

VERBIO Vereinigte BioEnergie AG

Corporate governance declaration and corporate governance report for the financial year 2019/2020 (from July 1, 2019 to June 30, 2020)

Report on corporate governance by the Management and Supervisory Boards pursuant to § 161 of the Stock Corporation Act (Aktiengesetz – AktG) and principle 22 of the German Corporate Governance Code (Deutscher Corporate Governance Kodex – DCGK) in the version dated December 16, 2019 and § 289 f German Commercial Law (Handelsgesetzbuch – HGB) on corporate governance.

The work of the management and supervisory bodies of VERBIO Vereinigte BioEnergie AG (VERBIO) is based on ethical principles and individuals taking responsibility for their behaviour, and is driven by the principles of responsible, transparent and value-driven corporate governance. In doing so, the management and supervision of the Company is designed to ensure the Company's long-term success, to be achieved by following sustainable value-added policies. The Company follows the appropriate legal obligations and the recommendations of the German Corporate Governance Code (Deutscher Corporate Governance Kodex – DCGK) in its current revised version. In addition to issuing internal Group guidelines, which provide details of the application of corporate governance principles, VERBIO communicates about the development of the Company's business in a transparent, comprehensive and timely manner.

Management and Supervision of the Group

VERBIO is a Company constituted under German law. The Company has three governing bodies: the annual general meeting, the Management Board and the Supervisory Board. Their functions and powers are primarily defined by the Stock Corporation Act and the articles of association. A basic requirement of German stock corporation law is the application of the dual management system. Under this system the Management Board is responsible for the management of the Company, and the Supervisory Board has a supervisory function. VERBIO has a Management Board consisting of four members (five members from July 1, 2020), and a Supervisory Board consisting of three members. In addition, a replacement member of the Supervisory Board has been appointed. VERBIO's Management and Supervisory Boards have a close and trusting working relationship, and their objective is to increase the value of the Company for its shareholders on a sustainable basis.

Management Board

In accordance with the articles of association, the Management Board of VERBIO shall consist of at least two members, and their areas of responsibility shall in all cases be allocated on a department-by-department basis.

At June 30, 2020 the Management Board of VERBIO consisted of four members. This was increased to five members from July 1, 2020. The members of the Management Board are jointly responsible for the management of the Company. The Management Board manages the Company with the objective of generating sustainable added value. This is done by the Management Board under its own responsibility and in the interests of the Company – that is, taking account of the interests of the Company's shareholders, employees, customers and other groups associated with the business (stakeholders). The same applies to the determination of the Company's objectives and strategy.

The Management Board develops the Company's strategic plan, agrees this with the Supervisory Board, and is responsible for its implementation. It discusses the progress of its implementation with the Supervisory Board on a regular basis. In addition, it is responsible for the efficient management of risks and risk controlling, as well as meeting obligations set out by law and by internal guidelines, and takes measures to ensure they are respected by Group companies (compliance).

In making appointments to management positions the Management Board pays attention to diversity in a manner consistent with the positioning and the industrial sector structure of the Company. A target of 25 percent was set by the Management Board for female participation in the first management level on June 20, 2017, to be achieved by June 30, 2022. This target has been achieved. It was and is still not necessary to set a quota for female participation in the second management level as VERBIO acts in a purely holding company function with a flat management structure, so that there is only one relevant management level (management with personnel and management responsibility) below the Management Board.

The Supervisory Board has provided the Management Board with internal rules of procedure which describe the allocation of responsibilities between the members of the Management Board, the scope of the responsibilities reserved for the Management Board as a whole, the required majority votes necessary to approve Management Board resolutions, and a catalogue of transactions requiring prior approval. The catalogue of transactions which require prior approval includes decisions and measures which have a significant effect on the net assets, financial position or results of operations of the Company, as well as transactions between VERBIO group companies and members of the Management Board or their related persons or entities. The normal retirement age set out in the internal rules of procedure for members of the Management Board is 67 years of age. No current members of the Management Board exceed this age limit.

The Chief Executive Officer coordinates the work of the Management Board. He chairs the meetings of the Management Board, which usually meets every fourteen days. All significant decisions and measures are discussed at these meetings. Resolutions are approved with a simple majority of actual votes cast unless the articles of association or the rules of procedure state otherwise. In the event of a tied vote, the Chief Executive Officer shall have the casting vote.

