

Report of the Supervisory Board



Dear Shareholders,

The 2022 financial year was a challenging year dominated by geopolitical turbulence and major challenges for the global economy. The Executive Board, managers and employees at GRAMMER have met these challenges with impressive commitment and great perseverance.

We were all deeply shocked by the outbreak of war in Ukraine in February 2022. As well as the enormous suffering inflicted on the people of Ukraine, the war also had serious repercussions for global economic performance in 2022 that our Company was unable to escape. Sharp hikes in the costs of energy, materials and logistics, as well as disruption to supply chains and the global semiconductor shortage, have presented us with enormous challenges over the last year.

At the same time as the war, the COVID-19 pandemic continued to shape the lives of people around the world. Thanks to our employees' great commitment, we successfully kept operations largely running at our global locations. This is particularly true of

“Our employees, managers and the Executive Board, working together and in close cooperation with our customers, have impressively mastered the major challenges of the past fiscal year.”

Dr. Martin Kleinschmitt

Chairman of the Supervisory Board

our sites in China, where the effects of the pandemic were most pronounced this year.

Looking back at the last year, we can also report various changes to the Executive Board and the Supervisory Board: In May 2022, the Supervisory Board and the Chairman of the Executive Board Thorsten Seehars mutually agreed to end his term in office. During the year, the Supervisory Board approved a new Executive Board structure with Jens Öhlenschläger as the Executive Board spokesman and Jurate Keblyte as a member of the Executive Board and Human Resources Director. Dagmar Rehm and I were elected as new Supervisory Board members at the Annual General Meeting following the resignation of Alfred Weber and Dr. Peter Merten. On behalf of the Supervisory Board, I would like to thank them all for their great dedication over the last few years.

Despite the challenges that were already foreseeable in May 2022, it was an honor for me to take on the position of Chairman of the Supervisory Board and, together with my Supervisory Board colleagues, help drive GRAMMER's responsible and sustainable development moving forward.

Monitoring and advisory activities of the Supervisory Board

The Supervisory Board performed all the duties required of it by law, the articles of association and rules of procedure with the utmost diligence last year. We monitored and advised the Executive Board in its management of the Company on the basis of the Executive Board's detailed written and verbal reports. In addition, members of the Supervisory Board regularly exchanged information with the Chairman/Spokesman of the Executive Board

and the other Executive Board members. This way, the Supervisory Board was informed at all times of the intended business policy, corporate planning (including financial, investment and personnel planning), the Company's profitability and financial position, business developments and the position of the Company and the Group. The Supervisory Board was involved directly and at an early stage in all decisions of key importance to the Company and discussed these in detail with the Executive Board. Where Supervisory Board approval was required for management decisions or measures on account of the law, articles of association or rules of procedure, the members of the Supervisory Board – in some cases prepared by the committees – approved these after reviewing and discussing them.

Topics addressed by the Supervisory Board as a whole

The Supervisory Board of GRAMMER AG held five ordinary and five extraordinary meetings last year. Three meetings were held in person, three as hybrid meetings (i.e. in person with the option to attend virtually) and four were held by video conference. No meetings were held as conference calls. Three resolutions were also passed outside meetings by way of a digital process.

The board as a whole regularly discussed the Executive Board's reporting on the revenue and earnings performance of GRAMMER AG and the Group and the financial position and results of operations. We also dealt with business requiring approval and discussed business in the Americas region in more detail as required. In addition, the Executive Board reported on the political and economic impact of the war in Ukraine and how this affects GRAMMER, as well as the ongoing implications of the

COVID-19 pandemic. In particular, we focused on the risk of supply chain bottlenecks and higher prices for raw materials, logistics and energy. The Supervisory Board also met regularly in the absence of the Executive Board to deal with matters relating either to the Executive Board itself or to internal Supervisory Board matters.

The first extraordinary Supervisory Board meeting on January 18, 2022 centered around discussions of the 2022 budget, medium-term planning for 2023-2026 and the passing of resolutions.

