

Corporate Governance Declaration

pursuant to § 289a HGB with Declaration of Conformity with the German Corporate Governance Code

In our Corporate Governance Declaration we report – alongside the Declaration of Conformity with the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG) – on those corporate governance practices applied at our company over and above legal requirements. Furthermore, we also describe the mode of operation of the Executive and Supervisory Boards, as well as the composition and mode of operation of Supervisory Board committees. According to § 289a of the German Commercial Code (HGB), the Corporate Governance Declaration must be published in the management report accompanying the separate financial statements or on the internet; we made this declaration available on our website at www.mvv-investor.de on 5 November 2013.

Declaration of Conformity with the German Corporate Governance Code pursuant to § 161 AktG

The Executive and Supervisory Boards adopted the following Declaration of Conformity with the German Corporate Governance Code in September 2013:

The Executive and Supervisory Boards of MVV Energie AG hereby declare that the company has complied with and continues to comply with all of the recommendations made by the German Corporate Governance Code Government Commission without exception.

For the past, this Declaration refers to the version of the German Corporate Governance Code dated 15 May 2012 and published by the Federal Ministry of Justice in the official section of the Federal Gazette on 15 June 2012. For the future, the Declaration refers to the recommendations made in the new version of the Code dated 13 May 2013 and published in the official section of the Federal Gazette on 10 June 2013.

Disclosures on corporate governance practices

MVV Energie values high-quality corporate and management culture. With our shared Management Guidelines, we have created a solid basis for the employees within the MVV Energie Group to work together successfully and on a basis of trust. This way, we safeguard the quality of management activities. We aim to promote and boost constructive cooperation between managers and their employees. To this end, we perform anonymous bottom-up appraisals to facilitate open feedback on management conduct.

Our MVV Energie Compliance Management System (CMS) – which covers all of MVV Energie's key business activities and processes – enables us to ensure that we comply with legal requirements, but also assists us in implementing our in-company guidelines. It also assists us in documenting those ethical standards to which we are committed and in ensuring their implementation.

All employees are integrated within MVV Energie's CMS. Our detailed Compliance Handbook sets out the material contents, necessary organisational structures and processes, personal responsibilities and our reporting system. The Handbook is binding for all of MVV Energie's group companies. As part of our Management Handbook, it is available at all times to all employees on our intranet.

Once again for the year under report, we have no severe infringements of laws or our internal guidelines to report. This applies in particular for environmental law and our marketing activities. We have structured our compliance system in such a way that relevant processes in sensitive areas are already checked in advance. Where necessary, corrective measures can thus already be taken on a preventative basis. As Group Compliance Officer, the head of our group legal, compliance and materials division is simultaneously responsible for working together with the relevant business units to compile compliance-related regulations, implement these and document their implementation. His duties also include training our employees and performing and monitoring CMS processes. He also reports on compliance with these. The Compliance Officer pays particular attention to ensuring that all managers receive regular training concerning general compliance requirements and the specific legal requirements applicable to their business unit.

The duties of the Compliance Officer also include advising and supporting the Executive Board in taking preventative measures to avoid and investigate any infringements of the law, corruption and deliberate acts harmful to the company.

Our employees working in sales, sales-related areas and procurement receive intensive corruption prevention training. The correct forms of behaviour when offered gratuities and invitations are discussed and explained in detail. This enables us to counter the substantial risk of so-called "soft bribery" in the form of non-monetary gifts and invitations from business partners. More than 280 employees took part in training sessions each lasting more than two hours in the 2012/13 financial year. We record and check gratuities and invitations. Furthermore, we systematically and regularly check adherence with compliance requirements in all business fields, divisions, group departments and subsidiaries. Our anonymous "Whistle-blower Hotline" enables employees and third parties to reach the Compliance Officer and report any misconduct directly.

At the end of each year under report, all MVV Energie managers are required to confirm in an extensive Compliance Management Declaration (CMD) that the legal requirements – which are specifically set out for the relevant area of responsibility – have been complied with. Furthermore, the CMD also includes a declaration that all employees have been instructed and trained. Moreover, the managers answer detailed questionnaires including targeted questions to obtain information relevant to circumstances at the respective business unit.

