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Terms of Reference

BOARD OF MANAGING DIRECTORS OF SCHAEFFLER AG

**Governance Framework
Schaeffler Group**

Version 1.7
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Board Resort: CEO Functions
Responsible Member of the Executive Board: CEO
Document Owner: Head of Legal

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§1 Principles

- ¹ These Terms of Reference regulate worldwide the management of the business of the company as management holding and lead company of all companies of the Schaeffler Group. Schaeffler Group is made up of Schaeffler AG and all companies in which Schaeffler AG has a direct or indirect majority holding.
- ² The members of the Board of Managing Directors conduct the business in accordance with the laws, the articles of association and these Rules of Procedure. In this connection they must observe the reservations of consent set out in the Rules of Procedure for the Supervisory Board.
- ³ The Board of Managing Directors ensures that all provisions of law and internal company guidelines are complied with, and endeavors to achieve their compliance by all companies of the Schaeffler Group.
- ⁴ In connection with their work, the members of the Board of Managing Directors will take account of the recommendations of suggestions of the German Corporate Governance Code, they will especially:
 - observe the principle of diversity when appointing the managers and, in particular, strive for appropriate consideration of women;
 - ensure, together with the Supervisory Board, that there is long-term succession planning in respect of the composition of the Board of Managing Directors;
 - report transactions in shares of the company or related financial instruments, in particular derivatives, without delay to the company and the German Federal Financial Supervisory Authority (BaFin) in accordance with Art. 19 Para. 1 of the EU Market Abuse Regulation (MAR).

§2 Chair of the Board of Managing Directors

- ¹ The chair of the Board of Managing Directors coordinates the management of the company and the Schaeffler Group. In this connection he/she has the right and the duty to work towards implementation of the respective principles and guidelines of the company and the Schaeffler Group and ensuring that management is uniform. In order to do this, the chair of the Board of Managing Directors is entitled to request information from the members of the Board of Managing Directors about matters concerning their areas of responsibility. The members of the Board of Managing Directors must continuously report to the chair of the Board of Managing Directors about all significant occurrences and the course of business in their areas of responsibility.
- ² The chair of the Board of Managing Directors represents the Board of Managing Directors and the company both internally and externally, namely in front of the staff, the employee representatives and the Supervisory Board and as against authorities, associations, the media and the public. He/she can delegate this role to another member of the Board of Managing Directors for certain types of matters or in the individual case.

§3 Allocation of duties

- ¹ The individual members of the Board of Managing Directors will be allocated certain management areas by way of the allocation of areas of responsibility. Their responsibility for the entire management will not be affected by this.
- ² Each member of the Board of Managing Directors acts in his/her own area of responsibility on his/her own responsibility – taking account of the authority to make decisions and the decisions of the overall Board of Managing Directors in accordance with section 4 of these Rules of Procedure as well as the coordination to be carried out by the chair of the Board of Managing Directors.

- ³ Each member of the Board of Managing Directors must ensure that the interests of individual areas of responsibility are always subordinated to the interests of the company and the Schaeffler Group. Irrespective of this, the members of the Board of Managing Directors will work together as colleagues and inform one another continuously about important measures and occurrences in their areas of responsibility.
- ⁴ Each member of the Board of Managing Directors has a duty to bring about a resolution by all the members of the Board of Managing Directors where he/she has serious doubts about a matter concerning another area of responsibility if the doubts cannot be eliminated by discussing these with the member of the Board of Managing Directors responsible for this area.
- ⁵ Where measures and transactions of one area of responsibility simultaneously concern one or more than one other area of responsibility, the member of the Board of Managing Directors responsible must consult with the other members of the Board of Managing Directors involved and the chair of the Board of Managing Directors. If no agreement can be reached, each member of the Board of Managing Directors concerned must bring about a resolution of all the members of the Board of Managing Directors.
- ⁶ The allocation of the areas of responsibility for the Board of Managing Directors is as follows:

Mr. Klaus Rosenfeld

Chief Executive Officer
Schaeffler Group (CEO)

Chair of the Board of Managing Directors
CEO Functions

- Quality
- Governance, Processes & Organization
- Group Strategy, Sustainability & Corporate Development
- Group Communications & Public Affairs
- Global Branding & Marketing
- Investor Relations
- Legal
- Internal Audit
- Compliance & Corporate Security
- Corporate Real Estate Management
- Strategic Digitalization

