated directly to the products.

41 Appointed auditor fees

Fees of the consolidated ZF Group's auditing firm, EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, recorded in the consolidated statement of profit or loss, amount to €9 million for auditing services as well as €1 million for other assurance services. The total consolidated Group-wide fees of EY amount to €17 million for auditing services. Apart from EY, other auditing companies work for the consolidated ZF Group.

42 Events after the balance sheet date

On February 17, 2026, ZF issued a euro bond with a volume of €1.0 billion and a maturity of six years. The bond has a yield of 5.5% and is used to refinance existing maturities, particularly in connection with financial liabilities due in May 2027. In connection with the announcement of the euro bond, a tender offer was made to existing investors for the euro bond of ZF Finance GmbH maturing in May 2027. This enabled an early repayment of a nominal amount of €0.8 billion.

Furthermore, on February 23, 2026, ZF drew the bilateral loan with the European Investment Bank amounting to €425 million, which had still been undrawn at year-end 2025. The loan has a six-year term and carries a variable interest rate.

In February 2026, the joint venture ZF Foxconn Chassis Modules was granted shareholder loans of up to €45 million. In addition, a comfort letter in the amount of €130 million was granted.

The attacks launched on Iran on February 28, 2026 and the retaliatory strikes on countries in the Middle East are affecting global value chains. The impact on our business development cannot yet be conclusively assessed.

43 Listing of the shares held as of December 31, 2025

Consolidated subsidiaries

Germany	Share of capital in %
Brake Force One GmbH, Tübingen, Germany	100.0
FTU Beteiligungsverwaltung GmbH, Espelkamp, Germany	100.0
GAT - Gesellschaft für Antriebstechnik mbH, Alsdorf, Germany	100.0 [1]
intellic Germany GmbH, Berlin, Germany	100.0
Lemförder Electronic GmbH, Espelkamp, Germany	100.0 [1]
Lucas Automotive Grundstücksverwaltungs AG & Co. KG, Koblenz, Germany	100.0 [1]
Lucas Varity Grundstücksverwaltungs AG & Co. KG, Koblenz, Germany	100.0 [1]
SIMI Reality Motion Systems GmbH, Unterschleißheim, Germany	100.0
TRW Deutschland Holding GmbH, Koblenz, Germany	100.0 [1]
WABCO Fahrzeugsysteme GmbH, Hanover, Germany	100.0 [1]
WABCO Holding GmbH, Hanover, Germany	100.0 [1]
WABCO Radbremsen GmbH, Mannheim, Germany	100.0 [1]
WABCO Systeme GmbH, Hanover, Germany	100.0 [1]
ZF Active Safety GmbH, Koblenz, Germany	100.0 [1]
ZF Airbag Germany GmbH, Aschau am Inn, Germany	100.0 [1]
ZF Airbag Germany Grundstücksverwaltungs AG & Co. KG, Aschau am Inn, Germany	100.0 [1]
ZF Airbag Tube Forming GmbH, Friedrichshafen, Germany	100.0 [1]
ZF Alpha Grundstücksverwaltungs AG & Co. KG, Friedrichshafen, Germany	100.0 [1]
ZF Asia-Pacific Holding GmbH, Friedrichshafen, Germany	100.0 [1]
ZF Auslandsverwaltungs GmbH, Friedrichshafen, Germany	100.0
ZF Automotive Germany GmbH, Alfdorf, Germany	100.0 [1]
ZF Automotive Germany Grundstücksverwaltungs AG & Co. KG, Alfdorf, Germany	100.0 [1]
ZF Automotive Safety Germany GmbH, Aschaffenburg, Germany	100.0 [1]
ZF Automotive Safety Germany Grundstücksverwaltungs AG & Co. KG, Aschaffenburg, Germany	100.0 [1]

Germany	Share of capital in %
ZF Beta Grundstücksverwaltungs AG & Co. KG, Friedrichshafen, Germany	100.0 [1]
ZF Capri HoldCo GmbH, Munich, Germany	100.0
ZF Capri NewCo GmbH, Munich, Germany	100.0
ZF Car eWallet GmbH, Berlin, Germany	100.0
ZF Centaurus AG & Co. KG, Friedrichshafen, Germany	100.0 [1]
ZF CV Distribution Germany GmbH & Co. KG, Hanover, Germany	100.0 [1]
ZF CV Logistics Germany GmbH, Hanover, Germany	100.0 [1]
ZF CV Systems Hannover GmbH, Hanover, Germany	100.0 [1]
ZF Delta Grundstücksverwaltungs AG & Co. KG, Friedrichshafen, Germany	100.0 [1]
ZF Digital Solution Germany GmbH, Hanover, Germany	100.0
ZF Epsilon Grundstücksverwaltungs AG & Co. KG, Friedrichshafen, Germany	100.0 [1]
ZF Europa Beteiligungs GmbH, Friedrichshafen, Germany	100.0 [1]
ZF Finance GmbH, Friedrichshafen, Germany	100.0 [1]
ZF Gamma Grundstücksverwaltungs AG & Co. KG, Friedrichshafen, Germany	100.0 [1]
ZF Gastronomie Service GmbH, Friedrichshafen, Germany	100.0 [1]
ZF Getriebe Brandenburg GmbH, Brandenburg an der Havel, Germany	100.0 [1]
ZF Gusstechnologie GmbH, Nuremberg, Germany	100.0 [1]
ZF Industrieantriebe Witten GmbH, Witten, Germany	100.0 [1]
ZF Micro Mobility GmbH, Ravensburg, Germany	100.0 [1]
ZF Mobility Solutions GmbH, Ingolstadt, Germany	100.0 [1]
ZF NewCo II GmbH, Friedrichshafen, Germany	100.0
ZF Nürnberg Trading and Asset GmbH & Co. KG, Nuremberg, Germany	100.0 [1]
ZF Pegasus GmbH, Friedrichshafen, Germany	100.0 [1]
ZF RACE ENGINEERING GmbH, Schweinfurt, Germany	100.0 [1]
ZF Terra GmbH, Friedrichshafen, Germany	100.0
ZF Test Track Germany GmbH, Wietze, Germany	100.0 [1]
ZF Ventures GmbH, Friedrichshafen, Germany	100.0 [1]
ZF Zeta Grundstücksverwaltungs AG & Co. KG, Friedrichshafen, Germany	100.0 [1]