At MVV Energie, all newly appointed managing directors and all upcoming management staff receive structured instruction in all areas of responsibility. In an extensive seminar held over several days, we outline the basis for assuming management responsibility at the MVV Energie Group. Attendance at this seminar is obligatory for management staff on all levels from section manager upwards.

Suppliers and service providers to MVV Energie's key company locations in Germany are also surveyed in terms of compliance. For major tenders and contracts, our procurement department ensures supplier self-registration and works with supplier surveys, among other instruments. Here, we enquire as to which compliance and anticorruption regulations are in place at the supplier, whether these also apply for upstream suppliers and subcontractors, whether working conditions are consistent with the relevant national laws and ordinances and whether internationally recognised working standards are complied with. We also enquire about non-monetary company objectives, such as voluntary environmental protection measures or educational, cultural or sports sponsorship activities.

One key corporate governance topic at our company, and thus also a particular focus of the Executive Board, involves ensuring that women are present on all hierarchical levels of the company. To this end, MVV Energie makes sure that female employees are systematically and comprehensively motivated and supported on all levels by offering them interesting activities and numerous accompanying measures. We make targeted efforts to boost internal and external networks of women in management positions at MVV Energie.

Composition and mode of operation of Executive and Supervisory Boards and their committees

In Germany, all stock corporations are structured in line with the legally mandatory dual management system. This is characterised in particular by a clear separation in terms of personnel between the Executive Board, which acts as the management body, and the Supervisory Board, which acts as the supervisory body. These two boards cooperate closely and on a basis of trust in the company's interests. They are nevertheless each furnished with their own distinct duties and competencies, which are outlined below:

The **EXECUTIVE BOARD** is responsible for managing the company and its business. It manages the company under its own responsibility and to the benefit of the company and pursues the objective of generating sustainable growth. The Executive Board compiles the company's strategic alignment and business policy, coordinates these with the Supervisory Board and ensures their targeted implementation. In its decisions, it takes due account of the interests of the company's stakeholders, i.e. shareholders, employees and other groups associated with the company. The company's business is managed by the Executive Board as a whole and each individual Executive Board member in accordance with the requirements of law, the Articles of Incorporation and the Code of Procedure. The Code of Procedure for the activities of the Executive Board, which is imposed by the Supervisory Board, lays down divisional responsibilities, the duties and decisions incumbent on the overall Executive Board, the duties of the Chief Executive Officer and the ways in which Executive Board resolutions are adopted. Furthermore, consistent with § 111 (4) Sentence 2 of the German Stock Corporation Act (AktG) the Code of Procedure includes a detailed catalogue of those transactions for which the Executive Board must seek Supervisory Board approval. The Executive Board of MVV Energie AG consists of at least two members. Four Executive Board positions are currently provided for and occupied. As Chief Executive Officer, Dr. Georg Müller coordinates the work of the Executive Board members and represents the Executive Board externally. All members of the Executive Board enjoy equal rights. Together, they bear joint responsibility for managing the company. Each Executive Board member manages the division assigned to him under his own responsibility. Executive Board members are expected to subordinate the specific interests of their division to the overriding interests of the company.

The Executive Board members work together with the Supervisory Board and the company's employee representatives on a basis of trust. The Executive Board informs the Supervisory Board regularly, promptly and comprehensively of intended business policy and other fundamental matters of corporate planning. Particular attention is accorded to financial, investment and personnel planning. Furthermore, the Executive Board also reports on the company's profitability, its business performance and situation, as well as providing information about its risk situation and risk management.

The Executive Board is appointed by the Supervisory Board of MVV Energie AG.

The **SUPERVISORY BOARD** is responsible for advising and monitoring the Executive Board in its management of the company and in decisions of fundamental significance for the company.

