

# Corporate Governance Report

## Statement on Corporate Governance pursuant to Section 289f of the German Commercial Code (HGB)

The Board of Management and the Supervisory Board of BayWa AG report on the management and supervision of the company in this declaration, drawn up pursuant to Section 289f of the German Commercial Code (HGB) and Principle 22 of the German Corporate Governance Code. The Declaration of Conformity has been made permanently available on [www.baywa.com](http://www.baywa.com) under the Corporate Governance heading.

The Board of Management and the Supervisory Board of BayWa AG are committed to good corporate governance. It is the conviction of the Board of Management and the Supervisory Board that responsible management of the company, geared to the long term, in accordance with good and transparent corporate governance, contributes to sustainably raising the company's value and fostering the trust of investors, financial markets, business partners, employees and the public at large.

## Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG)

The Board of Management and the Supervisory Board of BayWa AG declared on 9 November 2022 that the recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated 28 April 2022 (published in the German Federal Gazette on 27 June 2022; hereinafter referred to as the "GCGC") have been and will be complied with, with the exception of the following deviations. The declaration preceding this declaration was submitted by the Board of Management and Supervisory Board of BayWa AG on 9 November 2021.

### 1 Recommendation B.5

Contrary to the recommendations in Code Item B.5, the Supervisory Board has not set an age limit for members of the Board of Management and therefore makes no such disclosure in the Statement of Corporate Governance. BayWa AG reviews the ability to perform and the competence of its board members on an ongoing basis. Age, however, is not indicative of the ability of a current or potential member of said body to perform their duties. For this reason, BayWa AG does not consider fixed age limits expedient, also because such limits restrict flexibility in respect of personnel decisions and the number of potential candidates.

### 2 Recommendation C.1 sentence 1, 4 and 5

In Code Item C.1 sentence 1, the GCGC recommends the specification of concrete objectives and a profile of skills and expertise for the composition of the Supervisory Board as a whole. Pursuant to Code Item C.1 sentence 4, proposals by the Supervisory Board to the Annual General Meeting shall take these targets into account while simultaneously aiming at fulfilling the overall profile of required skills and expertise of the Supervisory Board. Code Item C.1 sentence 5 recommends disclosing the status of implementation in the form of a qualification matrix in the Statement on Corporate Governance. BayWa AG has not established concrete objectives and has not specified a profile of skills and expertise or a qualification matrix for the Board as a whole. BayWa AG believes that potential Supervisory Board members' professional, experience-based qualifications are the primary criteria for the assumption of a Supervisory Board mandate and therefore also for the composition of the Supervisory Board as a whole.

### 3 Recommendation C.2

Contrary to the recommendations in Code Item C.2, BayWa AG has also not set an age limit for members of the Supervisory Board and therefore makes no such disclosure in the Statement of Corporate Governance. BayWa AG reviews the ability to perform and the competence of its board members on an ongoing basis. Age is not indicative of the ability of a current or potential member of said body to perform their duties. Furthermore, the expertise of experienced and proven Supervisory Board members ought to be available to BayWa AG. For this reason, BayWa AG does not consider fixed age limits to be expedient.

### 4 Recommendation C.4

Pursuant to this recommendation, a Supervisory Board member shall not accept more than five Supervisory Board mandates at non-Group listed companies or comparable functions, with an appointment as Chairman of the Supervisory Board being counted twice.

In 2018, the Supervisory Board of BayWa AG had elected members who exceeded the standardised target. The company would not like to do without the expertise of these Supervisory Board members.

#### **5 Recommendation C.10 sentence 1 1st and 3rd alternative**

The Chairman of the Supervisory Board and the Chairman of the committee that addresses Board of Management remuneration shall be independent from the company and the Board of Management. Pursuant to Recommendation C.7 para. 2 item 4, independence is not granted if a Supervisory Board member has belonged to the body for more than 12 years.

The Supervisory Board Chairman of BayWa AG, who is also the Chairman of the committee that addresses Board of Management remuneration, has served on the Supervisory Board for more than 12 years. For BayWa AG, it is incomprehensible how length of service in and of itself is supposed to influence independence. BayWa AG remains fundamentally sceptical with regard to upper limits on terms of service on the Supervisory Board; the company should be able to take advantage of the expertise of experienced and proven Supervisory Board members.

