

SUPERVISORY BOARD REPORT

Dear Shareholders,

The 2021/22 financial year was heavily influenced, as was the previous year, by the coronavirus pandemic. On the one hand, there were more and more new variants that spread faster and faster. On the other hand, there was the successful development and authorisation of several vaccines and the ensuing vaccination campaign. All this caused constant ups and downs. Last winter, we experienced a fourth wave with unprecedented infection levels. With great support from its employees, CropEnergies successfully rose to all challenges.

Climate protection became more prominent again in public perception last year. With the “Renewable Energy Directive” (RED-II), the EU has set itself new targets that are a step in the right direction. However, the GHG savings potential of renewable ethanol is not being fully leveraged even with the new directive. There is a need for improvement here.

CropEnergies laid important foundations for the company’s future development in the last financial year. Sustainability is and remains the focus of all activities, but both the company’s base and its product portfolio will become broader in future. Sustainable products from biomass will make a significant contribution to the reduction of greenhouse gases and offer customers innovative and high-quality alternatives to fossil-based products.

The supervisory board consulted closely with the executive board on these issues in the past financial year, concerning itself in depth with the economic 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 transactions that are important for the company were discussed in detail on the basis of the reports of the executive board. The executive board determined the strategic orientation of the CropEnergies Group in consultation with the supervisory board. From the outset, the CropEnergies Group’s focus here is on sustainability. In future, the supervisory board will concentrate on issues of ecological and social sustainability at regular intervals.

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 and two extraordinary meetings of the supervisory board, each of which – except for the discussion of the supervisory board’s internal matters and the extraordinary meetings – was attended by the executive board, took place in the 2021/22 financial year. Owing to the coronavirus pandemic, only the ordinary meeting on 8 November 2021 took place as a face-to-face meeting; all other meetings were held as video conferences.

In addition to the meetings, the supervisory board adopted resolutions 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 financial and non-financial issues as well as 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.

At the extraordinary meeting on **28 April 2021**, the new executive board remuneration system – initially discussed by the “personnel committee” (referred to as the “ad hoc executive board compensation committee” until 12 July 2021) at two meetings –, which had been brought into line with the Act on Implementing the Second Shareholders’ Rights Directive (ARUG II), was approved in principle. The supervisory board also resolved, at this meeting, to propose to the annual general meeting that compensation of supervisory board members, as defined in § 12 of the articles of association, be confirmed.

The extraordinary meeting on **30 April 2021** again discussed the executive board remuneration system.

At its annual account meeting on **17 May 2021**, the supervisory board focused on and approved the annual financial statements and management reports of CropEnergies AG and the consolidated group for 2020/21, issued with an unqualified audit opinion by the independent auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC). The executive board provided a detailed presentation of the 2020/21 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. Furthermore, based on the audit committee’s recommendation, it approved the proposal to be made to the annual general meeting in respect of the election of the independent auditor. The supervisory board followed the recommendation to propose to the annual general meeting that an amendment be made to the articles of association to bring them into line with the supplemented corporate strategy. It approved the revised and adapted compensation system for members of the executive board. The supervisory board prepared the 2021 virtual annual general meeting and decided on the agenda and the resolution proposals. Furthermore, Dr. Kirchberg was elected Deputy Chairman of the supervisory board and Chairman of the nomination committee.

At the meeting on **12 July 2021** (on the day before the annual general meeting), the medium-term planning was presented. The supervisory board approved the 2022/23 investment plans as well as the long-term investment plans and an investment supplement. The supervisory board approved the target specifications for the remuneration system for the executive board in the 2021/22 financial year and the renaming of the “ad hoc executive board compensation committee” to “personnel committee”. Internal matters of the supervisory board were addressed as a separate agenda item.

To our shareholders

Supervisory board report

At the meeting on **8 November 2021**, the supervisory board addressed the earnings projection for the 2021/22 financial year and approved a land purchase. As is always the case at the November meeting, the supervisory board mainly focused on the issue of corporate governance. The supervisory board performed the annual self-assessment of its activity and brought the rules of procedure of the supervisory board and the audit committee into line with the duties arising from the remuneration system for the executive board and with the Finanzmarktintegritätsgesetz (German Act on the Integrity of Financial Markets – FISG), which came into force on 1 July 2021. Furthermore, it approved the declaration of conformity for 2021 and also addressed the regular agenda item of compliance. Lastly, internal matters of the supervisory board were discussed as a separate agenda item.

By written procedure, the supervisory board approved an adjustment to the executive board remuneration on **31 January 2022**.

At the meeting on **21 February 2022**, the current earnings projection for the 2021/22 financial year was presented. The supervisory board updated its rules of procedure and those of the audit committee in respect of the adjustments relating to sustainability arising from the draft further amendment of the German Corporate Governance Code. It addressed the invitation to tender for the 2023/24 audit and the 2022 annual general meeting as well as the future requirements on sustainability reporting. The supervisory board approved the strategic objectives for the 2022/23 financial year and the target parameters for the remuneration system for the executive board. Internal matters of the supervisory board were addressed as a separate agenda item.

