

Supervisory Board Report

Dr. Peter Kurz
Supervisory Board Chairman
of MVV Energie AG



DEAR LADIES AND GENTLEMEN,

The 2022 financial year was in many respects a challenging year.

It was a period in which the Supervisory Board was called on to accompany developments very closely. Alongside the coronavirus pandemic, whose effects remained virulent both in terms of protecting the health of our employees and with regard to global supply chain problems, these also included the war in Ukraine and the associated impact on available energy volumes and prices, as well as rising inflation and its implications for our company and its daily business operations.

The fact that the company was able to move successfully forward against this backdrop is a reflection of its strong strategic and economic foundations and of the superb work performed by the Group's total of more than 6,500 employees in the past financial year.

Despite all geopolitical, energy industry and economic uncertainties, MVV seized the opportunities resulting from the accelerated transformation in the energy market towards decarbonisation, decentralisation of the energy supply and sustainability and pressed ahead with its targeted further development.

The company's farsighted and well-considered procurement strategy, its broad-based portfolio of products and services and its solid balance sheet structure – these factors enabled it to perform well on an operating level in the 2022 financial year.

We presented our "Mannheim Model" at the UN Climate Conference in Glasgow in November 2021. As time has passed and given geopolitical developments, this model, in which we are pursuing the goal of becoming climate neutral by 2040 and even climate positive from then onwards, has proved more important than ever. The decision to forego additional use of natural gas and to head directly towards climate neutrality and even climate positivity was both logical and consistent. On this ambitious course, the company has the unrestricted support of the Supervisory Board.

The current winter will still be challenging. The topics of energy shortages and the associated developments in market prices will remain with us for some time. Avoiding gas shortages will require efforts on all levels. The Supervisory Board explicitly supports the energy-saving campaign initiated by MVV Energie and the gas bonus offered as a reward.

Summary of key focuses of Supervisory Board activities

In the year under report, the Supervisory Board fulfilled all aspects of the duties incumbent on it by law, the company's Articles of Incorporation and its own Rules of Procedure. The Executive Board was monitored and accompanied on an advisory basis in its management of the company. We based our activities in this respect on the extensive written and oral reports we received from the Executive Board. Moreover, the Supervisory Board Chairman was regularly in close contact with the Chief Executive Officer and, during the latter's period of absence due to illness, with the other members of the Executive Board. The Supervisory Board was therefore at all times informed about the company's strategic decisions, its ongoing business performance, as well as about the latest developments on the markets and in the company's profitability.

The Supervisory Board was involved at an early stage in all fundamental decisions and was able to discuss these in advance with the Executive Board. Following careful examination, the Supervisory Board approved all measures requiring its approval by law, the company's Articles of Incorporation, or its own Rules of Procedure.

Supervisory Board meetings and attendance

In the 2022 financial year, the Supervisory Board held four scheduled and two extraordinary meetings. Five of these meetings were held by video conference and one as a physical meeting. Furthermore, one resolution was adopted by circulating the respective written documents.

The Audit Committee and the Personnel Committee held five and four meetings respectively in the year under report. Of the Audit Committee meetings, three were held as physical meetings and two by video conference. The Personnel Committee met three times by video conference and once in person. Consistent with the recommendation made by the German Corporate Governance Code, we disclose the attendance of members at the respective meetings.

Meeting attendance FY 2022			
	Supervisory Board	Audit Committee	Personnel Committee
Dr. Peter Kurz, Chairman	6/6	–	4/4
Johannes Böttcher	6/6	–	–
Angelo Bonelli	6/6	4/5	4/4
Timo Carstensen	6/6	–	–
Sabine U. Dietrich	5/6	–	–
Detlef Falk	5/6	4/5	–
Martin F. Herrmann	6/6	5/5	–
Barbara Hoffmann	6/6	–	4/4
Heike Kamradt-Weidner	6/6	5/5	4/4
Gregor Kurth	6/6	5/5	4/4
Thoralf Lingnau	6/6	–	–
Dr. Lorenz Näger	6/6	5/5	–
Tatjana Ratzel	6/6	–	–
Thorsten Riehle	6/6	–	–
Andreas Schöniger (since 1 May 2022)	3/3	–	1/1
Susanne Schöttke	6/6	–	–
Bernhard Schumacher (until 30 September 2022)	6/6	–	–
Dr. Stefan Seipl	6/6	–	–
Christian Specht	6/6	–	–
Susanne Wenz	1/6	–	–
Jürgen Wiesner (until 30 April 2022)	3/3	–	3/3

