



**Invitation to the Annual
General Meeting for 2021**
of GRAMMER AG

Wednesday, June 23, 2021, 10:00 a.m. (CEST)

Dashboard 2020

Revenue
1,710.7 EUR million

EBIT margin
-2.7%

Operating EBIT margin
-0.7%

Net profit
-64.7 EUR million

Free Cashflow
-36.3 EUR million

G-ROCE
-1.3%

Operating EBIT
Commercial Vehicles

36.0

EUR million

Operating EBIT
Automotive

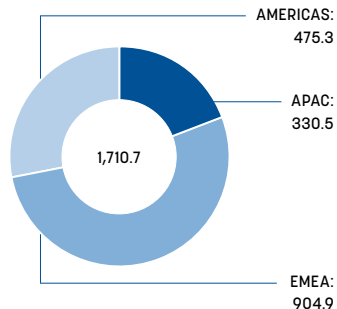
-42.5

EUR million

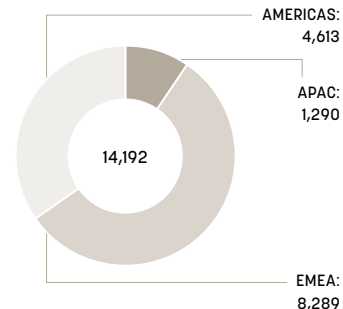
Company profile

GRAMMER AG is a globally active stock-listed manufacturer of seating systems and automotive interiors. The Commercial Vehicles Division develops and manufactures technologically sophisticated seating systems for commercial and offroad vehicles as well as for trains and buses. GRAMMER's Automotive Division engineers and produces high-quality headrests, center consoles, armrests and interior components as well as innovative thermoplastic components for carmakers and their OEMs. GRAMMER serves its customers worldwide with a workforce of around 14,000 employees in 20 countries.

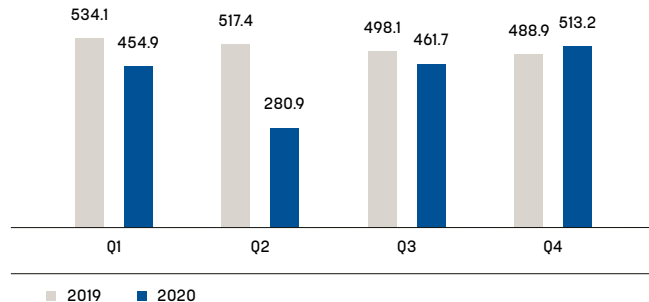
Revenue by region



Employees by region
Annual average



Revenue by quarter
EUR million



Capital expenditure

83.8
EUR million

Equity ratio

22.0
%

EBIT

-46.1
EUR million

Overview with the disclosures pursuant to Section 125 of the German Stock Corporation Act (AktG) in conjunction with Table 3 of the Implementing Regulation (EU) 2018/1212

A. Content of the disclosure

A1	Unique identifier of the event	Virtual Annual General Meeting of GRAMMER AG on June 23, 2021 in the format according to Implementing Regulation (EU) 2018/1212: e905e8b375aeeb11811f005056888925
A2	Type of disclosure	Invitation to the Annual General Meeting in the format according to Implementing Regulation (EU) 2018/1212: NEWM

B. Issuer information

B1	ISIN	DE0005895403
B2	Issuer name	GRAMMER Aktiengesellschaft

C. Details of the Annual General Meeting

C1	Date of the Annual General Meeting	June 23, 2021 in the format according to Implementing Regulation (EU) 2018/1212: 20210623
C2	Time of the Annual General Meeting	10:00 hours (CEST) in the format according to Implementing Regulation (EU) 2018/1212: 8:00 hours (UTC)
C3	Type of the Annual General Meeting	Virtual Annual General Meeting without the physical presence of shareholders or their proxies in the format according to Implementing Regulation (EU) 2018/1212: GMET
C4	Venue of the Annual General Meeting	At the Company's registered office: Grammer-Allee 2, 92289 Ursensollen, Germany
C5	Technical record date	June 1, 2021 in the format according to Implementing Regulation (EU) 2018/1212: 20210601
C6	Uniform resource locator (URL)	https://www.grammer.com/en/investor-relations/annual-general-meeting/2021.html

Further information on the invitation to the Annual General Meeting

(Blocks D to F of Table 3 of the Annex to Implementing Regulation (EU) 2018/1212):

Further information on participation in the Annual General Meeting (Block D), the agenda (Block E) and details of the deadlines for exercising other shareholder rights (Block F) can be found on the following website:

<https://www.grammer.com/en/investor-relations/annual-general-meeting/2021.html>



Overview of the agenda

Item 1 / page 7

Presentation of the approved GRAMMER AG annual financial statements and the approved consolidated financial statements, the management report of GRAMMER AG and the GRAMMER Group, the explanatory report of the Executive Board with respect to the disclosures in accordance with sections 289a and 315a of the German Commercial Code (Handelsgesetzbuch – HGB) and the report of the Supervisory Board for financial year 2020

Item 2 / page 7

Resolution to ratify the actions of the members of the Executive Board in financial year 2020

Item 3 / page 7

Resolution to ratify the actions of the members of the Supervisory Board in financial year 2020

Item 4 / page 7

Resolution to elect the auditor and the Group auditor for financial year 2021 as well as the auditor for a possible review of the condensed financial statements and the interim management report for the first half of financial year 2021 as well as other financial information arising in the course of the year

Item 5 / page 8

Resolution to cancel Authorized Capital 2020 and create new authorized capital – with the option for excluding the shareholders' pre-emptive subscription rights – and corresponding amendments to the Articles of Association

Item 6 / page 13

Resolution to approve the remuneration system for the members of the Executive Board

Item 7 / page 13

Resolution to approve the remuneration of the members of the Supervisory Board and on the corresponding amendment to the Articles of Association

Item 8 / page 15

Resolution to amend Articles 16, 17 of the Articles of Association

Invitation to the Annual General Meeting

We hereby invite the shareholders of our Company to the

Annual General Meeting

taking place at

10.00 a.m. (CEST) on Wednesday, June 23, 2021.

GRAMMER Aktiengesellschaft Ursensollen

WKN: 589540

ISIN: DE0005895403

The Company's Annual General Meeting will be held as a **virtual Annual General Meeting without the physical presence of shareholders or their voting proxies** (with the exception of the voting representatives nominated by the Company).

The virtual Annual General Meeting will be live-streamed (audio and video) via the Internet to all duly registered shareholders or their voting proxies. Shareholders will only be able to exercise their voting rights by means of postal voting (in writing or electronically) or by issuing voting instructions to the voting representatives nominated by the Company. The venue of the Annual General Meeting as defined in the German Stock Corporation Act (Aktiengesetz – AktG) is the Company's registered office at Grammer-Allee 2, 92289 Ursensollen, Germany.



Agenda

1. Presentation of the approved GRAMMER AG annual financial statements and the approved consolidated financial statements, the management report of GRAMMER AG and the GRAMMER Group, the explanatory report of the Executive Board with respect to the disclosures in accordance with sections 289a and 315a of the German Commercial Code (Handelsgesetzbuch – HGB) and the report of the Supervisory Board for financial year 2020

The Supervisory Board approved the annual financial statements and the consolidated financial statements prepared by the Executive Board in accordance with section 172 AktG; the annual financial statements are thus adopted. The Annual General Meeting is therefore not required to pass a resolution on this Item 1 of the agenda.

The annual financial statements of GRAMMER AG as of December 31, 2020, which were prepared in accordance with the provisions of the German Commercial Code, show an accumulated deficit. Therefore, the agenda for this year's Annual General Meeting does not contain any item requiring a resolution to be passed at the Annual General Meeting on the appropriation of net retained profit.

2. Resolution to ratify the actions of the members of the Executive Board in financial year 2020

The Executive Board and Supervisory Board propose that the actions of the members of the Executive Board in financial year 2020 be ratified.

It is intended to enable the Annual General Meeting to vote on the discharge of the members of the Executive Board individually for each member of said Board.

3. Resolution to ratify the actions of the members of the Supervisory Board in financial year 2020

The Executive Board and Supervisory Board propose that the actions of the members of the Supervisory Board in financial year 2020 be ratified.

It is intended to enable the Annual General Meeting to vote on the discharge of the members of the Supervisory Board individually for each member of said Board.

4. Resolution to elect the auditor and the Group auditor for financial year 2021 as well as the auditor for a possible review of the condensed financial statements and the interim management report for the first half of financial year 2021 as well as other financial information arising in the course of the year

Based on the recommendation of the Audit Committee, the Supervisory Board proposes the appointment of

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft
Stuttgart

as the auditor and the Group auditor for financial year 2021 as well as the auditor for a possible review of the condensed financial statements and the interim management report for the first half of financial year 2021 and for a possible review of additional financial information occurring in the course of the year as defined in section 115 (7) of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) provided that such a review is performed prior to the next Annual General Meeting.

The Audit Committee has declared that it has made its recommendation free of any undue third-party influence and that, in particular, no clause restricting its choice as defined in Art. 16 (6) of the EU regulation on specific requirements regarding the statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC Text (Regulation (EU) No. 537/2014 of the European Parliament and the Commission of April 16, 2014) has been imposed on it.

5. Resolution to cancel Authorized Capital 2020 and the creation of new authorized capital – with the option for excluding the shareholders' pre-emptive subscription rights – and corresponding amendments to the Articles of Association

The Authorized Capital 2020 approved by the Annual General Meeting on July 8, 2020 in accordance with Article 5 (3) of the Company's Articles of Association was partially utilized in the cash equity issue with shareholders' subscription rights completed in November 2020 and currently amounts to EUR 9,402,263.04.

