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# Corporate Governance Declaration 2021



# Corporate Governance Declaration

High-quality and transparent corporate governance means acting in accordance with the principles of responsible company management aimed at sustainable value creation: For MVV, that is a standard we aim to meet in all aspects and all areas of our company. That is why we promote close cooperation based on trust between the Executive and Supervisory Boards and employees, account for the interests of our shareholders and all other stakeholders in our decisions, comply with applicable laws and structure our reporting and corporate communications transparently and openly. We are convinced that high-quality corporate governance provides a crucial foundation for promoting a relationship of trust with our shareholders, customers, business partners, employees and the general public.

The following Corporate Governance Declaration pursuant to § 289f and § 315d of the German Commercial Code (HGB) includes both the Declaration of Compliance with the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG) and those further disclosures on corporate governance at MVV Energie AG which require inclusion pursuant to § 289f and § 315d HGB.

MVV's Executive and Supervisory Boards dealt extensively with the company's corporate governance in the 2021 financial year. The following Declaration of Compliance shows: MVV Energie complies with the recommendations made in the Code with just one exception. We have set ourselves the objective of following the recommendations and suggestions made by the Code as completely as possible in future as well.

## Declaration of Compliance with the German Corporate Governance Code (§ 161 AktG)

The Executive and Supervisory Boards adopted the following Declaration of Compliance with the German Corporate Governance Code in September 2021:

The Executive and Supervisory Boards of MVV Energie AG hereby declare that the company complied and complies with the recommendations made by the German Corporate Governance Code Government Commission in the version dated 16 December 2019 and published in the Federal Gazette on 20 March 2020.

The following recommendation of the Code in its version dated 16 December 2019 has not been applied:

**G.10:** "Management Board members' variable remuneration shall be predominantly invested in company shares by the respective Management Board member or shall be granted predominantly as share-based remuneration. Granted long-term variable remuneration components shall be accessible to Management Board members only after a period of four years. Any benefits granted to Management Board members in a later year should be suitably explained in the remuneration report."

MVV's remuneration system, which was approved by a broad majority of shareholders at the Annual General Meeting on 12 March 2021 [www.mvv.de/investors](http://www.mvv.de/investors) does not provide for any remuneration by way of shares in the company, share ownership obligations or corresponding share-based remuneration models. Variable remuneration for the Executive Board is exclusively disbursed by way of cash payments. MVV's remuneration system nevertheless takes account of the interest of the company and its stakeholders in long-term, value-based and sustainable growth. The bonuses presented in greater detail in the Remuneration Report on [Page 91](#) are based on the company's operating performance (adjusted EBIT) in the respective financial year and its average return on capital employed (ROCE) over a three-year period. Variable remuneration is disbursed when minimum thresholds specified in advance are exceeded. In particular, the link between variable remuneration and ROCE, and the development in this key figure over a three-year period, enables account to be taken of MVV's capital-intensive business and of the company's long-term performance. The ROCE measures how efficiently a company uses its capital and is, in our opinion, the most suitable key figure for assessing whether MVV has performed sustainably with its capital-intensive infrastructure and taken the right long-term strategic decisions. Moreover, MVV's shareholder structure, and in particular its low level of free float and low share trading volumes, make it less appropriate to offer variable remuneration based on shares in the company or other share-based remuneration models.

## Shareholders and Annual General Meeting

Shareholders in MVV Energie AG exercise their voting and control rights at the Annual General Meeting. Each shareholder is entitled to participate in the Annual General Meeting if he or she registers within the relevant deadline and meets the requirements governing participation in the meeting and the exercising of voting rights. Shareholders may make statements on all agenda items at the meeting and submit relevant questions and motions. At the 2021 Annual General Meeting, which was held on an exclusively virtual basis due to the pandemic, due account had to be taken of the specific measures set out in greater detail below. For voting purposes, each share entitles its holder to one vote and voting is possible before or during the Annual General Meeting. Moreover, shareholders can cast their vote in a variety of ways: in person or via a proxy of their choice, by being represented by a voting proxy appointed by MVV Energie AG to act in line with their instructions, or by a bank or shareholders' association. Furthermore, shareholders can submit their votes by post in advance of the Annual General Meeting provided that they register within the relevant deadlines. Alternatively, they can communicate all declarations electronically using our password-protected shareholder portal at MVV's website.

