vitesco TECHNOLOGIES

REMUNERATION SYSTEM FOR THE EXECUTIVE BOARD

VITESCO TECHNOLOGIES GROUP AKTIENGESELLSCHAFT
REMUNERATION SYSTEM FOR THE EXECUTIVE BOARD

PREFACE

Schaeffler AG announced at the end of the 2023 fiscal year that it intends to acquire Vitesco Technologies Group AG (hereinafter referred to as Vitesco Technologies Group AG or the "Company") and subsequently seek to merge the Company into Schaeffler AG. Subsequently, Schaeffler AG made a voluntary public tender offer to the shareholders of Vitesco Technologies Group AG, in the course of which it acquired 11,957,629 shares of the Company. As part of a total return swap transaction, Schaeffler AG acquired additional shares in the Company. Together with IHO Holding, Schaeffler AG now holds almost 90% of the share capital and voting rights in Vitesco Technologies Group AG. The next step is to obtain the approval of the Annual General Meetings of Vitesco Technologies Group AG and Schaeffler AG for the planned merger in order to be able to complete the merger by the fourth quarter of 2024.

The Executive Board and the Supervisory Board of Vitesco Technologies Group AG are convinced that the merger with Schaeffler AG is in the interest of the Company and its shareholders and therefore support Schaeffler AG's undertaking. The Supervisory Board is also convinced that the unchanged application of the remuneration system 2022 for the Executive Board would not be appropriate in the current exceptional situation. Rather, there would be a risk that there could be false incentives. At the same time, however, the Supervisory Board is convinced that, under normal circumstances, the current remuneration system would not require a fundamental revision, but would only need to be adjusted in details.

Due to this the Supervisory Board already decided in the 2023 fiscal year to make use of its right of deviation and to deviate selectively from the remuneration system. The deviations are described in more detail in the remuneration report regarding the 2023 fiscal year. For the transition period in the 2024 fiscal year, the Supervisory Board has developed a modified remuneration system that is based on the remuneration system 2022 and adapts it to the current exceptional situation by means of suitable modifications. If, contrary to expectations, the completion of the merger is delayed, the modified remuneration system could still be applied in the 2025 fiscal year. Otherwise, however, the remuneration system 2022, which has only been slightly adjusted, namely with regard to the key performance indicators ("KPIs") and the introduction of sign-on payments for new members of the Executive Board if remuneration claims forfeit from previous employers, will remain in place.

The first section of this document presents the remuneration system for the Executive Board that is applied under normal circumstances. It then shows which modifications will be made to the remuneration system during the transition period in the current exceptional situation. These modifications are described in detail at the end of this document (starting on page 16).

PRINCIPAL FEATURES OF THE REMUNERATION SYSTEM AND CONTRIBUTION TO THE PROMOTION OF THE BUSINESS STRATEGY AND TO THE LONG-TERM DEVELOPMENT OF THE COMPANY

Vitesco Technologies Group AG is a successful automotive supplier in the electronics sector leading the transition of the automotive powertrain suppliers towards e-mobility.

Our management is fully committed to the transformation: We intend to actively manage the transformation of our portfolio into the electrified future, and we are aiming for profitable growth and will continue to actively deliver on operational excellence. In addition to financial results, Vitesco Technologies Group AG's management promotes value creation built on solid corporate governance and environmental and social responsibility, and is committed to deliver on the Company's business vision. These goals are also reflected in our DIRECTION 2030, our guiding business strategy.

The remuneration system for the members of the Executive Board of Vitesco Technologies Group AG provides a substantive contribution to implementing this business strategy. For example, the performance bonus, which is based on profitability and efficiency indicators, promotes profitable growth of the Company. Moreover, a cash flow indicator acts as an incentive for the internal financing potential of Vitesco Technologies Group AG, enabling investments in innovation and transformation.

Furthermore, the objective of increasing the Company’s value is also in the interests of our shareholders and in line with Vitesco Technologies Group AG's strategy. This long-term goal is reflected in particular in the stock-based design of the long-term incentive (LTI) and is supported by the benchmarking of the performance of the Company against a relevant peer group.

Moreover, Vitesco Technologies Group AG attaches great value to corporate governance principles and to the environmental and social responsibility of the Company, which is reflected in the fact that sustainability targets have been integrated into the variable remuneration as a decisive factor for the performance of the Company.

The design of the remuneration system focuses, besides the link to the corporate strategy, in particular on the link between the performance of the Executive Board and its remuneration (pay for performance). In this way, target achievement will be rewarded whereas the variable remuneration can be reduced to zero if targets are not met. In line with the "pay for performance" concept, the share of performance-based components is larger than the share of non-performance-based remuneration components. A predominant part of the performance-based remuneration is attributable to the long-term performance-based remuneration.

In summary, the remuneration system for the members of the Executive Board of Vitesco Technologies Group AG provides an incentive for meeting the corporate targets and is in line with the strategic framework and guidance provided under our DIRECTION 2030.

Leader in Electrified Solutions	In the context of our DIRECTION 2030, the focus is on increasing sales and the market share of the Electrified Business of the Vitesco Technologies Group. This is anchored by the financial performance targets, e.g., the earnings figure in the short-term variable remuneration.
Business Excellence	Reflected in the short-term variable remuneration by anchoring efficiency and profitability.
Great People Great Company	We attribute great importance to our employees. For example, the long-term variable remuneration includes a sustainability component that focuses on our employees.
Driver of Sustainability	Sustainability and CO_2 neutrality are a central theme of the DIRECTION 2030 and are anchored as a complementary sustainability component in the long-term variable remuneration.
Investor‘s Choice	Vitesco Technologies is an attractive company for investors, and we attribute great importance to taking the interests of our investors into account. This is reflected in the share-based long-term variable remuneration.

The descriptions of the relevant remuneration components will also include a description of the specific contribution of each of the remuneration components to the promotion of the business strategy and to the long-term development of Vitesco Technologies Group AG.

The remuneration systems for the Executive Board and Executives below Executive Board level have a consistent incentive and target structure and are closely aligned.

PROCEDURE FOR THE DETERMINATION, IMPLEMENTATION AND REVIEW OF THE REMUNERATION SYSTEM

Pursuant to Sec. 87a(1) AktG, the Supervisory Board must adopt a clear and understandable system for the remuneration of the Executive Board members which, pursuant to Sec. 120a(1) AktG, must then be presented to the General Meeting for approval. The present remuneration system was adopted in principle by the Supervisory Board – within the meaning of Sec. 87a(1) sentence 1 AktG – on March 22, 2022, and, in accordance with Sec. 120a(1) AktG, was approved for the first time by the Annual General Meeting on May 5, 2022 with 83.21% of the votes and was the basis for the determination of the remuneration by the Supervisory Board with effect from January 1, 2022. On December 9, 2022, the Supervisory Board decided to make changes to the performance criteria of the performance bonus. On March 13, 2024 the Supervisory Board resolved to adjust the present remuneration system due to Schaeffler AG’s public tender offer and the planned merger of Vitesco Technologies Group AG into Schaeffler AG and to submit it to the Annual General Meeting on April 24, 2024 for approval. Pursuant to Sec. 87a(2) sentence 1 AktG, the Supervisory Board determines the remuneration of the Executive Board members based on the remuneration system presented to the General Meeting for approval pursuant to Sec. 120a(1) AktG.

