

R e p o r t
(s h o r t v e r s i o n)

about the

Audit of accounting-relevant IT-processes
for the year 2022

according to IDW PS 951 new version / SOC 2 (Type 2)

at the

VEGA Grieshaber KG,
Schiltach

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ANNEX

General Engagement Terms

A. Audit Engagement

The management of

Grieshaber Verwaltungsgesellschaft mbH
(hereinafter "Grieshaber Verwaltung"),

appointed us to audit the internal control system (hereinafter referred to as "IKS") for the year 2022 to the extent that it forms the basis for IT-services provided to other companies ("service-related IT-system"). The audit was performed in accordance with the IDW audit standard "The Audit of the Internal Control System of Service Companies" (IDW PS 951 new version, Type 2) and the "System and Organization Controls Type 2" (SOC 2) issued by the American Institute of Certified Public Accountants, which include both structure and functional audits.

The IKS is also the basis for providing services to customers of VEGA Grieshaber KG within the framework of the "VEGA Inventory System (VIS)" for recording and visualising level data. Our audit therefore relates to the services provided within the framework of this system.

With regard to the compliance of the IKS with the requirements of SOC 2, the catalog of requirements based on the AICPA Trust Service Principles and Criteria is relevant. These are available in the 2017 version and have been taken into account accordingly.

The requirements catalog we use as a basis is built on the TSC 2017 and describes the basic requirements, which are required of the IT-system. These include:

- Security:
The system is physically and logically protected against unauthorized access.

- Availability:
The system is available for operation and use as agreed or promised.

- Integrity:
The system processing is complete, accurate, timely and authorized.
- Confidentiality:
Information classified as confidential shall be protected in accordance with the obligation or agreement.
- Data protection:
Personal data is collected, used, stored, disclosed and destroyed in accordance with the obligations in the company's data protection declaration and the criteria of the generally recognized data protection principles (DSGVO).

For the execution of the engagement and our responsibility, also in relation to third parties, the General Engagement Terms for "Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften" in the version dated January 1, 2017 attached as an annex to this report shall be applicable. Contrary to clause 9 (2) of the General Engagement Terms, we have increased the liability limit pursuant to Section 54a (1) No. 2 WPO to € 5 million in cases of conceivable damages based on negligence. At this point we would like to expressly point out that the extended scope of liability is only applicable to the extent that a lower limitation of liability shall apply, as is not provided for by statutory liability regulations, in particular § 323 (2) HGB (German Commercial Code).

B. Subject, nature and scope of the audit

As part of our audit planning, we first obtained a picture of the economic and legal environment of the Grieshaber Group and then had the company explain to us the service-related process flows and implemented controls. Based on this we developed an audit strategy and prepared an audit program for the individual audit procedures to be performed for the structure and functional audit. In doing so, we applied the procedures set out in the IDW (“Institute of Public Auditors in Germany”) Audit Standard: Determining and Evaluating the Risk of Errors and the Auditor's Reactions to the Assessed Risk of Errors (IDW PS 261) as well as in the IDW Audit Standard: Auditing the Financial Statements Using Information Technology (IDW PS 330) for IT-System Audits.

As a measure for testing the adequacy of the relevant controls, we have used the requirements

- AICPA Trust Service Principles and Criteria 2017 (TSC 2017), in particular the basic requirements defined therein

as amended in the current version.

The effectiveness of the controls was assessed on the basis of a random review of the appropriate checks on the implementation of the measures.

C. Audit results and findings

Based on the results of our audit, we are of the opinion that

- the design of the IKS and the control objectives set out therein are suitable to fulfil its obligations in accordance with the statutory requirements and the requirements of TSC 2017.
- the IKS descriptions represent the service-related internal control system of the Grieshaber Verwaltungsgesellschaft mbH as it was established in the period from January 1, 2022 to December 31, 2022.
- the controls described in the specifications are adequate to ensure with reasonable assurance that the control objectives set out therein are achieved, provided that these controls are sufficiently observed and that the necessary corresponding controls are actually carried out at the outsourcing companies.
- the controls we have audited are sufficiently effective to provide reasonable, but not absolute, assurance that the control objectives were achieved between January 1, 2022 and December 31, 2022.

We issue this certificate on the basis of the engagement concluded with Grieshaber Verwaltungs mbH, Schiltach, which is based on our General Engagement Terms for "Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften" dated January 1, 2017, which are attached to this report and which also provide for a liability agreement.

This report is a summary of our full report on the audit of accounting-relevant IT-processes for the year 2022 in accordance with IDW PS 951 new version / SOC 2 (Type 2), which we issued on the same date. As it is possible that the content of this summary may lead to misunderstandings or be incorrectly interpreted without knowledge of the complete report with regard to the nature, scope and results of the audit, we accept - for whatever reason - no liability whatsoever for the content of this summary. In any case, our liability towards third parties is limited in nature and amount to the liability we have agreed upon with our client. The limitation of liability shall apply to all recipients of our reports as a whole (any other party receiving our reports) and shall be distributed among the recipients (§ 428 BGB). Our liability for intentional misconduct shall remain unaffected thereby.

Münster, January 26, 2023

HLB SCHUMACHER GMBH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

A handwritten signature in blue ink, appearing to read 'H. Jäger'.

(Jäger)
Certified Public Accountant
(State of Montana PAC-CPAP-LIC-5038)

A handwritten signature in blue ink, appearing to read 'Dr. Tebben'.

(Dr. Tebben)
Wirtschaftsprüfer

General Engagement Terms

for

Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]
as of January 1, 2017

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [Translators Note: *The German term "Textform" means in written form, but without requiring a signature*] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
- b) examination of tax assessments in relation to the taxes referred to in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
- e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

- a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;
- b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;
- c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and
- d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.