COMBINED SEPARATE NON-FINANCIAL REPORT

GRAMMER

Contents Combined separate non-financial report

Combined separate non-financial report 2022

For GRAMMER, sustainability begins with the people who work at the company and who are linked to it. It covers such aspects as research and development (R&D), procurement and production as well as the finished products and the end-of-life recycling of product components. With the expansion of its global presence and the Group's broad footprint, the GRAMMER Group is also supporting this message internationally.

In the 2022 reporting year, GRAMMER fleshed out its sustainability strategy and defined new goals for climate protection: Scope 1 and 2 CO_2 emissions will be reduced by 25% by 2025 and by 100% by 2040. Moreover, work began to track Scope 3 emissions and a new team was set up for the increased use of sustainable materials.

We incorporate suppliers, partners, and service providers into our sustainability strategy. This way, we are optimally prepared to implement the new German Supply Chain Due Diligence Act when it came into effect on January 1, 2023. The success of our efforts for greater sustainability is also demonstrated by improved rating agency ratings: GRAMMER improved its EcoVadis score from bronze to silver in the reporting year and received a Carbon Disclosure Project (CDP) grade of B in 2022.

1. Sustainability at GRAMMER

The GRAMMER Group, based in Ursensollen (Germany), is a global company that operates in two business segments: GRAMMER develops and produces high-quality interior and operating systems and innovative thermoplastic components for the global automotive industry. For trucks, buses, trains and off-road vehicles GRAMMER is a full-service provider of driver and passenger seats. We are committed to sustainability and have embedded its economic, ethical and ecological principles in our corporate guidelines.

We aspire to make thinking and acting sustainably an integral part of the company's DNA. To us, accepting responsibility for people, society and the environment means not putting a strain on people and nature as far as possible and furthering their ability to regenerate. We take the interests of all our stakeholders into account, further our employees' interests and have introduced uniform ISO-certified environmental management for all our locations worldwide. Moreover, an ISO-certified energy management and occupational health and safety management system will be implemented around the world by the end of 2023.

1.1 Organizational structure of sustainability

We pursue sustainability in our business strategy and in our operating activities. Corresponding organizational structures have been created as a basis for coordinating sustainability aspects internationally across the GRAMMER Group.

Responsibility for sustainability is assigned directly to the Executive Board: The Corporate Social Responsibility team (CSR team) assists the Executive Board in preparing and implementing the sustainability strategy and coordinates GRAMMER's CSR activities worldwide. A CSR Council was founded back in 2015 to embed sustainability even more within the GRAMMER Group. Its members are managers from the following Group areas:

- Research and Development
- Legal
- Compliance
- Controlling
- Finance
- Accounting
- Investor Relations
- HR
- Production
- Supply Chain Management
- Quality
- Health, Security and Environmental Management
- IT
- Data Protection

and from the three regions EMEA, AMERICAS, APAC and the two divisions.

An institutionalized dialog and regular meetings ensure that sustainability is established at GRAMMER and refined on an ongoing basis – in accordance with corporate strategy and statutory requirements. The units represented on the CSR Council are responsible for implementing the strategic CSR objectives. They do this in close cooperation with the individual locations in the regions.

The strategic companywide "Green Company" initiative was launched in 2020 with the aim of advancing sustainability solutions throughout the company (see flagship project: Green Company, pp. 7-8). Goals to be achieved in the medium and long term were defined for five action areas: energy and resource efficiency, efficient use of materials, avoidance of waste and recycling, reduction of emissions and development of sustainable products. Over the course of 2022, we renamed the initiative "Sustainable Company" to further increase the inclusion of social and governance issues.[1]

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[1] For the sake of simplicity, only the term "Green Company" is used in this report.

CSR-Organization

CSR-COUNCIL Strategic orientation of the GRAMMER Group	

CSR-TEAM
· Coordination
· Processing of stakeholder requests

BUSINESS UNITS
Implementing strategic objectives

TASK FORCES
Working on thematic priorities

PLANTS
Operational implementation of objectives
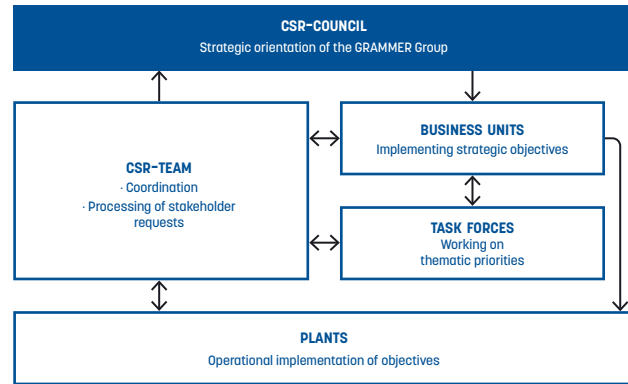
As a result of the analysis, the 14 material aspects will be reported on in five areas:

Good corporate governance	Products	Environment	Supply chain	Employees and community
Compliance	Sustainable product development	CO_2 emissions	Working conditions and human rights	Employee satisfaction
Data security, information and IT security	Material efficiency	Energy and resources	Sustainable procurement of commodities	Occupational health and safety
	Customer health and safety	Waste		Diversity and equal opportunities
		Green Company		Corporate citizenship

1.2 Materiality analysis

We performed a materiality analysis in 2020 in order to update the relevant sustainability aspects for the GRAMMER Group. The impact of our activities on the environment, society, and the economy as well as the relevance of issues to GRAMMER were taken into account. Internal experts assessed the stakeholder perspective. The survey was conducted using both written responses and workshops.

GRAMMER AG will redefine the material issues in a comprehensive materiality analysis in 2023. The materiality matrix will replace the one in use since 2020.

1.3 Support for the UN Sustainable Development Goals

As an international operator, GRAMMER actively contributes to the achievement of the Global Sustainability Goals. Adopted in 2015, the United Nations' Sustainable Development Goals (SDGs) comprise 17 objectives aimed at making the world more sustainable and fairer by 2030. To highlight the relevance of the SDGs and to make our contribution visible, we are focusing on five Sustainable Development Goals to which we can contribute as a company:

SDGs	Aspects of relevance for the GRAMMER Group	Material aspects	Non-financial aspects	Goals
8 DECENT WORK AND ECONOMIC GROWTH	Good corporate governance	Compliance Data security, Information and IT security	Cross-cutting issue, particularly anti-corruption	
8 DECENT WORK AND ECONOMIC GROWTH · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Products	Sustainable product development Material efficiency Customer health and safety	Environmental concerns, social concerns	• Supporting research and science in back health and ergonomics in order to be able to integrate findings into our products (ICC Congress, cooperation with institutes, own ergonomics laboratory) • Intensification and continuation of product development and sustainable materials
12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 13 CLIMATE ACTION	Environment	CO_2 emissions Energy and resources[1] Waste	Environmental concerns	• Minus 50% CO_2 by the year 2030 and minus 100% by the year 2040 • Switch to 100% green electricity at all locations • Global implementation of ISO 50001 by the end of 2023
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Supply chain	Working conditions and human rights Sustainable procurement of commodities	Cross-cutting issue, relates to all non-financial aspects	• 100% of global suppliers confirm GRAMMER's policies for suppliers • Transparency and controlling of our supplier's compliance with human rights and environmental due diligence obligations under the LkSG – German Supply Chain Due Diligence Act • Introduction of whistleblowing tool for internal and external use
3 GOOD HEALTH AND WELL-BEING · 5 GENDER EQUALITY	Employees and community	Employee satisfaction Occupational health and safety Diversity and equal opportunities Corporate citizenship[2]	Employee matters, social concerns	• Increasing the share of women in management • Intensifying the training of employees (interculturality, languages, diversity etc.) • Global implementation of ISO 45001 by the end of 2023 • Strengthening and promoting voluntary commitment of employees worldwide (concretisation of the concept and structural anchoring at GRAMMER worldwide)

[1] Energy and resources, incl. water and biodiversity.

[2] No material aspect; reporting is voluntary.

1.4 Inclusion of all stakeholders

GRAMMER attaches particular importance to dialog with its various stakeholders, such as employees, customers and suppliers, and to include their perspectives. Communication with our stakeholders is mostly handled directly by the respective departments and units. The results of this dialog are tracked systematically and can be accessed centrally to address corresponding inquiries from outside the company or to convey messages from within the company to the public at large. As GRAMMER maintains very close contact with its stakeholders, we were able to take the expectations of the different groups into account in our sustainability concepts as well.

The GRAMMER's Group stakeholders
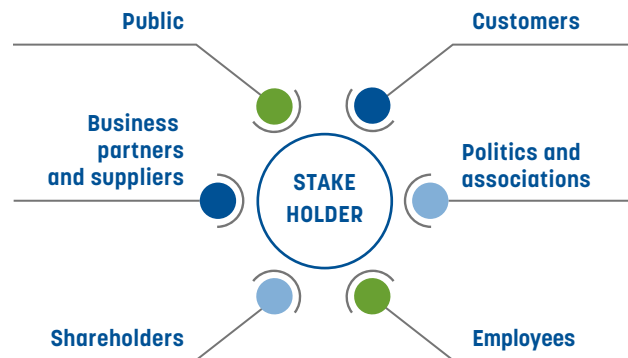
1.5 Ratings

ESG rating agencies are key players on the capital market and a basis for sustainable investments. Most providers publicly disclose the results of their ratings and rankings. They are used by investors as transparent and additional decision-making aids – and customer expectations of companies in terms of certain rating results are continuously rising. In 2022, GRAMMER received a grade B sustainability rating from the Carbon Disclosure Project (CDP) for climate protection, thereby significantly improving its rating since last time. The rating from EcoVadis, a leading provider of ESG ratings, improved from bronze to silver as well. Consistently high scores are achieved on NQC (a rating tool for suppliers in the automotive supply chain), which shows that our contract award process satisfies the requirements of many of our customers.

1.6 Risk evaluation of non-financial matters

Doing business entails both risks and opportunities. We have defined various principles relating to risk policy in our risk strategy. In a risk management context, risks and opportunities refer to any positive or negative deviations from an uncertain plan. Risk management thus contributes to value-based corporate governance.

We have established a uniform groupwide risk management system to address such risks. This process allows risks to be detected, analyzed, and assessed early on so that countermeasures and risk mitigation can be implemented promptly.

Under the CSR Directive Implementation Act governing the disclosure of non-financial and diversity-related information, companies must not only report on the material aspects but also explain the related risks. The concept of risk has been broadened and integrated into risk management to model the non-financial risks involved in the process. Internal experts have assessed the qualitative impact of corporate activities. GRAMMER uses the net perspective for risk assessment, which takes into account risk-reducing measures.

With regards to non-financial aspects, no material risks that are linked to the company's own business, business relations or products and are liable to have severely adverse effects on non-financial aspects have been identified. However, there are fundamental risks that can affect individual non-financial aspects. Among other things, this applies to ecological risks, which we address with our management systems in accordance with ISO 14001 (Environmental Management) and ISO 50001 (Energy Management).

We have also implemented sustainability risks in the areas of environmental, social, and corporate governance sustainability (ESG) issues in our risk management and adapted our risk management system in line with the requirements of the "Lieferkettensorgfaltspflichtengesetz" (LkSG – German Supply Chain Due Diligence Act). Thus, we have analyzed the risks of our own operations and our supply chains.

FLAGSHIP PROJECT

GREEN COMPANY

PROJECT
Sustainable Company

START & DURATION
since 2020

GOAL
Reduce CO_2 footprint

LOCATION
worldwide – all locations

Let's make GRAMMER greener!

Green Company

The effects of climate change are being felt all over the world. This is why GRAMMER also wants to contribute to permanently reducing its environmental impact and its greenhouse gas emissions. One of our top priorities is that we want to be a sustainable company, and we believe that we can achieve a great deal with our 14,174 employees worldwide.

This is why we launched the "Green Company" employee initiative in 2020. Using various measures controlled by the CSR Council, we are raising awareness of sustainability issues throughout the GRAMMER Group – and advancing sustainable solutions within the company.

These are the five areas where we want to be greener and more sustainable:

Energy and resource efficiency
We want to reduce energy consumption within our processes, promote the use of renewable energies and use natural resources sparingly.

Efficient use of materials
We want to optimize the efficient and sparing use of our production and non-production materials over the entire product lifecycle.

Avoidance of waste and recycling
We want to reduce waste, avoid hazardous waste, increase the waste recycling rate and ensure that environmentally friendly waste disposal and recycling methods are available.

Reduction of emissions
We are aiming for the 1.5 degree Paris Agreement goal. We will reduce our CO_2 emissions (Scope 1 and 2) by 50% by 2030 and by 100% by 2040. We intend to reduce other emissions such as volatile organic compounds (VOC) and noise to a minimum as well.

Development of sustainable products
We are exploring and developing innovative, sustainable products and broadening our product range so that we can offer our customers environmentally friendly alternatives.

FLAGSHIP PROJECT

GREEN COMPANY

These five issues allow us to take the full lifecycle of our products into consideration: from research and development to procurement, transportation, production, and sales through to use and disposal. In this way, we are integrating our "Green Company" philosophy into all business processes.

After defining long-term goals and measures for each action area in 2020, in 2021 we began a company-wide information campaign that raised awareness for the five subject areas and boosted the motivation of our employees worldwide. Hundreds of large and small projects came about to make our company permanently greener and more sustainable.

