

# Report of the Supervisory Board 2022

The work of the Supervisory Board in the 2022 financial year, for the third year in a row, was shaped by uncertainties concerning the future course of the effects of the COVID-19 pandemic. This was accompanied by the start of the war in Ukraine and its effects on the global markets both with regard to the supply chains as well as the construction and equipment markets. As a result, the conditions for the global economy and for our company have changed significantly.

The Supervisory Board regularly monitored the work of the Executive Board during the 2022 financial year on the basis of the detailed reports provided by the Executive Board in written and verbal form and provided support in the form of advice. The Executive Board discharged its duties to provide the Supervisory Board with regular, prompt and comprehensive information about all questions of strategy, planning, company development, risk development and compliance that are relevant to the company and the Group. Between the meetings, the Executive Board generally submitted monthly written reports on all important business transactions and financial indicators of the Group and the company. The Chairman of the Supervisory Board was also in regular contact with the Executive Board, in particular with the CEO, gathered information as appropriate relating to the course of business and key transactions and discussed strategic topics as well as risk situations.

Due to a conflict of interests owing to a subscription obligation of SD Thesaurus GmbH in the context of the capital increase resolved by the Extraordinary General Meeting on November 18, 2022, Ms. Sabine Doblinger did not participate in the consultations and resolution concerning the details for execution of the capital increase. Apart from this, there were no indications of conflicts of interest among members of the Executive Board or Supervisory Board requiring immediate notification of the Supervisory Board and disclosure to the General Meeting.

## **MAIN FOCUS OF CONSULTATIONS IN SUPERVISORY BOARD MEETINGS**

In the year under review, there were six plenary Supervisory Board meetings, and two resolutions were adopted by means of a resolution procedure in writing. Current business and earnings performance, order backlog development and developments in the markets in the business segments were discussed at all quarterly Supervisory Board meetings. The Supervisory Board takes into account the reports of the committees.

At the annual financial review meeting in April relating to the annual and consolidated financial statements for the 2021 financial year, also attended and informed by the auditor, a detailed review was undertaken of the respective financial statements along with the combined management report and the proposal of the Executive Board with regard to the appropriation of retained earnings. The key audit points comprised a review of the assessment of shares valued using the equity method, financing, derivative financial instruments, an offshore wind park project, reporting of deferred taxes as well as the 2021 capital increase. After reviewing the audit reports for the annual financial statements, the annual and consolidated financial statements were adopted and approved by the Supervisory Board. The declaration on corporate governance and the non-financial Group report for the 2021 financial year were also confirmed and the remuneration topics concerning the remuneration report were discussed. During this meeting, the Supervisory Board also addressed the extension of Executive Board member Florian Bauer's term of office, as well as the invitation to the Annual General Meeting. With regard to the current business development, in particular the effects of the war in Ukraine and the government sanctions on the Group were discussed.

In the June session, the Supervisory Board addressed the operative business performance, focusing on major projects in the Construction segment and the development of personnel expenses. The knowledge obtained from an offshore wind park project as well as the determination of targets for the female quota in the Executive Board were addressed separately and the target was defined afterwards in a written resolution.

In the September session, the Supervisory Board focused on the adjustment of the annual forecast, an analysis of material price increases, the business development in the markets as well as the BAUER +4/2024 program along with a program of measures to improve the operative business performance. As additional key points, the composition of the Supervisory Board as well as the competency profile for the entire body were defined.

In October of the year under review, the Supervisory Board met to convene an Extraordinary General Meeting that approved the proposal to increase the company's share capital from its current value of EUR 111,186,566.76, divided into 26,091,781 no-nominal-value bearer shares, by up to EUR 74,124,374.99 against cash contributions by the issue of up to 17,394,520 new no-nominal-value bearer shares in the form of common shares (with voting rights) with a proportion of the share capital amounting to EUR 4.26 (rounded) per share including shareholders' subscription rights. After a corresponding resolution was approved at the Extraordinary General Meeting on November 18, 2022, the further details of the resolved capital increase were determined in a separate video conference in early December.

In early December, the Supervisory Board met to discuss the impairment need based on the weighted average cost of capital (WACC) and the changed assessment of country risks in the valuation of the subsidiaries and their assets as well as portfolio streamlining through the winding-up of subsidiaries. The organizational structure and the program modules for improving business performance were also discussed, and an updated Declaration of Conformity in accordance with the German Corporate Governance Code was resolved along with the annual planning for the 2023 financial year. Furthermore, in the last meeting of the year, the basic salary and target remunerations of members of the Executive Board for the 2023 financial year were determined.

#### **WORK CARRIED OUT BY THE COMMITTEES**

There are four committees in the Supervisory Board, though the Mediation Committee was not required to convene. The committee chairpersons submitted regular reports on the main content of the committee meetings to the plenary Supervisory Board meetings.