Due to the coronavirus pandemic, we held the 2021 Annual General Meeting on a virtual basis. The Annual General Meeting was broadcast live and in full length on our website and the web-based shareholder portal. Moreover, through to the end of voting shareholders were able to cast their votes via the web-based shareholder portal. Shareholders were thus able to decide at very short notice as to how to cast their vote. Large numbers of our shareholders drew on the option of submitting questions about the agenda via the shareholder portal up to one day ahead of the Annual General Meeting. The questions thereby submitted were answered by the Executive and Supervisory Boards at the Annual General Meeting. This way, we were able to ensure a high-quality exchange of views with our shareholders in the virtual format as well.

The Covid-19 Act (Act Mitigating the Consequences of the Covid-19 Pandemic), which governs the admissibility and requirements for holding virtual annual general meetings, expires upon the conclusion of the 2021 calendar year. It remains to be seen how lawmakers will react to any potential continuation in the pandemic. We have taken precautions enabling us to hold either a physical annual general meeting or another purely virtual annual general meeting if the restrictions on large-scale events should remain in force until March 2022 and the legal requirements governing virtual annual general meetings as set out in the Covid-19 Act are extended beyond 31 December 2021.

We publish all relevant documents for our Annual General Meeting on our website at [www.mvv.de/investors](https://www.mvv.de/investors) in line with the requirements of stock corporation law. In particular, these include the invitation to the meeting and all reports and information needed for the resolutions.

## Transparent and prompt communications

We aim to ensure a high degree of transparency and equal treatment of our shareholders in terms of their access to information. We have therefore set ourselves the standard of providing all stakeholders with simultaneous, equivalent and extensive information about material developments and about the company's situation. Our websites, and here especially [www.mvv.de](https://www.mvv.de) and [www.mvv.de/investors](https://www.mvv.de/investors), serve as prompt sources of information. The information we publish on these sites includes our financial reports, analysts' conference presentations, press releases, ad-hoc announcements and our financial calendar.

## Disclosures on auditor

The Annual General Meeting on 12 March 2021 elected PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, (PwC), Essen, as auditor for the financial year. Ahead of this, the Supervisory Board convinced itself of the auditor's independence. We comply with all statutory requirements resulting from the Audit Regulation and from § 316 et seq. HGB: from the selection, appointment and rotation of the auditor and of the persons responsible for managing the audit, through to commissioning the auditor to perform non-audit services.

## Reporting and audit of financial statements

The annual financial statements of MVV Energie AG are prepared on the basis of the German Commercial Code (HGB). We prepare the consolidated financial statements and the interim financial statements in accordance with International Financial Reporting Standards (IFRS) in the form requiring application in the European Union. We present the situation of the MVV Group and of MVV Energie AG in a combined management report.

The auditor audits the annual financial statements of MVV Energie AG prepared by the Executive Board. Once the Audit Committee has discussed the financial statements, they are examined, approved and thus adopted by the Supervisory Board. The consolidated financial statements are also prepared by the Executive Board, audited by the auditor and discussed in detail by the Audit Committee before being presented to the Supervisory Board for its own review and approval. In its audit of the financial statements, the auditor also audits the combined management report.

The quarterly statements for the first three months and first nine months and the half-year financial report are prepared by the Executive Board and discussed with the Audit Committee prior to publication. These publications are not subject to any review requirement by the auditor.

The combined non-financial declaration is subject to a limited assurance audit based on International Standards on Assurance Engagements ISAE 3000 (revised).

## Compliance and risk management

We attach great value to making sure that our dealings with all of our stakeholders are characterised by trust, fairness and integrity. Our compliance management system (CMS) supports us in safeguarding compliance with applicable laws, as well as with in-company guidelines and the ethical standards to which we are committed. The CMS is intended on the one hand to ensure that our managers and employees understand and adhere to these guidelines and standards and on the other hand to monitor all relevant business activities and processes within our Group.