When determining the remuneration system, the Supervisory Board may be assisted by its Executive Committee. In the course of its decision-making process, the Supervisory Board will comprehensively discuss the draft of the remuneration system presented to it. The Executive Committee and the Supervisory Board may retain the services of external advisers, if deemed necessary. When retaining such advisers, care is taken to ensure that they are independent of the Executive Board and the Company.

In accordance with Sec. 120a(1) sentence 1 AktG, the remuneration system for the Executive Board will be presented to the General Meeting for approval if significant amendments are made to the system, however, at least every four years. If the General Meeting does not approve the respective remuneration system submitted to the vote, pursuant to Sec. 120a(3) AktG, a revised remuneration system must be presented for approval at the latest at the next following Annual General Meeting.

Avoiding conflicts of interest
The Supervisory Board will take appropriate measures in order to ensure that potential conflicts of interest are avoided or, if any such conflicts arise, that they are resolved. Following the recommendation of the GCGC, the members of the Supervisory Board shall inform the Chair of the Supervisory Board of any conflicts of interest without undue delay. The decision on how to deal with an existing conflict of interest will be made on a case-by-case basis. In its report to the General Meeting, the Supervisory Board will inform about any conflicts of interest that have arisen and how they were addressed.

Determining the target total remuneration and reviewing the appropriateness and customary level of the remuneration of the Executive Board
The Supervisory Board determines the target remuneration for the Executive Board members under the applicable remuneration system before the start of the fiscal year. In doing so, it ensures in particular that the remuneration is appropriate to the performance and tasks of each Executive Board member as well as to the Company's overall situation, that it does not exceed the customary level of remuneration, and that it is suitable for the Company's long-term, sustainable development.

For this purpose, the Supervisory Board regularly checks that the Executive Board's remuneration is appropriate and in line with customary levels. It does this by benchmarking it against a peer group of relevant external companies (horizontally) and based on the Company's internal remuneration ratios (vertically). When selecting the peer group companies for horizontal benchmarking, criteria like country, size and industry will be taken into account. At present, due to the Company's index inclusion, the companies in the MDAX are used as a peer group for this purpose. If, in view of the size and the development of the Company, an adjustment becomes necessary, the Supervisory Board may use a different peer group for the benchmarking at its discretion. The staff taken into consideration for the vertical check includes senior management, as well as employees not covered by collective agreements and employees covered by collective agreements in Germany.

GUIDELINES FOR EXECUTIVE BOARD REMUNERATION

Overview of the remuneration system for the members of the Executive Board
The remuneration system described below is based on the remuneration system for the members of the Executive Board of Vitesco Technologies Group AG, which has already been in force since January 1, 2022, and has been adapted to the current situation due to the Schaeffler AG's public tender offer.

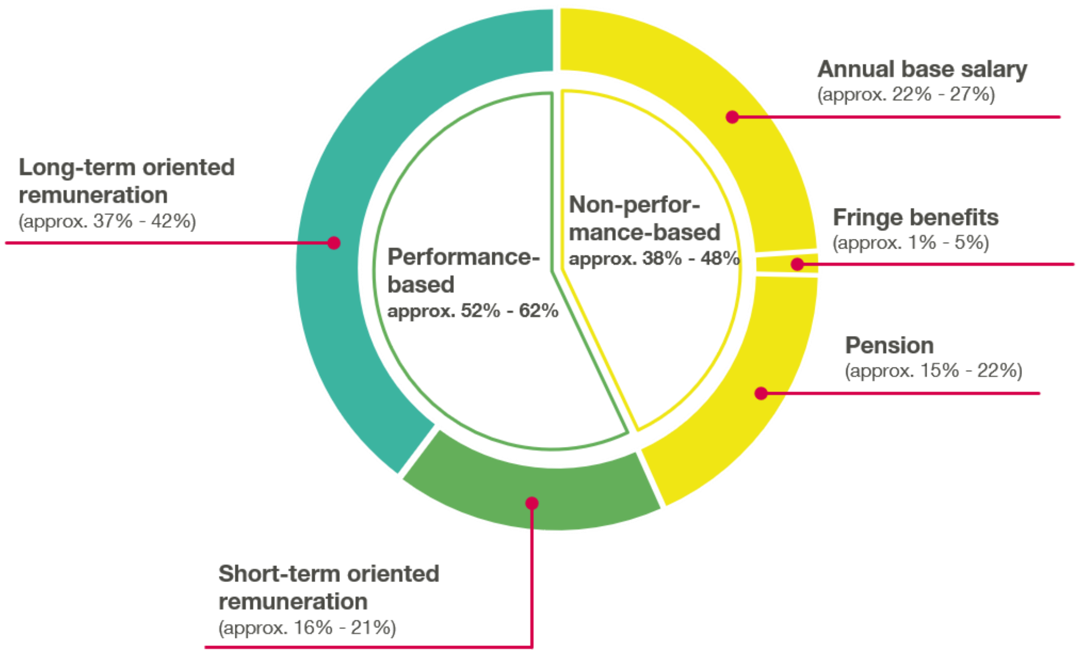
The remuneration of the Company's Executive Board members consists of non-performance-based (fixed) and performance-based (variable) components. The non-performance-based components comprise the annual base salary, fringe benefits, and the company pension. The performance-based remuneration consists of a one-year performance bonus along with an equity deferral for three years, and the long-term incentive (LTI) based on a four-year period.

