



SHW AG, Aalen

**– ISIN DE000A1JBPV9 –
– WKN A1JBPV –**

Invitation to the ordinary Annual General Meeting

We would hereby like to invite our shareholders to the ordinary Annual General Meeting of SHW AG, Aalen

**on 9 May 2017
at 10.00 a.m.**

at the Congress Centrum Heidenheim, Kleiner Saal, Hugo-Rupf-Platz 1, 89522 Heidenheim, Germany.

AGENDA

- 1. Presentation of the adopted Annual Financial Statements and the approved Consolidated Financial Statements of SHW AG, the combined Management Report and Group Management Report for SHW AG and the SHW Group, including the Management Board's explanatory report on the disclosures in accordance with Sections 289 (4), 315 (4) of the German Commercial Code (HGB) and the Supervisory Board's report, in each case for the fiscal year 2016, and the Management Board's proposal for the appropriation of net earnings for the fiscal year 2016**

The Supervisory Board has approved the Annual Financial Statements and Consolidated Financial Statements prepared by the Management Board; the Annual Financial Statements are thus adopted. It is therefore not necessary for the Annual General Meeting to adopt the Annual Financial Statements or approve the Consolidated Financial Statements. Instead, the aforementioned documents need only be made available to the Annual General Meeting in accordance with the corresponding legal regulation (Section 176 (1) sentence 1 of the German Stock Corporation Act (*Aktiengesetz – AktG*)). As a result, no resolution will be taken by the Annual General Meeting for agenda item 1.

- 2. Resolution regarding the appropriation of net earnings**

The Management Board and the Supervisory Board propose to appropriate the net earnings for the fiscal year 2016 amounting to € 14,349,025.69 as follows:

Distribution of a dividend of € 1.00 per dividend-eligible no-par value bearer share	€ 6,436,209.00
Transfer to other revenue reserves	€ 7,900,000.00
Carryforward to the new account	€ <u>12,816.69</u>
	€ 14,349,025.69



The shareholders' right to a dividend is due for payment on Friday, 12 May 2017 (in accordance with Section 58 (4) sentence 2 AktG).

The proposal for the appropriation of earnings takes into consideration that, at the time of the announcement of the convocation of the Annual General Meeting, SHW AG does not hold any treasury shares that would be ineligible for dividends in accordance with Section 71b AktG. If the number of dividend-eligible shares changes by the time of the Annual General Meeting, the Management Board and the Supervisory Board will submit a proposal to the Annual General Meeting for the appropriation of earnings which has been adjusted to reflect the Company's portfolio of treasury shares at the time of the Annual General Meeting with an unchanged distribution of € 1.00 per dividend-eligible share.

3. Resolution on the discharge of the Management Board members for the fiscal year 2016

The Management Board and the Supervisory Board propose to discharge the Management Board members in office in the fiscal year 2016 for their actions in the fiscal year 2016.

4. Resolution on the discharge of the Supervisory Board members for the fiscal year 2016

The Management Board and the Supervisory Board propose to discharge the Supervisory Board members in office in the fiscal year 2016 for their actions in the fiscal year 2016.

5. Resolution on the selection of the auditor for the fiscal year 2017 and the auditor for an auditor's review of the Interim Financial Reports in the fiscal year 2017 and fiscal year 2018 until the next Annual General Meeting

The Supervisory Board proposes – based on the recommendation of its Audit Committee – to appoint Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart,

- a. as auditor of the Annual Financial Statements and Consolidated Financial Statements of SHW AG for the fiscal year 2017 and as auditor for a possible auditor's review of the Interim Financial Reports of SHW AG for the fiscal year 2017; and
- b. as auditor for a possible auditor's review of the Interim Financial Reports for the fiscal year 2018 until the next Annual General Meeting in 2018.



Agenda documents

Once the Annual General Meeting has been convened, the following documents will be made available on the Company's website at

http://www.shw.de/cms/en/investor_relations/annual_general_meetings

- the invitation to the Annual General Meeting;
- the adopted Annual Financial Statements and the approved Consolidated Financial Statements of SHW AG, the combined Management Report and Group Management Report for SHW AG, including the Management Board's explanatory report on the disclosures in accordance with Sections 289 (4), 315 (4) HGB and the Supervisory Board's report, in each case for the fiscal year 2016;
- the Management Board's proposal for the appropriation of earnings (as part of the invitation to the Annual General Meeting).

The aforementioned documents will also be available at the Annual General Meeting itself. Shareholders will also be able to inspect them at the Company's offices during normal business hours once the Annual General Meeting has been convened.

If requested, the aforementioned documents will also be sent to shareholders of the Company at no cost. Requests should only be sent to:

SHW AG
– Investor Relations –
Wilhelmstrasse 67
73433 Aalen
Germany
Fax: +49 (0) 7361 502 674

Total number of shares and voting rights

The Company's share capital is €6.436.209,00 at the time of the announcement of the convocation of the Annual General Meeting in the Federal Gazette (Bundesanzeiger) and is divided into 6.436.209 no-par value bearer shares. Each no-par value share confers one voting right at the Annual General Meeting. The total number of voting rights in the Company thus corresponds to the Company's total number of no-par value shares and is 6.436.209 in both cases at the time of the announcement of the convocation of the Annual General Meeting in the Federal Gazette (Bundesanzeiger).

