

Supervisory Board Report

Christian Specht

Supervisory Board Chair
of MVV Energie AG



Dear Ladies and Gentlemen,

The Supervisory Board, of which I have been a member pursuant to the Articles of Incorporation since 2005, and now am in my capacity as the new Lord High Mayor of the City of Mannheim, elected me as its new Chair, and thus as successor to the previous holder of my office and Supervisory Board Chair, Dr. Peter Kurz, in August 2023. I would like to thank the Supervisory Board members for the trust they have placed in me with this election.

As Supervisory Board Chair, Dr. Peter Kurz constructively and critically accompanied the Executive Board in implementing MVV's growth and sustainability strategy for 16 years, and thus played a key role in helping to shape the company's successful development. On behalf of all colleagues, I would like to thank Dr. Peter Kurz warmly for his longstanding, responsible and successful work in the Supervisory Board of MVV Energie AG.

Great changes on the energy markets and climate change represent challenges, but also offer opportunities that MVV aims to seize consistently and competitively. In its actions, the company is guided by its #climatepositive strategy, which the Supervisory Board supports unreservedly. The heat transition already underway and the decarbonisation of electricity generation at all locations are progressing well and will determine the company's investment activities in the years ahead. The German Building Energy Act (GEG) will bring fresh challenges; we can address these by offering bespoke solutions to customers that are closely coordinated to the respective municipal heat plans.

Given the scale of investments required here in the years ahead from members of the public and from companies, it is absolutely crucial that we should have a reliable political and legal framework.

Exceptional developments in marketing renewable energies and trading led to substantial operating earnings growth at MVV in the 2023 financial year. In the years ahead, MVV will have to absorb a large volume of investment to implement its climate protection strategy at all locations. Expanding district heat and making it green, strengthening electricity grids and further expanding renewable energies – all these measures require a solid capital base, one that will be further reinforced thanks to the company's exceptionally high earnings. For the 2024 financial year, the company has set itself the goals of upholding its profitable growth course and further extending its climate protection efforts. In the Supervisory Board, we too are convinced: The future is #climatepositive.

Key focuses of Supervisory Board activities in 2023 financial year

In the 2023 year under report, the Supervisory Board performed the duties incumbent on it by law, the company's Articles of Incorporation and its own Rules of Procedure in all aspects and with great diligence. The Executive Board was monitored and accompanied on an advisory basis in its management of the company. We based our activities here on the extensive reports we regularly received from the Executive Board in both written and oral form. Moreover, the Supervisory Board Chair was regularly in close contact with the Chief Executive Officer and with the other members of the Executive Board. As a result, the Supervisory Board was continuously informed about the company's strategic decisions and its ongoing business performance, about the latest developments in the markets and legislation and about the company's profitability.

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

Supervisory Board meetings and attendance

In the 2023 financial year, the Supervisory Board held four scheduled and one extraordinary meeting. Four of these meetings took place in person, while one was held in an online format.

The Audit Committee and the Personnel Committee held seven and three meetings respectively in the year under report. With one exception, all meetings were held as physical meetings. In keeping with the recommendation made by the German Corporate Governance Code, we disclose the attendance of members at the respective meetings.

