



Salzgitter Aktiengesellschaft
Salzgitter
Securities Identification No. 620 200
ISIN: DE0006202005

Calling of Shareholders' Meeting 2020

Agenda Overview

- 1. Presentation of the Approved Annual Statement of Accounts of Salzgitter AG and the Group Statement of Accounts as of 31 December 2019 with the Combined Directors' Report and the Report of the Supervisory Board**
- 2. Resolution as to the Use of the Annual Net Profit**
- 3. Resolution as to the Approval of Activities of the Members of the Board of Directors**
- 4. Resolution as to the Approval of Activities of the Members of the Supervisory Board**
- 5. Appointment of Auditor for the Annual Statement of Accounts for the Financial Year 2020**
- 6. Resolution on approving the remuneration system for the Members of the Board of Directors**
- 7. Resolution on the remuneration of Supervisory Board members**
- 8. Authorisation for the Purchase, Sale and Redemption of Own Shares with the Possibility of an Exclusion of Share Options under § 71 section 1 no. 8 Stock Corporation Act (AktG)**

Dear Shareholders,

We herewith invite you to the regular Shareholders' Meeting of Salzgitter Aktiengesellschaft that will take place on

Wednesday, July 8, 2020 at 10:00 a.m.

at the premises in Salzgitter, Eisenhuettenstraße 99.

Due to the authorities' prohibition on holding major events to prevent the spread of SARS-Coronavirus-2¹ (COVID-19 pandemic) among participants, the Shareholders' Meeting is to be held as a **virtual Shareholders' Meeting** without the physical presence of the shareholders or their proxies. The participation of the shareholders and of their proxies will be facilitated by electronic communication in accordance with the regulations and explanations following on from the Agenda with the proposed resolutions in the section entitled "Registration and more information for shareholders' meeting".

Agenda

1. Presentation of the Approved Annual Statement of Accounts of Salzgitter AG and the Group Statement of Accounts as of 31 December 2019 with the Combined Directors' Report and the Report of the Supervisory Board

On 12 March 2020 the Supervisory Board approved the Annual Statement of Accounts presented by the Board of Directors and the Group Statement of Accounts for the financial year 2019 (1 January to 31 December 2019). The Annual Statement of Accounts is thereby approved. The Shareholders' Meeting therefore does not need to pass any motion on this item of the agenda.

The Annual Statement of Accounts, the Group Statement of Accounts, the Combined Directors' Report, the Report in Relation to Details in accordance with § 289a section 1 and § 315a section 1 Commercial Code (HGB) and the Report of the Supervisory Board are available from the time of the calling of the Shareholders' Meeting in our offices at Eisenhuettenstrasse 99, 38239 Salzgitter, and at the Shareholders' Meeting for viewing by shareholders, and may also be accessed in the internet under <https://www.salzgitter-ag.com>.

2. Resolution as to the Use of the Annual Net Profit

The Board of Directors and the Supervisory Board propose that the following be resolved:

The annual net profit for the financial year 2019 of EUR 12,100,000 shall be used as follows:

- profit carried forward to new account: EUR 12,100,000

¹ Severe-Acute-Respiratory-Syndrome-Coronavirus-2

3. Resolution as to the Approval of Activities of the Members of the Board of Directors

The Supervisory Board and the Board of Directors propose that the following be resolved:

The activities of the members of the Board of Directors in office in the financial year 2019 be approved in relation to that period.

4. Resolution as to the Approval of Activities of the Members of the Supervisory Board

The Board of Directors and the Supervisory Board propose that the following be resolved:

The activities of the members of the Supervisory Board in office in the financial year 2019 be approved in relation to that period.

5. Election of the independent auditor for the financial year 2020

Upon the recommendation of its Audit Committee, the Supervisory Board recommends that the following be resolved:

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Hanover, is to be elected as the independent auditor for the Annual Statement of Accounts and the Group Statement of Accounts of Salzgitter Aktiengesellschaft for the financial year 2020.

A selection procedure preceded the recommendation and preference of the Audit Committee in accordance with Art.16 (3) of Regulation (EU) No. 537/2014 dated April 16, 2014. The Audit Committee subsequently recommended to the Supervisory Board that either Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Hanover, or KPMG AG Wirtschaftsprüfungsgesellschaft, Hanover, be elected as the independent auditor, and expressed a substantiated preference for Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Hanover.

The Audit Committee issues in accordance with Art.16 (2, subpara 3) of Regulation (EU) No. 537/2014 dated April 16, 2014, that its recommendation is free of external control and that the Audit Committee was not imposed by any contractual bond which would have restricted the selection of the independent auditor.

6. Resolution on approving the remuneration system for the Members of the Board of Directors

In the following, the Supervisory Board presents the system it has agreed for the remuneration of the Company's Members of the Board of Directors to the Shareholders' Meeting for approval in accordance with Section 120a (1) of the German Stock Corporation Act (AktG).

The Supervisory Board propose that the following be resolved:

The remuneration system for the Members of the Board of Directors of the Salzgitter AG be approved.

Remuneration system of Salzgitter AG's Board of Directors

A. Components of the system

The remuneration of Salzgitter AG's members of the Board of Directors is made up of fixed and variable components. Fixed remuneration comprises a basic salary, supplementary benefits and a pension commitment. Variable remuneration consists of an annual bonus that has a short-term and a long-term component, and a long-term performance cash award.

Fixed remuneration	Basic salary	
	Supplementary benefits	
	Pension commitment	
Variable remuneration	Annual bonus (one-year)	50 % short term
	<ul style="list-style-type: none"> ▶ 70 % financial target ▶ 30 % non-financial target 	50 % long term/ share based
	Performance cash award (multi-year)	long term
	<ul style="list-style-type: none"> ▶ 70 % financial target ▶ 30 % non-financial target 	

In detail:

B. Fixed remuneration

a) Basic salary

The basic salary is granted in the form of an amount of money per year individually agreed between the Supervisory Board and the respective member of the Board of Directors in the Board of Directors member's employment contract. The basic

salary is to be paid out in twelve identical monthly partial amounts at the end of the month respectively (monthly salary).

b) Supplementary benefits

Supplementary benefits consist of benefits in kind, such as granting the private use of a company car, expenses for a collective accident insurance, assuming of the costs of medical check-ups, attendance fees for Supervisory Board mandates within the Group, as well as benefits in kind subject to flat-rate taxation, such as tickets for concert events supported by the Company.

c) Pension commitment

The Company transfers a certain amount of money to a pension account for each year of service as the member of the Board of Directors (defined contribution commitment) for the purpose of contributing to the pension scheme. The precondition for granting pension contributions is that the Board of Directors member has not yet reached a pensionable age under the statutory retirement pension scheme at the beginning of each contribution year.

An annual interest credit amounting to the respectably valid statutory maximum technical interest rate applicable to the life insurance industry in accordance with the Actuarial Reserve Ordinance (DeckRV) is paid into the pension account until such time when pension payments begin. If higher interest after tax is achieved through investing pension contributions, the amount will be credited to the pension account when pension payments begin.

Investment

Amounts are invested in accordance with the life cycle model defined under the conditions for deferred compensation in the Salzgitter Group ("SZAG model"), while taking into account the securities determined by the Investment Committee for the company pension scheme within the Salzgitter Group. The Supervisory Board may decide on a different mode of investment at its own appropriate discretion (Section 315 German Civil Code [BGB]).

Retirement capital

If a Board of Directors member leaves the service of the Company upon or after reaching the retirement age under the statutory retirement pension scheme, the Board member will receive the plan assets on the pension account as a one-off retirement capital amount or, upon application, in ten annual instalments. If a Board of Directors member leaves the service of the Company before reaching the statutory retirement age, the Board of Directors member will receive early retirement capital at the age of 62 at the earliest.

Plan assets in the event of invalidity and death

If a Board of Directors member leaves the service of the company due to invalidity or death before reaching the retirement age under the statutory retirement pension scheme, the amount of pension contributions will be added to the plan assets already actually achieved on the pension account to reflect the amount that the Board member would have had if he had continued in the employment of the Company through to the age of 60. A maximum of 10 pension contributions will be added. The plan assets saved during active service plus any allocations will be paid out as a lump sum to the Board member or to the Board member's surviving dependents.

Premature termination of the employment contract

If a Board member leaves the service of the Company without pension benefits having fallen due, the Board member will be granted a vested entitlement to the pension account in accordance with the statutory provisions of the Occupational Retirement Provision Act.

Changes to or cancellation of the pension commitment

The Company reserves the right to curtail or discontinue payments if the parameters decisive at the time when this pension commitment was introduced, have changed so significantly long term that the Company cannot be reasonably expected to maintain the promised pension contributions and/or benefits, also under appropriate consideration of the interests of the individual entitled. Contributions already paid into the pension account are excepted thereof.

Current retirement pension commitments

The retirement pension commitments currently made to the active Board of Directors members do not correspond or not purely to the kind of commitment (defined contribution commitments) provided for under the new remuneration system for Board of Directors members:

In the case of Prof. Dr. Heinz Jörg Fuhrmann, the commitment to pension benefits granted earlier under which a pension will be paid whose amount depends on the length of his service to the Group and will be capped at 60 % of the fixed salary shall continue to apply. In respect of the Board of Directors members Burkhard Becker and Michael Kieckbusch the continuation of the commitments to pension benefits granted at an earlier date have been stopped as of December 31, 2018 and will be supplemented by a defined contribution commitment under the new remuneration system as from January 1, 2019.