The Company does not hold any treasury shares at the time of the announcement of the convocation of the Annual General Meeting in the Federal Gazette (Bundesanzeiger).

Requirements for attending the Annual General Meeting and exercising a voting right

Only shareholders who have registered on time before the Annual General Meeting and provided evidence of their entitlement to attend the Annual General Meeting and exercise their voting right are entitled to attend the Annual General Meeting and exercise their voting right.



Registration must be in writing in German or English. Entitlement to attend the Annual General Meeting and exercise a voting right must be demonstrated by means of special documentary evidence of the shareholding from the custodian institution. The evidence must be presented in German or English and pertain to the start of the 21st day prior to the Annual General Meeting (record date), i.e. Tuesday, 18 April 2017 at 12 a.m.

The Company must receive the registration and evidence by 2 May 2017 at the latest at the following address:

SHW AG
c/o Landesbank Baden-Württemberg
4035 H Hauptversammlungen
Am Hauptbahnhof 2
70173 Stuttgart
Germany

Fax: +49 (0) 711 127 79264
Email: hv-anmeldung@lbbw.de

Once the aforementioned attendance requirements have been fulfilled, admission tickets for the Annual General Meeting will be sent to shareholders entitled to attend via their custodian institution. Voting cards will be handed out to the shareholders entitled to attend or to their representatives on the day of the Annual General Meeting at the venue. The admission tickets are not required in order to attend the Annual General Meeting or exercise a voting right and are merely for organisational assistance.

Significance of record date

In relationship with the Company, only those who have provided evidence of their shareholding as outlined in the previous section are regarded as shareholders entitled to attend the Annual General Meeting and exercise a voting right. Entitlement to attend the Annual General Meeting and the extent of a voting right are thus based exclusively on the shareholding on the record date mentioned above. The record date and registration for the Annual General Meeting do not involve any restrictions on the sale of shares. Shareholders can thus access their shares freely both on and after the record date. Such accessibility does not affect entitlement to attend the Annual General Meeting and the extent of a voting right. The same applies to the purchase or further purchase of shares that occurs on or after the record date. Persons who only purchase shares in the Company on or after the record date are thus not entitled to either attend or vote at the Annual General Meeting based on these shares. The record date has no bearing on the entitlement to receive dividends.

Procedure for voting through a proxy

Shareholders entitled to attend can also exercise their voting right at the Annual General Meeting through a proxy, including a bank, a shareholders' association or voting representatives appointed by the Company. In this case, the attendance requirements outlined above must also be fulfilled for the share portfolio in question.

If neither a bank, nor a shareholders' association nor another person or association of persons equivalent to bank pursuant to Section 135 (8) or (10) AktG, is authorized, the authorisation must be granted and revoked in written form, and evidence of the authorisation submitted to the Company in written form.



When authorising a bank, a shareholders' association or another person or association of persons equivalent to bank pursuant to Section 135 (8) or (10) AktG, the specific legal requirements of Section 135 AktG are applicable, including the requirement that the authorisation be verifiably recorded. Exemptions from the general requirement for written form may therefore apply here. However, the proxies in question may sometimes specify their own requirements regarding the form used; specific details should be obtained from the respective proxy if applicable.

Authorisation can be granted to a proxy both before and during the Annual General Meeting. Printed authorisation forms that may be used to authorise proxies before/outside the Annual General Meeting will be sent to shareholders entitled to attend together with their admission tickets to the Annual General Meeting. Printed authorisation forms that may be used to authorise proxies at the Annual General Meeting itself will be available to shareholders entitled to attend or their representatives on the day of the Annual General Meeting at the entrance to the Annual General Meeting. Shareholders entitled to attend will still be entitled to attend the Annual General Meeting in person after they have authorised a proxy.

Authorisation can be granted and revoked both by declaration to the Company and by declaration to the proxy. When granting and revoking the authorisation by declaration to the Company and submitting evidence of an authorisation granted to/revoked from the proxy, the following address may be used, also, in particular for electronic transmission by email:

SHW AG
– Investor Relations –
Wilhelmstrasse 67
73433 Aalen
Germany
Fax: +49 (0) 7361 502 674
Email: ir@shw.de

Evidence that authorisation has been granted can also be submitted by instructing the proxy to present the authorisation on the day of the Annual General Meeting at the entrance. If the authorisation is granted by declaration to the Company, there is no need for a separate form of evidence.