Meeting attendance FY 2023

| | Supervisory Board | Audit Committee | Personnel Committee |
|---|-------------------|-----------------|---------------------|
| Christian Specht (Chair since 4 August 2023; previously Supervisory Board member) | 5/5 | – | 1/1 |
| Dr. Peter Kurz (Chair until 3 August 2023) | 4/4 | – | 2/2 |
| Angelo Bonelli | 3/5 | 6/7 | 2/3 |
| Timo Carstensen | 5/5 | – | – |
| Sabine U. Dietrich | 2/5 | – | – |
| Detlef Falk | 5/5 | 6/7 | – |
| Martin F. Herrmann | 5/5 | 7/7 | – |
| Barbara Hoffmann | 4/5 | – | 3/3 |
| Dr. Simon Kalvoda | 5/5 | – | – |
| Heike Kamradt-Weidner | 5/5 | 7/7 | 3/3 |
| Gregor Kurth | 5/5 | 7/7 | 3/3 |
| Thoralf Lingnau | 4/5 | – | – |
| Dr. Lorenz Näger | 5/5 | 7/7 | – |
| Erik Niedenthal (since 27 October 2022) | 5/5 | – | – |
| Tatjana Ratzel | 5/5 | – | – |
| Thorsten Riehle | 5/5 | – | – |
| Andreas Schöniger | 5/5 | – | 3/3 |
| Susanne Schöttke | 4/5 | – | – |
| Dr. Stefan Seipl | 4/5 | – | – |
| Susanne Wenz (until 31 August 2023) | 0/4 | – | – |

The Executive Board informed the Supervisory Board at all regular meetings about the Group's operating performance. In this, it also dealt in detail with the course of business in individual business fields. Any deviations from the budget were specifically explained and evaluated. One particular focus consistently involved the aspects of liquidity, movements in key figures and the development in the risk radar. Non-financial key figures, such as the expansion in the renewable energies portfolio or occupational health and safety, were also regular components of these reports.

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

In the 2023 financial year, the training event for Supervisory Board members was held in person. The focus this year was on the topic of green heat with regard to further developments at the Stadtwerke Kiel and Energieversorgung Offenbach subsidiaries, as well as on extensive consideration of developments in the waste markets in Germany and Europe.

Topics addressed by full Supervisory Board

At our meeting in **December 2022**, we dealt extensively with the financial results for the 2022 financial year and with the dividend proposal submitted by the Executive Board. Following due consultation in the Audit Committee and in-depth discussion, we acknowledged and approved the extensive oral and written report provided by the auditor we commissioned to perform the audit, PriceWaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Essen, on the findings of its audit. In the further course of the meeting, we discussed and approved the draft resolutions for the Annual General Meeting. In addition, we set thresholds for the variable remuneration payable to Executive Board members for the 2023 financial year. This topic had previously been addressed in

the Personnel Committee. As well as adopting several minor amendments to the articles of subsidiaries, we also approved a one-off payment to Dr. Hansjörg Roll to acknowledge his coordination of Executive Board activities during the absence of the Chief Executive Officer in the 2022 financial year.

In **March 2023**, the Executive Board informed us about the course of business in the first three months of the 2023 financial year and the Group's current situation. The Executive Board also reported on opportunities in the onshore wind power business which, after extensive appraisal, we approved. Moreover, our agenda for this meeting also included the resolution to commission the auditor for the 2023 financial year and information about the topics of information security, data protection and e-mobility. We unanimously approved the proposal submitted by the Personnel Committee to extend the contract with the Chief Executive Officer, Dr. Georg Müller.

At the meeting in **June 2023**, 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 2023 financial year and the outlook for the current financial year. Following extensive report from the Audit Committee, we endorsed its recommendation to the Annual General Meeting concerning the election of an auditor to be newly commissioned at regular intervals from the 2024 financial year. We also granted our approval for the issuing of contractual guarantees for the construction of new data centres by the DC-Datacenter-Group subsidiary. The Executive Board further reported to us on major personnel-related topics, and particularly on measures to secure specialist staff, work safety and accident prevention, as well as on digitalisation and activities in the Smart Cities business field. We endorsed the proposal made by the Executive Board to establish the charitable foundation "MVV Foundation for the Future – Foundation to Promote Transformation of and through Energy" to mark the company's 150th anniversary.

At the extraordinary meeting in **August 2023**, the Supervisory Board elected its new Chair and renewed the composition of its committees.