	<p>Mr. Matthias Zink</p> <p>Chief Executive Officer Schaeffler Automotive Technologies (CEO Automotive Technologies)</p>	<p>Automotive Technologies</p> <ul style="list-style-type: none"> - Business Development & Strategy Automotive Technologies - Global Key Account Management Automotive Technologies - BD Engine & Transmission Systems - BD E-Mobility - BD Chassis Systems - Operations & Supply Chain Management Automotive Technologies - Quality Automotive Technologies - Purchasing & Supplier Management Automotive Technologies - Divisional Controlling Automotive Technologies - HR Automotive Technologies
	<p>Mr. Jens Schüler</p> <p>Chief Executive Officer Schaeffler Vehicle Lifetime Solutions (CEO Vehicle Lifetime Solutions)</p>	<p>Vehicle Lifetime Solutions</p> <ul style="list-style-type: none"> - Business Development & Strategy Vehicle Lifetime Solutions - Global KAM, Sales & Marketing Vehicle Lifetime Solutions - Product Management / R&D Vehicle Lifetime Solutions - IT & Digitalization Vehicle Lifetime Solutions - Operations & Supply Chain Management Vehicle Lifetime Solutions - Quality Vehicle Lifetime Solutions - Purchasing & Supplier Management Vehicle Lifetime Solutions - Divisional Controlling Vehicle Lifetime Solutions - HR Vehicle Lifetime Solutions

	<p>Dr. Stefan Spindler</p> <p>Chief Executive Officer Schaeffler Bearings & Industrial Solutions (CEO Bearings & Industrial Solutions)</p>	<p>Bearings & Industrial Solutions</p> <ul style="list-style-type: none"> - Business Development & Strategy Bearings & Industrial Solutions - Global Key Account Management Bearings & Industrial Solutions - Sales Management & Marketing Bearings & Industrial Solutions - Strategic Business Field Industrial Lifetime Solutions - Strategic Business Field Hydrogen Industrial - BD Automotive Bearings - R&D Bearings & Industrial Solutions - Operations, Supply Chain & Purchasing Bearings & Industrial Solutions - Quality Bearings & Industrial Solutions - Divisional Controlling Bearings & Industrial Solutions - HR Bearings & Industrial Solutions
	<p>Mr. Uwe Wagner</p> <p>Chief Technology Officer Schaeffler Group (CTO)</p>	<p>R&D</p> <ul style="list-style-type: none"> - R&D Strategy - Advanced Innovation - Corporate Engineering Services - R&D Central Technologies - Engineering IT & Digitalization - Intellectual Property Rights - Technical Compliance - Schaeffler Engineering
	<p>Mr. Andreas Schick</p> <p>Chief Operating Officer Schaeffler Group (COO)</p>	<p>Operations, Supply Chain Management & Purchasing</p> <ul style="list-style-type: none"> - Schaeffler Production System & Production Technology - Digitalization & Operations IT - Advanced Production Technology - Tool Technology - Special Machinery - Supply Chain Management & Logistics - Purchasing Strategy & Strategic Supplier Management - Purchasing Non-Production-Material - Quality Operations, Supply Chain Management & Purchasing

	<p>Mr. Claus Bauer</p> <p>Chief Financial Officer Schaeffler Group (CFO)</p>	<p>Finance & IT</p> <ul style="list-style-type: none"> - Finance Systems, Processes & Infrastructure - Corporate Accounting - Corporate Controlling - Corporate Treasury - Corporate Tax & Customs - Corporate Reporting - Corporate Insurance - Shared Services* - IT & Digitalization - Risk Management & Internal Control System
	<p>Ms. Dr. Astrid Fontaine</p> <p>Labor Director Schaeffler AG</p> <p>Chief Human Resources Officer Schaeffler Group (CHRO)</p>	<p>Human Resources</p> <ul style="list-style-type: none"> - HR Strategy & Diversity - HR Policies & Standards - Recruiting, Talent Development & Employee Engagement - Schaeffler Academy - HR Systems, Processes & Reporting - HR Functions - HR Germany - Top Talent Management & Strategic Workforce Planning
	<p><i>* Responsibility for the global steering of the shared services activities within the Schaeffler Group</i></p> <p>⁷ The Schaeffler Group controls its business through a three-dimensional matrix which includes the regions in addition to the divisions and central functions. The Region CEOs report directly to the CEO.</p> <p>⁸ The Board of Managing Directors ensures that a suitable and effective risk management system (RMS) and internal control system (ICS) are put in place, which comprise a compliance management system (CMS). The Board of Managing Directors ensures that these systems are aligned to the Schaeffler Group's risk situation. The responsibility for the RMS and ICS is with the CFO (Risk Management & Internal Control System) and the responsibility for the integrated management - Governance, Risk & Compliance (GRC) - of RMS, CMS and ICS lies with the CEO (Compliance & Corporate Security), however each member of the Board of Managing Directors remains responsible for implementing the RMS, CMS and ICS in his or her area of responsibility.</p>	
<p>§4</p> <p>Decisions by all members of the Board of Managing Directors</p>	<p>¹ All members of the Board of Managing Directors decide jointly on matters which are of particular importance for the company and/or the Schaeffler Group, especially on:</p> <p>a) measures which go beyond the ordinary course of business in the individual areas of responsibility, such as, e.g. purchasing, setting up, selling and closing of companies, operations, parts of operations, permanent establishments</p>	

