

Declaration of Compliance 2020

On 9 November 2020, the executive board and the supervisory board of CropEnergies AG adopted the resolution to issue the following Declaration of Compliance regarding the German Corporate Governance Code (the "GCGC") in accordance with Section 161 of the German Stock Corporation Act (AktG):

I. Period of applicability of the GCGC as amended on 7 February 2017

Since the last Declaration of Compliance of 11 November 2019, CropEnergies AG has complied with the recommendations of the "Government Commission German Corporate Governance Code" in the Code version dated 7 February 2017 with the following exceptions:

Paragraph 4.2.2 (vertical comparison of executive board remuneration):

The supervisory board is charged with assessing the appropriateness of the executive board's remuneration. In doing so, it also 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 items 4 and 5 (severance payment cap in the contracts of executive board members):

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

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

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

Paragraph 5.3.2 clause 3 (independence of the audit committee chairman):

Thomas Kölbl is chairman of the audit committee. At the same time, he is 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 Thomas Kölbl to exercise this office as audit committee chairman.

Paragraph 5.4.1, item 2 (goals for the 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 provide for a performance-related supervisory board remuneration oriented to the dividends paid (see paragraph 5.4.6, item 2, clause 2). In particular, the concurrence with the interests of the shareholders speaks in favour of this structure. We disclose the supervisory board's total remuneration broken down into fixed remuneration and performance-related component (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, Notes and Management Report contain no individualised disclosure of supervisory board remuneration.

II. Period since the entry into force of the revised version of the GCGC of 16 December 2019

Since the GCGC in the version of 16 December 2019 entered into force upon publication in the official section of the Federal Gazette on 20 March 2020, CropEnergies AG has complied with the recommendations of the "Government Commission German Corporate Governance Code" in the Code version of 16 December 2019 and will comply with the recommendations in the future, in each case with the following exceptions:

Recommendation B.2 (description of long-term succession planning):

The supervisory board of CropEnergies AG, together with the executive board, deals with long-term personnel planning at executive board level and with succession planning. This procedure is not described in the current Declaration on Corporate Governance for the 2019/2020 financial year, as the GCGC in the version dated 7 February 2017 did not contain any recommendation in this respect. It is planned to include the description in the next corporate governance statement for the 2020/2021 financial year.

Recommendation C.3 (disclosure of the length of service on the supervisory board):

The length of service of the members of the supervisory board of CropEnergies AG is being disclosed since November 2020.

Recommendation C.7 (independence of supervisory board members):

More than half of the shareholder representatives on the supervisory board of CropEnergies AG are board members of Südzucker AG, which holds a majority stake in CropEnergies AG and has significant business relationships with CropEnergies AG. Any resulting conflicts of interest are taken into account by taking appropriate measures in individual cases. We are convinced that the majority representation of the majority shareholder on the supervisory board is appropriate and in the interests of the company and all shareholders.

Recommendation C.10 and Recommendation D.4 (independence of the chairman of the audit committee):

Thomas Kölbl is chairman of the audit committee. At the same time, he is 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 Thomas Kölbl to exercise this office as audit committee chairman.

Recommendation G.1 (structure of the remuneration system), Recommendation G.2 (determination of target and maximum total remuneration), Recommendation G.3 (peer group comparison), Recommendation G.4 (vertical comparison of executive board remuneration), Recommendation G.6 (ratio of variable remuneration components), Recommendation G.7 (performance criteria for variable remuneration components), Recommendation G.9 (determination of remuneration components according to achievement of objectives), Recommendation G.10 (structure of long-term variable remuneration), Recommendation G.11 (claw-back), Recommendation G.13 (severance payment cap), Recommendation G.15 (crediting of remuneration of executive board members for supervisory board mandates within the group) and Recommendation G.16 (acceptance of non-group supervisory board mandates):

The supervisory board of CropEnergies AG will prepare and resolve a remuneration system for the members of the executive board in accordance with § 87a German Stock Corporation Act, which is to be submitted to the 2021 annual general meeting for approval. At the time this Declaration of Compliance was issued, CropEnergies AG did not comply with the above-mentioned recommendations of the GCGC and, as a precautionary measure, also declares a deviation for the future, as the future remuneration system for the members of the executive board is currently not yet decided.

Recommendation G.18 (orientation of performance-related remuneration):

Our company's Articles of Incorporation provide – in addition to a fixed remuneration – for a performance-related supervisory board remuneration oriented to the dividends paid. We believe that especially the concurrence with the interests of the shareholders speaks in favour of this structure. We disclose the supervisory board's total remuneration broken down into fixed remuneration and performance-related component.