Alongside the presentation of the results for the first nine months of the 2023 financial year, the agenda for our **September meeting** included information about the current course of business and market situation and the business plan for the 2024 financial year, which we examined in great detail, particularly with regard to volatilities in prices, challenges in connection with climate change and relevant legislation. Furthermore, we addressed the three-year plan, the long-term corporate strategy and the Declaration of Compliance with the German Corporate Governance Code.

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 seven meetings in the 2023 financial year. In its deliberations, it focused on in-depth analysis and review of the annual financial statements of MVV Energie AG, the consolidated financial statements and the combined management report for the 2022 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 2023 financial year. Furthermore, the committee dealt on a quarterly basis with the company's risk situation, liquidity and risk management.

Together with the Executive Board, the committee also discussed the company's 2023 business plan and its medium-term planning and strategic alignment. Following its detailed review, the committee recommended that the Supervisory Board should approve the budget submitted for the 2023 financial year. Moreover, the committee reviewed 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. In addition, it determined the audit focuses for the 2023 financial year, which were then suitably communicated to the auditor. Further topics discussed by the committee included the ongoing 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, or to the relevant status reports. Recommendations made by the committee were implemented by the Executive Board.

Further topics of extensive deliberation included relationships with the auditor, proposals for the election of the auditor, the audit engagement, the review of the auditor's independence and its remuneration. Moreover, the Audit Committee conducted the selection procedure to determine the auditor, who has to be changed at regular intervals, for the audit of the annual and consolidated financial statements and for further audit services at the MVV Group from the 2024 financial year. As already mentioned, the Audit Committee submitted a recommendation for the auditor to be proposed for election by shareholders at the Annual General Meeting in March 2024.

The **Personnel Committee** held three meetings in the financial year under report and submitted its recommendations to the Supervisory Board. Topics addressed by the committee mainly involved matters relating to the remuneration of Executive Board members and preparations to extend the contract with the Chief Executive Officer.

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

Johannes Böttcher retired from the Supervisory Board as of 26 October 2022, while Susanne Wenz stood down as of 31 August 2023. We would like to thank both members for their longstanding and trust-based work on the board. Among the employee representatives, Johannes Böttcher was succeeded by Erik Niedenthal, while Kathrin Biro, trade union secretary and managing director of ver.di's Rhine-Neckar district assumed the position previously held by Susanne Wenz as of 16 October 2023.

As already reported, Dr. Peter Kurz, the longstanding Supervisory Board Chair, stood down from his position on the Supervisory Board as of 3 August 2023. Christian Specht, Lord High Mayor of the City of Mannheim, was elected to succeed him as Supervisory Board Chair. In accordance with the Articles of Incorporation, the City of Mannheim decided to appoint Dr. Volker Proffen, Head of its Finance Department, as a further member of the Supervisory Board as of 16 October 2023.

No changes arose in the composition of the Executive Board in the financial year under report. The Supervisory Board extended Dr. Georg Müller's appointment as Chief Executive Officer for a further five-year term.

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 2023 financial year at our meeting on 22 September 2023. The self-assessment recommended by the Code was most recently performed in the 2022 financial year with support from an external consultant. The next assessment is scheduled for the 2024 financial year.

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 2023 financial year by the Annual General Meeting on 10 March 2023. The declaration of independence from the auditor has been submitted to the Supervisory Board.

The annual financial statements of MVV Energie AG for the 2023 financial year have been prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (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 2023 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, the 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 1 December 2023, 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 2023 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

The direct and indirect turbulences unleashed on us by the war in Ukraine may have eased, but the situation on the energy markets has changed permanently. The effects of climate change on global warming, the impact of which was again apparent around the world last summer, also call for swift and consistent changes, particularly in terms of reducing CO₂ emissions.

With its strategy, its products and its solutions, MVV has found the right answers.

The company's operating performance in the 2023 financial year was exceptional and must be honoured, above all because this success is the result of alert market surveillance, outstanding risk management and a farsighted, diversified strategy.

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



Christian Specht
Chair

Mannheim, December 2023