At all regular meetings, the Executive Board informed the Supervisory Board about the Group's operating performance and also dealt in detail with the course of business in individual business fields. Any variances from the budget were particularly appraised and substantiated. One particular focus consistently involved the aspects of liquidity, movements in key figures and the development in the risk radar.

A further topic of regular discussion involved the implications of the war in Ukraine for the company's current and future business activities.

The Executive Board regularly informed us in writing about important topics, also in the periods between meetings.

A training event for Supervisory Board members was held again in the 2022 financial year. The focus here was on the topics of sustainability and green heat, as well as on more in-depth explanations of the impact of current market developments on all levels of the company's business activities and results.

Topics addressed by full Supervisory Board

At the meeting held on **3 December 2021**, we dealt in detail with the business results for the 2021 financial year and the Executive Board's dividend proposal. The auditor commissioned to perform the audit, namely PriceWaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PWC), Essen, provided us with extensive reports on the findings of its audit. Following due consultation in the Audit Committee and in-depth discussion, we acknowledged and approved this report. In the further course of the meeting we addressed and approved the resolutions to be submitted to the Annual General Meeting. Furthermore, we set the minimum variable remuneration thresholds for Executive Board members for the 2022 financial year and adopted the resolution to commission the auditor for the 2022 financial year. Moreover, we granted our approval for the acquisition by MVV Enamic GmbH of 100 % of the shares in AVANTAG Energy s.à r.l. and its associate Philipp Rass Energy GmbH.

At an unscheduled meeting on **23 December 2021**, we laid down rules governing the representation of the Chief Executive Officer, Dr. Georg Müller, during his longer period of illness-induced absence. In this context, we appointed Daniela Kirchner as a deputy member of the Executive Board on a temporary basis and entrusted her with commercial duties. We distributed the other relevant tasks among the other Executive Board members, also on a temporary basis.

On **10 March 2022**, directly before the Annual General Meeting, the Executive Board informed us about the course of business in the first three months of the 2022 financial year and the Group's current situation. We approved the investment budget to implement infrastructure measures at the site of the energy from waste plant on Friesenheimer Insel in Mannheim, as well as the EU-wide call for tenders for components required to obtain waste heat from various process with the aim of being able to feed this into Mannheim's district heat grid in future. Furthermore, our agenda also included two resolutions concerning the conclusion of company agreements and information about the topic of artificial intelligence and predictive data analysis. Finally, we also renewed the appointment of Dr. Hansjörg Roll as Technology Director on the Executive Board, in this case for the period until the end of December 2027.

In a resolution adopted by circulating the written documents, in **May 2022** we approved the acquisition of a piece of land and associated taking up of debt to enable a subsidiary to submit a binding offer for a construction project.

At the meeting on **2 June 2022**, the Executive Board again reported to us in detail on the course of business to date, offered insights into the results for the 1st half of the 2022 financial year and the outlook for the current financial year. The Executive Board provided us with an extensive report on major personnel-related topics, such as recruiting, new forms of cooperation and work safety. This was followed by information about IT topics, especially the challenges involved in hybrid cooperation and IT security. Furthermore, we discussed the results of the Supervisory Board self-assessment, which we performed in the 2022 financial year with support from an external consultant.

At an unscheduled meeting on **29 August 2022**, we dealt in detail with the planned sale of MVV Energie CZ a.s. and, following in-depth discussion, approved this project.

Alongside the presentation of the results for the first nine months of the 2022 financial year, the agenda for our meeting on **22 September 2022** included the current course of business, the challenging market situation and the business plan for the 2023 financial year, which we examined in great detail, particularly in view of the volatilities on the energy markets and

relevant legislation. Furthermore, we addressed the three-year planning and the Declaration of Compliance with the German Corporate Governance Code, as well as approving the EU-wide call for tenders for components at a bio-waste anaerobic digestion plant. In addition, we adopted resolutions on remuneration-related issues previously discussed in the Personnel Committee.

