

**SCHAEFFLER**

**Invitation  
to the Annual General Meeting of  
Schaeffler AG on May 8, 2020**

*This is a convenience translation of the German language invitation to the annual general meeting of Schaeffler AG, which is provided to English-speaking readers for informational purposes only. Only the German version of this document is legally binding on Schaeffler AG. No warranty is made as to the accuracy of this translation and Schaeffler AG assumes no liability with respect thereto.*

**Schaeffler AG**  
Herzogenaurach

ISIN (common shares): DE000SHA0019 (WKN SHA001)  
ISIN (common non-voting shares): DE000SHA0159 (WKN SHA015)

We hereby invite our shareholders to the annual general meeting on

Friday, May 8, 2020, 10:00 (CEST)

to be held as virtual event without physical presence of the shareholders or their proxies at [www.schaeffler.com/agm](http://www.schaeffler.com/agm) (“**Virtual Annual General Meeting**”). The chairman of the meeting is present at the Schaeffler Conference Center, Industriestrasse 1-3, 91074 Herzogenaurach.

**Holding as a Virtual Annual General Meeting**

The Board of Managing Directors of the company has resolved, with the consent of the Supervisory Board, to hold the annual general meeting of the company for the financial year 2020 as Virtual Annual General Meeting without the physical presence of the company’s shareholders or their proxies. These resolutions were taken based on the act to mitigate the effects of the COVID-19-pandemic in the areas of civil, insolvency and criminal procedure law, which came into effect as of March 28, 2020 (BGBl I. pg. 570; the “**COVID-19-Mitigation Act**”).

**There is no right for shareholders’ or their proxies’ to physically participate in the Annual General Meeting.**

The members of the Board of Managing Directors, the designated proxies of the company and the notary public taking the minutes of the annual general meeting will be present at the location of the chairman of the meeting. Pursuant to article 2 section 1 para. 1 COVID-19-Mitigation Act in connection with section 118 para. 3 sentence 2 German Stock Corporation Act (*Aktiengesetz* – AktG) the Board of Managing Directors of the company has resolved, with the consent of the Supervisory Board, that Supervisory Board members may participate in the annual general meeting through video and audio transmission.

## Agenda

### 1. Presentation of the adopted separate financial statements and the approved consolidated financial statements as at December 31, 2019, and the combined management report for the company and the group, as well as the report of the Supervisory Board for the business year 2019

The Supervisory Board approved the separate financial statements and the consolidated financial statements prepared by the Board of Managing Directors. The separate financial statements have thus been adopted pursuant to section 172 sentence 1 AktG. The annual general meeting therefore does not need to adopt a resolution on this agenda item 1. The abovementioned documents are available on the company's website at [www.schaeffler.com/aggm](http://www.schaeffler.com/aggm). In addition, the documents will be available and explained in detail at the annual general meeting.

### 2. Resolution on the appropriation of the retained earnings available for distribution for the business year 2019

The Board of Managing Directors and the Supervisory Board propose to appropriate the retained earnings available for distribution for the business year 2019 shown in the separate financial statements of Schaeffler AG in the amount of EUR 453,809,423.22 as follows:

Distribution of a dividend of EUR 0.45 per common non-voting share entitled to a dividend, at 166,000,000 common non-voting shares this comes to:	EUR 74,700,000.00
Distribution of a dividend of EUR 0.44 per common share entitled to a dividend, at 500,000,000 common shares this comes to:	EUR 220,000,000.00
Transfer to the revenue reserves:	EUR 159,109,423.22

In case of a corresponding resolution of the annual general meeting, the dividend is due in accordance with section 58 para. 4 sentence 2 AktG on the third business day following the resolution adopted by the annual general meeting, i.e. on May 13, 2020.

### 3. Resolution on the approval of the acts of the members of the Board of Managing Directors for the business year 2019

The Board of Managing Directors and the Supervisory Board propose to approve the acts of the members of the Board of Managing Directors holding office in the business year 2019 for this period.

### 4. Resolution on the approval of the acts of the members of the Supervisory Board for the business year 2019

The Board of Managing Directors and the Supervisory Board propose to approve the acts of the members of the Supervisory Board holding office in the business year 2019 for this period.

### 5. Resolution on the appointment of the auditor for the audit of the separate financial statements and the consolidated financial statements and for the review of the condensed financial statements and the interim management report as well as for any review of additional interim financial information

The Supervisory Board – based on the recommendation of the audit committee – proposes to appoint KPMG AG Wirtschaftsprüfungsgesellschaft, Munich,

- a) as auditor for the audit of the separate financial statements and the consolidated financial statements for the financial year 2020;
- b) as auditor for the review of the condensed financial statements and the interim management report (sections 115 para. 5 and 117 no. 2 Securities Trading Act (*Wertpapierhandelsgesetz* – WpHG) for the first six months of the financial year 2020; and
- c) as auditor for any review of additional interim financial information (section 115 para. 7 WpHG) for the first and/or third quarter of the financial year 2020 and/or for the first quarter of the financial year 2021.

**6. Resolution on the approval of the compensation system of the Board of Managing Directors**

Pursuant to section 120a para. 1 AktG, the annual general meeting of the listed company must resolve on the approval of the compensation system of the members of the Board of Managing Directors proposed by the Supervisory Board no fewer than every four years and whenever there is a significant change to the compensation system. Even though such resolution, at this point, is not mandatory for Schaeffler AG at the annual general meeting 2020, such resolution shall be adopted already now, especially since the Supervisory Board adopted changes to the compensation system for the members of the Board of Managing Directors with effect from January 1, 2020 for all members of the Board of Managing Directors whose term in office lasts beyond July 31, 2020.

The Supervisory Board proposes that the following compensation system, which was adopted by the Supervisory Board with effect from January 1, 2020 for all members of the Board of Managing Directors whose term in office lasts beyond July 31, 2020 be approved.

## Remuneration system for the members of the Board of Managing Directors of Schaeffler AG in accordance with section 87a of the German Stock Corporation Act (AktG)

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### Preamble

The Supervisory Board of Schaeffler AG established the remuneration system for the members of the Board of Managing Directors as described in this document with retroactive effect as of 1 January 2020. The remuneration system complies with the regulatory requirements with respect to executive remuneration as set out by the German Act Implementing the Second Shareholder Rights Directive (ARUG II).

The description of the remuneration system starts with the guiding principles applied to the remuneration system of the Board of Managing Directors as well as the process of determining, implementing and reviewing the remuneration system. This is followed by a description of individual remuneration components as well as the maximum remuneration. The possibility to withhold and reclaim variable remuneration components (Malus and Clawback Provisions), the Share Ownership Guidelines as well as the terms and termination provisions of the Managing Directors' service contracts are outlined at the end of the document.

The remuneration system applies to all members of the Board of Managing Directors with a term of service beyond 31 July 2020, as well as to new or renewed service contracts with members of the Board of Managing Directors and reappointments.

### A. GUIDING PRINCIPLES OF THE REMUNERATION SYSTEM FOR THE MEMBERS OF THE BOARD OF MANAGING DIRECTORS OF SCHAEFFLER AG

The Supervisory Board of Schaeffler AG defines the remuneration system for the Board of Managing Directors based on the following guiding principles:

- **Alignment of pay and performance:** The variable performance-based remuneration components shall exceed the fixed remuneration components with reference to the total target remuneration amount in order to create a strong link between pay and performance.
- **Focus on value creation and Free Cash Flow:** The remuneration shall support the achievement of the main strategic objectives of Schaeffler AG: ensuring sustainable value creation and Free Cash Flow. The related strategic and operative performance indicators shall be reflected in the variable remuneration of the members of the Board of Managing Directors as performance criteria.
- **Focus of variable remuneration on long-term and sustainable company value creation:** The variable remuneration shall be predominantly long-term oriented and linked to the company's value appreciation. Furthermore, sustainability targets shall be addressed in the variable remuneration to emphasize the increasing importance of sustainability as a part of the business strategy.