The remuneration components mainly comprise the following core elements:

Component		Description
Non-performance-based remuneration components	Annual Base Salary	> Fixed remuneration paid in twelve equal monthly amounts
	Fringe Benefits	> Mainly company car, health check-up, contributions to employers' liability insurance association, health and long-term care insurance contributions, D&O insurance
	Pension	> Annual fixed contribution to basic account, contractual vesting
Performance-based remuneration components	Performance Bonus (short-term and long-term)	> Performance targets: > EBIT margin or EBIT > ROCE > Free cash flow > Multiplier: Personal Contribution Factor (0.8 – 1.2) > Payout: > approx. 40% of net payout in equity deferral with three year holding period > Remainder paid out in cash > Cap: 200% of target amount
	Long-Term-Incentive (long-term)	> Performance targets: > Relative Total Shareholder Return (TSR) > Sustainability Criteria > Term: four years > Payout: in cash > Cap: 200% of target amount
Further contractual clauses	Malus / Clawback	> The whole variable remuneration may be reduced in part or in full (malus) or reclaimed (clawback) if it can be proven that there has knowingly been a gross breach of a duty of care within the meaning of Sec. 93 AktG, of an internal company guideline or of any other obligation under the service agreement.
	Share Ownership Guideline (SOG)	> Four-year build-up phase of shareholding (chairperson: 200%, ordinary members: 100% of annual gross base salary). > Reduction of build-up phase and SOG target in case of shortened term of service agreement > Two-year holding obligation after termination of service agreement
	Severance Cap and Non-Compete Clause	> Severance cap: amounting to two years' remuneration or the remuneration for the remaining period of the service agreement; offset against the non-compete compensation > Non-compete clause of two years including non-compete compensation of 50% of the most recently received contractual compensation

Remuneration structure

To ensure strong pay for performance, the share of performance-based remuneration components of approximately 52% to 62% is larger than the share of non-performance-based components of approximately 38% to 48% of the target total remuneration. Moreover, the variable, performance-based remuneration – comprised of the performance bonus with an equity deferral and the long-term incentive (LTI) – are predominantly based on a period spanning several years. The illustration factors in individual salary ratios which vary slightly between individual Executive Board members. In total, performance-based remuneration makes up roughly 52% of the target total remuneration. The remuneration at 100% target achievement is structured as follows:



Limiting the variable remuneration and the maximum remuneration in accordance with sec. 87a(1) sentence 2 no. 1 AktG

There are two types of limits on the total remuneration, including all remuneration components illustrated, that is received by the Executive Board. Firstly, the variable remuneration components are each limited to 200% of the target amount. Secondly, a maximum remuneration is defined per Sec. 87a(1) sentence 2 no. 1 AktG. This maximum remuneration limits the total payable amount of remuneration that is granted for a fiscal year irrespective of the date when the amount is paid and incorporates all remuneration components (i.e., annual base salary, pension plan contributions, fringe benefits, performance bonus, and long-term incentive). This total amount is set at EUR 6.2 million for the Chief Executive Officer and EUR 3.2 million for ordinary Executive Board members. When determining the maximum remuneration pursuant to Sec. 87a(1) sentence 2 no.1 AktG, the Supervisory Board takes the maximum remuneration paid in companies of the peer group relevant in the horizontal benchmarking (currently: MDAX) into account.

DETAILED INFORMATION ON THE REMUNERATION COMPONENTS

Annual base salary

The annual base salary is paid in twelve equal amounts, one each month, and is paid pro rata temporis if a member joins or leaves the Board after the year has started.

Fringe benefits

The Executive Board members receive fringe benefits in addition to their annual base salary. These benefits essentially include reimbursement on a case-by-case basis of relocation costs and expenses for having to maintain two households owing to their work for the Company, as well as the use of a company car, including for private purposes, the assumption of the costs for a regular health check-up and of any fees for membership in an employer's liability insurance association, including any income tax payable thereon, accident insurance, and premiums for health and long-term care insurance in application of Sec. 257 of Book V of the German Code of Social Law (Sozialgesetzbuch, "SGB") and Sec. 61 SGB Book XI. Further, the Company has taken out directors' and officers' (D&O) liability insurance with a deductible pursuant to Sec. 93(2) sentence 3 AktG for each member of the Executive Board.

Pension plan

The pension plan includes benefits granted to the Executive Board members in the event that their appointment ends. The pension plan is designed as a defined-contribution plan that functions like a cash-balance plan. The fixed annual contribution payment granted by the Company to an Executive Board member is multiplied by an age factor to form a cash component that is credited to his or her pension account. The present value of the pension account is calculated as the balance reached divided by the age factor at the relevant point in time. The payout amount is calculated at the time payment of pension benefits is applied for. The payout amount can be paid as a lump sum, in installments, or as an annuity.

Performance-based remuneration components

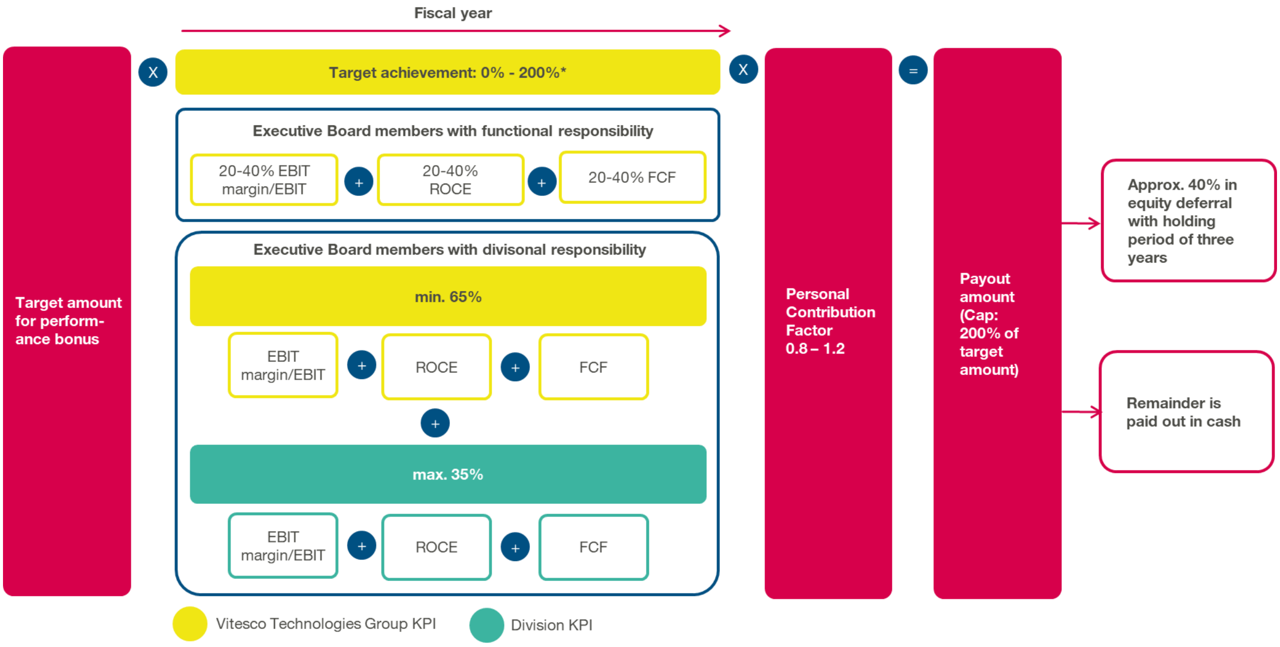
The Company’s Executive Board members are granted performance-based remuneration consisting of a one-year variable remuneration and equity deferral (performance bonus) and multiple-year variable remuneration (the long-term incentive, LTI).

