

## SUPERVISORY BOARD REPORT

### **Dear Shareholders,**

The past year was completely different from the previous one in many areas. The world was and still is in an unprecedented situation. The coronavirus pandemic is impacting all areas of life and has presented great challenges to many companies. CropEnergies has coped with these very well.

Due to the pandemic, climate protection has taken somewhat of a back seat in the public perception during the previous financial year, however the importance of the topic has returned to society and politics in the recent weeks. There is a need for action in the transport sector, in particular, and renewable ethanol, here, is one of the few solutions that, with the existing infrastructure and in the present vehicle fleet, can make a significant contribution to reducing greenhouse gases today.

At the same time, CropEnergies is setting the course for the company's further development. The new vision and mission are pointing the way ahead: sustainability continues to be at the centre of CropEnergies AG's business operations, while another focus in future is to be the production and marketing of sustainable biomass products used outside the fuel sector.

The supervisory board consulted closely with the executive board on these issues in the past year, concerning itself in depth with the business development, financial position and business prospects of the CropEnergies Group. 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.

The supervisory board was directly involved in all fundamental decisions relating to the CropEnergies Group. It was kept continuously informed in a timely and comprehensive manner about all relevant questions of corporate planning and the course of business, the position and the development of the CropEnergies Group, including the risk situation, and about risk management and compliance issues. The executive board determined the strategic orientation of the CropEnergies Group 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. In addition, the supervisory board has been informed, on a regular basis, by the executive board about developments, measures taken and the company's situation since the outbreak of the coronavirus pandemic.

**Supervisory board meetings and resolutions I** Four ordinary meetings of the supervisory board, each of which was attended by the executive board, took place in the 2020/21 financial year. Owing to the coronavirus pandemic, most meetings were held as conference calls or video conferences.

In addition to the meetings, two resolutions were 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, the progress of investments, strategic development and the current earnings situation. The chairman of the audit committee provided information about content and resolutions passed by the audit committee at the following supervisory board meeting in each case.

On **15 April 2020**, the supervisory board approved, by written procedure, the admission of Dr. Thomas Kirchberg to the company's audit and nomination committees, succeeding Dr. Wolfgang Heer.

At its annual account meeting on **11 May 2020**, the supervisory board focused on and approved the annual financial statements and management reports of CropEnergies AG and the consolidated group for 2019/20, issued with an unqualified audit opinion by the independent auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC). The executive board provided a detailed presentation of the 2019/20 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 2020 virtual 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. In line with the nomination committee's recommendation, the supervisory board adopted the proposal to the annual general meeting to elect Dr. Thomas Kirchberg to the supervisory board, succeeding Dr. Wolfgang Heer. Furthermore, the supervisory board approved the CropEnergies Group's investment plans for 2021/22 and its long-term investment programmes and the allocation of executive board departments planned after the end of the 2020 annual general meeting, as well as adjusting the executive board's compensation structure.

At the meeting on **14 July 2020** (prior to the annual general meeting), the medium-term planning was presented.

At the meeting on **9 November 2020**, the supervisory board addressed the earnings projection for the 2020/21 financial year and approved an investment supplement. As is always the case at the November meeting, the supervisory board mainly focused on the issue of corporate governance. The supervisory board conducted the annual self-assessment of its activities, adjusted the supervisory board's rules of procedure, established an ad-hoc "executive board compensation" committee and approved the declaration of conformity for 2020. It also discussed the issue of compliance.

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Supervisory board report

On **8 January 2021**, the supervisory board approved, by written procedure, the sale of the Ryssen equity investment in Chile.

At the meeting on **18 January 2021**, the updated earnings projection for the 2020/21 financial year was presented and the status of the sale of the Ryssen equity investment in Chile discussed.

**Supervisory board committees** | In order to carry out its duties more efficiently, the supervisory board has formed an audit committee and a nomination committee. At its meeting on 9 November 2020, it also established an ad hoc **“executive board compensation” committee**.

The **audit committee**, to which the supervisory board members Thomas Kölbl (Chairman), Prof. Dr. Markwart Kunz, Franz-Josef Möllenberg and, since 15 April 2020, Dr. Thomas Kirchberg belong, convened four times in the 2020/21 financial year. Owing to the coronavirus pandemic, most meetings were held as conference calls or video conferences. 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 2020**, 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 quality and independence.

At the meeting on **6 July 2020**, the audit committee discussed the quarterly statement for the 1<sup>st</sup> quarter of 2020/21 and the independent auditor’s quotation for the audit of the annual financial statements. It issued the mandate for the 2020/21 financial year subject to the consent of the 2020 annual general meeting.

At the meeting on **6 October 2020**, 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 **12 January 2021**, the audit committee discussed the quarterly statement for the 3<sup>rd</sup> quarter of 2020/21.

The supervisory board members Thomas Kölbl (Chairman), Dr. Thomas Kirchberg, Prof. Dr. Markwart Kunz and Franz-Josef Möllenberg belong 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. On 15 April 2020, the supervisory board elected the court-appointed Dr. Thomas Kirchberg as a member of the nomination committee, succeeding Dr. Wolfgang Heer.

The supervisory board members Dr. Hans-Jörg Gebhard (Chairman), Dr. Thomas Kirchberg, Thomas Kölbl and Prof. Dr. Markwart Kunz belong to the ad hoc **"executive board compensation" committee**.

**Attendance records** | Owing to his candidacy for election to the supervisory board by the annual general meeting, the court-appointed Dr. Thomas Kirchberg did not attend the meeting of the nomination committee on 29 April 2020. Otherwise, the meetings of the supervisory board and of the committees were attended by all members in each case.

**Supervisory board self-assessment** | The recommendation contained in D.13 of the German Corporate Governance Code states that the supervisory board should carry out a self-assessment of its activities. 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 2020. The objective is the continuous improvement of the activities of the supervisory board and its committees.

**Compliance** | On 12 January 2021 and 8 February 2021, 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 2020 issued jointly by the executive board and supervisory board, can be found in the declaration on corporate management on pages 100 – 103 of the corporate governance report. As with declarations of conformity issued in previous years, the full wording of the 2020 joint declaration of conformity issued by the executive board and the supervisory board pursuant to § 161 AktG is published on the CropEnergies website ([www.cropenergies.com](http://www.cropenergies.com) on the investor relations/corporate governance 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; the supervisory board was also provided with detailed information about this by the executive board.

## To our shareholders

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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** | 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 2020/21 financial year, and the consolidated financial statements and the group management report for 2020/21, 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 28 February 2021, Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG (SZVG), including the 69.2% of voting rights held by Südzucker AG, directly and indirectly holds 74.0% 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 6 May 2021 and at the supervisory board's annual account meeting on 17 May 2021, 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 17 May 2021; the annual financial statements of CropEnergies AG are thereby adopted. The supervisory board agreed to the executive board's proposal on the use of the unappropriated profit, with the distribution of a dividend of € 0.35 per share.

**Personnel matters** | 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 initially appointed to succeed Dr. Heer by Mannheim Registration Court on 16 March 2020 before he was then elected in the annual general meeting on 14 July 2020.

The following changes were made in the **executive board**: Joachim Lutz stepped down from the executive board with effect from the end of the annual general meeting on 14 July 2020. Dr. Stephan Meeder, who is also Chief Finance Officer (CFO), succeeded 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, 17 May 2021

**On behalf of the supervisory board**



**Prof. Dr. Markwart Kunz, Chairman**