#### **6 Recommendation D.6**

Code Item D.6 provides for regular Supervisory Board meetings without the Board of Management. For reasons of efficiency, BayWa AG does not consider it appropriate to require the Supervisory Board to meet without the Board of Management at periodic intervals. Instead, the Supervisory Board continues to comply with the rule allowing it to meet without the Board of Management as necessary in accordance with Code Item 3.6 para. 2 GCGC 2017.

#### **7 Recommendation G.7 sentence 1**

Pursuant to Recommendation G.7 sentence 1, the performance criteria covering all variable remuneration components for members of the Board of Management shall be geared mainly to strategic goals. The GCGC does not define the difference between strategic goals and operating targets. Ultimately, a clear differentiation is also not at all possible from BayWa AG's perspective. Furthermore, it is often not possible to unambiguously define clear strategic goals, leaving them largely open to interpretation. The Supervisory Board does not wish to be restricted in defining the goals and would like to avoid unnecessary debate regarding differentiation.

#### **8 Recommendation G.10**

Pursuant to Recommendation G.10, Board of Management members' long-term variable remuneration shall be predominantly invested in company shares by the respective Board of Management member or shall be granted predominantly as share-based remuneration. Granted long-term variable remuneration components shall be accessible to Board of Management members only after a period of four years. BayWa AG does not believe that the share price is a direct indicator of a remuneration policy geared towards sustainable and long-term performance development. The administrative effort associated with the recommendation and the insider-trading risks imposed on the members of the Board of Management make this rule impracticable. All members of the BayWa AG Board of Management receive long-term variable remuneration components over a period of three years; BayWa AG considers this period of time to be customary and appropriate.

#### **9 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 shall, pursuant to Recommendation G.12, be based on the originally agreed targets and comparison parameters, and on the due dates or holding periods stipulated in the contract. Upon stepping down, a member of the Board of Management loses the ability to influence the success of the business. The Board of Management and company are interested in settling the contract quickly. The Board of Management employment contracts of all Board of Management members contain clauses stipulating that claims are to be paid out in full or that repayments are to be made in full when a member steps down from the Board of Management. From BayWa AG's perspective, this rule is balanced in existing contracts.

#### **10 Recommendation G.15**

If Board of Management members are also members of intra-Group Supervisory Boards, then the remuneration shall, pursuant to Recommendation G.15, be taken into account. Fundamentally speaking, all activities on behalf of companies affiliated with the Group are remunerated with the fixed salary of the BayWa AG Board of Management members. Board of Management members receive additional remuneration only for individual mandates requiring a particularly large investment of time and effort.

Munich, 9 November 2022  
**BayWa Aktiengesellschaft**

The Board of Management      The Supervisory Board

## Management and control structure of the company

### The Board of Management and the Supervisory Board

As a company with its principal place of business in Munich, Germany, BayWa AG is subject to the provisions laid down under German law. The executive and supervisory bodies consisting of the Board of Management and the Supervisory Board form the dual-tier management and control structure in accordance with the provisions under German stock corporation law. The Board of Management and the Supervisory Board work closely together in the interest of the company. Their joint goal is to ensure the company's continued existence and sustained value.

### The Board of Management's duties and practices

As at 31 December 2022, the Board of Management of BayWa AG consisted of four members. It is independently responsible for running the company, developing the corporate and sustainability strategies, agreeing them with the Supervisory Board and ensuring that they are implemented. On 31 March 2023, Prof. Klaus Josef Lutz will step down as Chief Executive Officer after having been involved in the operational management of BayWa AG for 15 years. In line with the succession planning, the Supervisory Board of BayWa AG appointed the Board of Management member Marcus Pöllinger as the new Chief Executive Officer of BayWa AG on 23 March 2022, and appointed Dr. Marlen Wienert as a member of the Board of Management on 9 November 2022, with effect from 1 April 2023.

The Board of Management is responsible for the company's annual and multi-year planning as well as for the preparation of the interim reports and the annual and consolidated financial statements. It ensures that legal provisions, official rules and regulations as well as the company's internal guidelines are observed, and it works towards the Group's compliance with them. In accordance with legal provisions, the Board of Management reports to the Supervisory Board regularly, promptly and comprehensively on all relevant issues pertaining to strategy and planning; the development of business; the assets, financial position and earnings; the risk situation; risk management and compliance. The Supervisory Board is directly involved in all decisions of fundamental importance for the company. Furthermore, such decisions are subject to approval by the Supervisory Board. The Board of Management ensures that there is open and transparent communication within the company.