Performance bonus

Contribution of the performance bonus to the promotion of the business strategy
With its sustainability-oriented business strategy, Vitesco Technologies Group AG focuses on profitability, efficiency and innovation. By using appropriate financial performance criteria, the performance bonus provides a direct performance incentive to implement this business strategy. Complementing it with a "personal contribution factor" ensures that not only financial incentives are taken into account, but also the Company’s organizational development and customer focus.

The annual performance bonus has a term of one year. The payout amount is limited to a maximum of 200% of the target amount and depends on the financial performance criteria as well as the non-financial personal contribution factor (PCF).

The performance bonus earned is calculated by multiplying the target amount with the target achievement. Approximately 40% of the net payout amount (20% of the gross payout amount) is allocated to an equity deferral that does not vest until after three years. The remaining amount is paid out in cash. The performance bonus as a whole comprises the following:



* In the following the performance criteria are defined.

Financial performance criteria

Target achievement in respect of the financial performance criteria can range between 0% and 200%, which means that the performance of the Executive Board members is rewarded accordingly and missed targets can reduce the performance bonus to zero.

The financial performance criteria are based on the Company's key performance indicators and comprise EBIT or EBIT margin, ROCE and FCF. The weighting can vary from year to year and is set between 20 to 40% for each KPI. The financial performance criteria are applied equally to all members of the Executive Board, provided that for an Executive Board member with responsibility for a specific business area, financial performance criteria of the business area for which he or she is responsible may also be taken into account. These area-specific performance criteria may include – in line with the financial performance criteria applied at group level – the indicators EBIT or EBIT margin, ROCE and FCF. The area-specific performance criteria will not account for more than 35% of the overall target achievement.

EBIT margin (earnings before interest and taxes margin)

The EBIT margin is a relative metric that puts EBIT in relation to sales. EBIT refers to the Company's profit before factoring in financial income/expenses and taxes and is adjusted for impairment and gains and/or losses from the disposal of parts of the Company. The EBIT margin allows for a transparent assessment and a high degree of comparability of operational performance and profitability over time.

EBIT (earnings before interest and taxes)
EBIT refers to the Company's profit before factoring in financial income/expenses and taxes and is adjusted for impairment and gains and/or losses from the disposal of parts of the Company. It is an indicator of operational profitability and acts as an incentive to increase the Company's future profit.

ROCE (return on capital employed)
The return on capital employed (ROCE) is determined as the ratio of the adjusted EBIT described above to the average capital employed (total assets less current liabilities) during the fiscal year, and is thus an indicator of the Company's profitability and efficiency.

FCF (free cash flow)
The free cash flow is defined as the cash flow before financing activities; it is adjusted for cash inflows/outflows from the sale or purchase of companies and business units. FCF is an indicator of liquidity and acts as an incentive to distribute dividends to shareholders and to reduce borrowing and enables future investments in the Company's innovation.

Personal contribution factor (PCF)
The personal contribution factor can be between 0.8 and 1.2 and depends on an appraisal of personal performance criteria for each Executive Board member.

The individual criteria of the PCF are set by the Supervisory Board before the beginning of each fiscal year and enable the Supervisory Board to consider individual or collective achievements by the Executive Board based on non-financial performance criteria, in addition to the financial performance criteria. The Supervisory Board can choose from the following topics when selecting the criteria:

- Leading company for electrified powertrain solutions and first choice of our customers (e.g. market share in key markets, new products, competitiveness, customer orientation)
- Implementation of transformations (e.g., lean management, qualification measures, reorganization)
- Corporate and cultural development (e.g., identification with corporate values, employee satisfaction, increasing brand presence, diversity and inclusion)

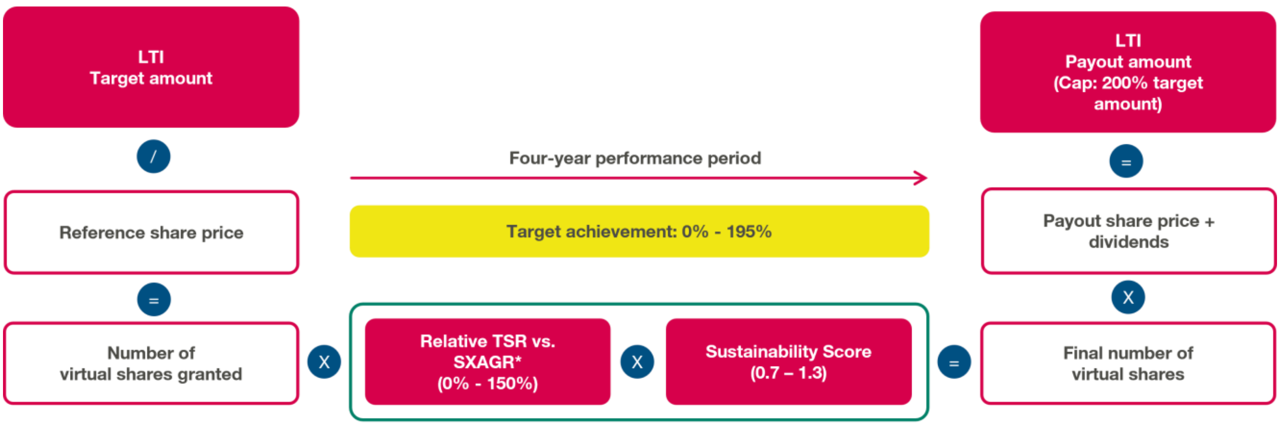
This allows for appropriate consideration of achievements contributed by the Executive Board that play a significant role in implementing the Company's strategy and that cannot be measured with financial metrics.
The Supervisory Board may choose not to set targets for the PCF for a given fiscal year, either for individual Executive Board members or for all of them; in this case, the PCF value for the Executive Board members concerned will be 1.0 for the relevant fiscal year.

The amount of the performance bonus paid out and the degree of achievement of targets in a fiscal year are reported subsequently in the respective remuneration report for the relevant fiscal year. For this purpose, the financial performance criteria, the corresponding financial targets and target achievements as well as the PCF target achievement will be published transparently.

Long-term incentive

Contribution of the long-term incentive to the promotion of the business strategy
Vitesco Technologies Group AG considers the interests of its investors and shareholders to be crucially important. The stock-based design of the LTI and the integration of relative TSR as a market-based element in this remuneration component act as an incentive to pursue the investors' and shareholders' interests. Additionally, using the sustainability score as a performance criterion ensures that the environmental and social responsibility of the Company is adequately reflected in the remuneration.

The long-term incentive (LTI) for the Executive Board members is designed as a virtual performance share plan on a rolling annual basis with a four-year performance period. The defined performance criteria include the relative total shareholder return (TSR) and the Company's sustainability score.



* STOXX Europe 600 Automobiles & Parts (SXAGR) index

The number of granted virtual shares is calculated at the beginning of the performance period by dividing an Executive Board member's target amount for the LTI by the reference share price. The reference share price is calculated as the arithmetic mean of the Company's closing share prices in the XETRA trading system operated by the Frankfurt Stock Exchange (or a successor system) during a pre-defined period.

