

# GRAMMER AG

## Virtual Annual General Meeting 2020

**Explanatory notes on shareholders' rights (pursuant to Section 122 (2) AktG, Section 1 (3) sentence 4 COVID-19 Act, Section 126 (1), Section 127 AktG, Section 1 (2) sentence 1 No. 3, sentence 2 COVID-19 Act)**

The notice convening the Annual General Meeting contains information on the rights of shareholders pursuant to Sections 122 (2), 126 (1), 127 of the German Stock Corporation Act (*Aktiengesetz – AktG*) as well as Section 1 (1) to (3) of the Act concerning Measures in Company, Society, Association, Foundation and Property Ownership Law to Combat the Effects of the COVID-19 Pandemic (“COVID-19 Act”), in particular on the periods available for exercising such rights. The following information serves to provide a more detailed explanation of such shareholder rights.

1. **Petition to supplement the Agenda (Section 122 (2) AktG, Section 1 (3) sentence 3 COVID-19 Act)**

Shareholders whose shares collectively correspond to a twentieth of the capital stock, i.e. 630,357 shares at the time of convening the Annual General Meeting or reaching the pro-rata amount of EUR 500,000 (corresponding to 195,313 shares at the time of convocation), can call for items to be placed on the agenda and made known accordingly. Each new item must be accompanied by justification or a draft resolution. The petition is to be addressed to the Executive Board in writing. Motions to supplement the agenda must have been received by the Company no later than 14 days prior to the Meeting, i.e. by June 23, 24:00h, at the following address:

An den Vorstand der GRAMMER AG  
– Hauptversammlung –  
Grammer-Allee 2  
92289 Ursensollen

Petitioners are required to prove that they have held the shares for at least 90 days prior to the date of receipt of the petition and that they shall hold the shares until such time as a resolution has been adopted by the Executive Board on the application.

Supplementary notices to be announced regarding the agenda are promulgated without delay on receipt of such petitions in the German Government Gazette (*Bundesanzeiger*) and forwarded for publication to such media that can safely be assumed to disseminate such information throughout the European Union. In addition, they are communicated to the shareholders and published on the Company's website at <https://www.grammer.com/en/investor-relations/annual-general-meeting/2020.html>.

**The provisions of AktG and the COVID-19 Act on which the underlying rights of the shareholders are based are worded as follows:**

**Section 122 AktG (excerpt):**

## **Convening the Meeting at the request of a minority**

(1) *The Annual General Meeting is to be convened whenever shareholders whose shares collectively reach a twentieth of the capital stock call for convocation in writing, indicating the purpose and reasons therefor; the petition is to be addressed to the Executive Board. The Articles of Incorporation can tie the convocation of the Annual General Meeting to some other form and to possession of a smaller share of the capital stock. Petitioners are required to prove that they have held the shares for at least 90 days prior to the date of receipt of the petition and that they shall hold the shares until such time as a resolution has been adopted by the Executive Board on the application. Section 121 (7) is to be applied accordingly.*

(2) *In the same way, shareholders whose shares collectively reach a twentieth of the capital stock or the pro-rated amount of 500,000 euros can call for items to be placed on the agenda and published. Each new item must be accompanied by justification or a draft resolution. The petition as contemplated by sentence 1 must be received by the Company no later than 24 days (listed companies: at least 30 days) prior to the Meeting; the day of receipt is not to be included.*

### **Section 121 AktG (excerpt):**

#### **General**

(7) *For periods and deadlines counted backwards from the date of the Meeting, that particular day is not to be included. Postponement from a Sunday, Saturday or a public holiday to a prior or subsequent working day will not be taken into consideration. Sections 187 to 193 of the German Civil Code (Bürgerliches Gesetzbuch – BGB) are not to be applied by analogy. In the case of non-listed companies, the Articles of Incorporation may determine some other calculation of the period in question.*

### **Section 70 AktG:**

#### **Shareholding period calculation**

*If the exercise of rights derived from shares depends on the shareholder having held the shares during a certain period of time, then ownership is equivalent to a claim for transfer thereof against a credit institution, financial service providing institution or an enterprise trading pursuant to Section 53 (1) sentence 1 or Section 53b (1) sentence 1 or (7) of the German Banking Act. The period of ownership of a predecessor-in-title is assigned to the shareholder if the latter acquired the share non-gratuitously, from his or her trustee, as a universal successor-in-title, on dissolution of a community or transfer of a portfolio pursuant to Section 13 of the [German] Insurance Supervision Act or Section 14 of the Building Societies Act (Gesetz über Bausparkassen).*

