9. Corporate governance statement

The corporate governance statement required under Sections 289f and 315d HGB is summarised for GRENKE AG and the GRENKE Consolidated Group. In the corporate governance statement, the Board of Directors and the Supervisory Board also report on the Company's corporate governance (Principle 22 of the DCGK).

The Board of Directors and the Supervisory Board of GRENKE AG are committed to responsible and transparent management and control of the Company with a view to increasing its enterprise value in the long term. To this end, the Board of Directors and the Supervisory Board consider the role of the Company in society and the resulting social responsibility, as well as social and environmental factors, as relevant parameters in their planning, assess the potential impact of these parameters on the corporate strategy and the operating business, and address them accordingly.

9.1. Declaration of Conformity pursuant to Section 161 AktG

The DCGK, as the standard of the German corporate governance system for good and responsible corporate governance, contains recommendations and suggestions for the management and supervision of German listed stock corporations. GRENKE AG complies with the recommendations of the DCGK in the current version of December 16, 2019 with individual, justified exceptions. The Board of Directors and the Supervisory Board have dealt in detail with compliance with the DCGK and jointly and unanimously adopted the following Declaration of Conformity on January 25, 2021.

2021 DECLARATION OF CONFORMITY

of the Board of Directors and Supervisory Board with the DCGK in accordance with Section 161 AktG

The Board of Directors and Supervisory Board of GRENKE AG declare in accordance with Section 161 AktG:

I. Declaration of Conformity with the DCGK in the version dated February 7, 2017

Since the last Declaration of Conformity was submitted on January 21, 2020, GRENKE AG has complied with the recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated February 7, 2017 ("DCGK 2017"), published in the German Federal Gazette on April 24, 2017, with the following justified deviations:

In determining the total remuneration of the individual members of the Board of Directors, the Supervisory Board ensured that it was commensurate with the performance and duties of the respective member of the Board of Directors and the Company's situation. The appropriateness of the remuneration of the Board of Directors is regularly reviewed by the Supervisory Board. In deviation from the recommendation in **Article 4.2.2 (2) DCGK 2017,** the Board of Directors' remuneration was considered relative to the remuneration of the senior management but not relative to the remuneration of the workforce as a whole when assessing the Board of Directors' remuneration.

In deviation from the recommendation in **Article 4.2.3 (4) DCGK 2017,** the contracts of the sitting members of the Board of Directors do not stipulate a severance payment cap because the Board of Directors' service contracts are generally concluded solely for the duration of the term of appointment and cannot be terminated for cause. Early termination of a Board of Directors' contract without good cause can therefore not be made unilaterally, but only by mutual consent. Board of Directors' contracts do not contain any severance payment rules that are linked to corporate events, particularly to a change of control.

The recommendation set forth in **Article 4.2.5 (3) and (4) DCGK 2017** was not followed. Specifically, the model tables of the DCGK for reporting the remuneration of the Board of Directors were not used. The individualised remuneration for each member of the Board of Directors is presented in a transparent manner and pursuant to statutory provisions in the remuneration report, which forms part of the combined management report for the 2019 financial year. The Supervisory Board and the Board of Directors are of the opinion that an additional or alternate presentation of the remuneration components of the individual members of the Board of Directors is unnecessary for reasons of shareholder interests or transparency.

According to the recommendations contained in **Article 5.1.2 and 5.4.1 DCGK 2017,** both the composition of the Board of Directors and the proposals for the election of Supervisory Board members should take into consideration a still to be specified age limit, among other things. A set age limit has not yet been established, however, for the period referred to.

According to **Article 5.3.3 DCGK 2017,** the Supervisory Board shall form a nomination committee consisting exclusively of shareholder representatives who propose suitable candidates to the Supervisory Board for recommendation to the Annual General Meeting. The Supervisory Board of GRENKE AG consists of a total of six members to be elected exclusively by the shareholders. The Supervisory Board does not consider the formation of a further committee necessary. The Company considers the transparency of the selection procedure as desired by the Commission in Article 5.3.3 DCGK 2017 as guaranteed even without a corresponding committee. The recommendation in Article 5.3.3 was therefore not followed.

According to **Article 5.4.1 DCGK 2017,** a standard limit for the length of membership on the Supervisory Board shall also be specified. Such a limit has not yet been set in the period referred to.

II. Declaration of Conformity with the DCGK entered into force on March 20, 2020

The new version of the DCGK dated December 16, 2019 (“DCGK 2020”) entered into force upon its publication in the German Federal Gazette on March 20, 2020. GRENKE AG complies with the applicable recommendations of the new version, with the exception of the following justified deviations, and will continue to comply with them in the future:

The DCGK 2020 recommends an age limit for members of the Board of Directors and Supervisory Board in **Recommendations B.5 and C.2.** The Supervisory Board has now set a fixed age limit for the appointment of members to the Board of Directors and the election of members to the Supervisory Board, which will also be stated in the corporate governance statement. Hence, GRENKE AG already complies with these recommendations and will continue to do so in the future.