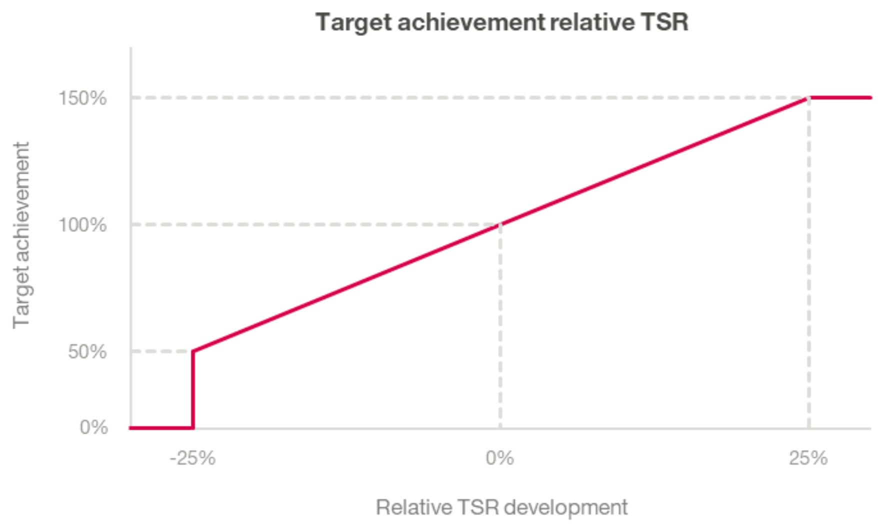
At the end of the performance period, the total target achievement that determines the payout amount is calculated first. This involves multiplying the target achievement for both performance criteria, relative TSR and sustainability score, by each other. The total target achievement is limited to a maximum of 195%. The number of virtual shares granted at the beginning of the performance period is then multiplied by the total target achievement. The final number of virtual shares so determined is then multiplied by the Company's payout share price, taking into account the dividends paid out during the performance period, with the result of this being the payout amount. The payout share price of the Vitesco Technologies Group AG share is calculated as the arithmetic mean of the Company's closing share prices in the XETRA trading system operated by the Frankfurt Stock Exchange (or a successor system) during a pre-defined period. The LTI payout amount is limited to 200% of the target amount.

Relative total shareholder return (TSR)

The relative TSR is an instrument with a market focus and therefore incentivizes developing the Company's value proportionally to a relevant peer group. It puts a focus on the interests of the shareholders of Vitesco Technologies Group AG.

The TSR corresponds to the relative development of the share price of Vitesco Technologies Group AG over the performance period, plus all dividends paid out during the performance period, compared to relevant other companies. To determine the relative TSR, the TSR of the Vitesco Technologies Group AG share is compared with the TSR of a peer group, currently the companies included in the STOXX Europe 600 Automobiles & Parts (SXAGR), at the end of the performance period.

If the TSR of Vitesco Technologies Group AG is equal to the TSR of the peer group, the performance criterion is fully achieved. If the TSR of Vitesco Technologies Group AG falls below the TSR of the peer group by 25 percentage points or more, the target achievement is 0%; if the TSR of the Vitesco Technologies Group AG exceeds the TSR of the peer group by 25 percentage points or more, the target achievement is 150%; if the TSR of Vitesco Technologies Group AG falls below or exceeds the TSR of the peer group by less than 25 percentage points, the level of target achievement will be calculated using linear interpolation for a result between 50% and 150%. A target achievement of more than 150% is excluded.



Sustainability score

Sustainability is an integral part of the corporate strategy of Vitesco Technologies Group AG and is reflected in the core of the corporate mission "Powering Clean Mobility". With innovative and efficient solutions, Vitesco Technologies Group AG aims to reduce the environmental impact of the automotive industry worldwide and promote emission-free mobility in the long term. Beyond its products, Vitesco Technologies Group AG actively drives sustainability in all business activities along the value chain.

The Executive Board of Vitesco Technologies Group AG has adopted a sustainability agenda, which the Supervisory Board has incorporated in the remuneration system. The sustainability agenda defines key topics. These comprise for example clean mobility, climate protection, resource efficiency and circularity, fair work and diversity, responsible sourcing and partnerships and occupational health and safety.

The Supervisory Board sets up to six performance criteria for the sustainability score based on the relevant objectives and indicators for the key topics. The sustainability score can be between 0.7 and 1.3 and depends on the number of performance criteria that have been achieved during the performance period. For this purpose, for each target that has been achieved, a value is added to the score of 0.7 that results from dividing the score of 0.6 by the number of performance criteria set in each case.

When determining the performance criteria, the Supervisory Board pays particular attention to the availability of necessary data, measurability and to what extent the targets can be influenced by the Executive Board. The performance criteria may include, for example, the following criteria:

> Climate Neutrality
> Share of recycled waste
> Employee satisfaction
> Number of accidents
> Share of women an men in management positions

Following expiry of the performance period, the amount of LTI paid out and the degree of target achievement are reported in the respective remuneration report. To this end, the degree of target achievement is reported transparently in terms of both the relative TSR and the sustainability score.

Other benefits

The Supervisory Board is entitled to grant payments or other benefits to new members of the Executive Board on the occasion of taking office in order to compensate for disadvantages in connection with a change of location or financial disadvantages that a member of the Executive Board has as a result of the transfer to Vitesco Technologies Group AG with a former employer – in particular due to the fortfeiture of variable remuneration. Such a benefit may also be granted to members of the Executive Board who were first appointed to the Executive Board in 2023.

Share ownership guideline

Provisions in the Executive Board members' service agreements require them to invest a minimum amount in the Company's stock within a build-up phase and, after the build-up phase ends, to hold the shares acquired through this investment (share ownership guideline, SOG).

The minimum amount to be invested by each member of the Executive Board is based on their agreed gross annual base salary. For the Chief Executive Officer, the minimum amount is 200% of his or her annual base salary; for ordinary Executive Board members, the minimum amount is 100% of their annual base salary (SOG target). The four-year build-up phase ends prematurely if a Board member’s service agreement is terminated before the end of that build-up phase. The set SOG target is also reduced accordingly on a pro rata temporis basis. The shares held by Executive Board members in connection with the equity deferral as part of their performance bonus are counted toward their SOG target achievement.

The members of the Executive Board must hold the acquired share portfolio during their term of office. The service agreements of the members of the Executive Board provide that the shareholding obligation will additionally apply for a further two years after the expiry of the appointment and termination of the service agreement; in the event of a mutually agreed termination, the Supervisory Board reserves the right to agree on a deviating arrangement, provided that this is in line with the interests of the Company in the individual case. This arrangement must also be in accordance with the provisions set forth in the chapter "Remuneration-related dealings and transactions - Premature termination of the service agreement".