In order to give the Company the necessary financial flexibility in the future, new Authorized Capital 2021 is to be created with a term expiring on June 22, 2026 with the possibility for excluding the shareholders' pre-emptive subscription rights (Authorized Capital 2021). The existing Authorized Capital 2020 is to be cancelled when the new Authorized Capital 2021 takes effect and the Articles of Association are to be amended accordingly.

The Executive Board and the Supervisory Board therefore propose the following resolution:

(a) The authorization of the Executive Board provided for in Article 5 (3) of the Articles of Association to increase the Company's share capital with the approval of the Supervisory Board once or repeatedly by a total of up to EUR 9,402,263.04 on a cash or non-cash basis (Authorized Capital 2020) on or before July 7, 2025 will be revoked in accordance with the stipulations in (d) below with effect from the date of entry in the Commercial Register specified therein.

(b) The Executive Board is authorized to increase the Company's share capital once or repeatedly by a total of up to EUR 19,504,537.60 by issuing bearer shares on a cash or non-cash basis on or before June 22, 2026 subject to the Supervisory Board's approval (Authorized Capital 2021). In this connection, the shareholders are fundamentally granted pre-emptive subscription rights. The statutory pre-emptive subscription rights may also be granted in such a way that the shares are underwritten by one or more banks or institutions with an equivalent standing as defined in section 186 (5) sentence 1 AktG subject to an obligation to offer them for subscription to shareholders. However, the Executive Board is authorized to exclude the shareholders' pre-emptive subscription rights subject to the approval of the Supervisory Board in the following cases:

- as far as this is necessary to avoid fractional amounts;
- to issue the shares on a non-cash basis for the purpose of acquiring companies, parts of companies or for settling any amounts owed by the Company or its Group companies;

- as far as this is necessary to grant bearers or creditors of bonds to which option or conversion rights or obligations are attached which are issued by the Company or any subordinate Group companies a right to subscribe to new shares in a quantity to which they are entitled after the exercise of the option or conversion rights or after the settlement of the option or conversion obligations;
- in the event of cash capital issues provided that the issue amount of the new shares is not materially less than the market price of the equivalent listed shares in the Company on the date on which the issue amount is determined. The shares issued subject to the exclusion of the shareholders' pre-emptive subscription rights in accordance with section 203 (1) section 186 (3) sentence 4 AktG on the basis of this authorization may not exceed a total of 10% of the Company's share capital as of the date on which it takes effect or – if this figure is lower – upon the date on which this authorization is exercised. The maximum threshold of 10% of the Company's share capital will be reduced by the proportionate amount of the share capital constituted by that part of the Company's treasury stock which is sold during the term of Authorized Capital 2021 subject to the shareholders' pre-emptive subscription rights in accordance with section 71 (1) number 8, sentence 5 and section 186 (3) sentence 4 AktG. Moreover, the maximum threshold will be reduced by the proportionate amount of the share capital accounted for by the shares which must be issued to settle option or convertible bonds with an option or conversion right or an option or conversion obligation provided that the bonds are issued during the term of Authorized Capital 2021 subject to the shareholders' pre-emptive subscription rights in accordance with section 186 (3) sentence 4 AktG with the necessary modifications.

The Executive Board is authorized to determine the further details of the capital increase and its execution subject to the Supervisory Board's approval. The Supervisory Board is authorized to revise the Articles of Association to reflect the exercise of Authorized Capital 2021.

(c) Article 5 (3) of the Articles of Association is revised as follows:

“(3) The Executive Board is authorized to increase the Company's share capital once or repeatedly by a total of up to EUR 19,504,537.60 by issuing bearer shares on a cash or non-cash basis on or before June 22, 2026 subject to the Supervisory Board's approval (Authorized Capital 2021). In this connection, the shareholders are fundamentally granted pre-emptive subscription rights. The statutory pre-emptive subscription rights may also be granted in such a way that the shares are underwritten by one or more banks or institutions with an equivalent standing as defined in section 186 (5) sentence 1 AktG subject to an obligation to offer them for subscription to shareholders. However, the Executive Board is authorized to exclude the shareholders' pre-emptive subscription rights subject to the approval of the Supervisory Board in the following cases:

- as far as this is necessary to avoid fractional amounts;
- to issue the shares on a non-cash basis for the purpose of acquiring companies, parts of companies or for settling any amounts owed by the Company or its Group companies;
- as far as this is necessary to grant bearers or creditors of bonds to which option or conversion rights or obligations are attached which are issued by the Company or any subordinate Group companies

a right to subscribe to new shares in a quantity to which they are entitled after the exercise of the option or conversion rights or after the settlement of the option or conversion obligations;

- in the event of cash capital issues provided that the issue amount of the new shares is not materially less than the market price of the equivalent listed shares in the Company on the date on which the issue amount is determined. The shares issued subject to the exclusion of the shareholders' pre-emptive subscription rights in accordance with section 203 (1) section 186 (3) sentence 4 AktG on the basis of this authorization may not exceed a total of 10% of the Company's share capital as of the date on which it takes effect or – if this figure is lower – upon the date on which this authorization is exercised. The maximum threshold of 10% of the Company's share capital will be reduced by the proportionate amount of the share capital constituted by that part of the Company's treasury stock which is sold during the term of Authorized Capital 2021 subject to the shareholders' pre-emptive subscription rights in accordance with section 71 (1) number 8, sentence 5 and section 186 (3) sentence 4 AktG. Moreover, the maximum threshold will be reduced by the proportionate amount of the share capital accounted for by the shares which must be issued to settle option or convertible bonds with an option or conversion right or an option or conversion obligation provided that the bonds are issued during the term of Authorized Capital 2021 subject to the shareholders' pre-emptive subscription rights in accordance with section 186 (3) sentence 4 AktG with the necessary modifications.

The Executive Board is authorized to determine the further details of the capital issue and its execution subject to the Supervisory Board's approval. The Supervisory Board is authorized to revise the Articles of Association to reflect the exercise of Authorized Capital 2021."

(d) The Executive Board is instructed to apply for entry of the cancellation of Authorized Capital 2020 in the Commercial Register only together with the approved creation of new Authorized Capital 2021 with the corresponding amendment to the Articles of Association in accordance with (c) above with the proviso that the cancellation of the existing Authorized Capital 2020 may only be entered in the Commercial Register if it is ensured that the new Authorized Capital 2021 is entered in the Commercial Register at the same time or immediately thereafter.

Report of the Executive Board pursuant to section 203 (1), (2) AktG in connection with section 186 (4) sentence 2 AktG on Item 5 of the agenda (resolution to cancel Authorized Capital 2020 and to create new authorized capital – with the option for excluding the shareholders' pre-emptive subscription rights – and corresponding amendments to the Articles of Association):

Under Item 5 of the agenda of the Company's Annual General Meeting on June 23, 2021, the Executive Board and the Supervisory Board propose to cancel the unused Authorized Capital 2020 of EUR 9,402,263.04 and to have a resolution passed to create new authorized capital with the option to exclude shareholders' pre-emptive subscription rights (Authorized Capital 2021).

The Executive Board utilized part of the authorization provided for in Article 5 (3) of the Articles of Association to increase the Company's share capital, with the approval of the Supervisory Board, on or before July 7, 2025 by issuing new no-par value bearer shares once or repeatedly on a cash or non-cash basis in a total of up to EUR 16,137,113.60 (Authorized Capital 2020), in the amount of EUR 6,734,850.56 for the cash capital increase with pre-emptive shareholder subscription rights completed in November 2020. The unused authorized capital currently amounts to EUR 9,402,263.04.

The purpose of the new authorized capital proposed under Item 5 of the agenda (Authorized Capital 2021) is to authorize the Executive Board, with the approval of the Supervisory Board, to increase the Company's share capital by issuing new no-par value bearer shares on a cash or non-cash basis once or repeatedly by a maximum amount of up to EUR 19,504,537.60 on or before June 22, 2026 (Authorized Capital 2021). The volume of Authorized Capital 2021 is capped at 50% of the Company's current share capital.

The purpose of Authorized Capital 2021 is to enable the Company to continue tapping the capital markets to raise the capital which it requires for its further development at short notice by issuing new shares and to take advantage of a favorable market environment quickly and flexibly to cover future financing requirements. Since decisions on covering future capital requirements generally have to be made at short notice, it is important that the Company is not dependent in this respect on the sequence of the Annual General Meetings or on the notice period required for convening an extraordinary general meeting. The applicable legislation takes account of these circumstances by permitting the use of "authorized capital".

As a general rule, the shareholders will have pre-emptive subscription rights if Authorized Capital 2021 is utilized. However, it is proposed that the Executive Board should be authorized to exclude the shareholders' statutory subscription rights subject to the approval of the Supervisory Board,

- as far as this is necessary to avoid fractional amounts.

The authorization to exclude the shareholders' pre-emptive subscription rights for fractional amounts ensures that the amount of the new capital to be issued results in a practical subscription ratio. If the

shareholders' pre-emptive subscription rights are not excluded for fractional amounts, the technical execution of the issue is rendered more difficult particularly in the case of even amounts. The fractional amounts of shares for which the shareholders' pre-emptive subscription rights are excluded will be eliminated as efficiently as possible for the Company by selling them on the stock market or in some other manner. Accordingly, the Executive Board and the Supervisory Board consider this authorization to exclude the shareholders' pre-emptive subscription rights to be appropriate.

- if the shares are issued on a non-cash basis for the purpose of acquiring companies, parts of companies or for settling any amounts owed by the Company or its Group companies.