C. Variable remuneration

The variable remuneration consists of the annual granting of an annual bonus made up of a short-term and a long-term component and the annual granting of a long-term performance cash award.

Variable remuneration	Performance criteria	Payout
Annual bonus	70 % proportion of EBT in the financial year to EBT previous year	50 % payout after the end of the financial year
	30 % individual performance in the financial year based on pre-defined tasks	50 % conversion into virtual shares; blocking period 3 years as from the end of the financial year; payout upon expiration of the blocking period at the share price valid at that time; max. 150 %
Performance cash award	70 % Ø ROCE in the financial year and in the 3 following years	Payout after the end of the third year after the financial year; max. 200 %
	30 % stakeholder targets for the financial year and the following 3 years	

a) Annual bonus

The annual bonus depends on the degree to which performance criteria have been fulfilled (performance-based) and will be paid out in cash. A target bonus in the form of monthly salaries is agreed for this purpose in the Board of Directors employment contract so that the target bonus is also adjusted if the basic salary changes.

Key performance criteria

Performance criteria consist of earnings before taxes (EBT) as stated in the annual report, which serves as a financial performance criterion, and the individual

performance of the Board of Directors member as a non-financial performance criterion. The payment factor for the EBT criterion is weighted at 70 %, and the payout factor for the individual performance criterion at 30 %.

The remuneration is intended to be an incentive for implementing the Company's strategic direction. In the opinion of the Supervisory Board, a key parameter for measuring the success of the business strategy and the Company's long-term successful development are the earnings before taxes (EBT) achieved for the year. The Supervisory Board has therefore selected the achieving of stable or improved EBT measured against the previous year as the principal performance criterion for granting the annual bonus.

Along with this criterion, the Supervisory Board is of the opinion that non-financial criteria also have a not unimportant effect on the success of the business strategy and the Company's long-term good development. The Supervisory Board has therefore defined additional, annual performance criteria for the granting of the annual bonus. The Board of Directors remuneration system thus also makes a definitive contribution to promoting the business strategy and the long-term development of the company.

EBT (financial performance criterion)

The payout factor for EBT is calculated on the basis of an actual/actual comparison. The actual figure of EBT in the respective financial year is compared with the actual figure of EBT in the previous financial year ("previous year"). If EBT remains the same compared with the previous year, the payout factor is 100 % of the target bonus. If EBT is raised by +50 % compared with the previous year, the maximum payout factor of 150 % is achieved ("maximum value"). If EBT is -50 % compared with the previous year, the minimum payout factor of 50 % is applied ("minimum value"). Linear interpolation is applied to targets achieved between the intervals defined for target achievement (50 %; 100 %; 150 %). If the maximum value is achieved, any further increase in EBT does not result in an increase in the payout factor. If the minimum figure is not achieved, the payout factor is 0 %.

If EBT is negative in the previous year as well as in the current financial year, the Supervisory Board is authorized to determine the target achievement at its own appropriate discretion (Section 315 German Civil Code [BGB]). The same applies if EBT of the previous year, or of the current financial year is less than EUR 1 million. If a positive operating EBT is achieved in the previous year and negative EBT in the current financial year, the payout factor is 0 %. How the EBT performance criterion is applied is a topic of the remuneration report for the respective financial year.

Individual performance (non-financial performance criterion)

The criteria for assessing a Board of Directors member's individual performance are defined by the Supervisory Board at the beginning of each financial year, within the first three months at the latest or, if the employment of the Board of Directors member commences during the financial year, at the time of recruitment. The

following aspects can be taken into account as criteria for the Board member's individual performance and more precisely defined by the Supervisory Board:

- strategic corporate development
- special projects (e.g. efficiency programs, restructuring measures)
- employee matters (e.g., personnel development, employee satisfaction)
- occupational safety and health (e.g. accident frequency, health report)
- environmental issues
- management
- corporate social responsibility.

The Supervisory Board may identify further criteria at its own discretion. The Supervisory Board determines the degree to which individual targets of the individual Board of Directors members and the targets for all Board of Directors members together apply.

The Supervisory Board assesses the performance of a Board of Directors member based on the criteria preassigned. The degree to which targets have been achieved can be determined by the Supervisory Board on a linear basis between 0 % and 150 %. How the individual performance criterion is applied will be reported in the remuneration report for the respective financial year.

Calculation of the annual bonus

The annual bonus is calculated based on:

- (1) the payout factor for EBT determined for the respective financial year and weighted at 70%, and
- (2) the degree to which the Board of Directors member has achieved his individual targets in the respective financial year, which is weighted at 30 %, with the sum total of (1) and (2) being multiplied by
- (3) the target bonus.

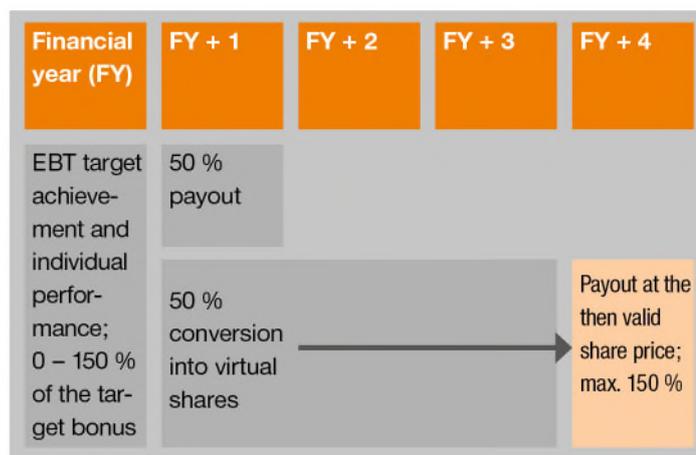
$$\begin{aligned} & [(Payout\ factor\ EBT \times 70\ \%) \\ & + (Degree\ to\ which\ targets\ have\ been\ achieved\ - \\ & \quad individual\ performance \times 30\ \%)] \\ & \times\ target\ bonus\ in\ EUR \\ & =\ annual\ bonus\ in\ EUR \end{aligned}$$

The annual bonus calculated is capped at 150 % of the target bonus. In the event of exceptional, unforeseeable developments, the Supervisory Board can reduce the annual bonus within the meaning of Section 87 (1) sentence 3 clause 2 of the German Stock Corporation Act (AktG).

Payment of the annual bonus

The annual bonus is paid out in cash at 50 % as soon as the Supervisory Board has ascertained the degree to which goals have been achieved after the respective year has ended. The remaining 50 % (initial value) are transferred to a virtual share deferral component, i.e. retained and virtually invested in the shares of Salzgitter AG for three years (share deferral) in order to guarantee share orientation of the variable remuneration.

Annual bonus:



Share deferral

Transferring part of the variable remuneration to a share deferral component promotes the corporate strategy and the Company's long-term development by incentivizing the Board of Directors members to increase the enterprise value and to directly align the interests of the Members of the Board of Directors with those of the shareholders, as well as enhancing the Company's attractiveness on the capital market. This is one of the prerequisites for the Company's long-term development.

Share deferral is subject to a blocking period of three years (blocking period). The blocking period commences at the end of the respective financial year for which the annual bonus was granted. The number of deferred share units at the start of the blocking period is calculated by dividing the initial value by the starting share price. The starting share price applicable is the arithmetic mean of the XETRA closing price of the Company's share on the Frankfurt Stock Exchange over the last 30 trading days prior to the date on which the blocking period begins.

The payout amount at the end of the blocking period from the share deferral is calculated by multiplying the number of units of the virtual shares with the closing share price, plus the fictitious dividend payouts that fall due during the blocking period. The closing share price applicable is the arithmetic mean of the XETRA

closing price of the Company's share on the Frankfurt Stock Exchange over the last 30 trading days prior to the date on which the blocking period ends.

[(Payout factor EBT × 70 %)
+ (Degree to which stakeholder targets have been
achieved × 30 %)]
× target amount in EUR
= payout amount in EUR

The payout amount resulting from the share deferral is capped at 150 % of the initial value.

Adjustments

If an unusual event or an unusual development results in a Board of Directors member receiving a higher or lower payout amount from the annual bonus compared with the amount that he would have been entitled to if this event or development had not occurred, without this being attributable to the performance of the respective Board of Directors member, the Supervisory Board is authorized to lower or raise the payout amount.

Rules on a Board of Directors member's joining and leaving the company

If a Board of Directors member's employment contract begins or ends during a financial year, the annual bonus will be reduced on a pro rata temporis basis. Share deferrals whose blocking period has not yet expired when the employment contract ends will be calculated and paid out only after the end of the blocking period in accordance with the general rules and regulations.

If the Board of Directors member's employment contract is terminated over the course of the financial year by way of extraordinary termination by the Company for an important reason within the meaning of Section 626 (1) German Civil Code, or prematurely terminated at the behest of the Board of Directors member without the Company having established an important reason within the meaning of Section 626 (1) German Civil Code for such premature termination and without a change of control, as laid down in the Board of Directors member's employment contract (see Section G), the entitlement to the annual bonus as well as all entitlements from current share deferrals whose blocking periods had not yet expired at the time when notice of termination was given shall lapse with no entitlement to substitution or compensation.

