

# CORPORATE GOVERNANCE

## Corporate Governance Report<sup>1</sup>

In this declaration, SMA Solar Technology AG reports on its corporate governance principles in accordance with Section 289f (1), (2) and 315d of the German Commercial Code (HGB) and on corporate governance in the company in accordance with Section 161 of the German Stock Corporation Act (AktG) and Clause 23 of the German Corporate Governance Code (DCGK). The declaration includes the Declaration of Compliance, information on corporate governance practices, which comprises information on where they can be accessed by the public, as well as information on the composition and description of the function of the Managing Board, Supervisory Board and respective committees and material corporate governance structures.

Complying with the principles of good corporate governance is extremely important to SMA Solar Technology AG. The company is guided by the recommendations and suggestions in the German Corporate Governance Code. The Managing Board and Supervisory Board dealt with meeting these requirements. The company declared emergent deviations from the German Corporate Governance Code in the Declaration of Compliance of December 6, 2023. This declaration is reproduced below and published on our [corporate website](#).

## Declaration of compliance with German Corporate Governance Code

In accordance with Section 161 of the German Stock Corporation Act, the Managing Board and Supervisory Board of SMA Solar Technology AG declare:

SMA Solar Technology AG has complied with all recommendations of the German Corporate Governance Code dated April 28, 2022 (“Code 2022”), published by the Federal Ministry of Justice in the official section of the Federal Gazette on June 27, 2022, and will also comply with it in future with the following exceptions:

The remuneration system for the Managing Board passed by the Supervisory Board and approved by the Annual General Meeting on May 24, 2023, that is to be the basis for all remuneration agreements with members of the Managing Board of SMA Solar Technology AG who are newly appointed or whose contract is extended after May 24, 2023 (“Remuneration System 2023”), provides, deviating from recommendation G.8 of Code 2022, for the option to deviate from target values or comparative parameters that have already been adopted in exceptional situations if this is temporarily in the interest of the company. The Supervisory Board considers that such flexibility is necessary to be able to respond appropriately to unforeseen situations, including in accordance with recommendation G.11, sentence 1 of the 2022 Code.

The 2023 remuneration system also envisages an obligation on the part of the Managing Board to invest some of the remuneration component obtained as a result of long-term and short-term variable targets being surpassed in shares in the company, which diverges from recommendation G.10, sentence 1 of the 2022 Code. The Supervisory Board holds that the remuneration arrangements and obligation to invest adequately commit the Managing Board to the long-term and sustainable development of the company and that there is no need for any further obligation in accordance with recommendation G.10, sentence 1 of the 2022 Code.

Contrary to recommendation G.11, sentence 2 of the 2022 Code, the 2023 remuneration system does not stipulate any regulations beyond what is required by law that would give the company the option to retain or reclaim any variable remuneration owed to the Managing Board. The Supervisory Board takes the view that the Managing Board would already have a sufficient stake in any negative developments due to the arrangements for objectives, particularly with regard to variable remuneration, and that any legally reproachable conduct can be adequately sanctioned by means of the possible responses allowed for by law.

The Managing Board

The Supervisory Board

<sup>1</sup> The following section is not a mandatory component of the Combined Management Report as defined in Sections 289, 315 HGB in conjunction with GAS 20, and therefore not a subject of the financial audit.

## Corporate governance practices

With the principle “Our energy inspires the world’s most important customer. Our future”, the SMA Strategy 2025 comprises a forward-looking vision and mission, the values that all SMA employees align themselves with and clear strategic objectives for the next years. It has been presented to all employees worldwide and forms the strategic framework for action of the SMA Group. Further details can be found in the “Strategy” section under “Basic information about the Group”.

Furthermore, in 2011, SMA had already made a declaration to the General Secretary of the United Nations to establish the ten principles of the UN Global Compact as compulsory guidelines for its corporate governance. The principles of the UN Global Compact provide standards for upholding human rights, the protection of workers’ rights, environmental protection and avoidance of corruption. They can be viewed on the website at [www.unglobalcompact.org](http://www.unglobalcompact.org). In addition, the SMA Group is committed to the “Business Principles for Countering Bribery” of Transparency International.