The Board of Management manages the company's business under its own responsibility. The principle of joint responsibility applies, meaning that the members of the Board of Management jointly bear the responsibility for the managing of the company. Each Board member is assigned certain tasks to be specifically handled under the allocation of duties plan (Geschäftsverteilungsplan). Certain decisions, especially those requiring the Supervisory Board's approval or for which the Board of Management is responsible under the law or the Articles of Association, are reserved for the entire Board of Management under the bylaws. Moreover, a resolution must also be obtained from the entire Board of Management in respect of matters which have been submitted to the Board of Management by the Chairman or by a Board member.

Meetings of the Board of Management usually take place every two weeks, or at least once a month. They are convened by the Chairman of the Board of Management. The Chairman also sets the agenda and chairs the meetings. The Board of Management is quorate if all members have been invited and at least half of the Board members, including the Chairman, take part in deciding a resolution. The resolutions of the Board of Management are valid through a simple majority of votes cast. In the event of a tie vote, the Chairman shall have the casting vote. In the event of majority resolutions against the Chairman of the Board of Management, he shall have a right of veto. If this right of veto is exercised, the Supervisory Board Chairman must be notified by the Chairman of the Board of Management without delay. Upon instruction by the Chairman, resolutions can also be passed outside of meetings by way of votes cast in writing, by telephone or electronically.

The Board of Management members are subject to a comprehensive non-competition agreement during their work for the company. They are obliged to act in the interest of the company and may not pursue any personal interests in their decisions. In particular, they may not use business opportunities for the company to their own advantage. They may take on sideline activities, particularly Supervisory Board mandates outside the BayWa Group, only with the approval of the Supervisory Board's Board of Management Committee.

All members of the Board of Management are obliged to disclose any conflicts of interest without delay.

Information about the Board of Management members and curricula vitae of the Board of Management members are available on the company's website at [www.baywa.com](http://www.baywa.com) under Corporate Governance. The remuneration of the Board of Management members is presented in detail in the Remuneration Report. The Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) also contains statements regarding the Board of Management.

## The Supervisory Board's duties and practices

The Supervisory Board of BayWa AG appoints the members of the Board of Management and advises and supervises the Board of Management in its management of the company. The Supervisory Board is made up of 16 members. In accordance with the German Codetermination Act (MitbestG), it is composed in equal parts of representatives of the shareholders and of the employees. The shareholder representatives on the Supervisory Board reviewed the number of independent members on the Supervisory Board on 23 March 2022 and found it to be appropriate. More than half of the shareholder representatives are independent of the company and its Board of Management. The company considers at least Supervisory Board members Wolfgang Altmüller (Chairman of the Audit Committee), Klaus Buchleitner, Monika Hohlmeier, Dr. Johann Lang, Wilhelm Oberhofer, Joachim Rukwied and Monique Surges to be independent within the meaning of the German Corporate Governance Code (GCGC). Only Supervisory Board Chairman Manfred Nüssel has been a member of the Supervisory Board for more than 12 years, making him not independent within the meaning of recommendation C.7 GCGC. For BayWa AG, it is incomprehensible how length of service in and of itself is supposed to influence independence. It has made a statement to this effect in the Declaration of Conformity. In addition, the shareholder representatives on the Supervisory Board passed a resolution on 23 March 2023 stating that they regard all representatives of the shareholders as independent (recommendation C.8 GCGC). There is no controlling shareholder.

There were no personnel changes to the Supervisory Board of BayWa AG in the financial year 2022. Pursuant to Section 102 of the German Stock Corporation Act (AktG), the term of office of the current members of the Supervisory Board ends at the close of the next Annual General Meeting, which is scheduled to be held on 6 June 2023. As a result, the term of office of all employee and shareholder representatives to be elected to the Supervisory Board is therefore expected to begin on 6 June 2023. On 27 October 2022, the Central Election Committee initiated the process for electing the employee representatives to the Supervisory Board. The election of the employee representatives to the Supervisory Board will therefore take place by mid-May 2023 at the latest.