If a Board of Directors member's employment contract ends prematurely due to his death or to permanent invalidity as laid down in the Board of Directors member's employment agreement, the annual bonus for the respective financial year will be calculated on a pro rata temporis basis. In this case, achieving overall targets will be assumed at 100% for the calculation of the annual bonus, and the resulting annual

bonus will be paid out in full within two months after the employment contract ends. Furthermore, all share deferrals whose blocking period had not yet expired on the date when the employment contract ends will be paid out within two months after the employment contract ends. The payout amount corresponds to the accumulated number of virtual shares of the outstanding share deferrals multiplied by the arithmetic mean of the XETRA closing price of the Company's share on the Frankfurt Stock Exchange over a period of the last 30 trading days prior to the date when the employment contract prematurely ends, plus the fictitious dividend payments on the virtual shares due and payable during the respective blocking periods up until the time of the premature termination.

b) Performance cash award

The performance cash award is similarly dependent on the fulfillment of the performance criteria (performance based) and will be paid out in cash. It is granted per year (tranche). Each tranche has a term of four full financial years (performance period). Each performance period commences with the start of each respective financial year in which the tranche is granted (the respective grant year) and ends upon expiration of the fourth full financial year.

A target amount in the form of a number of monthly salaries is agreed in the Board of Directors member's employment contract. This enables the Supervisory Board to take the different requirements placed on the individual Board of Directors functions into account. Moreover, this also results in the target amount being adjusted if the basic salary was to change.

Key performance criteria

The key performance criteria consist of the return on capital employed ("ROCE") at Group level in the performance period ("ROCE target") – financial performance target – and the achieving of stakeholder goals – non-financial performance targets. Achieving the ROCE target is weighted at 70 %, and that of the stakeholder targets at 30 %.

Remuneration should be designed to include an incentive to implement the Company's strategic direction. One of the Group's key control parameters for the success of the business strategy and its long-term successful development is the achieving of return on capital employed (ROCE) that can be considered an indicator of whether and to what extent investments are eligible for implementation to promote sustainable growth. For this reason, the Supervisory Board has selected the achieving of the planned ROCE in the performance period as the principal performance criterion for the performance cash award.

Along with this criterion, the Supervisory Board is of the opinion that non-financial criteria also have a not unimportant effect on the success of the business strategy and the Company's long-term good development. In respect of granting the performance cash award, the Supervisory Board therefore additionally determines stakeholder goals per year. In this way, the Board of Directors remuneration system makes a substantial contribution to promoting the business strategy and the long-

term development of the Company. From the standpoint of the Supervisory Board, the remuneration system is above all also well suited taking into account the interests of all stakeholders.

Performance cash award:



ROCE (financial performance criterion)

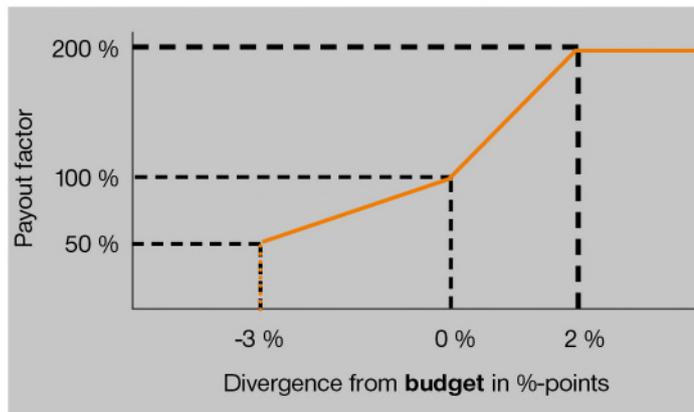
ROCE comprises the return generated from the Group's business [EBIT (= EBT + interest expense excluding the interest portion of allocations to pension provisions) in relation to the total of shareholders' equity (without calculation of accrued and deferred taxes), tax provisions, interest-bearing liabilities (excluding pension provisions) and liabilities from financial leasing, forfeiting and asset-backed securitization]. The extent to which the Company deployed its committed capital efficiently and profitably is measured.

In order to establish the degree to which ROCE has been achieved, the ROCE actually achieved is compared with budgeted ROCE. Therefore at the end of the performance period the average of the ROCE figures achieved annually at the end of the respective financial years during the performance period is determined; in the next step, the average of the budgeted ROCE figures of the respective financial years is deducted in order to ascertain the divergence between the budgeted and the actual figures, expressed in percentage points (\emptyset [actual figures] – \emptyset [budgeted figures]).

Factoring in the general development of business and the economic outlook of Salzgitter AG, the Supervisory Board determines a figure for the divergence between the average ROCE achieved and the budgeted ROCE expressed in percentage points for each new tranche issued – this figure leads to a payout factor of 100 % of the target amount agreed in the Board of Directors member's employment contract (target figure) – along with figures for a payout factor of 50 % (minimum figure) and of 200 % (maximum figure). Linear interpolation is applied to targets achieved between the intervals defined for target achievement (50 %; 100 %; 200 %). If the minimum figure is not reached, the payout factor is 0 %. If the maximum figure is achieved, any further increases in average ROCE does not increase the payout factor.

Example: If the target figure for the divergence of the average ROCE achieved from the average budgeted ROCE is set at 0 %, with minimum set at -3 % and a maximum

figure of 2 %, the payout factor increases per percentage point of the higher average ROCE achieved compared with the average budgeted ROCE starting from 100 % by 50 percentage points. The payout factor declines per percentage point of ROCE achieved that is lower than the average budgeted ROCE starting from 100 % by 16.67 percentage points. This example results in the following payout curve:



How the ROCE performance criterion is applied is a topic of the remuneration report for the respective financial year.

Stakeholder goals (non-financial performance criterion)

In addition to the financial performance target, Salzgitter AG's Supervisory Board sets stakeholder targets when each tranche is granted, or in the first three months of the grant year at the latest respectively – if the Board of Directors member's employment contract begins during the financial year – upon recruitment. The Supervisory Board can take into account the following stakeholder targets in the process and define them in more detail:

- strategic corporate development
- special projects (e.g. efficiency programs, restructuring measures)
- employee matters (e.g., personnel development, employee satisfaction)
- occupational safety and health (e.g. accident frequency, health report)
- environmental issues
- management
- corporate social responsibility.

The Supervisory Board can define other criteria at its discretion in addition to the aforementioned stakeholder goals. The assessment of a Board of Directors member's performance is based on the stakeholder targets defined at a prior date by the Supervisory Board. The degree to which targets have been achieved in the respective performance period is ascertained by the Supervisory Board after the respective performance period has ended and maybe determined by the Supervisory Board on a linear basis of between 0 % and 200 %. How the stakeholder targets are applied is a topic of the remuneration report for the respective financial year.

Calculation and payout of the performance cash award

The payout amount is calculated based on:

- (1) the payout factor for the ROCE target determined at the end of the performance period and weighted at 70%, and
- (2) the degree to which the stakeholder targets have been achieved, determined at the end of the performance period and weighted at 30 %, with the sum total of (1) and (2) being multiplied by
- (3) the target amount in euros defined in the Board of Directors member's employment contract.

[(Payout factor ROCE-target × 70 %)
+ (Degree to which stakeholder targets have been
achieved × 30 %)]
× target amount in EUR
= payout amount in EUR

The payout amount thus calculated is capped at 200 % of the target amount determined in the Board of Directors member's employment contract.

Adjustments

If an unusual event or an unusual development results in a Board of Directors member receiving a higher or lower payout amount compared with the amount that he would have been entitled to if this event or development had not occurred, without this being attributable to the performance of the respective Board of Directors member, the Supervisory Board can lower or raise the payout amount.

Rules on a Board of Directors member's joining and leaving the company

If a Board of Directors member's employment agreement starts to run over the course of a financial year, he will be awarded a pro rata temporis tranche under the Performance Cash Plan for this financial year. To this end, the target value applicable to the tranche will be reduced on a pro rata temporis basis.

If a Board of Directors member's employment contract ends before the expiration of the performance period, or if the Supervisory Board rescinds the appointment of the Board of Directors member before the expiration of the performance period, the payout amounts outstanding on this date – subject to invalidity in accordance with the following section – are to be determined in accordance with the general regulations of the Performance Cash Plan; payout amounts are not calculated and paid out prematurely. The tranche for the grant year in which the Board of Directors member's employment contract ends or the appointment to the Board of Directors is rescinded will be reduced on a pro rata temporis basis. The tranche will be reduced on a pro rata temporis basis for this purpose.

If a Board of Directors member's employment contract is terminated before the performance period expires by way of extraordinary termination by the Company for an important reason within the meaning of Section 626 (1) German Civil Code, or prematurely terminated at the behest of the Board of Directors member without the Company having established an important reason within the meaning of Section 626 (1) German Civil Code for such premature termination and without a change of control, as laid down in the Board of Directors member's employment contract (see Section G), all tranches whose performance period had not yet ended at the time when premature notice of termination was given shall lapse with no entitlement to substitution or compensation.

If a Board of Directors member's employment contract ends prematurely due to his death or permanent invalidity as laid down in the Board of Directors member's employment contract, all tranches whose performance period had not yet ended at the time of the premature termination will be paid out within two months as from the end of the employment contract. The payout amounts correspond to the accumulated target figures, with the tranche of the grant year in which the Board of Directors member's employment contract ends being reduced on a pro rata temporis basis.