This authorization to exclude shareholders' pre-emptive subscription rights allows the Company to acquire other companies, parts of other companies or investments in other companies by providing consideration in the form of the Company's own shares or to merge with other companies. This gives the Company a means of executing possible acquisitions with the assistance of a flexible funding instrument while preserving its liquidity. The possibility of reacting swiftly and successfully to advantageous offers or opportunities also preserves and enhances the Company's competitiveness. The authorization particularly covers the acquisition of investments in the form of "share deals", i.e. the acquisition of shares in another entity, or "asset deals", i.e. the acquisition of another entity or part of another entity by acquiring its core assets, rights, contracts and the like. The possibility of settling amounts owed by the Company or its Group companies by issuing shares in individual cases has a further advantage in that it preserves the Company's liquidity. As in such cases fresh equity must be issued at short notice, it is generally not practicable for a

resolution to be passed to this effect at the Annual General Meeting, which takes place only once a year. It is not practical to convene an extraordinary shareholder meeting for each individual transaction in such cases due to cost and time reasons. In order to ensure swift action, it is in the Company's interests to be able to issue new shares on a cash basis subject to the exclusion of shareholders' pre-emptive subscription rights.

- as far as this is necessary to grant bearers or creditors of bonds to which option or conversion rights or obligations are attached which are issued by the Company or any subordinate Group companies a right to subscribe to new shares in a quantity to which they are entitled after the exercise of the option or conversion rights or after the settlement of the option or conversion obligations.

The purpose of the authorization to exclude the shareholders' pre-emptive subscription rights in favor of the holders of bonds issued by the Company or its Group members with option or conversion rights or obligations is to avoid the need to reduce the option or conversion price in accordance with the dilution protection clauses included in the option or conversion conditions if this authorization is exercised. Instead, the holders of the bonds with option or conversion rights or obligations are also to be offered subscription rights to the extent to which they are entitled to these after the exercise of the option or conversion rights or settlement of the option or conversion obligations. With this authorization, the Executive Board will be able to select from these two alternatives subject to careful consideration of the respective interests when it utilizes Authorized Capital 2021.

- in the event of cash capital issues provided that the issue amount of the new shares is not materially less than the market price of the equivalent listed shares in the Company on the date on which the issue amount is determined.

Finally, the authorization provides for the shareholders' pre-emptive subscription rights be excluded subject to the Supervisory Board's approval in cases in which the issue amount of the new shares is not materially less than the market price of equivalent already listed shares. This will permit the Executive Board to make use of favorable conditions in the equity market at short notice and to achieve the highest possible issue amount close to the market price in order to collect the greatest possible amount of equity. The authorization to exclude the shareholders' pre-emptive subscription rights is capped at 10% of the Company's share capital. This is determined on the basis of the Company's share capital as of the date on which the authorization takes effect or – if lower – on the date on which the authorization is exercised. Shares which are sold during the term of this authorization under authorization to sell treasury stock in accordance with section 71 (1) number 8, sentence 5 and section 186 (3) sentence 4 AktG subject to the exclusion of the shareholders' pre-emptive subscription rights will count towards this cap. Moreover, shares which must be issued to settle option or convertible bonds with an option or conversion right or an option or conversion obligation will also count towards this cap provided that the bonds are issued during the term of this authorization subject to the shareholders' pre-emptive subscription rights in accordance with section 186 (3) sentence 4 AktG with the necessary modifications. If the Executive Board makes use of this

possibility for issuing capital, it will limit any discount on the issue price over the market price to an expected 3%, however no more than 5%. Shareholders wishing to maintain their relative share can buy further shares in the stock exchange on conditions that do not materially differ from those on which the new shares are issued. For this reason, the utilization of the proposed authorization to exclude the shareholders' pre-emptive subscription rights in accordance with section 186 (3) sentence 4 AktG will not result in a dilution of the shareholders' shares in the Company either in absolute or relative terms.

The Executive Board will consider the individual circumstances carefully in each case before deciding whether to make use of this authorization to issue new capital subject to the exclusion of the shareholders' pre-emptive subscription rights. It will only do this and the Supervisory Board will only grant its approval if after due consideration the Executive Board and the Supervisory Board are satisfied that this is in the best interests of the Company and its shareholders.

The Executive Board will report to the next Annual General Meeting on the utilization of Authorized Capital 2021.

6. Resolution to approve the remuneration system for the members of the Executive Board

Under section 120a AktG, the Annual General Meeting of a listed company must pass a resolution to approve the remuneration system adopted by the Supervisory Board for the members of the Executive Board pursuant to section 87a AktG whenever there is a significant change, however at least every four years.

The Supervisory Board adopted the system for the remuneration of members of the Executive Board set out in "NOTES ON ITEM 6 OF THE AGENDA – Remuneration system for members of the Executive Board" attached to the agenda with retroactive effect from January 1, 2021 and taking into account the requirements of section 87a (1) AktG.

The Supervisory Board proposes the following resolution:

The remuneration system for the members of the Executive Board described under "NOTES ON ITEM 6 OF THE AGENDA – Remuneration system for members of the Executive Board" attached to the agenda is hereby adopted.

7. Resolution to approve the remuneration of the members of the Supervisory Board and on the corresponding amendment to the Articles of Association

Under section 113 (3) AktG, the Annual General Meeting of a listed company is required to pass a resolution approving the remuneration of the members of the Supervisory Board at least every four years.

The current remuneration of the Supervisory Board was determined in a resolution passed at the Annual General Meeting on May 26, 2011 and specified in Article 20 of the Articles of Association of GRAMMER Aktiengesellschaft. The current remuneration of the Supervisory Board particularly consists of an annual fixed amount as well as attendance fees for Supervisory Board and committee meetings.

In the light of the remuneration of comparable listed companies, the Executive Board and Supervisory Board have come to the conclusion that there is a need for adjustment. In order to meet the steadily growing requirements and the individual nature of the scope of work and the time

requirements for activities on the Supervisory Board and its committees, it is proposed that Supervisory Board remuneration should in the future be particularly composed of fixed remuneration, which is to be increased moderately compared with the existing fixed remuneration, together with additional remuneration for the members and chairpersons of the Supervisory Board committees.

The Executive Board and the Supervisory Board therefore propose that the shareholders approve the remuneration system for the members of the Supervisory Board described under "NOTES TO ITEM 7 OF THE AGENDA – Remuneration system for members of the Supervisory Board" attached to the agenda and to revise Article 20 of the Company's Articles of Association as follows with effect from January 1, 2022: The shareholders instruct the Executive Board to file the amendment of the Articles of Association for entry in the commercial register as soon as possible after January 1, 2022:

"Article 20 Remuneration of the Supervisory Board

- (1) For each full financial year of Supervisory Board membership, each member of the Supervisory Board shall receive fixed remuneration of EUR 35,000. The chairman shall receive 2.25 times this amount and the Deputy Chairman 1.25 times this amount as fixed annual remuneration.
- (2) In addition to the fixed remuneration pursuant to para. 1, members of the Supervisory Board shall receive remuneration of EUR 10,000 for each full financial year in which they are members of the Audit Committee and EUR 5,000 for each full financial year in which they are members of any other committee, with the exception of the Executive Committee and the Nominating Committee. The chairman of a committee shall receive twice the additional remuneration pursuant to para. 2 sentence 1.

- (3) The members of the Supervisory Board shall also receive an attendance fee of EUR 1,000 every time they participate in a physical meeting, telephone conference or video conference of the Supervisory Board or a committee, with the exception of the Nomination Committee.
- (4) The remuneration pursuant to para. 1 to 3 shall be due for payment at the end of each financial year.
- (5) Members of the Supervisory Board who are members of the Supervisory Board or a committee for only part of the financial year or who chair or deputy-chair the Supervisory Board or chair a committee receive the remuneration on a time-proportionate basis.
- (6) The Company is authorized to take out financial loss insurance (D&O, directors and officers liability insurance) at reasonable conditions in line with the prevailing market rate, the premiums for which shall be paid by the Company.
- (7) The Company shall reimburse the members of the Supervisory Board for expenses which they incur in the performance of their duties, including any value-added tax payable on the remuneration and reimbursement of expenses.
- (8) Para. 1 to 7 above shall take effect from January 1, 2022."

8. Resolution to amend Articles 16, 17 of the Articles of Association

The provisions governing the convening of meetings of the Supervisory Board in Article 16 of the Articles of Association and on the passing of resolutions by the Supervisory Board in Articles 17 of the Articles of Association are to be amended in part.

(a) Amendment of Article 16 (2) sentence 1 of the Articles of Association

At present, Article 16 (2) sentence 1 of the Company's Articles of Association stipulates that meetings of the Supervisory Board are to be convened in writing by the chairman or, in his absence, by his deputy subject to fourteen days' notice. To simplify the procedure, it is to be sufficient for meetings of the Supervisory Board to be convened in text form in the future.

The Executive Board and the Supervisory Board therefore propose that the following resolution be adopted:

Article 16 (2) sentence 1 of the Articles of Association is revised as follows:

"Meetings of the Supervisory Board shall be convened by the Chairman of the Supervisory Board or, in his absence, the Deputy Chairman in text form subject to notice of fourteen days."

(b) Amendment of Article 17 (1) sentence 3 of the Articles of Association

Article 17 (1) sentence 3 of the Company's Articles of Association also currently states that the Chairman of the Supervisory Board may determine that meetings are also to be held in the form of a video conference or that, in exceptional cases, individual members of the Supervisory Board may attend the meetings of the Supervisory Board by video conference. For the avoidance of doubt, it is to be additionally stated that telephone conferences also satisfy the requirements of Article 17 (1) sentence 3.