The second extraordinary meeting of the Supervisory Board was held on March 9, 2022. During this meeting, the Chairman of the Supervisory Board Alfred Weber and the Supervisory Board member Dr. Peter Merten informed the other members that they would be resigning from their positions at the end of the Company's Annual General Meeting on May 18, 2022. The shareholder representatives also resolved some changes to the composition of the Nomination Committee.

As well as Executive Board reporting on the Company's current position, agenda items at the first Supervisory Board meeting on March 29, 2022 included the approval and thus adoption of the annual financial statements and consolidated financial statements as of December 31, 2021 and the management reports for GRAMMER AG and the Group, related resolutions and the use of the net loss for the 2021 financial year. This meeting also established the target values for Executive Board remuneration for 2022 and carried out the Executive Board performance evaluation for 2021.

The third extraordinary meeting of the Supervisory Board was held on April 1, 2022. At this meeting, the Supervisory Board's proposals for the election of shareholder representatives to the Supervisory Board were adopted and the agenda for the Annual General Meeting in 2022 was approved. Dagmar Rehm and Dr. Martin Kleinschmitt were proposed as shareholder representatives on the Supervisory Board. Both proposals were in line with the Supervisory Board's competence profile, diversity concept and the targets it has set for its composition and also meet the statutory requirements for the composition of the board.

In a resolution passed outside a meeting by way of a digital process, on April 21, 2022 the Supervisory Board resolved to approve the combined separate non-financial report for the 2021 financial year.

The fourth extraordinary meeting of the Supervisory Board on May 16, 2022 mutually resolved to end Thorsten Seehars's term as member of the Executive Board and terminate his service contract as of the end of May 31, 2022 and to appoint Jurate Keblyte as interim Human Resources Director, Jens Öhlenschläger as interim Spokesman of the Executive Board and resolved the future responsibilities of the two-member Executive Board.

The second Supervisory Board meeting on May 17, 2022 focused on reporting by the Executive Board on the current business situation and information about GRAMMER AG's Annual General Meeting, which was being held on the next day. At the constituent Supervisory Board meeting that followed the Annual General Meeting on May 18, 2022, the Supervisory Board elected Dr. Martin Kleinschmitt as Chairman. Some new members were also elected to Supervisory Board committees on account of the departure of former members, Alfred Weber and Dr. Peter Merten.

In a resolution passed outside a meeting by way of a digital process, on June 14, 2022 the Supervisory Board resolved to approve the extension of and amendment to the existing syndicated loan agreement, contract amendments for bilateral loan agreements and the registered bond issued by the Company.

The third Supervisory Board meeting was held on September 27, 2022. At this meeting, the Executive Board again reported at length on the Company's current business situation. The board also received reports on the results of the 2021 employee survey, succession planning at GRAMMER and information on cyber security in the Group. It passed a resolution approving the establishment of two new companies in Brazil and discussed the need for changes to the rules of procedure for the Executive Board and the Supervisory Board. It also resolved to appoint Jens Öhlenschläger as the Executive Board spokesman with effect from October 1, 2022 for the duration of his appointment as a member of the Executive Board, and Jurate Keblyte as Human Resources Director with effect from October 1, 2022 for the duration of her

appointment as an Executive Board member and to amend the responsibilities of the Executive Board accordingly. The Supervisory Board also approved the composition of the Executive Committee established by the Executive Board, which supports the work of the Executive Board as an extended body.

The fourth ordinary Supervisory Board meeting was held as an executive session without the Executive Board on November 9, 2022. Presentations were given on current governance and sustainability topics to aid the further training of the Supervisory Board: The Supervisory Board was informed about the current German Corporate Governance Code and the effects of the most recent changes in 2022 for GRAMMER AG, the act introducing virtual annual general meetings for stock corporations and about the EU taxonomy regulation and its impact on GRAMMER. The Supervisory Board also looked closely at the results of the 2022 self-assessment that was conducted in the weeks prior to the meeting in the form of questionnaires and interviews. It also considered the work of the committees, focusing this year on the Audit Committee and the Personnel and Mediation Committee. The Executive Board's perspective was also integrated into the survey. Overall, the Supervisory Board and its committees was considered to be efficient and was essentially rated favorably. Measures to continually improve our work were resolved on the basis of this. The Supervisory Board also discussed required changes to its competence profile and set out what it considers the necessary Supervisory Board competences. These will be determined for individual members in the following weeks so that they can be agreed as a qualification matrix at the next Supervisory Board meeting. Finally, at the meeting the Supervisory Board resolved updated rules of procedure for the Executive Board and the Supervisory Board of GRAMMER AG.

