

SUPERVISORY BOARD REPORT

Dear Shareholders,

The beginning of 2020 heralds a shift in priorities due to the global corona pandemic and the emergence of new necessities to which society and business need to find answers. Executive board and supervisory board of CropEnergies AG are addressing the challenge with great commitment. The past financial year, on the other hand, was marked by increased discussion of climate protection, not only among the younger population. It also became apparent that there is a constant need for action particularly with regard to transport emissions. This has prompted numerous governments and the EU to define stricter climate targets and higher emission limit values and to look even more intensively for ways to provide more sustainable mobility. Against this background, the demand for alternatives to fossil energies also increased in Europe after years of stagnation. Accordingly, the price of renewable ethanol now reflects the large greenhouse gas savings potential more accurately than in the past. CropEnergies significantly improved its earnings situation and further strengthened the company's capital.

The supervisory board concerned itself in depth with the business development, the financial position and the business prospects of the CropEnergies Group in the reporting year, consulting closely with the executive board. In doing so, the supervisory board performed the duties incumbent upon it according to the law, the articles of association and the rules of procedure in supervising and advising the executive board in the management of the company's affairs.

Cooperation between the supervisory board and the executive board | The supervisory board was directly involved in all decisions of fundamental importance relating to the CropEnergies Group and was kept continuously informed in a timely and comprehensive manner about the corporate planning, the course of business, the position and the development of the CropEnergies Group, including the risk situation, risk management and compliance. The executive board determined the strategic orientation of CropEnergies in consultation with the supervisory board. The transactions that are important for the company were discussed in detail on the basis of the reports of the executive board.

The supervisory board chairman had regular contact with the executive board beyond the supervisory board meetings and kept himself informed about all events of major importance and the current development of the company's position. The executive board also reported on corporate policy, profitability, risk management and the corporate, financial, investment, research and personnel planning related to CropEnergies AG and the CropEnergies Group. The supervisory board chairman delved into these topics in numerous working meetings with the executive board.

Supervisory board meetings and resolutions | Four ordinary meetings of the supervisory board, each of which was attended by the executive board, took place in the 2019/20 financial year. In addition, one resolution was passed by written procedure. Following thorough review and discussion, the supervisory board agreed to all the resolution proposals of the executive board. The focal points of the reporting were the developments on the raw materials and sales markets, the hedging of market price risks, the political framework conditions for renewable energies, production and the progress of investments, and the current earnings situation. The chairman of the audit committee provided information about content and resolutions passed by the committee at the following supervisory board meeting in each case.

At its annual account meeting on **13 May 2019**, the supervisory board focused on and approved the annual financial statements and management reports of CropEnergies AG and the consolidated group for 2018/19, issued with an unqualified audit opinion by the independent auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC). The executive board provided a detailed presentation of the 2018/19 annual financial statements and consolidated financial statements. The independent auditor, PwC, subsequently reported on the focus and results of the audit, which also included the accounting-related internal control system. After detailed discussion, the supervisory board adopted the annual financial statements and approved the consolidated financial statements. The supervisory board agreed with the executive board's proposal on the use of the unappropriated profit and approved the supervisory board's report. It prepared the 2019 annual general meeting, decided on the agenda and, based on the audit committee's recommendation, the proposal to be made to the annual general

meeting in respect of the election of the independent auditor. It also approved the short- and medium-term investment planning and carried out the regular adjustment of the executive board's compensation structure.

On **5 July 2019**, the supervisory board approved, by written procedure, CropEnergies AG's participation in the syndicated loan agreement between Südzucker AG and a bank consortium with a sub-credit line of up to € 100 million and maturity of up to five years with options to extend until 2025 or 2026.

At the meeting on **16 July 2019** (prior to the annual general meeting), the medium-term planning was presented. Furthermore, resolutions were passed regarding the objectives of the supervisory board in respect of its composition and expertise profile. In terms of the composition of the executive board, resolutions were passed regarding the proportion of women and the diversity concept. Lastly, the supervisory board addressed the succession of Michael Friedmann (65, CSO), who stood down as an executive board member and retired in the spring of 2020. The supervisory board appointed Dr. Fritz Georg von Graevenitz as a further member of the executive board for a period of five years with effect from 1 October 2019.

At the meeting on **11 November 2019**, the supervisory board addressed the earnings projection for the 2019/20 financial year. In addition, discussions included presentation of the site prospects of the CropEnergies factories. As is always the case at the November meeting, the supervisory board mainly focused on the issue of corporate governance. It conducted the annual review of the efficiency of its activities and approved the declaration of conformity for 2019.