A set of bylaws regulates the tasks of the Supervisory Board, particularly the internal organisation, the activities of the committees and the regulations governing approval by the Supervisory Board for decisions of the Board of Management. The bylaws have been published on the company website at [www.baywa.com](http://www.baywa.com) under Corporate Governance. Meetings of the Supervisory Board take place at least once a quarter and, in addition, whenever necessary for business reasons. Meetings are convened by the Chairman or, if he is prevented from doing so, by the Vice Chairman.

The Supervisory Board must also be convened if one of its members or the Board of Management requests it, stating the reasons. The Supervisory Board only has a quorum if eight members – including the Chairman – or twelve members take part in the meeting and in deciding on the resolution. Resolutions of the Supervisory Board or one of its committees passed in writing, by telegraph, telephone, electronic media or telefax are permitted if the Chairman of the Supervisory Board or, if the resolution concerns one of the committees, the Chairman of that committee or, if he is prevented from doing so, the Vice Chairman has given the requisite instruction. Decisions generally require a simple majority. In the event of a tie vote, the Chairman of the Supervisory Board has a dual voting right in the second round if votes are cast equally again.

The Supervisory Board meets without members of the Board of Management to the extent that this is necessary for independent discussion and decision-making.

A standardised procedure exists for the regular review of how effectively the Supervisory Board as a whole and its committees are discharging their duties. At least every two years, a questionnaire is drawn up in consultation with the Chairman of the Supervisory Board and legal and (if applicable) personnel advisers. The questionnaire is initially evaluated and its findings discussed in detail during a Supervisory Board meeting. Alternatively, a list of questions is drawn up for immediate in-depth discussion during a Supervisory Board meeting. Any measures are adopted as part of this Supervisory Board meeting. To date, the review and assessment process has not revealed any fundamental need for change. Individual suggestions are also dealt with and implemented over the course of the year. All in all, the findings of the review and assessment process confirm that the working relationship is professional and constructive and that meetings are efficiently organised and held within the Supervisory Board and Board of Management.

BayWa AG has taken out D&O insurance for the members of the Board of Management and the Supervisory Board which covers the personal liability risk in the event that financial damages are asserted against board members in the exercising of their duties. There has so far been no deductible for members of the Supervisory Board. BayWa AG has provided for a reasonable deductible on the D&O insurance taken out for members of the Board of Management.

## Committees of the Supervisory Board

BayWa AG's Supervisory Board has set up six committees of experts to enhance the efficiency of its work. The respective committee chairmen report regularly to the Supervisory Board on their committees' work. For full details of the composition of each individual committee, please also see the Report of the Supervisory Board.

The Audit Committee concentrates mainly on the documentation of the independent auditor in respect of auditing the annual and consolidated financial statements and prepares them for adoption by the Supervisory Board. The committee also supervises the accounting process, the annual audit and the effectiveness of the internal control, risk management and audit system, as well as the internal procedures for related party transactions. It checks the auditor's independence and agrees on the key points of the audit and on the fees with the auditor. The Annual General Meeting on 24 May 2022 appointed PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Munich, as the Group auditor for the financial year 2022. The committee is made up of the Chairman of the Supervisory Board, three shareholder representatives and two employee representatives. These are Wolfgang Altmüller (committee chairman), Klaus Buchleitner, Michael Kuffner, Manfred Nüssel, Wilhelm Oberhofer and Werner Waschbichler.

All members of the Audit Committee have expertise in accounting and auditing. Wolfgang Altmüller, Klaus Buchleitner, Manfred Nüssel and Wilhelm Oberhofer have gained such expertise through their work outside the Supervisory Board, with Michael Kuffner and Werner Waschbichler acquiring their skills by way of long-standing memberships on the Supervisory Board. In accordance with recommendation D.3 GCGC, the company names Wolfgang Altmüller as a member with special knowledge in the field of auditing and Wilhelm Oberhofer as a member with special knowledge in the field of accounting. Wolfgang Altmüller has an MBA and was additionally trained as an association auditor. His professional career includes several years auditing documents such as annual financial statements as a trained association auditor. Having also been Chairman of the Board of Directors of VR meine Raiffeisenbank eG and meine Volksbank Raiffeisenbank eG for many years, he is familiar with and experienced in applying special know-how associated with the application of audits, accounting rules and internal control and risk management systems, including sustainability reporting.