At the fifth ordinary Supervisory Board meeting on December 20, 2022, the Supervisory Board was informed about the current state of the Company as part of regular reporting by the Executive Board. The meeting also focused on discussing and approving the budget presented by the Executive Board for the 2023 financial year and medium-term planning for 2024-2027. The corporate strategy was also reported on in detail. In addition, the Supervisory Board decided – based on the recommendation and

preference of the Audit Committee – to propose appointing BDO AG Wirtschaftsprüfungsgesellschaft as auditor of the annual financial statements and the consolidated financial statements for financial year 2024 to the 2024 Annual General Meeting. It also discussed the recommendations of the German Corporate Governance Code and the approval of the 2022 declaration of conformity. The board received annual reports on risk management, the internal control and compliance system and measures by Internal Audit. Without the attendance of the Executive Board, the target values for Executive Board remuneration were established for the 2023 financial year and the Supervisory Board qualification matrix was resolved.

German Corporate Governance Code

The Supervisory Board agreed a declaration of conformity in accordance with section 161 AktG at the Supervisory Board meeting on December 20, 2022. Information on corporate governance can be found in the corporate governance declaration, which is available at <https://www.grammer.com/en/investor-relations/corporate-governance.html>. The declaration of conformity is permanently available to the public online at <https://www.grammer.com/en/investor-relations/corporate-governance.html>. The current declaration of conformity is also included in the corporate governance declaration.

Work of the Supervisory Board's committees

The Supervisory Board had five committees in the reporting year. They prepare resolutions and topics to be discussed by the Supervisory Board as a whole. Decision-making authorities of the Supervisory Board are assigned to committees as permitted by law. The committee chairs generally report on the work of the committees to the Supervisory Board at the following meeting. The tasks and members of the committees are set out in detail in the corporate governance declaration.

The **Audit Committee** held four ordinary meetings and one constituent meeting, at which Dagmar Rehm was elected Committee Chairwoman on May 30, 2022. Two meetings were held in person and three as virtual video conferences. In the presence of the auditor and the Executive Board, the Audit Committee discussed

the annual financial statements and the management reports for GRAMMER AG and the Group. It discussed the half-yearly financial report and quarterly statements with the Executive Board. As part of preparing and carrying out the audit, the Audit Committee, primarily the Chairwoman, regularly met with the auditor without the Executive Board and reported on this to the committee. The Audit Committee recommended that the Supervisory Board propose Ernst&Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, to the Annual General Meeting as auditor for the 2022 financial year. It issued the audit engagement to the auditor selected by the Annual General Meeting for the 2022 financial year, determined the main focal points of the audit and set the fees. It monitored the selection, independence, qualifications and rotation of the auditor and the auditor's services, as well as reviewing the quality of the audit. The Audit Committee also discussed the accounts, the accounting system, the appropriateness and efficacy of the Company's internal control system and risk management system and the effectiveness and findings of Internal Auditing. In addition, the Audit Committee addressed compliance with legal provisions, regulations and internal company policies. Another focus of the Audit Committee's work in the 2022 financial year – due to the mandatory external rotation of the auditor scheduled at the end of the 2023 financial year – was on preparing and implementing a transparent, non-discriminatory process for selecting the auditor for 2024. At its meeting on March 29, 2022, the Audit Committee thus resolved to initiate a tendering process in accordance Article 16 of the EU Audit Regulation (Regulation (EU) No. 537 /2014 of the European Parliament and of the Council dated April 16, 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC, "EU Audit Regulation"). After carefully reviewing the applicants, the Audit Committee resolved to propose the two audit firms Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, and BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, with preference given to BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, to the Supervisory Board as auditor for the financial year beginning on January 1, 2024. The committee passed two resolutions outside a meeting by way of a digital process to approve certain non-audit services and to approve meeting minutes.