The Executive Board and the Supervisory Board therefore propose that the following resolution be adopted:

Article 17 (1) sentence 3 of the Articles of Association is revised as follows:

"The Chairman of the Supervisory Board may determine that meetings of the Supervisory Board may also be held in the form of a telephone conference or a video conference or that in justified cases individual members of the Supervisory Board may participate in a meeting of the Supervisory Board via a telephone conference or a video conference."

(c) Amendment of Article 17 (6) of the Articles of Association

In order to facilitate the execution of resolutions passed by the Supervisory Board, Article 17 (6) of the Articles of Association is to be amended to reflect the fact that members of the Supervisory Board are to have no right of objection if on the instructions of the Chairman of the Supervisory Board or, in his absence, his deputy resolutions are adopted by voting conducted orally, by telephone, in writing or by fax or by means of electronic media.

The Executive Board and the Supervisory Board therefore propose that the following resolution be adopted:

Article 17 (6) of the Articles of Association is revised as follows:

“Resolutions may be passed orally, by telephone, in writing, by telefax or electronically if the Chairman of the Supervisory Board or, in his absence, his deputy so instructs. The other members of the Supervisory Board shall have no right to object to this. In all other respects, the provisions set out above shall apply.”

(d) Amendment of Article 17 (7) sentence 1 of the Articles of Association

Article 17 (7) sentence 1 is also to be revised accordingly. This provision currently permits the possibility of postponing the adoption of a resolution at the request of two members of the Supervisory Board present at the meeting if not all members of the Supervisory Board are present or connected via a video conference and the members of the Supervisory Board members present at the meeting have not submitted their votes in writing. This takes account of the amendment to Article 17 (1) sentence 3 so that Supervisory Board members who are connected via a telephone conference are also treated in the same way as the members of the Supervisory Board members who are present in person at the meeting.

The Executive Board and the Supervisory Board therefore propose that the following resolution be adopted:

Article 17 (7) sentence 1 of the Articles of Association is revised as follows:

“If not all members of the Supervisory Board are present in person or via a telephone conference or a video conference when a resolution is to be passed and if the absent members of the Supervisory Board do not submit written votes, voting on the resolution may be postponed at the request of at least two members of the Supervisory Board present at the meeting.”

NOTES TO THE ITEM 6 OF THE AGENDA – Remuneration system for the members of the Executive Board



Remuneration system for the Executive Board of GRAMMER Aktiengesellschaft

1. Principles of the remuneration system

In 2020, the Supervisory Board reviewed and revised the remuneration system for the Executive Board of GRAMMER AG to ensure conformity with the requirements of the German Stock Corporation Act (AktG) and the recommendations of the German Corporate Governance Code (the Code) and to provide an ambitious incentive structure aligned with the Company's strategy.

The new remuneration system follows a clear performance-oriented approach, setting ambitious targets in line with the corporate strategy. In addition, the remuneration system is more closely oriented to the capital market by offering a revised long-term incentive in the form of a performance share plan. At the same time, the short-term incentive now incorporates ESG objectives, i.e. environmental aspects, social objectives and responsible corporate governance, in order to provide an incentive for sustainable development at GRAMMER AG.

The Executive Board's remuneration system therefore provides an important control element and is geared towards achieving the key objectives defined in the corporate strategy. The performance criteria of the remuneration system create incentives for successful and sustainable corporate growth and link the remuneration of the Executive Board to the Company's short-term and long-term sustainable development.

2. Procedures for establishing, implementing and reviewing the remuneration system

In accordance with section 87a (1) AktG, the Supervisory Board, acting on a proposal submitted by the Personnel and Mediation Committee, adopts a clear and comprehensible system for the remuneration of the members of the Executive Board. The remuneration system is submitted to the shareholders for approval at the Annual General Meeting after the Supervisory Board has passed a resolution adopting it. If the remuneration system is not approved, the Supervisory Board must submit a revised remuneration system to the shareholders for approval at the next Annual General Meeting at the latest. In addition, the Supervisory Board submits the remuneration system to the shareholders at the Annual General Meeting for approval in the event of any significant changes, however at least once every four years.

3. Determination of specific target total remuneration and appropriateness of Executive Board remuneration

When determining the specific target total remuneration of the members of the Executive Board, the Supervisory Board ensures that it is commensurate with the duties and performance of the member of the Executive Board in question and the Company's situation and thus conforms to the requirements of the German Stock Corporation Act and the recommendations of the German Corporate Governance Code. The target total remuneration is set at a level that ensures competitiveness in the market for highly qualified executives but does not exceed the customary remuneration in the absence of any special justification.

To ensure this, the Supervisory Board regularly reviews the target total remuneration of the members of the Executive Board of GRAMMER AG. External as well as internal comparisons are applied for this purpose: On the one hand, an external comparison is made with companies that are comparable in terms of size, country and sector. In addition, an internal comparison is used to assess the remuneration structure within GRAMMER AG. For this purpose, the remuneration of the Executive Board is compared with the two highest pay scale groups and the non-pay scale employee remuneration, and the status quo of and changes in these ratios over time are analyzed.



4. The remuneration system at a glance

4.1 Components of the remuneration system

The following table presents the basic components of the remuneration system.

Fixed components

Fixed remuneration	Contractually agreed fixed remuneration paid in twelve equal monthly installments
Ancillary benefits	Standard ancillary benefits (including company car and insurance cover)
Retirement benefits	Cash amount that can be used by the member of the Executive Board for private pension savings

Variable components

Short-term incentive (STI)

Plan type	Annual target bonus plan
Cap	170% of the target amount
Performance criteria	<ul style="list-style-type: none">• Net income, EBIT or EBT (determined annually by the Supervisory Board)• Free cash flow (FCF)• Strategic and ESG goals, e.g. compliance, environmental protection, economic stability and growth
Payment	In cash after the end of the financial year

Long-term incentive (LTI)

Plan type	Performance share plan
Cap	200% of the target amount
Performance criteria	<ul style="list-style-type: none">• Total shareholder return (TSR) relative to the SDAX• ROCE
Performance period	Four years
Payment	In cash after four-year performance period

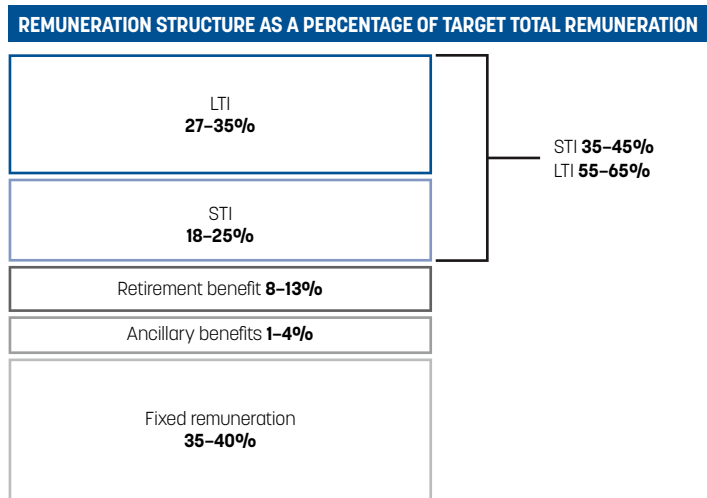
Further contractual provisions

Maximum remuneration	<ul style="list-style-type: none">• EUR 2,700,000 for the Chairman of the Executive Board• EUR 1,800,000 for the other members of the Executive Board
Penalty/claw-back	Possibility of reducing or reclaiming performance-related remuneration in the event of serious breaches of duty or misstatements in the consolidated financial statements
Cap on termination benefits	Termination benefits may not exceed the value of two years' total remuneration

4.2 Remuneration structure

The target total remuneration of the members of the Executive Board consists of both fixed and variable components. In this context, a high proportion of the remuneration is performance-related, underlining the clear orientation to performance in the remuneration structure. The variable remuneration components comprise a short-term incentive (STI) and a long-term incentive (LTI). The ratio of the short-term to the long-term incentive is between 35–45% and 55–65%, meaning that long-term performance criteria always predominate in the variable remuneration.

The fixed remuneration accounts for approximately 35–40% of the target total remuneration, the ancillary benefits for approximately 1–4% and the payments towards retirement benefits for approximately 8–13%. The target STI amount accounts for approximately 18–25% of the total target remuneration and LTI for approximately 27–35%.



4.3 Maximum total remuneration

Appropriate remuneration for members of the Executive Board is ensured by two types of caps: Firstly, a maximum cap of 170% on the STI and 200% on the LTI relative to the respective target amount is set for the variable components.

Secondly, pursuant to section 87a (1) sentence 2 No. 1 AktG, the Supervisory Board has defined maximum remuneration which caps the total amount of remuneration paid out for a given financial year irrespective of the date of payment. The maximum remuneration amounts to EUR 2,700,000 for the Chairman of the Executive Board and EUR 1,800,000 for the other members of the Executive Board.

5. Remuneration components in detail

5.1 Fixed components

5.1.1 Fixed remuneration

The fixed remuneration is paid in twelve equal monthly installments less any statutory deductions in arrears at the end of each month.

5.1.2 Ancillary benefits

The members of the Executive Board receive the standard ancillary benefits (e.g. provision of a company car, which may also be used for private purposes, and standard insurance benefits).

In individual cases, the Supervisory Board has the option of granting new members of the Executive Board a one-time payment when they take up office. This allows a new member of the Executive Board to be compensated for any loss of remuneration already granted by the former employer that is forfeited upon joining GRAMMER. In this way, the Supervisory Board ensures that it retains the necessary flexibility in finding the best possible candidates.

5.1.3 Company pension scheme

The members of the Executive Board of GRAMMER AG receive payments towards retirement benefits. This cash amount can be used by the members of the Executive Board for private pension savings. There is no company-funded pension plan.