- **Fostering the capital market orientation and alignment with shareholder interests:** Members of the Board of Managing Directors are obligated to purchase shares of Schaeffler AG in a pre-defined amount and to hold them until the termination of their service agreement with Schaeffler AG (Share Ownership Guidelines).

The remuneration system of the members of the Board of Managing Directors is clear and transparent. Remuneration of a member of the Board of Managing Directors comprises fixed remuneration as well as short- and long-term remuneration components.

Remuneration System of the Board of Managing Directors: Overview				
Total target remuneration			Share ownership guidelines	
Fixed components		Variable components		
Fixed annual salary	Retirement benefits Defined contribution plan	Short-term bonus (STB)	Long-term bonus (LTB)	
	Fringe benefits e.g. D&O insurance and company car	<ul style="list-style-type: none"> <li>• Schaeffler Value-Added (SVA)*</li> <li>• Free Cash Flow (FCF)*</li> <li>• Strategic targets (e.g. sustainability)</li> <li>• Individual performance</li> </ul>	<ul style="list-style-type: none"> <li>• Service condition</li> <li>• Total Shareholder Return (TSR)</li> <li>• Earnings Per Share (EPS)</li> <li>• Possibility to define additional sustainability targets</li> </ul>	
Function and responsibility		Incentivizing the contribution to the business strategy and the long-term development of the company		Payout requirement for the LTB

\* For the divisional CEOs, division-specific performance indicators Schaeffler Value Added of the Division (SVA Division) und Divisional Cash Flow (DCF Division) are considered in addition to the above performance criteria

Deviation in the Financial Year 2020: Board of Management members received a special one-off grant of virtual shares (PSUs) as a compensation for the decreased level of pension benefits due to the system change as of 1 January 2020. The value of the special one-off grant is equivalent to 50% of the gross fixed annual salary. PSUs are settled in cash in three tranches.

The remuneration system is compliant with the requirements set out in the German Stock Corporation Act (Aktiengesetz - AktG), as amended by the German Act Implementing the Second Shareholder Rights Directive in the version dated 12 December 2019 (BGBl. Part I 2019, no. 50, as of 19 December 2019). It provides the Supervisory Board with the required flexibility to reflect the organizational changes and considers changing market conditions.

## B. PROCESS OF DETERMINING, IMPLEMENTING AND REVIEWING THE REMUNERATION SYSTEM

The Supervisory Board determines the remuneration system, the amount of remuneration including the maximum remuneration (section 87a (1) s. 2 no. 10 AktG) for the members of the Board of Managing Directors. The Supervisory Board's Executive Committee prepares the decisions of the Supervisory Board on the remuneration system as well as the remuneration of individual members of the Board of Managing Directors. This remuneration system was developed with the support of independent external compensation consultants. The Supervisory Board ensures the independency of mandated external consultants.

Procedures in respect of conflicts of interests defined by the rules of procedure for the Supervisory Board also apply to the process of determining, implementing and reviewing the remuneration system.

The Supervisory Board submits the remuneration system that it has resolved upon to the Annual General Meeting for approval. The Supervisory Board regularly reviews the appropriateness of the system and amount of executive remuneration. The assessment of appropriateness is based on a horizontal review of the structure and amount of remuneration, where the amount and structure of remuneration of each member of the Board of Managing Directors is compared against the market remuneration data of comparable companies (peer group) selected by the Supervisory Board. The peer group of Schaeffler AG consists of MDAX companies as well as international companies operating in a comparable sector. Furthermore, the Supervisory Board considers the remuneration levels of Schaeffler's employees when determining and reviewing the remuneration system of the members of the Board of Managing Directors (vertical review). For this purpose, the ratio between the amount of remuneration of each member of the Board of Managing Directors and the average remuneration per employee of the Schaeffler Group is compared against the corresponding ratios of MDAX companies. The average remuneration per employee is calculated based on the total global workforce of the Schaeffler Group, which reflects the international character of the company.

In the event of significant changes, and no fewer than every four years, the remuneration system shall be submitted to the Annual General Meeting for approval.

If the Annual General Meeting does not approve the submitted remuneration system, the Supervisory Board shall submit to the general meeting for approval a reviewed remuneration system at the subsequent Annual General Meeting, at the latest.

The remuneration system as described herein applies to all members of the Board of Managing Directors with a term of

service beyond 31 July 2020, as well as to new or renewed service contracts with members of the Board of Managing Directors and reappointments. The Supervisory Board may temporarily deviate from the remuneration system (Provisions related to the Process of Determination and the Remuneration Structure), its individual components and regarding individual remuneration components of the remuneration system or implement new remuneration components, if this is required in the interest of the company’s long-term well-being. Such deviations may apply in the event of extraordinary circumstances, for example a severe financial or economic crisis. Such deviations may also temporarily result in a deviating maximum remuneration for the Chief Executive Officer or other members of the Board of Managing Directors.

**C. DETAILS OF THE REMUNERATION SYSTEM**

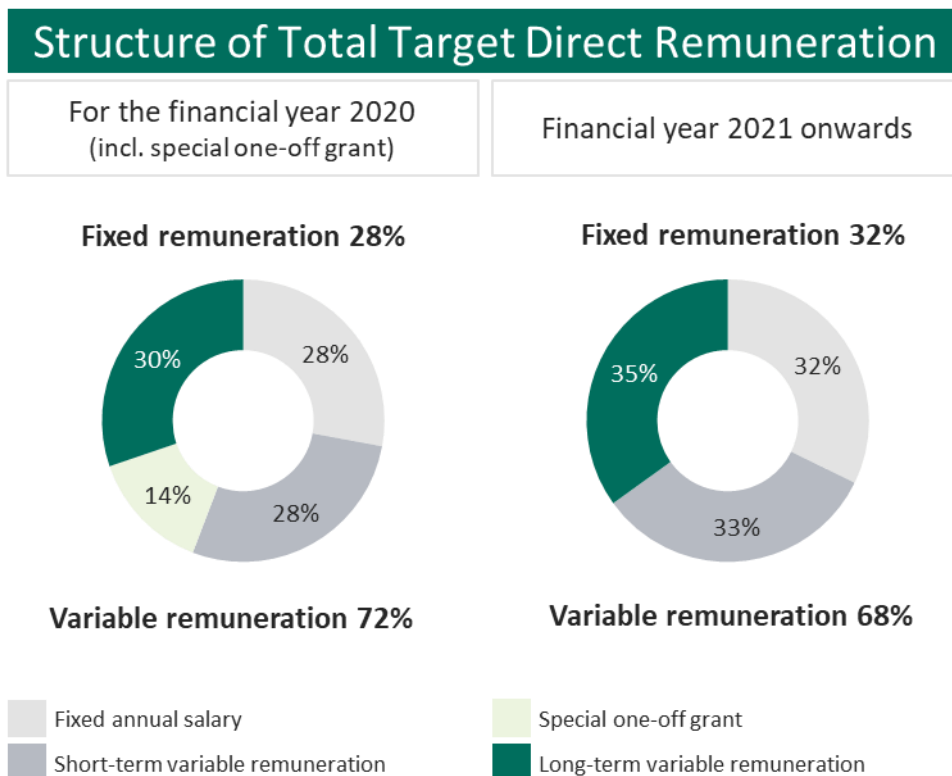
**I. Remuneration Components (section 87a (1) s. 2 no. 3 AktG and section 87a (1) s. 2 no. 4 AktG)**

**1. Overview of the Remuneration Components and their respective relative proportion of the remuneration**

The remuneration of members of the Board of Managing Directors comprises both fixed and variable components. The fixed components include the fixed annual salary, fringe benefits and retirement benefits. The variable components include the short-term variable remuneration (the Short-Term Bonus, STB) and the long-term variable remuneration (the Long-Term Bonus, LTB) as well as the special one-off grant (“One-off Grant”) for the financial year 2020.

The relative proportions of the fixed and variable components in relation to both the total target direct remuneration and the total target remuneration are described below.