Committee work

To improve the efficiency of the work performed by the Supervisory Board, many topics and resolutions due to be addressed in Supervisory Board meetings are discussed in advance and prepared by the relevant Supervisory Board committees. An overview of the committees can be found in the chapter [Directors and Officers](#). The committee chairs keep the full Supervisory Board regularly and promptly informed about their activities. Any decisions due to be taken at the next Supervisory Board meeting are also discussed.

The **Audit Committee** held five meetings in the 2022 financial year. At these meetings, the committee dealt extensively with the respective quarterly results and discussed these with the Executive Board. In its deliberations, it focused on a thorough analysis and review of the annual financial statements of MVV Energie AG, the consolidated financial statements and the combined management report for the 2021 financial year, as well as on the financial reporting in the statements for the first three months, the first half and the first nine months of the 2022 financial year. Furthermore, the committee dealt with the company's risk situation and risk management on a quarterly basis.

Together with the Executive Board, the committee also discussed the company's 2023 business plan and its medium-term planning and strategic alignment. Following careful scrutiny, it recommended that the Supervisory Board should approve the budget for the 2023 financial year. Furthermore, the committee took receipt of supplementary reports from the company. It assured itself of the appropriateness, effectiveness and functionality of group internal audit, the internal control system (IKS) in respect of the financial reporting process and the compliance management system. Moreover, it determined the audit focuses for the 2022 financial year, which were then communicated to the auditor. Further topics discussed by the committee included the continuous monitoring of market situations and their implications, as well as the appropriateness of the measures taken by the Executive Board in this respect. No objections were raised to the post-calculations and final reports thereby submitted nor to the status reports for major projects or the presentation of business models that are new or currently in development. The Audit Committee closely accompanied the successful placement of a promissory note loan and registered bond in difficult market conditions in March 2022.

Further topics of extensive deliberation included relationships with the auditor, the proposal for the election of the auditor, its remuneration, audit engagement and the review of its independence. In addition, the Audit Committee prepared the call for tenders for the audit of the annual and consolidated financial statements and for further audit services at the MVV Group from the 2024 financial year. The aim of this process, which is still underway, is to submit a corresponding election proposal to shareholders at the Annual General Meeting in March 2024.

The **Personnel Committee** met on four occasions in the financial year under report and submitted its recommendations to the Supervisory Board. One focus of activity in the year under report involved preparing a proposal for the Supervisory Board in respect of a viable solution for the representation of the CEO, Dr. Georg Müller, during his extended illness-induced absence and the associated temporary appointment of a deputy member of the Executive Board. Furthermore, the committee discussed matters relating to the remuneration of Executive Board members and prepared the reappointment of the Executive Board Technology Director.

The **Nomination Committee**, the **New Authorised Capital Creation Committee** and the **Mediation Committee** did not hold any meetings in the year under report.

The Supervisory Board was kept regularly and extensively informed about the work performed by the committees.

Composition of the Supervisory and Executive Boards

Jürgen Wiesner retired from the Supervisory Board as of 30 April 2022 and was succeeded by Andreas Schöniger. Bernhard Schumacher stood down from his position as of 30 September 2022. He in turn was succeeded by Dr. Simon Kalvoda as of 1 October 2022. On 26 October 2022, Johannes Böttcher also retired from his position. He was succeeded by Erik Niedenthal, an elected substitute candidate. We would like to thank the members retiring from the Supervisory Board for their longstanding and trust-based cooperation.

The Chief Executive Officer, Dr. Georg Müller, was unable to discharge his duties for health-related reasons in the period from March to September 2022. His commercial duties were temporarily assumed by Daniela Kirchner, who was appointed as a deputy member of the Executive Board for that period. We assigned his other responsibilities to the three other members of the Executive Board on a temporary basis. Executive Board activities were coordinated by Dr. Hansjörg Roll. In view of this special situation, we increased the rhythm and intensity of the regular discussions between the Executive Board and the Supervisory Board Chairman.