Some examples of these are:

- CO_2 emissions (Scope 1 and 2) have already been reduced by 10% since 2019; we are aiming for a reduction of 25% by 2025.
- Work to calculate all Scope 3 emissions began in 2022; the results will be ready in 2023.
- Since 2022, all our plants in Germany and some plants in Europe have been operating on 100% green electricity, and we intend to have all of GRAMMER's production facilities around the world doing the same by 2025.
- With "Ubility One", we launched a sustainable seating system for buses and trains in 2021 and started customer sales; in 2022, the system was presented at trade fairs. In 2023, production of the first models will start (see flagship project: Ubility One, p. 17).
- At the Tetla plant (Mexico), cardboard and plastic product packaging has been replaced by reusable packaging and biodegradable bags. Waste has been substantially reduced as a result with CO_2 savings of more than 237 t.
- At several production facilities, conventional lighting systems have been replaced by state-of-the-art LED lighting, thereby saving around 630,000 kWh of electricity. At the Beijing site (China) alone, this saves 425,000 kWh of electricity per year and cuts annual CO_2 emissions by more than 335 t.
- Replacing 25,000 single-use cups with reusable mugs at the Ebermannsdorf plant (Germany) reduces unnecessary waste and cuts CO_2 emissions by 500 kg per year.
- At the Bremen site (Germany), the optimization of logistics routes saves 187 kg/a CO_2.
- 95% of our GRAMMER plants are now certified according to the environmental management system standard ISO 14001.
- Expert working groups have been installed to explore sustainable materials and to produce carbon footprint reports. GRAMMER is able to quickly produce a lifecycle analysis for all the products it makes.

2.   Responsible corporate governance

As a global Group, we have an obligation to the rules and ethical requirements of markets, countries, and regions. Furthermore, we have made a commitment to values that infuse our commercial activities and guide our employees every day. These values include the protection of human rights, outlawing child and forced labor, anti-corruption, professional data protection and information security.

We use clear and open communication to create transparency – for our employees, our customers, our suppliers, and shareholders. It is important to us to balance the interests of our stakeholders and to maintain a respectful approach. In this way we are creating the deep-seated trust that is required for our business success and our corporate culture.

2.1   Compliance and combating corruption and bribery

Compliance with national laws and international regulations is of fundamental importance for safeguarding GRAMMER's business activities. We espouse a corporate culture that encourages a sense of responsibility among our employees and maintains integrity as a basis for working together in a spirit of mutual trust. All GRAMMER employees therefore have an obligation to act accordingly. Our Code of Conduct and internal compliance, anti-trust law and anti-corruption policies contain corresponding regulations.

One challenge in the field of compliance is the growth in statutory requirements that apply to companies: It takes significantly more effort not to be exposed to accusations of organizational negligence or other liability risks. At the same time, the additional expense has to be contained in order to remain competitive. One clear risk is that violations of laws and guidelines typically result in a significant loss of trust, exclusion from tenders or the loss of business relationships. By contrast, the careful implementation of standards promotes trusting relationships with business partners, employees, and other stakeholders.

Our strategic approach
Compliance with laws and international regulations is a top priority for GRAMMER. Above all, this includes respecting human rights, fair trade practices, the prohibition of corruption and the avoidance of conflicts of interest. We respect the freedom of association and reject forced and child labor. Furthermore, we comply with applicable data protection law (see section 2.2, p. 10) and handle confidential information with due care (see section 2.3, pp. 10-11). We are committed to protecting the environment, to occupational health and safety and to social responsibility.

Our compliance management aims to ensure the effectiveness and viability of our company by respecting the legal provisions. If violations occur, we make sure that these are detected and penalized. We have set out corresponding guidelines in our Code of Conduct, which is binding for all employees: The GRAMMER Code of Conduct is available to all employees on the intranet in eleven languages. All new employees are informed of the Code of Conduct. They refresh their knowledge of the Code of Conduct and the internal compliance guidelines in training sessions that take place every two to three years. We publish articles on compliance on the intranet at regular intervals.

In our business units, we regularly perform audits that take compliance risks into account. For this purpose, the Transparency International Corruption Index for specific countries provides an important indicator for determining the frequency of audits at individual locations. If an audit gives rise to a reasonable suspicion, we commence an investigation and take the appropriate measures as necessary.

GRAMMER has also set up a whistleblower system with which employees and external stakeholders can report any suspicions – including anonymously and in various languages. There is also a compliance e-mail inbox and the option of making contact in person, by phone or by written mail in accordance with EU and German whistleblowing legislation. Once reports have been verified, we investigate compliance complaints with all due care. If the suspicion is confirmed and we determine that a breach has taken place, we initiate the appropriate measures.

Position of Chief Compliance Officer created
To coordinate compliance activities, the position of Chief Compliance Officer (CCO) was created for the first time in 2022. The CCO holds chief responsibility for handling compliance issues and reports directly to the Executive Board. Moreover, the CCO also reports to the Audit Committee of the Supervisory Board. A multidisciplinary body, which is independent from the Executive Board and staffed by representatives from Compliance, Legal, HR, Internal Audit, and other members as necessary, is responsible for assessing and handling any information received on breaches of compliance. This panel guarantees objectivity, fairness, appropriateness, and comparability in the handling of information and any internal investigations.

Compliance audits were conducted at GRAMMER sites in Changchun (China) and Querétaro (Mexico) without identifying any breaches of compliance. Moreover, we have adapted our Code of Conduct and the whistleblower process in line with new standards such as the EU Whistleblower Directive and the German Whistleblower Protection Act and set up options for making complaints by e-mail and telephone.

Compliance incidents were investigated and, where the reports proved justified, appropriate measures were taken. The findings from these cases have been used in the prevention of future breaches and the compliance management system has thus continued to improve. There were no incidents of corruption anywhere in the GRAMMER Group in the 2022 reporting year.

Outlook
The compliance training concept will be expanded in the coming year of 2023 and the risk assessment for compliance issues will be refined.

2.2 Data protection

Since the introduction of the EU General Data Protection Regulation (GDPR) in 2016 at the latest, companies have been paying more attention to the security of personal data. At GRAMMER as well, protecting the data of our employees, customers and business partners is a top priority, and we ensure that the statutory standards of the GDPR and the supplementary "Bundesdatenschutzgesetz" (BDSG – German Data Protection Act) are upheld.

A growing number of certifications is required to verify data protection at companies and to provide credible evidence of this to outside observers. Violations of data protection laws can lead to a loss of trust and fines by regulators. GRAMMER intends to have its data protection management system certified according to ISO 27701 to avoid such eventualities moving ahead.

Our strategic approach

GRAMMER has embedded high data protection standards within the company. A data protection organization that reports to the Executive Board has been in place for many years. The data protection officer is responsible for ensuring compliance with the statutory guidelines and the internal data protection policy, which is binding for all GRAMMER employees. The employees of the data protection organization answer questions and implement corresponding solutions. Group IT performs regular IT security tests and authorization checks in a support capacity.

We expect our employees to respect our customers' and business partners' business secrets – and to protect industrial property rights, business secrets and other confidential company information against unauthorized disclosure. Training has been available on an internal e-learning platform since 2021 in order to further heighten employees' data protection awareness.

Outlook

More than 2,000 employees have already completed the training.

In 2023, e-learning at GRAMMER will be migrated to a new system. This will make it possible to teach more content and make employees even more aware of data protection as an issue.

2.3 Information security

Information is a key asset at GRAMMER. We therefore attach great importance to the security and availability of the data stored or processed by the company. Information security protects us and our customers against tangible and intangible damage. We therefore use state-of-the-art IT systems and physical safeguards to protect against fire, flood, and theft.

The mounting number of cyberattacks is causing major challenges for IT security the world over. The loss or unauthorized publication of information can entail far-reaching consequences for companies: These extend from grave financial damage to loss of image, lost contracts and customers or the compromise of their ability to act. Information security must therefore be analyzed and improved continuously within the company.

Our strategic approach

Information security ensures that data stay confidential and available – regardless of whether such information is digital, on paper, a fax, an e-mail or spoken out loud. Accordingly, we have introduced an information security management system (ISMS) at all our locations around the world. This is based on such standards as the international ISO/IEC 27000 series and the Trusted Information Security Assessment Exchange (TISAX) automotive standard. GRAMMER AG has been certified according to ISO 27001 since 2019. Two TISAX audit objectives were successfully audited in 2021: "handling information with very high protection needs" and "handling personal data in accordance with Article 28 GDPR".

In order to guarantee IT security in line with requirements, tools and methods are used to identify phishing campaigns. Also, a system has been implemented that performs automated penetration testing and detects security vulnerabilities. Besides the internal security procedures, the IT security infrastructure is also always monitored by an external service provider. GRAMMER assists its suppliers with appropriate software to safeguard its supply chains.

Security zones and permission concepts for the physical security of information are in place at all GRAMMER locations. Access to offices and other premises is regulated by keys or keycards.

Another key aspect of information security is employee awareness, as they are often the biggest security risk – typically through unintended wrong-doing. All employees are responsible for ensuring appropriate information security at all times within their own purview. They are assisted in this by established processes, guidelines, and regular training. Management is tasked with implementing the regulations of the integrated management system, conducting security measures, and coordinating with customers as necessary.

The Chief Information Security Officer (CISO) is responsible for information security throughout the company and defines the guidelines. He reports to the Chief Executive Officer (CEO). IT Security is in charge of the practical implementation and reports to the Chief Financial Officer (CFO). The Supervisory Board likewise receives reports regularly.

Launch of TISAX certification for production facilities

In 2022, we initiated the process to have the entire GRAMMER Group certified with the TISAX label "handling of information with very high protection needs" – for all production facilities in a delivery relationship with carmakers. We hope to complete the procedure and achieve full certification by April 2023.

Outlook

IT security will be refined and improved in the coming year. This includes plans for the optimization of IT systems and operative technologies (OT) in order to better protect production environments. Moreover, we want to make the issue of IT security available to all employees around the world through online training and the e-learning portal.

FLAGSHIP PROJECT

CSR AWARDS

PROJECT
Awards

START & DURATION
2022 (annually since 2019)

GOAL
Sustainable commitment

LOCATION
China & Brazil

2022 CSR Awards
Corporate social responsibility, i.e. responsibility for employees, the environment and society, is of great importance to the GRAMMER Group. Since 2019, we have therefore been presenting the "GRAMMER CSR Awards" – an internal token of recognition for sites that have shown a special commitment to sustainability. Awards are presented in the categories "Environment", "Society" and "Employees".

The 2022 CSR Awards went to the following locations:

Environment category: "Establishment of a water treatment plant" project – Changchun, China
Spraying adhesives creates a large amount of wastewater that is classified as "hazardous waste" and pollutes the environment. The GRAMMER plant in Changchun has installed a new facility that separates adhesives from water in wastewater. The water cleaned in this way can go into the sewer system and the extracted adhesives are properly disposed of as hazardous waste. This allowed the plant to reduce its hazardous waste volume by approximately 50 t and thereby its disposal costs as well.

Society category: GRAMMER Volunteer Program – Atibaia, Brazil
The GRAMMER Volunteer Program in Atibaia promotes employee engagement to donate their time and knowledge in support of social activities and communities. The program was launched in 2017, since when employees have taken part in activities every year; in 2021 they collected food for a senior citizens' nursing home.

Employees category: The "Run for a better future" event – Shanghai and Changchun, China
In December 2021, around 180 GRAMMER employees took part in running and hiking events in Shanghai and Changchun. The shared activity outside the workplace boosted team spirit and dialog, inspiring participants to begin the New Year healthily and full of energy.
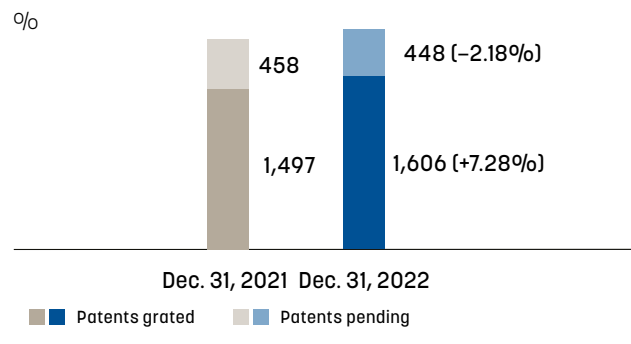
3. Products

GRAMMER attaches great importance to the sustainability of its products along their lifecycle – from development and production to use and recycling. Key criteria include customer safety and ergonomics, ecological and environmentally friendly product development, sustainable materials, and product innovations.

Our seating systems and interior products are currently produced at 46 production and logistics facilities around the world. Roughly 580 engineers and R&D employees work at 14 international locations with the aim of continuously enhancing the ergonomics, safety, functionality, quality and aesthetics of our products. The Group is capable of developing products with state-of-the-art tools and systems – from simulating characteristics using state-of-the-art test facilities to practical testing and prototyping. Research and development take place at GRAMMER's plants as well.

Non-capitalized R&D expenses amounted to EUR 86.6 million in the 2022 financial year (previous year: EUR 78.2 million), representing 4.0% of total revenue (previous year: 4.1%). Also, development costs of EUR 7.1 million (previous year: EUR 7.5 million) were capitalized in fixed assets.

The number of patents pending and granted throughout the Group was increased by 5.1% to 2,054 in 2022 (previous year: 1,955).

Patents
%

	Dec. 31, 2021	Dec. 31, 2022
Patents pending	458	448 (–2.18%)
Patents granted	1,497	1,606 (+7.28%)

■ Patents grated ■ Patents pending

3.1 Customer health and safety

Every day, roughly ten million people around the world use seats, headrests and consoles produced by GRAMMER – most of them at work: As professional drivers, they drive trucks and buses, agricultural machinery, construction vehicles or forklifts, often for hours at a time, five days a week. GRAMMER consoles can be found in passenger cars, where they assist users both privately and professionally. We want the people who use our products to feel safe and comfortable and to stay healthy. Ergonomics are therefore the most important factor in product development.

