

Declaration of Conformity

pursuant to Sec. 161 AktG [*German Stock Corporation Act*]

The Board of Management and the Supervisory Board of BayWa AG made the last declaration of conformity pursuant to Sec. 161 AktG on 6 November 2019. The Board of Management and the Supervisory Board of BayWa AG declare that the recommendations of the “Government Commission German Corporate Governance Code” in the version of 16 December 2019 (announced in the Federal Gazette on 20 March 2020, hereinafter “GCGC”) have been and will be complied with, with the exception of the following:

1. Recommendation B.5

Contrary to the recommendation in section B.5, the Supervisory Board will not set an age limit for members of the Board of Management and will thus not indicate this in the Corporate Governance Statement. BayWa AG reviews the performance and competence of its board members on a regular basis. However, age is not indicative of the performance of a current or potential board member. BayWa AG does therefore not consider rigid age limits sensible, as they also restrict flexibility in personnel decisions and the number of possible candidates.

2. Recommendation C.2

BayWa AG will also not set an age limit for members of the Supervisory Board and will thus not indicate this in the Corporate Governance Statement, contrary to the recommendations in section C.2. BayWa AG reviews the performance and competence of its board members on a regular basis. Age is not indicative of the performance of a current or potential board member. BayWa AG wishes to continue to rely on the expertise of experienced and accomplished Supervisory Board members. That is why BayWa AG does not consider rigid age limits sensible.

3. Recommendation C.1 Sentences 1, 3 and 4

In section C.1 sentence 1, the Code recommends the determination of specific objectives for the composition of the Supervisory Board, and the preparation of a profile of skills and expertise for the full Board. According to section C.1 sentence 3, proposals by the Supervisory Board to the General Meeting of Shareholders are to take such objectives into account while simultaneously aiming to fulfil the overall profile of required skills and expertise of the full Board.

Section C.1 sentence 4 recommends publishing the implementation status in the Corporate Governance Statement. BayWa AG will not formulate a specific objective or prepare a profile of skills and expertise for the entire Board. At BayWa AG, we believe that the professional qualification of the candidates for the Supervisory Board they have gained through experience is an essential criterion for accepting a seat on the Supervisory Board and thus for the composition of the Supervisory Board overall.

4. Recommendation C.4

This recommendation provides that a member of the Supervisory Board should not accept more than a total of five Supervisory Board mandates at listed non-group companies or comparable functions, with an appointment as Chair of the Supervisory Board being counted twice. In the year 2018, the Supervisory Board of BayWa AG includes elected members who exceed the standardised limit. The Company does not wish to lose the expertise of these Supervisory Board members.

5. Recommendation C.10 Sentence 1, alternatives 1 and 3

The chairperson of the Supervisory Board as well as the chairperson of the committee dealing with the remuneration of the Board of Management are to be independent from the Company and the Board of Management. According to recommendation C.7, paragraph 2, bullet point 4, a member of the Board is no longer independent if he/she has been a member for more than twelve years.

BayWa AG's Chief Executive Officer, who is also the chairman of the committee in charge of Board of Management remuneration, has been a member of the Supervisory Board for more than 12 years. It is unclear for BayWa AG to what extent the time of membership alone is supposed to affect independence. BayWa AG remains sceptical of upper limits for the time spent as a member of the Supervisory Board, since the Company wishes to continue to rely on the expertise of experienced and accomplished Supervisory Board members.

6. Recommendation D.7

Section D.7 provides for regular meetings of the Supervisory Board without the Board of Management. BayWa AG does not consider it appropriate to provide for periodic intervals for meetings of the Supervisory Board without the Board of Managements for reasons of efficiency. Instead, the Supervisory Board will retain the existing rule of meeting without the Board of Management if necessary, in accordance with section 3.6 paragraph 2 GCGC 2017.

7. Recommendation G.7 Sentence 1

According to recommendation G.7 sentence 1, the performance criteria for all variable components of the remuneration for Board of Management members are to be mainly geared to strategic objectives. The Code does not define what strategic objectives are as opposed to operative objectives. From the perspective of BayWa AG, a clear distinction is not possible. What is more, clear strategic objectives can often not be defined unambiguously. The Supervisory Board does not want to be restricted in defining objectives and wishes to avoid unnecessary discussions about distinctions.

8. Recommendation G.10

According to recommendation G.10, variable remuneration granted to members of the Board of Management is to be predominantly invested in Company shares or to be granted predominantly as share-based remuneration. Any variable remuneration components that have been granted are not to be accessible to the Board of Management member until after a period of four years. BayWa AG does not consider the share price a direct indicator of a remuneration policy that aims at a sustainable and long-term performance development. The administrative burden associated with this recommendation and the risks imposed on each Board of Management member with regard to insider-trading make this provision impracticable. Long-term variable remuneration components are disbursed to all members of BayWa AG's Board of Management over a period of three years; BayWa AG considers this time line customary and appropriate.

9. Recommendation G.12

According to recommendation G.12, if a Board of Management member's contract is terminated, the disbursement of any remaining variable remuneration components attributable to the period up until contract termination is to be based on the originally agreed targets and comparison parameters, and on the due dates or holding periods stipulated in the contract. Upon resignation, a member of the Board of Management loses the ability to influence the Company's business success. The Board of Management and the Company are intent on processing the contract swiftly. The employment contracts of all members of the Board of Management contain provisions according to which, if the Board member leaves the Company, any balance is to be disbursed in full and any repayments are to be made in full. From the perspective of BayWa AG, this provision is well-balanced in existing contracts.

10. Recommendation G.15

If Board of Management members are also members of intra-group Supervisory Boards, the corresponding remuneration is to be credited according to recommendation G.15. The fixed remuneration of the members of BayWa AG's Board of Management generally also covers any work for affiliated companies. Board of Management members only receive additional remuneration for specific, particularly complex mandates.

Munich, 11 November 2020

BayWa Aktiengesellschaft

The Board of Management

The Supervisory Board