The total target direct remuneration for the financial years from 2021 comprises the fixed annual salary, the target value of the STB (at 100% target achievement) and the grant value of the LTB representing the value at 100% target achievement. For the financial year 2020, a grant value of a special one-off grant is added to the variable remuneration. The proportion of the target variable remuneration exceeds the proportion of fixed remuneration both for the financial year 2020 and for the subsequent years.



Deviating structure for Dr. Spindler:  
for 2020: 24% fixed remuneration; 76% variable remuneration of total target direct remuneration; thereof, 31% STB, 33% LTB and 12% special one-off grant

2021 onwards: 28% fixed remuneration; 72% variable remuneration of total target direct remuneration; thereof, 35% STB and 37% LTB.

The total target remuneration includes the fixed annual salary, the contributions to retirement benefits, the fringe benefits and the target variable remuneration. With respect to the STB and the LTB, the target value and the grant value, respectively, both corresponding to 100% target achievement, are taken into consideration. For the financial year 2020, the grant value of the special one-off grant is added to the variable remuneration. The proportion of fixed remuneration is



currently approx. 35% (for financial year 2021 onwards: approx. 40%) of the total target remuneration. The proportion of variable remuneration is currently approx. 65% (for financial year 2021 onwards: approx. 60%) of the total target remuneration. The proportion of the STB currently amounts to approx. 25% (for financial year 2021 onwards: approx. 29%) of the total target remuneration, while the proportion of the LTB is approx. 27% (for financial year 2021 onwards: approx. 31%) and the proportion of the special one-off grant amounts is approx. 13% of the total target remuneration in the financial year 2020.

Due to existing contractual provisions, the percentage of individual remuneration components of the total target remuneration for Dr. Spindler deviate from the above-mentioned percentages.

The remuneration system ensures that the variable remuneration exceeds the fixed remuneration in relation to the total target remuneration under any circumstances.

The actual percentages for the years following 2020 and 2021 as well as for newly appointed members of the Board of Managing Directors may deviate from the above-mentioned percentages by some percentage points. The deviations may particularly result from varying annual expenses in respect of fringe benefits.

## **2. Fixed Remuneration Components**

### **2.1 Fixed Annual Salary**

Each member of the Board of Managing Directors receives a fixed annual salary, which is paid in cash and in twelve equal monthly installments.

### **2.2 Retirement Benefits**

Furthermore, members of the Board of Managing Directors are entitled to retirement benefits including an old-age, disability and surviving dependents' pension. For ordinary members of the Board of Managing Directors, the company's contributions to retirement benefits per financial year amount to EUR 195,000 and for the Chief Executive Officer to EUR 390,000. From age 65, members of the Board of Managing Directors are no longer entitled to the annual contributions to retirement benefits – even if the service period goes beyond that age.

In the event of retirement or disability, each member of the Board of Managing Directors is entitled to a lump-sum payment in the amount of the accrued plan assets as of such date. The accrued plan assets are calculated as the sum of all retirement contributions made to the reinsurance plus the non-guaranteed participation surplus based on the insurance tariff of the reinsurance company. Alternatively, a member of the Board of Managing Directors can opt for the accrued plan assets to be paid out in ten annual installments or as a monthly pension annuity for life. The installment amount as well as the level of monthly pension annuity is based on a contribution of the accrued plan assets into a then to be concluded temporary or life pension insurance.

### **2.3 Fringe Benefits**

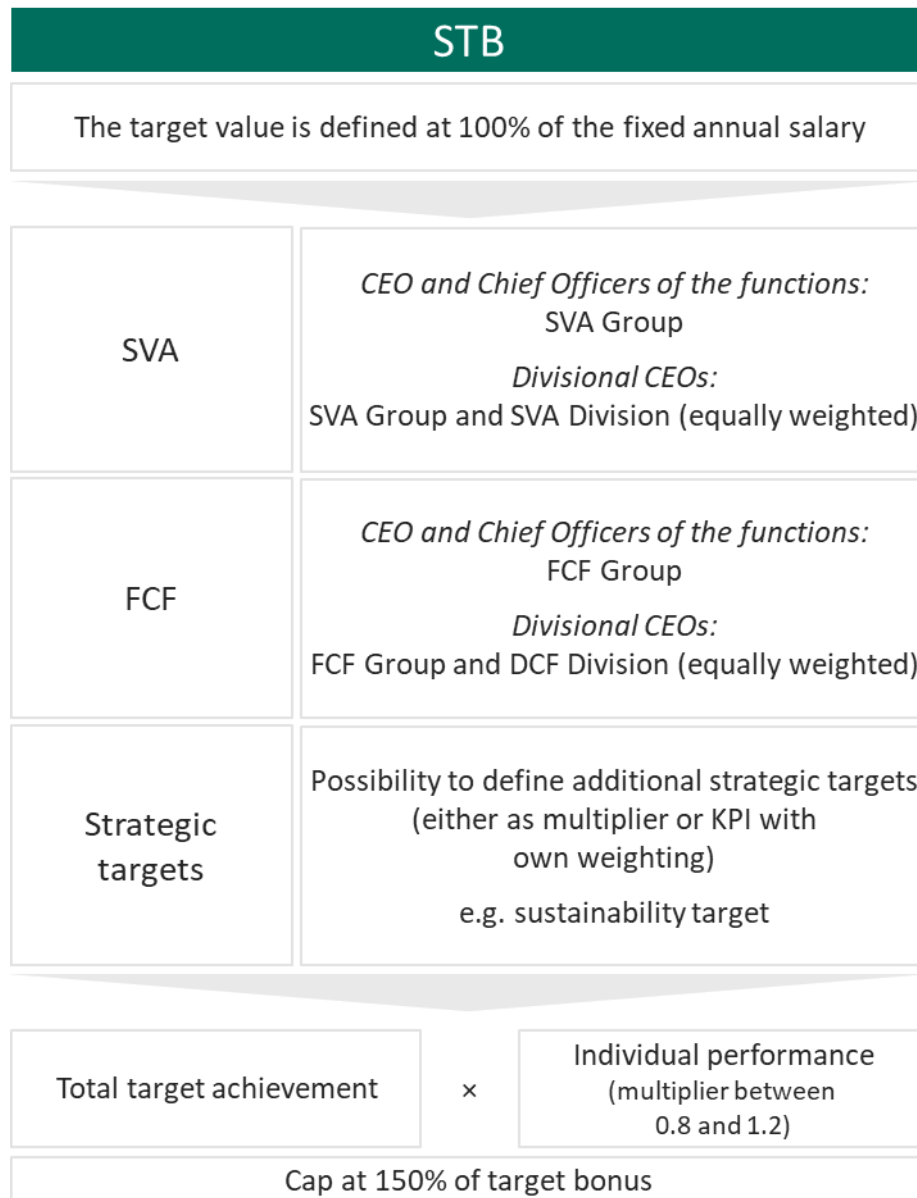
The fringe benefits granted to each member of the Board of Managing Directors comprise a company car, including its private usage, and a directors' and officers' liability insurance (D&O insurance). In compliance with the requirements of the German Stock Corporation Act (Aktien-gesetz), the D&O insurance policy includes a deductible of 10% of the damage amount and up to a minimum of 150% of the fixed annual salary. In addition, a contribution to a health and long-term care insurance as well as payments to the personal pension scheme ("Persönliches Vorsorgekonzept", PVK) are sponsored by the company. Furthermore, members of the Board of Managing Directors are covered by the group accident insurance. For the newly appointed members of the Board of Managing Directors additional fringe benefits may be individually defined and stipulated in the service agreement.

## **3. Variable Remuneration Components**

### **3.1 Short-term Variable Remuneration (STB)**

The STB is a performance-based bonus with a one-year performance period. This short-term variable remuneration component is designed to reward the annual contribution to the sustainable company value creation as well as the operational realization of the business strategy. The payout of the STB is based on the achievement of the performance criteria defined by the Supervisory Board for each financial year. Those primarily cover the financial targets derived from the business strategy. In addition, the Supervisory Board can define other strategic targets and may set deviating weightings of the performance targets in this case. Moreover, the Board of Managing Directors member's individual performance measured by the Supervisory Board according to its reasonably exercised discretion may be considered for the determination of the STB payout. The individual target bonus is stipulated in the service agreement and amounts to 100% of the fixed annual salary. The existing contractual provisions for Dr. Spindler deviate from the above-mentioned rule. The STB payout is capped at 150% of the target bonus amount. This cap applies to the overall STB amount: both amendments of the STB by applying a multiplier and STB adjustments due to extraordinary circumstances are subject to

this cap. The STB may be forfeited if the minimum level of the target achievement is not met.