5.2 Variable components

5.2.1 Short-term incentive (STI)

5.2.1.1 Basic features of the STI

The short-term incentive is structured as a target bonus system and includes financial as well as strategic and ESG targets. The financial performance criteria are derived directly from the corporate strategy and thus take into account the Company's profitability and liquidity. In addition, the strategic and ESG goals are intended to ensure the sustainability of the Company's development.

The Supervisory Board determines annually whether the financial performance criteria are to be based on net income, earnings before interest and taxes (EBIT) or earnings before taxes (EBT) for the year in question. In addition to the earnings indicator selected, free cash flow (FCF) is always used as a further financial performance criterion. The financial performance criteria are measured as a percentage of revenue in each case.

The Supervisory Board determines the weighting of the STI performance criteria on an annual basis with the stipulation that the financial performance criteria must account for a combined total of 80% and each individual performance criterion must total at least 20%. The weighting of the component for strategic and ESG objectives is always 20%.

Target achievement of between 0% and 200% applies to all performance criteria. However, the final payout is capped at 170% of the STI target amount. The Supervisory Board determines the target and threshold values relevant for target achievement on an annual basis.

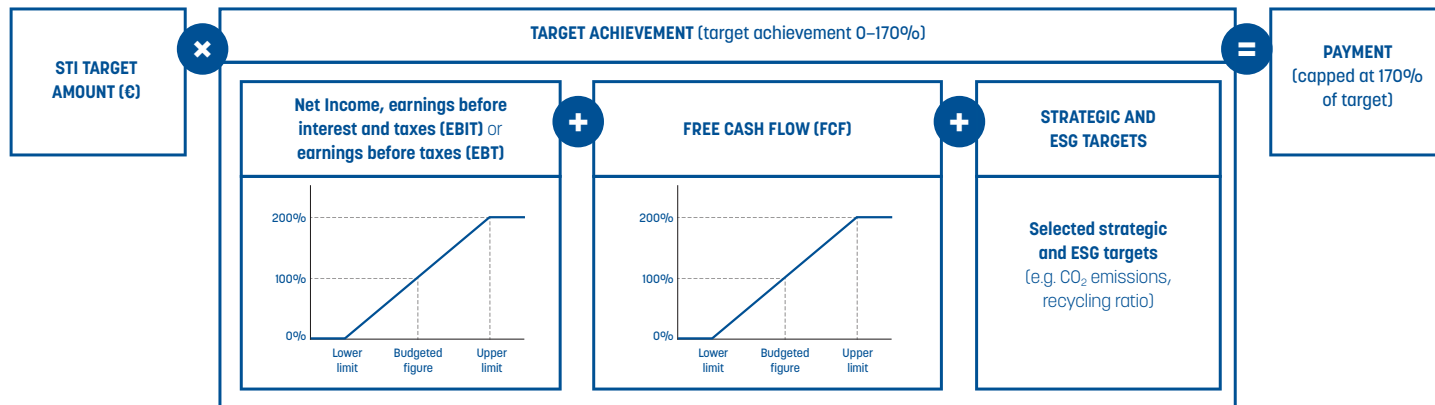
The basis for STI payments is the STI target amount specified in the service contracts, which is multiplied by overall target achievement of the financial as well as strategic and ESG performance criteria. The STI payment is made in cash and capped at 170% of the STI target amount.

In determining target achievement, the Supervisory Board has the option of taking into account significant extraordinary effects or developments. Such effects or developments may, for example, include changes in accounting or the scope of consolidation and the occurrence of significant special effects and/or extraordinary developments within the meaning of section 87 (1) 2nd half of sentence 3 AktG

5.2.1.2 STI financial performance criteria

The STI financial performance criteria reflect GRAMMER AG's profitability and liquidity.

SHORT TERM INCENTIVE



The Supervisory Board decides annually whether profitability is to be determined on the basis of net income, earnings before interest and taxes (EBIT) or earnings before taxes (EBT) for the year in question. In addition to the earnings indicator selected, free cash flow (FCF) is always used as a further financial performance criterion. The use of these core management parameters supports GRAMMER AG's corporate strategy effectively.

The relevant indicators for net income, earnings before interest and taxes (EBIT), earnings before taxes (EBT) and free cash flow are those approved by the Supervisory Board and reported in the annual financial statements on the basis of the consolidated statement of income. These figures are divided by the Group revenue as reported in the consolidated statement of income.

The annual target for the financial performance criteria is derived from the budget. In addition, the Supervisory Board sets a lower and upper limit for target achievement of the performance criteria for each financial year. Target achievement is deemed to be 100% if the respective budget figure is reached. The maximum target achievement of 200% is reached when the respective financial performance criterion reaches or exceeds the upper limit. If the applicable financial performance criterion equals or is less than the lower limit, target achievement is deemed to be 0%. Target achievement between the lower limit and the budget value as well as the upper limit is calculated by linear interpolation.

The target and threshold values set by the Supervisory Board for the respective financial year, the actual results achieved and the resulting target achievement as well as possible adjustments due to extraordinary effects or developments are published retrospectively in the remuneration report for each financial performance criterion.

5.2.1.3 STI strategic and ESG performance criteria

The strategic and ESG targets are selected annually by the Supervisory Board from a catalog of criteria derived from the materiality analysis used in sustainability reporting.

The catalog of criteria for the strategic and ESG targets includes economic stability & growth, compliance, responsible procurement, social commitment, environmental protection, product and process responsibility, employees and technology and engineering. Specific targets are defined on the basis of these criteria, e.g. the reduction of CO2 emissions as part of environmental protection. The number and weighting of the individual targets is determined annually by the Supervisory Board.

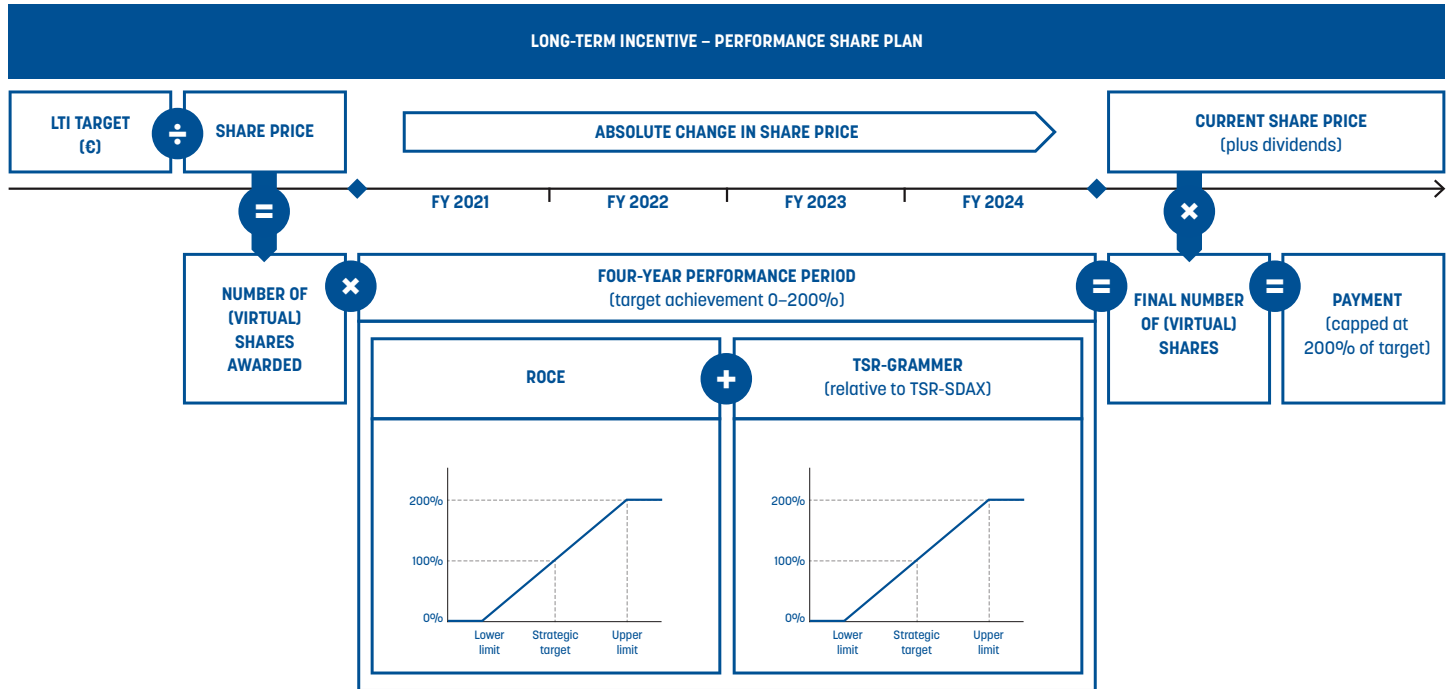
As with the financial performance criteria, a target, a lower and upper limit as well as a target achievement curve are defined in each case as a basis for determining target achievement of the performance criteria. Target achievement of 100% is deemed to have been reached when the defined target is achieved. The maximum target achievement of 200% is deemed to have been reached when the applicable financial performance criterion equals or exceeds the upper limit. If the applicable financial performance criterion equals or is less than the lower limit, target achievement is deemed to be 0%. Target achievement between the lower limit and the budget value as well as the upper limit is calculated by linear interpolation. Alternatively, individual targets may be assessed at the discretion of the Supervisory Board.

The target and threshold values set by the Supervisory Board for the respective financial year, the actual results achieved and the resulting target achievement as well as possible adjustments due to extraordinary effects or developments are published retrospectively in the remuneration report for each strategic and ESG performance criterion.