Our Compliance Management Handbook summarises the most important requirements and necessary organisational structures and processes. It also lists the names of those employees who are responsible for our reporting system and describes the relevant processes in detail. The handbook is binding for all companies at the Mannheim subgroup of MVV Energie AG and is permanently available for downloading to all employees at this subgroup. The other subgroups have introduced equivalent compliance management systems. Our Compliance Management Handbook is available both in German and in English for our British and Czech subgroups.

MVV's Compliance Officer is responsible for our CMS with regard to its contents, organisation and processes. He compiles the relevant compliance regulations, updates these, and exchanges information with the various organisational units involved. He documents the regulations and ensures that they are implemented within business processes. Moreover, he is responsible for ensuring that employee training measures are implemented and that all CMS processes are adhered to. Furthermore, he acts in an advisory capacity to support measures intended to prevent and, where necessary, investigate any violations of the law, corruption or deliberate acts harmful to the company. The Compliance Officer reports to the Executive Board and, in the context of the annual financial statements, to the Audit Committee.

We have structured our CMS in such a way that any breaches of compliance are avoided on a preventative basis, particularly by implementing preventative measures in the respective business processes ("systemic compliance"). We perform advance checks on relevant processes in sensitive areas, for example, and act early to take corrective measures where necessary. Donations and payments to parties and political organisations are strictly prohibited. Payments to equity providers exclusively take the form of dividends.

By actively implementing preventative measures within business processes, we are committed to averting criminal or grossly improper violations of the law. In this respect, we have a zero-tolerance policy towards bribery and all other forms of corruption. With regard to corruption prevention, we provide extensive training to our employees, particularly those working in sales, related areas and procurement. We show them, for example, how to deal with gratuities and invitations, which we record and check. These measures enable us to minimise the risk of so-called soft bribery. Furthermore, we continually monitor all business fields, specialist divisions, group departments and subsidiaries to ascertain whether compliance requirements have been adhered to. Moreover, employees and third parties can contact the Compliance Officer or an external confidence lawyer directly via anonymous "whistle-blower hotlines" and thus provide tip-offs on potential misconduct. We have published details including the telephone number of the confidence lawyer, also on our website at [www.mvv.de](http://www.mvv.de).

Apart from a low number of minor incidents, no compliance-related infringements were detected in the period under report.

All of MVV's managers and employees who have contact to customers, service providers or suppliers receive regular training to ensure that they are extensively informed of general compliance requirements and also familiar with the legal requirements relevant to their respective business units. Examples of the topics covered by this training are combating corruption and money laundering, capital market, stock market, competition and cartel law, handling sanction lists and the relevant requirements of energy industry law. In the 2021 financial year, 318 employees at the Mannheim subgroup and 175 employees at the other subgroups took part in this training.

Due to the coronavirus pandemic, training sessions often could not take place in person, but were rather held online. In parallel, a total of 2,087 individuals completed an e-learning programme in the same period that was offered by our Stadtwerke Kiel and Energieversorgung Offenbach subsidiaries and the Juwi subgroup. At the end of each financial year, all managers from a specific management level upwards are required to submit a Compliance Management Declaration (CMD). The same requirement applies to the managing directors of our subsidiaries and select other shareholdings. In this, they must state whether all relevant compliance regulations and legal requirements have been complied with. The questions in the CMD include asking whether the employees of the individual manager have received the required instruction and suitable training for the CMS. Furthermore, in the context of the CMD the managers also provide detailed responses to questions specifically tailored to circumstances at their respective business unit.

Upon any changes to the legislation governing money laundering, our compliance requirements relating to the prevention of money laundering and terrorism financing are immediately updated. Given its products, customer base and geographical areas of activity, MVV is only exposed to a low potential risk in this respect. To eliminate the risk of participating in money laundering and terrorism financing entirely, cash transactions are prohibited without exception. Moreover, when business relationships are established requirements have to be met in terms of identifying the contract partners and their economic beneficiaries.