The **Personnel and Mediation Committee** met eight times last year. At the June 20, 2022 meeting, Gabriele Sons was elected chair of the committee. One meeting was held in person and seven as virtual video conferences. In particular, the committee prepared the Supervisory Board's resolutions for achieving and setting performance criteria and the targets for variable Executive Board remuneration and approved the admission of an Executive Board member at another company to the Supervisory Board. One focus topic of the meetings was on preparing the Supervisory Board's personnel decisions. For example, the committee prepared the mutual termination agreement with the member and Chairman of the Executive Board, Thorsten Seehars, as of May 31, 2022. It also recommended that the Supervisory Board appoint Jens Öhlenschläger as Spokesman of the Executive Board and Jurate Keblyte as Human Resources Director and that it amend the responsibilities of the Executive Board accordingly.

The **Nomination Committee** held five meetings, one of which was held in person, one as a hybrid meeting (i.e. in person with the option to attend virtually) and three by video conference. At the March 14, 2022 meeting, Gabriele Sons was elected committee chair. After two members of the Supervisory Board, Alfred Weber and Dr. Peter Merten, announced in March 2022 that they would resign with effect from the end of the 2022 Annual General Meeting, the committee initiated a selection process to find replacements for the two vacancies and prepared the Supervisory Board's proposals for the election of shareholder representatives to the Supervisory Board for the 2022 Annual General Meeting. The Nomination Committee was occasionally supported by an external advisor. When selecting potential candidates and preparing a recommended resolution to the Supervisory Board, Nomination Committee took particular account of the objectives for the Supervisory Board's composition, including its competence profile and diversity concept, and the requirements of the AktG and the German Corporate Governance Code. There was a particular focus here on financial and transformation expertise, as well as expertise in sustainability issues. The election proposals were recommended to the Supervisory Board in a resolution passed outside a meeting by way of a digital process.

The [Strategy Committee](#) held one in-person meeting, at which Prof. Dr. Birgit Vogel-Heuser was elected committee chair on November 9, 2022. This focused on presenting the GRAMMER's strategy process and discussing selected strategic issues related to the Automotive and Commercial Vehicles divisions.

The [Chairman's Committee](#) met on four occasions, with all meetings held as conference calls. The Chairman's Committee prepared the ordinary meetings and resolutions of the Supervisory Board and coordinated the board's work, chiefly in relation to the content and focus topics of meetings.

Supervisory Board training

The members of the Supervisory Board take their own initiative to undertake any training that may be required for their role and are supported here by the Company. Presentations on current issues are given for the purposes of targeted training, primarily at board meetings. For example, at the meeting on November 9, 2022, the Supervisory Board was informed about the current German Corporate Governance Code and the effects of the most recent changes for GRAMMER AG, the act introducing virtual annual general meetings for stock corporations and about the EU taxonomy regulation and its impact on GRAMMER.

Individual disclosure of meeting attendance

The attendance rate was 96% for Supervisory Board meetings, 100% for the Audit Committee, Strategy Committee, Nomination Committee and Chairman's Committee and 97% for the Personnel and Mediation Committee. On account of the COVID-19 pandemic, meetings in the reporting year were held not only as in-person events but also as virtual video conferences or as in-person meetings with the option to attend virtually (hybrid meetings). Chairman's Committee meetings were held as conference calls.