5.2.2 Long Term Incentive (LTI)

5.2.2.1 Basic features of the LTI

The long-term incentive is structured as a performance share plan which, in addition to share price performance, takes into account the return on capital employed (ROCE) and the relative total shareholder return (TSR).



With a performance period of four years, the LTI is geared towards the long-term development of GRAMMER AG and, through its orientation to the share price, provides an incentive for achieving continuous growth in enterprise value. By additionally taking into account the Company's share performance relative to the SDAX, the interests of the Executive Board and shareholders are further aligned and GRAMMER AG's competitiveness in the capital market enhanced.

Under the performance share plan, a number of virtual shares are contingently allocated at the beginning of the performance period. The number of virtual shares is determined by dividing the LTI target by the arithmetic mean of the closing prices for the GRAMMER AG share over the last 60 trading days (initial reference price).

After the four-year performance period, this number of virtual shares is multiplied by target achievement to determine the final number of virtual shares. Target achievement is determined by two performance criteria cumulatively: return on capital employed (ROCE) and relative total shareholder return (TSR). The Supervisory Board determines the weighting of the long-term incentive targets on an annual basis. Target achievement of between 0% and 200% is possible for both performance criteria.

The final number of virtual shares reached at the end of the performance period is multiplied by the arithmetic mean of the closing prices of the GRAMMER AG share during the last 60 trading days prior to the end of the performance period plus dividends paid per GRAMMER AG share during the performance period. The resulting payout amount is capped at 200% of the LTI target amount. Payment is always made in cash.

In determining the amount of the payment, the Supervisory Board has the option of taking into account significant extraordinary effects or developments. Extraordinary effects or developments are rare special situations that are not adequately allowed for in the performance criteria. Generally unfavorable market developments are expressly not considered to be extraordinary developments.

5.2.2.2 ROCE performance criterion

ROCE is the ratio of operating earnings before interest and taxes (EBIT) reported for the applicable financial year to average operating assets in the same financial year, expressed as a percentage. ROCE provides an incentive for maximizing the long-term profitability and efficiency of GRAMMER AG's business activities.

It is measured as an average over the performance period. For this purpose, the ROCE for each financial year during a performance period is aggregated and the total subsequently divided by four. The figures in the approved and audited consolidated financial statements of GRAMMER AG are used as a basis for this. Extraordinary developments (e.g. due to disposals or acquisitions) may be taken into account by the Supervisory Board for this purpose.

In the case of ROCE, the target for each LTI tranche is derived from the long-term forecast. In addition, the Supervisory Board sets a lower and upper limit for each tranche as a basis for determining target achievement of ROCE. Target achievement of 100% is deemed to have been reached when the defined strategic target is achieved. The maximum target achievement of 200% is deemed to have been reached when ROCE equals or exceeds the upper limit. If ROCE equals or is below the threshold value, target achievement is deemed to be 0%. Target achievement between the lower limit and the strategic target value as well as the upper limit is calculated by linear interpolation.

5.2.2.3 Relative TSR performance criterion

The relative total shareholder return (TSR) is based on GRAMMER AG's share performance as well as (notionally) reinvested dividends in comparison with the SDAX and thus places a particular focus on the development of the Company's enterprise value as well as its capital market orientation. This particularly strengthens the alignment between the interests of the Executive Board and those of the shareholders.

GRAMMER AG's TSR is defined as the quotient of the closing reference price including dividends and the opening reference price. The final reference price is the arithmetic mean of the closing prices of the GRAMMER AG share over the last 60 trading days of the performance period, rounded to two decimal places. The relative TSR is calculated by subtracting the SDAX TSR from GRAMMER AG's TSR in percentage points.

The Supervisory Board defines the strategic target for each tranche as well as a lower and upper limit for the relative TSR. Target achievement of 100% is deemed to have been reached when the defined strategic target is achieved. The maximum target achievement of 200% is deemed to have been reached when relative TSR equals or exceeds the upper limit. If relative TSR equals or is below the threshold value, target achievement is deemed to be 0%. Target achievement between the lower limit and the strategic target value as well as the upper limit is calculated by linear interpolation.

The target and threshold values for ROCE and relative TSR determined by the Supervisory Board for the applicable tranche as well as the actual results achieved and the resulting target achievement are published retrospectively in the remuneration report.

5.3 Penalty and claw-back

In certain cases, the Supervisory Board may reduce the variable remuneration components that have not yet been paid (penalty) or reclaim variable remuneration components that have already been paid (claw-back).

In the event of a significant breach of duty or a compliance violation on the part of a member of the Executive Board, the Supervisory Board may reduce the variable remuneration components (STI or LTI) in part or in full at its due discretion (penalty). If variable remuneration components have already been paid, the Supervisory Board may in such cases also demand partial or full repayment of the variable remuneration amounts received (claw-back). If variable remuneration components are determined or paid on the basis of incorrect data, e.g. misstatements in the consolidated financial statements, the Supervisory Board may correct the determination or reclaim the remuneration components already paid.

This does not prejudice the Executive Board member's potential liability towards the Company for damages under section 93 (2) AktG.

6. Remuneration-related legal transactions

6.1 Contract term and termination options

The Executive Board service contracts are entered into for the applicable term of appointment, which is usually three years. There is no provision for ordinary termination. However, this does not prejudice either party's right of termination for good cause (section 626 of the German Civil Code (BGB)).

6.2 Arrangements for persons appointed to the Executive Board during the year

If a member of the Executive Board member enters or leaves GRAMMER AG's service during the current financial year, the target total remuneration for the applicable financial year (including STI and LTI) is reduced accordingly on a time-proportionate basis.

6.3 Arrangements in the event of premature termination of the service contract

6.3.1 Termination benefits

In the event of the premature termination of the service contract with a member of the Executive Board other than for good cause, payments to members of the Executive Board may not exceed the value of two years' worth of total remuneration and may not exceed the total remuneration for the remaining term of the service contract. The total annual remuneration as defined above comprises the fixed remuneration, the STI, the LTI and the payment towards retirement benefits. If the service contract is terminated for good cause for reasons for which the member of the Executive Board is responsible, no payments are made to him or her.

6.3.2 Incapacity and death

In the event of incapacity due to illness or accident, the member of the Executive Board concerned receives fixed remuneration for a further nine months. If the member of the Executive Board is entitled to illness-related benefits from third parties (e.g. sick pay), the claims are reduced accordingly. In the event of protracted incapacity over more than six months, the target STI and LTI amounts are reduced on a time-proportionate basis.

In the event of the death of a member of the Executive Board, the surviving dependents (spouse and dependent children) continue to receive the fixed remuneration for the month of death (time-proportionate) as well as for a further period of six months starting at the end of the month of death as joint creditors.

6.3.3 Variable remuneration in the event of premature termination of the service contract

In the event of premature termination of the service contract, any outstanding variable remuneration components attributable to the period up until the date of termination of the contract are paid on the basis of the originally agreed targets and performance criteria on the due dates specified above. There is no early payout.

All entitlement accruing under outstanding LTI tranches lapse without any compensation if the service contract is terminated by the Company before the end of the performance period for good cause for which the member of the Executive Board concerned is responsible, his or her appointment is revoked due to gross breach of duty or he or she steps down other than for good cause and without the Company's consent. Notwithstanding this, all outstanding LTI tranches are settled immediately at the agreed targets (100% target achievement) and paid to the member of the Executive Board or his or her heirs if the service contract lapses due to disability or the death of the member of the Executive Board.

6.4 Secondary activities of the members of the Executive Board

The members of the Executive Board undertake to devote all their resources, experience and knowledge to the Company and its affiliates.

At the request of the Supervisory Board or the Executive Board, the member of the Executive Board is obliged to accept mandates at Group companies and in associations of which the Company is a member without any separate remuneration. If the member of the Executive Board receives any payment for holding such mandate, it will be offset against his or her remuneration. At the request of the Supervisory Board or the Executive Board, but no later than upon termination of the service contract – or in the event of early release from service, at the time of such release – the member of the Executive Board is obliged to resign from all offices which he or she has assumed by virtue of or in connection with his or her activities.

Any paid or unpaid secondary activity by a member of the Executive Board requires the Supervisory Board's prior written consent. This does not apply to unpaid private secondary activities that do not affect the Company's interests.

The acceptance of public offices or mandates on supervisory boards, administrative boards, advisory boards and comparable bodies outside the Group as well as appointments to business or scientific bodies require the Supervisory Board's prior written consent. The Supervisory Board will decide on whether any payments received for the acceptance such external offices are to be deducted from the remuneration.

7. Temporary deviations from the remuneration system

In special and exceptional circumstances, the Supervisory Board may temporarily deviate from the remuneration system in accordance with section 87a (2) sentence 2 AktG if this is necessary in the light of GRAMMER AG's long-term interests. Unfavorable market developments are explicitly not deemed to constitute such special and exceptional circumstances. Rather, these are cases, such as a severe corporate or economic crisis, in which an adequate incentive can no longer be achieved by means of the existing remuneration system, thus making a temporary deviation necessary. These special and exceptional circumstances are determined in a resolution passed by the Supervisory Board.

If an exceptional circumstance has been identified in a resolution passed by the Supervisory Board, it may temporarily deviate from the following components of the remuneration system: relative proportions of the remuneration components, STI and LTI performance criteria, performance periods and applicable target achievement ranges, secondary benefits in the event of a temporary requirement for exceptional secondary benefits. Furthermore, the Supervisory Board may in this case temporarily grant additional remuneration components or replace individual remuneration components with other remuneration components to the extent necessary to restore an appropriate level of incentive in the remuneration system for the Executive Board.