The energy industry supply chain is greatly influenced by fuel trading, which is handled on energy exchanges or in bilateral agreements. A far lower share of our total procurement volumes relates to suppliers who provide us with goods or perform services for us. We attach great importance to compliance in our cooperation with these suppliers as well. We make use of supplier management systems and require all suppliers to commit to our compliance regulations, particularly those relating to anti-corruption measures, environmental protection, respect for human rights in the supply chain and social responsibility. Our cooperation with suppliers and service providers in Germany and the European Union is based on applicable laws and regulations, including the German Act on Corporate Due Diligence Obligations for the Prevention of Human Right Violations in Supply Chains (LkSG), which will apply to us from 1 January 2023, as well as on those compliance regulations, forms of conduct and work practices relevant to us. Among others, these include the international conventions of the United Nations (UN), the International Labour Organization (ILO) and the Organisation for Economic Cooperation and Development (OECD), as well as the UN Global Compact. We agree with our suppliers that they will adhere to our compliance guidelines, which we have published on our website [www.mvv.de/zentraleinkauf](https://www.mvv.de/zentraleinkauf). Our suppliers undertake to comply with legal requirements and internationally recognised standards governing anti-corruption measures, the protection of human and workers' rights and environmental protection. If these obligations are breached, then contractual sanctions, including contractual penalties, termination and damages payments, are provided for.

Our risk management system and internal control system in respect of the financial reporting process (IKS) represent further key components of our corporate management. Our IKS covers relevant accounting and financial reporting processes at all major locations. The aim is to minimise those risks that might contravene our objective of ensuring correct, complete, prompt and understandable financial reporting. To this end, all processes and interfaces involved in preparing the consolidated financial statements, the financial statements of MVV Energie AG and the combined management report of MVV are regularly analysed.



## Dual management system

MVV Energie AG is a listed stock corporation and has its legal domicile in Mannheim. As such, it is governed by the requirements of German stock corporation law. One basic principle set out therein is the dual management system, which requires strict separation between the Executive and Supervisory Boards in terms of their composition and function. The Executive Board is responsible for managing the company and conducting its business, while the Supervisory Board is entrusted with advising and monitoring the Executive Board. The Executive and Supervisory Boards of MVV Energie AG work together closely and on a basis of trust in the interests of the company.

## Composition and mode of operation of Executive Board

The Executive Board manages the company under its own responsibility with the objective of generating sustainable and profitable growth. It lays down the company's strategic alignment and determines its financial, investment and personnel planning. It reviews the strategic alignment and the appropriateness of the risk management system. Moreover, it monitors risk controlling, the internal control system in respect of the financial reporting process (IKS) and the compliance management system, as well as more far-reaching decentralised management and controlling systems. In its decisions, it takes due account of the interests of the company's stakeholders.

The Supervisory Board has issued a Code of Procedure which governs the activities of the Executive Board. This lays down divisional responsibilities, as well as those tasks and decisions incumbent on the overall Executive Board. Moreover, it defines the responsibilities of the Chief Executive Officer (CEO), the ways in which the Executive Board adopts resolutions and the transactions requiring Supervisory Board approval. Pursuant to the Articles of Incorporation, the Executive Board must have at least two members. It currently comprises four positions: CEO/ Commercial Affairs, Personnel, Technology and Sales.

The CEO coordinates the work within the Executive Board and represents the Executive Board externally. Apart from this, Executive Board members enjoy equal rights and bear joint responsibility for managing the company. Each member of the Executive Board manages their division under their own responsibility but nevertheless subordinates the specific interests of the division to the overriding interests of the company.

## Diversity concept for composition of Executive Board

The diversity concept adopted by the Supervisory Board in 2020 for the composition of the Executive Board is based on MVV's entrepreneurial approach. Together with the Executive Board, the Supervisory Board ensures that long-term succession planning is in place. The Executive Board of MVV Energie AG should be composed in such a way that qualified leadership, control and business management is at all times ensured for MVV Energie AG and the MVV Group. Candidates for the Executive Board of MVV Energie AG therefore have to be able to correctly assess the economic situation and technical framework of a listed energy supplier with municipal roots and successfully shape its sustainable development. Individual Executive Board members are not each expected to have the full range of specialist skills, competencies and experience that are specifically required. Overall, their qualities should complement each other in such a way that the Executive Board as a whole has the necessary expertise and a suitable breadth of experience. Executive Board members bear joint responsibility for managing the company and the Group. In view of this, they must have sufficient expertise for mutual supervision and deputisation.