Mitigation and clawback regulation

In the event of exceptional developments that are not foreseeable, the Supervisory Board can reduce the payout of the performance cash award within the meaning of Section 87 (1) sentence 3 clause 2 of the German Stock Corporation Act (AktG).

The Supervisory Board is authorized to reduce the payout amount of the performance cash plan which results from the achieving of targets in part or in full to zero if during the respectively performance period the Board of Directors member gross negligently or intentionally fails to comply with:

- a material duty of care within the meaning of Section 93 of the German Stock Corporation Act,
- a material provision under the Code of Conduct of Salzgitter AG, or
- any other material duty under terms of his service contract.

In its decision, the Supervisory Board must take into account of the severity of non-compliance as well as the disadvantages accruing to the Company therefrom. If, at the time the decision is made to reduce the payout amount, the payout amount has already been disbursed because the Supervisory Board gained knowledge of the Board of Directors member's non-compliance only after the performance period expired, the Board of Directors member must repay the excess amounts in accordance with the decision on the reduction. Moreover, the Company is entitled in this case to offset the amount against other claims of the Board of Directors member to remuneration. Insofar, the plea of impoverishment within the meaning of Section 818 (3) of the German Civil Code (BGB) is excluded.

D. The respectively relative proportion of all fixed and variable remuneration components in the overall remuneration

The relative proportions of the individual remuneration components in the overall remuneration of an ordinary member of the Board of Directors in terms of its target structure with a purely contribution-oriented pension commitment in accordance with the remuneration system (rated with the amount of contribution) roughly correspond to the following figures:

	For target remuneration
Fixed remuneration	53 %
Basic salary	40 %
Supplementary benefits	2 %
Pension commitment	11 %
Variable remuneration	47 %
Annual bonus – cash	17 %
Annual bonus – share deferral	17 %
Performance cash award	13 %
Total remuneration	100 %

The relative proportions of the individual remuneration components in the overall remuneration of an ordinary member of the Board of Directors under the current structure with an until 2018 pension-payment-oriented and from 2019 on contribution-oriented pension commitment (both evaluated with costs in the period of service based on IAS 19) in accordance with the remuneration system roughly correspond to the following figures:

	For target remuneration
Fixed remuneration	59 %
Basic salary	35,5 %
Supplementary benefits	2 %
Pension commitment	21,5 %
Variable remuneration	41 %
Annual bonus – cash	14,5 %
Annual bonus – share deferral	14,5 %
Performance cash award	12 %
Total remuneration	100 %

The long-term variable remuneration amounts are granted on a share basis at around 56 % for target-based remuneration.

The proportion of long-term to short-term variable remuneration is around 64 % to 36 % for target-based remuneration.

E. Maximum remuneration of Board of Directors members

The maximum remuneration of Board of Directors members for a financial year can be achieved based on the remuneration system described in the sections A. to C. if, along with payment of the basic salary, the granting of supplementary benefits and the granting of a pension commitment, with regard to the components of the variable remuneration, the following circumstances also apply in relation to the financial year:

- achieving of the maximum payout factor for attaining the annual bonus, i.e. 150 % achievement of the EBT target and 150 % achieving of the goals set by the Supervisory Board for individual performance
- increase of 50 % in the Company's share price over the three-year blocking period of the share deferral following on from the financial year
- achieving of the maximum payout factor for attaining the performance cash award, i.e. achieving the ROCE target at 200 % in the four-year performance period and 200 % achievement of the stakeholder targets set by the Supervisory Board in the four-year performance period.

In the event of all these preconditions occurring, and taking into account the appropriate adjustments to the basic salary in the context of general wage and salary trends in the period under review of the next four years, as well as the valuation-related fluctuation range of the costs in the period of service for the pension commitment, the maximum remuneration amounts to € 2,900,000 for the ordinary members of the Board of Directors and to € 5,100,000 for the Chair of the Board of Directors.

F. Consideration of the conditions of remuneration and employment of employees in the Salzgitter Group and customary practice on the market

Vertical internal comparison

For the purpose of considering the remuneration and employment conditions of employees within the Salzgitter Group in determining the system laid out here for remunerating Board of Directors members, the Supervisory Board – as in the past when reviewing and, if appropriate, redefining the amount of the individual remuneration components in the context of earlier remuneration systems – draws a comparison with the remuneration of senior management and the workforce in the Group in Germany. The current amount of remuneration as well as the amount of remuneration as it developed over the course of the last five years were compared. The Supervisory Board defined the group of senior management as being the group of managing directors of larger Group companies, on the one hand, and the group of

managing directors of the smaller Group companies, on the other. With regard to the workforce, a differentiation was made between employees covered by collective wage agreements and those outside collective wage agreements. In view of the different qualifications, tasks, performance requirements and responsibilities, as well as the employment conditions for Board of Directors members, on the one hand, and for the groups of employees included, on the other, the Supervisory Board considered the difference in remuneration to be appropriate.

Horizontal external comparison

The Supervisory Board has taken care to ensure that the overall remuneration of the Company's Board of Directors members has been set at a level customary in the market in terms of its structure and amount and is competitive at the same time. In order to assess conformity with the market, within the scope of drawing up a concept for the remuneration system, the Supervisory Board in 2017, with the support of an independent external consultant, used the remuneration data – to the extent available – of the companies represented in Germany's mid-cap share index (MDAX) on Deutsche Börse AG to which the Salzgitter AG belonged at that point in time. The index comprises medium-sized listed companies of similar market capitalization and share turnover dimensions. Taking into account the relevant corporate data, such as revenue, employee numbers, internationality and sector, the Supervisory Board arrived at the conclusion that the components of the remuneration system and their amounts conform to the market.

G. The term of Board of Directors members' employment contracts and commitments in connection with the termination of service on the Board of Directors (remuneration-related transactions)

Board of Directors members' employment contracts have a maximum term of five years. The initial appointments of Board of Directors members are generally made for a maximum of three years. The employment contracts do not provide for an option of regular termination; the mutual right to terminate the contract without notice for an important reason remains unaffected.

Should Board of Directors service be terminated without an important reason, the Board of Directors members are entitled to the remuneration agreed until expiration of the contract. However, this entitlement is restricted to the amount of two years' remuneration (basic salary, supplementary benefits, pension commitment and variable target remuneration). In the event of premature termination of Board of Directors member service due to a change of control, the Board of Directors members are entitled to severance payment in the amount of the overall remuneration for the remaining term of their contract of employment. This settlement, however, is capped at the value of three years of remuneration.

A change of control within the meaning of this regulation occurs in particular, but not exclusively, if a shareholder or several shareholders of the Company acting jointly, or a third party

- have gained control in accordance with Section 29 (2) of the German Securities Acquisition and Takeover Act (WpÜG)
 - have gained control of the company due to a takeover offer, in accordance with Section 29 (2) of the German Securities Acquisition and Takeover Act (WpÜG)
 - advise that they have achieved or exceeded 50 % or 75 % of the voting rights in the Company, or
 - conclude an inter-company agreement with the Company as a dependent company within the meaning of Section 291 of the German Stock Corporation Act (AktG), and this results in a significant change in the position of the Board of Directors member,
- or if
- the Company is merged with another company or the Company is incorporated, and this results in a significant change in the position of the Board of Directors member.

The special provisions of the German Co-Determination Amendment Act applicable to the Company for the composition of the Supervisory Board and its competences shall remain unaffected.

H. Procedure for determining and implementing as well as reviewing the remuneration system

The Supervisory Board's Presiding Committee designed the structure of this Board of Directors remuneration system in 2017 at a series of meetings with the support of an external consultant. Subsequently, following consultations with representatives of the employees and of the shareholders serving on the Supervisory Board, the system was discussed in great detail by the full Supervisory Board in the absence of the Board of Directors. Further suggestions arising from the discussion having been incorporated into it, the finally developed system was at the end approved by the Supervisory Board in its meeting on March 15, 2018.

In the next step, the system was largely implemented through amending the Board of Directors members' employment contracts with respect to all Board of Directors members, and took effect as of January 1, 2019. Individual arrangements were made with regard to the existing pension commitments (see Section B. c.)).

The Supervisory Board intends to review the Board of Directors remuneration system with regard to its structure from time to time, especially when new Board of Directors members' employment contracts are concluded, and in an event-driven manner. If there are material changes to the system, and at least every four years, the Supervisory Board will present the remuneration system to the Shareholders' Meeting for its approval. In a parallel process, it regularly reviews the amount of the individual components of the remuneration system to ascertain whether adjustments are necessary. In the process, the Supervisory Board in particular compares the

components' suitability in a horizontal-external and a vertical-internal comparison and, if necessary, adjusts them.

Conflicts of interest are avoided by excluding Supervisory Board members who cannot be classified as independent within the meaning of the German Corporate Governance Code from taking part in the consultations and the process of adopting resolutions on the Board of Directors remuneration. In the Declaration to the Corporate Governance that is submitted once a year, a report is made on which shareholder representatives on the Supervisory Board are considered to be independent by the Supervisory Board.