### **Section 1 (3) COVID-19 Act:**

(3) *In departure from Section 123 (1) sentence 1 and (2) sentence 5 AktG, the Executive Board can decide to convene the Annual General Meeting no later than the 21st day prior to the date of the Meeting. And in departure from Section 123 (4) sentence 2 AktG, in the case of listed companies, proof of shareholding must refer to the start of the twelfth day prior to the Meeting and, in the case of bearer shares of the Company, the latter must have been received at the address communicated in the convocation notice no later than the fourth day prior to the General Meeting, unless the Executive Board has stipulated a shorter period for delivery of proof by the Company; different provisions in the Articles of Incorporation are negligible in this regard. If the meeting is convened subject to a shorter period in accordance with sentence 1, then notification under Section 125 (1) sentence 1 AktG must be made no later than twelve days prior to the Meeting and the notification under Section 125 (2) AktG must be made to the persons entered in the share register at the beginning of the twelfth day prior to the annual General Meeting. In departure from Section 122 (2) AktG, supplementary petitions in the aforementioned case must have been received by the Company at least 14 days prior to the Meeting.*

## **2. Countermotions and/or election proposals (Sections 126 (1), 127 AktG)**

Each shareholder is entitled to send countermotions and election proposals to the Company prior to the Annual General Meeting pursuant to Sections 126 (1), 127 AktG. The Company will publish countermotions and election proposals on the Company's website provided the statutory requirements for this have been met.

Should any countermotions or election proposals be made accessible in advance by the Company pursuant to Sections 126, 127 AktG, they must be sent no later than 14 days prior to the Meeting, i.e. by June 23, 2020, 24:00h, to the following address:

GRAMMER AG  
– Hauptversammlung –  
Grammer-Allee 2  
92289 Ursensollen

Telefax: +49 9621 66-32000

E-Mail: hv@grammer.com

Any countermotions and election proposals otherwise addressed will not be taken into consideration.

Furthermore, under certain further preconditions detailed in Sections 126 and 127 AktG, the Company may dispense with the need to make information accessible, either wholly or in part, or it may consolidate or summarize countermotions, election proposals and the reasons for these. Justification is not necessary at any rate in the case of an election proposal. A proposal for election to the Supervisory Board must contain the name, profession exercised and the residential address of the person nominated as well as his or her membership of other supervisory boards required to be set up by law. Information is to be made accessible, including the name of the shareholder, justification to be made accessible, mandatory disclosures pursuant to Section 127 (4) AktG and a possible statement from Management on the Company's website at <https://www.grammer.com/en/investor-relations/annual-general-meeting/2020.html>.

During the virtual Annual General Meeting, under the COVID-19 Act shareholders may not file any countermotions or election proposals. A countermotion to be made accessible under Sections 126, 127 AktG will be deemed to have been submitted within the scope of the virtual General Meeting if the petitioning shareholder is duly registered to attend the Annual General Meeting.

**The provisions of AktG on which these shareholders' rights are based are worded as follows:**

**Section 126 AktG:**

***Motions by shareholders***

*(1) Motions by shareholders, including the name of the shareholder, the reasons and a possible statement from Management are to be made accessible to the authorized persons specified in Section 125 (1) to (3) under the relevant prerequisites if the shareholder sent a countermotion to a proposal tabled by the Executive Board or Supervisory Board on a certain item of the agenda at least 14 days prior to the Meeting of the Company along with the relevant reasons to the address stipulated to this end in the notice convening the Meeting. The day of receipt is not to be included in this regard. For listed companies, the relevant information must be made accessible via the Company's website. Section 125 (3) applies accordingly.*

*(2) A countermotion and reasons therefor do not need to be made accessible*

1. if the Executive Board would incur criminal liability in making the information accessible,
  2. if the countermotion would lead to a resolution being adopted at the Annual General Meeting that would be unlawful or contrary to the Articles of Incorporation,
  3. if the reasons obviously contain incorrect or misleading information with regard to material items or if they contain any insults,
  4. if a countermotion by the shareholder based on the same facts and circumstances regarding a Annual General Meeting of the Company has already been made accessible as contemplated by Section 125,
  5. if the same countermotion filed by the shareholder has already been made accessible according to Section 125 for more or less the same reasons prior to at least 2 General Meetings in the past five years and less than a twentieth of the capital stock represented voted for it,
  6. if the shareholder indicates that he or she will not attend the Annual General Meeting, not even by proxy, or
  7. if the shareholder failed to file a countermotion communicated at two Annual General Meetings in the last two years or failed to have such countermotion filed.
- The reasons do not need to be made accessible if they amount to a total of more than 5,000 characters.