At GRAMMER, people-centric product development is supported by the global Ergonomics, Usability and Design team. Its employees are highly qualified and on the cutting edge of design, ergonomics, and biomechanical research. The research partner network provides valuable support. In addition, efforts are being made to enhance networking with our customers' development departments to learn from each other and leverage the broad knowledge base.

Our strategic approach

The guiding principle when developing products is "perceived quality", i.e. a positive user interaction with the product. There are three key areas for achieving this: design, ergonomics and usability. Design and ergonomics work together to develop a user-centric, appealing product design. Usability delivers information on users to ensure that the product is appropriate for the relevant applications.

To make our products as ergonomic as possible, we look at the effect of new features on the human body using biomechanical research methods. An ergonomics laboratory and design studio were set up at the Ursensollen site (Germany) for this purpose. Its facilities are perfectly tailored to our product portfolio: Using "3D motion capture" technology, for example, users' movements and body positions are captured as they interact with our products.

We also regularly work with customer feedback, internal testing, and user studies in addition to sharing information with leading biomechanics and spine researchers. This way, we contribute to a work environment that affords our users maximum comfort while also promoting their health.

Ergonomic products

Our suspended seats for commercial vehicles satisfy the highest ergonomic requirements. They assist drivers in their work by providing optimal support while also allowing maximum freedom of movement and reducing vibration exposure. They prevent back problems and help users to maintain their performance in the long term.

The same goes for multifunction armrests in commercial vehicles: The arrangement of control elements eases the strain on the spine and forearm, improves concentration and heightens comfort.

Headrests for passenger cars protect the cervical spine in the event of an accident. Models that enable users to not only adjust the height but also an individual distance from the head are especially effective.

To continuously improve our products, we have been working closely with scientists in academia for years, for example Hans-Joachim Wilke, Professor for Spine Biomechanics at the University of Ulm.

We are particularly committed to promoting basic spine research. For this reason, we have established the annual "GRAMMER European Spine Journal Award", worth EUR 20,000, in recognition of outstanding research activities.

Ergonomics laboratory refined

The methods of our ergonomics laboratory were refined in 2022: The introduction of a motion capture system captures users' body positions and movements as they interact with our products. The digitalization of test and analysis methods facilitates fast and precise data analysis. The simulated vehicle environment has also been refined, in particular by adding a modular center console in the car set-up. Moreover, a new console family was designed, a health module was developed for trucks and a study of body dynamics for improved suspension simulation was launched.

In the field of basic research, we have investigated the relationship between pressure on the interaction surface and perceived comfort, publishing the results in the study "Tractor Interior of the Future". Together with the Institute for Automotive Engineering at RWTH Aachen University, a usability study was carried out on the future of the center console, and various surveys were conducted on the future of counterbalance trucks. We have refined our research partner network and held various workshops, training sessions and lectures on vehicle ergonomics at research institutions. In addition, there has been a range of internal training to improve knowledge of ergonomics, usability, and design within the company.

The 2022 "GRAMMER European Spine Journal Award" went to Dino Samartzis at RUSH University in Chicago and his international team, which discovered links between metabolic state and spinal health.

Outlook

Moving ahead, GRAMMER will continue to combine scientific findings with industrial application knowledge in product development. Together with three partner universities, we will therefore be staging the fourth International Comfort Congress in the Amberg region (Germany) in 2023. Our ergonomics laboratory is also due to be expanded in the coming year to create an even better user experience. Moreover, further user analyses and studies are planned.

GOAL

– Extended cooperation with research and scientists in academia on issues of back health and ergonomics in order to integrate new findings into our products

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3.2 Sustainable product development

Sustainable product development is a key part of GRAMMER's strategic "Green Company" initiative (see flagship project: Green Company, pp. 7-8): With innovative and sustainable product solutions, we offer our customers environmentally friendly alternatives and contribute towards climate and environmental protection as well resource conservation.

Rapid technological progress is being accompanied by the steadily growing demands made of component suppliers by vehicle manufacturers. Alongside safety, new vehicle concepts, drive trains and the level of automation are defining the framework for product development. Other specific aspects in the automotive industry include achieving carbon neutrality throughout the value chain and the use of recycled materials.

Our strategic approach

We combine three approaches to develop products sustainably right from the start: the use of sustainable and recycled materials, increasing materials efficiency and lightweight construction.

Sustainable and recycled materials (see section 3.3, pp. 15-16)

As an alternative to the carbon-intensive materials plastic and steel, we focus on bioplastics from renewable resources, natural fibers, green steel, and recycled materials.

Efficiency of materials

The economic use of materials also conserves resources and is good for the climate. We therefore use new technologies that minimize the consumption of materials in our production processes and avoid waste. For example, the use of release agents in foaming has been reduced by more than 30% in recent years. At the same time, the quantity of materials in products is reduced by innovative construction and material solutions.

Light-weight construction

We make a contribution to climate protection by reducing the weight of our seats, center consoles, armrests and headrests. Less material does more than conserve resources: The lower weight of the vehicle also reduces operational fuel consumption for our customers, which can help to cut greenhouse gas emissions. We reduce weight by covering multiple functions with fewer components (function integration) and by changing the structure.

We use a state-of-the-art innovation management system to refine our product portfolio: A new product idea is first coordinated by an international team consisting of product and process experts as well as employees and managers from Sales and Purchasing. Defined assessment criteria are used to decide whether GRAMMER will implement the idea. It is then added to our innovation roadmap and its implementation is planned.

At GRAMMER, sustainability is embedded in product development right from the start: We are already assessing the carbon footprint when the component concepts are first being created. Even the production process and its energy efficiency are taken into account as they make a significant contribution to CO_2 emissions. Concepts such as recyclability and the easy separation of component assemblies is factored into product development as well. Components and processes with the biggest impact on the ecological footprint are identified early on and products are made as green as possible by a deft choice of materials and construction.

In addition to CO_2 emissions, we are also reducing our volatile organic compound (VOC) emissions. In the Automotive division, we use emissions-optimized alternative foam materials in a number of regions. Coating processes are another source of VOC emissions at GRAMMER. Here, too, emissions have been reduced in cooperation with coating suppliers.

The Research and Development unit established its own department for sustainable materials so that it can respond quickly to mounting market demands (see section 3.3, pp. 15-16). A team within the Purchasing organization is responsible for making supply chains sustainable (see section 5, pp. 23-25). A group within the Operations department is working on solutions to save energy in production.

Materials testing and recycling study
In 2022, we tested various bioplastics made from renewable resources and performed a recycling study. Carbon footprints were calculated for various representative products and ideas for optimization were derived from this – including close cooperation with material manufacturers to reduce the CO_2 values and with GRAMMER's plants to reduce the energy requirements of facilities for various processes.

Outlook
In 2023, GRAMMER will start production on its sustainable seating system for buses and trains, "Ubility One". Above all, we will be concentrating on sustainable product design, recyclability, and the optimization of our processes throughout product development. Among other things, concepts for "green" truck and train seating will be developed. Moreover, we will test various environmentally and climate-friendly materials, further increasing our recycling rate and expanding our lightweight construction concept to various products. We also want to achieve the CO_2 standards of our customers.

GOAL
– Intensification and continuation of sustainable product development and materials

3.3 Sustainable materials
The choice of materials is a key lever for making products sustainable. GRAMMER's products mostly consist of four groups of materials: plastic, steel, foam, and cover materials. Depending on the product, these materials account for between 50% and 65% of the carbon footprint in the product creation phase. We are focusing on sustainable alternatives to spare natural resources and the climate.

There are many challenges when using sustainable materials: Their availability is often uncertain, which can make it difficult to maintain the necessary quantities. New materials first have to be comprehensively tested and assessed – especially for recycled materials, as their properties are often not as good as those of new products. This necessitates additional capacity for research and development. Also, various certifications are required to be able to use new materials. Significant cost increases can therefore be incurred overall. At the same time, sustainable materials and supply chains also mean opportunities for GRAMMER: If we expand our expertise in the field, that can give us a competitive edge.

Our strategic approach
GRAMMER seeks to use materials that have as little impact on the environment and climate as possible in its products – from extraction and refining to using the finished product, through to its disposal and possible recycling. We are therefore stepping up our work to use alternative and recycled materials:

Bioplastics
Conventional plastics derive from mineral oil; their manufacture and use releases large quantities of CO_2 and causes harm to the climate. We are therefore testing bioplastics made from renewable resources, such as a modified polylactide made from sugar cane or a bio-polyol derived from plant oils.

Metals
Metals are used in GRAMMER products as well, above all steel, aluminum, and magnesium. Steel can be recycled, but its production is highly CO_2-intensive. We are therefore testing alternatives and working to reduce the share of steel in our products. Aluminum and magnesium are similarly CO_2-intensive to produce, though their low density makes these metals suitable for lightweight construction, which significantly cuts emissions in the use phase. In addition, we are working on ways to replace load-bearing metal components with fiber composites.

Cover materials and foam
GRAMMER uses recycled fibers from polyester waste in its textile seat coverings. Moreover, we use foam with an organic share of currently around 15%, extracted from soy or corn, for instance. The organic share is to be steadily increased to 50% over the next five years.

Recycling
Recycled materials help to further reduce the consumption of resources. GRAMMER is collaborating closely with customers to launch joint solutions. A global regranulation strategy for plastics will be implemented to increase the recycling rate of our products. Some GRAMMER plants have already been using plastics

with a recycled content of up to 75% since 2016. In addition, we are working with cover materials made from recycled PET fibers, foams with recycled content and steel partly made from recycled scrap steel. The share of recycling materials in our products will be gradually increased in cooperation with our suppliers and customers.

At GRAMMER, the Materials and Sustainability department within Research and Development is responsible for the comprehensive testing of new materials. Its work focuses on carbon-neutral product approaches. To calculate the carbon footprint of our products, we use the GaBi software from the company Sphera, which has become the industry standard. Our products' carbon footprints are to be certified from 2023. Our network of vehicle manufacturers, suppliers and research institutions assists us in the development of sustainable products.

Progress in materials testing and recycling

In 2022, GRAMMER tested various bioplastics made from renewable resources. A recycling study was performed on one of our series products, an armrest. The results show that new granulate can be derived from the plastic and reused in production. Moreover, we have developed a database of materials with which CO_2 values can be quickly estimated. Carbon footprints were calculated for various representative products and ideas for optimization were derived from this. In addition, GRAMMER has produced a materials roadmap for the coming years, intensified our contact with customers and research institutions and carried out internal training to enhance the knowledge of sustainable materials within the company.

Outlook

In the coming year, various new materials will be tested to further increase the share of sustainable and recycled alternatives in GRAMMER products. Moreover, we are developing a recycling concept for various products and expanding in-house recycling.

3.4 Innovations

Innovations are of essential significance to GRAMMER: Trends such as climate-neutral or autonomous driving are rapidly changing mobility – and thus customers' requirements as well. We can only continue to be sustainably profitable as a company if we identify developments early on, react quickly and offer innovative solutions.

The quickly changing requirements of products mean that GRAMMER is constantly facing fresh challenges. Autonomous driving, for example, allows motorists to use their time in the car to work or relax. This will make a car's interior into a "second living room" equipped with state-of-the-art materials, uncluttered architecture and hidden technology; the center console will become the central element. Digitalization is also increasing the share of electronics and the complexity of products. At the same time, short development cycles are needed if innovations are to be ready in time for series production. Moreover, there is high-cost pressure, which is why innovations using ingenious approaches as well as modularization and standardization are necessary to be able to offer customers pre-validated solutions in series both quickly and cost-effectively. Close customer contact helps us to identify and implement trends early on.

Our strategic approach

We conduct innovation projects in both the Automotive and the Commercial Vehicles divisions. There are projects at product level – for instance for new functions, materials or to improve ergonomics and comfort – and process innovations, such as in the use of new materials and optimized materials processing.

In conjunction with the innovation management process, we produce roadmaps that address both customer- and market-driven issues as well as the implementation of new technologies in products. This is all overseen by Research and Development. Innovation projects are regularly discussed by various panels with representatives from the Sales, Strategy and Product Management divisions. Moreover, ideas are presented at customer events and the feedback is incorporated.

Portfolio management is organized centrally, with the team providing content and financial coordination for projects. Implementation is carried out in the regions by local teams at various locations.

Integration of audio, modular center console and new suspension

Progress was made on several innovation projects in 2022:

- Together with the company Harman, we are working to integrate audio components into GRAMMER products, such as headrests or seats, with the aim of creating individual sound zones for each seat. The customer feedback has been highly positive.
- A modularization approach has been developed for center consoles that allows us to respond to customer requests for a wide range of requirements quickly and cost-effectively with pre-validated solutions: from a fixed basic console through to a center console with high-quality features that can be moved through the vehicle's interior on rails.
- In the field of commercial vehicles, we are working on new concepts for seat suspension to enhance comfort in agricultural and construction machinery or forklifts over long working days, and also on a concept for the intuitive and ergonomic operation of functions integrated into the seat.

Outlook

GRAMMER will develop further innovation projects according to its roadmap in the coming year. Among other things, there are plans to expand the modular center console for passenger cars and the ongoing development of the new suspension system for commercial vehicles. We intend to maintain the intensive contact with our customers to identify trends and market requirements early on.

FLAGSHIP PROJECT

UBILITY ONE

PROJECT
Sustainable seating system

START & DURATION
since 2021 (production start: 2023)

GOAL
Reduce fuel consumption

LOCATION
worldwide

Ubility One – The sustainable seating system for buses and trains

Sustainability is an essential feature in new developments on the journey to becoming a Green Company. In 2021, GRAMMER presented Ubility One, a sustainable passenger seating system for buses and trains. Its ultralight construction saves up to 60% on weight compared to conventional seats – and thereby reduces fuel consumption and fuel costs. This has enormous potential to cut emissions: If every regional train, subway, and tram in Europe were fitted with Ubility One, they would save around 130,000 t of CO_2 per year.