In 2022, the Managing Board of SMA Solar Technology AG further revised the SMA business principles, which came into effect in 2012, aligning them with the sustainability objectives set out in the Strategy 2025. The SMA business principles are the core of the compliance management system and shape SMA’s values into clear behavioral standards. The SMA business principles are obligatory for all SMA employees worldwide. They underscore the company’s desire to fully implement and comply with all legal and regulatory requirements. The SMA Group also undertakes to act ethically, sustainably and with integrity at all times to assume its corporate responsibility and treat others with respect. The SMA business principles set out in the Employee Code of Conduct are publicly available on SMA’s [corporate website](#).

Since 2009, the SMA Group has also already recognized the code of conduct of the German Association for Supply Chain Management, Procurement and Logistics (BME e. V.) and used this as the basis for its own guidelines for suppliers (SMA Supplier Code of Conduct). In 2023, the SMA Business Partner Code of Conduct was revised with involvement of stakeholders and newly implemented. This continues to commit the SMA Group to fair dealings with suppliers. The guidelines are based on, among other things, the UN Global Compact, the conventions of the International Labour Organization (ILO) and the United Nations’ Universal Declaration of Human Rights. The SMA Group’s objective is to enshrine general principles with regard to fairness, integrity and corporate responsibility in business relationships and the

supply chain. For the SMA Group, these behavioral guidelines also complement its mission statement and corporate culture, in which fairness, integrity, sustainability and corporate responsibility are deeply rooted. In addition to these guidelines, the SMA Business Partner Code of Conduct prescribes standards for sustainable activity and gives expression to what the SMA Group expects of suppliers and business partners with regard to social, ecological and ethical issues. The key points of the guidelines are a ban on child labor, forced labor, abuse and discrimination of employees, fighting against corruption, fair working conditions, occupational health and safety, environmental protection, and quality and product safety. The BME’s code of conduct is accessible on its website at [www.bme.de](http://www.bme.de). The latest version of the SMA Business Partner Code of Conduct is reproduced on the SMA [corporate website](#).

In compliance with the provisions of Section 76 (4) sentence 2 of the German Stock Corporation Act, the Managing Board set the target for female employees for each of the two upper management levels for the period from July 1, 2022 to June 30, 2027 at 20%. At the end of the reporting period, the proportion of female employees working in the first management level was 6.7% and in the second management level 14.3%.

## Transparency

Transparency is a key element of good corporate governance. Our aim is to provide all shareholders, financial analysts, media and interested members of the public at large with timely information about our business situation and significant corporate changes. All important information is also made available on our [corporate website](#). Reporting on the business situation and the operating results takes place in the Annual Report, in the annual press conference on financial statements and in the Quarterly Statements and Half-Yearly Financial Reports. Furthermore, the public is informed through press releases, via social networks and, if stipulated by law, by means of ad hoc statements. In addition, SMA is in regular contact with investors, analysts and the press to inform about the market and competition, strategic direction, SMA’s unique selling propositions and financial developments.

Transparency is particularly important whenever deliberations and company decisions might lead to conflicts of interest for members of the Supervisory Board or Managing Board. Any conflicts of interest that may have arisen are therefore disclosed by those members of the corporate bodies affected when discussion of the subject commences. The member concerned does not participate in the adoption of any necessary resolutions by the Managing Board or the Supervisory Board.

## Remuneration Report

The Remuneration Report is printed in the chapter of the same name in the Annual Report and can also be viewed on our [corporate website](#) with the auditor's report in accordance with Section 162 of the German Stock Corporation Act, as well as the applicable remuneration systems for the Managing Board and Supervisory Board in accordance with Section 87a (1) and (2) sentence 1 of the German Stock Corporation Act and the most recent remuneration resolution in accordance with Section 113 (3) of the German Stock Corporation Act.

## The company's corporate bodies and their functions

SMA Solar Technology AG is a stock corporation governed by German law. Accordingly, it possesses a dualistic management structure in which one corporate body is devoted to managing the company (the Managing Board) and is supervised by another corporate body (the Supervisory Board). Both bodies are endowed with different powers and work closely with one another in an atmosphere of trust when managing and supervising the company. At the Annual General Meeting, electing the auditor and the shareholder representatives to the Supervisory Board takes place as does determining the appropriation of profits, along with making decisions that impact member rights of shareholders.