According to **Recommendation D.1** DCGK 2020, the Supervisory Board shall adopt Rules of Procedure and make them available on the Company’s website. The Supervisory Board has had Rules of Procedure for many years. However, the publication of these Rules of Procedure was not previously required. In the future, the Supervisory Board’s Rules of Procedure will also be published on the Company’s website.

In **Recommendation D.5,** the DCGK 2020 recommends that the Supervisory Board form a nomination committee composed exclusively of shareholder representatives and who will nominate suitable candidates to the Supervisory Board for its proposals to the Annual General Meeting for the election of Supervisory Board members. The Supervisory Board of GRENKE AG consists, in total, of only six members, who are to be elected exclusively by the shareholders. As explained above, the Supervisory Board does not consider the formation of an additional committee to be necessary. The Company considers the transparency of the selection process and the proper selection desired by the Commission under Recommendation D.5 DCGK 2020 to be ensured in every respect and without restriction, even in the absence of a corresponding committee. As a result, Recommendation D.5 DCGK 2020 has not been followed.

New remuneration system

In consideration of the provisions of the Act Implementing the Second Shareholders’ Rights Directive (Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie – ARUG II) and with the revised DCGK 2020, the recommendations for the remuneration system have been significantly modified by the new recommendations G.1 to 18. GRENKE AG’s current remuneration guidelines already comply with these amended recommendations to a large extent. Notwithstanding this, the Supervisory Board has dealt extensively with the new recommendations for remunerating members of the Board of Directors to ensure that it complies with these recommendations to the greatest possible extent while, at the same time, keeping in mind the Company’s distinct characteristics. The Supervisory Board plans to adopt the remuneration system after in-depth consultation and, as prescribed by the transitional provision of Section 26j of the Introductory Law of the Stock Corporation Act (Einführungsgesetz zum Aktiengesetz – EGAktG), submit this remuneration system to the Company’s shareholders for resolution at the Annual General Meeting in 2021.

The following deviations currently exist:

In **Recommendation G.3,** the DCGK 2020 recommends using a suitable peer group made up of other companies and disclosing the composition of this peer group when assessing the customary nature of the total remuneration of the members of the Board of Directors. In assessing the customary nature of the remuneration of the Board of Directors in the past, the Supervisory Board already carried out a so-called peer group comparison, although the disclosure of the peer group's composition was not required. However, the criteria for the formation of the peer group will be disclosed in the future.

In **Recommendation G.4,** the DCGK 2020 recommends an internal company comparison to assess the customary nature of the remuneration of the Board of Directors by taking into account the Board of Directors' remuneration relative to the remuneration of the senior management and the workforce as a whole. This comparison should also include the development of the remuneration over time. These criteria were previously taken into account in assessing the remuneration of the Board of Directors in relation to senior management but not in relation to the workforce.

In **Recommendation G.10,** the DCGK 2020 recommends that variable remuneration be granted primarily in the form of shares or share-based remuneration, whereby the members of the Board of Directors should not be allowed to dispose of the long-term variable amounts granted until a period of four years has passed. The granting of share-based remuneration subject to multi-year payment restriction periods already forms a focus of the variable remuneration of the Board of Directors of GRENKE AG, although this does not necessarily always predominate.

In **Recommendation G.11, Sentence 2,** the DCGK 2020 recommends the possibility to reclaim variable remuneration in justified cases (a so-called clawback clause). The current remuneration system does not provide for such a possibility for members of the Board of Directors. The Supervisory Board will examine the possibility of a corresponding modification.

In **Recommendation G.12,** the DCGK 2020 recommends adhering to the agreed vesting periods in the event of a termination of the contract of a member of the Board of Directors, among other events. This is not entirely the case when it comes to share-based remuneration.

In **Recommendation G.13, Sentence 1,** the DCGK 2020 recommends that payments to a member of the Board of Directors in the event of the premature termination of the member's contract should not exceed the value of two years' remuneration (severance payment cap). In deviation from this, the contracts of the current members of the Board of Directors do not provide for a so-called severance payment cap, as Board of Directors' contracts are routinely concluded for the duration of the appointment period only and cannot be terminated with due notice. The premature termination of a member of the Board of Directors' contract without good cause can therefore not be effected unilaterally, but only by mutual agreement. The Board of Directors' contracts do not contain any rules on severance payments linked to corporate events, specifically a change of control.

Baden-Baden, January 30, 2021

GRENKE AG

On behalf of the Board of Directors Antje Leminsky	On behalf of the Supervisory Board Prof Ernst-Moritz Lipp

The Declaration of Conformity is also available on GRENKE AG's website in the Investor Relations section under Corporate Governance.