The Supervisory Board of MVV Energie comprises 20 members, of which ten shareholder and ten employee representatives. The Annual General Meeting elects the shareholder representatives. The City of Mannheim delegates the Lord High Mayor and the relevant specialist head of department to the Supervisory Board, with such members being imputed to the ten Supervisory Board members elected by the Annual General Meeting. This applies to the extent that the City of Mannheim is a shareholder and directly or indirectly holds more than half of the company's share capital. Consistent with the German 1976 Codetermination Act (MitbestG), ten Supervisory Board members are elected by employees. The terms in office are identical. Four of the current Supervisory Board members are women. The Supervisory Board Chairman, Dr. Peter Kurz, coordinates the work of the Supervisory Board. The Supervisory Board has a self-imposed Code of Procedure governing its activities. Further extensive information about the tasks and activities of the Supervisory Board and its committees in the 2012/13 financial year can be found in the Supervisory Board Report. The composition of the Supervisory Board and of the committees it has formed to operate efficiently can be found in the Directors and Officers chapter. The compensation of Supervisory Board members is presented in the Compensation Report. All of this additional information forms part of the 2012/13 Annual Report to be published on 12 December 2013.

The Supervisory Board of MVV Energie AG has formed four permanent **COMMITTEES**:

The **AUDIT COMMITTEE** includes three shareholder and three employee representatives. This Committee is chaired by Prof. Heinz-Werner Ufer, while the Supervisory Board Chairman is a permanent guest. The Audit Committee deals with corporate planning, strategy, the performance of individual business fields, fundamental financial reporting issues, preparing the selection of the auditor, advising on and discussing the annual and consolidated financial statements, as well as the interim consolidated financial statements for each quarter and the first half of the year. Moreover, it monitors the effectiveness of the internal control system (IKS), internal audit, organisational precautions to ensure compliance with legal requirements and internal company guidelines (compliance) and of the risk management system.

The **PERSONNEL COMMITTEE** also comprises six members, in this case the Supervisory Board Chairman, who also chairs the Committee, his deputy and four Supervisory Board members, of which two shareholder and two employee representatives. The Personnel Committee focuses in particular on preparing Supervisory Board resolutions concerning the conclusion, amendment and rescission of employment contracts with Executive Board members.

The **NOMINATION COMMITTEE** also consists of six members, with the Supervisory Board Chairman as Committee Chairman and five further shareholder representative Supervisory Board members. The purpose of this committee is to propose suitable candidates to the Supervisory Board for its own election proposals to the Annual General Meeting. Particular account must be taken of legal requirements, as well as of the recommendations and suggestions made by the German Corporate Governance Code.

The Nomination Committee compiles specific targets for the composition of the Supervisory Board, taking due account of the company's specific situation. A requirements profile for Supervisory Board members lays down the requirements for the specialist knowledge, ability and experience, as well as for the personality of future Supervisory Board members. The following aspects are crucial in this respect: a good general understanding of the energy industry, and especially of the business fields in which MVV Energie operates, an ability to assess complex economic and technical matters, specialist knowledge in select areas of MVV Energie's activities and personal integrity. The members of the Supervisory Board should complement one another to ensure that the whole range of targeted expertise, abilities and experience is represented within the Supervisory Board. It is thus acknowledged that not every Supervisory Board member can meet the whole spectrum of specialist requirements. An upper age limit of 70 years should be complied with and the Supervisory Board should include an adequate number of independent members. This objective has already been met.

Both the Nomination Committee and subsequently the Supervisory Board have held detailed discussions about the recommendation made by the German Corporate Governance Code concerning the suitable level of participation by women. The Supervisory Board has set itself the target of ensuring that 20 % of its members are women by the beginning of the term in office following the expiry of the Supervisory Board's current term in office.

Furthermore, there is also a **MEDIATION COMMITTEE** pursuant to § 27 (3) of the German Codetermination Act (MitbestG). This Committee submits further personnel proposals to the Supervisory Board in cases where the two-thirds majority required to appoint and dismiss Executive Board members is not achieved in the first ballot.

The Audit and Personnel Committees meet several times a year. The Nomination and Mediation Committees are convened when necessary.

Independence of Supervisory Board members

In respect of Point 5.4.2 of the German Corporate Governance Code, we are of the opinion that the Supervisory Board members assigned by the City of Mannheim or potentially attributable to such are independent members in the spirit of the Code, as they do not maintain any personal or business, i.e. commercial, links with the company or its management bodies.

This complete Corporate Governance Declaration has also been published on the internet at **www.mvv-investor.de**.

Mannheim, 5 November 2013

MVV Energie AG

The Executive Board