

KRONES Aktiengesellschaft, Neutraubling

Annual general meeting (Virtual AGM) of KRONES AG
on Monday, 17 May 2021, 2:00 pm,
at the business premises of KRONES AG,
Böhmerwaldstrasse 5, 93073 Neutraubling,
Germany.

Report of the **Supervisory Board**



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Ladies and Gentlemen,

The Covid-19 pandemic presented KRONES with exceptional challenges in 2020. Our primary concern was to protect employees, customers and everyone in contact with KRONES. The economic situation was a further focus of attention. Revenue and earnings were down sharply in 2020 due to corona, and it will be some years before business volume for KRONES regains its 'pre-crisis' level. The situation created an ongoing need to act in order to secure the company's future and competitiveness. In close coordination with the Supervisory Board, the Executive Board worked to ensure implementation of the steps to improve profitability already decided in 2019. Further capacity adjustments were also decided upon in 2020. The decision to reduce the workforce was very difficult for KRONES. The Supervisory Board endorses the structural measures and will constantly monitor their implementation and the status quo.

Advice and oversight

The Supervisory Board of KRONES AG continuously monitor and advised the Executive Board during the 2020 financial year, as prescribed by the German Stock Corporation Act and the company's articles of association, and discharged its responsibilities with due care. Provisions of the German Stock Corporation Act and the German Corporate Governance Code concerning the Executive Board's reporting obligations to the Supervisory Board were complied with at all times. The Executive Board regularly informed the Supervisory Board about the company's business and financial situation and risk management in written and oral reports both during and outside of Supervisory Board meetings. With regard to decisions of particular significance to KRONES AG and

the Group, the Supervisory Board was informed and involved by the Executive Board at an early stage. The Chairman of the Supervisory Board and the Chief Executive Officer in particular maintained regular contact between meetings. In that connection, they jointly discussed matters of corporate strategy, current business performance, the risk situation, risk management and compliance.

A focus of the Supervisory Board's work in 2020 was the impact of the Covid-19 pandemic on KRONES' revenue and earnings performance, as well as cost-cutting measures. Structural measures focused among other things on adjusting workforce capacity to the decreased business volume. The Supervisory Board also coordinated in-depth on corporate strategy.

Changes in membership of the Supervisory Board

There was a change in the membership of the Supervisory Board in 2020 on the employee side. Deputy Chairman of the Supervisory Board Werner Schrödl entered the non-working phase of partial retirement and consequently stepped down from the Supervisory Board with effect from 1 July 2020. The workforce elected Markus Hüttner to succeed Mr. Schrödl on the Supervisory Board. Josef Weitzer was elected by the Supervisory Board as the new Deputy Chairman of the Supervisory Board.

KRONES supports Supervisory Board members on their appointment and during training and professional development measures. In financial year 2020, the members of the Supervisory Board were briefed with comprehensive information on the new German Corporate Governance Code and on the Act Implementing the Second Shareholder Rights Directive (SRD II).

No conflicts of interest

According to recommendation E.1 of the German Corporate Governance Code, each member of the Supervisory Board is required to disclose conflicts of interest to the Chairman of the Supervisory Board without delay. No conflicts of interest were disclosed in the reporting period.

Attendance at Supervisory Board meetings

In total, six regular Supervisory Board meetings were held in 2020. At some meetings, the Executive Board attended in a guest capacity. As a rule, however, the Supervisory Board met without the Executive Board. In accordance with Recommendation D.8 of the German Corporate Governance Code, we provide the following information on meeting attendance by individual members of the Supervisory Board:

Supervisory Board member	Number of meetings	Meetings attended
Volker Kronseder	6	6
Werner Schrödl (until 30 June 2020)	2	2
Dr. phil. Verena Di Pasquale	6	6
Robert Friedmann	6	6
Klaus Gerlach	6	6
Oliver Grober	6	6
Thomas Hiltl	6	6
Markus Hüttner (from 1 July 2020)	4	4
Norman Kronseder	6	6
Prof. Dr. jur. Susanne Nonnast	6	6
Beate Eva Maria Pöpperl	6	6
Norbert Samhammer	6	6
Petra Schadeberg-Herrmann	6	5
Jürgen Scholz	6	6
Hans-Jürgen Thaus	6	6
Josef Weitzer	6	6
Matthias Winkler	6	6

Supervisory Board meeting reports

The first meeting of the Supervisory Board took place on March 18. A representative of KRONES' auditors attended for a portion of the meeting as a guest. Chief Finance Officer Norbert Broger provided the Supervisory Board with a presentation of the highlights and how key figures developed in the 2019 financial year. The auditor then gave the Supervisory Board a detailed explanation of the audit engagement together with the focal points of the audit of the 2019 annual financial statements and provided a detailed overview of the audit. Questions from the Supervisory Board were answered by the auditor in full. The Supervisory Board then ratified the annual financial statements and management report of KRONES AG and approved the consolidated financial statements and consolidated management report. Further topics of the first Supervisory Board meeting included the new German Corporate Governance Code and the government's draft act for implementing the second Shareholder Rights Directive (SRD II). In addition, the Chairman of the Supervisory Board presented the agenda for the 2020 Annual General Meeting to the Supervisory Board. The Supervisory Board then adopted the agenda. In the report on business performance, the Executive Board informed the Supervisory Board about the current business environment and KRONES' business development. He also went over the key corona measures.