The Management Board provides the Supervisory Board with comprehensive information in good time and on a regular basis, both orally and in writing, in the form of board reports and meeting documents regarding all matters of importance for the Company and the Group, in particular concerning business trends, business planning, fundamental questions regarding

company strategy, the profitability of the business and the course of business, as well as the risk situation including risk management and relevant topics regarding compliance. In addition, the Management Board reports on transactions which are of particular significance to the Company's profitability or liquidity. The Management Board provides detailed information on variances between the course of business and the business plans and objectives. The reasons for the variances, as well as the measures taken in response to them, are discussed with the Supervisory Board. When significant events occur the Chairman of the Supervisory Board informs the Supervisory Board and, if necessary, an extraordinary meeting of the Supervisory Board is convened. The Chief Executive Officer maintains regular contact with the Chairman of the Supervisory Board between the dates of the meetings held by the Supervisory Board.

Supervisory Board

In accordance with the Company's articles of association, the VERBIO Supervisory Board consists of three members.

The Supervisory Board elects a Chairman and a Vice-Chairman from among its members. The primary task of the Supervisory Board is to appoint the Members of the Management Board, to supervise their management of the Company, and to advise them in their management role. It is involved in all decisions which are of fundamental importance to VERBIO. The Supervisory Board has established internal rules of procedure, which are based on both the legal requirements and the recommendations of the DCGK. Detailed information on the work of the Supervisory Board in the financial year 2019/2020 is included in the Report from the Supervisory Board (annual report 2019/2020).

The Chairman of the Supervisory Board coordinates the work of the Supervisory Board, manages their meetings and is responsible for external matters concerning the Supervisory Board. Within reason, he is available to enter into discussions with investors about specific issues concerning the Supervisory Board.

The Supervisory Board decides, based on the legal requirements and on the requirements of the articles of association, on the number of the members of the Management Board, the qualifications necessary, as well as the appointment of appropriate persons to the individual positions. It is required to take account of diversity when making appointments to the Management Board, and to set a target for female participation. The Supervisory Board pays primary attention to the competence and qualification of the individual candidates. In doing so, the objective of increasing diversity in the Management Board is of secondary importance. The Supervisory Board is of the opinion that VERBIO's success is evidence that the current management team has proved its competence in this regard. For this reason, the appointments of the members of the Management Board holding office at June 30, 2020 have been extended prematurely, with an extension of their terms until June 30, 2025. In addition, Stefan Schreiber was appointed as an additional member of the Management Board for a term of three years with responsibility for North America, with effect from July 1, 2020. There has been and continues to be no question of changing the composition of the Management Board for the sole purpose of increasing the female participation ratio. Also, in future the Supervisory Board wishes to continue to select candidates, male or female, who possess

the necessary qualifications and personal integrity and, in its opinion, are most suited to the position, irrespective of their gender. Accordingly, at its meeting held on May 8, 2017 the Supervisory Board set a target for female participation in the Management Board up until June 30, 2022 of maintaining the status quo – that is, a zero percent target.

The members of the Supervisory Board have the required knowledge, skills and professional experience to be able to carry out the work assigned to them. The current election period of the Supervisory Board terminates at the end of the annual general meeting which approves the activities of the Board for the financial year 2019/2020. Elections to the Supervisory Board are conducted on an individual basis. The members of the Supervisory Board ensure that they have sufficient time available for the performance of the duties expected of them. The Supervisory Board obtains assurances that candidates for new election presented to the annual general meeting as potential members of the Supervisory Board have sufficient time available for the performance of the duties expected of them. Only persons who have not completed their 75th year of age are eligible for proposal for election to the Supervisory Board.

The Supervisory Board set a target of 33 percent female participation in the Supervisory Board at its meeting held on May 8, 2017, with an implementation period of up to and including June 30, 2022. As the Supervisory Board already consists of one female and two male members, this target has already been met.

The Supervisory Board shall state specific objectives for its composition and prepare a competence profile for the board as a whole. In doing so, the Supervisory Board shall take account of diversity. The composition of VERBIO's Supervisory Board should be determined based on the interests of the Company and should ensure the Management Board is provided with effective supervision and advice. Accordingly, candidates for election proposed at the annual general meeting are selected by the Supervisory Board based on their technical competence and experience; again, increasing diversity is of secondary importance.