### MANAGING BOARD

The Managing Board is responsible for independently and jointly managing the company. It is obliged to sustainably ensure and increase the company value and is responsible for managing the business. In agreement with the Supervisory Board, it decides on fundamental issues of business policy and corporate strategy as well as on short- and medium-term financial planning. The Managing Board is in charge of preparing the Quarterly Statements, Half-Yearly Financial Reports and Annual Financial Statements and Consolidated Financial Statements for SMA Solar Technology AG and the SMA Group, as well as for adherence to all legal and official provisions and internal policies.

As a collective body, the Managing Board, in principle, strives to adopt resolutions jointly. However, the Rules of Procedure for the Managing Board adopted by the Supervisory Board stipulate that individual members of the Managing Board are in charge

of specific areas of responsibility. The Managing Board, with the consent of the Supervisory Board, lays out how responsibilities are assigned. The members of the Managing Board notify each other on an ongoing basis about all material events in their area of responsibility and about any matters covering multiple areas of responsibility. Under legal provisions or the Rules of Procedure, in certain transactions, a unanimous resolution of the Managing Board is mandatory. For a predetermined number of transactions, the Supervisory Board has a reservation of consent. The Managing Board has not instituted any committees.

The company's diversity concept for the Managing Board to be described in accordance with Section 289f HGB comprises, in part, consideration of the various personal and professional competencies required to fulfill the respective tasks on the Managing Board. Other elements include decisions on the minority gender quota of 25% on the Managing Board and the age limit for the Managing Board described in Section 1 (4c) of the Supervisory Board's Rules of Procedure. The aim of the concept is to best meet the requirements for the work carried out by a managing board through a broad and varied range of knowledge and experience. The current makeup of the Managing Board upholds the prescribed age limit of 65 years and reflects different professions and professional backgrounds as well as personal and professional competencies. The current gender parity in the composition of the Managing Board also means that it meets the representation requirement for the minority gender under Section 76 (3a) of the German Stock Corporation Act (AktG). Long-term succession planning for the Managing Board takes place partly through regular monitoring by the Supervisory Board to adjust the quantitative and qualitative makeup of the Managing Board as well as the prevailing conditions brought about by the members of the Managing Board, such as a member reaching the age limit. The Managing Board is working to identify potential candidates within the company who would be suitable for taking on a role on the Managing Board given various time frames and, if necessary, after developing appropriate management skills. More detailed information on the members of the Managing Board can be found under the same-titled section.

On the Managing Board, Dr.-Ing. Jürgen Reinert, as Chairman of the Managing Board of SMA Solar Technology AG, is responsible for Strategy, Research and Development, the segments Home Solutions, Commercial & Industrial Solutions and Large Scale & Project Solutions as well as Operations, Sales and Service and Human Resources. Barbara Gregor, as member of the Managing Board, is in charge of Finance, Investor Relations, Real Estate Management (CREM), Digitalization/IT, Legal, Governance, Compliance, Risk Management and Internal Audit.

## SUPERVISORY BOARD

The Supervisory Board advises the Managing Board in all matters and supervises its activity. The Managing Board involves and consults with the Supervisory Board on all matters of fundamental significance and whenever particularly important business decisions need to be made. Under the Rules of Procedure applicable to the Managing Board, which were adopted by the Supervisory Board, the Managing Board must obtain prior approval from the Supervisory Board for certain decisions. Such decisions include approval of the annual budget, comprising the investment plan, incorporation, acquisition or sale of companies and stakes in companies, whenever stipulated threshold values are exceeded. The Supervisory Board must also consent to the allocations of responsibility on the Managing Board.

The Supervisory Board is made up of 12 members and its composition complies with the provisions of the German Stock Corporation Act and the Codetermination Act. Under these provisions, the employees of German group companies and their shareholders (Annual General Meeting) each elect six representatives to the Supervisory Board. The current members of the Supervisory Board are: Martin Breul, Oliver Dietzel, Johannes Häde, Yvonne Siebert, Romy Siegert and Dr. Matthias Victor as employee representatives, and Roland Bent, Kim Fausing (Deputy Chairman), Uwe Kleinkauf (Chairman), Alexa Hergenröther, Ilonka Nußbaumer and Jan-Henrik Supady as shareholder representatives.