Malus and clawback provisions
If an Executive Board member, in his/her role as a member of the Executive Board, commits a demonstrably deliberate gross infringement of his/her duty of care as set out in Sec. 93 AktG, of a significant conduct principle in the internal guidelines issued by the Company, or of one of his/her other obligations as set out in the service agreement, the Supervisory Board may, at its due discretion, partially or entirely reduce (to zero) the variable remuneration that is due for the fiscal year in which the gross infringement took place (the "malus provision").

If the variable remuneration has already been paid by the time the decision is made to impose a reduction, the Executive Board member must pay back the excess payments received in accordance with this decision (the "clawback provision"). In this case, the Company is also entitled to offset the clawback amount against other remuneration entitlements of the Executive Board member.

Any claims for damages held by Vitesco Technologies Group AG against the member of the Executive Board, in particular under Sec. 93(2) AktG, will remain unaffected by the agreement of a malus or clawback provision.

REMUNERATION-RELATED DEALINGS AND TRANSACTIONS

Term of the service agreements of the Executive Board members
Where an Executive Board member is appointed to the Executive Board for the first time, the term of appointment as well as the term of the service agreement are generally three years. If Executive Board members are reappointed or if their term of office is extended, the maximum term of appointment and of the service agreement will be five years.

The service agreements do not provide for ordinary notice of termination (“ordentliche Kündigung”); however, the right of either party to terminate the service agreement without notice for good cause (“fristlose Kündigung aus wichtigem Grund”) remains unaffected.

Premature termination of the service agreement
In the event the Executive Board member leaves office due to termination of the service agreement by the Company for good cause within the meaning of Sec. 626(1) BGB for which the Executive Board member is responsible, or in the event the Executive Board member resigns from office without good cause within the meaning of Sec. 626(1) BGB, the claims for payment of performance bonuses not yet paid out at that time will be forfeited.
In the event the Executive Board member leaves office for other reasons – in particular in the event of regular expiration of the term of the service agreement – the claims to bonuses not yet paid out at that time will continue to exist on a pro rata temporis basis. The due date for payment of the bonus will not be affected as a result of the member prematurely leaving the Executive Board.

If an Executive Board member's service agreement ends at the instigation of the Company without good cause or due to termination by the Executive Board member for good cause before the end of the first fiscal year of an LTI plan, the Executive Board member is entitled to an LTI that is reduced on a pro rata temporis basis. If, in any of these cases, the service agreement ends after the end of the first fiscal year but before the end of the performance period of an LTI plan, the Executive Board member retains the entitlement to the full LTI. The other conditions of the LTI do not change, in particular the time the LTI is calculated and payment is due, will remain unchanged. An Executive Board member will not be entitled to payment of any LTI, including payment on a pro rata basis, in the event of that the service agreement is prematurely terminated by the Company for good cause or if the Executive Board member has not accepted an offer by the Company to extend the Executive Board member's service agreement on materially at least equivalent terms.

By mutual understanding, the Supervisory Board may agree with an Executive Board member that the latter will prematurely leave the Board. In doing so, it may agree on provisions for the premature termination of the service agreement and for the settlement of the outstanding mutual claims of the Executive Board member and the Company. The Executive Board members' service agreements stipulate that any payments that may be arranged to be made to the Executive Board member must not exceed the value of two years' compensation (the "severance cap") or the compensation for the remaining term of the member’s service agreement. The calculation of the severance cap is to be based on the total remuneration paid for the past fiscal year and, where applicable, also on the expected total remuneration for the current fiscal year. Furthermore, it may be agreed that Executive Board members who leave the Board are released from the shareholding obligation per share ownership guideline or the equity deferral prematurely if this is in line with the interests of the Company in the individual case.

Incapacity for work and death

In the event of incapacity for work for which the Executive Board member is not responsible, the Executive Board member will receive the agreed annual base salary for a period of twelve months, but not beyond the term of the service agreement.

For periods of incapacity for work exceeding six weeks in the respective fiscal year, as well as for all periods during which the service relationship is suspended for other reasons, the target amount of the performance bonus will be reduced on a pro rata temporis basis.

If an Executive Board member passes away during the term of his or her service agreement, his or her spouse or civil partner and entitled children or wards are deemed to be joint creditors with an entitlement to the member's annual base salary for the month of the death and the following six months, but not beyond the agreed term of the service agreement.

Post-contractual non-compete clause

A post-contractual non-compete clause may be agreed with the members of the Executive Board for a period of up to two years. If a post-contractual non-compete clause is agreed, an adequate non-compete compensation (“Karenzentschädigung”) will be paid for that period in the amount of 50% of the contractual compensation most recently received. Any severance payment must be credited against the non-compete compensation. If an Executive Board member ceases to hold office, the Supervisory Board may waive compliance with the post-contractual non-compete clause.

Sideline activities of the members of the Executive Board

Any sideline activity, whether paid or unpaid, requires the prior consent of the Supervisory Board insofar as the interests of the Company may be affected thereby. The same applies to the assumption of memberships in supervisory or advisory boards or similar functions in companies not affiliated with the Company. Any taking up of sideline activities requires prior notification to the Executive Committee of the Supervisory Board of the Company.

DIFFERENT CONFIGURATION OF THE REMUNERATION SYSTEM DUE TO THE PUBLIC TENDER OFFER AND THE PLANNED MERGER WITH SCHAEFFLER AG

As explained at the outset, because of Schaeffler AG's public tender offer, an exceptional situation arose towards the end of the 2023 fiscal year, which prompted the Supervisory Board to deviate selectively from the remuneration system 2022 due to the changed situation. The reason for this is that the remuneration system 2022 is based on the assumption that the Company will continue to exist in the long term as a stock-listed company, whose share price generally accurately reflects the value of the Company and thus represents a key indicator of the performance of the Executive Board. As a result of the public tender offer and the planned merger of the Company into Schaeffler AG, this perspective has changed. As a result of the voluntary public tender offer, Schaeffler AG, together with IHO Holding, has established a stake of almost 90% of the share capital and voting rights in Vitesco Technologies Group AG. In the next step, a merger of Vitesco Technologies Group AG into Schaeffler AG is planned. The executive bodies of Vitesco Technologies Group AG are convinced that this plan is in the interest of the Company and its shareholders and therefore support the undertaking. Consequently, it is not to be expected that the Company will continue to exist permanently as an independent stock-listed company. In addition, in the current situation, the share price may be influenced to a much greater extent than usual by factors that are not related to the performance of the Executive Board. It would therefore not be appropriate to unconditionally adhere to the remuneration system 2022. This necessitates a modification of the remuneration system.

Due to the situation described above, a modified remuneration system with the deviations described below will apply for the 2024 fiscal year. The Supervisory Board may decide to continue to apply this modified remuneration system for the 2025 fiscal year if the Company has not ceased to exist by merger by then.