The Supervisory Board audits the efficiency of its work using a self-evaluation questionnaire on a regular basis. The results are examined in a meeting on an anonymous basis and the potential for improvements are discussed. The last examination was performed in the financial year 2017/2018 in line with the planned cycle. A repeat audit of the efficiency of the work performed by the Supervisory Board is planned for the first half of the financial year 2020/2021.

The members of the Supervisory Board are individually responsible for taking part in training and further education, with appropriate support from VERBIO.

As the Supervisory Board currently consists of only three members, it has not created any sub-committees.

Independence of board members

Potential conflicts of interest are avoided in advance by ensuring that members of the Supervisory and Management Boards disclose any possible conflicts of interest to the members of

the Boards as a whole, abstain from involvement in relevant matters, and abstain from votes on resolutions on such subjects.

The Supervisory Board has established independence rules as part of its internal rules of procedure. None of the members of the Supervisory Board has a private or business relationship with VERBIO or its management bodies which could give rise to a conflict of interest. Further, none of the members is a member of a corporate management body of, or has accepted an advisory function with, a significant competitor to VERBIO. VERBIO has no controlling shareholder whose relationship to a member of the Supervisory Board could endanger his or her independence.

Alexander von Witzleben and Dr. Georg Pollert were considered independent members under the previous version of the DCGK. In accordance with recommendation C.7 of the current DCGK, when determining whether a member of the Supervisory Board is independent it is also necessary to consider whether the member was a member of the Management Board within the two years prior to his appointment to the Supervisory Board, or whether the member has been a member of the Supervisory Board for a period exceeding 12 years. Dr. Georg Pollert joined the Supervisory Board from the Management Board in May 2011. Alexander von Witzleben has been a member of the Supervisory Board for a period exceeding 12 years. VERBIO is convinced that Dr. Georg Pollert and Alexander von Witzleben perform their tasks as they have done in the past, and that they will continue to contribute technical and financial/commercial skills. Their previous roles as members of the Management Board and their terms of office as members of the Supervisory Board play minor roles in comparison. Accordingly, in VERBIO's view, both members remain independent, and the Supervisory Board wholly consists of members of members who are appropriately independent.

Claus Sauter and Bernd Sauter, both members of the Management Board in the reporting period, held office as the directors of companies with which VERBIO has commercial relationships. The transactions with these companies were entered into on arm's length terms and conditions. VERBIO is of the opinion that these activities do not affect the independence of Claus Sauter and Bernd Sauter as members of the Management Board.

The remaining members of the Management Board and natural persons related to them have not entered into any significant transactions with VERBIO or its subsidiary entities. Transactions with companies related to members of the Management Board were conducted in accordance with standards typical in the industry and are disclosed in full in the Notes to the consolidated financial statements 2019/2020 in section 12.2 "Disclosures concerning related persons and entities".

The members of the Management Board only accept secondary employment after receiving the prior approval of the Supervisory Board. No members of the Management Board have held a position as a member of a Supervisory Board of a third-party company listed on a stock exchange, or in a supervisory committee of a third-party company with a similar role, in the financial year 2019/2020.

Share dealings of members of the Management and Supervisory Board (Managers' transactions)

In accordance with Art. 19 of the European Market Abuse Directive (Marktmissbrauchsverordnung – MAR), persons with management responsibilities as well as those closely related to such persons are subject to notification and disclosure requirements requiring them to disclose to the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin) and to the Company any purchases and sales of shares in the Company, or of instruments based on such shares, when the sum of such transactions within the period of one calendar year amounts to or exceeds the amount of EUR 5,000. In accordance with the applicable statutory requirements such transactions are made public by VERBIO and communicated to the Federal Financial Supervisory Authority (BaFin) without delay.

No notifications in accordance with Art. 19 MAR have been submitted to us concerning reportable purchases or sales in the financial year 2019/2020 of shares in VERBIO AG or of instruments based on such shares by members of the Management Board, Supervisory Board, other persons with management responsibilities and persons related to those members and persons.

The total interests attributable to all members of the Management and Supervisory Boards are presented in the annual report 2019/2020 in the section “The VERBIO share”.

Transparency in communications

Transparency is an essential part of ensuring good corporate governance. Accordingly, our communication with the capital market and with the interested public is aimed at ensuring that all target groups are provided with comprehensive information on an equal and timely basis on the development of the Group and the acts of corporate governance, thereby providing the best possible quality of valuation-relevant information. We provide details of regular events such as the date of the annual general meeting or the date of publication of financial reports in the form of a financial calendar, which is published in the annual report, in the half-year financial reports, in the quarterly statements and on the Company's website.