When concluding employment contracts, an upper age limit of 65 years should be complied with. The term of first-time appointments should not exceed three years. Furthermore, the Supervisory Board and the Executive Board should work together to find long-term succession solutions.

In 2017, the Supervisory Board set itself the objective of raising the share of women on the Executive Board and laid down a target of 25 % to be reached by 30 September 2021. With the appointment of Verena Amann to the Executive Board, this target was met as of 1 August 2019 and thus two years earlier than planned.

The CVs of Executive Board members have been published on our website at [www.mvv.de/investors](https://www.mvv.de/investors) to provide information about their experience, expertise and skills.

### Composition and mode of operation of Supervisory Board and its committees

The Supervisory Board is charged with advising the Executive Board in its management of the company and with supervising its activities. Its responsibilities also include appointing and dismissing members of the Executive Board. The Executive Board must involve the Supervisory Board in all decisions that are of fundamental significance for the company. The Executive Board provides the Supervisory Board with regular, prompt and comprehensive information about its strategy and other fundamental matters of corporate planning. Furthermore, the Executive Board regularly reports to the Supervisory Board on the business performance, major transactions and situation of the company, as well as on its risk situation and risk management.

The Supervisory Board of MVV Energie AG comprises 20 members, of which ten shareholder representatives and ten employee representatives. Their terms in office are identical. Eight of the shareholder representatives are elected by the Annual General Meeting, while two, namely the Lord High Mayor and the relevant specialist head of department, are directly delegated by the City of Mannheim. This provision applies for as long as the City of Mannheim is a shareholder and, directly or indirectly, holds shares corresponding to more than half of the company's share capital. Pursuant to the German Codetermination Act (MitbestG), employee representatives are elected by the company's employees. The Chairman of the Supervisory Board, who is the Lord High Mayor of the City of Mannheim, coordinates the work of the Supervisory Board, whose activities are governed by a Code of Procedure. We have published the Code of Procedure for the Supervisory Board on our website at [www.mvv.de/investors](http://www.mvv.de/investors).

To structure its activities efficiently, the Supervisory Board of MVV Energie AG has formed five specialist committees. The members of these committees are each particularly qualified in terms of their specialism. The Audit Committee meets regularly, and at least five times a year. The Personnel, Nomination, Mediation and New Authorised Capital Creation Committees are only convened when necessary.

The **Audit Committee** is entrusted with addressing the corporate planning, strategy and the performance of individual business fields, as well as the development and structure of individual controlling systems. It also deals with fundamental financial reporting issues. Its responsibilities include preparing the selection of the auditor, reviewing and discussing the annual and consolidated financial statements in advance and preparing corresponding resolutions for the full Supervisory Board and discussing the interim consolidated financial statements for the first half and the interim financial statements for the first three and first nine months with the Executive Board. Furthermore, it monitors the effectiveness of the internal control system (IKS) and the internal audit and risk management system. It checks whether the organisational precautions taken are sufficiently effective to ensure compliance with legal requirements and internal company guidelines (compliance). Further tasks incumbent on the Audit Committee include determining key audit focuses and setting thresholds for the commissioning of non-audit services. The Audit Committee consists of three shareholder representatives and three employee representatives. At 30 September 2021, the committee had the following members: Dr. Lorenz Näger (Chairman), Heike Kamradt (Deputy Chair), Angelo Bonelli, Detlef Falk, Martin F. Hermann and Gregor Kurth. The Audit Committee members meet the requirements of § 100 (5) and § 107 (4) AktG in effect since 1 July 2021, which state that at least one member of the committee should have accounting expertise, at least one further member should have auditing expertise, and that the members as a whole should be familiar with the sector in which the company operates. The Committee Chairman Dr. Lorenz Näger therefore also meets the qualification requirement set out in D.4 of the German Corporate Governance Code in its version dated 16 December 2019. All members of the committee are independent pursuant to the definition in C.10 of the Code. The Supervisory Board Chairman, Dr. Peter Kurz, the First Mayor of the City of Mannheim, Christian Specht, and the Supervisory Board member Dr. Stefan Seipl attend Audit Committee meetings as permanent guests.