9.2. Consolidated Group management and supervision

GRENKE AG is a stock corporation under German stock corporation law. The Company has three corporate bodies: the Board of Directors, the Supervisory Board and the Annual General Meeting. The respective duties and powers of the corporate bodies are essentially derived from the law, the Company's Articles of Association, and the Rules of Procedure of the Board of Directors and the Supervisory Board.

The Board of Directors and the Supervisory Board work closely together for the benefit of the Company. The Board of Directors informs the Supervisory Board regularly, promptly, and comprehensively about all issues relevant to GRENKE AG and the GRENKE Consolidated Group regarding the implementation of corporate strategy, planning, business development, the financial position and results of operations, and significant business risks and opportunities. Material decisions are subject to the approval of the Supervisory Board. The Rules of Procedure of the Board of Directors list a catalogue of such transactions requiring approval. In accordance with GRENKE AG's Articles of Association, the Board of Directors is appointed by the Supervisory Board.

9.2.1. Board of Directors

Pursuant to Article 5 (1) of the Articles of Association, the Board of Directors of GRENKE AG consists of at least two members. In the 2020 financial year, the Board of Directors of GRENKE AG consisted of four members. By resolution of December 7, 2020, the Supervisory Board resolved to appoint Isabel Rösler as a member of the Board of Directors with effect from January 1, 2021. On February 8, 2021, the Supervisory Board complied with Mark Kindermann's request to terminate his contract prematurely and resign from his Board of Directors mandate and all other Consolidated Group mandates. Mark Kindermann's resignation was preceded by a hearing letter from BaFin expressing criticism of internal audit procedures and procedural weaknesses in the area of compliance. Over the past several years, both areas were under Mr Kindermann's responsibility. In the course of his resignation, the areas of responsibility of the Board of Directors' members were reorganised and resolved by the Board of Directors and the Supervisory Board on February 10, 2021. The Board of Directors' Chair Antje Leminsky took over the Personnel Department, while the main administrative functions of the back office were transferred to Chief Risk Officer Isabel Rösler. Chief Financial Officer Sebastian Hirsch was given responsibility for Consolidated Group Accounting. As a result, the number of Board of Directors' members returned to four.

The Board of Directors manages the Company independently and in the interest of the Company. It is responsible for the operational management and implementation of the Company's strategic orientation as well as compliance with the principles of corporate policy. In addition, it prepares the annual financial statements of GRENKE AG, the quarterly statements and the Consolidated Group's half-year and annual financial statements and informs the Supervisory Board regularly and comprehensively about the Company as a whole through Board of Directors' reports and meeting documents.

GRENKE AG's corporate strategy is developed by the Board of Directors and implemented by the Board of Directors in an ongoing exchange with the Supervisory Board. Questions regarding strategy and its implementation, planning, business development, the risk situation, compliance, and the financial and earnings position, as well as strategic and operational business risks and their management are the subject of Supervisory Board meetings and individual discussions with the Chair of the Supervisory Board, who reports directly to the Supervisory Board on these discussions.

The Supervisory Board has issued Rules of Procedure for the Board of Directors, which include the ability to reserve consent for the allocation of business areas as well as rules for cooperation both within the Board of Directors and between the Board of Directors and the Supervisory Board. The business areas in corporate management assigned to the individual Board of Directors' members are divided among the Board of Directors' members along their respective competence profiles.

Assignment according to the schedule of responsibilities as of December 31, 2020*

Antje Leminsky Chair of the Board of Directors (CEO)	**Sebastian Hirsch** Chief Financial Officer (CFO)	**Gilles Christ** Member of the Board of Directors	**Mark Kindermann** Member of the Board of Directors
Strategy	Controlling	Brand Management	Administration
IT	M + A	Sales	Personnel
Credit Centre Leasing and Factoring	Treasury/ Corporate Finance	Franchise System	Accounting
Internal Audit	Legal		Quality Management
Risk Controlling	Taxes		Internal Services
	Investor Relations		Disposals
			Property and Facility management

*As a result of the appointment of Isabel Rösler as a new ordinary member of the Board of Directors, the schedule of responsibilities was amended as of January 1, 2021. Ms Rösler was given responsibility for the areas of Quality Assurance, Data Protection, Compliance, Money Laundering Prevention, Risk Controlling and Reporting as of January 1, 2021.

Due to the resignation of Mark Kindermann on February 8, 2021, the areas of responsibility of the Board of Directors were reassigned by the Supervisory Board on February 10, 2021. The current areas of responsibility can be found in the list above.