I. Temporary divergence from the remuneration system

If it is necessary in the interest of the Company's long-term well-being, the Supervisory Board may temporarily diverge from the remuneration system presented to the Shareholders' Meeting. Whether this is the case and the extent of a divergence of this kind is determined by the Supervisory Board upon resolutions once a preliminary review has been made and on the recommendation of its Presiding Committee following consultation. The components of the remuneration system eligible for such divergence consist of the performance criteria for the annual bonus and the performance cash award, the proportion of the individual elements of the remuneration, the maximum remuneration and the temporary expenses for exceptional supplementary benefits. In addition, the Supervisory Board has the option of granting members newly appointed to the Board of Directors special payments in compensation for loss of salary from a previous employment arrangement or to cover costs incurred by relocation. If such an event is deemed to have occurred, the Supervisory Board will then present the Board of Directors remuneration system to the next Shareholders' Meeting for fresh approval.

7. Resolution on the remuneration of Supervisory Board members

The Board of Directors and Supervisory Board propose that the following be resolved:

The remuneration for members of the Supervisory Board approved by Shareholders' Meeting on May 23, 2013 is confirmed.

The Shareholders' Meeting approved the following remuneration of Supervisory Board members on May 23, 2013:

- I. Each member of the Supervisory Board will receive fixed remuneration of EUR 60,000.00, the Vice Chairman will receive EUR 120,000.00 and the Chairman of the Supervisory Board will receive EUR 180,000.00 for each financial year.

Short financial years will be remunerated in accordance with a special resolution passed by the relevant Shareholders' Meeting. Supervisory Board members who serve on the Supervisory Board or on one of its committees for only part of a financial year, or exercise a chairing function on the Supervisory Board or one of its committees during only part of a financial year, will receive a lower amount of

remuneration calculated on a pro rata temporis basis, with each month commenced being fully counted.

- II. Each member of a Supervisory Board committee will receive fixed remuneration of EUR 5,000.00, the committee chairmen and the members of the Audit Committee will receive EUR 10,000.00, the Chairman of the Audit Committee will receive EUR 30,000.00 for each financial year, provided that, over the course of the financial year and – if committee membership only exists for part of a financial year – at least one committee meeting has taken place during the period of committee membership. In the case of the Presiding Committee, consulting by telephone for its members to reach an agreement and a resolution is sufficient instead of a meeting. Aside from the remuneration fixed under Item I, the Chairman of the Supervisory Board and the Vice Chairman will receive no further remuneration for membership in other committees. If a Supervisory Board member belongs to several committees, only the two memberships with the highest amounts will be remunerated.
- III. Each member of the Supervisory Board and each member of a Supervisory Board committee will receive an additional attendance fee of EUR 500.00 for each participation in meetings. Committee meetings that take place on the day of a Supervisory Board meeting are excluded. Participation in a consultation on the phone and the passing of a resolution do not qualify as participation in a meeting.

Based on this remuneration regulation, the maximum remuneration for the Vice Chairman is EUR 120,000.00 and for the Chairman of the Supervisory Board EUR 180,000.00, plus EUR 500.00 for participation in each meeting respectively. The maximum remuneration of the other members of the Supervisory Board amounts to EUR 60,000.00 and is increased by EUR 10,000.00 for membership in the Audit Committee, and by EUR 30,000.00 for the Chairman of the Audit Committee and by EUR 5,000.00 for all other memberships in Supervisory Board committees, with only the two highest membership amounts for participation in committees being remunerated; in addition, attendance fees of EUR 500.00 for each participation in the meetings are paid.

A performance-based remuneration component has been waived in this remuneration system in order to strengthen the independence of the Supervisory Board. The scope of the workload and the liability risk of the Supervisory Board members does not develop in line with the Company's business success and its profitability. Particularly in financially difficult periods when performance-based remuneration often declines, a high level of monitoring and consultancy activity is required from the Supervisory Board and from its members.

The remuneration of the Supervisory Board is determined in accordance with Section 113 (1) sentence 2 German Stock Corporation Act (AktG) by assessment in the Articles of Association or through the approval by the Shareholders' Meeting. The remuneration should be proportionate to the tasks performed by the Supervisory Board members and reflect the situation of the company (Section 113 (1) sentence 2 German Stock Corporation Act). The regulations approved in 2013 for remuneration continue to be considered appropriate by the Board of Directors and Supervisory Board.

8. Authorisation for the Purchase, Sale and Redemption of Own Shares with the Possibility of an Exclusion of Share Options under § 71 section 1 no. 8 Stock Corporation Act (AktG)

In order to acquire its own shares, the Company, insofar as such is not expressly allowed by law, requires special authorisation by the Shareholders' Meeting. As the authorisation of the Shareholders' Meeting of 28 May 2015 expires on 27 May 2020, it is proposed that a further authorisation should be granted. It should also allow for the acquisition of own shares using own capital derivatives (put options or call options or a combination of both) and regulate the possibilities for using own shares.

Therefore, the Board of Directors and Supervisory Board propose the following resolution:

- I. The Company is authorised until the expiry of 7 July 2025 to purchase own shares of the Company up to an allotted proportion of 10% of the actual share capital on the date of the resolution of the Shareholders' Meeting concerning this authorisation or – if this amount is lower – at the time of exercising the authority. The authorisation may be exercised in whole or part quantities on one or several occasions and for one or several purposes by the Company or any third party on account of the Company. Purchase may take place within the period of authorisation until the maximum purchase volume is achieved in instalments at various times of purchase. Such purchase may, at the choice of the Board of Directors, be (1.) through the stock exchange, (2.) by way of own capital derivatives or, (3.) by way of a public purchase offer to all shareholders or by way of a public invitation to make such an offer subject to the following:
 1. In the event that the purchase of shares takes place through the stock exchange, the consideration paid by the Company for each share (without supplementary purchase costs) shall not be more than 10 % above or below the market price in XETRA system of Deutsche Börse AG or a substitute successor system to the XETRA system determined on the trading day by the opening auction.
 2. If the acquisition of shares involves the use of own capital derivatives, the Board of Directors may dispose of options which oblige the Company to acquire shares of the Company in case of exercising the option (hereinafter "put option") to acquire options, giving the Company the right to acquire shares of the Company in case of exercising the option (hereinafter "call option"), and to acquire shares of the Company using a combination of put options and call options (put options and call options or any combination thereof hereinafter called "options"). Each acquisition of own shares using own capital derivatives shall thereby be limited to shares not exceeding 5 % of the share capital of the Company at the time of the resolution of the Shareholders' Meeting.

The conditions of an option must ensure that the option will only operate with those shares acquired in accordance with the principles of equal treatment. Any option premiums paid or received by the Company for call or put options shall not be substantially above or below the theoretical market value of the respective options calculated in accordance with recognised financial principles whereby the determination of the agreed exercise price, amongst other matters, is to be taken into account. The purchase price to be paid for each Company share (exercise price) in exercising an option shall not be more than 10 % (not including supplementary purchase costs, but taking into account any option premiums paid or received) above or below the average of the closing value in XETRA system of the Deutsche Börse AG or a substitute successor system to the XETRA system

on the three trading days before the day of the concluding of the respective option transaction.

If own shares are acquired using own capital derivatives in observing the above provisions, any right of the shareholders to conclude option transactions with the Company is excluded in accordance with the application of § 186 section 3 sentence 4 AktG. Any right of shareholders for an option transaction to be concluded shall also not exist insofar as at the concluding of the option transaction a priority offer for the concluding of option transactions is envisaged in relation to small numbers of shares.

Shareholders have a right to offer their shares to the Company only insofar as the Company is obliged to acquire such in relation to the shareholders in terms of option transactions. Any further rights to offer for sale are excluded.

The term of the options shall not exceed 18 months and must end by no later than 7 July 2025.

3. In case the purchase is by way of a public offer to purchase or a public invitation for offers to purchase, the offered purchase price or the limit of the purchase price range for each share (without supplementary purchase costs) shall not be more than 10 % above or below the average of the closing value in XETRA system of the Deutsche Börse AG or a substitute successor system to the XETRA system on the three trading days before the day of the public notification of the offer or the public invitation to make a purchase offer. If, after the publication of a public offer to purchase or the public invitation to make a purchase offer, substantial variations in the respective price take place, the offer or the invitation for such an offer may be adjusted. In such case any such adjustment is to be made in relation to the average price of the closing value on the three trading days before the public notification. The purchase offer or the invitation for such an offer may include further conditions. Insofar as such a purchase offer is oversubscribed or, in the case of an invitation to make an offer, several comparable offers cannot all be accepted, acceptance shall be on a quota system. A preferential acceptance of small share lots up to 100 units for the purchase of shares offered may be allowed for each shareholder.

II. The Board of Directors is authorised to use the shares of the Company acquired on the basis of the authorisation under II. or any other earlier authorisation for all legally-permissible purposes and in particular for the following purposes:

1. The Board of Directors is authorised to undertake a sale of own shares purchased for cash by means other than through the stock exchange or by way of an offer to all shareholders if the acquired own shares are sold at a price which is not substantially below the market price at the time of the sale. The applicable stock exchange price is the average of the closing value in XETRA system of the Deutsche Börse AG or a substitute successor system to the XETRA system on the three trading days before entering into the duty to sell the shares. This authorisation shall be limited in total to a maximum of 10 % of the share capital of Salzgitter AG at the time of the resolution of the Shareholders' Meeting as to this authorisation or – if the value at the time of the exercising of the authorisation is lower – at the time of the exercising of the authorisation. The authorisation volume shall be reduced by the respective amount of the share capital related to shares options and/or conversion rights or obligations arising from bonds with warrants or convertible bonds issued or sold since 8 July 2020 under a simplified exclusion of

share options in accordance with § 186 section 3 sentence 4 of the Stock Corporation Act (AktG).