The activities of the **Personnel Committee** particularly involve preparing any Supervisory Board resolutions which relate to the conclusion, amendment or rescission of employment contracts with Executive Board members. It proposes suitable candidates to the Supervisory Board for appointments to the Executive Board. In this, it takes due account of legal requirements, the diversity concept adopted by the Supervisory Board for the Executive Board and the recommendations made by the German Corporate Governance Code. The Supervisory Board as a whole is responsible for appointing new members to the Executive Board subsequent to preparation of the decisions by the Personnel Committee, as well as for decisions relating to existing employment contracts. When selecting new Executive Board members, the Supervisory Board develops and works with current requirement profiles based on the diversity concept for the composition of the Executive Board. The Personnel Committee comprises six members: the Supervisory Board Chairman, who is also Personnel Committee Chairman, his deputy and four Supervisory Board members, of which two shareholder and two employee representatives. The Personnel Committee had the following members at 30 September 2021: Dr. Peter Kurz (Chairman), Heike Kamradt (Deputy Chair), Angelo Bonelli, Barbara Hoffmann, Gregor Kurth and Jürgen Wiesner.

The responsibilities of the **Nomination Committee** involve determining targets for the composition of the Supervisory Board and recommending suitable candidates to the Supervisory Board for its own proposals to the Annual General Meeting. When selecting candidates, the committee takes particular account of legal requirements, the diversity concept and the recommendations of the German Corporate Governance Code. The six committee members include the Supervisory Board Chairman, who also chairs the committee, and five further shareholder representatives. The Nomination Committee had the following members at 30 September 2021: Dr. Peter Kurz (Chairman), Barbara Hoffmann, Gregor Kurth, Dr. Lorenz Näger, Tatjana Ratzel and Thorsten Riehle. Christian Specht attends the meetings of the Nomination Committee as a permanent guest.

The **Mediation Committee** submits further personnel proposals to the Supervisory Board pursuant to § 27 (3) of the German Codetermination Act (MitbestG) if the two-third majority required to appoint and dismiss Executive Board members is not achieved in the first ballot. The Mediation Committee had the following members at 30 September 2021: Dr. Peter Kurz (Chairman), Heike Kamradt, Gregor Kurth and Jürgen Wiesner.

The **New Authorised Capital Creation Committee** is charged with exercising the powers of the Supervisory Board in connection with any capital increase based on authorised capital. This committee comprises eight members: the Supervisory Board Chairman, who chairs the committee, his deputy and six further Supervisory Board members, of which one employee and five shareholder representatives. The New Authorised Capital Creation Committee had the following members at 30 September 2021: Dr. Peter Kurz (Chairman), Heike Kamradt, Gregor Kurth, Dr. Lorenz Näger, Tatjana Ratzel, Thorsten Riehle, Christian Specht and Jürgen Wiesner.

### Diversity concept for composition of Supervisory Board

The diversity concept adopted by the Supervisory Board in 2020 and the specialist and personal requirements it sets out for the Supervisory Board are intended both to ensure a transparent and systematic selection process for new Supervisory Board members and to provide a suitable and well-balanced composition for the Board as a whole. The aim is for the Supervisory Board of MVV Energie AG, as is the case in its current composition, to be able at all times to provide qualified supervision and advice to the Executive Board in its activity on behalf of MVV. Candidates for the Supervisory Board of MVV Energie AG must have the ability to correctly assess the economic situation and technical context of a listed energy supplier with municipal roots and successfully accompany its sustainable development. It is not expected that individual Supervisory Board members should have the full range of specific specialist skills, competencies and experience required. However, their qualities should complement each other in such a way that the full Board has the competence and experience needed for it to perform the duties incumbent on the Supervisory Board and its committees.