The Supervisory Board convened for its second, constitutive meeting after the virtual Annual General Meeting on 18 May. Supervisory Board Chairman Volker Kronseder bade farewell to long-term member Werner Schrödl, who entered the non-working phase of partial retirement with effect from 1 July 2020 and consequently stepped down from the Supervisory Board. Volker Kronseder thanked Werner Schrödl for a good and successful working relationship over many years. Mr. Schrödl had been on the Supervisory Board as an employee representative since 2005 and Deputy Chairman of the Supervisory Board since 2007. The Supervisory Board unanimously elected Josef

Weitzer as the new Deputy Chairman of the Supervisory Board with effect from 1 July 2020. Markus Hüttner was elected by the workforce to the Supervisory Board as a new member to succeed Werner Schrödl. As part of the Executive Board's report, the Executive Board informed the Supervisory Board about the impact of the corona crisis on the global economy and KRONES' customers. He also outlined current business developments and the key figures for the first quarter of 2020.

The third meeting of the Supervisory Board in the 2020 financial year took place on 22 July. Under the "Supervisory Board and Executive Board Matters" agenda item, the Supervisory Board adopted amendments to the rules of procedure of the Supervisory Board and Executive Board. Chief Executive Officer Christoph Klenk reported at the meeting on implementation of the measures to improve earnings adopted in 2019 and went into the challenges of the Covid-19 pandemic. As part of the business report, the members of the Executive Board in charge of the various units informed the Supervisory Board about the effects of corona and the current situation. A further major topic at the meeting comprised the impacts of the pandemic on the global economy and KRONES' customers, together with possible scenarios and their implications for the company. In the same connection, the Supervisory Board also consulted on any necessary capacity adjustments.

On 27 October, the Supervisory Board held its fourth meeting of 2020. An outside expert explained to the Supervisory Board the requirements for reviewing the system of Executive Board remuneration in accordance with the Act Implementing the Second Shareholder Rights Directive (SRD II). She also presented the individual components of the new remuneration system. Chief Executive Officer Christoph Klenk presented the "Saving the Future", "Designing the Future" programme to the Supervisory Board, together with the action areas

within the programme. In addition, the members of the Executive Board each informed the Supervisory Board about the operating environment, the current situation, the results of the customer survey and strategic measures in their respective executive portfolios. A further topic related to target setting and the timescale for the voluntary workforce reduction programme.

The fifth meeting of the Supervisory Board in 2020 took place on 8 December. Strategy was the main item on the agenda. The Executive Board provided the Supervisory Board with an explanation of future customer needs and the resulting product innovations and business models. In addition, the Executive Board outlined potential adjustments to structures and processes.

At the sixth meeting of the Supervisory Board on 9 December, the Supervisory Board addressed the Declaration of Compliance pursuant to section 161 of the German Stock Corporation Act. A further agenda item was the remuneration system for the Executive Board in accordance with the second Shareholder Rights Directive (SRD II). In this connection, an outside expert informed the Supervisory Board about details of revisions to the current remuneration system. Another item on the agenda was the report of the Audit and Risk Management Committee addressing the topics of risk management, internal auditing and compliance. Committee Chairman Hans-Jürgen Thaus explained the subject matter of the committee meeting of 18 November 2020. The Executive Board then presented the economic report to the Supervisory Board, together with the annual and capital expenditure budget for 2021.

The work of the Audit and Risk Management Committee

The Audit and Risk Management Committee consists of Supervisory Board Chairman Volker Kronseder, Werner Schrödl (until 30 June 2020), Norman Kronseder, Hans-Jürgen Thaus, Josef Weitzer, Jürgen Scholz and Markus Hüttner

(from 1 July 2020). Its Chairman is Hans-Jürgen Thaus. The Audit and Risk Management Committee oversees the company's accounting and financial reporting, the audit of the financial statements and other reporting, and prepares related proposals for Supervisory Board resolutions. In addition, the committee prepares the Supervisory Board's review of the annual financial statements, the management report and the auditor's report for the separate and consolidated financial statements, and makes recommendations.

Furthermore, the Audit and Risk Management Committee monitors the effectiveness of the internal control system, the risk management system and the compliance system.