Assignment according to the schedule of responsibilities as of February 10, 2021:

Antje Leminsky Chair of the Board of Directors (CEO)	**Sebastian Hirsch** Chief Financial Officer (CFO)	**Gilles Christ** Member of the Board of Directors	**Isabel Rösler** Chief Risk Officer (CRO)
Group Strategy	Controlling	Brand Management	Risk Management
Internal Audit	M + A	Sales	Compliance
IT	Treasury/ Corporate Finance	Services	Corporate Credit
Process Management	Law		Administration
Personnel	Accounting/ Taxes		Data Protection
	Investor Relations		
	Property and Facility Management		

Further information on the personal backgrounds of the members of the Board of Directors of GRENKE AG, their other mandates, if any, and the current allocation of business areas can be found on the GRENKE website at www.grenke.com. GRENKE AG provides information on the fundamental features of the Board of Directors' remuneration system and the individualised remuneration of the Board of Directors' members in the remuneration report in section 5

The individual members of the Board of Directors shall, in principle, manage the business area assigned to him or her independently. Measures and transactions in a business division that are of particular importance and scope for the Company require the prior consent of the entire Board of Directors. The same applies to such measures and transactions for which the Chair or another member of the Board of Directors requires the prior adoption of a resolution by the Board of Directors.

In addition to the areas of responsibility assigned to her, Chair of the Board of Directors (CEO) Antje Leminsky coordinates the work of the Board of Directors.

An age limit for Board of Directors' members was not explicitly set in the 2020 financial year. On January 25, 2021, the Supervisory Board decided to set an age limit for Board of Directors' members to no more than 60 years of age at the time of appointment.

The members of the Board of Directors are liable to pay damages to the Company in the event of a culpable breach of the duty of care.

9.2.2. Supervisory Board

In accordance with Article 7 (1) of the Articles of Association, the Supervisory Board of GRENKE AG consists of six members. All members were elected by the Annual General Meeting. Because Wolfgang Grenke suspended his Supervisory Board mandate effective September 21, 2020, the Supervisory Board has been acting with five (active) members provisionally since that date.

All members of the Supervisory Board, with the exception of Wolfang Grenke and Claudia Krcmar, are considered independent by the Supervisory Board. Prof Ernst-Moritz Lipp is considered independent by the Supervisory Board because, despite having been a member of the GRENKE AG Supervisory Board since May 2003, he fulfils all other definition parameters of independence, regardless of the term of his mandate, and is also to be classified as independent due to his personality and curriculum vitae, as well as his financial independence. In particular, Prof Ernst-Moritz Lipp has given no cause for doubt as to the dutiful and proper fulfilment of his duties on the Supervisory Board, nor is it expected that a material and not merely temporary conflict of interest will arise from his long tenure. In the opinion of the Supervisory Board, four is an adequate number of independent shareholder representatives. These representatives are currently Prof Ernst-Moritz Lipp, Dr Ljiljana Mitic, Florian Schulte and Jens Rönnberg.

Further information on the personal backgrounds of the members of GRENKE AG's Supervisory Board (including their respective length of service on the Supervisory Board) can be found on GRENKE's website at www.grenke.com. GRENKE AG provides information on the fundamental features of the Supervisory Board's remuneration system and the individualised remuneration of the members of the Supervisory Board in the remuneration report in section 5.

The central task of the Supervisory Board is to advise and supervise the Board of Directors in its management of the company, especially with regard to corporate strategy and fundamental corporate decisions. The Supervisory Board is involved in all decisions of fundamental importance to the Company made by the Board of Directors and specifies reservations for approval for such transactions in the Rules of Procedure of the Board of Directors, insofar as these are not already reflected in the Articles of Association. The

Supervisory Board also votes on transactions with related parties as defined by Section 111a (1) Sentence 2 AktG, to the extent that these require prior approval by law. The Supervisory Board is also responsible for appointing and dismissing members of the Board of Directors, as well as for reviewing the annual and consolidated financial statements, the combined management report of GRENKE AG and the GRENKE Consolidated Group, and the proposal for the appropriation of unappropriated surplus. It also adopts the annual financial statements of GRENKE AG and approves the consolidated financial statements.

In the 2020 financial year, the Board of Directors informed the Supervisory Board in detail and comprehensively about the Consolidated Group's economic situation, strategic planning, and relevant current events in regular ordinary and extraordinary meetings. In addition, the Chair of the Supervisory Board maintained a close exchange with the Board of Directors on day-to-day business and reported directly on the discussions to the full Supervisory Board. An essential part of these briefings were the regular reports on new business, sales, digitalisation, the development of costs, and refinancing. In the context of this year's COVID-19 pandemic, the Board of Directors' measures for overcoming the associated challenges were also a permanent part of the discussions with the Supervisory Board. The Board of Directors coordinated closely with the Supervisory Board on the strategic development of the Consolidated Group and, together with the Supervisory Board, addressed issues of risk management, compliance, risk provisioning, the internal control system, and internal audit. To further strengthen the latter area, CEO Antje Leminsky was additionally entrusted with the area of responsibility of Internal Audit as of October 29, 2020. In addition, the Supervisory Board appointed Isabel Rösler as Chief Risk Officer (CRO) by resolution of December 7, 2020.