Shareholders and other interested parties can also inform themselves about current developments at the Group by referring to our website. All editions of our Corporate News and the ad hoc reports issued by VERBIO AG are available at www.verbio.de in both German and English on a timely basis, within the time frame recommended by the DCGK. The Company's articles of association can also be accessed on the website together with the rules of procedure for the Supervisory Board, annual reports, half-year financial reports, quarterly statements and company presentations.

Announcements made by VERBIO are published in the Federal Gazette, as required by law. The annual financial statements are published annually in September, and are presented at a financial reporting press and analysts' conference. In addition, the VERBIO management hosts individual meetings with analysts and investors.

Insider information (ad hoc publications), voting rights notifications and security transactions entered into by members of the Management and Supervisory Boards, as well as by persons closely related to them (Managers' transactions), are announced by VERBIO AG in accordance with the statutory regulations. These can also be viewed on the Company's website www.verbio.de.

Annual general meeting

At the annual general meeting the shareholders of VERBIO make use of their rights, in particular their rights to information and their voting rights, in accordance with statutory requirements and the Company's articles of association; the annual general meeting is chaired by the Chairman of the Supervisory Board in accordance with the articles. The annual general meeting is held once each year within eight months of the end of each financial year. The annual general meeting is responsible for resolutions concerning certain issues as specified in law with a binding effect on VERBIO and on all its shareholders, among other things the application of retained profits, capital measures, changes to the articles of association, the approval of business contracts, the ratification of the actions of the Supervisory and Management Boards as well as the appointment of the auditor.

Shareholders can exercise their voting rights at the annual general meeting either personally, by appointing a power of attorney of their choice, or by instructing a proxy appointed by the Company to vote on their behalf in accordance with their instructions. Each share entitles its holder to one vote. All shareholders are entitled to participate in the annual general meeting, to comment on the respective agenda matters, and to request information on VERBIO's affairs to the extent that it is necessary in order to make an assessment of a matter included on the agenda.

VERBIO publishes the invitation to the annual general meeting, all documents relevant for the meeting agenda, and reports and information needed for the resolutions in accordance with the relevant company law requirements. In addition, these documents are made available on the Company's website; the voting results on the individual topics are also published on the website without delay following the completion of the annual general meeting.

Financial loss and liability insurance

VERBIO has entered into financial loss and liability insurance (known as D&O insurance) for the benefit of the members of the Management and Supervisory Boards. The insurance covers personal legal liability in the event that claims for financial losses are made against members of the Management and Supervisory Board as well as certain other members of management in connection with their activities. In accordance with the legal requirements under § 93 (2) AktG, the excess (or deductible) to be borne by members of the Management Board is 10 percent of the damages incurred, limited to one and half times the fixed annual remuneration of the respective members of the Management Board. A corresponding excess is agreed for members of the Supervisory Board in accordance with the recommendations of the DCGK.

Own shares

VERBIO does not hold any of its own shares at the balance sheet date.

Under a shareholders' resolution approved at the annual general meeting of shareholders held on February 1, 2019, the Management Board is authorised, subject to the approval of the Supervisory Board, to acquire own shares representing up to 10 percent of the share capital (EUR 63,000 thousand). This approval, which is valid until January 31, 2024, may not be used for the purpose of trading in the Company's own shares.

Remuneration report

VERBIO discloses the amounts and structure of the remuneration payable to members of the Management Board under the remuneration system in force until June 30, 2020 in the remuneration report, which is part of the audited Group management report for the financial year 2019/2020. The remuneration system primarily includes, in addition to the determination of an annual fixed remuneration, benefits in kind and a variable remuneration component, which is in turn divided into an annual bonus and a long-term bonus. The variable remuneration is adjusted in accordance with the requirements of § 87 (1) (3) AktG. It is dependent on the achievement of commercial objectives, primarily based on a multi-year assessment basis. A portion of the variable remuneration, the annual bonus, can only be paid when the relevant positive business results are achieved. In this way the remuneration structure is aimed at promoting the sustained development of the business.

