

CORPORATE GOVERNANCE AND RESPONSIBILITY

In the following, we report on the company's corporate management in accordance with § 315d HGB in conjunction with § 289f (1) HGB (German Commercial Code) and corporate governance in accordance with recommendation F.4 of the German Corporate Governance Code. The declaration on corporate management and the corporate governance report are published on the CropEnergies website at www.cropenergies.com.

Functioning of the executive board and supervisory board

The following explanations refer to the disclosures on the functioning of the executive board and supervisory board in accordance with § 289f (2) No. 3 and § 315d HGB.

General

As a German stock corporation, CropEnergies AG has a dual management system comprising an executive board and a supervisory board. Both boards have autonomous powers and collaborate in a close and confidential manner in managing and monitoring the company.

Executive board

The executive board of CropEnergies AG comprises three members and has one spokesman. As the managing body, the executive board manages the affairs of the company with the aim of creating sustainable added value on its own responsibility and in the interests of the company. The supervisory board has drawn up rules of procedure for the executive board; these are in force, as amended on 13 January 2020. The division of the duties and responsibilities of the executive board was last changed on 11 May 2020, with effect from the end of the annual general meeting on 14 July 2020.

Supervisory board

The supervisory board appoints, monitors and advises the executive board in its management of the company. In addition to the duties that are assigned to the supervisory board by means of the articles of association, rules of procedure and the applicable statutory regulations, the supervisory board regularly advises the executive board on all matters

that are important to strategic orientation and to management of the company and the CropEnergies Group that is geared to the principles of ecological and social sustainability. These matters include, in particular, the development of new business areas, the reorientation of business areas, all kinds of structural measures, equity interests in companies or the sale thereof, important research and development projects as well as measures for ensuring corporate management that is geared to ecological and social sustainability.

The rules of procedure of both the executive board and the supervisory board stipulate that decisions are subject to approval by the supervisory board. The executive board keeps the supervisory board regularly, promptly and extensively informed, in writing as well as at its regular meetings, about planning, development of the business operations, strategic orientation in accordance with ecological and social sustainability and the position of the group, including risk management, as well as about compliance.

The chairman of the supervisory board coordinates the activities of the supervisory board, conducts its meetings and represents the interests of the supervisory board externally. The supervisory board also convenes regularly without the executive board. In the case of significant events, an extraordinary meeting of the supervisory board is convened where necessary. In order to discharge its duties, the supervisory board can summon auditors, legal consultants and other internal and external consultants at its own discretion. The audit committee now has an extended company-internal right to information in accordance with the Stock Corporation Act. The supervisory board passes resolutions on the structure of the compensation system for the executive board together with the key contractual components and reviews it on a regular basis.

Supervisory board self-assessment

The supervisory board regularly assesses how effectively the supervisory board as a whole and its committees fulfil their duties and responsibilities. This is performed every year on the basis of a questionnaire without external support. The questionnaire is adapted in each case to the text of the current Code. The evaluation of the questionnaires, the discus-

sion of the results and the discussion of proposed improvements take place at the November meeting. The objective is the continuous improvement of the activities of the supervisory board and its committees.

Composition of the supervisory board

The supervisory board of CropEnergies AG, which comprises six members, is solely composed of shareholder representatives pursuant to § 96 (1) and § 101 (1) AktG. The current terms of office are identical: the term of office of all shareholder representatives runs for the period until adjournment of the annual general meeting that decides on approval for the 2021/22 financial year (i.e., until the annual general meeting in 2022).

All members of the supervisory board are familiar with the sector in which CropEnergies operates. They have the knowledge, ability and expert experience required for proper exercise of the duties.

The current composition of the supervisory board is presented at item (36) "Supervisory board" in the notes to the consolidated financial statements.