### 3.1.1 Financial Performance Targets

Unless defined otherwise, the financial performance targets for the Chief Executive Officer and the functional Chief Officers<sup>1</sup> include Schaeffler Value Added of the Schaeffler Group (SVA Group) and Free Cash Flow of the Schaeffler Group (FCF Group), both equally weighted. To properly reflect the divisional performance, the financial performance targets for divisional CEOs<sup>2</sup> are measured both on the Group and the divisional levels. The financial performance targets SVA Group, Schaeffler Value Added of the division (SVA Division), FCF Group and Divisional Cash-Flow of the division (DCF Division) are all equally weighted.

**Schaeffler Value Added:** The Schaeffler Value Added provides a central performance indicator for the contribution to the sustainable company value creation achieved in the respective financial year. In order to grow profitably and create long-term value, earnings must be sufficient to cover the cost of capital. The performance criterion SVA Group is based on the Schaeffler Group's EBIT less its cost of capital. SVA Division is determined using the same methodology as Schaeffler Value

<sup>1</sup> Functional Chief Officers are members of the Board of Managing Directors who are responsible for one or multiple of the following corporate functions: Research & Development (CTO), Production, Supply Chain Management & Purchasing (COO), Finance & IT (CFO) or Human Resources (CHRO).

<sup>2</sup> Divisional CEOs are those members of the Board of Managing Directors who are each responsible for one or multiple of the following divisions: Automotive OEM (CEO Automotive OEM), Automotive Aftermarket (CEO Automotive Aftermarket) or Industry (CEO Industrial).

Added but using parameters segmented in accordance with IFRS 8.

**Free Cash Flow:** The Free Cash Flow is the most important operative performance indicator in terms of the current business strategy. It measures the company's ability to convert its operating performance to cash inflows. FCF Group is generally calculated based on the Schaeffler Group's cash flows from operating activities and from investing activities for the relevant financial year. The DCF Division is calculated as the sum of EBIT plus depreciation, amortization, and impairment losses plus change in working capital less additions to property, plant and equipment and intangible assets.

The Supervisory Board sets performance scales for each financial year, including the minimum and maximum target values for each financial performance target. The actual target achievement for the respective financial year is determined by comparing the actual values achieved for the financial year against the set target value. In case of extraordinary circumstances in the course of a year, the Supervisory Board is entitled to adjust the target achievement of the STB at its own reasonably exercised discretion. This may lead to either an increase or a decrease in target achievement.

### 3.1.2 Strategic Targets

The Supervisory Board is entitled to define additional strategic targets, which may also include non-financial targets. The strategic targets can either be defined as additional performance criteria (leading to a reduction of the weighting of the financial performance criteria) or as a multiplier applied to the overall target achievement of the STB.

To create a clear link between the company's sustainability strategy as well as related business initiatives and remuneration, the Supervisory Board has defined additional sustainability targets for the STB 2020. These sustainability targets are: improvement of the CDP-Rating of the Schaeffler Group to at least "B" and increasing energy efficiency by at least 25 GWh in the financial year 2020. The combined performance in respect of sustainability targets is used as a multiplier of +/- 10% (ranging from 0.9 to 1.1) applied to the overall STB target achievement for the Chief Executive Officer, the functional Chief Officers and the divisional CEOs.

### 3.1.3 Individual Performance

At its own reasonably exercised discretion, the Supervisory Board is entitled to apply a multiplier (ranging from 0.8 to 1.2) to the overall target achievement of the STB, which would reflect the Board of Managing Directors member's individual performance. While exercising its discretion, the Supervisory Board may particularly consider additional tasks and responsibilities due to interim roles of a member of the Board of Managing Directors.

### 3.1.4 STB Payout

The Supervisory Board determines the STB payout within the first three months of the year following the respective financial year. The STB payout is payable in cash on 31 March of the year following the respective financial year. If the service period of a member of the Board of Managing Directors in the respective financial year was shorter than 12 months, the STB amount is prorated accordingly and is paid on the regular payout date.

In the event of the termination of the Board of Managing Directors member's service agreement for good cause, revocation of the appointment for good cause by Schaeffler AG or in the event of the Board of Managing Directors member's resignation without cause, the STB entitlement for the respective financial year lapses. The event is deemed to be effective as of the day of the receipt of the notice of termination, revocation or resignation.

## 3.2 Long-term Variable Remuneration (LTB)

The LTB creates an incentive towards the long-term company value creation. Due to the share-based character of the LTB, the members of the Board of Managing Directors participate in the long-term company value creation. The LTB performance conditions are linked to the business strategy and incentivize sustainable and profitable growth as well as long-term competitiveness. Moreover, the share-based design of the LTB further contributes to the alignment of interests between the shareholders and the Board of Managing Directors.

The LTB is a share-based Performance Share Unit Plan (PSUP) with a four-year performance period attributable to each tranche. LTB tranches are granted annually. Each performance period starts at the 1 January of the respective financial year. Virtual shares (Performance Share Units, PSUs) are granted annually to the members of the Board of Managing Directors. The number of PSUs is determined based on the individual grant value in Euro and the share price at grant. The share price at grant is defined as the average closing price of the preferred share of Schaeffler AG in the XETRA trading system of Frankfurt Stock Exchange (or any successor system) for the last 60 trading days before the beginning of the performance period.

Vesting of PSUs at the end of the four-year performance period is based on the fulfillment of the service and performance conditions. Performance conditions are set by the Supervisory Board and comprise TSR outperformance and EPS growth.

## LTB

The individual grant value in Euro is converted to PSUs at the average share price of the Schaeffler share for the last 60 trading days before the beginning of the date of grant:

50% PSUs	Service condition	Target achievement: 0% – 100%	<u>Condition</u> Existing Management Board service contract
25% PSUs	TSR outperformance	Target achievement: 0% – 200%	<u>Condition</u> TSR outperformance vs. Sector Basket (SXAGR / SXNGR)
25% PSUs	EPS growth	Target achievement: 0% – 200%	<u>Condition</u> Average annual growth rate of earnings per share (EPS CAGR)

Possibility to define additional **sustainability targets**

Payout after a four-year performance period

Number of PSUs	×	Share price at vesting (cap at 200% of share price at grant)
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The Supervisory Board sets performance scales for each LTB tranche. Performance scales define the level of outperformance of Total Shareholder Return and the level of the compound annual growth rate of Earnings Per Share which is required for a defined percentage of PSUs to vest. The number of PSUs which vest subject to the fulfillment of the performance conditions is capped at 200%.

### 3.2.1 Service Condition

The vesting and payout of PSUs is generally subject to continuous existence of the Board of Managing Directors member's service agreement during the entire performance period. Should a member of the Board of Managing Directors join the Board of Managing Directors during a financial year, the service condition for the performance period beginning in the year of entry is deemed to be fulfilled if the Board of Managing Directors member's service agreement still exists at the end of the respective performance period. Unless defined otherwise, the weighting of the service condition is set at 50%.

### 3.2.2 TSR Outperformance

The TSR outperformance performance condition measures the resulting Total Shareholder Return (TSR) during the respective performance period compared to a relevant peer group. This relative TSR performance reflects the long-term

competitiveness of the Schaeffler Group.

The peer group consists of a so-called Sector Basket, which reflects the sector-specific market conditions of Schaeffler AG: Automotive OEM, Automotive Aftermarket and Industry. This Sector Basket combines two performance indices: STOXX Europe 600 Automobiles and Parts Gross Return (SXAGR) and STOXX Europe 600 Industrial Goods and Services Gross Return (SXNGR) weighted at 75% and 25% respectively. These weightings correspond to the current revenue structure of the business segments within Schaeffler AG. The TSR outperformance is determined based on the difference between the TSR of the Schaeffler share and the TSR of the peer group. By mutual consent, the composition of and the weightings within the peer group may be amended to reflect potential changes in the market environment and company strategy.