	<p>and branches, concluding and terminating company agreements or significant organizational changes,</p> <ul style="list-style-type: none"> b) measures and transactions of an area of responsibility which are of significant importance for the company or the Schaeffler Group or which are associated with an extraordinary economic risk, c) adopting budgets and multi-year plans, d) adopting guidelines applicable worldwide, e) granting powers of Prokura/general powers of attorney and comparable authorizations at domestic and foreign group companies as well as appointing and dismissing directors and comparable management bodies of domestic and foreign group companies, f) all matters which have not been allocated to an area of responsibility by the Terms of Reference, g) periodic reporting to the Supervisory Board and its chair, h) all matters for which the consent of the Supervisory Board or the consent of the general meeting is needed, i) all matters submitted by a member of the Board of Managing Directors for resolution j) submitting declarations of compliance with the Corporate Governance Code pursuant to section 161 German Stock Corporation Act (<i>Aktiengesetz</i>), k) convening the general meeting and proposals of the Board of Managing Directors for resolutions at the general meeting <p>² Measures and transactions which require a decision by or the consent of all the members of the Board of Managing Directors may only be carried out by one member of the Board of Managing Directors without this decision or consent only if this is necessary, at his/her due discretion, in order to avoid serious disadvantages for the company or the Schaeffler Group. The other members of the Board of Managing Directors must be informed without undue delay.</p> <p>³ The Board of Managing Directors as overall body makes decisions by way of resolutions; it has a quorum if all the members of the Board of Managing Directors have been invited and at least half of the members of the Board of Managing Directors participate in the resolution. Resolutions are passed with the simple majority of the votes cast of the members of the Board of Managing Directors present; in the event of a tie, the chair of the Board of Managing Directors has the casting vote. Resolutions pursuant to section 1 b), c), d), e), g) and h) require the consent of the chair of the Board of Managing Directors.</p> <p>⁴ Implementation of the resolutions will be arranged by the member of the Board of Managing Directors responsible in each case and supervised by the chair of the Board of Managing Directors.</p>
<p>§5</p> <p>Meetings of the Board of Managing Directors</p>	<p>¹ Meetings of the Board of Managing Directors will normally take place every two weeks, on Mondays. They will be convened by the chair of the Board of Managing Directors. A meeting will also be convened where a matter is urgent or on request by a member of the Board of Managing Directors.</p> <p>² The meetings will be chaired by the chair of the Board of Managing Directors. He/she may determine that another member of the Board of Managing Directors shall chair the meeting or parts of the meeting. The chair of the meeting shall determine the order in which the items on the agenda are dealt with and the manner and form of voting. The chair of the meeting may determine that persons who are not members of the Board of Management be called in for consultation.</p>

	<p>³ Meetings can be held by telephone or conference call if the chair of the Board of Managing Directors so instructs. Resolutions can also be passed by way of written procedure if the chair of the Board of Managing Directors so instructs.</p> <p>⁴ The chair of the Board of Managing Directors will ensure that minutes are kept of all meetings.</p> <p>⁵ Decisions will only be made on matters pertaining to an area of responsibility of a member of the Board of Managing Directors not in attendance at a meeting if the matter cannot be postponed. The member of the Board of Managing Directors concerned must be informed without undue delay.</p>	
<p>§6 Cooperation with the Supervisory Board</p>	<p>¹ The chair of the Board of Managing Directors is responsible for leading the oral and written communication with the Supervisory Board and its members as well as the committees of the Supervisory Board. He/she will obtain the consent of the Supervisory Board in the cases specified by statute, the articles of association, the Rules of Procedure for the Supervisory Board or a Supervisory Board resolution.</p> <p>² The Board of Managing Directors will report to the Supervisory Board in accordance with its instructions. Reports and applications to the Supervisory Board must be submitted to the chair of the Board of Managing Directors with the request that he/she pass them on. The chair of the Board of Managing Directors will keep in regular contact with the chair of the Supervisory Board.</p> <p>³ Each member of the Board of Managing Directors has the right and the duty, after first informing the chair of the Board of Managing Directors, to inform the entire Board of Managing Directors and – through the chair of the Supervisory Board – the Supervisory Board:</p> <ul style="list-style-type: none"> a) of serious differences of opinion between members of the Board of Managing Directors, b) of conflicts of interest, c) if a resolution of the Board of Managing Directors, in his/her opinion, is unlawful or harmful to the company or the Schaeffler Group and he/she is unable to prevent implementation of the resolution in another manner, d) if the Board of Managing Directors fail to make a decision which, in his/her opinion, is prescribed by statute or necessary in the interest of the company or the Schaeffler Group 	
<p>§7 Other guidelines</p>	<p>These Terms of Reference do not affect other guidelines applicable to the company and the Schaeffler Group. This especially applies to the Approval and Signature Guidelines.</p>	
<p>§8 Approval</p>	Document Owner	Head of Legal
	Responsible member of the Executive Board	Chief Executive Officer
	Approver	Executive Board

§9
Change history

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Change	Adjustment Organizational Structure