The Nomination Committee did not meet due to a lack of pending vacancies. Two meetings of the Presidial and Personnel Committee were convened. At those meetings, the remuneration system for members of the Executive Board was addressed and preparations were made for decisions of the Supervisory Board relating to determination of salaries and performance bonuses for members of the Executive Board as well as the performance bonus framework. In addition, the committee addressed the remuneration report pursuant to section 162 of the German Stock Corporation Act (AktG), the Declaration on Corporate Governance as well as the Declaration of Conformity in accordance with the German Corporate Governance Code.

The Audit Committee met seven times in the year under review. The committee reviewed the audit of the non-financial Group report, the quarterly statements, the half-year interim report and, in the presence of the auditors, the audit of the annual financial statements and the consolidated financial statements of the Group. It also scrutinized the Executive Board proposal regarding the appropriation of earnings as well as the selection and appointment of auditors and assessed the quality of the company audit. The Audit Committee obtained the required declaration of independence from the auditor and agreed on the fees for auditing services. The audit focus for key audit points was determined in consultation with the auditor. Furthermore, the committee reviewed the handling of interest and price increases as well as the availability of supplier products, discussed the handling of EU sanctions due to the war in Ukraine, and held a special session to accept the reports concerning risk management, internal auditing and the implementation of the Supply Chain Due Diligence Act ("Lieferkettensorgfaltspflichtengesetz"), to review the earnings performance and the projections for the end of the year and to address the medium-term financial targets. The project development and knowledge obtained from an offshore wind park project as well as the handling of interest and currency hedges were reviewed separately by the committee. In addition, the

preparation of a capital increase including shareholders' subscription rights and the creation of a securities prospect in this regard were reviewed, valuation allowances due to the rise in WACC rates as well as increased country risks were discussed, and the risks and opportunities for business development were regularly examined.

### ATTENDANCE, ONGOING EDUCATION

As in previous years, in the 2022 financial year there was once again a consistently high participation rate in the Supervisory Board meetings as well as in its committees. The Mediation Committee and Nomination Committee did not need to meet according to their responsibilities. The meetings of the Supervisory Board and its committees are all conducted in hybrid form as a rule, with an in-person and video and/or phone conference, in order to facilitate the participation of all members of the Supervisory Board and achieve high participation rates. Only two Supervisory Board meetings were conducted solely as a video and/or phone conference. In principle, the members of the Supervisory Board are independently responsible for completing the training and ongoing education measures that are required for their activities. On a yearly basis, the members are reminded by the company in writing of their cardinal duties as members of the Supervisory Board.

#### Session attendance for members of the Supervisory Board

	Supervisory Board meeting	Presidential and Personnel Committee	Audit Committee	Nomination Committee
<b>Number of sessions held</b>	<b>6</b>	<b>2</b>	<b>7</b>	<b>0</b>
Prof. Dr.-Ing. E.h. Dipl.-Kfm. Thomas Bauer	6	2		0
Rainer Burg	6			
Sabine Doblinger	6			0
Petra Ehrenfried	6			
Maria Engfer-Kersten	4		7	
Robert Feiger	4			
Reinhard Irrenhauser	6	2		
Klaus Pöllath	6	2		
Wolfgang Rauscher	6			
Dipl.-Ing. (FH) Elisabeth Teschemacher	6			0
Dipl.-Kfr. Andrea Teutenberg	6		7	
Gerardus N.G. Wirken	6		7	

### AUDITING OF THE 2022 ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

The annual financial statements of BAUER AG as at December 31, 2022 and the consolidated financial statements of the Group as well as the Combined Management Report, including Group Accounting, were audited by the auditors elected by the General Meeting and duly appointed by the Supervisory Board, PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Stuttgart branch office, and certified by the auditor with an unqualified opinion. The Audit Committee scrutinized the audit documentation, the non-financial Group report and the reports submitted by auditors then presented its findings to the Supervisory Board. The auditor attended the meeting of the Audit Committee as well as the annual financial review meeting of the plenary Supervisory Board.

The annual and consolidated financial statements along with the combined management report, the non-financial Group report and the auditor's reports were provided in good time to all members of the Supervisory Board, who reviewed these documents. The Supervisory Board duly noted and concurred with the findings of the auditor's review of the documents. Following conclusion of the Supervisory Board review, no objections were raised, and publication was approved. The annual

financial statements of BAUER AG and the consolidated financial statements of the Group were prepared by the Executive Board and approved by the Supervisory Board in a meeting on April 3, 2023. The annual financial statements of BAUER AG were thus adopted. Following prior consultations in the Audit Committee, the Supervisory Board concurred with the proposal of the Executive Board regarding the appropriation of retained earnings. Given the lack of retained earnings, no proposal can be made to the shareholders regarding the appropriation of retained earnings.

On behalf of the Supervisory Board, I would like to thank the members of the Executive Board, all the Group employees and the employee representatives within all Group companies for their great commitment throughout the past financial year. We would also like to thank Mr. Michael Stomberg, who left the company in March 2023, for his cooperation over the past years.

Schrobenhausen, April 2023

**The Supervisory Board**

A handwritten signature in blue ink, appearing to read 'Th. Bauer', with a stylized flourish at the end.

Prof. Thomas Bauer  
Chairman of the Supervisory Board