The supervisory board's diversity concept

Regarding its composition, the supervisory board is guided, pursuant to a resolution passed on 5 April 2022 (taking into account the sector, the company's size and the scale of the international activities), by the following objectives and expertise profile for the committee as a whole:

- Every member of the supervisory board should have adequate entrepreneurial and/or company experience and ensure that sufficient time is available to carry out duties and responsibilities.
- Every member of the supervisory board should have the reliability and personal integrity required to perform the supervisory board's monitoring responsibilities.
- At least two members of the supervisory board should be "independent" within the meaning of the recommendations C.6 and C.7 of the German Corporate Governance Code.
- The supervisory board should not have more than two for-

mer members of the company's executive board.

- The supervisory board should have at least two members with international experience or particular expertise in a market outside Germany that is important to the company.
- At least two members of the supervisory board should have expertise in the area of accounting or auditing (financial experts).
- The supervisory board seeks an appropriate degree of female representation. By means of a resolution dated 5 April 2022, the supervisory board defined the following target for the proportion of women in the supervisory board – for the period up to 4 April 2027. The supervisory board shall include at least one woman.
- No candidates over 70 years of age should be nominated for election or re-election to the supervisory board unless this is advisable in the company's interest.

A regular limit of length of membership on the supervisory board is not specified. This facilitates continuity and the preservation of long-standing expertise in the supervisory board in the interests of the company.

When making nominations for the election of supervisory board members, the supervisory board will continue to be primarily guided by the personal aptitude of candidates, their specialist knowledge and experience, integrity and independence as well as their motivation and capability, in order to ensure responsible performance of the monitoring and advisory tasks within the company. In selecting suitable candidates, the supervisory board is committed to the diversity of the entire committee, paying particular attention to different professional backgrounds and experience, internationality as well as appropriate gender representation.

The following should be noted with regard to the status of the implementation of the supervisory board's diversity concept:

On 18 July 2017, the annual general meeting elected shareholder representatives to the supervisory board. In the meantime, there has been one change in the supervisory board.

The supervisory board considers that it currently has two, and hence – in consideration of the ownership structure – a suffi-

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cient number of independent members: Prof. Dr. Markwart Kunz, Braunschweig, and Norbert Schindler, Bobenheim am Berg, are independent of CropEnergies AG, the executive board and the controlling shareholder, Südzucker AG. Prof. Dr. Markwart Kunz, Braunschweig, and Norbert Schindler, Bobenheim am Berg, are independent of CropEnergies AG, the executive board and the controlling shareholder, Südzucker AG. At least two members embody the criterion of “internationality” to a special degree. The supervisory board currently has no female members.

Franz-Josef Möllenberg is the current financial expert on the supervisory board and the audit committee, i.e., a member who has expertise in the areas of accounting and auditing.

The executive board's diversity concept

The supervisory board has prepared a diversity concept for CropEnergies AG's executive board, including, for example, aspects such as age, gender, educational and professional background as well as internationality. The aim is to select an executive board composition that ensures that the executive board will be fully able to discharge the duties incumbent upon it.

This is based on long-term succession planning with regard to the composition of the executive board, which the supervisory board ensures together with the executive board. Every effort is made to fill executive board positions with candidates who have progressed within the company. With regard to systematic management development and long-term succession planning for the executive board, particular attention is paid to the following criteria:

- Early identification of suitable candidates from different disciplines, with different professional and personal experience, as well as internationality.
- Systematic development of managers through assignment of duties with increasing levels of responsibility.
- Demonstration of a strategic and operational creative drive as well as strong leadership.
- A proven record of setting an example in implementing corporate objectives in line with existing corporate values.

Key to any appointment of a CropEnergies AG executive board member is ultimately an appraisal of their professional and personal qualifications. In this respect, the supervisory board will continue to be primarily guided by the personal aptitude of candidates, their specialist knowledge and experience, integrity and independence as well as their motivation and capability in order to ensure that they can carry out their duties responsibly in the company.