Corporate governance

In the year under report, we again dealt closely with the recommendations and provisions of the German Corporate Governance Code (DCGK). As in previous years, we endorsed the Declaration of Compliance with the Code submitted by the Executive Board. MVV Energie AG fully complies with all but one of the recommendations made by the Code. We approved the Declaration of Compliance for the 2022 financial year at our meeting on 22 September 2022.

We conducted the self-assessment recommended by the Code with support from an external consultant in the 2022 financial year. The results were presented to the full Supervisory Board and then discussed. Overall, members assess the work performed by the full Supervisory Board and its committees as being highly efficient. We have acted on feedback received concerning measures to optimise the onboarding process for new Supervisory Board members.

Handling conflicts of interest and independence

All members of our Supervisory Board have undertaken to disclose without delay any conflicts of interest that may arise. No such conflicts arose in the year under report. We conducted a review and ascertained that all members of our body are independent in the sense defined in the German Corporate Governance Code.

Audit of annual and consolidated financial statements

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Essen, was elected as auditor of the financial statements for the 2022 financial year by the Annual General Meeting on 11 March 2022. The declaration of independence from the auditor has been submitted to the Supervisory Board.

The annual financial statements of MVV Energie AG for the 2022 financial year have been prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation (AktG). MVV's consolidated financial statements and combined management report have been prepared in accordance with International Financial Reporting Standards (IFRS) as applicable in the EU. The auditor audited the consolidated financial statements and combined management report of MVV and the annual financial statements of MVV Energie AG and granted unqualified audit opinions. Both the annual financial statements and the consolidated financial statements and combined management report for the 2022 financial year are published in the Federal Gazette (Bundesanzeiger).

The documents we required for our own audit, in particular the consolidated financial statements, combined management report, annual financial statements of MVV Energie AG, Executive Board proposal concerning the appropriation of profits and the auditor's audit reports, were provided to us in good time. Both the Audit Committee and the full Supervisory Board examined these documents carefully and extensively. We discussed them in detail in both bodies in the presence of the auditor. No objections were raised. At our meeting on 2 December 2022, we approved the consolidated financial statements and combined management report of MVV and the annual financial statements of MVV Energie AG. The annual financial statements are thus adopted. We endorsed the Executive Board proposal concerning the appropriation of profits. The auditor also audited the monitoring system established by the Executive Board pursuant to § 91 (2) AktG. The auditor determined that the system was suited to detect at an early stage any developments that could threaten the company's continued existence.

According to the Executive Board report on relationships with affiliated companies (Dependent Company Report) for the 2022 financial year, MVV Energie AG was not disadvantaged by the legal transactions performed with affiliated companies outlined therein. The auditor audited the Dependent Company Report and granted the following audit opinion:

"Following our audit and assessment performed in accordance with professional standards, we confirm 1. That the factual disclosures made in the report are accurate and 2. That the company's compensation in the transactions listed in the report was not incommensurately high." We received in good time both the Dependent Company Report and the associated audit report compiled by the auditor. Based on our own review, we concur with the auditor's assessment and approve its report.

Thanks

At the beginning of the financial year, no one could imagine that – basically inconceivable – global political events would have such a sustainable impact on our course of business and our everyday lives as is now the case due to the war in Ukraine with all its direct and indirect implications. We are all affected, both in our private lives and in the economy as a whole, by the sharp rise in inflation rates, ongoing disruptions to supply chains, turbulence on the energy markets and the permanent threat to the stability of the gas supply. Against this backdrop, the company's operating performance in the 2022 financial year deserves respect, particularly since this success was not achieved at the expense of our employees or our customers. It is rather the result of forward-looking planning and a farsighted and diversified strategy in which the decision to channel all our energy into decarbonisation has proven to be the right way forward and absolutely effective.

The whole of the Group's workforce and all shareholders can be proud of this success. On behalf of the entire Supervisory Board, I would like to thank you for your support and your commitment!



Dr. Peter Kurz
Chairman

Mannheim, December 2022