Furthermore, the product lifecycle has been designed with reusability in mind: The seats are made of fully circular recycled materials; this is an extra helping hand for the environment and natural resources.

The system consists of three modules: the Ubility Air lightweight construction seat, the flexible Ubility Light seating system for short- and medium-range travelers and the Ubility Shift standing and sitting support for short distances. Its development was centered around people: All modules have been ergonomically optimized and enable more comfort and privacy while driving.

Production of the first models is due to begin at a GRAMMER site in Europe in 2023.

Find out more about Ubility One

4. Environment

The GRAMMER Group assumes responsibility for the environment and, in doing so, takes an integrated approach. The company's mission statement defines active environmental protection and the responsible use of resources as key goals. We also aspire to reduce business-induced environmental impacts as far as possible. To make this a reality, our production processes are continuously analyzed and optimized to improve energy efficiency and to reduce emissions. Moreover, we are cutting waste volumes and water consumption while also helping to enhance biodiversity.

The success of our environmental activities is regularly reviewed – both internally and with the assistance outside partners. Almost all our Group's facilities around the world have already implemented an environmental management system in accordance with ISO 14001 and defined local environmental targets and measures. This way, we are improving our environmental performance on an ongoing basis: In 2022, GRAMMER received a grade B sustainability rating from the Carbon Disclosure Project (CDP) for climate protection – a significant improvement on its C rating in the previous year.

Overall responsibility for environmental management has been assigned to Group Quality, Services and HSE, which reports to the Chief Operating Officer. This unit devises strategic parameters for environmental protection across the entire Group. A local environment, health and safety manager (HSE) is assigned to each plant to implement the measures.

4.1 Energy

As a manufacturing company with 39 plants the world over, GRAMMER consumes a relatively large amount of energy. In order to reduce our impact on the environment and the climate, we are decreasing energy consumption within our processes and promoting the use of renewable energies.

The global rise in energy prices as a result of the Ukraine conflict and the uncertainty in Europe regarding the supply of electricity and gas pose us with challenges. Price increases can have a negative impact on production costs and thus on competitive capability. But the situation also entails opportunities: The high prices are making investment in energy efficiency technology more attractive and significantly shortening amortization periods. As the energy crisis affects employees' private lives as well, it is also leading to greater acceptance and support for energy-saving measures within the company.

Our strategic approach

To manage our energy consumption around the world, GRAMMER is working with an energy management system certified according to ISO 50001 that we will be implementing at all GRAMMER production facilities by the end of 2023. This way, energy consumption can be controlled, analyzed, and reduced using targeted measures. As of December 31, 2022, 34% of all production facilities and all German sites were already certified according to ISO 50001. The previous year's target of "100% by the end of 2022" was not achieved as the focus moved to introducing other management systems at times.

We derive individual energy savings targets for the individual plants from the strategic objectives: All production facilities have a binding obligation to implement the energy roadmap. The regions each have their own manager for energy issues and the plants are assisted by energy management officers.

In order to identify energy wastage and to ensure that our technology is up to date, we have been working with energy monitoring and performing potential analysis since 2020. The potential analysis has already been completed at all locations and will be repeated annually. Initial savings measures have already been derived from this: For example, some machinery and equipment were left in standby mode even though it was not needed at the time. In addition, plant-precise measuring and the existing material consumption data can be used to compare efficiency between similar plants and increase it.

We are increasingly sourcing electricity from renewable energies for our power supply. All plants in Germany were switched to green electricity in 2021. Globally, the share of green electricity is currently 51%. This figure is to be increased to 100% by 2025.

Energy consumption reduced

2022 GRAMMER also increased the share of green electricity at its plants worldwide from 34% to 51%.
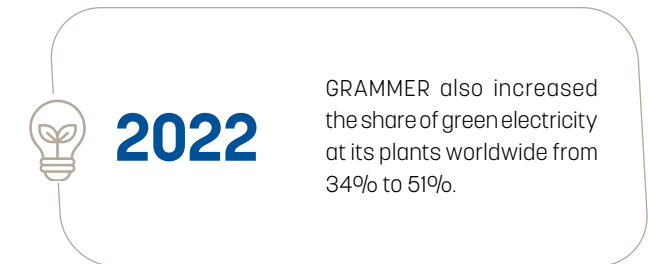
Around half the production locations were equipped with smart meters that take detailed readings of energy consumption for analysis purposes, thereby enabling enhanced energy monitoring. Many of our plants have made the switch to energy-saving LED lighting. In addition, energy-efficient machinery such as injection molding systems and leather cutters has been purchased. These steps allowed us to cut our energy consumption per EUR/turnover by 11.4% year-on-year, thereby reducing CO_2 emissions per EUR/turnover by 18.3% and saving 7,766 t of CO_2 in total.

Outlook

The ISO 50001 energy management system, including energy monitoring, will be introduced at all GRAMMER production facilities worldwide by the end of 2023. Furthermore, energy potential analysis will be continued and energy savings activities will be derived from this.

GOAL

– Global launch of the ISO 50001 certified energy management system by the end of 2023

4.2 CO_2 emissions

We all have to cut our greenhouse gas emissions dramatically to slow climate change – and we have to do it as quickly as possible. GRAMMER supports the 1.5 degree goal of the Paris Agreement and has undertaken to significantly reduce its CO_2 emissions worldwide: by 100% by 2040 (Scope 1 and 2).

Reducing carbon dioxide emissions presents us with challenges: The CO_2 standards set by lawmakers in the countries where we operate or those demanded by customers are inconsistent, which therefore demands a high level of initiative on the part of companies. We anticipate opportunities from the wave of innovation sparked by CO_2 requirements in the automotive industry. Companies are also more appealing to customers and applicants when they take responsibility and contribute to climate protection. If they are unable to satisfy requirements, that can lead to a loss of orders. Another risk is that the greater demand for resources could lead to an investment backlog.

Our strategic approach

In 2019, we calculated the carbon emissions of our sites according to the Greenhouse Gas Protocol (GHG Protocol). This involves determining the Scope 1 and Scope 2 emissions. Scope 1 emissions are direct emissions produced by the company's own energy generation or the production process. Scope 2 comprises indirect emissions that arise, for instance, when externally sourced electricity and heat are used.

t of CO_2

	2022	2019
Scope 1 emissions	12,595	13,875
Scope 2 emissions	97,150	136,334

The goal: As against the baseline year of 2019, we intend to reduce our Scope 1 and 2 CO_2 emissions by 25% by 2025, by 50% by 2030 and by 100% by 2040.

This goal is a top priority and is part of the short- and long-term corporate strategy. To achieve it, since 2021 we have been working continuously on a company-wide basis to identify potential to reduce emissions generated by processes and building equipment and deriving economy measures from our findings. The focus is on reducing energy consumption as this is where most CO_2 emissions are created. CO_2 emissions and the success of our reduction activities are being tracked at the level of the plants, the regions and globally.

We have also begun calculating our Scope 3 emissions with external assistance. These include, for example, purchased (pre-) products, company travel, logistics processes or employee way to work. To calculate the CO_2 emissions within our supply chain, the Group will establish the carbon footprint of its suppliers.

Under the coordination of the CSR units, all departments at GRAMMER are involved in the issue of CO_2 emissions. There are working groups on various facets such as energy efficiency, green procurement and sustainable materials. The "Materials and Sustainability" team within "Research and Development" is responsible for calculating the CO_2 footprints of GRAMMER products with the appropriate tools.

More green electricity, more energy efficiency

In 2022, we increased our share of electricity from renewable energies from 34% in the previous year to 51%. We enhanced our energy efficiency by, for instance, purchasing state-of-the-art machinery and equipment and by using energy-saving LED lighting, thereby saving 775,000 kWh of electricity. We regularly optimize transport routes, which has already allowed us to save 70.5 t of CO_2. We have expanded our charging facilities for electric bikes and cars at our headquarters in Ursensollen (Germany). Our employees now have access to 14 charging stations, with four more available for visitors. Moreover, various campaigns and training activities were carried out at all GRAMMER locations to raise employee awareness for the economical and responsible use of energy.

In addition to the reduction measures, GRAMMER has also created ways of capturing CO_2 from the atmosphere: The Nomination Tree project (see flagship project: Nomination Tree, p. 22) was launched in 2021, which requires our suppliers around the world to plant a tree for every new contract. This is progressing well, and 369 trees have already been planted since the project began.

Outlook

In the coming year, we will continue to work on our reduction targets, steadily increase the use of green electricity at our global locations and enhance our energy efficiency. In addition, the CO_2 emissions in the use phase of our products will be further reduced as well. We believe that the biggest lever for this is lightweight construction, which saves fuel while vehicles are operating.

GOALS

– Reduction of CO_2 emissions (Scope 1 and 2) by 50% by 2030 and by 100% by 2040

– Gradual transition to 100% green electricity at all locations by 2025

4.3 Waste

Waste negatively impacts the environment – in the soil, water and air. To the best of its ability, GRAMMER therefore attempts to reduce waste and, where waste is unavoidable, to recycle or otherwise reuse it. If materials are reintroduced to the cycle, this also helps to conserve natural resources. We dispose of our waste – properly – only after all other options have been exhausted.

One challenge for the uniform companywide waste strategy is that the circular economy systems have developed differently from country to country. While Germany has a good recycling infrastructure, countries such as Turkey, Bulgaria and Mexico often only have landfills as an option. Opportunities lie in the development of innovative packaging systems, such as packaging made from other recycled packaging, which can be reused in a closed loop.

Our strategic approach
At GRAMMER, we want to reduce waste, minimize hazardous waste, increase the recycling of waste and ensure that appropriate waste disposal and recycling methods are applied. The waste issue is a part of the strategic "Green Company" initiative (see flagship project: Green Company, pp. 7-8) and is already taken into account in the environmental management system certified according to ISO 14001, which is already implemented at nearly all GRAMMER locations. We regularly audit our waste disposal and produce annual waste reports to derive measures for optimization.

In 2021, we signed contracts with certified waste disposal companies to analyze all waste flows with the aim of ensuring the highest level of recycling. Our stated aim is that waste should not end up in landfills.

In addition, we have set up a global improvement program for our internal packaging that particularly emphasizes reduction, reuse and recycling.

To raise awareness of the need for environmental protection, the avoidance of waste and the respectful use of natural resources, our sites take part in initiatives run by charitable organizations, for example by donating recyclables, selling to certified waste disposal companies or recycling. The proceeds generated are donated to people in need or organizations in structurally weak regions.

Plastic waste reduced
We used various measures to improve our waste management in 2022:

Plastic waste in production was reduced by regranulation. Plastic waste is ground directly where the machinery is located or sold to dealers who reintroduce the granulate into the cycle. We further reduced our waste volumes by implementing optimizations in leather cutting.

In packaging, we found a way to reuse our suppliers' packaging materials from transport between our own locations. Moreover, packaging volumes for internal transport and plastic waste were reduced while at the same time increasing the share of recyclable packaging materials. We were able to improve our global recycling rate with better pre-sorting and separation of materials. Moreover, a potential analysis was carried out for new reusable and recyclable packaging materials.

Our paper consumption has been further reduced as well: Written correspondence with our suppliers was switched almost entirely to electronic communication in 2022.

Outlook
In the coming year, waste disposal will be continuously optimized and the waste volume (that cannot be reused/recycled) will be reduced by a further 2%. We intend to cut our landfill use as well.

4.4 Water

Drinking water is already scarce in many regions of the world today. According to UN estimates, almost half of the world's population already lives in areas threatened by water shortages for at least one month per year. Ongoing climate change is increasing the risk of drought in many places. GRAMMER wants to help to sustainably safeguard the water supply. We therefore use water sparingly and are constantly reducing our consumption.

The availability of drinking water at GRAMMER's locations already merits greater attention. The issue is becoming increasingly important for our customers as well: They are demanding transparency of their suppliers' water consumption. If water at our locations becomes scarce, that would affect production and the lives of employees in the area concerned. If we can reduce our water consumption now, we will be helping to conserve a valuable resource, and at the same time we will be better prepared for an acute water shortage. One opportunity lies in using the various means available for water treatment.

Our strategic approach
Saving water is a strategic objective in the companywide "Green Company" initiative (see flagship project: Green Company, pp. 7-8). The global and regional management team sets targets for cutting water consumption. These targets are a part of the sustainability roadmap and are followed by the plants. At global level, responsibility for this lies with the Group's Environment, Health and Safety and Energy managers and the CSR department; at the plants it lies with the respective production manager or the environment, health and occupational health and safety manager. They regularly report to management on the current status. Moreover, the results are regularly reported to the CDP in the water security questionnaire for the annual sustainability rating (see section 1.5, p. 6). Savings measures focus on water-intensive production processes such as injection and blow molding and cleaning processes for coating systems.

Reduction of water consumption

Our global water consumption amounted to 287,699.60 m³ in total in 2022. Thanks to various measures, global water consumption remained virtually constant year-on-year in 2022 despite two new production locations and higher production volumes. For instance, the plants in Zwickau (Germany) and Tetla (Mexico) have developed a solution to capture and reuse water emitted as spray by the coating systems.

Outlook

We will continue to optimize our water use in 2023 and reduce water consumption by 2% as against the previous year.

4.5 Biodiversity

Biodiversity, which includes both fauna and flora, is essential to ensure the functionality of ecosystems. But many species are facing extinction – such as insects like bees and butterflies, which make sure that crops are pollinated and bear fruit. If the insect die-off continues, it could become difficult to safeguard our food supply. GRAMMER is therefore committed to the conservation of biodiversity.

We can make a contribution to conservation by running our facilities sustainably. One challenge is to incorporate the entire supply chain. In this context, it is important to first ascertain suppliers' impact on biodiversity in order to tackle joint biodiversity conservation projects moving ahead.

