



Supervisory Board Report for Fiscal Year 2020

VARTA AKTIENGESELLSCHAFT

The Supervisory Board of VARTA AG is pleased to report to you on the work undertaken by the company in fiscal year 2020. Like many businesses, the VARTA Group was not entirely unaffected by the global COVID-19 pandemic, although happily, the Company was able to manage this extraordinary situation very well, with the result that the Supervisory Board could focus on its core tasks in the reporting year.

In fiscal year 2020, the Supervisory Board performed the full scope of its duties in accordance with the law, the Articles of Association and the rules of procedure. We monitored and advised the Executive Board in its management of the Company on the basis of detailed written and oral reports from the Executive Board.

In addition, there was a regular exchange of information between the Chairman of the Supervisory Board and the Chairman of the Executive Board and Chief Financial Officer. The Supervisory Board was regularly briefed on intended business policy, corporate planning (including financial, investment and personnel planning), the profitability of the Company and the course of business, as well as the economic position of the Company and the Group. The Supervisory Board was directly involved at an early stage in all decisions of fundamental importance to the Company and discussed these in detail with the Executive Board.

Where the approval of the Supervisory Board is required by law, the Articles of Association or the rules of procedure for decisions or measures of the Executive Board, the members of the Supervisory Board – partly on the basis of information from the committees – approved these after intensive scrutiny and discussion. A particular focus of our activities in the year under review was the Company's investment planning, which we dealt with in detail.

The Annual General Meeting was held on June 18, 2020. Due to the COVID-19 pandemic, this took place in the form of a virtual Annual General Meeting for the first time. The new format was subject to a great deal of interest among our shareholders: More than 72 % of the share capital was represented at this digital event.

The change at Executive Board level, with Steffen Munz being replaced by Armin Hessenberger, accounted for a significant proportion of the Supervisory Board's work in the first half of 2020.

The Supervisory Board monitored Executive Board members on a regular basis and have been left in no doubt regarding the legality, expediency and correctness of their work. This close contact with the Executive Board was also maintained in the period between the Supervisory Board's regular meetings.



The Chairman and individual Supervisory Board members were in regular bilateral communication with the members of the Executive Board, advising on various business matters in the process. The Executive Board participated in all Supervisory Board meetings and provided comprehensive answers to all Supervisory Board questions. In accordance with Section 90 of the German Stock Corporation Act (AktG), the Executive Board regularly, promptly and comprehensively briefed the Supervisory Board, both verbally and in writing, on the key aspects of corporate planning and business development, the risk situation and risk management in addition to the economic situation of the company and the Group. The Supervisory Board also discussed all important business processes.

A total of four regular meetings, which were either held in person or by video conference call, and two extraordinary meetings held as video conference calls, as well as regular reports obtained from the Executive Board, allowed the Supervisory Board to keep abreast of the business situation and significant events. Moreover, the Supervisory Board adopted several resolutions by way of written circular.

For any discussions and clarifications required, Executive Board members are available for bilateral discussions with the Supervisory Board.

Supervisory Board Meetings and Committees in Fiscal Year 2020

The Executive Board reported in detail on the Company's strategic, operational and financial position at all Supervisory Board meetings.

During the first meeting on **Friday, March 27, 2020 (Balance Sheet Meeting)**, the Supervisory Board addressed the annual and consolidated financial statements 2019 before discharging the Executive Board for fiscal year 2019. The annual financial statements were distributed to all members of the Supervisory Board and discussed in detail at the meeting. The Supervisory Board subsequently reviewed the annual financial statements for 2019 and raised no objections before approving them. The annual financial statements for 2019 were therefore finalized on Friday, March 27, 2020. The proposal for the appointment of the auditor for the 2020 fiscal year was also adopted at this meeting. Furthermore, the agenda for the Annual General Meeting on June 18, 2020 was approved. Due to the COVID-19 pandemic, the Annual General Meeting was held as a virtual event. At each meeting, the Supervisory Board was also advised by the Chief Compliance Officer on the compliance system and, where necessary, any reported breaches.

On **Wednesday, May 20, 2020**, the second meeting in fiscal year 2020 was held. At this meeting, which was held as a video conference call due to the ongoing coronavirus crisis, the situation of the Company in the context of the global pandemic was discussed in particular. Moreover, additional investments to expand CoinPower production capacities were resolved, while the Supervisory Board also signed off on a proposal for the founding and organization of an internal financing arm of the Group.