The principles and recommendations for the remuneration system which are required by law from 2021 in accordance with § 87 a AktG included in the German Corporate Governance Code in the version dated December 16, 2019 published on March 20, 2020 have been already incorporated in the contracts of the members of the Management Board valid from July 1, 2020. The Supervisory and Management Boards will therefore propose an amendment to and adjustment of the remuneration of the Management Board based on the changes to the recommendations in the 2020 code to the annual general meeting to be held on January 29, 2021.

On January 29, 2016 the annual general meeting of VERBIO resolved that the details of the remuneration and other agreed and paid benefits of each member of the Management Board for a period of five years – i.e. for the annual financial statements for the financial years from 2015/2016 to 2019/2020 inclusively – shall not be disclosed, either in the Company's annual financial statements or in the consolidated financial statements ("opt-out resolution"). Accordingly, the remuneration report does not include disclosure of the remuneration attributable to individual members of the Management Board.

The total amounts of remuneration payable to the members of the Management Board are disclosed in section 12.4 of the Notes to the consolidated financial statements, "Executive bodies and executive remuneration".

The new legal requirements in effect since January 1, 2020 under the Shareholder Rights Directive Implementation Act (Aktionärsrechterichtlinienumsetzungsgesetzes – ARUG II) are in close connection with the changes to the German Stock Corporation Act. VERBIO makes use of the transitional arrangements in the Act in accordance with § 26 j (2) of the Stock Corporation (Implementation) Act (Einführungsgesetz zum Aktiengesetz – EGAktG). VERBIO will prepare the remuneration report required in accordance with § 262 AktG, which shall include reports on both the principles of the remuneration system and the amounts of remuneration paid to members of the Management and Supervisory Boards in accordance with the transitional arrangements under § 26 j (2) of the Stock Corporation (Implementation) Act for the first time for the financial year 2021/2022.

Supervision and risk management system

Continuous and systematic management of commercial opportunities and risks is of fundamental importance in ensuring VERBIO's professional corporate governance. It contributes to being able to identify risks early and to their evaluation and, where necessary, to taking timely measures to counter those risks. The Management Board reports to the Supervisory Board on existing risks and their developments on a regular basis.

VERBIO develops its risk management system further on an ongoing basis, amending it in response to changing framework conditions. Detailed information on risk management is presented in the opportunities and risk report, which is included in the Group management report. This includes the report on the internal control system of the Company related to financial reporting, as required by the Balance Sheet Modernisation Act (Bilanzrechtsmodernisierungsgesetz – BilMoG). The risk management system established by the Management Board is subject to the assessment of the auditors as part of their annual audit of the financial statements.

In addition, VERBIO maintains an insider list as required under Art.18 MAR. The affected persons were informed of their legal obligations under Art.17 et seq. MAR, and of penalties in accordance with § 30 and § 31 MAR respectively.

Compliance

For VERBIO, compliance is an essential basis of successful and sustainable business. It is intended to ensure that the Company, its management committees and its employees behave in accordance with the relevant legal requirements. The objectives are to ensure that employees and members of management are aware of compliance issues, and to promote responsible behaviour.

VERBIO places a high priority on its Corporate Governance and compliance. The German Corporate Governance Code describes compliance as the responsibility of the Management Board to take measures to ensure compliance with the provisions of law, and that the Group's internal policies are complied with.

VERBIO places a high value on having a group-wide compliance structure which is binding on all employees and members of management, and which is subject to an ongoing improvement process. The compliance activities are focussed on cartel legislation, corruption and fraud prevention, and data protection.

The compliance officer coordinates and manages the implementation of compliance measures. The compliance committee is responsible for consensus-building, for enabling an exchange of experience, and for the ongoing development of the structures needed for an effective compliance management system. The committee consists of the compliance officer and the respective responsible employees, who are responsible for their specific subject areas on an independent basis.

VERBIO works to improve the compliance programme on an ongoing basis in order to address the demands and compliance risks arising from changes in the business and regulatory environment, the Group's global business activities and the development of the business in an effective and appropriate manner.

The Management and Supervisory Boards are informed about the status of developments in the compliance programme on a regular basis, including the associated measures taken to communicate issues, concerning training programmes and concerning revisions to the existing rules of conduct.

Financial reporting and audit

The consolidated financial statements and the interim consolidated reports are prepared in accordance with International Financial Reporting Standards (IFRS). The annual statutory financial statements of VERBIO are prepared in accordance with German Commercial Law (Handelsgesetzbuch – HGB). The annual financial statements of VERBIO and the Group's consolidated financial statements have been prepared by the Management Board, audited by the Company's auditor and approved and adopted, respectively, by the Supervisory Board. The consolidated financial statements are published within ninety days of the end of the financial year, and half-year financial reports and interim statements are published for public inspection within forty-five days of the respective quarter-end.