In the event of any temporary deviation from the remuneration system, the rationale for this and the procedure to be followed must be explained in the remuneration report and the remuneration components affected by this duly specified.

NOTES ON ITEM 7 OF THE AGENDA – Remuneration system for the members of the Supervisory Board



Remuneration system for the Supervisory Board of GRAMMER Aktiengesellschaft

The remuneration of the members of the Supervisory Board is specified in Article 20 of the Articles of Association of GRAMMER AG. Accordingly, the members of the Supervisory Board receive fixed remuneration based on their function on the Supervisory Board. Committee members receive additional remuneration depending on the committee.

The expenses incurred by the members of the Supervisory Board in the performance of their duties are reimbursed by the Company. In addition, any value-added tax due on the remuneration paid to a member of the Supervisory Board or on the reimbursement of expenses incurred is also reimbursed by the Company.

The remuneration system for the Supervisory Board has been enhanced and differs from the previous arrangements with regard to the increase in fixed remuneration, the adjustment of the differentiation factors, the introduction of remuneration for committee activities and the adjustment of the meeting attendance fee. The enhanced remuneration for members of the Supervisory Board is to apply from January 1, 2022.

The remuneration of the Supervisory Board is as follows:

Fixed remuneration

- The members of the Supervisory Board receive fixed remuneration for each full financial year of membership of the Supervisory Board amounting to EUR 35,000 for the individual member.
- For the Chairman of the Supervisory Board, the fixed remuneration is 2.25 times and for the Deputy Chairman of the Supervisory Board 1.25 times this remuneration.

Committee remuneration

- In addition to the fixed remuneration, the members of the Audit Committee receive annual remuneration of EUR 10,000. The members of the other committees, with the exception of the Executive Committee and the Nominating Committee, receive additional annual remuneration of EUR 5,000.
- If a member holds the position of chairman of a committee, the remuneration for the activities on this committee is doubled.

Attendance fee

The members of the Supervisory Board also receive an attendance fee of EUR 1,000 each time they personally attend a meeting, telephone conference or video conference of the Supervisory Board or a committee with the exception of the Nominating Committee.

Payment

The fixed remuneration, the committee remuneration and the attendance fee are due for payment at the end of each financial year.

Members of the Supervisory Board who are members of the Supervisory Board or a committee for only part of the financial year or who chair or deputy-chair the Supervisory Board or chair a committee receive the remuneration on a time-proportionate basis.

The Company is authorized to take out financial loss insurance (D&O, directors and officers liability insurance) at reasonable conditions in line with the prevailing market rate, the premiums for which shall be paid by the Company.

The Company also reimburses members of the Supervisory Board for any value-added tax due on the remuneration and the reimbursement of expenses.

The members of the Supervisory Board receive appropriate remuneration, the structure and amount of which reflect the requirements and responsibilities of the office as well as the time commitment involved. This enables highly qualified candidates to be recruited for the Supervisory Board. Neutrality and objectivity in the interests of the Company are ensured by granting solely fixed remuneration that is not tied to performance. In any case, this complies with the recommendation of the German Corporate Governance Code. Overall, the remuneration system for the Supervisory Board thus contributes to promoting the Company's business strategy and long-term development.

In accordance with section 113 (3) sentence 1 AktG, the remuneration of the members of the Supervisory Board is to be reviewed at least every four years and a resolution approving the remuneration passed at the Annual General Meeting; a confirming resolution is also possible under section 113 (3) sentence 2 half-sentence 1 AktG. If the Annual General Meeting does not approve the remuneration system, a revised remuneration system is to be submitted for approval by no later than the following Annual General Meeting. The review also regularly includes a comparison with other listed companies of a comparable size. If necessary, an external remuneration advisor who is independent of the Executive Board and Supervisory Board may provide support in this regard. The Supervisory Board and the Executive Board jointly submit proposals for revising or confirming the remuneration of the members of the Supervisory Board.

Potential conflicts of interest in the review of the remuneration system are averted through the statutory allocation of powers. This is because the sole decision-making authority on the remuneration for the Supervisory Board is held by the Annual General Meeting in accordance with section 113 AktG. In all other respects, the Supervisory Board's general rules on conflicts of interest apply and stipulate that the Supervisory Board provides information in its report to the Annual General Meeting on any conflicts of interest that have arisen and how they have been averted.

Additional information concerning the invitation to Annual General Meeting

1. Virtual Annual General Meeting without the physical presence of shareholders

In accordance with section 1 (1), (2) and (6) sentence 1 of the Act Governing Measures In Company Law, Laws On Cooperatives, Association Law, Foundation Law And Residential Property Law To Combat The Effects Of The COVID-19 Pandemic ("COVID-19 Act"), which has been extended by the Ordinance on the Extension of Measures in Corporate, Cooperative, Association and Foundation Law to Combat the Effects of the COVID 19 Pandemic of October 20, 2020, and amended by Article 11 of the Act on the Further Shortening of the Residual Debt Relief Procedure and the Adjustment of Pandemic-Related Provisions in Corporate, Cooperative, Association and Foundation Law and in Tenancy and Lease Law of December 22, 2020, the Executive Board has decided with the approval of the Supervisory Board that the Annual General Meeting will be held without the physical presence of the shareholders or their voting proxies (with the exception of the voting representatives nominated by the Company) as a virtual Annual General Meeting and that the shareholders will take part in the Annual General Meeting and, in particular, vote electronically. The Annual General Meeting will be held at the Company's headquarters, Grammer-Allee 2, 92289 Ursensollen, Germany, with the physical presence of the members of the Executive Board, the Chairman and the Deputy Chairman of the Supervisory Board, the voting representatives nominated by the Company and a notary public, who will be taking the minutes of the Annual General Meeting.

Holding the Annual General Meeting 2021 as a virtual meeting in accordance with the COVID-19 Act requires modifications to the order of business of the Annual General Meeting as well as in the rights of shareholders.

The virtual Annual General Meeting will be live-streamed (audio and video) via the Internet to all duly registered shareholders or their voting proxies. The shareholders will be able to exercise their voting rights electronically (postal voting) and grant proxies; the shareholders will have an opportunity to exercise their right to ask questions electronically, and shareholders who have exercised their voting rights may submit objections electronically to resolutions passed at the Annual General Meeting.

We ask our shareholders to pay particular attention this year to the following notes on registering for the virtual Annual General Meeting and on exercising their voting rights and other shareholder rights.

2. Requirements for attending the virtual Annual General Meeting and exercising voting rights

In accordance with Article 22 (1) of the Articles of Association, only those shareholders who register for the virtual Annual General Meeting and provide proof of share ownership are entitled to participate in the Annual General Meeting and to exercise their voting rights. Proof of share ownership must be true as of the beginning of the 21st day prior to the date of the Annual General Meeting, i.e. 00.00 hours on June 2, 2021 (CEST), (the **"record date"**). Proof of share ownership by the ultimate intermediary pursuant to section 67c (3) AktG is required. Registration and proof of share ownership must be received by the Company at the following address on or before the end of the day on June 16, 2021 24:00 hours (CEST):

GRAMMER AG
c/o Computershare Operations Centre
80249 Munich, Germany
Telefax: +49 89 30903-74675
E-Mail: anmeldestelle@computershare.de

Registration and proof of share ownership must be provided in text form (as defined in section 126b of the German Civil Code (BGB)). We recommend that our shareholders contact their depository bank in good time in order to ensure that the Company receives proper and timely proof of the ultimate intermediary pursuant to section 67c (3) AktG.

Significance of the record date

For the purpose of relations with the Company, only those persons who have provided proof that they hold shares in its share capital may attend the virtual Annual General Meeting and exercise voting rights. Entitlement to attend the shareholder meeting and the extent to which voting rights may be exercised are determined solely on the basis of the shares held by the shareholder on the record date. The record date does not entail any block on the sale of the shares. Notwithstanding the fact that they may have been sold in full or in part after the record date, the shares held by the shareholder on the record date are solely decisive for determining eligibility for attending the Annual General Meeting and the scope of the voting rights accruing to the shareholder. In other words, the sale of shares after the record date does not prejudice eligibility to attend the Annual General Meeting and the extent to which voting rights may be exercised. This applies equally if shares are acquired after the record date. For example, anyone who is not a shareholder on the record date but purchases shares in the Company prior to the virtual Annual General Meeting is not entitled to attend the Annual General Meeting or exercise any voting rights. The record date does not have any relevance for determining dividend entitlement.

Following receipt of registration and proof of share ownership by the Company, confirmation of registration together with information on how to log onto the virtual Annual General Meeting will be sent to the duly registered shareholders.

3. Proxy voting

(a) Procedure for proxy voting

Shareholders may also vote by proxy at the Annual General Meeting by authorizing an agent such as an intermediary, a proxy advisor, a shareholder association or any other person of their choice to exercise their voting rights on their behalf. In this case as well, it is necessary to register and provide proof of share ownership within the specified period. If the shareholder issues voting authorization to more than one person, the Company may reject one or more of them in accordance with section 134 (3) sentence 2 AktG.

Voting proxies are not able to physically attend the Annual General Meeting. They may only exercise the voting rights of the shareholders they represent by means of postal voting or by issuing (sub) voting instructions to the voting representatives nominated by the Company. Proxies, notice of revocation of proxies and proof of authorization must be served on the Company in text form (section 126b BGB).

Shareholders intending to authorize an intermediary, a proxy advisor, an association of shareholders or any institutions or persons within the meaning of section 135 AktG to vote on their behalf should note that in such cases the relevant institution or person may require a particular form of authorization as they must retain a record of the authorization in accordance with section 135 AktG. We therefore advise such shareholders to enquire with their chosen proxies as to the proper form of authorization.

