

SUPERVISORY BOARD REPORT

Dear shareholders,

There is often a fine line between highs and lows in the renewable energies industry. This also applies to European bioethanol, the alternative to imported fossil oil. What proved to be an extremely difficult financial year in 2014/15 owing to a sharp price decline was followed by an outstanding financial year in 2015/16 thanks to increasing bioethanol revenues. Bioethanol again achieved a premium on petrol for most of the financial year, which meant that the high reductions in greenhouse gas emissions shown to be brought about by bioethanol were also finally rewarded again. In view of the continuing sluggish demand for bioethanol in the EU, the supervisory board supports the executive board in emphasising profit optimisation through deliberate reduction of production. It is pleasing that European policymakers have now also been signalling a further expansion of renewable energies in the transport sector, which opens up prospects for the industry beyond 2020. It is clear, however, that renewable energies will also continue to be subject to price fluctuations and that bioethanol will not be an exception to this in future either.

The supervisory board concerned itself closely with the business development, the financial position and the business prospects of the CropEnergies Group in the reporting year, coordinating 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 business transactions that are important for the company were discussed in detail on the basis of the reports of the executive board.

The supervisory board had regular contact with the executive board between the supervisory board meetings and kept itself regularly 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 2015/16 financial year. Three extraordinary meetings also took place, two of which were held as conference calls. Following thorough review and discussion, the supervisory board agreed to all the resolution proposals of the executive board.

The focal points of the reporting at the ordinary meetings were the developments on the raw materials and sales markets, the hedging of market price risks, the political framework conditions for biofuels, the progress of production and investments, and the current earnings situation.

The extraordinary meetings (conference calls) on **23 March** and **2 April 2015** were concerned with personnel matters.

At the extraordinary meeting on **30 April 2015**, the resignations of supervisory board member Dr. Lutz Guderjahn and executive board member Dr. Marten Keil were addressed and the future structure of the executive board discussed. The supervisory

board appointed Joachim Lutz as Chief Executive Officer and Michael Friedmann and Dr. Stephan Meeder as additional members of the executive board with a term of office until 29 April 2020. The supervisory board decided upon the new allocation of responsibilities and determined the executive board compensation. Furthermore, information was provided about the application for the judicial appointment of Dr. Wolfgang Heer as successor to Dr. Lutz Guderjahn on the supervisory board. Thomas Kölbl was elected as Deputy Chairman of the supervisory board with immediate effect.

At its annual account meeting on **18 May 2015**, the supervisory board devoted its attention to the annual financial statements and management reports of CropEnergies AG and the consolidated group for 2014/15, issued with an unqualified audit opinion by the independent auditor. The independent auditor 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. At this meeting, it also discussed the agenda and the proposals for the 2015 annual general meeting and approved the short- and medium-term investment planning.

At the meeting on **14 July 2015** (prior to the annual general meeting), the medium-term planning was presented. This was followed by the election of Dr. Wolfgang Heer – as Dr. Lutz Guderjahn’s successor – as a member of the audit committee and the nomination committee. The supervisory board also extended the executive board appointment and the employment contract of Joachim Lutz until 3 May 2021. Finally, the supervisory board defined the target figure for the proportion of women in the supervisory board and the executive board.

At the meeting on **9 November 2015**, the supervisory board discussed the earnings forecast for the current financial year and the current political environment for renewable energies in the transport sector. As in previous years, 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 2015.

At the meeting on **14 January 2016**, the earnings projection for the current 2015/16 financial year was presented. The supervisory board decided upon the adjustment of the rules of procedure for the executive board to bring them into line with a new recommendation set out in the German Corporate Governance Code.

Apologies for absence were received from one member at each of the three supervisory board meetings. Otherwise, all members of the supervisory board were present in person at the meetings.

Supervisory board committees I 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), Dr. Wolfgang Heer (since 14 July 2015), Prof. Dr. Markwart Kunz and Franz-Josef Möllenberg belong, convened five times in the 2015/16 financial year, in four meetings and one conference call. 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 **11 May 2015**, 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 **6 July 2015**, the audit committee discussed the interim report for the 1st quarter of 2015/16.

At the meeting on **14 July 2015**, the audit committee discussed the independent auditor's quotation for the audit mandate and issued the mandate.

At the meeting on **5 October 2015**, the audit committee discussed the interim report for the 1st half of 2015/16. At the supervisory board's instruction, the audit committee also addressed the monitoring of the financial reporting process, the effectiveness of the internal control system, the risk management system, and the internal auditing system.

At the meeting on **8 January 2016**, the audit committee discussed the interim report for the 3rd quarter of 2015/16. Owing to the preceding invitation to tender for a new contract award, four public auditing companies also introduced themselves.

All members were present at, or connected by telephone to, the audit committee's meetings and conference calls.

The **nomination committee**, to which the supervisory board members Thomas Kölbl (Chairman), Dr. Wolfgang Heer (since 14 July 2015), Prof. Dr. Markwart Kunz and Franz-Josef Möllenberg belong, convened on **11 May 2015** in the 2015/16 financial year. Taking the supervisory board's diversity objectives into account, a recommendation was made to the latter that Dr. Wolfgang Heer, who had already been court-appointed, be recommended to the 2015 annual general meeting for election as a shareholder representative.

The chairman of the respective committees reported on the content and results of the committee meetings at the next supervisory board meeting.

Review of the supervisory board's efficiency | The supervisory board again 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 9 November 2015. The objective is the continuous improvement of the activities of the supervisory board and its committees.

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 2015 issued jointly by the executive board and supervisory board, can be found in the declaration on corporate management on pages 37–45 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 | PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PwC), Frankfurt am Main, which was 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 2015/16 financial year, and the consolidated financial statements and the group management report for 2015/16, and has issued an unqualified audit opinion in each case. Further, the 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.

In light of the notice given by Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG (SZVG) that, including the around 69% shareholding held by Südzucker AG, it directly and indirectly holds around 76% of the 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 auditor's reports were distributed in good time to each supervisory board member. The independent auditor was present at the audit committee's meeting on 4 May 2016 and at the supervisory board's annual account meeting on 17 May 2016, and reported in detail on the procedures and findings of its audit. After detailed discussions, the supervisory board noted and agreed with the 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 17 May 2016; the annual financial statements of CropEnergies AG are thereby adopted. The supervisory board has agreed with the executive board's proposal on the use of the unappropriated profit, with the distribution of a dividend of € 0.15 per share.

Mannheim, 17 May 2016

On behalf of the supervisory board



Prof. Dr. Markwart Kunz
Chairman