The annual general meeting held on January 31, 2020 approved the proposal made by the Supervisory Board to appoint KPMG AG Wirtschaftsprüfungsgesellschaft, Leipzig as auditor for the annual financial statements and the consolidated financial statements for the financial year 2019/2020. The auditor informed the Supervisory Board without delay concerning all significant findings and results which have become known to them during the course of the audit. KPMG confirmed its independence in writing to the Supervisory Board on September 20, 2019. In accordance with the requirements of the German Corporate Governance Code, the auditor is required to inform the Supervisory Board and to describe in its audit report any findings revealed in the course of performing its audit which indicate any inaccuracy in the declaration of conformity issued by the Management and Supervisory Boards in accordance with § 161 AktG. No such findings arose during the audit for the financial year 2019/2020.

Implementation of the German Corporate Governance Code

The Governmental Commission appointed by the German Justice Minister in September 2001 approved the German Corporate Governance Code on February 26, 2002; the code has been provided with a legal basis through the declaration of conformity pursuant to § 161 AktG.

The German Corporate Governance Code is intended to make the rules governing corporate governance and supervision in Germany transparent for national and international investors, in order to increase trust in the management of German companies.

Under § 161 AktG the Management Board and the Supervisory Board of VERBIO Vereinigte BioEnergie AG are obliged to issue an annual declaration of conformity with the recommendations of the Governmental Commission on the German Corporate Governance Code.

The current declaration of conformity is published on the Company's website (www.verbio.de) together with the declarations of conformity for the last five years.

Corporate governance stands for responsible corporate leadership and supervision, designed to ensure that corporations are managed and organised in such a way that they generate long-term added value. The management of VERBIO complies with the applicable legal obligations, and, with a few exceptions, the additional recommendations of the German Corporate Governance Code (Deutscher Corporate Governance Kodex – DCGK).

The Management and Supervisory Boards of VERBIO issued the following declaration of conformity with the German Corporate Governance Code in accordance with § 161 AktG on September 18, 2020:

Wording of the Declaration of Conformity

“The Management Board and the Supervisory Board hereby declare that VERBIO Vereinigte BioEnergie AG, since its last Declaration of Conformity which was issued on September 20, 2019, has complied with the recommendations of the Governmental Commission on the German Corporate Governance Code in the version dated February 7, 2017 (published in the German Federal Gazette on April 24, 2017 and in the amended version on May 19, 2017 – “GCGK 2017”) until the publication of the recommendations of the Governmental Commission on the German Corporate Governance Code in the version dated December 16, 2019 on March 20, 2020, with the exception of the matters noted under 1.) below.

The Management and Supervisory Boards also declare that VERBIO Vereinigte BioEnergie AG has, and will continue to comply with the Governmental Commission on the German Corporate Governance Code in the version dated December 16, 2019 (published in the German Federal Gazette on March 20, 2020 – “GCGK 2020”) with the exception of the matters described under 2.) below.

1.) Exceptions from the recommendations of the Governmental Commission DCGK 2017

Section 4.1.3 of the DCGK recommends that a whistle-blower system be established as part of a Company's Compliance Management System. In the opinion of the Company, the disadvantages of such a system outweigh the advantages it confers. In addition, a whistle-blower system is not appropriate for the Company in view of the manageable scale of the Company and its flat hierarchical structure. Should there be indications of contraventions of law, VERBIO employees are able to speak to the compliance officer or compliance representatives in confidence, or to contact the Management Board or the Supervisory Board directly.

Sections 4.2.4 and 4.2.5 of the DCGK recommend the disclosure of the total remuneration of each member of the Management Board, including the name of the respective member and the split of the remuneration in fixed and variable elements. In the Company's view, the advantages of such disclosure for the general public and for investors are not of such significance that the associated disadvantages – including for the privacy of the individual members of the Company's corporate boards – should be disregarded. The remuneration of the Management Board has been disclosed in accordance with the legal requirements in accordance with the "opt-out" resolution approved at the shareholders' meeting held on January 29, 2016. As a result, in accordance with the statutory requirements set out in § 286 (5) (1) HGB and § 314 (3) (1) HGB, the required disclosures of the individual remuneration of the members of the Management Board for the financial years 2015/2016 to 2019/2020 inclusive are not made in the Company's annual and consolidated financial statements; the same applies to the use of the illustrative template tables attached to the DCGK. The disclosures recommended under section 4.2.5 sentences 5 and 6 of the DCGK will not be made for as long as the opt-out resolution of the shareholder's' meeting is in force. Accordingly, the remuneration report does not include disclosure of the remuneration attributable to individual members of the Management Board.

