

## **VERBIO Vereinigte BioEnergie AG**

### **Joint declaration of the Management and Supervisory Boards of VERBIO Vereinigte BioEnergie AG on the recommendations of the “Governmental Commission on the German Corporate Governance Code” in accordance with § 161 AktG**

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 Vereinigte BioEnergie AG complies with the applicable legal obligations and also, with a few exceptions, with the additional recommendations of the Governmental Commission on the German Corporate Governance Code (Deutscher Corporate Governance Kodex – DCGK).

The Management and Supervisory Boards of VERBIO Vereinigte BioEnergie AG, Zörbig issued the following declaration of conformity with the German Corporate Governance Code in accordance with § 161 AktG on September 22, 2017:

“The Management Board and the Supervisory Board of VERBIO Vereinigte BioEnergie AG (VERBIO) hereby declare, in accordance with Section 161 of the German Stock Corporation Act (Aktiengesetz – AktG), that VERBIO has met and will in future continue to meet the recommendations of the ‘Governmental Commission on the German Corporate Governance Code’ announced by the Federal Ministry of Justice in the official section of the German Federal Gazette in the version dated February 7, 2017, with the following exceptions:

**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 speak to members of the Management Board in person.

**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 shareholders are not of such significance that the associated disadvantages – including the impact on the privacy of the individual members of the Company’s corporate boards – should be disregarded. In accordance with the “opt-out” resolution approved at the shareholders’ meeting held on 29 January 2016 the remuneration of the Management Board has been disclosed in accordance with the legal requirements. Accordingly, in accordance with the legal requirements, the disclosures made in the annual and consolidated financial statements for the financial years 2015/2016 to 2019/2020 (inclusive) do not include an analysis of the remuneration by individual Management Board member. 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 shareholders’ 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 gives 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 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 only. Appointments to fill these positions should be made independent of the gender of the candidate so that no advantages or disadvantages accrue either to 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 also will not in future, establish 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-matters is required. On the other hand, given the size of the Company and the size of the Supervisory Board, it is 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 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) of the German Stock Corporation Act (Aktiengesetz – AktG) and § 125 (1) (5) AktG already provide 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 put questions to 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 vary this recommendation.

In accordance with **Section 5.4.6 (1) (2)** of the DCGK the positions of Chairman and Vice-Chairman of the Supervisory Board and the position of Chairman of committees and membership of such committees should be reflected in the remuneration paid to Supervisory Board members. In contrast to the function-specific, significantly higher workload of the Chairman of the Supervisory Board, the workload of the Vice-Chairman does not differ significantly from the workload of the other members. Accordingly, no additional remuneration is paid to the Vice-Chairman of the Supervisory Board."

VERBIO Vereinigte BioEnergie AG

Leipzig, September 22, 2017

For the Supervisory Board

Alexander von Witzleben  
Chairman of the Supervisory Board

For the Management Board

Claus Sauter  
Chairman of the Management Board