Individual Supervisory Board members' attendance at the meetings of the Supervisory Board and its committees is shown below:

Attendance at the meetings of the Supervisory Board

Number of meetings /attendance in %	Full Supervisory Board		Audit Committee		Personnel and Mediation Committee		Nominating Committee		Strategy Committee		Chairman's Committee		
	Number	in %	Number	in %	Number	in %	Number	in %	Number	in %	Number	in %	
Dr. Martin Kleinschmitt	Chairman (since May 18, 2022)	4/4	100	3/3	100	4/4	100			1/1	100	2/2	100
Horst Ott	Deputy Chairman	8/10	80			7/8	88			1/1	100	4/4	100
Klaus Bauer	Member	10/10	100										
Andrea Elsner	Member	10/10	100	5/5	100								
Dr. Ping He	Member	10/10	100										
Martin Heiss	Member	10/10	100			8/8	100			1/1	100		
Peter Kern	Member	10/10	100										
Jürgen Kostanjevec	Member	10/10	100					5/5	100				
Dagmar Rehm	Member (since May 18, 2022)	4/4	100	3/3	100								
Gabriele Sons	Member	10/10	100			8/8	100	5/5	100				
Prof. Dr. Birgit Vogel-Heuser	Member	10/10	100					5/5	100	1/1	100		
Antje Wagner	Member	7/10	70	5/5	100								
Former members													
Alfred Weber	Chairman (until May 18, 2022)	6/6	100	2/2	100	4/4	100					2/2	100
Dr. Peter Merten	Member (until May 18, 2022)	6/6	100	2/2	100								
		96		100		97		100		100		100	

Conflicts of interest

GRAMMER AG's Supervisory Board members are obliged to immediately report any conflicts of interest, especially those that may arise on account of a consultation or board function at a customer, supplier, lender or other business partner, to the Chairman of the Supervisory Board and then to the board as a whole. No members of the Executive Board or Supervisory Board were involved in any (potential) conflicts of interest in the reporting year.

Audit of 2022 annual and consolidated financial statements

The Annual General Meeting of GRAMMER AG appointed Ernst&Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, on May 18, 2022 as the auditor of the annual financial statements and the consolidated financial statements for the 2022 financial year as proposed by the Supervisory Board and in accordance with the recommendation of the Audit Committee. Ernst&Young audited the annual financial statements of GRAMMER AG, the consolidated financial statements and the management reports for the 2022 financial year and issued an unqualified audit opinion. The German Public Auditor responsible is Udo Schuberth. Before being proposed as auditor to the Annual General Meeting by the Supervisory Board, Ernst&Young confirmed that there were no circumstances that could compromise its independence as auditor or give rise to doubts about its independence. Ernst&Young also stated the extent to which services outside the audit of the financial statements were provided to the Company in the previous financial year in compliance with the fee cap or are contractually agreed for the following year. GRAMMER AG's annual financial statements and management report were prepared in accordance with the provisions of the German Commercial Code. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted in the European Union, and in accordance with the supplemental provisions of section 315e (1) HGB. The audit was conducted in accordance with section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany). The auditor confirmed that the management reports provide a

true and fair view of GRAMMER AG and the Group and of the opportunities and risks with regard to future development. The audit of the early risk detection system as part of the audit found that the Executive Board has taken appropriate measures as required under section 91 (2) AktG, in particular to establish a monitoring system, and that the monitoring system is suitable for identifying developments that jeopardize the Company's going-concern status at an early stage. The annual and consolidated financial statements of GRAMMER AG, the management reports, the separate non-financial report and the auditor's reports were provided to all Supervisory Board members in good time. The Audit Committee performed a preliminary audit of these documents at its meeting on March 28, 2023 and reported on this to the Supervisory Board at the ordinary Supervisory Board meeting on the same day. The statements and reports were then discussed in detail. The auditor's representatives attended both meetings, reported on the results of their audits and were available to take questions. In particular, they presented the results of key audit matters for GRAMMER AG and the Group for the 2022 financial year. Material weaknesses of the internal control system and the risk management system were not reported.

No objections were raised by the Audit Committee or the Supervisory Board following the final results of the audit of the annual/consolidated financial statements and the management reports. In line with the Audit Committee's recommendation, the Supervisory Board approved the results of the audit. The Supervisory Board approved the annual financial statements of GRAMMER AG and the consolidated financial statements for 2022 prepared by the Executive Board. The annual financial statements were thus approved. As part of its audit, the Supervisory Board also reviewed the separate non-financial report in accordance with sections 289b and 315b HGB and concluded that these comply with existing requirements and that no objections are to be raised. The report prepared by the Executive Board and the Supervisory Board on Executive Board and Supervisory Board remuneration for 2022 (remuneration report) in accordance with section 162 AktG was also formally audited by the auditor. Again, no objections were raised.