Our strategic approach

The CSR, Environment, Health and Safety and Energy units are responsible for biodiversity at GRAMMER. The protection of biodiversity is taken into account in all relevant business areas, especially at the production sites. We plant our grounds in order to provide animals with a habitat; at Ursensollen (Germany), for example, the grounds have been designed with biodiversity in mind. When new locations are being established, internal standards ensure that the local biodiversity is impacted as little as possible. We raise employee awareness for conservation in the annual training on our environmental management system.

Protection of insect diversity and clean-ups

Bees, bumblebees, and butterflies play an important part in the conservation of agriculture and ecosystems. In 2022, we planted a field of flowers at our site in Ebermannsdorf (Germany) and put in an insect hotel, where insects can find ample food and protection. At our Ursensollen site (Germany), calves and sheep help with the ecological upkeep of our lawns.

Plastic can have fatal consequences for animals in the environment. We therefore went out to help clean up in the vicinity of our plants on World Clean-up Day. In order to reduce its environmental impact at its locations, GRAMMER switched its fleet in Ursensollen (Germany) to e-mobility and installed charging stations for company cars and visitors.

Outlook

We will continue to broaden our commitment to biodiversity moving ahead and incorporate it into our business processes – for example when building new locations and choosing suppliers. Our efforts to raise employee awareness will be continued as well.

FLAGSHIP PROJECT

NOMINATION TREE

PROJECT
Plant 1x tree per order

START & DURATION
since September 2021

GOAL
Reduce CO_2 emissions

LOCATION
worldwide

Nomination Tree – A tree for every supplier nomination
Greenhouse gases in the atmosphere have to be reduced dramatically in order to mitigate climate change. GRAMMER therefore intends to reduce its Scope 1 and 2 CO_2 emissions by 50% by 2030 and by 100% by 2040.

And we will do even more for the climate: Since September 2021, we have required our suppliers around the world to plant a tree, which we call a nomination tree, for every new order. After GRAMMER confirms an order, the nomination tree is planted at the supplier's grounds or in its community. The global GRAMMER Forest that is being created filters carbon from the air and thus improves the carbon footprint: 369 trees had already been planted by 2022 and 45 more have already been agreed to. We have created a map and are monitoring the growth of our trees all the time.

The forestation of the Parque Bicentenario at GRAMMER's Querétaro site in Mexico is making a big contribution to this project. There, employees and their families have planted 250 new trees together with the company Dow – thus setting an example for climate protection.

"This commitment to less carbon is much more than just a symbol, and we would be delighted to see other companies follow our lead," says Jens Öhlenschläger, CEO of GRAMMER AG.

5.   Supply chain

GRAMMER's suppliers, service providers and partners are an important part of the value chain. And their activities also have an impact on the environment, people, and society. GRAMMER takes responsibility beyond the confines of its own company – and it is making its supply chain sustainable: We expect all suppliers, service providers and partners to live up to the same high environmental and social standards that we do. For instance, this includes fair working conditions, respecting human rights, the exclusion of conflict minerals, the reduction of carbon emissions, energy-efficient production and the avoidance of waste.
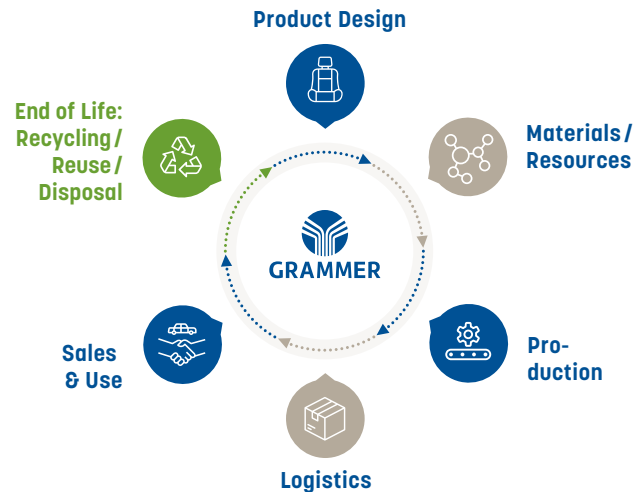
5.1   Supplier management for environmental and social standards

As a manufacturing company, GRAMMER is dependent on a global network of suppliers. For example, suppliers provide us with commodities, raw materials, parts, packaging, technology, tools, and various services. In order to guarantee sustainability not just within the company but along our supply chain as well, we ensure that suppliers live up to our environmental and social standards.

The ongoing COVID pandemic, the Ukraine conflict, the shortage of commodities and the associated inflation are causing supply bottlenecks the world over and driving competitive pressure. This can lead to suppliers making decisions to the detriment of environmental and social standards. The new German Supply Chain Due Diligence Act can both counteract this and create transparency. We believe that an opportunity also lies in our digital structure and the support tools with which risk management and CSR issues can be efficiently guided in the supply chain.

Our strategic approach

GRAMMER works with a Supplier Code of Conduct to manage sustainability in our supply chain. This covers all relevant sustainability criteria, as well as statutory guidelines, ethical and international standards, and the requirements of our system of values. The Supplier Code of Conduct has been a component of every digital supplier enquiry since 2017: Suppliers have to sign it electronically before they can make an offer. In it, they undertake to fight child and forced labor, to pay their employees fairly and to protect the environment. The Code of Conduct can be accessed by all business partners at all times on the digital supplier portal.

GRAMMER uses its digital procurement platform to update supplier data each year and to have suppliers confirm compliance with its CSR guidelines, which are set out in the Code of Conduct and in contracts with terms and conditions. Their compliance is monitored at regular intervals. Where necessary, we assist our suppliers with their ongoing development – or we disconnect from suppliers who do not comply with our environmental and social standards. Suppliers are digitally informed of relevant changes, such as new requirements, for instance in a newsletter.

Using a digital risk management system, we permanently monitor geopolitical events and their effect on the supply chain. In addition, we have implemented a software for sustainability issues that also fully covers the requirements of the German Supply Chain Due Diligence Act.

GRAMMER far exceeds the statutory requirements in its supply chain management – and makes a positive contribution to a sustainable supply chain. Suppliers sign our policies and carbon emissions are inquired about in the contract award process. Single-use packaging is increasingly being replaced with reusable packaging. By 2025, we will exclusively be buying green electricity worldwide. And in the "Nomination Tree" project, suppliers must commit to planting a tree for every new order. Further measures are planned.

The sustainable supplier management officer is responsible for introducing, ensuring, and complying with the relevant sustainability issues in the supply chain. He is aided by several employees; the team works closely with the CSR department.

Preparations for the new German Supply Chain Due Diligence Act

In 2022, GRAMMER introduced an ESG risk management platform and created a reporting structure to receive supplier data for the new German Supply Chain Due Diligence Act. In addition, employee trainings have been carried out on the German Supply Chain Due Diligence Act and the reduction of emissions in the supply chain. We have received the "SCRM Digital Transformation Award" from the company Riskmethods, a world leader in risk management software, for our holistic risk management. In addition, the supplier portal on the website was updated, our terms and conditions revised in line with the new statutory requirements and ESG criteria were integrated. Sustainability in the supply chain has been further improved by initiatives such as green energy, the use of recycled materials and paperless orders and contracts.

Outlook

In the coming years, GRAMMER will establish even more transparency regarding compliance with environmental and social standards in its supply chain in accordance with German Supply Chain Due Diligence Act and further improve its sustainability. Among other things, carbon emissions within the global supply chain will be reduced by 15% by 2026.

GOALS

– 100% of global suppliers confirm the GRAMMER policies for suppliers

– Transparency and management of compliance with human rights and environmental due diligence by our suppliers in accordance with the German Supply Chain Due Diligence Act

5.2   Procurement of commodities

Natural resources are scarce, and their extraction and processing can cause harm to the environment, the climate, and people. We therefore ensure that the commodities in GRAMMER products come from sustainable sources – and that suppliers comply with our environmental and social standards along the entire supply chain.

The procurement of commodities has become significantly more complex since the outbreak of the Ukraine conflict. The limited availability of materials is presenting companies all over the world with challenges. This applies to environmental aspects as well; longer transport distances, for example, have to be tolerated. Another risk is that the extraction of commodities is often energy and carbon-intensive and can have a negative impact on people and the environment. The circular economy and the use of innovative materials from renewable resources (see section 3.3, pp. 15-16) are opportunities to mitigate this impact and to conserve resources.

Our strategic approach

Generally, even when selecting its suppliers, GRAMMER ensures that they comply with environmental and social standards and do not use conflict materials. They make this commitment by signing our Code of Conduct (see section 5.1, pp. 23-24). When procuring plastic granulates, suppliers are advised that their specifications should be environmentally sustainable, and that environmental impact should be avoided in production.

We use the global standard International Material Data System (IMDS) for the automotive industry to manage materials data. Carmakers use this system to manage the aspects of the materials used in their vehicles that are relevant to the environment and to reconstruct the entire material flow. It is the responsibility of the data creator to ensure that the requirements are passed on along the supply chain. GRAMMER therefore stipulates in its terms and conditions of purchase and in its Code of Conduct that its suppliers must use the database. In order to emphasize that the entire supply chain must comply with our requirements, the issue of human rights, the possibility of an audit and the transmission of responsibility to sub-suppliers were added to the company's terms and conditions and its Code of Conduct.

GRAMMER pays special attention to conflict minerals, such as zinc, tantalum, tungsten, and gold, which are often mined in regions exposed to high conflict potential. We are consistently optimizing our processes to further exclude the use of conflict materials, the financing of conflicts and the violation of human rights. We determine the origin of metals in consultation with our suppliers as they are not sourced directly from mines or smelters but conflict materials might be contained in intermediate products. To promote transparency along the supply chain, we produce annual reports based on the "Conflict Mineral Reporting Template" and the "Extended Minerals Reporting Template" (supplemented by cobalt and mica) published by the Responsible Minerals Initiative (RMI). The results are made available to our customers on request.

We expect our suppliers to source minerals contained in the components, parts, and products that they produce from conflict-free sources, to introduce guidelines to this effect and to demand compliance from their own suppliers. We also expect our suppliers to collaborate with their own suppliers to trace conflict minerals at least to the smelter and to encourage the use of standard reporting procedures.

To manage the supply chain sustainably and to verify compliance with standards, we use a digital procurement platform that is linked to a risk management and ESG risk management platform (see section 5.1, pp. 23-24).

The supply chain management team is responsible for the procurement of commodities and compliance with environmental and social standards in the supply chain.

Risk management system established

The "riskmethods" risk management software was introduced in 2022, with which we verify our suppliers' compliance with our environmental and social standards and check for the use of conflict minerals.

Outlook

By launching an additional digital ESG risk management platform, GRAMMER intends to request further supplier data moving ahead, and thereby achieve even more transparency regarding commodities and the use of conflict materials in its supply chain – going beyond the statutory requirements. Initiatives are currently underway to coordinate this with all GRAMMER's units and to pass the requirements on to suppliers. The inherent goal is to exclude conflict materials from our products. Moreover, targets will be set for reducing carbon emissions in the supply chain that we would like to achieve together with our suppliers.

5.3   Working conditions and human rights

Fair working conditions and respect for human rights are not just essential for a healthy work environment for GRAMMER's employees all over the world. They also foster trust in our company among customers and the public at large. GRAMMER is aware of its responsibility – and it ensures that human rights are respected within the company and along its supply chain.

One of the biggest risks for international companies is that they do not have absolute control over their downstream and upstream supply chains. Local law is not always in accordance with international human rights standards, which can lead to discrimination. At the same time, there are many opportunities for companies to shape and improve the working conditions within their own operations. For example, these opportunities include implementing a management system for occupational health and safety. The shortage of skilled workers can result in companies creating more attractive working conditions to recruit and retain qualified employees.

Our strategic approach

GRAMMER is committed to the core labor standards defined by the International Labour Organization (ILO) and the UN Universal Declaration of Human Rights (UDHR). To emphasize its commitment to fair working conditions, GRAMMER's Executive Board has made a Human Rights Policy that can be viewed on the website. At all our plants around the world, we are introducing a management system for occupational health and safety according to ISO 45001 and thus guaranteeing fair and safe working conditions within the company (see section 6.4, pp. 29-30). Moreover, we have created the position of a human rights officer who reports directly to the Executive Board.

The Employee Code of Conduct covers such matters as conduct in relation to human rights as well as child and forced labor. The Code of Conduct applies throughout the company group. Further information on the Code of Conduct can be found on GRAMMER's intranet pages in all relevant languages for all employees. Moreover, we are raising employee awareness of human rights issues on an ongoing basis with the "Compliance" e-learning module and in face-to-face training.

GRAMMER wishes to safeguard fair working conditions and human rights along its supply chain as well. The Supplier Code of Conduct and the terms and conditions have been updated in this regard to give even more weight to these issues. By signing them, suppliers undertake to uphold our social standards and to pass them on to their suppliers as well. We verify this with our ESG risk management software. The updated Code of Conduct and the Employee Code of Conduct have been available to employees on GRAMMER's website since January 2023.

A grievance mechanism has been set up as well: From 2023, employees and external stakeholders can report breaches of our standards anonymously using a whistleblowing tool. We investigate any information received thoroughly and systematically, and we take appropriate action where necessary. This is the responsibility of an interdisciplinary team consisting of representatives from Compliance, Legal, HR and the Executive Board (see section 2.1, p. 9).

In order to manage the supply chain regarding sustainability issues and to establish transparency, GRAMMER uses a digital ESG risk management platform that requests data and supporting documentation for all relevant sustainability issues and generates a supplier rating.