1) The company lays claim to exemption according to Section 264, para. 3, and Section 264b HGB (German Commercial Code).

International	Share of capital in %
Alfaro Brakes S.L.U., Corella, Spain	100.0
Automotive Holdings (Spain) S.L.U., Vigo, Spain	100.0
Beespeed Technical Engineering Center S.R.L., Timișoara, Romania	100.0
Changchun WABCO Vehicle Control System Co., Ltd., Changchun, China	60.0
Clayton Dewandre Holdings Limited, Hull, United Kingdom	100.0
Compagnie Financière de ZF SAS, Paris La Défense, France	100.0
Dalphi Metal Espana, S.L.U., Vigo, Spain	100.0
Dalphi Metal Portugal, LDA, Vila Nova de Cerveira, Portugal	100.0
Eurofren Systems S.L.U., Mutliva Baja, Spain	100.0
Fortuna Assurance Company, Livonia, USA	100.0
Frenos y Mecanismos, S. de R.L. de C.V., Santa Rosa de Jarequi, Mexico	100.0
Friction Materials Group North America, Inc., Livonia, USA	100.0
Future Industry ZF Automotive Technologies (Guangzhou) Co., Ltd., Guangzhou, China	100.0
Guangdong WABCO Vehicle Brakes Co., Ltd., Taishan, China	100.0
Kelsey-Hayes Mexico LLC, Reynosa, Mexico	100.0
Liuzhou ZF Machinery Co., Ltd., Liuzhou, China	51.0 [2)]
LucasVarity, Solihull, United Kingdom	100.0
LucasVarity Langzhong Brake Company Limited, Langfang, China	70.0
Midwest Lemförder Limited, Darlaston, United Kingdom	100.0
PT. ZFAG Aftermarket Jakarta, Jakarta, Indonesia	100.0
Qingdao FMG Asia Pacific Co., Ltd., Qingdao, China	100.0
Revestimientos Especiales de Mexico, S. de R.L. de C.V., Cienega de Flores, Mexico	100.0
Roadster Holdings (Canada) ULC, Toronto, Canada	100.0
Safe-Life - Industria de Componentes de Seguranca Automovel LDA, Ponte de Lima, Portugal	100.0
Shanghai Sachs Huizhong Shock Absorber Co., Ltd., Shanghai, China	60.0
TAVARES B.V., Brussels, Belgium	100.0
TRW Airbag Systems SRL, Roman, Romania	100.0

International	Share of capital in %
TRW Australia Pty Ltd, Zetland, Australia	100.0
TRW Auto B.V., Amsterdam, Netherlands	100.0
TRW Automotive (LV) Corp., Livonia, USA	100.0
TRW Automotive China Holdings Ltd., Ebene, Mauritius	100.0
TRW Automotive Components Technical Service Shanghai Co. Ltd., Shanghai, China	100.0
TRW Automotive Espana S.L.U., Pamplona, Spain	100.0
TRW Automotive Holding Mexico LLC, Reynosa, Mexico	100.0
TRW Automotive India Private Limited, Haryana, India	100.0
TRW Automotive Portugal Lda., Santos Domingos de Rana, Portugal	100.0
TRW Automotive Safety Systems SRL, Timișoara, Romania	100.0
TRW China Holdings Ltd, Grand Cayman, Cayman Islands	100.0
TRW Delplas, S. de R.L. de C.V., El Marqués, Mexico	100.0
TRW FAWER Automobile Safety Systems (Changchun) Co., Ltd., Changchun, China	60.0 [2)]
TRW FAWER Commercial Vehicle Steering (Changchun) Co., Ltd., Changchun, China	55.0
TRW Intellectual Property Corp., Livonia, USA	100.0
TRW International Holdings B.V., Amsterdam, Netherlands	100.0
TRW Occupant Restraints de Chihuahua, S. de R.L. de C.V., Chihuahua, Mexico	100.0
TRW Odyssey Mexico LLC, Reynosa, Mexico	100.0
TRW Safety Systems Mexico LLC, Reynosa, Mexico	100.0
TRW Sistemas de Direcciones, S. de R.L. de C.V., El Marqués, Mexico	100.0
TRW Sistemas de Frenado S. de R.L. de C.V., El Marqués, Mexico	100.0
TRW Steering Wheel Systems de Chihuahua, S. de R.L. de C.V., Chihuahua, Mexico	100.0
TRW Sun Steering Wheels Private Limited, New Delhi, India	100.0
TRW Vehicle Safety Systems de Mexico, S. de R.L. de C.V., Reynosa, Mexico	100.0
Verona Holding Corp., Wilmington, USA	100.0
WABCO Air Compressor Holdings Inc., Auburn Hills, USA	100.0