2. The Board of Directors is authorised to use purchased own shares in order to acquire companies or shares in companies or other assets.
3. The Board of Directors is authorised to use purchased own shares in order to fulfil option or conversion rights and duties for bonds with warrants and convertible bonds issued by the Company or a subsidiary in which the Company holds a direct or indirect majority interest issuing bonds with warrants, convertible bonds, participation rights and/or profit participating bonds or any combination of these devices.
4. The Board of Directors is authorised to offer purchased own shares to persons who are or who were employed by the Company or an affiliated company.
5. The Board of Directors is authorised to undertake redemptions of own shares without any further resolution of a Shareholders' Meeting with the approval of the Supervisory Board. Redemptions of such shares may also be undertaken by way of simplified procedure without any reduction of capital through the adjustment of the proportional amount of the remaining shares in the share capital of the Company. The Supervisory Board or, – in case of a redemption without any reduction of capital through the adjustment of the proportional amount of the remaining shares in the share capital, – the Board of Directors, is authorised to amend the Articles of Association according to the extent of the reduction of capital or the adjustment of the number of shares stated.
6. The above authorisations may be used on one or several occasions in whole or in part, individually or jointly, and the authorisation in relation to 1. to 4. may also be used by independent companies or companies in which the Company owns a majority or on the account of such companies or third parties on the account of the Company.
7. The option right of the shareholders to own shares is excluded insofar as such shares are used in accordance with the above authorisation.

Report of the Board of Directors in accordance with § 71 section 1 no. 8 of the Stock Corporation Act (AktG) in connection with § 186 section 4 sentence 2 of the Stock Corporation Act (AktG) in relation to Agenda Item 8

The Stock Corporation Act (AktG) expressly allows in § 71 section 1 no. 8 for the acquisition of own shares on the basis of an authorisation from the Shareholders' Meeting insofar as such is not for the purpose of dealing in own shares. Such an authorisation may be granted for a maximum period of five years.

In the previous years since 1999 Shareholders' Meetings have already authorised the Company to acquire own shares up to an allotted proportion of the share capital of up to 10 % and to sell such shares subject to specific conditions also by ways other than the stock exchange or by way of an offer to all shareholders. Some of these authorisations have in part been exercised. The last authorisation of 28 May 2015, in accordance with the applicable provisions of law at the time, expires on 27 May 2020. In order to be able to acquire own shares after this date a new authorisation will be required.

In the opinion of the Board of Directors it could continue to be expedient in the short term for Salzgitter AG, for various reasons which may not be foreseeable today, to acquire own shares and to sell such other than by way of the stock exchange or an offer to all shareholders. This would come into consideration particularly in terms of company acquisitions in return for the granting of investment rights, to acquire additional or greater investment by existing domestic and foreign shareholders, such as institutional investors, with the target of an increase of the attractiveness of our shares and thereby an improvement of our ability to acquire capital. The authorisations to sell by ways other than the stock exchange or an offer to all shareholders to the exclusion of the option rights of the shareholders in accordance with II. 1. and 2. are both suitable and necessary in this regard. It opens up the necessary possibilities for the Board of Directors to act in order to achieve the above targets. The possibility of a sale for cash at a price which is not at that time substantially below the stock exchange price is in the interests of the Company. Amongst other things, it can lead to a quicker and more inexpensive placing of shares than would be possible by sales through the stock exchange or by way of an offer to all shareholders. The need to protect the shareholders is established by determining that the sale price shall not be substantially below the stock exchange price. In exercising the authorisation the Board of Directors will keep any discount from the guiding stock exchange price as low as possible in terms of the prevailing market conditions at the time of placement. Any discount is not expected to exceed 3 % and will certainly not exceed more than 5 % of the current stock exchange price. Because, as a result the value of any share option would practically be reduced to zero, no economic disadvantage is incurred by shareholders by way of the exclusion of share options; in any case they have the possibility of maintaining their share in the share capital of the Company under approximately the same conditions by way of purchasing the necessary shares at the stock exchange.

The sale of own shares may also be undertaken in order to acquire companies or shares in companies or other assets to the exclusion of share options. The possibility of offering shares of the Company as consideration results in particular in a competitive advantage for interesting acquisition targets and assures the necessary room to manoeuvre in order to be able to utilise opportunities for the acquisition of companies or shares in company or other assets in a manner which protects liquidity. In this regard it must be possible to offer shares to the seller exclusively, whereby a complete exclusion of the options rights of the shareholders is unavoidable. Even from the point of view of an optimum financing structure the providing of shares as consideration can be expedient. In determining the value relationship the Board of Directors shall ensure that the interests of the Company and its shareholders are suitably protected and that a reasonable price for own shares is achieved. The use of own shares for acquisition has the advantage for existing shareholders that their voting rights are not watered down compared to the position before the acquisition of own shares and further that the own shares can be obtained more quickly and simply compared to a capital increase by way of contribution of property and that the share capital does not have to be increased.

In addition to purchase via the stock exchange the Company should also have the possibility of purchasing its own shares by way of a public purchase offer to the Company shareholders or through a public invitation to submit such an offer. This would have to follow the principles of equal treatment required by company law. The public invitation to submit offers allows the invited parties to decide how many shares, and – by fixing a price range – the price at which they wish to offer the shares to the Company. Insofar as such a public purchase offer is oversubscribed or, in the case of an invitation to make an offer, several comparable offers cannot all be accepted, acceptance shall be on a quota system. However it must be possible to give priority to smaller bids or smaller parts of bids up to a maximum of 100 shares. This possibility serves to avoid fractional amounts in the

determining of the quota to be acquired as well as any reminders and therefore simplifies the technical processing. The offered purchase price or the limits of the purchase price range for each share (without supplementary purchase costs) shall not be more than 10 % above or below the average of the closing value in XETRA system of Deutsche Börse AG or a substitute successor system to the XETRA system on the three trading days before the day of the public notification of the offer or the public invitation to make a purchase offer. If, after the publication of a public offer to purchase or the public invitation for offers to purchase, substantial variations in the respective price take place, the offer or the invitation for such an offer may be adjusted. The purchase offer or the invitation for such an offer may include further conditions.

In addition to the possibility of conventionally acquiring own shares, the Company should also be allowed to acquire own shares using own capital derivatives. By way of this method, which has become common practice for many DAX companies as an alternative means of acting, the possibilities of the Company will be extended to structure the acquisition of own shares in an optimal manner. In certain circumstances it could be advantageous for the Company to sell put options, to acquire call options or purchase shares of the Company by a combination of put and call options instead of directly purchasing own shares of the Company. In this regard the term of the options must not exceed 18 months. In addition the term of the option must be such that the shares cannot be acquired by way of exercising an option after 7 July 2025. This shall ensure that the Company does not acquire any own shares on this basis after the expiry of the (renewed) authorisation granted under § 71 section 1 no. 8 Stock Corporation Act (AktG). Furthermore, the acquisition of own shares by way of own capital derivatives is limited to 5 % of the existing share capital of the Company under the resolution of the Shareholders' Meeting.

The Company shall grant the party acquiring the put option the right to sell Company shares to the Company at a price fixed in the put option (exercise price). For this right the Company shall receive an option premium which, taking into account various parameters – including the exercise price the term of the option as well as the volatility of the Company shares – reflects the right of sale granted by the put option. If the acquiring party exercises its put option, the option premium paid by the party shall reduce the total consideration paid by the Company for the share. The exercise of the put option shall be commercially useful for the acquiring party only if the price of the share at the time of exercising the put option is under the exercise price, because in this case the acquiring party may sell the shares for a higher price than on the stock exchange. In contrast, from the point of view of the Company, the use of put options has the advantage that the exercise price is already determined at the time of concluding the option transaction, but the liquidity flows only from the day of exercising the option. If the acquiring party does not exercise the option because the stock price on the day of exercising is above the exercise price, the Company may not be able to acquire own shares by this method, but it retains the option premium.

If the Company acquires a call option, it receives the right, in return for the payment of an option premium, to purchase a determined number of own shares at a pre-fixed price (exercise price). The exercise of the call option is commercially useful for the Company if the share price is above the exercise price, because in such case the Company may purchase the shares from the seller at a lower price than that on the stock exchange. By acquiring call options the Company may, for example, limit the risks related to share prices, if it is itself obliged to transfer shares at some later point in time, such as in terms of a right in exchange from convertible bonds.

The purchase price for the Company shares is the agreed exercise price to be paid by the Company in the respective option. The exercise price may exceed or be below the stock exchange price of the Company shares on the day of concluding the option transaction, but it may not be more than 10 % above or below the average of the closing value of the Company share in XETRA system of Deutsche Börse AG or a substitute successor system to the XETRA system on the three trading days before the day of concluding the option transaction; supplementary purchasing costs are not included but the received or paid option premium should be taken into account. Any option premiums to be paid by the Company for call options or received by the Company for put options shall not be substantially above or below the theoretical market value of the respective options calculated in accordance with recognised financial principles. In determining the theoretical market value of the respective option the agreed exercise price, amongst other matters, is to be taken into account.