Section 5.1.2 of the DCGK provides that the Supervisory Board give attention to diversity in the composition of the Management Board. Furthermore, according to **Section 5.4.1** of the DCGK the Supervisory Board must specify concrete objectives regarding its composition which, while considering the specifics of the Company, take into account the Company's international activities, potential conflicts of interest, the number of independent members of the Supervisory Board, an age limit to be specified for membership of the Supervisory Board, and a regular limit of length of membership to be specified for the members of the Supervisory Board, as well as diversity. The Company's opinion is that these criteria are not adequate grounds for making a difference to the appointment of Management Board members and the election of Supervisory Board members. The Company considers that when making appointments to the Management Board, the Supervisory Board should pay primary attention to the competence and qualification of the candidates. The objective of increasing diversity in the Management Board should be of secondary importance. The composition of the Company's Supervisory Board should be determined based on the interests of the Company and should ensure the Management Board is provided with effective supervision and advice. Accordingly, candidates for election proposed at the annual general meeting are selected by the Supervisory Board based on their technical competence and experience; again, increasing diversity should be of secondary importance.

In addition, **Section 5.1.2** of the DCGK provides that the Supervisory Board sets targets for the proportion of positions on the Management Board to be held by women. It is not planned to set appropriate targets for women to hold positions on the Management Board when making appointments. The Supervisory Board considers it to be appropriate to make appointments to the Management Board based on the personality and competence of the candidate. For this reason, it does not support a quota for women based on equal opportunity grounds alone. Appointments to fill these positions should be made independent of the gender of the candidate so that no advantages or disadvantages accrue to either men or women.

Section 5.3 of the DCGK recommends that the Supervisory Board should establish committees. The Company's Supervisory Board has not, and will not in future, formed committees. The Company's Supervisory Board comprises only three persons, who have the required knowledge and professional experience to be able to carry out the work of the Supervisory Board effectively without the establishment of committees. As there are no committees, there is no additional remuneration paid to members of Supervisory Board committees, the disclosure of which is recommended in Section 5.4.6 (1) (2) of the DCGK.

Section 5.4.1 (2) of the DCGK recommends that the Supervisory Board should prepare a profile of skills and expertise for the entire Board. The members of the Supervisory Board are selected based on the expertise needed when making appointments to that position. The Supervisory Board is of the opinion that skills and expertise in certain specific subject areas are required. On the other hand, given the size of the Company and the size of the Supervisory Board, it is also of the opinion that it is not advisable to adhere to the use of fixed definitions of required skill sets. The use of fixed definitions of formal required skill sets could prevent the Company from making sensible appointments to the Supervisory Board in individual cases.

The recommendations made in **section 5.4.1 (5 – 7)** of the DCGK concerning the disclosure of particular facts and circumstances relating to election candidates that are proposed by the Supervisory Board to the shareholders' meeting are not precise, and the limits and scope of such recommendations are not specific. The Company is of the opinion that compliance with the statutory disclosures required under § 124 (3) (4) and § 125 (1) (5) AktG already provides the information needed by shareholders. The Supervisory Board will comply with all the statutory disclosure requirements provided by law concerning members of the Supervisory Board when presenting candidates to the shareholders' meeting, and will introduce the candidates at the meeting. In addition, shareholders have the opportunity to raise questions concerning the candidates at the shareholders' meeting. In the opinion of the Supervisory Board this provides solid information which is sufficient to make a judgement on proposed candidates. To ensure that there is no uncertainty concerning the legal position when conducting future elections to the Supervisory Board, the Management and Supervisory Boards have made a decision to state that the Company will deviate from this recommendation.

2.) Exceptions from the recommendations of the Governmental Commission DCGK 2020

In accordance with **Recommendation A.1** of the DCGK the Management Board should consider diversity when making appointments to management positions. In the interests of the

Company, candidates for management positions are selected by the Management Board primarily on the basis of their personal and technical abilities and skills; only at a second stage will a candidates' background factors be taken into account in order to avoid general limitations which are contrary to the Company's interests.