International	Share of capital in %
WABCO Asia Private Ltd., Singapore, Singapore	100.0
WABCO Australia Pty Ltd., Melbourne, Australia	100.0
WABCO Automotive B.V., Rotterdam, Netherlands	100.0
WABCO Automotive Control Systems Inc., Auburn Hills, USA	100.0
WABCO Automotive Mexico., S. de R.L. de C.V., San Luis Potosi, Mexico	100.0
WABCO Automotive Pension Trustees Limited, Batley, United Kingdom	100.0
WABCO Automotive Products Ltd., Grand Cayman, Cayman Islands	100.0
WABCO Comercial México S. de R.L. de C.V., Santa Fe, Mexico	100.0
WABCO Compressor Manufacturing Company, Charleston, USA	70.0
WABCO Europe Holdings B.V., Rotterdam, Netherlands	100.0
WABCO Europe Holdings LLC, Wilmington, USA	100.0
WABCO Expats Inc., Auburn Hills, USA	100.0
WABCO Group Inc., Auburn Hills, USA	100.0
WABCO Group International Inc., Auburn Hills, USA	100.0
WABCO Holdings B.V., Rotterdam, Netherlands	100.0
WABCO Holdings Inc., Auburn Hills, USA	100.0
WABCO International LLC, Auburn Hills, USA	100.0
WABCO IP Holdings LLC, Auburn Hills, USA	100.0
WABCO Korea Ltd., Suwon, Korea (Republic)	100.0
WABCO Logistics (Qingdao) Co., Ltd, Qingdao, China	100.0
WABCO USA LLC, Auburn Hills, USA	100.0
WABCO Vehicle Control Systems LLC, Auburn Hills, USA	100.0
WBC B.V., Delfgauw, Netherlands	100.0
WBC C.V., Capelle aan den IJssel, Netherlands	100.0
ZF (China) Investment Co., Ltd., Shanghai, China	100.0
ZF (Guangzhou) Technologies Co., Ltd., Guangzhou, China	100.0
ZF (Shanghai) Management Co., Ltd, Shanghai, China	100.0
ZF (Thailand) Limited, Bangkok, Thailand	100.0

International	Share of capital in %
ZF Active Safety and Electronics US LLC, Livonia, USA	100.0
ZF Active Safety France SAS, Bouzonville, France	100.0
ZF Active Safety Slovakia s.r.o., Nove Mesto nad Vahom, Slovakia	100.0
ZF Active Safety Systems Canada Ltd., Midland, Canada	100.0
ZF Active Safety US Holding Company, Livonia, USA	100.0
ZF Active Safety US Inc., Livonia, USA	100.0
ZF Aftermarket Iberica S.L.U., Pamplona, Spain	100.0
ZF Aftermarket Kazakhstan TOO, Almaty, Kazakhstan	100.0
ZF Aftermarket Malaysia Sdn. Bhd., Senai, Malaysia	100.0
ZF Aftermarket Ostrov s.r.o., Ostrov, Czech Republic	100.0
ZF ANSA Lemförder S.L. (Sociedad Unipersonal), Sant Cugat del Vallès, Spain	100.0
ZF AP Holdings Inc., Livonia, USA	100.0
ZF Argentina S.A., San Francisco, Argentina	100.0
ZF Asia B.V., Amsterdam, Netherlands	100.0
ZF Asia Pacific Automotive Safety Systems (Shanghai) Co., Ltd., Shanghai, China	100.0
ZF Asia Pacific Group Co., Ltd., Shanghai, China	100.0
ZF Asia Pacific Pte. Ltd., Singapore Central, Singapore	100.0
ZF Auto Holdings US LLC, Livonia, USA	100.0
ZF Autocruise France SAS, Plouzane, France	100.0
ZF Automotive Aftermarket France SAS, Bonneval, France	100.0
ZF Automotive B.V., Amsterdam, Netherlands	100.0
ZF Automotive Brasil Ltda., Limeira, Brazil	100.0
ZF Automotive Canada Limited, Woodstock, Canada	100.0
ZF Automotive Components & Systems (Shanghai) Co., Ltd., Shanghai, China	100.0
ZF Automotive Czech s.r.o., Jablonec nad Nisou, Czech Republic	100.0
ZF Automotive Holding Italia S.r.l. Società Unipersonale, Turin, Italy	100.0
ZF Automotive Holdings (UK) Limited, Solihull, United Kingdom	100.0
ZF Automotive Holdings France SAS, Paris La Défense, France	100.0