(3) If multiple shareholders file countermotions on the same item of the resolution to be adopted, then the Executive Board may consolidate or summarize the countermotions and the reasons to substantiate them.

#### **Section 127 AktG:**

##### **Election proposals by shareholders**

Section 126 applies *mutatis mutandis* to proposals by a shareholder for the election of Supervisory Board members or auditors of financial statements. The election proposal does not need to be justified. The Executive Board does not need to make the election proposal accessible even if it does not contain the disclosures listed in Section 124 (3) sentence 4 and Section 125 (1) sentence 5. The Executive Board must provide the proposal by a shareholder for the election of Supervisory Board members of listed companies to which the Co-determination Act, the Co-determination Act for the Coal & Steel Industry or the Supplementary Co-determination Act is applicable with the following content:

1. reference to the requirements of Section 96 (2),
2. indication whether an objection was raised to overall performance under Section 96 (2) sentence 3, and
3. an indication of how many seats on the Supervisory Board need to be filled by women and men, respectively, in order to fulfill the minimum representation quota under Section 96 (2) sentence 1.

#### **Section 124 (3) sentence 4 AktG (excerpt):**

##### **Announcement of supplementary petitions; proposals for resolutions to be adopted**

The proposal for election of Supervisory Board members or auditors must contain their names, exercised profession and place of residence.

#### **Section 125 (1) sentence 5 AktG:**

##### **Notifications for shareholders and to Supervisory Board members**

*For listed companies, when submitting a proposal for election of Supervisory Board members information must be submitted on their membership of other supervisory boards required to be set up by law; information on their membership of similar domestic and foreign control bodies of business enterprises are to be attached.*

3. **Ability to raise questions under Section 1 (2) sentence 2 COVID-19 Act**

Each shareholder who has registered for attendance at the virtual Annual General Meeting is given the option pursuant to Section 1 (2) sentence 1 No. 3 COVID-19 Act to raise questions by way of electronic communication. The shareholders are not entitled to information, however.

On the basis of Section 1 (2) sentence 1 No. 3, sentence 2 of the COVID-19 Act, the Executive Board has adopted a resolution – with the approval of the Supervisory Board – to the effect that shareholders are required to submit their questions to the Company by electronic communication no later than two days prior to the Annual General Meeting. No questions may be raised during the virtual Annual General Meeting.

Accordingly, questions are to be submitted via the GRAMMER Shareholder Portal, which is accessible on the Company's website at: <https://www.grammer.com/en/investor-relations/annual-general-meeting/2020.html>.

The Executive Board will duly decide at its free discretion which questions it will answer and how. As evidenced by the statutory justification relating to Section 1 (2) sentence 2 of the COVID-19 Act, the Management can consolidate or summarize questions and select those it considers sensible in the shareholders' interests. In doing so, it may assign preference to shareholder associations and institutional investors with a substantial share of voting rights.

**The provisions of the COVID-19 Act on which these shareholders' rights are based are worded as follows:**

**Section 1 (2) COVID-19 Act (excerpt):**

*(2) The Executive Board can decide that the Meeting is to be held as a virtual General Meeting without the shareholders or their voting proxies being physically present if*

- 1. video and audio transmission of the entire Meeting takes place,*
- 2. it is possible for shareholders to exercise their voting rights via electronic communication (voting by letter or electronic participation) as well as for proxy authorizations to be granted,*
- 3. the shareholders are given the opportunity to raise questions by way of electronic communication,*
- 4. those shareholders who have exercised their voting rights according to no. 2, in departure from Section 245 no. 1 AktG, under waiver of the need to appear at the Annual General Meeting, are given the opportunity to object to a resolution adopted at the Annual General Meeting.*

*The Executive Board will duly decide at its free discretion which questions it will answer and how; it can also stipulate that questions must be submitted no later than two days prior to the Annual General Meeting by way electronic communication.*