Alexa Hergenröther, Chair of the Audit Committee, has the expertise in the fields of accounting or financial auditing required by Section 100 (5) of the German Stock Corporation Act and the German Corporate Governance Code thanks to her expertise as a tax consultant and management consultant entrusted with providing financial support for companies for many years, as does Jan-Henrik Supady, Deputy Chair of the Audit Committee, thanks to his expertise as managing partner of a company active in the strategic investments segment. The length of time spent as a member of the Supervisory Board can be found in the members' résumés, accessible on the company's [corporate website](#).

The Committees of the Supervisory Board are made up as follows:

Presidial Committee	Uwe Kleinkauf (Chairman), Yvonne Siebert (Deputy Chairwoman), Kim Fausing, Dr. Matthias Victor
Audit Committee	Alexa Hergenröther (Chairwoman), Jan-Henrik Supady (Deputy Chairman), Oliver Dietzel, Johannes Häde
Nomination Committee	Uwe Kleinkauf (Chairman), Ilonka Nußbaumer (Deputy Chairwoman), Kim Fausing, Jan-Henrik Supady
Mediation Committee	Romy Siegert (Chairwoman), Kim Fausing (Deputy Chairman), Uwe Kleinkauf, Martin Breul

The committees prepare the topics and resolutions that have to be dealt with by the entire Supervisory Board and are also authorized to decide on matters instead of the Supervisory Board if the Supervisory Board has transferred the relevant authority to them within the scope of the legal possibilities and the Rules of Procedure of the Supervisory Board. They regularly meet with stakeholders such as the Managing Board, the auditor or the heads of Internal Audit or Compliance for this purpose. The committee chairperson reports on the content of the committee meetings at the next plenary session of the Supervisory Board. Any member of the Supervisory Board may attend committee meetings, provided the relevant committee chairperson does not decide otherwise. The meeting minutes and resolutions adopted by committees are made available to all the members of the Supervisory Board.

The Supervisory Board and the committees regularly conduct self-assessments to review the extent to which the committees are effectively handling the tasks allocated to them. The Supervisory Board and the committees assign themselves this efficiency check regularly as separate agenda items, according to which the members examine how tasks have been completed in the past and whether they can identify any improvements for future processes. The analysis focuses partly on the effectiveness of work carried out in the various committees in terms of how preparations are made for decision-making and how information is conveyed within each committee. The Supervisory Board also communicates with the Managing Board for the purpose of improving the efficiency of collaboration between the two bodies. In the reporting year, the Audit Committee conducted one of these self-assessments for its work.

The Supervisory Board reports annually on the focus of its activities and deliberations in the Supervisory Board Report. You may refer to the Supervisory Board Rules of Procedure on our [corporate website](#). The Supervisory Board members take general and specialized training necessary for their tasks of their own accord, and in doing so, they receive appropriate support from the company.

In the past, the Supervisory Board already has regularly considered the personal and professional requirements of its members and, with regard to the provisions of recommendation C.1 of the

German Corporate Governance Code, has decided on appropriate objectives for its composition and established a competence profile, which it adapted in 2023 in view of the increasing importance of sustainability. The competence profile addresses the requirements for members of the Supervisory Board, which are provided in particular by law, the German Corporate Governance Code and the objectives of the Supervisory Board for its composition. The implementation status of the skills profile from the perspective of the Supervisory Board is shown in the following skills matrix:

### Skills matrix of the Supervisory Board

	Roland Bern <sup>1</sup>	Martin Breul	Oliver Dietzel	Kim Fausing <sup>1</sup>	Johannes Häde	Alexa Hergenröther <sup>1</sup>	Uwe Kleinkauf <sup>1</sup>	Ilonka Nußbaumer <sup>1</sup>	Yvonne Siebert	Romy Siegert	Jan-Henrik Supady <sup>1</sup>	Dr. Matthias Victor
Independence of the shareholder representatives	●					●		●			●	
<b>Professional expertise<sup>2</sup></b>												
International corporate experience	●			●		●	●	●		●	●	
Technical expertise, particularly in the field of renewable energies, preferably in the field of photovoltaics	●	●	●	●	●		●		●			●
Knowledge of the internal structures and functions of the company		●	●		●	●	●	●	●			●
Knowledge in the field of digitalization	●		●	●		●		●	●		●	●
Expertise in the field of accounting			●			●	●				●	
Expertise in the field of financial audits						●					●	
Expertise in the sustainability issues that are significant for the company	●			●		●	●	●		●	●	
Management experience in internationally active companies	●			●		●	●	●			●	●
Experience on the supervisory boards of listed companies (without SMA)			●	●		●						
Knowledge of the topics of corporate governance and compliance and corporate law				●		●	●	●			●	
Knowledge of the topics of the internal control and risk management system				●		●	●				●	

<sup>1</sup> Shareholder representatives

<sup>2</sup> ● = applicable

These requirements and the competence profile continue to form the diversity concept of the Supervisory Board within the meaning of Section 289f (2), No. 6 of the HGB, the objective of which is to ensure that the Supervisory Board has the broadest possible range and variation of knowledge and experience. The Supervisory Board considers that increasing the diversity of the Supervisory Board is already an objective of various provisions of the law and of the German Corporate Governance Code. It incorporated this objective when selecting new members and took it into consideration when creating its competence profile and the objectives for its composition, and will continue to do so in the future while implementing the diversity concept.

The objectives of the Supervisory Board for its composition are as follows:

1. The minimum proportion of women on the Supervisory Board is determined by legal provisions (Section 96 (2) AktG).
2. Composition of the Supervisory Board including members of international experience.
3. Consideration of particular knowledge and experience in the application of accounting standards und internal control processes as well as in the field of auditing.

4. Consideration of technical expertise, especially also in the field of renewable energies, preferably in the field of photovoltaics.
5. Special consideration given to candidates with knowledge in the field of digitalization and about the internal structures and functions of the company.
6. At least half of the shareholder representatives are to be independent. At the same time, at least one member is to possess expertise in the field of accounting or auditing.
7. Consideration of the age limit of 75 years at the end of the term of office.
8. Expertise in the sustainability issues that are significant for the company.

Currently, these objectives are implemented as follows:

On 1: The Supervisory Board now has four female members, Alexa Hergenröther, Ilonka Nußbaumer, Romy Siegert and Yvonne Siebert. Thus the requirements of Section 96 (2) AktG are met.

On 2 to 5 and 7 to 8: In the opinion of the Supervisory Board, these objectives have also been achieved.

On 6: The company currently considers four shareholder representatives – Roland Bent, Alexa Hergenröther, Ilonka Nußbaumer and Jan-Henrik Supady – independent in accordance with the rules of the current German Corporate Governance Code. Of these, Alexa Hergenröther and Jan-Henrik Supady, as two independent members, possess expertise in accounting and financial auditing. In addition, Alexa Hergenröther has particular experience in financial reporting standards and internal control processes and is also conversant with matters relating to financial auditing.

From the perspective of the Supervisory Board, the requirements arising from the competence profile and the diversity concept have been fulfilled, also with regard to the minimum proportion of women on the Supervisory Board.

## COOPERATION BETWEEN THE MANAGING BOARD AND THE SUPERVISORY BOARD

The Managing Board and the Supervisory Board work closely with one another in an atmosphere of trust for the good of the company, thus meeting both the requirements of effective enterprise control and the need to be able to make decisions quickly. Their common goal is to secure the continued existence of the company and steadily increase its value. The Managing Board keeps the Supervisory Board promptly and comprehensively informed, both in writing and speech, and during regular meetings about the company's position, current business developments and all relevant questions pertaining to strategic planning, risk management, risk status and important compliance matters. The Quarterly Financial Statements and the Half-Yearly Financial Report are discussed with the Managing Board on a regular basis during Audit Committee meetings prior to their publication.

Outside meetings, the Chairman of the Supervisory Board and his deputy are also in contact with the Managing Board to discuss significant business transactions and upcoming decisions and are immediately informed about key developments.