International	Share of capital in %
ZF Automotive Italia S.r.l. Società Unipersonale, Turin, Italy	100.0
ZF Automotive J.V. US LLC, Livonia, USA	100.0
ZF Automotive Korea Co., Ltd., Ansan, Korea (Republic)	71.0
ZF Automotive Malaysia Sdn Bhd., Petaling Jaya, Malaysia	100.0
ZF Automotive Passive Safety Systems (Shanghai) Co., Ltd., Shanghai, China	100.0
ZF Automotive Safety Systems (Rizhao) Co., Ltd., Rizhao, China	100.0
ZF Automotive Safety Systems (Thailand) Co., Ltd., Rayong, Thailand	100.0
ZF Automotive Safety Systems (Weihai) Co., Ltd., Weihai, China	100.0
ZF Automotive Safety Systems (Wuhan) Co., Ltd., Wuhan, China	100.0
ZF Automotive Safety Systems (Zhangjiagang) Co., Ltd., Zhangjiagang, China	100.0
ZF Automotive Systems (Shanghai) Co., Ltd., Shanghai, China	100.0
ZF Automotive Systems (Wuhan) Co., Ltd., Wuhan, China	100.0
ZF Automotive Systems (Zhangjiagang) Co., Ltd., Zhangjiagang, China	100.0
ZF Automotive Systems Poland Sp. z o.o., Czestochowa, Poland	100.0
ZF Automotive Technologies (Shanghai) Co., Ltd., Shanghai, China	100.0
ZF Automotive Technologies (Zhangjiagang) Co., Ltd., Zhangjiagang, China	100.0
ZF Automotive UK Limited, Solihull, United Kingdom	100.0
ZF Automotive US Inc., Livonia, USA	100.0
ZF Axle Drives Marysville, LLC, Marysville, USA	100.0
ZF Boge Elastmetall Espana S.A.U., Santa Perpètua de Mogoda, Spain	100.0
ZF Braking Systems Poland Sp. z o.o., Gliwice, Poland	100.0
ZF Brazil US LLC, Livonia, USA	100.0
ZF Chassis Components, LLC, Newton, USA	100.0
ZF Chassis Technology S.A. de C.V., Toluca, Mexico	100.0
ZF Chassistech Commercial Vehicles (Shanghai) Co., Ltd., Shanghai, China	100.0
ZF Commercial Vehicle Control Systems India Limited, Chennai, India	60.0
ZF Commercial Vehicle Distribution South Africa (PTY) Ltd., Germiston, South Africa	100.0
ZF Commercial Vehicle Solutions India Private Limited, Chennai, India	100.0

International	Share of capital in %
ZF Commercial Vehicle Systems (Jinan) Co., Ltd., Jinan, China	100.0
ZF Commercial Vehicle Systems (Qingdao) Co., Ltd., Qingdao, China	100.0
ZF Commercial Vehicle Technology (Jiaxing) Co., Ltd., Jiaxing, China	100.0
ZF Composites North America Ltd., Hamilton, Canada	100.0
ZF CV Control Systems Manufacturing India Private Limited, Chennai, India	100.0
ZF CV Distribution Austria GmbH, Vienna, Austria	100.0
ZF CV Distribution Belgium B.V., Brussels, Belgium	100.0
ZF CV Distribution Czech Republic s.r.o., Brno, Czech Republic	100.0
ZF CV Distribution France SAS, Jossigny, France	100.0
ZF CV Distribution Italy S.r.l. Società Unipersonale, Turin, Italy	100.0
ZF CV Distribution Poland Sp. z.o.o., Wroclaw, Poland	100.0
ZF CV Distribution Spain S.L.U., Madrid, Spain	100.0
ZF CV Distribution Sweden AB, Gothenburg, Sweden	100.0
ZF CV Distribution UK Limited, Leeds, United Kingdom	100.0
ZF CV Middle East and Africa FZCO, Dubai, United Arab Emirates	100.0
ZF CV Solutions (Thailand) Limited, Rayong, Thailand	100.0
ZF CV Solutions Japan, Inc., Tokyo, Japan	90.0
ZF CV Systems Europe SRL, Brussels, Belgium	100.0
ZF CV Systems Global GmbH, Bern, Switzerland	100.0
ZF CV Systems North America LLC, Auburn Hills, USA	100.0
ZF CV Systems Poland Sp.z.o.o., Wroclaw, Poland	100.0
ZF CVS Turkey Fren Sistemleri Sanayi Ticaret Limited Şirketi, Istanbul, Türkiye	100.0
ZF Danmark ApS, Tåstrup, Denmark	100.0
ZF Digital Solutions Belux B.V., Ypres, Belgium	100.0
ZF Digital Solutions DIS SARL, Saint-Hilaire-de-Brethmas, France	100.0
ZF Digital Solutions France SARL, Alès, France	100.0
ZF Digital Solutions India Private Limited, Bangalore, India	100.0
ZF Digital Solutions International B.V., Ypres, Belgium	100.0

International	Share of capital in %
ZF Digital Solutions Ireland Limited, Dublin, Ireland	100.0
ZF Digital Solutions Italy S.r.l., Collegno, Italy	100.0
ZF Digital Solutions Netherlands B.V., Rotterdam, Netherlands	100.0
ZF Digital Solutions Spain SL, Madrid, Spain	100.0
ZF Dongfang Automotive Safety Technology (Xi'an) Co., Ltd., Xi'an, China	90.0
ZF Dongfeng Shock Absorber Shiyan Co., Ltd., Shiyan, China	51.0
ZF Drivetech (Jiaxing) Co., Ltd., Jiaxing, China	100.0
ZF Electric Mobility Systems (Shenyang) Co., Ltd., Shenyang, China	100.0
ZF Electric Mobility Technologies (Shenyang) Co., Ltd., Shenyang, China	100.0
ZF Electrified Powertrain Technologies (Hangzhou) Co., Ltd., Hangzhou, China	100.0
ZF Electronic Systems Juárez, S.A. de C.V., Juárez, Mexico	100.0
ZF Electronic Systems Monterrey S. de R.L. de C.V., Monterrey, Mexico	100.0
ZF Electronic Systems Pleasant Prairie, LLC, Pleasant Prairie, USA	100.0
ZF Electronics (Zhuhai) Co., Ltd., Zhuhai, China	100.0
ZF Electronics Klášterec s.r.o., Klášterec, Czech Republic	100.0
ZF Engineering and Shared Services Monterrey S de RL de CV, Cienega de Flores, Mexico	100.0
ZF Engineering Plzeň s.r.o., Plzeň, Czech Republic	100.0
ZF Europe B.V., Amsterdam, Netherlands	100.0
ZF Europe Finance B.V., Amsterdam, Netherlands	100.0
ZF Faster Propulsion Systems Co., Ltd., Kaohsiung, Taiwan	100.0
ZF FAWER Chassis Technology (Changchun) Co., Ltd., Changchun, China	51.0 [2)]
ZF FOTON Automated Transmission (Jiaxing) Co. Ltd., Jiaxing, China	51.0
ZF Gainesville, LLC, Gainesville, USA	100.0
ZF Heli Drivetech (Hefei) Co., Ltd., Hefei, China	51.0
ZF Holding Austria GmbH, Steyr, Austria	100.0
ZF Holdings Australia Pty. Ltd., Dingley Village, Australia	100.0
ZF Holdings B.V., Amsterdam, Netherlands	100.0
ZF Hong Kong Limited, Hong Kong, China	100.0