At the meeting on **13 January 2020**, the updated earnings projection for the 2019/20 financial year was presented and a resolution regarding an equity investment passed. In relation to corporate governance, changes to the rules of procedure of supervisory board and executive board were approved, in line with the Second Shareholder Rights Directive (ARUG II). Lastly, the supervisory board settled the further, long-term succession planning in the executive board. Thus, Joachim Lutz will stand down from the executive board on age grounds and enter into retirement, with effect from the end of the annual general meeting on 14 July 2020. Dr. Stephan Meeder, currently Chief Financial Officer (CFO), will succeed him as CEO with effect from the end of the annual general meeting on 14 July 2020. The supervisory board appointed Jürgen Böttcher as Chief Technical Officer (CTO) for a period of 3 years with effect from 1 May 2020. Michael Friedmann, Chief Sales Officer (CSO), stepped down from the executive board on age grounds and entered into retirement, with effect from 29 February 2020. He is succeeded by Dr. Fritz Georg von Graevenitz, who has already been appointed to the executive board since 1 October 2019.

Attendance records | All the meetings were attended by all members of the executive board and all members of the supervisory board.

Supervisory board committees | In order to carry out its duties more efficiently, the supervisory board has formed an audit committee and a nomination committee.

The **audit committee**, to which the supervisory board members Thomas Kölbl (Chairman), Prof. Dr. Markwart Kunz, Franz-Josef Möllenberg and Dr. Wolfgang Heer (until 4 February 2020) belong, convened five times in the 2019/20 financial year, with individual members being connected by telephone in some cases. The supervisory board elected Dr. Thomas Kirchberg as a member of the audit committee, succeeding Dr. Wolfgang Heer with effect from 15 April 2020. In accordance with the recommendations of the German Corporate Governance Code, the chairman of the audit committee is not at the same time chairman of the supervisory board.

At its meeting on **7 May 2019**, the audit committee closely studied the annual financial statements of CropEnergies AG and the consolidated financial statements in the presence of the independent auditor. It prepared the annual account meeting of the supervisory board during which the supervisory board, after being briefed by the chairman of the audit committee, accepted the recommendations of the audit committee. Furthermore, it discussed the proposal to appoint the independent auditor and examined the latter's independence.

At the meeting on **8 July 2019**, the audit committee discussed the quarterly statement for the 1st quarter of 2019/20.

At the meeting on **16 July 2019** (subsequent to the annual general meeting), the audit committee discussed the independent auditor's quotation for the audit of the annual financial statements and issued the mandate for the 2019/20 financial year.

At the meeting on **8 October 2019**, the audit committee discussed the interim report for the first half of the year. The audit committee also addressed the monitoring of the financial reporting process as well as the effectiveness of the internal control system and the risk management system. It also focused on the internal audit system and the compliance management system.

At the meeting on **10 January 2020**, the audit committee discussed the quarterly statement for the 3rd quarter of 2019/20. The audit committee approved the checklist that had been adapted to current requirements and the application guidelines for non-audit services by the independent auditor, PwC.

Prof. Dr. Markwart Kunz was unable to attend the meeting of the audit committee on **8 October 2019** for an important reason.

The supervisory board members Thomas Kölbl (Chairman), Prof. Dr. Markwart Kunz, Franz-Josef Möllenberg and Dr. Wolfgang Heer (until 4 February 2020) belonged to the **nomination committee**. The nomination committee convened on 29 April 2020. Taking the supervisory board's diversity concept into account, a recommendation was made to the latter that Dr. Thomas Kirchberg, who had already been court-appointed, be recommended to the 2020 annual general meeting for election as a shareholder representative. The supervisory board elected Dr. Thomas Kirchberg as a member of the nomination committee, succeeding Dr. Wolfgang Heer with effect from 15 April 2020.

Review of the supervisory board's efficiency | The supervisory board reviewed the efficiency of its activities in accordance with the recommendation pursuant to paragraph 5.6 of the German Corporate Governance Code. This is performed every year on the basis of a questionnaire without external support. The questionnaire is adapted in each case to the changes in the Code. The evaluation of the questionnaires, the discussion of the results and the deliberations on proposed improvements took place at the meeting on 11 November 2019. The objective is the continuous improvement of the activities of the supervisory board and its committees.