The Executive Board proposes, based on a net loss of EUR 56,315,715.81 for fiscal year 2022 and a resulting accumulated loss of GRAMMER AG of EUR 131,187,509.87, which will be carried forward in full, not to propose a dividend payment to the Annual General Meeting 2023. This proposal was approved by the Supervisory Board.

Audit of the report of the Executive Board on relations with affiliated companies

At the end of the reporting year, the Wang family (Yiping Wang, Jimin Wang, Bifeng Wu) indirectly held 86.2% of the share capital of GRAMMER AG. GRAMMER AG is included in the consolidated financial statements of Ningbo Jifeng Auto Parts Co., Ltd., China, as a consolidated subsidiary. For this reason, the GRAMMER AG Executive Board prepared a report on relationships with affiliated companies (dependent company report) for the 2022 financial year in accordance with section 312 AktG and presented this to the Supervisory Board in good time. The dependent company report was audited by the auditor. As there were no objections to be raised following the completion of its audit, the auditor issued the following auditor's report in accordance with section 313 (3) AktG: "Based on our audit and opinion as required by law, we confirm that (1.) the factual statements made in the report are correct, (2.) the consideration paid by the Company for the transactions listed in the report was not unreasonably high." The dependent company report and the auditor's report were provided to the Audit Committee and the Supervisory Board, which reviewed the reports. The review did not give rise to any objections. Following the final result of the preliminary review by the Audit Committee and our own review, the Supervisory Board does not have any objections to the Executive Board's report on relationships with affiliated companies in accordance with section 312 (3) sentence 1 AktG. The results of the audit of the dependent company report by the auditor are approved.

Changes to the Supervisory Board and the Executive Board

As noted above, the following changes were made to the Executive Board and the Supervisory Board in the reporting year:

Thorsten Seehars's service contract was terminated by mutual agreement as of the end of May 31, 2022 and his term as member and Chairman of the Executive Board ended at the same time. The Supervisory Board thanks Thorsten Seehars for his successful work and great dedication over the last few years and wishes him all the best for his future personal and professional endeavors.

Jens Öhlenschläger and Jurate Keblyte assumed Thorsten Seehars's responsibilities with effect from June 1, 2022. At the same time, Jens Öhlenschläger was also temporarily appointed Spokesman of the Executive Board and Jurate Keblyte as interim Human Resources Director. Both positions were confirmed by Supervisory Board resolution with effect from October 1, 2022 for the duration of their appointment as members of the Executive Board and the Executive Board responsibilities were amended to account for a two-person Executive Board. An Executive Committee, comprising the members of the Executive Board and the heads of key core business areas, has formed the Company's highest operating management body since this time and supports the work of the Executive Board.

Following the resignation of the Supervisory Board members Alfred Weber and Dr. Peter Merten with effect from the end of the Annual General Meeting, the meeting appointed Dr. Martin Kleinschmitt and Dagmar Rehm as new members of the Supervisory Board on May 18, 2022. Dr. Martin Kleinschmitt was elected as Chairman of the Supervisory Board at the constituent Supervisory Board meeting that followed the Annual General Meeting. The Supervisory Board thanks Alfred Weber and Dr. Peter Merten for their great dedication and good collaboration throughout a challenging last few years.

Expression of thanks

On behalf of the Supervisory Board as a whole, I would like to express our sincere gratitude and respect to all GRAMMER employees for their work over the last financial year. Thanks are equally due to the members of the Executive Board, who have once again guided the Company through a very difficult market environment. I would also like to thank our employee representatives and the works councils, who always provide constructive support for GRAMMER's development. Finally, the Supervisory Board would also like to convey its gratitude to the shareholders, particularly the Wang family as the main shareholder, who placed their trust in GRAMMER AG's Executive Board and Supervisory Board last year.

Ursensollen, March, 2023

On behalf of the Supervisory Board



Dr. Martin Kleinschmitt
Chairman