This being said, regarding the composition of the executive board, the supervisory board is guided, pursuant to a resolution passed on 5 April 2022, – taking into account the sector, the company's size, and the scale of the international activities – by the following objectives and expertise profile:

- **Number:** Owing to the company's size and the CropEnergies Group's current organisational and task structure, a three-person executive board for CropEnergies AG is advisable. The supervisory board can appoint a chairman or CEO from this group.
- **Age:** A member of the executive board should not remain in office longer than the end of the financial year in which he or she reaches 65 years of age. A member of the executive board should not remain in office longer than the end of the financial year in which he or she reaches 65 years of age.
- **Gender:** The supervisory board bases its decision primarily on suitability, not on gender. The supervisory board bases its decision primarily on suitability, not on gender. By means of a resolution passed at its meeting on 5 April 2022, it defined the following target for the proportion of women in the executive board for the period up to 4 April 2027. The executive board shall include at least one woman. At its meeting on 15 May 2017, the executive board decided as a target specification that the proportion of women at management level below the executive board should be retained at 20% until 14 May 2022. In the 2021/22 financial year, this proportion was 25%, which meant that the target was achieved.
- **Education and profession:** With regard to educational and professional background, the selection of executive board members should be based on the expertise required in general in the CropEnergies AG executive board as well as for the respective executive board department. With regard to educational and professional background, the selection of executive board members should be based on the expertise

required in general in the CropEnergies AG executive board as well as for the respective executive board department. This expertise may have been acquired as part of university studies or other training or even in other ways.

- **Internationality:** It is advisable for the executive board to have at least one member with international experience or particular expertise in a market outside Germany that is important to the company. It is advisable for the executive board to have at least one member with international experience or particular expertise in a market outside Germany that is important to the company.

Supervisory board committees

With the audit committee, nomination committee and personnel committee, the supervisory board has formed committees which prepare and supplement its activities. By means of a resolution passed on 12 July 2021, the supervisory board renamed the ad hoc “executive board compensation” committee as the “personnel committee”. It continues to operate as a permanent committee and comprises the same members. All committees consist of four members in each case. The duties of the committees are based on the supervisory board rules of procedure as amended on 21 February 2022 and those for the audit committee of 21 February 2022. The current composition of the committees with the respective duration of membership is presented under item (36) “Supervisory board” in the notes to the consolidated financial statements.

The chairman of the supervisory board is not at the same time chairman of the audit committee.

Shareholders and general meeting

The shareholders of CropEnergies AG exercise their voting and control rights at the general meeting held at least once a year. The annual general meeting takes place in the first eight months of the financial year and decides on all matters as per the statutory requirements with binding effect for all shareholders and the company. Each CropEnergies share confers the same rights.

Every shareholder who meets the prerequisites for attending the annual general meeting as well as for exercising voting rights and registers in time is entitled to attend the annual general meeting. Shareholders who are unable to attend in person have the option of having their voting rights exercised by a financial institution, a shareholder association, proxies used by CropEnergies AG who are bound by the instructions of the shareholders, or some other representative of their choice. Shareholders also have the option of submitting their vote in advance of the annual general meeting via the Internet or giving instructions to CropEnergies AG’s proxies via the Internet.

Annual general meeting 2022

The invitation to the annual general meeting, which is expected to be held on 12 July 2022, together with all the reports and information required for passing resolutions will be published in accordance with the provisions of German company law and made available on the CropEnergies AG website under “Investor Relations”.

Risk management

The conscientious handling of business risks is one of the principles of good corporate governance. Group-wide and company-specific reporting and control systems are available to the executive board and management of CropEnergies, enabling them to identify, assess and manage these risks. The systems are continuously further developed, and adjusted to the changing framework conditions. The executive board keeps the supervisory board regularly informed about current risks and their development. The audit committee is especially concerned with monitoring the financial reporting process, compliance and the auditing of the financial statements; it checks the effectiveness of the internal control system, risk management and the internal auditing system. In the coming financial year, the audit committee is also to concern itself with risks in the context of sustainability reporting, such as long-term climate risks. Details on risk management at CropEnergies are outlined in the risk and opportunities report on pages 67 – 79.

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Corporate governance report

The following corporate governance report refers to disclosures made in accordance with § 289f (2) No 1, 4 – 6 and § 315d HGB.

Good corporate governance implies the responsible management and control of corporate enterprises oriented towards long-term value creation. Effective and efficient cooperation between the executive and supervisory boards forms the basis of transparency and fulfills the need to keep shareholders and the public comprehensively informed in a timely manner. CropEnergies AG has published this corporate governance report in consideration of the rules and regulations of the German Corporate Governance Code.