Proof of authorization or notice of revocation of such authorization may be submitted to the Company at the following address, fax number or e-mail address:

GRAMMER AG

c/o Computershare Operations Centre

80249 Munich, Germany

Telefax: +49 89 30903-74675

E-Mail: anmeldestelle@computershare.de

In addition, votes may be submitted electronically via the GRAMMER investor portal, which can be accessed on the Company's website at <https://www.grammer.com/en/investor-relations/annual-general-meeting/2021.html>.

(b) Procedure for proxy voting through a voting representative nominated by the Company

The Company also offers shareholders the option of exercising their voting rights by proxy through a voting representative nominated by the Company but bound by the shareholder's instructions. Proxies, notice of revocation of proxies and proof of authorization must be served on the Company in text form (section 126b BGB). The form sent to shareholders with their confirmation of registration may be used to authorize and instruct a voting representative nominated by the Company. A form is also available for downloading at <https://www.grammer.com/en/investor-relations/annual-general-meeting/2021.html>.

Please note that, if a voting representative nominated by the Company is utilized, it is still necessary to register for the Annual General Meeting and to submit proof of share ownership. The authorization and instructions to the voting representative should be submitted to the following address, fax number or e-mail address by 24:00 hours (CEST) on June 22, 2021:

GRAMMER AG

c/o Computershare Operations Centre

80249 Munich, Germany

Telefax: +49 89 30903-74675

E-Mail: anmeldestelle@computershare.de

In addition, the GRAMMER shareholder portal, which can be accessed on the Company's website at <https://www.grammer.com/en/investor-relations/annual-general-meeting/2021.html> may be used to submit, revoke or modify any voting proxies and instructions issued to the voting representatives nominated by the Company before and during the virtual Annual General Meeting up until the commencement of voting.

The voting representatives nominated by the Company will not accept any instructions to submit questions or applications.

4. Postal voting procedure

Shareholders have the option of voting by post. This can be done in writing or electronically.

The form printed on the confirmation of registration can be used for postal voting. Shareholders will receive the postal voting form together with the confirmation of registration, which will be sent to them when they duly register within the requisite period and in the form described above.

A form is also available for downloading at <https://www.grammer.com/en/investor-relations/annual-general-meeting/2021.html>.

Postal votes may be submitted, modified or revoked by ordinary mail, telefax or e-mail on or before 24:00 hours (CEST) on July 22, 2021, using the address stated under section 3 a) "Procedure for proxy voting".

In addition, votes may be submitted electronically via the GRAMMER investor portal, which can be accessed on the Company's website at <https://www.grammer.com/en/investor-relations/annual-general-meeting/2021.html>.

Postal votes may be submitted, altered or revoked electronically via the GRAMMER shareholder portal before and during the virtual Annual General Meeting up until the commencement of voting.

Please note that, if an absentee ballot is utilized, it is still necessary to register for the Annual General Meeting and to submit proof of share ownership.

Further details are available to shareholders in the instructions on the confirmation of registration or on the form available for downloading from the Company's website.

5. Information on shareholder rights under sections 122 (2), 126 (1), 127 AktG and section 1 (2) sentence 1 number 3, sentence 2 of the COVID-19 Act

(a) Additions to the agenda [section 122 (2) AktG]

Shareholders whose combined shares amount to at least one-twentieth of the Company's share capital, which equates to 761,897 shares as of the date on which the Annual General Meeting is convened, or a proportionate ownership of at least EUR 500,000.00 (195,313 shares as of the date on which the Annual General Meeting is convened) may request that items be placed on the agenda and published. Each new item must be accompanied by an explanation or a document setting out the wording of the proposed resolution. This request must be served on the Executive Board in writing. Requests for additions to the agenda must be received by the Company at least 30 days prior to the Annual General Meeting, i.e. by 24.00 hours (CEST) on May 23, 2021 at the following address:

**Executive Board of GRAMMER AG
– Annual General Meeting –
Grammer-Allee 2
92289 Ursensollen, Germany**

The persons requesting such addition must prove that they have held the minimum required number of shares for at least 90 days prior to the date of receipt of the request and that they have continued to hold them up to and including the day on which the Executive Board makes a decision on such request.

Immediately upon receipt of a request for publication of an addition to the agenda, the Company will publish it in the electronic Federal Gazette and forward the information to media sources that can be expected to disseminate it throughout the entire European Union. They will also be

published on the Company's website at <https://www.grammer.com/en/investor-relations/annual-general-meeting/2021.html> and disclosed to the shareholders.

(b) Countermotions and voting proposals (section 126 (1), section 127 AktG)
Each shareholder is entitled to submit countermotions and election proposals to the Company prior to the Annual General Meeting in accordance with section 126 (1), section 127 AktG. The Company will publish the countermotions and election proposals on its website provided that they satisfy the statutory requirements for doing so.

If countermotions or election proposals are to be published in advance by the Company in accordance with sections 126 and 127 AktG, they must be sent to the following address no later than 14 days before the date of the Annual General Meeting, i.e. no later than 24:00 hours (CEST) on June 8, 2021.

GRAMMER AG
– Annual General Meeting –
Grammer-Allee 2
92289 Ursensollen, Germany
Telefax: +49 9621 66-32000
E-Mail: hv@grammer.com

Countermotions and election proposals submitted to another address will not be considered. In addition, the Company may also refrain from making such information available in whole or in part under certain other conditions specified in greater detail in sections 126 and 127 AktG or combine countermotions or election proposals and the reasons for these. No reasons are required in the case of an election proposal. A voting proposal for a member of the Supervisory Board must specify the name, profession and place of residence of the proposed person and disclose any other

statutory supervisory bodies of which such person is already a member. The election proposal will be published on the Company's website at <https://www.grammer.com/en/investor-relations/annual-general-meeting/2021.html>, stating the name of the shareholder, the reasons for the proposal, the mandatory disclosures in accordance with section 127 (4) AktG and a possible statement by the Company's administration.

In keeping with the spirit of the COVID-19 Act, shareholders are unable to submit any countermotions or election proposals during the virtual Annual General Meeting. A counter-proposal or election proposal to be published in accordance with sections 126 and 127 AktG will be deemed to have been duly served if the shareholder submitting the counter-proposal or election proposal is duly authorized and registered for attendance at the virtual Annual General Meeting.

(c) Right to ask questions electronically (section 1 (2) sentence 1 number 3, sentence 2 of the COVID-19 Act)

Under section 1 (2) sentence 1 number 3 of the COVID-19 Act, each shareholder who has registered for the virtual Annual General Meeting will be entitled to exercise his or her right to ask questions electronically. The Executive Board has specified that questions must be submitted electronically no later than one day before the meeting.

Questions must be submitted electronically via the GRAMMER shareholder portal, which can be accessed on the Company's website at <https://www.grammer.com/en/investor-relations/annual-general-meeting/2021.html> by no later than 24:00 hours (CEST) on June 21, 2021.

The Executive Board will decide at its own due and free discretion how it answers questions, section 1 (2) sentence 2 of the COVID-19 Act.

Please note that under section 1 (2) of the COVID 19 Act, you will be able to participate in the virtual Annual General Meeting electronically this year, but that you will not have any comprehensive right to request information and to speak by means of video and audio transmission beyond the right to ask questions in the manner described above.

Further information regarding the shareholders' rights can be viewed on the Company's website at <https://www.grammer.com/en/investor-relations/annual-general-meeting/2021.html>.

6. Submission of objections to resolutions passed at the Annual General Meeting

Subject to the waiver of the requirement to appear at the Annual General Meeting, shareholders who have exercised their rights to vote electronically or by issuing voting instructions will have the opportunity of objecting to resolutions passed at the Annual General Meeting. Such declarations are to be sent to the notary via the GRAMMER shareholder portal, which is available on the Company's website at <https://www.grammer.com/en/investor-relations/annual-general-meeting/2021.html> and may be submitted from the opening of the Annual General Meeting until it is closed by the chairman of the meeting.

7. Video and audio streaming of the virtual Annual General Meeting

The live stream (video and audio) of the Annual General Meeting on the Internet will be available to duly registered shareholders or their voting proxies via the GRAMMER shareholder portal, which can be accessed on the Company's website at <https://www.grammer.com/en/investor-relations/annual-general-meeting/2021.html>.

8. Reference to the Company's website

The information pursuant to section 124a AktG can be accessed on the Company's website at <https://www.grammer.com/en/investor-relations/annual-general-meeting/2021.html>.

9. Total number of shares and voting rights

As of the date on which the Annual General Meeting is convened, the Company's share capital is divided into 15,237,922 no-par value shares with an equal number of voting rights. Accordingly, there are 15,237,922 voting rights. As of the date on which this meeting is convened, the Company's treasury stock comprises 330,050 shares, which do not convey any voting rights.

10. Privacy policy

GRAMMER AG processes the personal data of its shareholders and any shareholder representatives in order to prepare and conduct its virtual Annual General Meeting. The purpose of processing this data is to enable shareholders and shareholder representatives to attend the virtual Annual General Meeting and to exercise their rights before and during the virtual Annual General Meeting.

GRAMMER AG processes this data as the controller in compliance with the provisions of the EU General Data Protection Regulation (GDPR) and all other relevant laws. Details on the handling of personal data and the rights pursuant to the European General Data Privacy Regulation can be found on the Company's website at <https://www.grammer.com/en/investor-relations/annual-general-meeting/2021.html>.

Ursensollen, May 2021
The Executive Board

GRAMMER AG

Grammer-Allee 2

92289 Ursensollen, Germany

Phone +49 (0) 96 21 66 0

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