International	Share of capital in %
ZF Hungária Ipari és Kereskedelmi Korlátolt Felelösségú Társaság, Eger, Hungary	100.0
ZF India Pvt. Ltd., Pune, India	100.0
ZF Inmobilaria S.A. de C.V., Saltillo, Mexico	100.0
ZF International Holdings Inc., Livonia, USA	100.0
ZF INTERNATIONAL UK Limited, Solihull, United Kingdom	100.0
ZF Italia S.r.l. Società Unipersonale, Assago, Italy	100.0
ZF Japan Co., Ltd., Yokohama, Japan	100.0
ZF Lemförder Achssysteme Ges.m.b.H., Lebring, Austria	100.0
ZF Lemförder Aks Modülleri Sanayi ve Ticaret Anonim Sirket, Izmir, Türkiye	100.0
ZF Lemförder Automotive Systems (Shenyang) Co., Ltd., Shenyang, China	100.0
ZF Lemförder Chassis Technology Korea Co., Ltd., Gumi, Korea (Republic)	59.3
ZF Lemförder Métal France S.A.S., Florange, France	100.0
ZF Lemförder Shanghai Chassistech Co., Ltd., Shanghai, China	76.0
ZF Lemförder TLM Dış Ticaret Limited Şirketi, Izmir, Türkiye	100.0
ZF Lemförder TVA, S.A.U., Ermua, Spain	100.0
ZF Lemforder UK Limited, Darlaston, United Kingdom	100.0
ZF Lifetec Rane Automotive India Private Limited, Chennai, India	100.0
ZF Light Vehicle Systems India Private Limited, Pune, India	100.0
ZF Marine Krimpen B.V., Krimpen aan de Lek, Netherlands	100.0
ZF Marine Propulsion Systems Miramar, LLC, Miramar, USA	100.0
ZF México, S.A. de C.V., Guadalajara, Mexico	100.0
ZF Middle East FZE, Dubai, United Arab Emirates	100.0
ZF Mobility France S.A.S., Paris, France	100.0
ZF North America Capital, Inc., Northville, USA	100.0
ZF North America, Inc., Northville, USA	100.0
ZF Occupant Safety Systems de la Laguna, S. de R.L. de C.V., Durango, Mexico	100.0
ZF Off-Highway Solutions Minnesota Inc., North Mankato, USA	100.0
ZF Österreich Gesellschaft m.b.H., Vienna, Austria	100.0

International	Share of capital in %
ZF Overseas Inc., Livonia, USA	100.0
ZF Padova S.r.l. Società Unipersonale, Selvazzano Dentro, Italy	100.0
ZF Passive Safety Czech s.r.o., Stara Boleslav, Czech Republic	100.0
ZF Passive Safety Korea Co., Ltd., Anyang, Korea (Republic)	100.0
ZF Passive Safety South Africa Inc., Livonia, USA	100.0
ZF Passive Safety Systems (Thailand) Co., Ltd., Rayong, Thailand	100.0
ZF Passive Safety Systems Brazil Ltda., Limeira, Brazil	100.0
ZF Passive Safety Systems El Salvador LTDA de C.V., San Salvador, El Salvador	100.0
ZF Passive Safety Systems Global B.V., Amsterdam, Netherlands	100.0
ZF Passive Safety Systems India Private Limited, Hyderabad, India	100.0
ZF PASSIVE SAFETY SYSTEMS ITALY S.r.l. Società Unipersonale, Bricherasio, Italy	100.0
ZF Passive Safety Systems Japan KK, Yokohama, Japan	100.0
ZF Passive Safety Systems Mexico S. de R.L. de C.V., Santa Fe, Mexico	100.0
ZF Passive Safety Systems Morocco SARL, Tangier, Morocco	100.0
ZF Passive Safety Systems Poland Sp.z.o.o., Czestochowa, Poland	100.0
ZF Passive Safety Systems US LLC, Wilmington, USA	100.0
ZF Passive Safety US Inc., Livonia, USA	100.0
ZF Pension Sponsor UK Limited, Solihull, United Kingdom	100.0
ZF Performance Engineering s.r.o., Plzeň, Czech Republic	100.0
ZF Philippines Inc., Manila, Philippines	100.0
ZF Powertrain Modules (Shanghai) Co., Ltd., Shanghai, China	100.0
ZF Powertrain Modules Saltillo, S.A. de C.V., Ramos Arizpe, Mexico	100.0
ZF Powertrain Systems (Beijing) Co., Ltd., Beijing, China	100.0
ZF Rane Automotive India Private Limited, Chennai, India	51.0
ZF Rane Occupant Safety Systems Private Limited, Kanchipuram, India	100.0
ZF Ravenna US Hold Co. Inc., Northville, USA	100.0
ZF Remanufacture (Shanghai) Co., Ltd., Shanghai, China	100.0
ZF Restraints US Inc., Livonia, USA	100.0