In addition, the Company offers a special service to its shareholders enabling them to authorise voting representatives appointed by the Company to exercise their voting right at the Annual General Meeting as per their instructions. Binding instructions on how to exercise the voting right must be issued in the authorisation to the voting representatives appointed by the Company; they are obligated to vote according to the instructions issued to them. Both the authorisation and the relevant instructions must be issued in written form; the same applies when revoking the authorisation and the instructions issued in it or when making any changes to them. Representation by voting representatives appointed by the Company is confined to exercising the voting right when voting on the administration's draft resolutions for the individual agenda items; the voting representatives appointed by the Company will not take instructions on exercising the voting right for other resolutions or exercising other shareholder rights at the Annual General Meeting. The form printed on the admission ticket for granting authorisation and issuing instructions to voting representatives appointed by the Company may be used for authorisation. The Company must receive authorisations and instructions to voting representatives appointed by the Company by Friday, 5 May 2017 at the latest at the above address for submitting authorisations and evidence of authorisations. In addition, authorisation can still be granted to the voting representatives appointed by the Company at the Annual General Meeting itself until voting commences. Shareholders entitled to attend or their



representatives can obtain a corresponding form on the day of the Annual General Meeting at the entrance to the Annual General Meeting.

The right of shareholders to attend the Annual General Meeting in person or via an authorised third party and exercise their voting right is not affected if they grant authorisation and issue instructions to the voting representatives appointed by the Company. If the shareholder or a third party authorised by him/her attends the Annual General Meeting in person, an order granted previously to the voting representatives appointed by the Company, including the associated instructions, will automatically become void without a separate revocation. In this case, the voting representatives appointed by the Company will not act on the basis of an authorisation previously granted to them.

Further information about voting representation will be sent to the shareholders together with their admission ticket to the Annual General Meeting after the requirements for attendance outlined above have been fulfilled.

Shareholders' right to submit supplements to the agenda in accordance with Section 122 (2) AktG

Shareholders whose combined interests account for more than 5 per cent of the share capital (this corresponds to an amount of € 321,811.00 or 321,811 no-par value shares) or a proportionate amount of the share capital of € 500,000.00 may demand that items are put on the agenda and published. A reason or a draft resolution must be included with each new item for the agenda. The request shall be submitted in writing to the Management Board of SHW AG and must be received by the Company by 8 April 2017 at the latest. Requests should be submitted to the following address:

SHW AG
– Management Board –
Wilhelmstrasse 67
73433 Aalen
Germany

Supplementary requests will only be considered if applicants can prove that they have been the bearer of the shares for at least 90 days prior to the day on which the supplementary request was received and that they will hold the shares until the Management Board reaches a decision regarding the supplementary request. Section 70 AktG must also be taken into consideration when calculating the shareholding period.

Supplements to the agenda that require announcement will be announced immediately after the request is received in the same way as the announcement of the convocation of the Annual General Meeting insofar as they were not already announced with the latter.

Counter-motions and election proposals by shareholders in accordance with Sections 126 (1), 127 AktG

Each shareholder has the right to submit counter-motions at the Annual General Meeting against proposals by the Management Board and/or Supervisory Board for specific agenda items as well as to submit proposals for the election of Supervisory Board members or auditors stipulated on the agenda.

Counter-motions, including the reason for them, and election proposals should be submitted to the following address:



SHW AG
– Investor Relations –
Wilhelmstrasse 67
73433 Aalen
Germany
Fax: +49 (0) 7361 502 674

Counter-motions, including the reason for them, and election proposals that the Company receives by 24 April 2017 at the latest at the above address will immediately be made available on the Company's website at http://www.shw.de/cms/de/investor_relations/hauptversammlungen/ including the shareholder's name, the reason and any statements by the administration. Counter-motions and election proposals sent to a different address as well as counter-motions that do not include a reason will not be considered; election proposals do not need to include a reason. Furthermore, the Company can opt not to make some or all of the counter-motions, the reasons for them and the election proposals available or to combine them based on certain other, more detailed provisions in Sections 126 and 127 AktG.

Even if counter-motions and election proposals have been submitted to the Company in advance, they will only be dealt with at the Annual General Meeting if they are submitted again there verbally. The right of shareholders to submit counter-motions or election proposals during the Annual General Meeting without submitting them in advance to the Company is not affected.

Shareholders' right to information in accordance with Section 131 (1) AktG

All shareholders are entitled to request information at the Annual General Meeting from the Management Board about matters relating to the Company insofar as the information is needed to properly assess an item of the agenda. The information obligation also applies to the Company's legal and business relationships with associated companies as well as the Group's situation and that of the companies included in the Consolidated Financial Statements.

On the basis of certain, more detailed provisions in Section 131 (3) AktG, the Management Board may refuse to provide the information. Furthermore, the chair of the meeting is authorised under Section 131 (2) AktG in conjunction with Section 18 (3) of the Company's Articles of Association to limit the shareholders' Q&A time appropriately.

More detailed explanations regarding shareholders' rights and information in accordance with Section 124a AktG

More detailed explanations on shareholders' rights in accordance with Section 122 (2), Section 126 (1), Section 127 and Section 131 (1) AktG as well as information in accordance with Section 124a AktG about the Company's ordinary Annual General Meeting this year is available on the Company's website at http://www.shw.de/cms/de/investor_relations/hauptversammlungen/.

Aalen, March 2017

SHW AG
Management Board