Wilhelm Oberhofer is an association auditor and tax advisor, and therefore has particular expertise in the field of accounting. As a long-serving member of the Board of Directors of Raiffeisenbank Kempten-Oberallgäu eG, he is not only responsible for the bank's internal audits, but is also generally familiar with and experienced in applying special know-how associated with the application of accounting rules, internal control and risk management systems, including sustainability reporting, as well as audits.

The Board of Management Committee concerns itself with personnel matters affecting the Board of Management, such as the content of Board member contracts and the approval of sideline activities. The Board of Management committee performs the preparatory work for the determination of the remuneration paid to the individual Board of Management members, as well as their short- and long-term targets. The committee regularly reviews the term of the contracts and prepares contract extensions and amendments if necessary. The committee discusses issues related to succession planning with the Chief Executive Officer on a regular basis, or at least once a year. The committee is composed of the Chairman of the Supervisory Board as well as one shareholder representative and one employee representative. These are Manfred Nüssel (committee chairman), Wolfgang Altmüller and Werner Waschbichler.

The Strategy Committee is concerned with the preparation of Supervisory Board meetings. Moreover, the committee monitors and supervises the company's strategic orientation as well as the implementation of current company projects. It is composed of the Chairman of the Supervisory Board, three shareholder representatives and three employee representatives. These are Manfred Nüssel (committee chairman), Theo Bergmann, Michael Kuffner, Dr. Johann Lang, Wilhelm Oberhofer, Joachim Rukwied and Werner Waschbichler.

The Lending and Investment Committee deals with the financing measures requiring approval by the Supervisory Board and supervises the investment activities. It is composed of the Chairman of the Supervisory Board, three shareholder representatives and three employee representatives. These are Manfred Nüssel (committee chairman), Ingrid Halbritter, Jürgen Hahnemann, Monika Hohlmeier, Dr. Johann Lang, Bernhard Loy and Monique Surges.

The Nomination Committee is tasked with preparing the proposals of the Supervisory Board for the election of shareholder representatives to the Supervisory Board by the Annual General Meeting. It is composed of the Chairman of the Supervisory Board and two shareholder representatives. These are Manfred Nüssel (committee chairman), Dr. Johann Lang and Wilhelm Oberhofer.

Under the German Codetermination Act (MitbestG), the Mediation Committee, anchored in the law, only meets if, during the voting process on the appointment or dismissal of a member of the Board of Management, the required two-thirds majority of the votes by the Supervisory Board is not attained in the first round of voting. It is composed of the Chairman of the Supervisory Board, one further shareholder representative and two employee representatives. These are Manfred Nüssel (committee chairman), Monika Hohlmeier, Michael Kuffner and Werner Waschbichler.

The committees' practices are set out in the Articles of Association and in the bylaws of the Supervisory Board. Furthermore, the Supervisory Board may entrust one or more of its members with special control functions.

More information on the activities of the Supervisory Board and its committees in the financial year 2022 can be found in the Report of the Supervisory Board.

Information about the Supervisory Board members and curricula vitae of the Supervisory Board members are also available on the company's website at [www.baywa.com](http://www.baywa.com) under Corporate Governance. The length of service on the Supervisory Board and further mandates are also disclosed in the curricula vitae. The remuneration of the Supervisory Board members is presented in detail in the Remuneration Report. The Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) also contains statements regarding the Supervisory Board.

## Shareholders and the Annual General Meeting

The organisation and execution of BayWa AG's Annual General Meeting of Shareholders is carried out with the aim of informing all shareholders swiftly and extensively before and during the event. All shareholders listed in the share register (Aktienregister) and who have registered in due time are entitled to participate. BayWa AG offers its shareholders the possibility of having their vote exercised in accordance with their personal instructions by a voting proxy appointed by the company. The Annual General Meeting decides, among other things, on the appropriation of profit, the approval of the actions of the Board of Management and Supervisory Board as well as the nomination of the auditor. Decisions on changes to the Articles of Association and on measures that may change the share capital are exclusively reserved for the Annual General Meeting, with the exception of the use of authorised capital by the administration. The share capital of BayWa AG is divided into registered shares with restricted transferability (approximately 97%) and registered shares (approximately 3%). Transferring registered shares with restricted transferability is formally subject to the Board of Management's consent. However, in the past, approval has never been withheld. Each share of BayWa AG carries equal voting rights and confers the same dividend entitlement. The company therefore applies the "one share, one vote, one dividend" principle.