The Supervisory Board of GRENKE AG meets quarterly. When necessary, extraordinary meetings and telephone conferences are also held and resolutions are passed outside of meetings. The Supervisory Board also receives regular reports from Internal Audit, Compliance and Risk Controlling.

The Chair of the Supervisory Board is Prof Ernst-Moritz Lipp. The Chair of the Supervisory Board speaks with individual members of the Board of Directors on a regular basis and as required. In his role as Chair of the Supervisory Board, Prof Ernst-Moritz Lipp coordinates the work of the Supervisory Board and represents its interests in public. This role includes the willingness to hold discussions with investors on issues relevant to the Supervisory Board.

A more detailed presentation of the work of the Supervisory Board, as well as a list of the members of the Supervisory Board and a list of the respective individual attendance at meetings, can be found in the Report of the Supervisory Board.

A competence profile was developed by the Supervisory Board for the entire Board. This profile defines goals regarding the individual composition of the Supervisory Board. Diversity is an integral part of this profile. Proposals of the Supervisory Board to the Annual General Meeting are always evaluated and selected in accordance with the objectives and competence requirements set out in Section 3 below. The Supervisory Board and the Audit Committee regularly assesses their own activities. The basis of this self-assessment is a comprehensive, company-specific questionnaire, which was developed on the basis of consulting companies and is adapted annually to the current circumstances. In it, various relevant topics of the Supervisory Board's activities, such as the exchange of information, committee work, quality of cooperation, work input, and independence, are dealt with extensively. The evaluation of the respective fields of activity of the Supervisory Board is carried out anonymously, both quantitatively and qualitatively, and in each case also according to time spent. The evaluation is carried out in aggregated form, the results are then discussed in detail in the plenary session and suggestions for improvement are recorded for each subject area and incorporated into the work of the committees. The evaluation of activities was carried out at the Supervisory Board meeting on November 23, 2020 by the Chair of the Audit Committee Florian Schulte. With its composition of proven experts in the areas of finance, accounting, corporate planning, controlling, accounting, risk management, auditing, compliance, IT, and human resources, the Supervisory Board of GRENKE AG fulfils the established competence profile and has the necessary knowledge, skills and professional experience to properly perform its duties.

As agreed, the auditor shall inform the Supervisory Board without delay of all relevant material findings and events that come to the auditor's attention during the audit. In addition, the auditor shall inform the Supervisory Board and make a note in the audit report if facts are discovered during the performance of the audit that show a misstatement in the Declaration of Conformity with the DCGK issued by the Board of Directors and the Supervisory Board.

An age limit for Supervisory Board members as well as a regular limit for the length of membership on the Supervisory Board were not explicitly defined in the 2020 financial year. On January 25, 2021, the Supervisory Board resolved to limit the length of service on the Supervisory Board to a maximum of 12 years and to set an age limit for Supervisory Board members of no more than 70 years old at the time of election.

For the efficient performance of its duties, the Supervisory Board has formed an Audit Committee, a Personnel Committee, and a Strategy Committee and has delegated certain powers to these committees accordingly in its Rules of Procedure. In accordance with these powers, topics and resolutions are prepared in the committees and subsequently dealt with in the plenary meeting of the Supervisory Board. The chairs of the committees report to the full Supervisory Board on the work of the respective committee.

A list of the respective committee members and committee chairs, the respective individual attendance at committee meetings, and details on the work of the committees can be found in the Report of the Supervisory Board.

The members of the Supervisory Board are liable to pay damages to the Company in the event of a culpable breach of the duty of care.

9.2.2.1 Audit Committee

Pursuant to Section 4 (3) of the Rules of Procedure of the Supervisory Board, the Audit Committee shall have at least two members, at least one of whom must be independent and have expertise in the field of accounting or auditing.

In the 2020 financial year, the Audit Committee was composed of the following members with extensive knowledge in the areas of accounting, auditing, corporate planning, risk management, and compliance: Florian Schulte (Chair), Prof Ernst-Moritz Lipp (member until February 3, 2020 and interim member for Wolfgang Grenke as of September 30, 2020), Wolfgang Grenke (mandate suspended as of September 21, 2020), and Jens Rönnberg (as of February 3, 2020).

The Audit Committee Chair Florian Schulte has extensive knowledge and experience in the application of accounting principles and internal control procedures due to his many years as a managing director, CEO and member of the board of directors of renowned companies and organisations, and as a consultant for corporate finance and strategy. He is sufficiently familiar with the audit of the financial statements. Florian Schulte is independent of the GRENKE Consolidated Group and chairs the Audit Committee.