The third meeting of the year took place in person on **Friday, September 4, 2020 in Traunkirchen, Austria**. At this meeting, the Supervisory Board focused, among other aspects, on the strategy and



long-term planning of individual segments and Executive Board matters.

For the final meeting during the 2020 reporting period, the Supervisory Board convened via video conference call on **Thursday, November 26, 2020**. The main focus of this meeting was to resolve the budget for fiscal year 2021.

In summary, it can be stated that after extensive discussion, the Supervisory Board approved all business transactions and processes subject to mandatory submission. The Executive Board informed the Supervisory Board of all key events that were of material importance to assess the economic position and development of the Company.

Committee activities

There are four Supervisory Board Committees:

- Audit Committee
- HR Committee (this includes the Nomination and Remuneration Committee)
- Related Party Committee
- Investment Committee

The members of the Audit Committee are as follows:

- Dr. Harald Sommerer (Chairman)
- DDr. Michael Tojner
- Frank-Dieter Maier

The members of the HR Committee are as follows:

- DDr. Michael Tojner (Chairman)
- Dr. Harald Sommerer
- Sven Quandt

The members of the Related Party Committee are as follows:

- Sven Quandt (Chairman)
- Dr. Michael Pistauer
- Dr. Georg Blumauer

The members of the Investment Committee are as follows:

- DDr. Michael Tojner (Chairman)
- Frank-Dieter Maier
- Dr. Harald Sommerer



The committees work to prepare decisions and issues for meetings of the Supervisory Board as a whole. As far as legally permissible, the Supervisory Board transfers decision-making authority to its committees. The committee Chairmen regularly reported on key aspects of committee meetings during meetings of the Supervisory Board.

The Audit Committee held two meetings via video conference call in the reporting year. In the presence of the appointed auditors, the committee discussed the annual financial statements, the accounting process, the internal control system and corporate governance, among other aspects.

The HR Committee held three meetings in the reporting year. The members additionally coordinated matters and held votes in-between meetings. In particular, the HR committee dealt with the change at Executive Board level, with Armin Hessenberger selected to replace to the outgoing Steffen Munz, as well as other Executive Board matters and a new remuneration system for members of the Executive Board.

The Related Party Committee held four meetings via telephone or video conference calls in the reporting year. The members additionally coordinated matters and held votes in-between meetings. Among other aspects, the work of the Related Party Committee focused on rental arrangements among related parties. The committee also devised a process for dealing with related party transactions.

The Investment Committee convened for a single meeting in fiscal year 2020, which focused on the Company's investment plans in the reporting year.

Individualized disclosure of meeting participations for Supervisory Board members

Number of meetings (participation in %)	Supervisory Board plenary session	Audit Committee	HR Committee	Investment committee	Related Party Committee
Prof. DDr. Michael Tojner Chairman	4/4 (100)	2/2 (100)	3/3 (100)	1/1 (100)	
Dr. Harald Sommerer Deputy Chairman	4/4 (100)	2/2 (100)	3/3 (100)	1/1 (100)	
Sven Quandt	4/4 (100)		3/3 (100)		4/4 (100)
Frank-Dieter Maier	4/4 (100)	2/2 (100)		1/1 (100)	
Dr. Michael Pistauer	4/4 (100)				4/4 (100)
Dr. Georg Blumauer	4/4 (100)				4/4 (100)

Conflicts of interest

In accordance with the German Corporate Governance Code (DCGK), every member of the Supervisory



Board is obliged to disclose any conflicts of interest that may arise. The financial services contract agreed in fiscal year 2019 between VARTA AG and Montana Tech Components GmbH, a subsidiary company under the ownership of Prof. DDr. Michael Tojner, Chairman of the Supervisory Board, was extended. The extension was approved by the Supervisory Board. Prof. DDr. Michael Tojner was not involved in discussions on this matter, nor did he play any part in the Supervisory Board's resolution.

An existing rental contract between VARTA Microbattery GmbH and WertInvest Ellwangen Immobilien GmbH, a subsidiary under the ownership of Prof. DDr. Michael Tojner, Chairman of the Supervisory Board, was updated and supplemented. The Supervisory Board approved the changes to this contract. Prof. DDr. Michael Tojner was not involved in discussions on this matter, nor did he play any part in the Supervisory Board's resolution.