## Securities transactions by the Board of Management and the Supervisory Board (Directors' Dealings)

The members of the Board of Management and the Supervisory Board, and persons close to them, are required to disclose the acquisition and sale of shares in BayWa AG or financial instruments related thereto if the value of such transactions equals or exceeds an amount of €20,000 in a given calendar year. This also applies to certain employees with managerial functions (executive managers, for instance).

Transactions to be disclosed are published on the company website at [www.baywa.com](http://www.baywa.com) under Corporate Governance. No notifications had to be made in 2022.

## Avoidance of conflicts of interest

Under the bylaws of the Board of Management, its members are obliged to disclose any conflicts of interest without delay. Under the bylaws of the Supervisory Board, its members must disclose any conflicts of interest – particularly those that could occur due to consultancy or board functions at customers, suppliers, lenders or other business partners – to the Supervisory Board without delay. Significant conflicts of interest in the person of a Supervisory Board member that are not of a temporary nature should lead to the termination of the mandate.

## Remuneration of the Board of Management and the Supervisory Board

As regards the remuneration of the Board of Management and the Supervisory Board in the financial year 2022, we refer to the Remuneration Report, which can be found on the company's website at [www.baywa.com/en/group/corporate-governance/corporate-governance](http://www.baywa.com/en/group/corporate-governance/corporate-governance).

## Equal participation of women and men in leadership positions

BayWa AG is a publicly listed stock corporation (Aktiengesellschaft) subject to codetermination on the basis of parity. Pursuant to Section 96 para. 2 sentence 1 of the German Stock Corporation Act (AktG), at least 30% of the members of the Supervisory Board must be women and at least 30% of the members of the Supervisory Board must be men at listed companies subject to the German Codetermination Act (MitbestG). The Supervisory Board aims, by mutual agreement, for separate compliance with the gender quota by shareholder and employee representatives. Accordingly, the shareholder representatives objected to overall compliance by way of a unanimous resolution presented to the Chairman of the Supervisory Board pursuant to Section 96 para. 2 sentence 3 of the German Stock Corporation Act (AktG) on 30 March 2016. Pursuant to Article 13 of the Articles of Association and Section 96 para. 1 of the German Stock Corporation Act (AktG) in conjunction with Section 7 para. 1 sentence 1 item 2 of the German Codetermination Act (MitbestG), the Supervisory Board consists of eight shareholders and eight employees. Therefore, both the shareholders and the employees must each appoint at least two women and at least two men to the Supervisory Board to fulfil the minimum percentage of 30% stipulated under Section 96 para. 2 sentence 1 of the

German Stock Corporation Act (AktG). Since the Annual General Meeting on 5 June 2018, the Supervisory Board has a total of four female members, two of whom have been appointed by the shareholders, and two of whom have been appointed by the employees. The minimum percentage of 30% is therefore fulfilled by the shareholder representatives and the employee representatives.

In its meeting on 2 August 2017, the Supervisory Board of BayWa AG reviewed the legal requirement of setting a target for a gender quota for the Board of Management. The Supervisory Board defined a target for women on the Board of Management of 0% by 30 June 2022. At the time, no changes within the existing Board of Management were planned, nor was the creation of a new Board of Management remit.

The entry into force of the German Second Leadership Positions Act (FüPoG II) on 12 August 2021 means that listed stock corporations such as BayWa AG have had to comply with new rules on equal participation since August 2022. In accordance with the new law, which applies Section 76 para. 3a of the German Stock Corporation Act (AktG), boards of management consisting of more than three persons must contain at least one woman and at least one man when a new member is appointed.

By resolution dated 9 November 2022, the Supervisory Board appointed Dr. Marlen Wienert to the Board of Management of BayWa AG with effect from 1 April 2023. As a result, the Board of Management comprises three men and one woman.

As at 30 June 2022, women accounted for 23.3% of the top executive tier at BayWa AG (= 7 female managers) and 22.3% of the second executive tier (= 23 female managers). This means that BayWa AG has met or exceeded the targets it set in the Board of Management resolution dated 27 June 2017 on achieving a quota of 22% for women in the top and second executive tiers. On 27 July 2022, the Board of Management of BayWa AG subsequently set as targets a quota of 24% for women in the top executive tier and a quota of 23.5% for women in the second executive tier, which are scheduled to be met by 30 June 2027.