Good corporate governance is a given at Südzucker and has been an integral part of its policies for many years. It has been consistently geared to the Code's recommendations and suggestions and is a key executive board and supervisory board responsibility.

In CropEnergies' view, the German Corporate Governance Code as amended on 16 December 2019* is largely balanced, practical and of a high standard when compared internationally. As in previous years, we have thus not found it necessary to prepare individual, company-specific corporate governance principles.

Declaration of conformity for 2021

In November 2021, executive board and supervisory board issued the declaration of conformity with the recommendations of the German Corporate Governance Code as amended on 16 December 2019, pursuant to § 161 AktG.

CropEnergies AG complies with the recommendations with the assumptions presented in the declaration of conformity.

There are no Code recommendations that are not applicable to CropEnergies AG on the grounds of overriding statutory provisions. CropEnergies AG complies with the suggestions of the applicable Code with one exception: contrary to suggestion G.18, the supervisory board compensation does not consist in pure fixed compensation.

As with declarations of conformity issued in previous years, the full wording of the declaration of conformity for 2021 is published on the CropEnergies website at www.cropenergies.com on the Investor Relations/Corporate Governance pages.

Gender quota

The Stock Corporation Act makes provision for listed companies to define target figures for supervisory board, executive board and the two management levels below executive board. CropEnergies AG is affected by this. However, CropEnergies AG is not affected by the introduction of a fixed gender quota of 30% in the supervisory board; this applies to listed companies that are also equally represented. CropEnergies is not a co-determined company.

At its meeting on 5 April 2022, the supervisory board, taking all relevant criteria and particularly the current and expected future status quo into account, determined the following target for the proportion of women in the supervisory board until 4 April 2027: The supervisory board shall include at least one woman.

At its meeting on 5 April 2022, the supervisory board, likewise taking all relevant criteria and particularly the current and expected future status quo into account, determined the following target for the proportion of women in the executive board until 4 April 2027: The executive board shall include at least one woman.

* The version of 16 December 2019 entered into force on publication in the German Federal Gazette on 20 March 2020.

At its meeting on 7 March 2022, the executive board decided as the third target specification (first target specification up to 30 June 2017; second target specification up to 14 May 2022) that the proportion of women at management level below the executive board (owing to its flat hierarchies, CropEnergies AG has only one management level below the executive board) should be increased from 20% to 30% until 6 March 2027.

Training and professional development

The members of the supervisory board take responsibility for undertaking any training or professional development measures necessary to fulfil their duties. They receive appropriate support from CropEnergies in this regard.

Code of conduct and guiding principles

CropEnergies has prepared a code of conduct and guiding principles. These are published on the CropEnergies website at www.cropenergies.com under "Company".

Compensation report

With effect from the 2021/22 financial year, a separate report on executive board and supervisory board compensation will be published on the CropEnergies website. The total compensation for the executive board and the supervisory board including the previous year's amounts is disclosed in the notes to the consolidated financial statements at item (35), "Related party transactions".

Financial loss liability insurance

The company has taken out financial loss liability insurance with a deductible which incorporates cover for the activities of the members of the executive board and the supervisory board (D&O insurance). § 93 (2) AktG stipulates that the deductible for executive board members must amount to at least 10% of the loss up to at least the level of one-and-a-half times the fixed annual compensation.

The current German Corporate Governance Code of 16 December 2019 no longer follows that as recommendation for the supervisory board members. The deductibles for the supervisory board members have therefore been omitted from the D&O insurance with effect from 1 March 2021.

Holdings of company shares by members of the executive board and supervisory board; reportable dealings in securities

No member of the executive board or the supervisory board holds shares of CropEnergies AG or related financial instruments directly or indirectly representing 1% or more of the share capital. Furthermore, the aggregate holdings of all executive board and supervisory board members are less than 1% of the shares issued by the company.

Members of the executive board and the supervisory board did not disclose any reportable dealings in securities to CropEnergies AG in the 2021/22 financial year.