Moreover, the Supervisory Board must include an adequate number of members who have the qualifications called for by the German Stock Corporation Act (AktG) and the German Corporate Governance Code. The Supervisory Board should also include an adequate number of independent members.

Proposals for candidates should take due account of an upper age limit of 70 years. As a rule, this limit should also not be exceeded during the term in office.



Pursuant to § 96 (2) Sentence 1 AktG, the Supervisory Board of a listed company should comprise at least 30 % women and at least 30 % men. According to § 96 (2) Sentence 2 AktG, this requirement basically applies for the overall Supervisory Board. At MVV Energie AG, however, both the employee and the shareholder representatives on the Supervisory Board have exercised the option provided for in § 96 (2) Sentence 3 AktG, namely of deciding that these minimum shares should be met not only for the Supervisory Board as a whole, but also for employee and shareholder representatives respectively. Accordingly, of the positions allocable to shareholder and employee representatives at least three for each group must be held by women and at least three by men.

One responsibility on the part of the Nomination Committee is to implement the diversity concept for the composition of the Supervisory Board. It proposes suitable shareholder representative candidates to the Supervisory Board for its election proposals to the Annual General Meeting. In this, it also takes due account of legal requirements and of the recommendations made by the German Corporate Governance Code. Before nominating a proposed candidate, the Supervisory Board checks whether the potential candidate has sufficient time at his or her disposal to discharge the duties involved in the position and whether he or she has any business and/or personal links to the group of companies or any of its competitors. The selection of employee representatives for the positions on the Supervisory Board is governed by the provisions of codetermination law.

The composition of the Supervisory Board changed in the 2021 financial year. Of the shareholder representatives, Prof. Dr. Heidrun Kämper, Brigitte Kemmer and Steffen Ratzel stood down from their positions upon the conclusion of the 2020 financial year. By ruling of Mannheim District Court dated 21 September 2020, Sabine U. Dietrich, Tatjana Ratzel and Dr. Stefan Seipl were appointed as members of the Supervisory Board of MVV Energie AG as of 1 October 2020 and elected to the Supervisory Board by the Annual General Meeting on 12 March 2021. Martin F. Herrmann and Thorsten Riehle were also elected by the Annual General Meeting on 12 March 2021. They have succeeded Prof. Heinz-Werner Ufer and Ralf Eisenhauer, who retired from the Supervisory Board upon the conclusion of the Annual General Meeting on 12 March 2021. By ruling of Mannheim District Court, Gregor Kurth had already been appointed as a Supervisory Board member as of 3 July 2020. He too was elected to the Supervisory Board by the Annual General Meeting on 12 March 2021.

These changes in the Supervisory Board were partly due to the changes in the company's shareholder structure. The election proposals are based on recommendations made by the Supervisory Board Nomination Committee and take due account of the diversity concept adopted by the Supervisory Board for its composition.

Of the employee representatives on the Supervisory Board, Peter Erni and Gabriele Gröschl-Bahr stood down from their positions as of 12 March 2021. Angelo Bonelli and Susanne Schöttke were elected by employees as their successors in the Supervisory Board.

Information about the experience, expertise and skills of our Supervisory Board members can found in their CVs as published on our website at [www.mvv.de/investors](https://www.mvv.de/investors).

With regard to the evaluation of the effectiveness of its own work and that performed by its committees, the Supervisory Board most recently conducted a self-assessment in the 2019 financial year. Building on the findings of this assessment, ideas and recommendations were devised as to how the Supervisory Board might optimise its efficiency and effectiveness. The next evaluation is scheduled for the 2022 financial year.

### **Conflicts of interest and independence of Supervisory Board members**

Conflicts of interest on the part of Executive or Supervisory Board members must be disclosed to the Supervisory Board immediately. In its report to the Annual General Meeting, the Supervisory Board provides information as to whether any such conflicts arose and, if so, how these were addressed.