Compliance | On 10 and 30 January 2020, respectively, the regular discussion about fraud and corruption risks took place between the independent auditor and the chairman of the audit committee and the chairman of the supervisory board, respectively, with information being provided, and subsequent discussions held, with regard to the assessment of business risks and measures for limiting the fraud and corruption risks.

Corporate governance | Comprehensive information on corporate governance at CropEnergies, including the wording of the supervisory board's diversity objectives for its future composition and the declaration of conformity for 2019 issued jointly by the executive board and supervisory board, can be found in the declaration on corporate management on pages 72–75 of the corporate governance report. Additionally, all the relevant information is available on the CropEnergies website www.cropenergies.com on the investor relations pages.

The executive board fulfilled its duties, assigned to it by law and the rules of procedure, to inform the supervisory board in an exhaustive and timely manner. The supervisory board also assured itself of the due and proper conduct of the company's affairs and the effectiveness of the company's organisation and discussed these matters at length in talks with the independent auditor. The same applies with regard to the effectiveness of the CropEnergies Group's risk management system.

In the reporting period, the supervisory board was not notified by any of its members of a conflict of interest – especially no conflict of interest that could arise as a result of an advisory function or position on a board or committee at customers, suppliers, creditors or other business partners.

Annual financial statements I The independent auditor, PwC, elected by the annual general meeting at the proposal of the supervisory board, has audited the annual financial statements and management report of CropEnergies AG for the 2019/20 financial year, and the consolidated financial statements and the group management report for 2019/20, and has issued an unqualified audit opinion in each case. Furthermore, the independent auditor has confirmed that the executive board has suitably complied with the measures that were incumbent upon it pursuant to § 91 (2) AktG. In particular, it has created an appropriate information and monitoring system in line with company requirements that appears suited to its purpose of identifying, in good time, developments that could be a threat to the company's existence. PwC has been auditing the consolidated financial statements and the separate financial statements since the 2006/07 financial year. Since the 2016/17 financial year, Michael Conrad has been the responsible independent auditor at PwC.

In light of the fact that, as of 29 February 2020, Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG (SZVG), including the 69.2% of voting rights held by Südzucker AG, directly and indirectly holds 74.4% of voting rights, the executive board has drawn up a report pursuant to § 312 AktG. The independent auditor has reviewed this report, has provided a written report on the results of its review and confirmed that the actual facts set out in the report are correct; payments by the company in connection with legal transactions referred to in the report were not unreasonably high, and no circumstances indicate any materially different assessment than that given by the executive board.

The documents to be examined and the independent auditor's reports were distributed in good time to each supervisory board member. Representatives of the independent auditor, PwC, were present at the audit committee's meeting on 7 May 2020 and at the supervisory board's annual account meeting on 11 May 2020, and reported in detail on the procedures and findings of the audit. After detailed discussions, the supervisory board noted and agreed with the independent auditor's reports. The findings of the audit committee's prior review and the findings of the supervisory board's own review are fully consistent with the findings of the independent audit. The supervisory board raised no objections to the financial statements presented. It approved the annual financial statements of CropEnergies AG prepared by the executive board as well as the consolidated financial statements of the CropEnergies Group at its meeting on 11 May 2020; the annual financial statements of CropEnergies AG are thereby adopted. The supervisory board agreed to the executive board's proposal to use the unappropriated profit to distribute a dividend increased to € 0.30 per share.

Personnel matters I The following changes took place in the supervisory board: Dr. Wolfgang Heer stepped down from the supervisory board with effect from 4 February 2020. Dr. Thomas Kirchberg, member of the executive board of Südzucker AG, was appointed as a further supervisory board member with effect from 16 March 2020.

The following changes were made in the executive board: at the supervisory board meeting on 16 July 2019, Dr. Fritz Georg von Graevenitz was appointed as a further executive board member with effect from 1 October 2019. He succeeds Michael Friedmann as Chief Sales Officer (CSO), who stepped down from the executive board on age grounds and entered into retirement, with effect from 29 February 2020. On 13 January 2020, the supervisory board settled the further succession. Joachim Lutz will stand down from the executive board on age grounds, with effect from the end of the annual general meeting on 14 July 2020. Dr. Stephan Meeder, currently Chief Financial Officer (CFO), will succeed him as CEO. The supervisory board also appointed Jürgen Böttcher as Chief Technical Officer (CTO), with effect from 1 May 2020.

The supervisory board wishes to express its thanks and appreciation to all employees and the executive board for the work that they have performed.

Mannheim, 11 May 2020

On behalf of the supervisory board



Prof. Dr. Markwart Kunz

Chairman