The Audit Committee supports the Supervisory Board in fulfilling its monitoring duties with regard to the accuracy of the annual and consolidated financial statements of GRENKE AG, compliance with legal and statutory requirements in the GRENKE Consolidated Group, the qualification and performance of the external auditor, and the internal control functions. It coordinates the tendering process for the auditor to be elected at the Annual General Meeting and determines the focal points of the audit. It also reviews the fee agreement with the auditor.

As part of the duties of the Supervisory Board, the Audit Committee also monitors the accounting process, the effectiveness of the internal control system, the risk management system, internal audit, and compliance management and takes into account any findings of the auditor on the aforementioned topics. The Audit Committee regularly receives corresponding reports from the Board of Directors of the Consolidated Group.

9.2.2.2. Personnel Committee

Pursuant to Section 5 (2) of the Rules of Procedure of the Supervisory Board, the Personnel Committee shall consist of at least two members.

In the 2020 financial year, the Personnel Committee consisted of two members until February 3, 2020 and three members thereafter. These members are Prof Ernst-Moritz Lipp, Dr Ljiljana Mitic (as of February 3, 2020), Wolfgang Grenke (mandate suspended as of September 21, 2020) and Jens Rönnberg (in the interim for Wolfgang Grenke as of September 30, 2020). Until his mandate was suspended, Wolfgang Grenke chaired the Personnel Committee. Since the suspension of Mr Grenke’s mandate, the Personnel Committee has been acting without a chair.

The Personnel Committee deals with strategic aspects of personnel planning as well as the conclusion, amendment, and termination of employment contracts with the members of the Board of Directors and authorised representatives.

Furthermore, the Personnel Committee, together with the Board of Directors, deals with long-term succession planning for the Board of Directors as well as the search for suitable candidates for appointment as Board of Directors’ members and submits proposals to the Supervisory Board in this regard. Both internal and external candidates are considered. The long-term succession planning is based on the corporate strategy and the existing diversity concept. The diversity concept is explained in more detail in Section 3 of this statement. The Committee also prepares the approval of contracts with Board of Directors' members for the Supervisory Board, especially with regard to their remuneration. Furthermore, variable remuneration for Consolidated Group executives is submitted to the Committee for approval.

9.2.2.3. Strategy Committee

The Strategy Committee deals with fundamental issues of corporate direction and strategy. The tasks of the Strategy Committee include the development of proposals for strategy and strategic management, the critical appraisal of the Board of Directors' recommendations on business, risk, and IT strategy, and the preparation of the strategy meetings of the Supervisory Board and Supervisory Board meetings with agenda items of strategic relevance.

According to Section 6 (2) of the Rules of Procedure of the Supervisory Board, the Strategy Committee shall consist of at least two members.

In the 2020 financial year, the Strategy Committee was composed of Wolfgang Grenke and Prof Ernst-Moritz Lipp until September 21, 2020. A Committee chair was not appointed. After Wolfgang Grenke suspended his Supervisory Board mandate on September 21, 2020, a replacement was not appointed to the Strategy Committee. For the time being, the full Supervisory Board is entrusted with the tasks of the Strategy Committee.

9.2.3. Annual General Meeting

The Annual General Meeting of shareholders shall pass resolutions in the cases stipulated by law and in the Articles of Association. These specifically include the election of shareholder representatives to the Supervisory Board, the discharge of the members of the Board of Directors and Supervisory Board, amendments to the Articles of Association, the appropriation of profits, and capital measures. The Annual General Meeting can only decide on management issues if the Board of Directors so requests.

9.3. Targets for the representation of women, diversity concept and competence profile

Diversity and equal opportunity are integral parts of the selection process for managers and employees at GRENKE AG.

The target for the proportion of women managers that was set by the Board of Directors for the two management levels below the Board of Directors for the 2020 financial year was a minimum of 30 percent. This quota was achieved in the 2020 financial year.

For the 2021 financial year, the Board of Directors has determined that the gender-specific target of at least 30 percent in each of the two management levels below the Board of Directors shall be maintained until December 31, 2021.

With women comprising around 50 percent of the total workforce, the gender ratio for the Consolidated Group is largely balanced.

Once a year, the Supervisory Board receives a report from the Board of Directors on the development of family-friendly measures such as financial support, support for childcare, flexible work models, and location-independent workplaces, as well as the consideration of gender diversity when filling management positions.

The target set by the Supervisory Board for the 2020 financial year for the representation of women executives was a minimum of 25 percent on the Board of Directors and a minimum of 33 percent on the Supervisory Board. Both targets were met in the 2020 financial year. For the 2021 financial year, the target set by the Supervisory Board for the representation of women on the Board of Directors is unchanged at 25 percent and for the Supervisory Board at 33 percent. These targets are minimum limit requirements.