International	Share of capital in %
ZF Sachs España S.A.U., Bilbao, Spain	100.0
ZF Sachs Italia S.r.l. Società Unipersonale, Candiolo, Italy	100.0
ZF Sachs Korea Co., Ltd., Changwon, Korea (Republic)	91.5
ZF Sachs Süspansiyon Sistemleri Sanayi ve Ticaret A.Ş., Gebze, Türkiye	100.0
ZF Sales and Service (Malaysia) Sdn. Bhd., Petaling Jaya, Malaysia	100.0
ZF Serbia d.o.o. Pancevo, Pancevo, Serbia	100.0
ZF Services (China) Co., Ltd., Shanghai, China	100.0
ZF Services (Shanghai) Co., Ltd., Shanghai, China	100.0
ZF Services Australia Pty. Ltd., Sydney, Australia	100.0
ZF Services Belgium N.V.- SA, Brussels, Belgium	100.0
ZF Services España, S.L.U., Barberá del Vallés, Spain	100.0
ZF Services France S.A.S., Puteaux, France	100.0
ZF Services Hong Kong Limited, Hong Kong, China	100.0
ZF Services Korea Co., Ltd., Incheon, Korea (Republic)	100.0
ZF Services Middle East Limited Liability Company, Dubai, United Arab Emirates	49.0 [3)]
ZF Services Nederland B.V., Delfgauw, Netherlands	100.0
ZF Services Schweiz AG, Volketswil, Switzerland	100.0
ZF Services South Africa (Proprietary) Ltd., Johannesburg, South Africa	100.0
ZF Services Türk San. ve Tic. A.Ş., Istanbul, Türkiye	100.0
ZF Services UK Limited, Nottingham, United Kingdom	100.0
ZF Services, LLC, Vernon Hills, USA	100.0
ZF Services, S.A. de C.V., Guadalajara, Mexico	100.0
ZF Slovakia a.s., Trnava, Slovakia	100.0
ZF South America Holdings B.V., Amsterdam, Netherlands	100.0
ZF Staňkov s.r.o., Stankov, Czech Republic	100.0
ZF Steering Active Safety US Inc., Livonia, USA	100.0
ZF Steering Systems Poland Sp. z o.o., Czechowice-Dziedzice, Poland	100.0
ZF Steyr Präzisionstechnik GmbH, Steyr, Austria	100.0

International	Share of capital in %
ZF Suspension Technology Guadalajara, S.A. de C.V., Guadalajara, Mexico	100.0
ZF Taiwan Ltd., Taipei, Taiwan	100.0
ZF Test Track Sweden AB, Arvidsjaur, Sweden	100.0
ZF Transmissions Gray Court, LLC, Gray Court, USA	100.0
ZF Transmissions Shanghai Co., Ltd., Shanghai, China	51.0 [2]
ZF TRW Automotive Holdings Corp., Livonia, USA	100.0
ZF Wind Power (Tianjin) Co., Ltd., Tianjin, China	100.0
ZF Wind Power Antwerpen NV, Lommel, Belgium	100.0
ZF Wind Power Coimbatore Private Limited, Coimbatore, India	100.0
ZF Wind Power Singapore Pte. Ltd, Singapore Central, Singapore	100.0

2) Control is exercised on the basis of contractual rights and non-contractual framework conditions.
3) 100% voting rights

Consolidated companies accounted for using the equity method

Germany	Share of capital in %
AHEAD Automotive GmbH, Berlin, Germany	25.0
doubleSlash Net-Business GmbH, Friedrichshafen, Germany	51.0
Ibeo Automotive Systems GmbH, Hamburg, Germany	43.8
Qorix GmbH, Munich, Germany	44.4
WABCOWÜRTH Workshop Services GmbH, Künzelsau, Germany	50.0 [4]
ZF Foxconn Chassis Modules GmbH, Osnabrück, Germany	50.0
International	
embotech AG, Zurich, Switzerland	15.0 [5]
Evercast, S.A. de C.V., Saltillo, Mexico	30.0
Fonderie Lorraine S.A.S., Grosbliederstroff, France	49.0
S.M. Sistemas Modulares Ltda., Taubate, Brazil	50.0
TSETINIS-EFESO Management Consulting AT GmbH, Puch bei Hallein, Austria	24.0
Wolong ZF Automotive Electric Motors Co., Ltd., Shaoxing, China	26.0
ZF FAWER Automotive Chassis Systems (Changchun) Co., Ltd., Changchun, China	60.0
ZF PWK Mécacentre S.A.S., Saint-Étienne, France	50.0 [4]

4) Despite a shareholding of 50 %, the company is not jointly controlled and is therefore classified as an associated company.
5) Despite a shareholding of 15%, the company is classified as an associated company on the basis of contractual rights and non-contractual framework conditions.