Supervisory board committees | In order to carry out its duties more efficiently, the supervisory board has formed an audit committee, a nomination committee and a personnel committee (referred to as the “ad hoc executive board compensation committee” until 12 July 2021).

The **audit committee**, to which the supervisory board members Thomas Kölbl (Chairman), Prof. Dr. Markwart Kunz, Franz-Josef Möllenberg and Dr. Thomas Kirchberg belong, convened four times in the 2021/22 financial year. Owing to the coronavirus pandemic, the meetings were held as 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 **6 May 2021**, 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, examined the latter’s independence and recommended the supervisory board to appoint PwC as the independent auditor, subject to the latter’s election by the annual general meeting in 2021. Moreover, PwC is to carry out a formal review of the compensation report. The audit committee had previously carried out an assessment of the quality of the audit of the financial statements.

At the meeting on **5 July 2021**, the audit committee discussed the quarterly statement for the 1st quarter of 2021/22. It addressed the independent auditor’s quotation for the audit of the annual financial statements and, subject to the latter’s election by the 2021 annual general meeting, issued the mandate for the audit of the annual financial statements.

At the meeting on **12 October 2021**, the audit committee discussed the 2021/22 interim report. It also addressed the monitoring of the financial reporting process as well as the effectiveness of the internal control system and the risk management system as well as IT security. It also focused on the internal audit system and the compliance management system.

At the meeting on **11 January 2022**, the audit committee discussed the quarterly statement for the 3rd quarter of 2021/22. The audit committee also addressed the new statutory requirements for non-audit services and approved the adapted checklist of permitted non-audit services by the independent auditor, together with application guidelines.

The **nomination committee**, to which the supervisory board members Dr. Thomas Kirchberg (Chairman as of 17 May 2021), Thomas Kölbl (Chairman until 17 May 2021), Prof. Dr. Markwart Kunz and Franz-Josef Möllenberg belong, was not convened in the past financial year.

The **personnel committee** is composed of the supervisory board members Dr. Hans-Jörg Gebhard (Chairman), Dr. Thomas Kirchberg, Thomas Kölbl and Prof. Dr. Markwart Kunz. At its meetings on 16 and 23 April 2021, the personnel committee (at that time still referred to as the “ad hoc executive board compensation committee”) addressed the new executive board remuneration system and prepared the extraordinary meetings of the supervisory board on 28 and 30 April 2022.

Attendance records | No member was absent from the meetings of the supervisory board or its committees in the 2021/22 financial year.

Responsibilities	Members	Number of participants / number of meetings
Supervisory board	Prof. Dr. Markwart Kunz (Chairman)	6/6
	Dr. Thomas Kirchberg (Deputy Chairman since 17 May 2021)	6/6
	Dr. Hans-Jörg Gebhard	6/6
	Thomas Kölbl (Deputy Chairman until 17 May 2021)	6/6
	Franz-Josef Möllenberg	6/6
	Ökonomierat Norbert Schindler	6/6
Audit committee	Thomas Kölbl (Chairman)	4/4
	Prof. Dr. Markwart Kunz	4/4
	Franz-Josef Möllenberg	4/4
	Dr. Thomas Kirchberg	4/4
Nomination committee	Dr. Thomas Kirchberg (Chairman since 17 May 2021)	0/0
	Thomas Kölbl (Chairman until 17 May 2021)	0/0
	Prof. Dr. Markwart Kunz	0/0
	Franz-Josef Möllenberg	0/0
Personnel committee (until 12 July 2021 ad hoc “executive board compensation committee”)	Dr. Hans-Jörg Gebhard (Chairman)	2/2
	Dr. Thomas Kirchberg	2/2
	Thomas Kölbl	2/2
	Prof. Dr. Markwart Kunz	2/2

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 regular self-assessment of its activities as a whole and of its committees. 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 discussion of the results and the deliberations on proposed improvements took place at the meeting on 8 November 2021. The objective is the continuous improvement of the activities of the supervisory board and its committees.

Compliance | On 11 January 2022 and 26 January 2022, 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 2021 issued jointly by the executive board and supervisory board, can be found in the declaration on corporate management on pages 86–87 of the corporate governance report. As with declarations of conformity issued in previous years, the full wording of the 2021 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 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.

Conflicts of interest | In the 2021/22 financial year, the supervisory board was not notified, by any of its members or by any of the members of the executive board, 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 virtual annual general meeting on 13 July 2021, at the proposal of the supervisory board, has audited the annual financial statements and management report of CropEnergies AG for the 2021/22 financial year, and the consolidated financial statements and the group management report for 2021/22, 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 2021/22 financial year, Stefan Hartwig has been the responsible independent auditor at PwC.

In light of the fact that, as of 28 February 2022, 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 10 May 2022 and at the supervisory board's annual account meeting on 16 May 2022, 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 16 May 2022; 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 € 0.45 per share.

Personnel matters | There were no personnel changes to either the supervisory board or the executive board in the 2021/22 financial year.

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

Mannheim, 16 May 2022

On behalf of the supervisory board



Prof. Dr. Markwart Kunz
Chairman