Unless defined otherwise, the weighting of the TSR outperformance is set at 25%.

### **3.2.3 EPS Growth**

The annual EPS growth measured during the four-year performance period reflects the operative performance of Schaeffler AG and long-term profitability growth. The combination of TSR outperformance and the EPS growth considers both the market conditions and the internal financial performance and therefore ensures a balanced performance measurement. The EPS growth is measured as a compound annual growth rate (CAGR) of the earnings per preferred share (EPS) during the performance period. The EPS is defined as earnings per preferred share (basic) from continued operations accounted in the audited consolidated financial statements.

Unless defined otherwise, the weighting of the EPS growth is set at 25%.

### **3.2.3 Additional Performance Criteria**

The Supervisory Board is entitled to define additional or further performance conditions, in particular ESG targets (Environment, Social, Governance), as well as a deviating weighting of performance conditions for future performance periods.

### **3.2.5 LTB Payout**

Vested PSUs are paid out in cash. The payout amount is determined by multiplying the final number of vested PSUs with the average closing price of the preferred share of Schaeffler AG in the XETRA trading system of Frankfurt Stock Exchange (or any successor system) for the last 60 trading days of the performance period. The share price is capped at double the share price at grant for the respective tranche. The LTB is payable at the next ordinary payment date after approval of the consolidated financial statements of Schaeffler AG.

In case of extraordinary circumstances, the Supervisory Board is entitled to limit the grant of the PSUs and/or the payout of the LTB at its own reasonably exercised discretion. The Supervisory Board may also re-define the number of PSUs, if no PSUs or a reduced number of PSUs were granted to the member of the Board of Managing Directors due to extraordinary circumstances.

### **3.2.6. Other Provisions: Leaver Rules and Capital Events**

The PSUP plan terms differentiate between “Good Leavers” and “Bad Leavers” for cases when a member of the Board of Managing Directors leaves Schaeffler AG. In a “Good Leaver” case (including contract expiration, contract annulment, reaching retirement age), generally, granted Performance Share Units vest pro rata temporis on the last day of the performance period and are settled on the normal payout date. In a “Bad Leaver” case (especially termination of the service agreement for good cause by Schaeffler AG), all Performance Share Units, which remain unvested by the time of the receipt of a termination notice, forfeit.

The plan terms of the PSUP also includes provisions for capital events (including capital increase, restructuring of Schaeffler AG) allowing potential adjustment of the number of granted virtual shares. In case of a delisting, all entitlements to a payout within the Performance Share Unit Plan forfeit and the members of the Board of Managing Directors will receive a grant within a subsequent plan offering economically equivalent conditions.

### **3.3 Special One-Off Grant**

Currently appointed members of the Board of Managing Directors receive a special one-off grant of virtual shares (Performance Share Units, PSUs) as a compensation for the decreased level of retirement benefits due to the system change as of 1 January 2020. The value of the special one-off grant is equivalent to 50% of the gross fixed annual salary (grant value). PSUs are settled in cash in three tranches. The number of PSUs is determined based on the grant value in Euro and the share price at grant. The share price at grant is defined as the average closing price of the preferred share of Schaeffler AG in the XETRA trading system of Frankfurt Stock Exchange (or any successor system) for the last 60 trading days before 1 January 2020. The granted PSUs vest in three equal tranches after a period of one, two and three calendar years starting from 1 January 2020. Each tranche is settled in cash at the end of the respective performance period based on the average closing price of the preferred share of Schaeffler AG for the last 60 trading days of the relevant performance period. The

share price is capped at double the share price at grant. Payout of each tranche is also subject to the fulfillment of the service condition. In case the service agreement of a member of the Board of Managing Directors ends prior to the end of the performance period of a respective tranche, the respective tranche lapses entirely. The payout amount is payable at the next ordinary payment date after approval of the consolidated financial statements of Schaeffler AG.

The provisions of the LTB in respect of capital events also apply to the special one-off grant.

## II. **Maximum Remuneration (section 87a (1) s. 2 no. 1 AktG)**

The overall remuneration amount payable to each member of the Board of Managing Directors in respect of a financial year is limited to a maximum total remuneration amount ("**Maximum Remuneration**"). The Maximum Remuneration covers all payouts and allocations of the total remuneration granted to a member of the Board of Managing Directors (including the fixed annual salary, variable remuneration components, service cost and fringe benefits) for the relevant financial year, irrespective of the dates when the payouts and allocations are actually made. For the financial year 2020 the Chief Executive Officer's Maximum Remuneration amounts to EUR 8,590,000 and EUR 7,390,000 from the financial year 2021 onwards. For each ordinary Managing Director, the Maximum Remuneration for the financial year 2020 amounts to EUR 4,345,000 and EUR 3,745,000 for the financial year 2021 onwards. Due to existing contractual provisions for Dr. Spindler the following deviations from the system apply: For the financial year 2020 the Maximum Remuneration amounts to EUR 5,020,000 and EUR 4,420,000 for the financial year 2021 onwards.

## III. **Malus and Clawback Provisions (section 87a (1) s. 2 no. 6 AktG)**

The Supervisory Board is entitled to withhold up to 100% (Malus) of the payout to a member of the Board of Managing Directors or reclaim (Clawback) it, in full or in part, in respect of the variable remuneration components during the relevant performance periods (for the STB: during the relevant one-year performance period; for the LTB: during the relevant four-year performance period) in cases of severe breach of:

- compliance with the Code of Conduct of Schaeffler Group,
- duties related to managing the company,
- compliance with the Code of Conduct of Schaeffler Group by employees of Schaeffler AG or by executive bodies or employees of affiliated companies of Schaeffler AG in case the member of the Board of Managing Directors has severely breached the obligation to organize and supervise the company.

The individual payout within the variable remuneration, including STB and LTB, could be withheld in full or in part if during the relevant performance period (one year for the STB and four years for the LTB) one of the three breaches defined above apply and payout has not been made by the time the Supervisory Board decides to withhold the remuneration. In case such breaches are revealed or disclosed ex post, the already paid out amounts related to variable remuneration, including STB and LTB, could be reclaimed in full or in part. Such a reclaim is no more admissible if more than five years have passed.

Even after the service agreement has been terminated, the decision in respect of withholding or reclaiming the already paid variable remuneration could be made.

The Supervisory Board is entitled to decide on withholding or reclaiming of variable compensation at its own discretion.

## IV. **Share Ownership Guidelines**

The ordinary members of the Board of Managing Directors are obligated to purchase preferred shares of Schaeffler AG in the amount of 100% of the gross fixed annual salary and to hold them during their Board appointment (target number of shares). For the Chief Executive Officer, the amount of 200% of the gross fixed annual salary applies accordingly. The value of the preferred shares by the time of purchase is relevant for the purpose of the guidelines. For the current members of the Board of Managing Directors, the obligation must be fulfilled until 31 December 2023. In case of an appointment to the Board of Managing Directors during a financial year, the obligation must be fulfilled until the end of the four-year performance period of the LTB, which begins in the calendar year following the start of the service agreement. The payout of the LTB is contingent on the proof of compliance with the Share Ownership Guidelines until the end of the respective performance period. If the service agreement of a member of the Board of Managing Directors ends prior to the end of the first performance period, the target number of shares is reduced on a pro rata temporis basis and reflect the actual term of the service agreement in relation to the four-year performance period of the LTB. If the service agreement of a member of the Board of Managing Directors ends after the completion of the first performance period and the respective share ownership obligations are duly fulfilled, the LTB payouts in respect of the subsequent performance periods are no longer contingent on the proof of compliance with the Share Ownership Guidelines.