Friedrichshafen, March 12, 2026

ZF Friedrichshafen AG
The Board of Management

Mathias Miedreich (CEO)

Dr. Lea Corzilius

Michael Frick

Dr. Peter Holdmann

Andreas Moser

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Independent Auditor's Report

To ZF Friedrichshafen AG

Opinions

We have audited the consolidated financial statements of ZF Friedrichshafen AG, Friedrichshafen and its subsidiaries (the Group), which comprise the consolidated statement of profit or loss and consolidated statement of comprehensive income for the fiscal year January 1 to December 31, 2025, consolidated statement of financial position as at December 31, 2025, the consolidated statement of cash flows and the consolidated statement of changes in equity for the fiscal year from January 1 to December 31, 2025, and notes to the financial statements, including material accounting policy information. In addition, we have audited the group management report of ZF Friedrichshafen AG for the fiscal year from January 1 to December 31, 2025.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) (IFRS Accounting Standards) and adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at December 31, 2025 and of its financial performance for the fiscal year from January 1 to December 31, 2025, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Other information

The supervisory board is responsible for the report of the supervisory board. The executive directors are responsible for the other information. The other information comprises the prescribed parts of the annual report, which were provided to us prior to us issuing this auditor's report:

- Key Figures,
- Company Profile,
- Management (a.o. board of management letter and report of the supervisory board),
- Sustainability,

but not the consolidated financial statements, nor the disclosures in the group management report included in our audit and not our auditor's report thereon.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the executive directors and the supervisory board for the consolidated financial statements and the group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Sec 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control and of such arrangements and measures.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.
- Plan and perform the audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming on opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and review of the work performed for the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Stuttgart, March 12, 2026

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Meyer	Heubach
Wirtschaftsprüfer	Wirtschaftsprüfer

Assurance Report

ASSURANCE REPORT OF THE INDEPENDENT GERMAN PUBLIC AUDITOR ON AN ASSURANCE ENGAGEMENT TO OBTAIN LIMITED AND REASONABLE ASSURANCE IN RELATION TO SELECTED INFORMATION CONTAINED IN THE SUSTAINABILITY REPORT OF ZF FRIEDRICHSHAFEN AG AS OF DECEMBER 31, 2025

To the ZF Friedrichshafen AG

Limited Assurance Conclusion

We have conducted a limited assurance engagement on the information on the gross GHG emissions for Scope 1 and 3 upstream contained in the Sustainability Report of ZF Friedrichshafen AG, Friedrichshafen (hereinafter referred to as the "Company" or "ZF Friedrichshafen AG") as of December 31, 2025, and marked with the footnote "The disclosures for Financial Year 2025 are audited with limited assurance by KPMG." or the footnote "Scope 3.1 to 3.7, in Financial Year 2025 audited with limited assurance by KPMG."

Based on the procedures we have performed as part of our limited assurance engagement and the evidence we have obtained, nothing has come to our attention that causes us to believe that the gross GHG emissions for Scope 1 and Scope 3 upstream as of December 31, 2025, were prepared in all material respects in accordance with the provisions of the GHG Protocol and the supplementary criteria presented by the executive directors of the Company relating to the aforementioned disclosures.

Reasonable Assurance Opinion

We have conducted a reasonable assurance engagement on the information on the gross GHG emissions for Scope 2 contained in the sustainability report of ZF Friedrichshafen AG as of December 31, 2025, and marked with the footnote "The disclosures for Financial Year 2025 are audited with reasonable assurance by KPMG." or the footnote "Audited with reasonable assurance by KPMG for Financial Year 2025."

In our opinion, on the basis of our reasonable assurance engagement, the gross GHG emissions for Scope 2 were prepared in all material respects in accordance with the provisions of the GHG Protocol and the supplementary criteria presented by the executive directors of the Company relating to the aforementioned disclosures.

Basis for the Limited Assurance Conclusion and Reasonable Assurance Opinion

We conducted our combined limited and reasonable assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3410: Assurance Engagements on Greenhouse Gas Statements issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under the above standard are further described in the section "German Public Auditor's Responsibilities for the Assurance Engagement on selected information in the Sustainability Report."

We are independent in accordance with the independence requirements of the German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has applied the requirements for a system of quality control as set forth in the IDW Quality Management Standard issued by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany, IDW): Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)). This standard requires an audit firm to design, establish, and enforce a quality assurance system that includes policies and procedures for compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion and opinion.

Other matters – Comparative information and other information in the Sustainability Report

Our engagement relates exclusively to the assurance of the information marked with corresponding footnotes on the gross GHG emissions for Scope 1, Scope 2, and Scope 3 upstream of ZF Friedrichshafen AG as of December 31, 2025. Our engagement does not cover all other information in the Sustainability Report of ZF Friedrichshafen AG as of December 31, 2025, including comparative and prior-year information, and therefore our assurance conclusion and opinion do not cover this information.

Responsibilities of the Executive Directors for the selected information in the Sustainability Report

The executive directors are responsible for the preparation of the information on the gross GHG emissions Scope 1, Scope 2, and Scope 3 upstream (in short: selected information in the sustainability report to be audited) in accordance with the provisions of the GHG Protocol and the supplementary criteria presented by the executive directors of the Company relating to the aforementioned disclosures. This responsibility includes:

- designing, implementing, and maintaining the internal controls they deem necessary to enable the preparation of the selected information in the sustainability report to be audited in accordance with the above-mentioned regulations, that is free from material misstatement, whether due to fraud (i.e., manipulation of the Sustainability Report) or errors,
- selecting and developing suitable criteria for the preparation of the selected information in the sustainability report to be audited, including appropriately referencing or describing and presention the criteria used,
- selecting and applying appropriate methods to prepare the selected disclosures in the sustainability report to be audited, and
- making assumptions and estimates, including the development of forward-looking information related to individual disclosures.