The form of the authorisation to acquire own shares using own capital derivatives excludes shareholders from being economically disadvantaged in the redeeming of own shares using own capital derivatives. The determination of exercise prices and option premiums described above as well as the mandatory requirement that options shall be used only with those Company shares acquired under the principle of equal treatment will ensure that the Company will receive or pay a fair market price and that any shareholders of the Company not involved will not be subject to any disadvantage in terms of value. This corresponds with the position of the shareholders in the case of a redeeming of shares on the stock exchange by which not all shareholders are able to actually sell shares to the Company. The provisions for the organisation of the options as well as the provisions for the shares for fulfilling the option rights ensure that in these forms of acquisition considerable attention has been given to the principle of the equal treatment of shareholders. Against this background and also in consideration of the legal principle behind § 186 section 3 sentence 4 Stock Corporation Act (AktG), it is reasonable that shareholders should not have any right to conclude such option transactions with the Company. Any right of shareholders for an option transaction to be concluded with the Company shall also not exist insofar as at the concluding of the option transaction a priority offer for the concluding of option transactions is envisaged in relation to small numbers of shares. Through the excluding of purchase rights and offer-for-sale rights the Company has the possibility of concluding option transactions on a short-term basis. This possibility would not be available in the same way in case of an offer to acquire options to all shareholders or in case of an offer to acquire options from all shareholders.

The shareholders of the Company should have a right to offer their shares for sale only in case of the redeeming of own shares using own capital derivatives if the Company is obliged in relation to the shareholder to take the shares on the basis of the respective options. Otherwise, own capital derivatives could not be used for the redeeming of own shares and the related advantages for the Company would not be available.

After careful consideration of the interests of the shareholders and the interests of the Company on the basis of the advantages resulting from the use of own capital derivatives for share redemption for the Company, the Board of Directors considers the withholding or limitation of the right to offer for sale as being justified.

The allowing of the possibility to sell acquired own shares by means other than through the stock exchange or through an offer to all shareholders in return for cash to the exclusion of share options of the shareholders is permissible in particular under § 71 section 1 no. 8 of the Stock Corporation Act (AktG) in accordance with the provisions in § 186 section 3 Sentence 4 of the Stock Corporation Act (AktG) if the total amount of the shares to be sold does not exceed 10 % of the share capital and the sales price is not

substantially below the stock exchange price. This is ensured by the corresponding limitation under II. 1. of the authorisation: The authorisation is limited to a maximum of 10 % of the share capital of the Company. Similarly, the Board of Directors must observe the maximum limit of 10 % of the share capital for the total amount of all exclusions of share options. Any own shares acquired, if they are to be sold by means other than through the stock exchange or an offer to all shareholders for cash, are generally to be sold at a price which is not substantially below the stock exchange price of the shares for the Company at the time of sale. Both the assets as well as voting rights of the shareholders are protected thereby in the best possible way having regard to the purpose of such sale.

The authorisation further envisages own shares being able to be used to the exclusion of share options for the fulfilment of option and conversion duties or rights for bonds with warrants and convertible bonds of the Company or a subsidiary in which the Company holds a direct or indirect majority interest issuing bonds with warrants, convertible bonds, participation rights and/or profit participating bonds or any combination of these devices. It could be expedient to use own shares in part or in whole instead of new shares from conditional capital for the fulfilment of duties in relation to bonds with warrants and convertible bonds; because it utilises a suitable means of avoiding a watering down of the capital and voting rights as would occur to a limited extent when utilising a new share issue.

The authorisation should further allow the Company to offer purchased own shares to persons who are or were employed by the Company or an affiliated company. The possibility of providing own shares to employees of the Company is expressly allowed for in the Stock Corporation Act (AktG). Therefore, the share options of the shareholders must be excluded as a result. By allowing for staff shares to be issued to employees of Salzgitter AG or an affiliated company it should be possible in the future – as it was in the past – to allow employees to participate to a reasonable extent in the economic success of the Group, for which they are also responsible, in the interests of the shareholders. The issuing of staff shares is a suitable method of not only documenting the performance of the employees but also a method of allowing for an incentive in regard to a future commitment for the benefit of the Company. The identification of the employees with the Company can be further increased in this way and their connection to the Company will be strengthened. The Board of Directors will determine the sale price for own shares having regard to the interests of the Company and its shareholders and the respective purpose and such shall be orientated on the stock market price. In this regard it may be necessary in order to achieve the above purpose – as is not uncommon with staff shares – to be able to go below the stock market price for the shares of the Company at the time of the issuing by more than an unsubstantial amount. Only in this way will the greatest possible width and scope of participation of employees in the Company and therefore the greatest possible identification with the Group and connection with the respective Group Company be achieved. The Company will profit from this just as much as its shareholders.

In the opinion of the Board of Directors it may continue to be, even in the short term, expedient for Salzgitter AG to undertake redemptions of purchased own shares and thereby adjust the numbers of issued shares to the number of shares actually in circulation. This can be done with or without a reduction of the share capital. The authorisation grants the Board of Directors a greater degree of flexibility; the Board of Directors is in a position to decide more quickly and inexpensively as to a redemption of shares than would be the case if there were a duty to obtain a further resolution from a Shareholders' Meeting. The law expressly allows for the possibility of authorising the Board of Directors to undertake redemptions of own shares without a further resolution of the Shareholders' Meeting in § 71 section 1 no. 8 sentence 6 of the Stock Corporation Act (AktG). The rights of the shareholders are not affected by the redemption.

Redemptions of shares with a reduction of the share capital lead to a change in the Articles of Association which generally requires a resolution of the Shareholders' Meeting. The amendment of the Articles of Association would apply to the version of such after the redemption. In such case the law requires in § 179 section 1 sentence 2 of the Stock Corporation Act (AktG) that the express authorisation of the Supervisory Board is given to undertake amendments to the Articles of Association. Under § 237 section 3 no. 3 of the Stock Corporation Act (AktG) the Shareholders' Meeting of the Company may authorise the Board of Directors to adjust the number of shares in the Articles of Association in case of a redemption without any reduction of capital through the adjustment of the proportional amount of the remaining shares in the share capital. The proposed authorisation expressly envisages such an alternative in addition to redemption with a reduction of capital. The Board of Directors should therefore be authorised to undertake the necessary changes to the Articles of Association in terms of the changed number of shares resulting from a redemption.

Registration and more information for shareholders' meeting

Since the organizing of major events has been prohibited by the authorities due to the COVID-19 pandemic at minimum through to the end of August and the possibility of its organizing thereafter seems unlikely, the Board of Directors has decided to hold the Shareholders' Meeting as a virtual Shareholders' Meeting in accordance with Section 1 (2) of the Act Concerning Measures Under the Law of Companies, Cooperative Societies, Associations, Foundations and Commonhold Property to Combat the Effects of the COVID-19 Pandemic (COVID-19 Pandemic Measures Law, BGBl. I 2020, 570). The Supervisory Board concurs with this decision. This arrangement is aimed at ensuring that the presentation of the adopted 2019 annual financial statements at Company and at Group level and the status report, together with the explanations of the Board of Directors at the Shareholders' Meeting, as well as the decisions to be taken by the Shareholders' Meeting, are not postponed for an indefinite period, and that the shareholders are informed as promptly as possible about the Company's current situation.

The Shareholders' Meeting will therefore be held without the physical presence of the shareholders or their proxies. The shareholders nevertheless have the possibility of following the entire meeting on the Internet, of asking questions in the run-up to the meeting and of casting their votes. The section below explains what is required:

1. Preconditions for following the entire virtual Shareholders' Meeting on the Internet and exercising voting rights

Those shareholders are entitled to follow the entire virtual Shareholders' Meeting on the Internet and to exercise their voting rights, who have registered at the following address by expiry of **July 1, 2020** at the latest

Salzgitter AG
c/o Commerzbank AG
GS-BM General Meetings
60261 Frankfurt
generalmeetings@commerzbank.com
Telefax no. +49 (0)69 136 26351

in text form and have provided proof of their entitlement based on evidence of their shareholdings in an especially prepared text form through the custodian bank. The receipt of registration and proof at the above address are definitive for compliance with the deadline. Proof of share ownership must pertain to the beginning of **June 17, 2020 (0:00 o'clock)** – referred to in the following as "Record Date".

As regards the Company, following the entire Shareholders' Meeting on the Internet and exercising voting rights is only possible for shareholders who have delivered proof of their shareholdings by the Record Date. **The act of registering does not entail a block on selling shareholdings. Shareholders who have registered and provided proof of their shareholdings may therefore continue to freely dispose of their shares at any time.** Shareholders who have duly registered themselves and provided proof are also entitled to follow the Shareholders' Meeting and exercise their voting rights even if they have sold their shares after the Record Date. Shareholders who have acquired their

shares only after the Record Date are not entitled to follow the entire Shareholders' Meeting on the Internet and to exercise their voting rights.

Shareholders can have the custodian bank arrange for the registration and the provision of proof; the custodian bank must be instructed in good time to arrange for the registration. The bank will register on behalf of the respective shareholder and provide the aforementioned office with confirmation of the shareholding. The registered shareholders will then be sent a voting card for the Shareholders' Meeting. In order to ensure the receipt of the voting card in good time, we recommend that registration should be carried out as soon as possible. The voting card comprises instructions for being able to follow the Shareholders' Meeting on the Internet, put forward questions and exercise voting rights.

2. Exercising of voting rights

Shareholders have the following options for exercising their voting rights:

- Appointing the Company's proxy
- Postal voting
- Authorizing a third party, who may exercise the voting rights by appointing the Company's proxy or through postal voting.