In respect of Points C.1 and C.6 et seq. of the German Corporate Governance Code in its version dated 16 December 2019, we are of the opinion that all members of our Supervisory Board were and are independent in the spirit of the Code. A Supervisory Board member is considered independent if he or she is independent of the company and its Executive Board and independent of any controlling shareholder. This is the case for all Supervisory Board members. We also view Supervisory Board members who sit on the city council or work for the city administration and are delegated by the City of Mannheim as independent in this sense. The City of Mannheim owns a majority of the shares in MVV Energie AG. Pursuant to the Municipalities Code of the State of Baden-Württemberg, the city council is the topmost political body representing the city. In view of this, it is logical that the City of Mannheim, as the majority shareholder in MVV Energie AG, should be represented on the company's Supervisory Board. When determining independence, the decisive factor is whether there are any material conflicts of interest that are not only of a temporary

nature. This is particularly not the case for Supervisory Board members appointed in accordance with the Articles of Incorporation, namely Dr. Peter Kurz and Christian Specht. The same is true of the other Supervisory Board members who sit on the city council or did so in the 2021 financial year.

Even if the independence of those Supervisory Board members who are simultaneously members of the city administration or city council of the City of Mannheim is viewed differently, the Supervisory Board nevertheless includes what is, according to C.9 of the German Corporate Governance Code, an appropriate number of independent members, namely Sabine U. Dietrich, Martin F. Herrmann, Barbara Hoffmann, Gregor Kurth, Dr. Lorenz Näger, Tatjana Ratzel and Dr. Stefan Seipl.

Some of our Supervisory Board members have been members for more than twelve years. These include Dr. Peter Kurz (since 2007) and Christian Specht (since 2005), who are shareholder representatives delegated to the Supervisory Board in accordance with the Articles of Incorporation, and Detlef Falk (since 2007) and Johannes Böttcher (since 2006) as employee representatives. Despite the length of their membership, based on their work to date the Supervisory Board does not have any doubts as to their independence of the company and its Executive Board.

### Report on equal participation of women and men

The Supervisory and Executive Boards of MVV Energie AG firmly believe that the company can generate sustainable business success only when responsibility is assigned to women and men on a basis of equality. Particularly in view of demographic change, it makes sense for both social and economic reasons to promote all talents regardless of their gender. Among others, this approach has the benefit of proactively countering the effects of any shortage of specialist and management staff. To date, women have only made up a comparatively low share of the overall workforce at companies operating in the energy sector. The Supervisory and Executive Boards of MVV Energie AG believe that increasing the share of women working at the group of companies on a long-term basis is one key to the company's successful further development. We therefore set ourselves the target of raising women's share of our Group's workforce to 35 % by 30 September 2021, up from 27 % at 30 June 2015. With a 28 % share of women employees at 30 September 2021, we only managed to come slightly closer to reaching this target. Among our management staff, we also aimed to increase the share of women to 25 %, up from 14 % at 30 June 2015. At 14 % at the balance sheet date on 30 September 2021, this figure was still at its 2015 level. As the efforts made so far have not yet enabled us to reach the targeted shares, the Executive Board decided in September 2021 to retain the existing targets of 35 % and

25 % respectively and to reach these by 30 September 2026. To achieve our targets by 2026, we will consistently implement our promotional measures and programmes and further expand these in the years ahead. That is particularly true for our targeted personnel development activities for women who have the potential to take on management positions.

For MVV Energie AG, we report on the share of women in the first and second management tiers below the Executive Board. In August 2017, the Executive Board set targets for the share of women at 25 % for the first and 30 % for the second management tiers, with both targets to be reached by 30 September 2021. The share of women in the first management tier amounted to 14 % at 30 September 2021 and was thus ahead of the previous year (30 September 2020: 10 %). In the second management tier, the share of women amounted to 31 % (30 September 2020: 27 %) and thus exceeded the target level set. We see this as providing a stable basis and as offering an opportunity to fill positions becoming vacant in the next higher management tier with internal candidates in future. In September 2021, the Executive Board adopted a resolution to retain the existing targets of 25 % and 30 % and to achieve and uphold these respectively by 30 September 2026. In addition to those measures that are already in place to promote women, we are taking steps to increase the number of applications we receive from promising external and internal women candidates.