E-learning "Compliance" launched

In 2022, we launched the mandatory e-training "Compliance", which also covers human rights issues. Moreover, a multi-departmental team with representatives from CSR, Compliance, Legal and Supply Chain Management made all the necessary preparations to satisfy the requirements of the new German Supply Chain Due Diligence Act from January 2023.

Outlook

The ISO 45001 certification of all GRAMMER plants will be completed in the coming year.

GOAL
– Launch of a whistleblowing tool for internal and external use

FLAGSHIP PROJECT

EMPLOYEE COMMITMENT

PROJECT
Support in daily life

START & DURATION
since 2017

GOAL
More social justice

LOCATION
Brasil

GRAMMER Brasil employees get involved

As a global company, GRAMMER accepts its social responsibility – and supports social initiatives and projects all over the world. This includes encouraging voluntary work by its employees: At the Atibaia site in Brazil, plant manager Mario Borelli and his team have created a volunteer program. Every year since 2017, GRAMMER employees have been organizing campaigns to support various local social groups and to do their part for more social justice. The initiative already donated computers to a public school, collected 1,200 kg of food for a local nursing home, organized a party for seniors and sponsored theater productions, sporting events and mobile libraries for children.

The 2022 GRAMMER CSR Award was presented to the volunteer program in Atibaia for their ongoing engagement and contributions to their local community (see flagship project: 2022 CSR Awards, p. 12).

6.   Employees and community

Above all, GRAMMER owes its success as a company to the performance and dedication of its global team: With great personal involvement GRAMMER's 14,174 employees around the world develop and produce solutions and innovations that make mobility safer, more comfortable, and more sustainable for millions of people. We therefore attach great importance to the wellbeing of GRAMMER's employees – and to them all having the same opportunities to achieve their full potential. Social commitment is also an important part of our sustainability concept. GRAMMER therefore supports social and cultural initiatives all over the world.
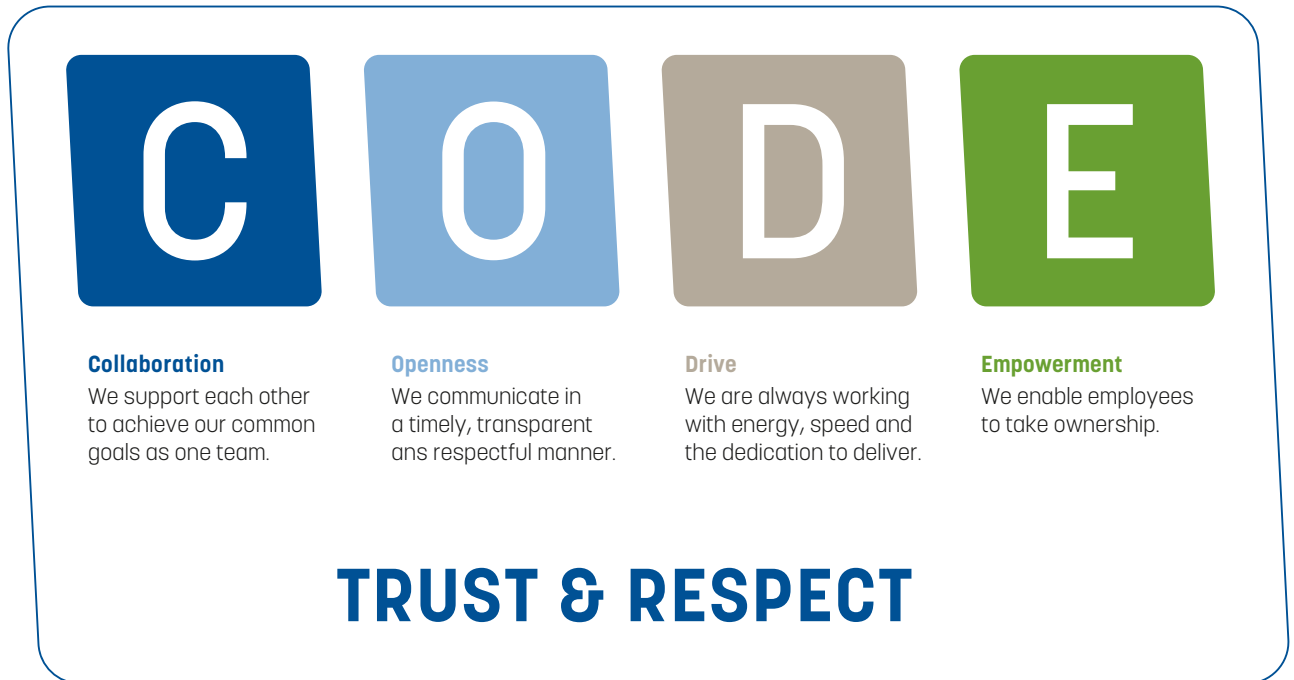
6.1   Employee satisfaction
Employees who enjoy coming to work and who feel comfortable and safe at work are the foundation for creativity, innovation, and business success. That is why we wish to preserve and further enhance the satisfaction and engagement of our employees.

The changes in the world of work are not going unnoticed: The shortage of skilled workers across all industries are making it increasingly important for companies to create an even more attractive work environment so as to remain interesting as an employer. Employees' expectations have changed as well: In addition to fair pay, many also want a better work-life balance and individual development opportunities. The cultural shift within the company is helping to keep the GRAMMER Group attractive on the labor market and to retain employees in the long term.

Our strategic approach
"Group Human Resources" (Group HR) is in charge of employee matters and of maintaining the corporate culture. Together with management, it is also responsible for turning employees into experts or managers and helps them to develop their respective strengths at work. Group HR reports to our CFO and Human Resources Director Jurate Keblyte.

Various offers and benefits promote satisfaction among GRAMMER employees, such as fair pay according to the collective agreement, controlled and flexible working hours, remote

CODE

Collaboration	Openness	Drive	Empowerment
We support each other to achieve our common goals as one team.	We communicate in a timely, transparent ans respectful manner.	We are always working with energy, speed and the dedication to deliver.	We enable employees to take ownership.

TRUST & RESPECT

working, various training and development options and a company pension. The "MyLife@GRAMMER" program provides employees with extra support through all stages of life; the range extends from childcare and caring for family members to health promotion and coaching on psychological stress, family, partnership or parenting issues.

We carry out companywide surveys to assess employee satisfaction. This evaluates aspects that are key to employee motivation and loyalty, and areas for improvement are derived from the feedback. Various global, regional, and local projects have already been launched based on the results. For example, we have optimized processes and held meetings on corporate culture.

Global employee satisfaction workshops
A crucial factor in employee satisfaction is corporate culture. Employees can only feel comfortable at work and achieve their

full potential when the corporate culture is characterized by trust and respect. We have therefore defined our four principles of cooperation and leadership in the "GRAMMER Way of Working" (WoW): Collaboration, Openness, Drive and Empowerment (CODE). Together with the Human Resources strategy, they guide and support GRAMMER's corporate strategy – and are systematically linked to sustainability concepts.

The four CODE principles create the framework for respectful and trusting interactions. Various, sometimes mandatory, training courses, coaching sessions and workshops for management and employees help to ensure that the principles are put into practice throughout the company and that the culture of mutual appreciation continues to grow.

In 2022, we held workshops at all GRAMMER locations and discussed the results of the previous year's surveys with

employees. Working together, action areas and measures were derived to improve satisfaction. At a global level, employees wish to see improvements in the issues of personnel development, "streamlined company processes" and communication.

Pilot training on the WoW corporate culture was carried out at the plants in Hardheim (Germany) and Bielsko-Biala (Poland). We have also expanded the skills development program for management and employees (see section 6.2, p. 28). In addition, a "Way of Leading" program that balances management principles with the corporate culture was developed for managers.

Outlook
In 2023, we want to further enhance our employee satisfaction and will implement the measures derived from the employee survey globally. Moreover, the management program will be rolled out further and the availability of training and coaching will be expanded (see section 6.2, p. 28).

6.2   Employee development
Qualified and motivated employees are a key building block for the GRAMMER Group's success. This is why we encourage the development of our global team's skills – and see ourselves as a learning organization.

Employee development is an investment in the future: In order to be consistently successful as a driving force in innovation, GRAMMER needs a culture of continuous learning. If we offer our employees interesting development opportunities, this also increases their job satisfaction and our appeal as an employer. If such training development opportunities are absent, the capacity for innovation suffers as a result. Sooner or later, there will also be a shortage of the skills needed to survive on the market in the long term.

Our strategic approach
The systematic and tailored advancement of all employees falls within the remit of HR Development and management. This takes into account both the individual capabilities and needs of employees as well as the current and future market requirements.

At the GRAMMER Academy, a digital learning platform, employees can learn more about issues such as project management, intercultural skills or presentation and communication techniques. The learning platform is home to a wide range of e-learning options that employees can take advantage of. A comprehensive range of training is available to our production employees as well so that they can expand their operational capabilities. This training takes place on site at the plants. There are plans to incorporate this into the e-learning platform as soon as the necessary infrastructure is broadly in place.

The average number of training hours per employee in Germany was 16 in 2022.

We wish to fill most key positions from within our own organization. Two advancement programs have therefore been developed specifically for managers and young professionals: The Talent Circle is designed for young professionals with the potential to progress to senior positions and responsibilities, while the Way of Leading program teaches managers the principles of leadership and cooperation. The Global Leadership Circle program will be developed in 2023 with the aim of preparing experienced mid-level managers for more advanced positions. The programs are accompanied by individual coaching and mentoring.

In conjunction with performance appraisals, development interviews are conducted between all employees and their respective managers at least once a year. Together, they analyze development requirements, define goals, and agree corresponding training activities.

New development programs for managers and young professionals
We have selected suitable participants for the newly designed management development programs. Individual development plans have been created for all participants as part of the talent management process. In addition, a training catalog has been produced for all employees and a wide range of e-learning, face-to-face training, coaching, and mentoring programs are available. All employees have conducted development interviews with their managers and individual training measures have been agreed.

Outlook
In the coming year, we want to continue developing programs for managers, young professionals, and specialists. Our range of virtual training and face-to-face training, coaching, and mentoring is to be expanded as well. There are plans to make our GRAMMER Academy e-learning platform available to employees at the plants as well. Following the launch of a new e-recruitment system, employees will be able to transparently view all vacancies on an internal job portal and apply directly via the system.

6.3   Diversity and equal opportunities
The basic values of trust and respect – and therefore diversity and equal opportunities for all employees – are embedded in the GRAMMER corporate culture, which is described by the WoW Code.

An open, tolerant, and appreciative working culture has many advantages: Diverse and inclusive companies are seen as attractive employers. They attract qualified employees who are happy to work there and often remain within the company for many years. Moreover, studies have shown that diverse teams work more successfully. When different perspectives are considered, this frequently leads to better decisions. However, if inclusive cooperation does not work, this can give rise to conflicts, thereby causing performance and innovation to suffer.

Our strategic approach

We do not see diversity as a passing fad – it is the reality we practice and has been for decades: The GRAMMER Group has locations in 19 countries. Its workforce is correspondingly international and diverse. We actively encourage openness and respectful, appreciative interactions: In 2006, GRAMMER became one of the first companies to sign the Diversity Charter – thereby making a commitment to advocating for diversity and appreciation in the workplace. Equal opportunities for all employees are enshrined in the Code of Conduct. We take action against any form of discrimination or harassment at work – whether on the basis of ethnic origin, gender, religion or ideology, disability, age or sexual identity. Employees can report any incidents to the Compliance department using an internal whistleblower system. Intercultural training sessions, language courses and team-building exercises are offered for employees around the world to foster openness and a mutual understanding in mixed teams.

We seek a reasonable gender balance and support and encourage women at the company. The share of women at GRAMMER is currently around 44%. The goal of keeping the global percentage of women at around 45% remains in effect. The Executive Board consists of one woman and one man. We have therefore surpassed the target of 33% for the representation of women on the Executive Board. The share of women in management positions at the first management level below the Executive Board is currently around 18%. Great importance is attached to equality in employee remuneration: We regularly review salary levels to ensure that women and men receive the same pay for the same performance. The internal global network of women, "Ladies@GRAMMER", enhances the professional dialog, the advancement of women and equal opportunities within the company.

A representative body for employees with disabilities has been set up in Germany as well. It ensures that the interests of employees with disabilities are taken into account and promotes their integration into the company.

A cross-departmental and multi-location project group was set up in 2021 to bolster the issues of diversity, equal opportunities, and inclusion throughout the company. CFO Jurate Keblyte and various members of the management team provide the project group with strategic support. The project group regularly organizes global and regional initiatives, such as the annual "Girls' Day".

Diversity competition and themed days

The concept of an internal diversity competition was developed in 2022 with the aim of organizing diversity and inclusion initiatives at all GRAMMER locations and to recognize them with a Diversity Award.

To mark "Diversity Day" and the "World Days for Cultural Diversity for Dialogue and Development", we played the Diversity Charter's online game to further enhance awareness among our employees for the various facets of diversity.

Outlook

The percentage of women in global top management is to be increased to 20% by 2030. In the coming year, we will be intensifying our internal diversity campaigns and expanding our range of training to include diversity training, language courses and intercultural training sessions.

GOAL

– Increasing the percentage of women in global top management to 20% by 2030

6.4 Occupational health and safety

Employee health and safety is paramount for a production company such as GRAMMER. The goal is to avoid work accidents and to actively help our employees to stay fit and effective.

This requires the introduction of a health and safety mentality across all levels of the company's hierarchy: Employees share in the responsibility for safety in the workplace. The security culture within the company can only grow if everyone is involved. The challenge is to establish a uniform health and safety standard for all GRAMMER locations around the world – despite the differences in national legislation.

Our strategic approach

GRAMMER runs a health and safety organization that encompasses all locations to guarantee employee health and safety in the workplace to the best of its ability. This organization consists of experts at global, regional and plant level. Plant management at each GRAMMER site is responsible for occupational safety and is supported by an Environment, Health and Safety manager.