The Share Ownership Guidelines set further incentives towards the long-term company value creation beyond the four-year performance period of the LTB. Furthermore, Share Ownership Guidelines foster the capital market orientation and align the interests of the Board of Managing Directors with interests of shareholders of Schaeffler AG.

**V. Legal Provisions related to Remuneration (section 87a (1) s. 2 no. 8 AktG)**

**1. Terms and Conditions for Termination of Remuneration-related Legal Transactions, Including the Respective Notice Periods (no. 8a)**

The service agreements of the current members of the Board of Managing Directors comprise the following terms and provisions for termination:

Mr. Rosenfeld's service agreement currently has a term until 30 June 2024. The service agreement of Mr. Schick runs until 31 March 2021. Mrs. Schittenhelm's service agreement has a term until 31 December 2023. The service agreement of Mr. Söding runs until 31 December 2023. The service agreement of Dr. Spindler has a term until 30 April 2023. Mr. Wagner's service agreement runs until 30 September 2022. The service agreement of Mr. Zink has a term until 31 December 2024. Subject to the Board of Managing Directors member's consent, the service agreements are extended for the term for which the Supervisory Board determines the reappointment of a member of the Board of Managing Directors.

The service agreement ends automatically at the end of the month in which the member of the Board of Managing Directors reaches the age of 68. Moreover, the service agreement ends automatically in case of an extraordinary termination for good cause.

There are no special provisions for the event that a change of control event occurs, that is, neither special rights to terminate the contract nor severance payments.

**2. Severance Payments (no. 8b)**

The amount of severance payment payable in the event of early termination of a service agreement is limited to a maximum of two annual remuneration amounts and may not exceed the remuneration amount corresponding to the remaining term of service (severance cap). An early termination of the service agreement for a reason for which the member of the Board of Managing Directors is responsible disqualifies him or her for any severance payment. The severance cap is generally calculated based on the total remuneration for the last full financial year and on the expected total remuneration for the current year where applicable.

The members of the Board of Managing Directors are subject to non-competition clause for a period of two years following termination of the service agreement. In return, they are entitled to compensation in the amount of 50% of the latest fixed annual salary granted to the Managing Directors plus 50% of the last STB paid prior to termination of the service agreement. The existing contractual provisions of some members of the Board of Managing Directors stipulate deviating provisions in respect of the non-competition clauses. These members of the Board of Managing Directors are entitled to compensation in the amount of 50% of the average contractual remuneration granted to the members of the Board of Managing Directors for the last 12 months before the end of their appointment. In case members of the Board of Managing Directors receive any income from activities, which are not covered by the non-compete clause, this income amount shall be deducted from the compensation amount provided that the total of the compensation amount and received income exceeds the latest received and contractually agreed remuneration from Schaeffler AG by more than one tenth.

**3. Provisions for Retirement Benefits and Early Retirement (no. 8c)**

The main characteristics of the provisions for retirement benefits and early retirement are already described in the information under B.II.2.

**D. REVIEW AND DISCLOSURE**

The Supervisory Board regularly reviews the appropriateness of the Board of Managing Directors' remuneration system as well as the remuneration amount. For establishing the remuneration system and for assessing the appropriateness of remuneration the Supervisory Board consults an external compensation consultant. The independency of external advisors from the Board of Managing Directors and the company is ensured in due course.

Schaeffler AG publishes annually the remuneration of the Board of Managing Directors in a remuneration report.

## Further information and notes

### Total number of shares and voting rights

At the time of the convocation of the annual general meeting, the company's share capital amounts to EUR 666,000,000.00 and is divided into 666,000,000 no-par-value shares, each representing a notional interest in the share capital of EUR 1.00. Of the 666,000,000 no-par-value shares, 500,000,000 shares are common shares with just as many voting rights and 166,000,000 shares are common non-voting shares. The common non-voting shares also have no voting rights in the annual general meeting pursuant to section 140 para. 2 sentence 1 AktG. At the time of the convocation the company holds no treasury shares.

### Holding by way of a virtual general meeting

The Board of Managing Directors of the company has resolved, with the consent of the Supervisory Board, to hold the annual general meeting of the company for the 2020 financial year as virtual annual general meeting without the physical presence of the company's shareholders or their proxies. This resolution was taken based on the COVID-19-Mitigation Act, which came into effect as of March, 28, 2020.

The shareholders' and their proxies' right to physically participate in the annual general meeting is excluded.

Holding the annual general meeting 2020 as a virtual meeting in accordance with the COVID-19-Mitigation Act requires modifications with respect to the annual general meeting as well as to rights of shareholders. The shareholders and their proxies have the options described below to follow the entire Virtual Annual General Meeting on the internet by way of video and audio transmission, to exercise their voting rights through electronic communication (absentee vote) and to grant proxies (holders of common shares), to ask questions by means of electronic communication, and shareholders, that have exercised their voting rights, can use electronic communication to raise objections to resolutions of the annual general meeting.

### Requirements for participating in the Virtual Annual General Meeting and exercising voting rights and the right to ask questions

Holders of common shares are entitled to participate in the Virtual Annual General Meeting, to exercise their right to ask questions in connection with the Virtual Annual General Meeting (see below), to exercise their voting rights via electronic communication (absentee vote) and to grant power of attorney if they register in a timely manner and provide proof of their right to participate.

Holders of common non-voting shares are entitled to participate in the Virtual Annual General Meeting and to exercise their right to ask questions in connection with the Virtual Annual General Meeting (see below) if they register in a timely manner and provide proof of their right to participate.

Registration must be received by the company at

Schaeffler AG  
c/o Deutsche Bank AG  
Securities Production  
General Meetings  
Post Box 20 01 07  
60605 Frankfurt am Main  
Germany  
Fax: +49 69 12012-86045  
Email: wp.hv@db-is.com

at least six days before the Virtual Annual General Meeting, that is by **May 1, 2020 (24:00 CEST)**. Upon due registration, access cards including the access credentials will be automatically sent to the shareholders. In order to ensure the timely receipt of the access cards, we kindly request that shareholders submit their registration and the proof of shareholding to the company sufficiently in advance and to also submit an email address.

The proof of shareholding must be received by the company at the same address no later than by the fourth day prior to the annual general meeting, that is by **May 4, 2020 (24:00 CEST)**, if it has not already been sent together with the registration. For the purpose of proving the right to participate, a proof of shareholding issued by the custodian bank in text form (section 126b German Civil Code (*Bürgerliches Gesetzbuch* – BGB) in the German or English language is sufficient. Proof of shareholding must be as of the beginning of the twelfth day prior to the meeting, that is on **April 26, 2020 (00:00 CEST)** (“record date”).



### **Relevance of the record date**

In relation to the company, only someone who has provided the specific proof of the right to participate in the Virtual Annual General Meeting or to exercise voting rights and the right to ask questions may virtually participate in the annual general meeting via the internet and exercise voting rights and the right to ask questions as a shareholder. This means that shareholders who have acquired their shares after 00:00 CEST on the record date have the right to virtually participate and exercise their voting rights (holders of common shares) and their right to ask questions with regard to these shares only if they have been appointed as a proxy or authorized to exercise these rights. The record date does not prevent a sale of shares. Shareholders who sell all or any of their shares after 00:00 CEST on the record date are therefore – subject to timely registration and submission of proof of shareholding – nevertheless entitled in relation to the company both to submit questions and to participate in the Virtual Annual General Meeting and – if they are holders of common shares – to exercise their voting rights. The record date is not a relevant date for the dividend entitlement of the shares.

### **Procedure for absentee voting**

Holders of common shares may cast their votes without being present at the meeting by means of electronic communication (absentee vote) or by granting proxy. Only shareholders duly registered no later than by May 1, 2020 (24:00 CEST) and having duly provided proof of shareholding no later than by May 4, 2020 (24:00 CEST) (as specified above) are entitled to exercise their voting rights by means of electronic communication (absentee vote) or by granting proxy. The number of voting rights exercised by absentee vote is determined by the proof of shareholding as of the record date.

Votes cast by absentee vote are limited to the resolution proposals by the Board of Managing Directors and/or the Supervisory Board announced in the invitation to the Virtual Annual General Meeting and resolution proposals by shareholders announced through a supplementation of the agenda pursuant to section 122 para. 2 AktG.