The following diversity aspects are taken into account when composing the Board of Directors:

The decision of the Supervisory Board on filling a position on the Board of Directors is always based on the Company's best interest, taking into account all circumstances of the individual case. In the view of the Supervisory Board, the essential criteria for selecting members of the Board of Directors are their personal suitability and professional qualifications, in particular.

When considering which personality would best complement the Board of Directors as a body, the Supervisory Board pays particular attention to the following principles:

The composition of the Board of Directors shall be balanced in terms of age structure so that the body's ability to act is guaranteed at all times.

The composition of the Board of Directors shall meet the requirements of the German "Act for the Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector" (Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst).

With regard to their educational and professional backgrounds, the members of the Board of Directors must be able to fulfil the duties of proper management according to the law, the Articles of Association and, the Rules of Procedure. Furthermore, they should essentially have the following background:

// Sustainable management experience in an international context
// Extensive experience in IT management (digitalisation)
// Comprehensive knowledge of the requirements and interrelationships of the capital market
// Sound knowledge of financial management and risk management
// Profound knowledge of accounting according to International Financial Reporting Standards (IFRS) and HGB

The objectives pursued are as follows:

A balanced composition of the Board of Directors with regard to its age structure allows appointed members of the Board of Directors to contribute as many years of professional and life experience as possible while maintaining diversity. This corresponds to our understanding of consistency and sustainability, as well as to innovation and dynamism, for the Company's continued success.

By taking gender diversity into account in the composition of the Board of Directors, the Supervisory Board fulfils the legal requirements and, at the same time, sets an example for related aspiration to achieve an increase in the proportion of women in management positions.

Also, by considering the different professional and educational backgrounds in the composition of the Board of Directors, the Supervisory Board fulfils the obligation under the law, the Articles of Association and, the Rules of Procedure to ensure that the tasks and duties incumbent on this body can be properly fulfilled. Furthermore, this ensures that all changes in our business environment, which are fundamentally in an international context, as well as all effects of cultural, demographic, and social change that affect us in our everyday business, are analysed and evaluated from different perspectives.

The implementation of the objectives for the composition of the Board of Directors is achieved through a close, permanent exchange between the Supervisory Board and the Board of Directors on all important issues concerning the fate and development of the Company. In the course of this exchange, the Supervisory Board regularly checks whether the competences of the individual Board of Directors' members meet the requirements of their areas of responsibility. This also includes checking whether the number of members of the Board of Directors and their responsibilities are adequate for the Company's growth and complexity. The Supervisory Board decides on the staffing of the Board of Directors and the securing of personnel succession planning, as well as on the schedule of responsibilities for the Board of Directors.

The Supervisory Board of GRENKE AG shall be composed in such a way as to ensure qualified advice to and supervision of the Board of Directors.

The following diversity aspects are taken into account for the composition of the Supervisory Board:

The composition of the Supervisory Board shall meet the requirements of the German "Act for the Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector".

The members of the Supervisory Board should be able to fulfil the legal obligations associated with this task based on their educational and professional backgrounds and, at the same time, be able to devote the time required to perform this activity. In addition to the high character requirements in the sense of personality competence, professional competence, and economic experience, as well as a corresponding objective ability to judge, are all decisive qualities for the individual members of the Supervisory Board. The competence profile of the members of the Supervisory Board is essentially based on the following background:

- // Sustainable management experience in an international context
- // Comprehensive knowledge of the requirements and interrelationships of the capital market
- // Sound knowledge of financial management (financing and controlling)
- // Profound knowledge of accounting according to IFRS and HGB
- // Extensive experience in IT management (digitalisation and transformation)
- // Experience in strategy and sales management

The objectives pursued in line with the diversity concept for the composition of the Supervisory Board are therefore as follows:

In order to fulfil its role as a supervisory and control body, the Supervisory Board should be able to provide an accurate assessment of the current development and future orientation of the Company. Therefore, the goal is to staff the Supervisory Board in such a way as to ensure the qualified control and advice, as required by AktG and the DCGK.

In the 2020 financial year, the Supervisory Board was composed in such a way that the required knowledge and experience were comprehensively represented by the entirety of the Supervisory Board members. Thus, this body was able to deal with and evaluate the issues relevant to decision-making in a qualified manner. It was also able to make its decisions for effective supervision and control from an objective standpoint.

The diversity concept is implemented for the Supervisory Board through election proposals to the Annual General Meeting and for the Board of Directors through the appointment of Board of Directors' members by the Supervisory Board.

Curricula vitae of all Supervisory Board and Board of Directors' members are published on the Company's website and provide information on their relevant knowledge, skills, and experience. These CVs are updated annually.