The Audit and Risk Management Committee held three meetings in 2020. In accordance with Recommendation D.8 of the German Corporate Governance Code, we provide the following information on meeting attendance by individual members of the Audit and Risk Management Committee:

Committee member	Number of meetings	Meetings attended
Volker Kronseder	3	3
Werner Schrödl (until 30 June 2020)	2	2
Markus Hüttner (from 1 July 2020)	1	1
Norman Kronseder	3	3
Jürgen Scholz	3	3
Hans-Jürgen Thaus	3	3
Josef Weitzer	3	3

In its first meeting on 12 March, the committee primarily prepared the Supervisory Board meeting held to ratify the financial statements. Chief Finance Officer Norbert Broger explained the key figures for 2019, both for the KRONES Group and for KRONES AG. A representative of KRONES' auditors then informed

the committee in detail about the scope, content and focal points of the audit. The members of the Audit and Risk Management Committee unanimously agreed to recommend that the Supervisory Board ratify the annual financial statements and management report of KRONES AG for the 2019 financial year and approve the consolidated financial statements and consolidated management report for 2019. Also at its first meeting, the committee consulted on the non-financial report. The committee members passed a resolution recommending that the Supervisory Board ratify the report.

On May 18, the Audit and Risk Management Committee met to elect the committee's deputy chairperson. The previous deputy chairman, Werner Schrödl, entered the non-working phase of partial retirement and consequently stepped down from the committee on 1 July 2020. The committee members unanimously elected Josef Weitzer as the new deputy chairman with effect from 1 July 2020. Likewise with effect from 1 July 2020, Markus Hüttner joined as a new member of the Audit and Risk Management Committee.

The third meeting of the Audit and Risk Management Committee took place on 18 November. At that meeting, the heads of Controlling, Internal Audit and Compliance informed the members of the committee in detail about the current risk situation, internal audit and compliance management.

The work of the Standing Committee

The Standing Committee consists of Werner Schrödl (until 30 June 2020), Josef Weitzer, Markus Hüttner (from 1 July 2020), Norman Kronseder and Volker Kronseder. It is chaired by Volker Kronseder. The committee generally deals with all other topics that are outside the remit of the Audit and Risk Management Committee. These include, for example, human resources strategy and Executive Board and Supervisory Board remuneration. The Standing Committee did not meet in 2020.

Supervisory Board agrees with audit results

The annual financial statements of KRONES Aktiengesellschaft prepared by the Executive Board, the consolidated financial statements, the management report of KRONES AG and the group management report for the period ended 31 December 2020 were examined by the auditors elected by the annual general meeting, ERNST & YOUNG GMBH Wirtschaftsprüfungsgesellschaft, and each issued with an unqualified audit report. The audited annual financial statements and consolidated financial statements, the management report of KRONES AG and the consolidated management report for the period ended 31 December 2020 were duly submitted to all members of the Supervisory Board for review. The audited financial statements and management reports were the subject of the Supervisory Board meeting held to ratify the financial statements on 24 March 2021. Representatives of the auditing firm also participated in the meeting and informed the Supervisory Board of their audit results and the focal points of their audit.

The Supervisory Board noted and approved the audit results. No objections were raised following the final review by the Supervisory Board, which covered in particular the matters described in the auditor's audit report including the audit procedures. The Supervisory Board has ratified the annual financial statements of KRONES AG and approved the consolidated financial statements as well as the Executive Board's proposal for the appropriation of earnings available for distribution. The 2020 annual financial statements of KRONES AG are thus ratified.

The auditors included in their audit the Executive Board's report, in accordance with section 312 of the German Stock Corporation Act, on KRONES AG's relations to affiliated companies and submitted their audit report to the Supervisory Board. The audit by the auditors did not give rise to any objections. The auditor issued the following unqualified audit opinion on the dependency report:

"Based on our due audit and assessment, we confirm that

1. the statements as to fact made in the report are accurate,
2. the consideration given by the company in respect of the legal transactions referred to in the report was not unreasonably high."

The audit of the report in accordance with section 312 of the German Stock Corporation Act on KRONES AG's relations to affiliated companies did not give rise to any objections. The Supervisory Board therefore agreed with the results of the audit by the auditors. Following the final outcome of its own review, the Supervisory Board did not raise any objections to the Executive Board's concluding declaration on relations with affiliated companies.

In addition to the statutory audit, ERNST & YOUNG GMBH Wirtschaftsprüfungsgesellschaft also performed a limited assurance review of the separate combined non-financial report of KRONES AG and the Group for the period from 1 January to 31 December 2020. On the basis of that review, the auditor did not raise any objections to the non-financial report and fulfilment of the statutory requirements relating to it.

Thanks to the Executive Board and the workforce

The Covid-19 pandemic made 2020 a very challenging financial year for the entire KRONES team. The members of the Supervisory Board would like to thank the Executive Board and all of the company's employees for their dedicated work under sometimes difficult conditions.

Neutraubling, March 2021

The Supervisory Board



Volker Kronseder
Chairman of the Supervisory Board