Absentee votes can be submitted by electronic communication at the following email address:

Email: [schaeffler-HV2020@computershare.de](mailto:schaeffler-HV2020@computershare.de)

Absentee votes (via email) might be cast or changed until the end of the voting at the day of the Virtual Annual General Meeting. In order to exercise their voting rights by absentee vote, holders of common shares are required to state their full name (and, in case of legal entities or partnerships, the full company name), their place of residence/registered office as well as the their voting card number as indicated on the access card.

### **Authorization of proxies for exercising voting rights, the right to ask questions or the virtual participation**

The shareholder may also exercise his voting rights (holders of common shares) or other rights to participate, in particular the right to ask questions (holders of common shares and common non-voting shares), in connection with the Virtual Annual General Meeting via proxy, e.g. via the custodian bank, an association of shareholders, the proxies designated by the company or another person of their choosing. Shareholders who would like to grant a power of attorney must also register for the annual general meeting as described above in a timely manner and provide proof of their entitlement. Granting of the power of attorney, its revocation and proof of authorization vis-à-vis the company must be in text form; section 135 AktG remains unaffected.

Shareholders who wish to grant a power of attorney are kindly requested to use the proxy form for issuance, which the company provides for this purpose. The use of the proxy form is not mandatory.

The appointment of a proxy, its revocation and proof of a power of attorney vis-à-vis the company can also be submitted in text form (section 126b BGB) to the following address until the day of the Virtual Annual General Meeting:

Schaeffler AG  
c/o Computershare Operations Center  
80249 München  
Fax: +49 89 30903-74675  
Email: [schaeffler-HV2020@computershare.de](mailto:schaeffler-HV2020@computershare.de)

On the day of the Virtual Annual General Meeting, the aforementioned actions with respect to the proxies can be submitted to the following address only:

Email: [schaeffler-HV2020@computershare.de](mailto:schaeffler-HV2020@computershare.de)

With regard to the exercise of the right to ask questions, the deadline specified below applies equally to shareholders' proxies.

If powers of attorney for exercising voting rights are granted to intermediaries, as well as to associations of shareholders, proxy advisors or persons or institutions within the meaning of section 135 para. 8 AktG, the proxy holder must verifiably record the power of attorney. It must also be complete and may only contain declarations related to the exercise of voting rights. We therefore kindly ask shareholders who wish to grant power of attorney to an intermediary, an association of shareholders, a proxy advisor or an equivalent person or institution within the meaning of section 135 AktG to coordinate the form of the power of attorney with the proxy.

These persons may also use absentee voting in accordance with the aforementioned deadline.

Holders of common shares have the possibility to have their voting rights exercised in accordance with their instructions in the Virtual Annual General Meeting through proxies designated by the company for this purpose. In this case, a holder of common shares must, as described above, also register for the annual general meeting and provide proof of shareholding in a timely manner. If a holder of common shares wishes to grant power of attorney to the proxies designated by the company, he must give the instructions with respect to every item on the agenda that is being voted on as to how the voting right is to be exercised. The proxies designated by the company are obligated to vote in accordance with the instructions issued to them. The proxies designated by the company are not permitted to exercise voting rights at their own discretion.

Please note that the proxies designated by the company do not accept authorizations for the lodging of objections against resolutions by the annual general meeting or for the exercise of the right to ask questions under the requirements set out in this invitation.

The form that holders of common shares receive with the access card to the annual general meeting when registering and providing proof in a timely manner can be used for granting power of attorney and instructions to the instruction-bound proxy designated by the company.

The appointment of the proxies designated by the company, its revocation and the issuance of instructions can also be submitted in text form to the following address prior to the annual general meeting until May 7, 2020 (24:00 CEST):

Schaeffler AG  
c/o Computershare Operations Center  
80249 München  
Fax: +49 89 30903-74675  
Email: schaeffler-HV2020@computershare.de

On the day of the Virtual Annual General Meeting, the appointment of proxies designated by the company, its revocation and the issuance of instructions can be submitted until the end of the vote to the following address only:

Email: schaeffler-HV2020@computershare.de

## **Rights of shareholders**

### **Motions by shareholders to supplement the agenda pursuant to section 122 para. 2 AktG**

Shareholders whose shares, alone or taken together, represent a one-twentieth part (5%) of the share capital or, alone or taken together, reach the proportionate amount of EUR 500,000.00 may demand items to be included on the agenda and announced. Each new item must be accompanied by a statement of reason or a draft resolution. Furthermore, the annual general meeting may, pursuant to sec. 87 para. 4 AktG upon motion pursuant to sec. 122 para. 2 sentence 1 AktG, reduce the amount of the maximum compensation for the Board of Managing Directors determined pursuant to section 87a para. 1 sentence 2 number 1 AktG. Motions to supplement the agenda must be received by the company in writing at least 14 days prior to the annual general meeting – the date of receipt and the date of the annual general meeting will not be counted –, i.e. no later than by the end of April 23, 2020 (24:00 CEST). Motions to supplement the agenda received later will not be taken into account. The shareholders are asked to direct such motions to supplement the agenda to the following address:

Schaeffler AG  
Board of Managing Directors  
attn.: Legal Department  
Industriestr. 1–3  
91074 Herzogenaurach

Persons submitting a motion must prove that they have held the shares for at least 90 days prior to the date the motion is received and that they hold the shares until the Board of Managing Directors decides on the motion, with section 70 AktG being applicable when calculating the time for which the shares have been held. A shift from a Sunday, Saturday or a public holiday to a preceding or subsequent business day shall not be possible. Sections 187 to 193 BGB shall not be applied accordingly.

Motions to supplement the agenda that are to be announced – if they were not announced with the convocation – will be announced promptly after receipt of the motion in the Federal Gazette and will be submitted for publication to such media for which it may be expected that they will disseminate the information across the European Union. They will also be announced on the internet at [www.schaeffler.com/agm](http://www.schaeffler.com/agm) and communicated to the shareholders.

#### **Countermotions and proposals for election by shareholders pursuant to sections 126 para. 1 and 127 AktG**

Each shareholder is entitled to send countermotions to proposals from the Board of Managing Directors and/or the Supervisory Board for specific items on the agenda and make counterproposals for the election proposals on the agenda (sections 126 para. 1, 127 AktG).

Countermotions, subject to section 126 para. 2 and 3 AktG, and election proposals, subject to sections 127 sentence 1, 126 para. 2 and para. 3, section 127 sentence 3 AktG, by shareholders will only be made available on the internet at [www.schaeffler.com/agm](http://www.schaeffler.com/agm) if the requirements described below are fulfilled. The publication will include the shareholders' name, the statement of reason and any comment by the administration.

Countermotions so to be made available must oppose a resolution proposal by the Board of Managing Directors and/or Supervisory Board and refer to a specific item on the agenda and be submitted including a statement of reason. Election counterproposals to be made available must refer to the elections included as part of the agenda; the election proposals need not to be submitted together with a statement of reason.

Countermotions (together with a statement of reason) against a proposal by the Board of Managing Directors and/or the Supervisory Board regarding a specific item of the agenda and the election proposals by shareholders for elections included as part of the agenda must be received by the company at the following address by no later than April 23, 2020, 24:00 (CEST):

Schaeffler AG  
Legal Department  
Industriestr. 1–3  
91074 Herzogenaurach  
Fax: +49 9132 82-4963  
Email: [OR-HZA-Legal-Team-DE-HZA@schaeffler.com](mailto:OR-HZA-Legal-Team-DE-HZA@schaeffler.com)

During the Virtual Annual General Meeting countermotions/election proposals cannot be made.

#### **Right to ask questions pursuant to article 2 section 1 para. 2 no. 3 COVID-19-Mitigation Act**

According to the provisions of the COVID-19-Mitigation Act shareholders duly registered by May 1, 2020 (24:00 CEST) and having duly submitted proof of shareholding by May 4, 2020 (24:00 CEST) (as set out above) have, in connection with the general meeting, the opportunity to ask questions by means of electronic communication, it being understood that this right to ask questions does not constitute a right to information.