Adjustment of the remuneration structure and components

During the application of the modified remuneration system, the remuneration structure will be adjusted to the changed situation by replacing the performance-related remuneration components (performance bonus and long-term incentive) for the 2024 fiscal year and – if the Supervisory Board decides to continue applying the modified remuneration system in 2025 – for the 2025 fiscal year with a uniform variable remuneration component, the sustainability and transformation bonus. The change from the performance-related remuneration (performance bonus and long-term incentive) to a uniform performance-related remuneration component (sustainability and transformation bonus) takes into account the Company's situation with regard to the planned merger with Schaeffler AG. By setting performance targets for fiscal year 2024 (and, in the event of an extension, also for fiscal year 2025) for securing business continuity of Vitesco Technologies Group AG and for a successful and smooth merger of the Company with Schaeffler AG, the long-term and sustainable development of the company resulting from the planned merger into Schaeffler AG will be promoted.

The sustainability and transformation bonus consists of a fixed bonus component and a performance-related bonus component. The total amount of the two bonus components corresponds at least to the sum of the performance bonus and long-term incentive provided for in the regular remuneration system if the target achievement is 100% each and not more than the sum of these two regular remuneration components if the target is 150% each. The fixed bonus component of the sustainability and transformation bonus is a non-performance-related base amount, the amount of which corresponds to the sum of the performance bonus and long-term incentive provided for in the regular remuneration system if 100% of the targets are achieved. The performance-related bonus component of the sustainability and transformation bonus depends on long-term performance targets and, depending on the degree to which targets are achieved, can lead to a maximum increase in the total amount of the sustainability and transformation bonus to the sum of the performance bonus and long-term incentive provided for in the regular remuneration system if 150% of the targets are achieved. Depending on the individual salary ratios, which vary slightly between the individual Executive Board members, the maximum amount of the performance-related bonus component corresponds to a share of approximately 21% to 26% of the total compensation in the modified remuneration system if all long-term targets are fully achieved. The non-performance-based remuneration, consisting of a fixed bonus component (approx. 42% to 47%), annual base salary (approx. 18%-23%), fringe benefits (approx. 1%-5%) and pension (approx. 8%-13%), corresponds to a total of approximately 74% to 79% of the total remuneration in the modified remuneration system.

At the beginning of the fiscal year, the Supervisory Board agrees with the members of the Executive Board on performance targets for the performance-related bonus component of the sustainability and transformation bonus that promote the sustainable development of the Company and its successful integration into the joint company formed with Schaeffler AG. The objectives must be geared towards the long-term development of the Company or the future joint company and must be such that the degree to which the objectives have been achieved can be determined. At the beginning of the 2024 fiscal year, the Supervisory Board agreed with the members of the Executive Board on the following performance targets for the performance-related remuneration component: (i) achieving the break-even in the electrification business in Q3 2024 as the basis for a successful merger with Schaeffler AG (first target; positive adjusted EBIT must be generated in the electrification business), (ii) ensuring the financial performance of the Company in the time until the integration (second target; for this purpose, the adjusted EBIT margin of the Vitesco Technologies Group must be a certain value derived from the financial planning by the third quarter of 2024) and (iii) the successful preparation of the integration (third target; the target achievement will be measured by qualitative milestones). When determining the target achievement, EBIT is also adjusted for integration costs.

At the end of the fiscal year, or – if the Company is merged into Schaeffler AG during the year – in direct connection with the merger, the Supervisory Board determines the degree to which targets have been achieved. Depending on the degree to which the target is achieved, the performance-related bonus component will be paid out in full, partially or not at all. At most, the performance-related bonus component can result in the total amount of the sustainability and transformation bonus being equal to the sum of the performance bonus and long-term incentive provided for in the regular remuneration system if the target is achieved at 150% each.

The other regulations and benefits provided for in the remuneration system remain unchanged; the benefits will be granted to the same extent as under the remuneration system 2022. This applies in particular to the company pension plan and fringe benefits (such as expenses for having to maintain two households, a company car, the assumption of the costs for a regular health check-up, employers' liability insurance contributions, accident insurance and premiums for health and long-term care insurance).

In addition, the members of the Executive Board will be released from the obligation to acquire further shares from the Company in the future.

The adjustment of the remuneration structure takes into account the fact that the regular remuneration system is tailored to a company that operates independently on the market and is permanently listed on the stock exchange. As a result of Schaeffler AG's public tender offer and the planned merger of Vitesco Technologies Group AG into Schaeffler AG, this no longer corresponds to the Company's actual prospects. The regular remuneration system is therefore no longer appropriate in the current situation of the Company. Rather, in the current situation, the remuneration system must, on the one hand, preserve the neutrality and freedom of decision of the Executive Board and, on the other hand, avoid disincentives that could arise, in particular if remuneration were based on the share price, because in the present transitional situation, this is significantly influenced by circumstances that are not within the sphere of influence of the Executive Board and is therefore not a suitable benchmark for the performance of the Executive Board. In addition, the remuneration system must take into account the fact that it would no longer be practicable to determine the degree of target achievement if the previous targets were applied, because some of the underlying key figures are no longer determined and the significance of the remaining key figures is limited.

The conversion of the performance-related remuneration components to a uniform sustainability and transformation bonus with a fixed and a performance-related bonus component is an appropriate response to the changed situation of the Company. The performance-related part of the remuneration will be significantly reduced in order to maintain the neutrality of the Executive Board and to take into account the limitations in the reliable measurement of target achievement. By replacing the previous performance targets with predominantly long-term, strategically oriented targets, it is avoided that the Executive Board is incentivized to optimize key performance indicators that may be affected to a large extent by special factors in the current transition situation and no longer accurately reflect the long-term success of the Company. In addition, it will ensure that the Executive Board concentrates on developing the long-term prospects of the future company formed together with Schaeffler AG. The performance targets set for fiscal year 2024 are in line with this objective: Achieving the "break-even" in the electrification business in Q3 2024 (first target) is a long-term goal that has been anchored in the corporate strategy for several years, the achievement of which is essential for the Company's prominent positioning in the market and for the successful positioning of the future company formed together with Schaeffler AG. Ensuring the financial performance of the Company in the time until the integration (second target) and the successful preparation for the integration (third target) are crucial for the successful integration of the Company into the future company formed together with Schaeffler AG, so that it can persist in the market and play a leading role in the coming years. The Supervisory Board is convinced that this determination of variable remuneration is the best possible way to ensure that the Executive Board continues to act impartially in the interests of the Company at all times.

In determining the amount of the sustainability and transformation bonus, the Supervisory Board was guided by the variable remuneration actually achieved since the IPO of Vitesco Technologies Group AG. The fixed bonus component is below the variable remuneration that the members of the Executive Board would receive on the basis of the regular remuneration system with the lowest degree of target achievement actually achieved since the IPO. The maximum achievable sustainability and transformation bonus (assuming full payment of the performance-related bonus component) is lower than the variable remuneration that the members of the Executive Board would receive on the basis of the regular remuneration system with the highest degree of target achievement actually achieved since the IPO. The amount of the sustainability and transformation bonus is therefore in any case within the range of remuneration that would realistically be expected if the regular remuneration system were applied.