Inherent Limitations in Preparing the selected information in the Sustainability Report

As explained in sections 1.1 Fundamental Principles and 2.4 Actions and resources in relation to climate change policies, the quantification of greenhouse gas emissions is inevitably subject to significant inherent limitations, as the scientific knowledge for determining emission factors is incomplete and the nature and methods used to determine emission data are subject to inherent limitations. The Company's choice of other acceptable emission factors or measurement methods could have resulted in significantly different reported GHG emissions.

These inherent limitations also affect the assurance engagement on the selected information in the Sustainability Report.

German Public Auditor's Responsibilities for the Assurance Engagement for selected information in the Sustainability Report

We are responsible for planning and performing the engagement in order to

a) express a limited assurance conclusion on whether any matters have come to our attention that cause us to believe that the information on gross GHG emissions Scope 1 and Scope 3 upstream as of December 31, 2025, which are marked with the footnote "The disclosures for Financial Year 2025 are audited with limited assurance by KPMG." or the footnote "Scope 3.1 to 3.7, in Financial Year 2025 audited with limited assurance by KPMG" has not been prepared, in all material respects, in accordance with the provisions of the GHG Protocol and the supplementary criteria presented by the executive directors of the Company relating to the aforementioned disclosures.

b) express a reasonable assurance opinion, on whether the information on gross GHG emissions Scope 2 as of December 31, 2025, which are marked with the footnote "The disclosures for Financial Year 2025 are audited with reasonable assurance by KPMG." or the footnote "Audited with reasonable assurance by KPMG for Financial Year 2025." are prepared, in all material respects, in accordance with the provisions of the GHG Protocol and the supplementary criteria presented by the executive directors of the Company relating to the aforementioned disclosures.

As part of an assurance engagement in accordance with ISAE 3410, we exercise professional judgment and maintain professional skepticism. We also:

a) for the limited assurance engagement
   - obtain an understanding of the process used to prepare the selected information in the Sustainability Report.
   - identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. In addition, the risk of not detecting a material misstatement in information obtained from sources not within entity's control (value chain information) is ordinarily higher than the risk of not detecting a material misstatement in information obtained from sources within the entity's control, as both the entity's executive directors and we as practitioners are ordinarily subject to restrictions on direct access to the sources of the value chain information.
   - consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

b) for the reasonable assurance engagement
   - perform risk assessment procedures, including obtaining an understanding of the internal controls that are relevant to the assurance engagement on the information on gross Scope 2 GHG emissions in order to identify and assess the risks of material misstatement at the assertion level due to fraud or error, but not for the purpose of expressing an assurance opinion on the effectiveness of these internal controls of the Company. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control
   - evaluate the appropriate derivation of the forward-looking disclosures from the significant assumptions and the appropriateness of these assumptions. We do not express a separate assurance opinion either on the forward-looking disclosures nor on the assumptions on which they are based. There is a substantial unavoidable risk that future events will differ materially from the forward-looking disclosures.

Summary of the Procedures Performed for the Limited Assurance Engagement by the German Public Auditor

A limited assurance engagement involves the performance of procedures to obtain evidence about the selected information in the Sustainability Report. The nature, timing and extent of the selected procedures are subject to our professional judgment.

In performing our limited assurance engagement, we performed the following procedures, among others:

- Recording processes and tracing data flows,
- Evaluation of the design and implementation of processes and systems for determining, processing, and monitoring data relating to the selected information to be audited, including consolidation of data,
- Evaluation of the suitability of the criteria presented by the executive directors,
- Evaluation of the methods used to prepare the selected information to be audited, including the estimated values,
- Inquiry with the employees at Group level who are responsible for determining and consolidating the information and for performing internal control procedures,
- Evaluation of the relevant guidelines and process instructions,
- Inquiry with specialist departments,
- Performing analytical procedures in relation to the data and trends reported for consolidation at Group level,
- Inspection of internal and external documents to determine whether the selected disclosures to be audited are supported by sufficient evidence,
- Conducting site visits in Friedrichshafen, Saarbrücken, and Schweinfurt.

Restriction of Use / Clause on General Engagement Terms

This assurance report is solely addressed to ZF Friedrichshafen AG, Friedrichshafen.

The engagement, in the performance of which we have provided the services described above on behalf of ZF Friedrichshafen AG, Friedrichshafen, was carried out on the basis of the General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüferinnen, Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) dated as of January 1, 2024 (www. kpmg.de/AAB_2024). By taking note of and using the information as contained in our report each recipient confirms to have taken note of the terms and conditions stipulated in the aforementioned General Engagement Terms (including the liability limitations to EUR 4 million specified in item No. 9 included therein) and acknowledges their validity in relation to us.

Mannheim, 12 March 2026

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Beyer Tiecks
Wirtschaftsprüfer
[German Public Auditor]

Imprint

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The downloadable PDF is barrier-free and can be read by screen readers.

In cases of doubt, the German version of this Report is binding.

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ZF Friedrichshafen AG
88038 Friedrichshafen
Germany

Investor Relations
investor.relations@zf.com
zf.com/ir

Sustainability
sustainability@zf.com
zf.com/sustainability

Corporate Communications
presse@zf.com
zf.com/press

Photos
ZF Friedrichshafen AG: pages 3, 10
Kilian Bishop, Munich: pages 5, 9

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ZF Friedrichshafen AG
88038 Friedrichshafen
Germany
www.zf.com