The Board of Managing Directors has resolved, with the consent of the Supervisory Board, that all questions are to be submitted in German electronically at [SchaefflerHV2020-Fragen@computershare.de](mailto:SchaefflerHV2020-Fragen@computershare.de) ahead of the general meeting and by no later than **May 6, 2020 (14:00 CEST)**. With respect to the transmission of questions to the company, shareholders are encouraged to provide their full names (and, in case of legal entities or partnerships, the full company name), their place of residence/registered office, as well as their access card number as provided on the access card. In case of missing or incomplete information, questions from shareholders may not be considered.

It is not envisaged for the shareholders to ask questions after expiration of the deadline and during the Virtual Annual General Meeting. Questions will be answered "in" the general meeting – to the extent FAQs have not been answered on the company's website in advance.

The Board of Managing Directors decides at its own due discretion which questions are to be answered and in which manner.

The administration does not have to answer all questions, but may summarize and choose meaningful questions in the interest of the other shareholders. It may give preference to shareholder associations and institutional investors with significant voting interest.

#### **Information pursuant to section 124a AktG on the company's website**

The content of the convocation of the annual general meeting to be held via internet, the documents to be made available (in particular the documents to be submitted under agenda item 1), motions and proposals for election from shareholders that are to be made available as well as further information relating to the Virtual Annual General Meeting (including the rights of shareholders) are available on the company's website at [www.schaeffler.com/agm](http://www.schaeffler.com/agm). The documents to be made available will also be available during the Virtual Annual General Meeting on May 8, 2020.

The convocation of the Virtual Annual General Meeting is published in the Federal Gazette dated April 16, 2020 and was submitted for publication to such media for which it may be expected that they will disseminate the information across the European Union.

#### **Video and audio transmission of the entire annual general meeting**

The shareholders of Schaeffler AG may follow the entire annual general meeting (including the general debate and vote) on May 8, 2020 starting 10:00 (CEST) on the internet ([www.schaeffler.com/agm](http://www.schaeffler.com/agm)) upon entering their access credentials.

In addition to a password, the required access credentials includes the surname, first name and place of residence of the person (and in case of legal entities or partnerships, the full company name and registered office) to whom the access card has been issued, in each case, as printed on the access card. The password is printed on the access card which will be sent to all holders of common voting shares and common non-voting shares, that have duly registered their participation in the Virtual Annual General Meeting, in due time prior to the annual general meeting.

The opening of the general meeting by the chairman of the meeting, the report of the chairman of the Supervisory Board and the speech of the Chief Executive Officer will be broadcast for the interested public at [www.schaeffler.com/agm](http://www.schaeffler.com/agm) and will remain available after the Virtual Annual General Meeting as an online recording at the aforementioned address.

#### **Shareholders' right to lodge objections**

Shareholders, that have exercised their voting rights by absentee vote or proxy are afforded the opportunity to object to a resolution of the annual general meeting, waiving any requirement to physically participate in the annual general meeting. The objection is to be lodged until the end of the Virtual Annual General Meeting by means of electronic communication.

For this purpose, shareholders that exercised their voting rights as described above may submit their objections until the end of the meeting by means of electronic communication at the following email address:

[SchaefflerHV2020-Widerspruch-beim-Notar@computershare.de](mailto:SchaefflerHV2020-Widerspruch-beim-Notar@computershare.de)

Herzogenaurach, April 2020

The Board of Managing Directors

### **Information on data protection for shareholders**

The company, as the responsible body within the meaning of Article 4 no. 7 of the General Data Protection Regulation, processes personal data (last name, address, email address, number of shares, class of shares, type of ownership of shares and access card number) based on applicable data protection laws. In addition, the company also processes personal data of a proxy holder authorized by a shareholder, if any (in particular, such proxy holder's name and place of residence). If a shareholder or proxy holder makes use of the opportunity to ask questions pursuant to article 2 section 1 para. 2 no. 3 COVID-19-Mitigation Act or otherwise contacts the company, the company also processes the personal data required or conducive to respond to any inquiries (such as the contact information provided by the shareholder or proxy holder, e.g., telephone numbers).

Depending on individual cases, this may also apply to additional personal data. For example, the company processes information on questions and motions to supplement the agenda from shareholders at the general meeting. In the event of countermotions, election proposals or motions to supplement the agenda, which must be made available, the company will also publish such proposals together with the shareholder's name, online at <http://www.schaeffler.com/agm>.

The processing of personal data of shareholders is required pursuant to Sections 118 et seq. AktG in order to prepare, carry out and perform follow-up work on the Virtual Annual General Meeting, as well as to enable shareholders to exercise their rights in connection with the general meeting. Without the provision of such personal data, a participation of shareholders in Virtual Annual General Meeting and the exercise of voting rights and other rights would not be possible. The AktG in conjunction with Article 6 para. 1 c) of the General Data Protection Regulation, form the legal basis for the processing. Given that all shares in the company are bearer shares, the company does, however, point out that shareholders may be represented by an intermediary (Section 135 para. 5 AktG), a shareholders' association, a proxy advisor or any other equivalent person or institution pursuant to Section 135 AktG, while maintaining their anonymity and without providing personal data, respectively. The company may also process personal data to fulfil other legal obligations, such as regulatory requirements as well as obligations to retain data under stock corporation laws, securities laws, commercial laws and tax laws. The relevant statutory provisions in conjunction with Article 6 para. 1 sentence 1 c) of the General Data Protection Regulation form the legal basis for such processing.

The company's service providers that are commissioned for the purpose of holding the general meeting receive personal data from the company only to the extent such data is required to provide the requested services and only process the data in accordance with instructions from the company.

Furthermore, personal data is made available to the shareholders and shareholder representatives in accordance with applicable laws, notably in the form of the list of participants. Shareholders and shareholder representatives may inspect the list of participants for a period of up to two years after the Virtual Annual General Meeting (Section 129 para. 4 sentence 2 AktG).

The company does not use personal data recorded in connection with the general meeting for any decision based on automated processing and does not engage in any profiling.

The company and its service providers, respectively, generally receive personal data of shareholders via the registration office of the financial institutions such shareholders have commissioned to hold their shares in the company (so-called custodian banks).

The storage period for the data recorded in connection with the general meeting regularly amounts to up to three years, unless the company is legally required to provide evidence and retain data for a longer period of time or where the company has a legitimate interest in further retention, for example in case of judicial and extrajudicial disputes in connection with the general meeting. After the expiration of the relevant period, personal data will be deleted.

If certain statutory requirements are met, shareholders have information, correction, limitation, objection and deletion rights with respect to their personal data and the processing thereof. If personal data of shareholders is inaccurate or incomplete, such shareholders have the right to request a correction and supplement. Shareholders may at any time request the deletion of their personal data, unless the company is legally required or entitled to further process their data. Furthermore, shareholders have a right to data portability pursuant to Article 20 of the General Data Protection Regulation.

Shareholders can assert these rights vis-à-vis the company free of charge via the following contact details, which also allow shareholders to contact the company with respect to questions on data protection:

Schaeffler AG  
Industriestraße 1-3  
91074 Herzogenaurach  
Fax: +49 9132 82-5901  
E-Mail: [Datenschutz@schaeffler.com](mailto:Datenschutz@schaeffler.com)

Moreover, shareholders have the right to file a complaint with the data protection supervisory authorities pursuant to Article 77 of the General Data Protection Regulation.

The data protection supervisory authority responsible for the company is:

Bayerisches Landesamt für Datenschutzaufsicht  
Promenade 27  
91522 Ansbach  
Tel.: +49 981 53-1300  
Fax: + 49 981 53-5300  
Email: [poststelle@lda.bayern.de](mailto:poststelle@lda.bayern.de)

The company's data protection officer can be contacted at:

Schaeffler AG  
Data Protection Officer  
Industriestraße 1-3  
91074 Herzogenaurach  
Fax: +49 9132 82-5901