These options are explained in more detail in the following section. To enable a higher proportion of the share capital to be represented at the Shareholders' Meeting we request that shareholders select one of the options described below.

a) Exercising of the voting rights through the proxy appointed by the Company

We offer shareholders the possibility of authorizing the proxy appointed by the Company to exercise their voting rights at the Shareholders' Meeting. The timely registration and providing of proof of shareholdings as described under Item 1 is initially required for this purpose, followed by the granting of a power of attorney.

The granting of a power of attorney, revoking it and providing proof of the granting of proxy in respect of the Company must be set down in writing. Shareholders are asked to use the proxy form sent together with the voting card for the purpose of granting the power of attorney. Instructions for exercising the voting right must be issued when a power of attorney is granted. The power of attorney for the proxy appointed by the Company is not valid if these instructions are missing. The proxy is obliged to vote in accordance with the instructions.

The power of attorney and the instructions can either be sent by post, telefax, or by email to the address below by expiry of **July 7, 2020** (receipt) at the latest

Salzgitter AG
c/o Computershare Operations Center
D-80249 München
Telefax +49 (0)89/30903-74675
Salzgitter-HV2020@computershare.de

or to the Company using the electronic Online Service at the Internet address <https://www.salzgitter-ag.com/Hauptversammlung>, indicating the access data sent with

the voting card. The Online Service can be used to grant or change the power of attorney and instructions for the Company's proxy during the Shareholders' Meeting through to the end of the voting process. The chair of the meeting will announce the end of voting some time beforehand. At the announced time of the end of the voting process, the Online Service will be closed for voting. **Shareholders can continue to dispose of their shares freely even after granting a power of attorney.**

b) Exercising the voting rights by way of postal voting

Shareholders can also cast their vote in writing or by way of electronic communication (postal voting). This also requires registering in good time and proof of shareholding, as explained under Item 1.

Please use the enclosed postal voting form if the option of casting vote in writing has been chosen. Voting can be done either in writing by expiry of **July 7, 2020** (receipt) by post, by telefax or by email sent to the following address

Salzgitter AG
c/o Computershare Operations Center
D-80249 München
Telefax +49 (0)89/30903-74675
Salzgitter-HV2020@computershare.de

or to the company using the electronic Online Service at the Internet address <https://www.salzgitter-ag.com/Hauptversammlung>, indicating the access data provided with the voting card. Voting via postal vote can be done or changed using the Online Service during the Shareholders' Meeting through to the end of the voting process. The chair of the meeting will announce the end of voting some time beforehand. At the announced time of the end of the voting process, the Online Service will be closed for voting. **Even after voting via postal vote, shareholders can continue to dispose of their shares freely.**

c) Exercising of the voting rights by proxies

The shareholders can authorize a bank, a shareholder association or another person of their choice to exercise their voting rights. This requires registering in good time and proof of shareholding, as explained under Item 1.

The granting of the power of attorney, revoking it and proof of authorization in respect of the Company requires the text form unless the power of attorney has been granted to a bank, a shareholders' association, or persons considered equivalent in respect of exercising voting rights in accordance with the provisions under stock corporation law. Shareholders are asked to use the proxy form sent together with the voting card for the purpose of granting the power of attorney. **Shareholders can continue to dispose of their shares freely at any time even after granting a power of attorney.**

The power of attorney can be given to the proxy together with the voting card, or sent to the Company via the electronic Online Service at the Internet address of <https://www.salzgitter-ag.com/Hauptversammlung>, indicating the access data provided with the voting card, or sent to the Company via the email address of Salzgitter-HV2020@computershare.de. The proxy can exercise the voting rights by assigning the power of attorney to the proxy appointed by the Company (see Item 2 a) or by way of postal voting (see Item 2 b). Granting and revoking a power of attorney are possible using electronic media before and during the Shareholders' Meeting.

3. Sound and visual broadcasting of the virtual Shareholders' Meeting

The whole Shareholders' Meeting will be broadcast audio visually. The live broadcast can be accessed at the Internet address <https://www.salzgitter-ag.com/Hauptversammlung> by all shareholders who have registered for the Shareholders' Meeting, indicating the access data provided with the voting card.

4. Rights of the shareholders

a) Adding items to the Agenda (Section 122 (2) German Stock Corporation Act [AktG])

Shareholders whose shares taken together amount to a proportionate share of EUR 500,000.00 in the Company's share capital (equal to 185,927 shares) may request that items be added to the Agenda and made known. Each new item must be accompanied by a substantiation or a proposal for resolution. Requests must have been received by the Company in writing by **June 7, 2020** at the following address:

Salzgitter AG
Abteilung Recht und Versicherungen
Eisenhüttenstraße 99
38239 Salzgitter.

Applicants must prove that they held the shares at least 90 days prior to the date when receipt is taken of the request and that they will hold the shares until such time as the Board of Directors has reached a decision on the application. Proof of this must take the form of confirmation submitted by the custodian bank.

b) Countermotions and proposals for election (Section 126 (1) and Section 127 German Stock Corporation Act [AktG])

Countermotions of shareholders and proposals put forward by shareholders for the election of Supervisory Board members or of independent auditors are to be made available by the Company on its website, including the name of the shareholder, the reason (proposals for elections do not need to be substantiated) and any statement

by the management if they are received by the Company by **June 23, 2020** at the following address

Salzgitter AG
Abteilung Recht und Versicherungen
Eisenhüttenstraße 99
38239 Salzgitter
Telefax +49 (0)5341 21 -2921
hv@salzgitter-ag.de

and the other statutory requirements have been fulfilled. The respective countermotions and proposals for elections are not put forward to the Shareholders' Meeting for voting. In line with the concept of the COVID-19 Pandemic Measures law, no applications can be made in the Shareholders' Meeting and no proposals for election either.

c) Opportunity to ask questions

Shareholders who have registered for the Shareholders' Meeting have the possibility of directing questions to the Board of Directors by way of electronic communication on matters of the Company, the legal and business relations the Company maintains with affiliated companies, as well as on the situation of the Group and of the companies included in the consolidated financial statements, inasmuch as the information requested is necessary for a proper assessment of the item on the Agenda.

The respective questions are to be sent to the Company by **July 6, 2020, 12:00 o'clock** via the electronic Online Service at the Internet address <https://www.salzgitter-ag.com/Hauptversammlung>, indicating the access data provided with the voting card. The Board of Directors will decide – in accordance with the legal possibility – at its conscientious discretion on responses to the questions. Questions will only be answered in the Shareholders' Meeting.

d) Possibility of lodging an objection

Shareholders who have exercised their voting rights through postal voting or by way of a proxy have the possibility of lodging an objection against specific resolutions of the Shareholders' Meeting from the beginning through to the end of the Shareholders' Meeting via the electronic Online Service at the Internet address <https://www.salzgitter-ag.com/Hauptversammlung> using the access data provided with the voting card.

5. Publication on the website

This calling of the Shareholders' Meeting, the documents to be made accessible, motions put forward by shareholders, as well as other information in connection with the

Shareholders' Meeting can be downloaded at the Internet address of <https://www.salzgitter-ag.com>.

6. Privacy notice

For the purpose of preparing and holding its Shareholders' Meeting, the Company processes the personal data of its shareholders and any shareholder representatives. These data comprise in particular name, place of residence/address, any email address, the respective shareholding, voting card number and the granting of any voting proxy. Depending on the individual case, other personal data may be considered.

a) Responsible body, purpose and legal basis

The Company is the responsible body in respect of data processing. The purpose of data processing is to enable shareholders and shareholder representatives to exercise their rights prior to and during the Shareholders' Meeting. The legal basis for data processing is Art. 6 (1) sentence 1 lit. c) of the General Data Protection Regulations (GDPR).

b) Recipients

On the occasion of its Shareholders' Meeting, the Company uses various service providers and consultants that only receive personal data from the Company within the scope necessary for carrying out the tasks assigned to them. The service providers and consultants process these data exclusively in accordance with the Company's instructions. Personal data are otherwise made available to the shareholders and shareholder representatives within the framework of statutory provisions.

c) Data retention period

The personal data are stored for the period prescribed by law or if the Company has a justifiable interest in storing the data, such as in the event of judicial or out-of-court disputes arising from the Shareholders' Meeting. Personal data are then subsequently deleted.

d) Data subject rights

Under certain legal preconditions, the shareholders and shareholder representatives participating in the Shareholders' Meeting have the right to information, correction, restriction, objection and erasure with regard to their personal data or to their processing, as well as a right to data portability pursuant to Chapter III GDPR. In addition, they have the right to lodge a complaint with the data protection supervisory authorities under Art. 77 GDPR.

Contact information

The Company's contact information is as follows:

Salzgitter AG
Eisenhüttenstraße 99
38239 Salzgitter

You can contact our data protection officer at:

datenschutz.holding@salzgitter-ag.de
Telephone: +49 (0)5341 21-01

or at the following address:

Salzgitter AG
Data Protection Officer
Eisenhüttenstraße 99
38239 Salzgitter

7. Total amount of shares and voting rights

At the time when the Shareholders' Meeting is called, the total number of shares and the total number of voting rights each amounted to 60,097,000. There are no different classes of shares.

Salzgitter, in May 2020

Salzgitter Aktiengesellschaft
The Board of Directors