## SHAREHOLDERS AND ANNUAL GENERAL MEETING

SMA Solar Technology AG shareholders discuss their codetermination and control rights at the Annual General Meeting, which takes place at least once a year. The Annual General Meeting adopts resolutions with binding effect, and each share grants one vote. Every shareholder who registers on time is entitled to participate in the Annual General Meeting. In addition, shareholders may have their voting rights exercised by a credit institution, a shareholder association, the proxies deployed by SMA Solar Technology AG and bound by the shareholder's instructions or by another authorized representative. The invitation to the Annual General Meeting and all reports and information necessary for adopting resolutions, including the Annual Report, are published in accordance with the provisions of the German Stock Corporation Act and are available in the run-up to the Annual General Meeting on our [corporate website](#).

## Information concerning takeovers required by HGB sections 289a and 315a

**Number 1:** The share capital of SMA Solar Technology AG amounts to €34.7 million. The share capital is divided up into 34,700,000 no-par value bearer shares. The rights and obligations associated with the shareholdings fall under the regulations in the German Stock Corporation Act.

**Number 2:** Each share grants one vote at the company's Annual General Meeting. The Managing Board is not aware of any restrictions affecting voting rights or the transferability of shares.

**Number 3:** Danfoss A/S, Denmark, holds 20.00% of the company's share capital.

**Numbers 4 and 5:** The shareholders and employees participating in the capital do not have any special rights granting them any particular powers of control.

**Number 6:** Appointment and dismissal of the Managing Board takes place pursuant to Sections 84 and 85 of the German Stock Corporation Act (AktG) together with Section 31 of the Co-Determination Act (MitBestG). Under Article 5 of the Articles of Incorporation of SMA Solar Technology AG, the Managing Board consists of at least two members and the exact number is laid down by the Supervisory Board. Under Section 179 of the AktG, the Articles of Incorporation may be amended by a resolution adopted by the Annual General Meeting with a majority of three-quarters of the share capital represented at the vote.

**Number 7:** The Articles of Incorporation include the provisions on the powers of the Managing Board regarding Authorized Capital II. After obtaining the consent of the Supervisory Board, the Managing Board is entitled to increase the share capital on one or several occasions by up to a total of €3.4 million by issuing new bearer shares in return for cash contributions and/or contributions in kind in the period ending May 23, 2028. The Managing Board, with the consent of the Supervisory Board, is entitled to cancel the statutory subscription rights of shareholders in the following cases: (a) in the case of capital increases in return for contributions in kind for the acquisition of or investment in companies, parts of companies or investments in companies, (b) for the purpose of issuing shares to employees of the company and companies affiliated with the company, (c) to exclude fractions, and (d) in the case of capital increases in return for cash contributions if the issue amount of the new shares does not fall significantly below the stock exchange price of shares of the same class and terms that are already listed at the time the Managing Board sets the final issue amount, and the total pro rata amount of the issued capital attributable to the new shares in respect of which the subscription right is excluded does not exceed 10% of the issued capital available at the time the new shares are issued.

Furthermore, following a resolution adopted by the Annual General Meeting on June 1, 2021, the Managing Board, in the period up to May 30, 2026, is entitled on behalf of the company to acquire its own shares up to a value of 10% of the existing capital stock at the time the resolution was adopted by the Annual General Meeting and to dispose of shares acquired in this way with the consent of the Supervisory Board by means other than through the stock exchange or an offer made to all the shareholders, provided the shares are sold in return for cash at a price that does not fall significantly below the stock exchange price of shares in the company issued under the same terms or the shares are sold in return for in-kind contributions, or they are offered in return for shares held by persons that either had or have an employment relationship with the company, or with one of its affiliated companies, or members of bodies in companies that depend on the company. Furthermore, if the Managing Board sells the company's own shares by offering them to all the shareholders with the consent of the Supervisory Board, the Managing Board is entitled to exclude the shareholders' right of subscription for fractions. In addition, the Managing Board is entitled to cancel any own shares acquired after obtaining the consent of the Supervisory Board.

**Number 8:** Credit lines agreed with banks with a volume of €380 million contain a change of control clause that includes the special termination right of the relevant bank.

**Number 9:** There are no agreements granting compensation to members of the Managing Board or employees in the event of a takeover bid.