

Declaration of Conformity 2017

CropEnergies AG

On 13 November 2017, the executive board and the supervisory board of CropEnergies AG, Mannheim, adopted the resolution to issue the following Declaration of Conformity regarding the German Corporate Governance Code, in accordance with Section 161 of the German Stock Corporation Act (AktG):

CropEnergies AG complied with the recommendations of the “Government Commission German Corporate Governance Code” in the Code version of 5 May 2015 and will comply in future with the recommendations set forth in the Code version of 7 February 2017, but with the following exceptions:

Paragraph 4.1.3 (compliance, whistleblower system):

The compliance system of CropEnergies AG will be enhanced by a whistleblower system by the end of 2017, which shall provide employees and third parties with the opportunity to report any breach or non-compliance with statutory obligations that occur within the company to the corporate management via a protected electronic whistleblower system. Since the technical implementation is still pending, a deviation of paragraph 4.1.3 sentence 3 is indicated as a precaution.

Paragraph 4.2.2 (vertical comparison of executive remuneration):

The supervisory board is charged with assessing the appropriateness of the executive board's remuneration. In doing so, it takes into consideration the company's salary and wage structure. The supervisory board's view is that the formal procedure recommended in paragraph 4.2.2, item 2, clause 3 is superfluous, since it would not improve the quality of its decisions.

Paragraph 4.2.3, item 4 (severance cap in contractual agreements with board members):

The contracts of employment with the members of the executive board do not contain a severance cap. We do not see a necessity for this in future, either, especially since there are significant legal reservations against such contract clauses.

Paragraphs 4.2.4 and 4.2.5 (individualised remuneration of board members):

The general shareholders' meeting of CropEnergies AG most recently resolved on 12 July 2016 to waive individualised disclosure of management earnings for a period of five years. The company therefore does not disclose executive board members' individual remuneration in its compensation report.

Paragraph 5.3.2 sentence 3 (autonomy of the audit committee chairman):

Mr. Thomas Kölbl is chairman of the audit committee. He is simultaneously a member of the executive board of Südzucker AG, which holds a majority interest in CropEnergies AG. In our view, it makes sense that a majority shareholder is appropriately represented on the supervisory board of a company and its committees. It is our conviction that it is in the interests of the company and all its shareholders for Mr. Kölbl to exercise this office as audit committee chairman.

Paragraph 5.4.1 item 2 (goals for composition of the supervisory board):

A regular limit of length of membership on the supervisory board is not specified. This facilitates continuity and the preservation of long-term experience in the supervisory board in the interest of the company.

Paragraph 5.4.6 (remuneration of supervisory board members):

Our company's Articles of Incorporation foresee a results-related supervisory board remuneration oriented to dividends (see paragraph 5.4.6, item 2, clause 2). We believe that especially the concurrence with the interests of the shareholders speaks in favour of this structure.

We disclose the supervisory board's remuneration according to fixed remuneration and results-related components as a total (see paragraph 5.4.6, item 3). In our view, the privacy violations associated with the disclosure of remuneration on an individual basis cannot be reasonably justified by any benefits there may be from this kind of practice. Accordingly, the Corporate Governance Report, Appendix and Management Report contain no individualised disclosures of supervisory board remunerations and no segmentation.