GRAMMER has its health and safety system certified in order to effectively integrate occupational health and safety into day-to-day practice: The ISO 45001 standard will gradually be implemented in all regions around the world.

We are constantly monitoring the development of employee health and safety within the company and regularly organize health and safety campaigns. Accidents are thoroughly analyzed and companywide measures are derived from this to reduce the safety risk moving ahead.

We measure the frequency of accidents in the company using the "Lost Time Incident Frequency Rate" (LTIFR). This measures the number of reportable accidents with at least one day of work lost per million hours worked in the GRAMMER Group worldwide.

The LTIFR provides a visualization of the trend in the number of accidents over time. In the past few years, we have succeeded in steadily reducing the accident frequency rate from 6.17 (2020) to 4.04 (2021) and 3.33 in the current year. The previous year's goal of keeping the LTIFR below 5.62 was thus achieved – which demonstrates that the steps taken are effective and that the culture of health and safety at GRAMMER is constantly improving. The global LTIFR target is reduced each year compared to the figure for the previous year.

At the sites in Germany, there are also health management committees that devise concepts for promoting employee health, such as the health task force in Ursensollen. In addition to advice on occupational medicine, GRAMMER also offers voluntary health services, such as annual flu vaccinations and eye tests.

GRAMMER attaches great importance to the mental wellbeing of its employees as well. We therefore offer professional support for social issues (see section 6.1, pp. 27-28). In all regions, services have been set up to offer employees advice on, for example, particular life situations or matters of work-life balance. We work with renowned external partners to ensure absolute confidentiality regarding sensitive issues.

ISO 45001 certification at facilities
Good progress was made in the ISO 45001 certification of our facilities in 2022: The project's progress stands at around 60%. In addition, a uniform structure was established for the health and safety organization at all locations and the new organization was almost entirely put into practice. Moreover, we developed the concept for a health and safety software with which we digitally and centrally record relevant data, manage our occupational health and safety and track trends within the company. The program has already been launched. On campaign days such as the "World Day for Safety and Health at Work", "World First Aid Day" and "Fire Prevention Day", information and practical drills were organized for all employees – and were received with a great deal of interest.

The COVID pandemic kept us busy this year as well. In addition to implementing all statutory requirements in the individual countries and providing regular testing and vaccination campaigns, GRAMMER took extra measures to reduce the risk of infection within the company. Contact events were reduced and the risk of spreading the disease was avoided by remote working, less business travel, and the restriction of outside visitors.

The measures to improve occupational health and safety were effective: We achieved the goal of an LTIFR of less than 5.62 in all regions and the goal of an absence rate of less than 5%: This was 4.41% in 2022 after 4.04% in the previous year.

Outlook
The ISO 45001 certification of all GRAMMER locations is to be completed by the end of 2023. We also intend to finalize the implementation of the uniform health and safety organization and to launch the new occupational health and safety software. Moreover, various information campaigns and health and safety training events will be organized to further reduce the number of accidents and to promote the health of our employees.

GOAL
– Introduction of ISO 45001 occupational health and safety certification at all GRAMMER locations by the end of 2023

6.5   Social commitment
At GRAMMER, besides protecting the environment and the climate, sustainability also means accepting social responsibility and seeking to find a balance between the interests of employees, shareholders, customers, and society at large. We therefore support a number of social projects, educational institutions and voluntary activities at our sites around the world. In doing so, we always observe the principles of our Code of Conduct and our global sponsorship policies.

Being involved in social projects can have a lot of advantages for companies: The commitment to the public interest has a positive effect on society, the environment, and employees. At the same time, it improves their reputation, which can help them to attract new employees. In order to fully take advantage of these opportunities, it is important to manage social engagement globally so that it fits with the company's strategy. One challenge can be giving employees enough time from their daily duties to coordinate social projects and setting aside firm budgets. Moreover, it is not always easy to choose projects that will demonstrably benefit society, employees and the environment as their impact is often difficult to measure.

Our strategic approach
Our donations and sponsorship activities focus on assisting social facilities and projects. Moreover, GRAMMER supports sports, concentrating on young people in different team sports. In the area of secondary and tertiary education, we take part in various partnerships and development and sponsorship programs. The goal is to prepare young people for the employment market. We do not support political parties or similar lobby groups.

In order to even better combine individual employee engagement at locations with the company's support, a concept has been developed that we will continue moving ahead.

The Strategy, Marketing, Communication and CSR department is responsible for social engagement at GRAMMER. A central budget for social engagement and local budgets at the locations are intended.

Social initiatives worldwide
GRAMMER was involved in social projects around the world in 2022. One major campaign that every location contributed to was fundraising for Ukraine. The amount raised by employees was doubled by the company's management. Various international aid organizations, such as the "Germany's Relief Coalition" ("Aktion Deutschland Hilft"), received an amount of EUR 100,000 in total.

There were various local initiatives at GRAMMER's sites. For example, we sponsored several running events, our employees raised money for coworkers in need and organized a bazaar with homemade gifts; the proceeds were donated to coworkers and families in need. In Atibaia (Brazil), employees turned leftover foam into sleeping mats and donated them to needy children at the local school.

Outlook

In 2023, we intend to continue supporting our employees' volunteer work around the world, elaborate our concept for social engagement and embed the issue even more deeply into the company's structures.

GOALS

– Improving and aiding volunteer work by GRAMMER employees around the world

– Fleshing out our concept for social engagement and embedding the issue in structures at GRAMMER locations around the world

7. Disclosures in accordance with Regulation (EU) 2020/852 (Taxonomy Regulation)

7.1 Background and objectives

The European Union (EU) has made the process of transforming Europe's economy into a greener and more environmentally friendly system a priority for its political action. Channeling cash flows into sustainable investment is seen as the key to success. In the Taxonomy, the EU has created a classification system that classifies economic activities as Taxonomy-aligned if they are mentioned in the regulation and satisfy its requirements. The requirements include proof that the activity makes a positive contribution to at least one of the six environmental objectives. In addition to a positive contribution, it must do no significant harm to any of the other environmental objectives. Moreover, there must be proof of compliance with minimum social standards and governance aspects.

7.2 Reporting by GRAMMER AG for the 2022 financial year

For the 2022 financial year, for the second year in a row, GRAMMER AG must report on the two environmental objectives of "climate change mitigation" and "climate change adaptation". The other environmental objectives will have to be reported on in the coming years. The reporting obligation includes disclosures on the shares of turnover, capital expenditure (CapEx) and operating expenditure (OpEx) that relate to Taxonomy-eligible and non-Taxonomy-eligible economic activities. Disclosures on the shares of Taxonomy-aligned economic activities now also have to be reported for the first time. The disclosures take into account all the companies consolidated in the consolidated financial statements.

7.3 Taxonomy-eligible economic activities

GRAMMER AG operates in two business segments: GRAMMER develops and produces high-quality interior and operating systems and innovative thermoplastic components for the global automotive industry.

GRAMMER is a full-service provider of driver and passenger seats for trucks, buses, trains, and off-road vehicles.

Sustainability is embedded into the corporate strategy of the GRAMMER Group and is divided into five action areas: In addition to the development of sustainable products, these include cutting direct and indirect emissions, the efficient use of energy, commodities, and materials, increasing the recycling rate and optimizing the carbon footprint in its supply chain and its own products.

In the companywide strategic "Green Company" initiative that was launched in 2020 and renamed "Sustainable Company" in the course of 2022, GRAMMER is seeking to advance sustainability solutions throughout the company as a whole. Furthermore, GRAMMER is striving for the common goal of reducing CO_2 emissions by 50% by 2030 and by 100% by 2040, thereby playing its part in achieving the 1.5 degree goal of the Paris Agreement.

All relevant business areas were taken into account in the review of the Taxonomy eligibility of GRAMMER's economic activities. A central result was that GRAMMER's primary economic activity is the "manufacture of other parts and accessories for motor vehicles" (NACE code C29.32). This economic activity is not covered by the Delegated Regulation on the two climate relevant environmental objectives of the EU Taxonomy Regulation, hence it is not Taxonomy-eligible. As GRAMMER's products are also not core technologies for economic activity 3.6 – manufacture of low carbon technologies for transport – this likewise does not apply to GRAMMER.

Even though GRAMMER's economic activities as a whole are not currently Taxonomy-eligible, GRAMMER attaches great importance to designing its value chain and its products so as to hold up to present and future requirements of climate change mitigation and climate change adaptation.

Taxonomy-eligible CapEx and OpEx can nonetheless be reported. The assessment of the materiality of its economic activities is mainly based on the number of possible locations where CapEx and OpEx are incurred for these activities and their extent/scope.

The Taxonomy-eligible CapEx and OpEx relate to the following economic activities for the two climate relevant environmental objectives:

7.3 Installation, maintenance and repair of energy efficiency equipment
7.6 Installation, maintenance and repair of renewable energy technologies
7.7 Acquisition and ownership of buildings

7.4   Alignment assessment

GRAMMER has produced a procedural description for assessing alignment with the requirements of the Taxonomy Regulation and rolled it out in three regions. These have been addressed by the relevant locations in their region. The assessment of whether the economic activity makes a substantial positive contribution and whether it does no significant harm to the other environmental objectives was performed by plant/site managers with the support of the local Accounting and Plant Controlling. The individual results reported were consolidated and verified, first by regional Accounting and then by Accounting at the GRAMMER Group.

By contrast, the review of compliance with minimum safeguards in accordance with Article 18 of the Taxonomy Regulation in the areas of human rights, anti-corruption, bribery, and fair competition was performed centrally for GRAMMER AG by Group Accounting with the support of the CSR, Legal, Compliance, Risk Management and Supply Chain Management departments.

The combined results for the reviews performed can be found in the tables in section 7.6.

7.5   Taxonomy-eligible and Taxonomy-aligned turnover

As outlined, GRAMMER is pursuing ambitious sustainability goals with its activities. However, GRAMMER's primary economic activities are not currently covered by the Taxonomy. Consequently, its Taxonomy-eligible economic activities account for 0% of total turnover (see table on p. 33).

7.6   Taxonomy-eligible and Taxonomy-aligned CapEx and OpEx

Capital expenditure (CapEx) according to the EU Taxonomy relates to additions to tangible and intangible assets during the financial year in relation to the economic activities. Operating expenditure (OpEx) includes direct non-capitalized costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair. Furthermore, OpEx comprises any other direct expenditures relating to the day-to-day servicing of assets of property, plant, and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

The share of Taxonomy-eligible CapEx and the share of Taxonomy-eligible OpEx were calculated in accordance with sections 1.1.2.2 and 1.1.3.2 of Annex 1 to the Commission Delegated Regulation supplementing the Disclosure Obligation (2021/2178).

The share of Taxonomy-eligible CapEx was calculated as 1.16% (see table on p. 35).

The share of Taxonomy-eligible OpEx was calculated as 0.19% (see table on p. 37).

Template: Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2022 (1/2)

Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)
		EUR	%	%	%	%	%	%	%
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
Installation, maintenance and repair of energy efficiency equipment	7.3	0	0	0	0				
Installation, maintenance and repair of renewable energy technologies	7.6	0	0	0	0				
Acquisition and ownership of buildings	7.7	0	0	0	0				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0**	**0**	**0**				
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Installation, maintenance and repair of energy efficiency equipment	7.3	0	0						
Installation, maintenance and repair of renewable energy technologies	7.6	0	0						
Acquisition and ownership of buildings	7.7	0	0						
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0**	**0**						
Total (A.1 + A.2)		**0**	**0**						
B. Taxonomy-non-eligible activities									
Turnover of Taxonomy-non-eligible activities (B)		2,158,791,000	100						
Total (A+B)		**2,158,791,000**	**100**						

Template: Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2022 (2/2)

Economic activities (1)	DNSH criteria ("Does Not Significantly Harm")							Taxonomy-aligned proportion of turnover, year 2022 (18)	Taxonomy-aligned proportion of turnover, year 2021 (19)	Category „enabling activity" (20)	Category „transitional activity" (21)
	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)				
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. Taxonomy-eligible activities											
A.1 Environmentally sustainable activities (Taxonomy-aligned)											
Installation, maintenance and repair of energy efficiency equipment	N	N	n/a	n/a	N	n/a	Y	0	0	0	0
Installation, maintenance and repair of renewable energy technologies	N	N	n/a	n/a	n/a	n/a	Y	0	0	0	0
Acquisition and ownership of buildings	N	N	n/a	n/a	n/a	n/a	Y	0	0	0	0
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)								**0**	**0**	**0**	**0**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)											
Installation, maintenance and repair of energy efficiency equipment											
Installation, maintenance and repair of renewable energy technologies											
Acquisition and ownership of buildings											
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)								**0**	**0**	**0**	**0**
Total (A.1 + A.2)								**0**	**0**	**0**	**0**

Template: Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2022 (1/2)

Economic activities (1)	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)
		EUR	%	%	%	%	%	%	%
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
Installation, maintenance and repair of energy efficiency equipment	7.3	0	0	0	0				
Installation, maintenance and repair of renewable energy technologies	7.6	0	0	0	0				
Acquisition and ownership of buildings	7.7	0	0	0	0				
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0**	**0**	**0**				
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Installation, maintenance and repair of energy efficiency equipment	7.3	77,538	0.09						
Installation, maintenance and repair of renewable energy technologies	7.6	9,382	0.01						
Acquisition and ownership of buildings	7.7	970,448	1.07						
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1,057,368	1.16						
Total (A.1 + A.2)		**1,057,368**	**1.16**						
B. Taxonomy-non-eligible activities									
CapEx of Taxonomy-non-eligible activities (B)		89,984,632	98.84						
Total (A+B)		**91,042,000**	**100**						