Early settlement of performance-related remuneration from previous years that has not yet been paid

If, during the period of validity of the modified remuneration system, the merger of the Company into Schaeffler AG takes effect or the stock exchange listing is discontinued for other reasons, the long-term incentives from previous years that have not yet been paid out up to and including 2023 will be settled early at the time the merger takes effect or the listing is discontinued. The overall target achievement and the payout amount are generally determined at the time of early settlement on the basis of the parameters provided for in the remuneration system 2022 with the adjustments explained below. To the extent that the calculation of the overall target achievement and the payout amount is based on the share price of Vitesco Technologies Group AG, the final offer price that Schaeffler AG offered to shareholders in the context of the public tender offer at the end of the acceptance period per share will be taken as a basis. Insofar as the determination of the overall target achievement is based on the Company's sustainability score, the Company's sustainability score determined for 2023 is to be used for all tranches that have not yet been settled and paid out. Insofar as the calculation of the overall target achievement is based on the STOXX Europe 600 Automobiles & Parts (SXAGR), the arithmetic average of the closing prices of this index during the acceptance period will be used – in deviation from the remuneration system 2022. The payout will be made within one month of settlement.

The reason for this approach is that the ordinary settlement of the long-term incentives requires that the Company is listed on the stock exchange for the entire four-year performance period and that the market capitalization is an appropriate measure of the value of the Company and the performance of the Executive Board. If the Company's listing on the stock exchange is discontinued before the end of the four-year performance period, this condition is no longer met, so that the long-term incentives can no longer be settled in the originally envisaged procedure and at the originally envisaged time. At the same time, with the merger of the Company, there is no longer any interest in incentivizing the Executive Board in line with previous standards, as the Company will no longer exist as an independent legal entity in this case. Since the shareholders of the Company had the opportunity to sell their shares for the final offer price offered as part of the public tender offer, this final offer price adequately reflects the value of the shares. Consequently, the level of the benchmark index during the acceptance period is used for comparison.

Limitation of the share holding obligation

In deviation from the obligation provided for in the remuneration system 2022 to invest a certain amount of the annual performance bonus in the acquisition of a number of shares of the Company of equal value and to hold them for a period of three years, as well as the obligation to acquire and hold a minimum number of shares in accordance with the share ownership guideline, the members of the Executive Board were already given the opportunity in the 2023 fiscal year to accept the public tender offer of Schaeffler AG and to sell the shares held. In doing so, the Supervisory Board made use of the option of deviating from the remuneration system. The publication of the tender offer was an extraordinary development in terms of the remuneration system. The Supervisory Board was convinced that in the interest of the long-term well-being of the Company and the joint company resulting from the planned merger, it was necessary to enable the members of the Executive Board to sell their shares. This was necessary in order to ensure the Executive Board's freedom of action with regard to the joint reasoned statement on the public tender offer of Schaeffler AG. Only by restricting the share investment and holding obligations was it possible for the members of the Executive Board to proceed with their own shares in accordance with their personal convictions and thus send a signal to the market. The members of the Executive Board made use of this opportunity and, as explained in the joint reasoned statement, accepted the offer. In addition, it did not appear certain that the share price would continue to reflect the fundamental value of the Company; therefore, there were doubts as to whether the holding and investment obligations would lead to an appropriate incentive for the members of the Executive Board.

The modified remuneration system consistently continues this decision by relieving the members of the Executive Board of the obligation to acquire further shares of the Company in the future. Without a corresponding modification, the members of the Executive Board would be obliged to purchase shares again.

Adjustment of the financial performance criteria for the 2023 performance bonus for integration costs

The financial performance criteria for the 2023 annual performance bonus will be adjusted for integration costs. To this end, the key performance indicators that are relevant as financial performance criteria for determining the annual performance bonus are adjusted for expenses and costs incurred in direct connection with the public tender offer and the integration of Vitesco Technologies Group AG into the company formed jointly with Schaeffler AG. In this respect, too, the Supervisory Board made use of the option of deviating from the remuneration system. The public tender offer was an extraordinary development that necessitated a corresponding adjustment in the interest of the long-term well-being of the Company and the joint company resulting from the planned merger. This is because the incurrence of integration costs is unavoidable for the members of the Executive Board in the present situation, so that it would not be objectively justified for these costs to have a detrimental effect on the remuneration of the Executive Board. Without this effect being adjusted for in the relevant financial indicators, there could be a demotivating effect on the members of the Executive Board. In addition, considerable disincentives would be set because the members of the Executive Board would personally benefit from minimizing integration costs. This would run counter to the long-term interest of the Company, because optimal preparation for integration is crucial for the future viability of the Company.

Remuneration-related legal transactions

The modification of the remuneration system will be implemented by means of supplementary agreements to the service agreements for the Executive Board. The supplementary agreements are limited to the 2024 fiscal year. In the case of members of the Executive Board whose term of office extends beyond the 2024 fiscal year, the Supervisory Board may extend the supplementary agreements once for the 2025 fiscal year.

TEMPORARY DEVIATIONS FROM THE REMUNERATION SYSTEM

In the event of extraordinary developments, the Supervisory Board may, at its reasonable discretion, temporarily deviate from the remuneration system if this is (i) appropriate and necessary to maintain the incentivizing effect of the remuneration of the Executive Board member in the interest of the long-term well-being of the Company, (ii) the remuneration of the Executive Board member continues to be geared towards the sustainable and long-term development of the Company and (iii) the financial capacity of the Company is not overstretched.

The remuneration components that may be deviated from are (i) the financial targets of the performance bonus set before the beginning of each fiscal year, as well as (ii) the target criteria and calculation specifications of the respective LTI concerned. In addition, the Supervisory Board may deviate from the established remuneration structure, provided that the remuneration continues to be geared towards the sustainable and long-term development of Vitesco Technologies Group AG. If an adjustment of the existing remuneration components is not sufficient to maintain or restore the incentivizing effect of the remuneration of the Executive Board, the Supervisory Board has the right, under the same conditions, to temporarily grant additional remuneration components.

Exceptional developments may include, for example, extraordinary and far-reaching changes in the economic situation (for example, due to a severe economic crisis) that render the original target criteria and/or financial incentives of the remuneration system obsolete, provided that these developments or their concrete effects could not have been foreseen. Market developments that are generally unfavorable are expressly not considered to be extraordinary developments. A deviation from or addition to the remuneration components requires a Supervisory Board resolution confirming that exceptional circumstances exist and that it is therefore necessary to deviate from the remuneration components and/or to add remuneration components.