## Diversity concept

In 2020, BayWa AG adopted an Inclusion & Diversity policy that also applies to the Board of Management and the Supervisory Board. BayWa AG does not pursue a detailed diversity concept strictly focusing on the Supervisory Board and Board of Management. BayWa AG does not believe that strict criteria, quotas or profiles of skills and expertise that restrict flexibility in respect of personnel decisions and the number of potential candidates are expedient with regard to the Supervisory Board and Board of Management. Instead, the Group focuses on professional qualifications and experience. However, BayWa AG does take age and gender – as well as cultural, educational and professional background – into consideration in the proposals on the composition of the Supervisory Board and Board of Management when electing potential Board of Management and Supervisory Board members and strives to achieve the most diverse composition possible. As stated, the professional qualifications and experience obtained through education or occupation are the decisive criteria for BayWa AG for current and potential members of the Board of Management and the Supervisory Board. The Group strives to achieve the greatest possible diversity with regard to further factors such as age and gender if these criteria are met.

## Additional information on management practices

The Code of Conduct of BayWa AG forms the value system for BayWa AG. It is mandatory and applies across the Group to all employees. The Code of Conduct was updated in 2021 and is publicly available on the company's website at [www.baywa.com](http://www.baywa.com). In addition, an internal control system has been set in place to ensure compliance with the law, statutory provisions and internal guidelines, as well as to avoid actions detrimental to business, which includes prevention, monitoring and intervention. Employees have the option of turning to an anonymous whistle-blower system or applying to the external legal counsel mandated by BayWa AG to serve as an ombudsman in the event of occurrences within the company that do not comply with the law or grievances in cooperation with business partners and companies. Third parties also have the option of using the whistle-blower system.

In order to avoid breaches of regulations on the prohibition of insider trading pursuant to Article 14 of the Market Abuse Regulation, BayWa AG appropriately informs all persons who are deemed insiders under the legal provisions about all relevant statutory provisions governing trading in the shares of the company and, at the same time, requests in writing that they confirm in writing that they were informed about all relevant statutory provisions governing trading in the shares of the company. Those persons affiliated with the Group and external service providers that have access to insider information in accordance with their activities and authorisations are included in insider lists that comply with the provisions. In his or her capacity as the person in charge of dealings with insiders, the head of Corporate Legal Projects monitors the proper keeping of the insider lists.

## Other aspects of good corporate governance

### Communication and transparency

BayWa AG communicates regularly and promptly on the development of business, as well as on its assets, financial position and earnings. In order to guarantee an ongoing exchange of information with the capital market, the company holds regular events as part of its investor relations activities featuring the Chief Executive Officer and Chief Financial Officer for analysts and institutional investors in the form of roadshows and individual meetings. Press releases are published and press conferences and conference calls with analysts are held every quarter on business performance. The annual results are released at an Annual Results Press Conference and at an analysts' meeting. All new information disclosed to financial analysts and similar parties in the context of the aforementioned investor relations activities is also made available to the shareholders without delay. All relevant presentations and press releases are promptly published in the Investor Relations section on the website of BayWa AG. BayWa AG places great importance on ensuring that all shareholders are treated equally with regard to information.

The dates of the main recurring publications (inter alia the Consolidated Financial Statements) and the date of the Annual General Meeting are published in the financial calendar in good time. Current developments are reported in press releases and, if necessary, in ad hoc releases. All information is also made accessible on the company's website at [www.baywa.com](http://www.baywa.com) under Investor Relations.

### Responsible action and risk management

The aim of risk management at BayWa AG is to identify the risks of entrepreneurial action at an early stage and evaluate them. Risk management is therefore an integral part of the company's planning and management and control processes. The internal control, risk management and audit system is developed by the Board of Management on an ongoing basis and adjusted to changes in the environment. Parts of the internal control and risk management system for the accounting processes are examined by the external auditor. More information on the structure and the processes of risk management in the context of accounting processes is included in the Group Management Report.

Munich, 27 March 2023

**BayWa Aktiengesellschaft**

The Board of Management

Prof. Klaus Josef Lutz

Andreas Helber

Marcus Pöllinger

Reinhard Wolf