Economic activities (1)	DNSH criteria ("Does Not Significantly Harm")							Taxonomy-aligned proportion of CapEx, year 2022 (18)	Taxonomy-aligned proportion of CapEx, year 2021 (19)	Category „enabling activity" (20)	Category „transitional activity" (21)
	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)				
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. Taxonomy-eligible activities											
A.1 Environmentally sustainable activities (Taxonomy-aligned)											
Installation, maintenance and repair of energy efficiency equipment	N	N	n/a	n/a	N	n/a	Y	0	0	0	0
Installation, maintenance and repair of renewable energy technologies	N	N	n/a	n/a	n/a	n/a	Y	0	0	0	0
Acquisition and ownership of buildings	N	N	n/a	n/a	n/a	n/a	Y	0	0	0	0
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)								**0**	**0**	**0**	**0**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)											
Installation, maintenance and repair of energy efficiency equipment											
Installation, maintenance and repair of renewable energy technologies											
Acquisition and ownership of buildings											
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)								**0**	**0**	**0**	**0**
Total (A.1 + A.2)								**0**	**0**	**0**	**0**

Template: Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2022 (1/2)

Economic activities (1)	Code(s) (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)
		EUR	%	%	%	%	%	%	%
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
Installation, maintenance and repair of energy efficiency equipment	7.3	0	0	0	0				
Installation, maintenance and repair of renewable energy technologies	7.6	0	0	0	0				
Acquisition and ownership of buildings	7.7	0	0	0	0				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0**	**0**	**0**				
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Installation, maintenance and repair of energy efficiency equipment	7.3	333,690	0.19						
Installation, maintenance and repair of renewable energy technologies	7.6	0	0.00						
Acquisition and ownership of buildings	7.7	0	0.00						
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		333,690	0.19						
Total (A.1 + A.2)		**333,690**	**0.19**						
B. Taxonomy-non-eligible activities									
OpEx of Taxonomy-non-eligible activities (B)		171,340,310	99.81						
Total (A+B)		**171,674,000**	**100**						

Template: Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2022 (2/2)

Economic activities (1)	DNSH criteria ("Does Not Significantly Harm")							Taxonomy-aligned proportion of OpEx, year 2022 (18)	Taxonomy-aligned proportion of OpEx, year 2021 (19)	Category "enabling activity" (20)	Category "transitional activity" (21)
	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)				
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. Taxonomy-eligible activities											
A.1 Environmentally sustainable activities (Taxonomy-aligned)											
Installation, maintenance and repair of energy efficiency equipment	N	N	n/a	n/a	N	n/a	Y	0	0	0	0
Installation, maintenance and repair of renewable energy technologies	N	N	n/a	n/a	n/a	n/a	Y	0	0	0	0
Acquisition and ownership of buildings	N	N	n/a	n/a	n/a	n/a	Y	0	0	0	0
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)								**0**	**0**	**0**	**0**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)											
Installation, maintenance and repair of energy efficiency equipment											
Installation, maintenance and repair of renewable energy technologies											
Acquisition and ownership of buildings											
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)								**0**	**0**	**0**	**0**
Total (A.1 + A.2)								**0**	**0**	**0**	**0**

8. About this report

Basis of reporting

This combined separate non-financial report (NFR) has been prepared in accordance with the requirements of sections 315 b and 315 c in conjunction with sections 289 c to 289 e HGB for the 2022 financial year (January 1, 2022 to December 31, 2022). It contains the disclosures required by law on material matters pertaining to the environment, employees, social concerns, observance of human rights and anti-corruption and anti-bribery precautions. In addition, it discloses material risks in accordance with section 289 c (3) no. 3 and 4 HGB where these are necessary for an understanding of the Group's business performance, results of operations and position as well as the impact on non-financial aspects. This report is the combined separate declaration for the GRAMMER Group and GRAMMER AG for 2022 in accordance with sections 289 b and 315 b HGB, which is made available to the general public on the company's website under Company > Sustainability > Separate non-financial report.

The content deadline for the 2022 NFR was March 13, 2023. This NFR is available in both German and English. The German version takes precedence in the event of any discrepancies.

Unless stated otherwise, the contents refer to the entire GRAMMER Group including GRAMMER AG. In this report, the term GRAMMER Group also includes GRAMMER AG. In addition to its financial key performance indicators, the GRAMMER Group has also defined strategic and environmental, social and governance (ESG) targets, such as compliance, environmental protection, economic stability and growth, as ongoing performance indicators. A more detailed explanation of the key non-financial performance indicators for GRAMMER AG can be found in the remuneration report. Detailed information on provisions can be found in the notes to the consolidated financial statements. Otherwise, there is no direct link between the amounts reported in the annual financial statements of the GRAMMER Group in accordance with section 289 c (3) no. 6 HGB and the non-financial aspects. In some cases, reference is made to the content of the Group management report in accordance with section 315 b (1) sentence 3 HGB.

The combined non-financial report has been prepared in reference to the "Global Reporting Initiative" (GRI) standards.

Forward-looking statements

This non-financial report contains certain forward-looking statements concerning the future development of GRAMMER AG and its companies as well as economic and political developments. These statements are assessments made on the basis of all the information available to us at the time of reporting. If the underlying assumptions are inaccurate or other risks occur, actual results and the development and performance of GRAMMER AG can differ from the assessments shown. Even if GRAMMER AG's actual results, including its financial position and profitability as well as the economic and regulatory framework, are consistent with the forward-looking statements in this NFR, this does not guarantee that this will continue to be the case in the future. GRAMMER AG therefore accepts no liability for the forward-looking statements presented here.

Review

This NFR has been reviewed by the Supervisory Board, which has satisfied itself of its legality, propriety, and suitability for its intended purpose.

Rounding differences

The use of rounded amounts and percentages can give rise to minor differences on account of commercial rounding.

9.   Annex: GRI Index

Statement of use
GRAMMER AG has reported the information cited in this GRI content index for the period 01.01.2022 to 31.12.2022 with reference to the GRI Standards.

GRI 1 used
GRI 1: Foundation 2021

GRI Standard	Disclosure	Location	Comments
GRI 2: **General Disclosures 2021**	2-1 Organizational details	• Annual Report 2022 (AR 2022) (p. 9); Company profile	
	2-2 Entities included in the organization's sustainability reporting	• Combined separate non-financial report 2022 (NFR 2022) (pp. 3-4); Organizational structure of sustainability	
	2-3 Reporting period, frequency and contact point	• NFR 2022 (p. 39); About this report	
	2-4 Restatements of information		No corrections or restatements were made during this reporting period.
	2-5 External assurance	• NFR 2022 (p. 39); About this report	
	2-6 Activities, value chain and other business relationships	• NFR 2022 (pp. 3-6); Sustainability at GRAMMER • NFR 2022 (pp. 13-16); Products • NFR 2022 (pp. 23-25); Supply chain	
	2-7 Employees	• AR 2022 (pp. 16-22); People at GRAMMER	
	2-8 Workers who are not employees		All workers of GRAMMER AG are employees.
	2-9 Governance structure and composition	• NFR 2022 (pp. 3-4); Organizational structure of sustainability • AR 2022 (pp. 14-24); Basis of the Group • AR 2022 (pp. 91-102); Corporate Governance	
	2-10 Nomination and selection of the highest governance body	• AR 2022 (pp. 91-102); Corporate Governance • AR 2022 (pp. 103-109); Report of the Supervisory Board	
	2-11 Chair of the highest governance body	• AR 2022 (pp. 91-102); Corporate Governance • AR 2022 (pp. 103-109); Report of the Supervisory Board	
	2-12 Role of the highest governance body in overseeing the management of impacts	• AR 2022 (pp. 103-109); Report of the Supervisory Board	
	2-13 Delegation of responsibility for managing impacts	• AR 2022 (pp. 103-109); Report of the Supervisory Board	

GRI Standard	Disclosure	Location	Comments
GRI 2: **General Disclosures 2021**	2-14 Role of the highest governance body in sustainability reporting		The supervisory board of GRAMMER AG - as the highest controlling body - reviews the non-financial report and thus also the sustainability reporting.
	2-15 Conflicts of interest	• AR 2022 (pp. 103-109); Report of the Supervisory Board	
	2-16 Communication of critical concerns		The non-financial report is submitted to the supervisory board for audit.
	2-17 Collective knowledge of the highest governance body	• AR 2022 (pp. 103-109); Report of the Supervisory Board	
	2-18 Evaluation of the performance of the highest governance body	• AR 2022 (pp. 103-109); Report of the Supervisory Board	
	2-19 Remuneration policies	• AR 2022 (pp. 110-121); Remuneration Report	
	2-20 Process to determine remuneration	• AR 2022 (pp. 110-121); Remuneration Report	
	2-21 Annual total compensation ratio	• AR 2022 (pp. 110-121); Remuneration Report	
	2-22 Statement on sustainable development strategy	• AR 2022 (pp. 6-8); Letter from the Executive Board	
	2-23 Policy commitments	• NFR 2022 (p. 25); Working conditions and human rights • Code of Conduct of the GRAMMER AG • Declaration of Principles on Respect for Human Rights of the GRAMMER AG	
	2-26 Mechanisms for seeking advice and raising concerns	• NFR 2022 (p. 9); Compliance and combating corruption and bribery • NFR 2022 (p. 25); Working conditions and human rights	
	2-27 Compliance with laws and regulations		There were no significant violations of laws and regulations during the reporting period.
	2-29 Approach to stakeholder engagement	• NFR 2022 (p. 6); Inclusion of all stakeholders	
GRI 3: Material Topics 2021	3-1 Process to determine material topics	• NFR 2022 (p. 4); Materiality analysis	
	3-2 List of material topics	• NFR 2022 (p. 4); Materiality analysis	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	• AR 2022 (pp. 123-130); Consolidated Financial Statement	

GRI Standard	Disclosure	Location	Comments
GRI 205: Anti-corruption 2016	3-3 Management of material topics	• NFR 2022 (p. 9); Compliance and combating corruption and bribery	
	205-3 Confirmed incidents of corruption and actions taken	• NFR 2022 (p. 9); Compliance and combating corruption and bribery	
GRI 206: Anti-competitive Behavior 2016	3-3 Management of material topics	• NFR 2022 (p. 9); Compliance and combating corruption and bribery	
GRI 301: Materials 2016	3-3 Management of material topics	• NFR 2022 (pp. 15-16); Sustainable materials	
GRI 302: Energy 2016	3-3 Management of material topics	• NFR 2022 (p. 18); Energy	
	302-4 Reduction of energy consumption	• NFR 2022 (p. 18); Energy • NFR 2022 (p. 19); CO_2 emissions	
GRI 303: Water and Effluents 2018	3-3 Management of material topics	• NFR 2022 (pp. 20-21); Water	
	303-5 Water consumption	• NFR 2022 (pp. 20-21); Water	
GRI 304: Biodiversity 2016	3-3 Management of material topics	• NFR 2022 (p. 21); Biodiversity	
GRI 305: Emissions 2016	3-3 Management of material topics	• NFR 2022 (p. 19); CO_2 emissions	
	305-1 Direct (Scope 1) GHG emissions	• NFR 2022 (p. 19); CO_2 emissions	
	305-2 Energy indirect (Scope 2) GHG emissions	• NFR 2022 (p. 19); CO_2 emissions	
GRI 306: Waste 2020	3-3 Management of material topics	• NFR 2022 (p. 20); Waste	
	306-2 Management of significant waste-related impacts	• NFR 2022 (p. 20); Waste	
GRI 308: Supplier Environmental Assessment 2016	3-3 Management of material topics	• NFR 2022 (pp. 23-24); Supplier management for environmental and social standards	
GRI 401: Employment 2016	3-3 Management of material topics	• NFR 2022 (pp. 27-31); Employees and community	
GRI 403: Occupational Health and Safety 2018	3-3 Management of material topics	• NFR 2022 (p. 25); Working conditions and human rights • NFR 2022 (pp. 29-30); Occupational health and safety	
	403-1 Occupational health and safety management system	• NFR 2022 (pp. 29-30); Occupational health and safety	

GRI Standard	Disclosure	Location	Comments
GRI 403: Occupational Health and Safety 2018	403-4 Worker participation, consultation, and communication on occupational health and safety	• NFR 2022 (pp. 29-30); Occupational health and safety	
	403-6 Promotion of worker health	• NFR 2022 (pp. 29-30); Occupational health and safety	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	• NFR 2022 (pp. 29-30); Occupational health and safety	
	403-9 Work-related injuries	• NFR 2022 (pp. 29-30); Occupational health and safety	
GRI 404: Training and Education 2016	3-3 Management of material topics	• NFR 2022 (pp. 27-31); Employees and community	
	404-1 Average hours of training per year per employee	• NFR 2022 (p. 28); Employee development	
	404-2 Programs for upgrading employee skills and transition assistance programs	• NFR 2022 (p. 28); Employee development	
GRI 405: Diversity and Equal Opportunity 2016	3-3 Management of material topics	• NFR 2022 (pp. 28-29); Diversity and equal opportunities	
	405-1 Diversity of governance bodies and employees	• NFR 2022 (pp. 28-29); Diversity and equal opportunitie • AR 2022 (pp. 213-214); Report on equality and pay equity	
GRI 414: Supplier Social Assessment 2016	3-3 Management of material topics	• NFR 2022 (pp. 23-24); Supplier management for environmental and social standards	
GRI 415: Public Policy 2016	415-1 Political contributions		Political parties or similar interest groups are not supported. This indicator is therefore not collected.
GRI 416: Customer Health and Safety 2016	3-3 Management of material topics	• NFR 2022 (pp. 13-14); Customer health and safety	
GRI 418: Customer Privacy 2016	3-3 Management of material topics	• NFR 2022 (p. 10); Data protection	