Recommendation A.2 of the DCGK recommends that a whistle-blower system be established as part of a Company's Compliance Management System. In the opinion of the Company, the disadvantages of such a system outweigh the advantages it confers. In addition, a whistle-blower system is not appropriate for the Company in view of the manageable scale of the Company and its flat hierarchical structure. Should there be indications of contraventions of law, VERBIO employees are able to speak to the compliance officer or compliance representatives in confidence, or to contact the Management or Supervisory Board directly.

Recommendation B.1 of the DCGK recommends that the Supervisory Board give attention to diversity in the composition of the Management Board. The Company's opinion is that this criterion is not an adequate ground for making an appointment to the Management Board. The Supervisory Board considers the specific competence and qualification of the candidates to be of primary importance when making appointments to the Management Board. The objective of increasing diversity in the Management Board should be of secondary importance.

Recommendation B.2 of the DCGK recommends that the Supervisory Board, together with the Management Board, shall ensure that there is a long-term succession plan. The terms of office of the current Management Board were extended for an additional five years only last April, ahead of schedule. In addition, a new member of the Management Board with responsibility for North America was appointed for a term of three years. Now that the Company has obtained long-term commitments from the members of the Management Board and taking account of the overall age of the members of the Management Board, the Supervisory Board will consider succession planning as part of its regular work schedule.

In accordance with **Recommendation C.1** the Supervisory Board shall state specific objectives for its composition and prepare a competence profile for the board as a whole. In addition, the Supervisory Board shall take account of diversity. The composition of the Company's Supervisory Board should be determined based on the interests of the Company and should ensure the Management Board is provided with effective supervision and advice. Accordingly, candidates for election proposed at the annual general meeting are selected by the Supervisory Board based on their technical competence and experience. Increasing diversity is of secondary importance here.

Recommendations D.1 to D.5 of the DCGK recommend that the Supervisory Board should establish committees. The Company's Supervisory Board has not, and will not in future, formed committees. The Company's Supervisory Board comprises only three persons, who have the required knowledge and professional experience to be able to carry out the work of the Supervisory Board effectively without the establishment of committees. All issues arising can be considered and dealt with appropriately by the board as a whole. As there are no committees, there is no additional remuneration paid to members of Supervisory Board committees, the disclosure of which is recommended in **Recommendation G.17** of the DCGK.

Recommendation D.7 of the DCGK recommends that the Supervisory Board shall meet regularly, including holding meetings without the presence of the Management Board. The

Supervisory Board usually holds its meetings together with the members of the Management Board, as both boards are of the opinion that this is the best way to ensure that information is exchanged and to hold discussions on matters concerning the Company. At the initiation of the Chairman of the Supervisory Board parts of the meetings are regularly held without the Management Board should he or another member of the Supervisory Board request that this should be the case.

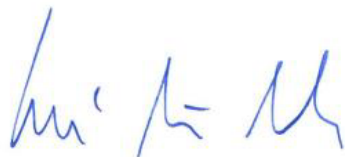
In accordance with **Recommendation D.11** of the DCGK the audit committee shall conduct an evaluation of the quality of the audit on a regular basis. As the Supervisory Board does not form sub-committees (see the explanations concerning principle 14 of the DCGK) the quality of the audit is evaluated by the board as a whole.

Recommendation G.10 of the DCGK provides that the members of the Management Board shall have access to the long-term variable remuneration awarded only after a period of four years. Under the rules of the new employment contracts for the existing members of the Management Board, priority is given to payment of the long-term bonus in shares. The long-term bonus is paid after three years. For shares, there is a vesting period of one year. Accordingly, for the existing members of the Management Board, the recommendation is complied with only when the bonus is paid in the form of shares. In the employment contract of Stefan Schreiber, the new member of the Management Board, no bonus is paid in shares due to the fact that his first appointment is for an initial period of three years, and accordingly there is no vesting period. Under this arrangement Stefan Schreiber will have access to his bonus after three years. In this case the payment deferral is one year less than the minimum time limit.”

VERBIO Vereinigte BioEnergie AG

Leipzig, September 18, 2020

For the Supervisory Board



Alexander von Witzleben
Chairman of the Supervisory Board

For the Management Board



Claus Sauter
Chief Executive Officer