9.4. Remuneration of the Board of Directors and Supervisory Board

Information and explanations on the remuneration of the Board of Directors and Supervisory Board can be found in the remuneration report in section 5.

9.5. Securities transactions subject to reporting requirements (Directors' Dealings)

Persons who perform management duties at GRENKE AG and persons closely related to them are required by law to disclose any trading in GRENKE AG shares or related financial instruments if the value of the transactions reaches or exceeds the threshold of EUR 20,000 in a calendar year. GRENKE AG ensures the required notifications and publications in accordance with Article 19 (2) and (3) of the Market Abuse Regulation (MAR) and publishes them equally on its website www.grenke.com/investor-relations/corporate-governance/notifiable-securities.

9.6. Shareholdings of the Board of Directors and Supervisory Board

As of December 31, 2020, the shareholdings of Board of Directors and Supervisory Board members amounted to 19,728,038 shares (corresponding to 42.43 percent of the shares issued).

The shareholding of the Grenke family's investment company, Grenke Beteiligung GmbH & Co. KG, amounted to 18,989,984 shares. This corresponded to 40.84 percent of the shares issued as of December 31, 2020.

9.7. Transparency and shareholder information

Announcements of GRENKE AG that are relevant to the capital market are published in the German Federal Gazette (Bundesanzeiger). Furthermore, the Company uses a variety of channels to comprehensively inform investors and the public about business developments and relevant events. GRENKE AG maintains insider lists in accordance with Article 18 of the Market Abuse Regulation (MAR). The persons concerned have been informed of the legal obligations and sanctions in the event of any violations. GRENKE AG's measures to inform the capital market are described in detail in the “Share and Investor Relations” chapter of the Annual Report starting on page 20.

9.8. Responsible Corporate Governance

The topic of responsible corporate governance includes the areas of compliance, money laundering prevention, corporate governance, data protection and information security. Due to the high importance for customer trust and trust in the capital market, which have far-reaching relevance for business success, a separate chapter in the non-financial statement of the annual report is dedicated to this topic (see section 4.2 "Responsible corporate governance").

9.9. Controlling and risk management

As part of risk management, the Board of Directors and all employees involved should be enabled to consciously manage risks and take advantage of opportunities. GRENKE AG is subject to the Minimum Requirements for Risk Management (MaRisk) defined by the Deutsche Bundesbank and the German Federal Financial Supervisory Authority (BaFin) as well as the Banking Supervisory Requirements for IT (BAIT). A detailed report on the topic of risk management as well as the respective responsibilities can be found in the management report in the chapter “Report on Risks, Opportunities, and Forecasts” section 7.

9.10. Accounting, auditing and financial reporting

In accordance with Sections 315 (5) and 298 (2) HGB, the management report of the GRENKE Consolidated Group and the management report of GRENKE AG are combined in a single presentation. Any deviations are explained in detail in the management report of GRENKE AG.

The GRENKE Consolidated Group’s consolidated financial statements for the financial year from January 1, 2020 to December 31, 2020 were prepared in accordance with the provisions of the International Financial Reporting Standards (IFRS) as adopted by the European Union and, for the Company, in accordance with German commercial law (HGB). GRENKE AG has also observed and applied the provisions of Section 315a HGB.

After the review of the Supervisory Board, the adopted annual financial statements and the approved consolidated financial statements are published within four months of the end of the financial year. For the 2020 financial year, the Annual General Meeting on August 6, 2020 again elected KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, as the auditor of the annual financial statements and the consolidated financial statements. The auditor also performs the audit review of financial reports during the year to the extent that this occurs.

Further information on the subject matter and scope of the audit of the annual financial statements pursuant to Section 317 HGB, as well as on the tasks of the Audit Committee, can be found in the Report of the Supervisory Board starting on page 11.

10. Management Report of GRENKE AG

In the following management report, the development of GRENKE AG (the “Company”) in the 2020 financial year is discussed in addition to the information reported on the GRENKE Group. The Company’s financial statements are prepared in accordance with HGB provisions. In terms of the economic environment and sector trends, there were no material differences to report that would have affected the Company’s development alone.

10.1 Corporate judiciary framework, affiliation to the Consolidated Group

GRENKE AG was created in 1997 under the former name GRENKELEASING AG. Grenke Investitionen Verwaltungs Kommanditgesellschaft auf Aktien (the “KGaA”) was also formed in the same year. Both companies represent a structural business separation, with GRENKE AG serving as the operating company and the KGaA as the holding company. Using a two-level model, the operating company rents leased assets from the holding company and then leases these assets to sub-lessees. GRENKE AG holds an indirect interest of 100 percent in the KGaA, and a control and profit transfer agreement is in effect. Together with the consolidated subsidiaries and structured entities of GRENKE AG under IFRS, these form the GRENKE Group.