No further conflicts of interest arose over the course of fiscal year 2020.

Annual and consolidated financial statements 2020 audited and approved

The Executive Board prepared the annual financial statements for fiscal year 2020 in accordance with the provisions of the German Commercial Code (HGB), the consolidated financial statements in compliance with IFRS provisions as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e HGB. The Executive Board additionally prepared the Management Report combined with the Group Management Report. These were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Stuttgart, who were appointed as auditors by the Annual General Meeting on June 18, 2020, who issued an unqualified audit statement in each case.

Preliminary versions of the documents were discussed at the Supervisory Board meeting on March 25, 2021, which was also attended by representatives of the auditors. These representatives reported on the focal points and the main results of their audit and addressed the key audit matters. The auditors were available to the members of the Supervisory Board for in-depth discussion. There were no circumstances that could indicate any bias on the part of the auditors.

The Audit Committee, which received the documents submitted by the Management Board and the auditor's reports for preliminary examination, reported to the Supervisory Board on the main content and results of its preliminary examination and made recommendations for Supervisory Board resolutions.

The Supervisory Board examined the annual and consolidated financial statements for fiscal year 2020, the Management Report combined with the Group Management Report and the Executive Board's proposal for the appropriation of profits, taking into account the Audit Committee's report. The Supervisory Board concurred with the results of the audit. On the basis of its own examination, the Supervisory Board determined that there were no objections to the annual and consolidated financial statements or the combined Management Report and Group Management Report. In accordance with the recommendation of the Audit Committee, the Supervisory Board approved the annual and consolidated financial statements, prepared by the Executive Board and including the Executive's Board's proposal for the appropriation of profits, at the Supervisory Board Meeting on March 30, 2021.



The annual financial statements of VARTA AG were adopted accordingly.

Moreover, the Supervisory Board also reviewed the separate, non-financial report and Group report, again concluding that no objections were to be raised here either.

The Supervisory Board also endorsed the Executive Board's intention to propose to the Annual General Meeting that net profit for the 2020 fiscal year (139.431.752,99 EUR) should be as follows:

Dividend payout of € 2.48 per share entitled to dividend payments, total	€ 100,245,781.28
Earnings brought forward to new account	€ 39,185,971.71
Net profit	€ 139,431,752.99

The dividend total and the amount to be carried forward to new account outlined in the appropriation of profits are based on the share capital entitled to dividend payments as at March 25, 2021 in the amount of € 40,421,686.00 divided into a total of 40,421,686 shares.

Relationships with affiliated companies audited

The Executive Board prepared a report on relationships with affiliated companies for the 2020 fiscal year. The auditors reviewed this report, reported on the results in writing and issued the following unqualified audit statement:

"Based on our audit and assessment in accordance with professional standards, we confirm that

1. the factual statements in the report are correct
2. the consideration paid by the Company for the legal transactions listed in the report was not unreasonably high."

The respective reports of the Executive Board and the auditor were also discussed at the aforementioned meeting of the Supervisory Board after preliminary examination by the Audit Committee. The representatives of the auditors participating in the meeting reported on the main results of their audit. The Supervisory Board approved the Executive Board's report on relationships with affiliated companies after its own examination and also agreed with the result of the examination of the audit report. Pursuant to its audit, the Supervisory Board determined that no objections were to be raised to the statement on relationships with affiliated companies made by the Executive Board in concluding its report.

Members of the Supervisory Board in Fiscal Year 2020



VARTA

The Supervisory Board of VARTA AG comprises the following members:

- Prof. DDr. Michael Tojner, Chairman (since August 30, 2016)
- Dr. Harald Sommerer, Deputy Chairman (since April 14, 2016)
- Frank-Dieter Maier (since April 14, 2016)
- Sven Quandt (since April 14, 2016)
- Dr. Georg Blumauer (since August 30, 2016)
- Dr. Michael Pistauer (since May 21, 2019)

The Supervisory Board would like to express its thanks to the Executive Board and all the employees for their successful work and commitment displayed during an unprecedented fiscal year 2020.

I would also like to thank you, our valued shareholders, for your continued faith in VARTA AG and the VARTA AG share.

Ellwangen, Thursday, March 30, 2021

pp the Supervisory Board

Prof. DDr. Michael Tojner

Chairman