

# CORPORATE GOVERNANCE

Corporate governance to international standards is an integral part of AGRANA's corporate culture. The principles of good corporate governance not only foster the confidence of domestic and international investors but also further AGRANA's sustained ability to create value.

AGRANA is therefore committed to the fundamental principles of the Austrian Code of Corporate Governance (the Code), a comprehensive set of best practices that stipulates the equal treatment of all shareholders and transparency of governance. It also calls for supervisory board independence, open communication between supervisory board and management board, avoidance of conflicts of interest for board members, and effective oversight by the supervisory board and auditors. The Austrian Working Group for Corporate Governance frequently updates the Code to reflect changes in Austrian and European capital market law and international standards. The Code can be viewed on the website of the Working Group at [www.corporate-governance.at](http://www.corporate-governance.at).

*Voluntary commitment to the Austrian Code of Corporate Governance and voluntary evaluation.*

In the 2010|11 financial year AGRANA applied this Code, which is a voluntary self-regulatory initiative of private industry, in the version of January 2010. In its meeting on 24 February 2005 the Supervisory Board of AGRANA Beteiligungs-AG had unanimously approved AGRANA's adherence to the Austrian Code of Corporate Governance and, in its meeting on 28 February 2011 the Supervisory Board issued the statement of compliance with the 2010 Code for the 2010|11 financial year.

In the 2010|11 financial year AGRANA complied with all so-called "L rules" of the Code – these are rules based on legal requirements. By the following explanations, the Group is also in conformity with all of the Code's C rules (comply-or-explain rules):

#### **Rule 31 and 51 (disclosure of compensation of the individual members of the Management Board and Supervisory Board)**

For the purpose of disclosure, the compensation of the Management Board members is analysed in terms of fixed and variable components. The disclosure of individual compensation stipulated by Rule 31 is omitted, as the associated encroachment on members' privacy would be out of proportion to the benefits of such an approach. The same applies to the disclosure of individual compensation of Supervisory Board members specified by Rule 51.

#### **Rule 49 (contracts requiring approval)**

Under section 95 (5)(12) of the Austrian Stock Corporation Act, the approval of the Supervisory Board is required for contracts with members of the Supervisory Board by which members undertake, outside their role on the Supervisory Board, to provide a service to the company or a subsidiary for a material consideration. This also applies to contracts with companies in which a Supervisory Board member has a significant economic interest. For business policy and competition reasons, the object and terms of such contracts are not published in the Annual Report as stipulated in rule 49.

#### **Rule 54 (appointment of an independent Supervisory Board member)**

AGRANA Beteiligungs-AG has a free float of more than 20%. From this threshold upward, rule 54 of the Austrian Code of Corporate Governance stipulates the election of an independent member of the Supervisory Board who is neither a holder of more than 10% of the company's share capital nor represents the interests of such a shareholder. The Supervisory Board of AGRANA Beteiligungs-AG does not have such a free-float representative.

In keeping with the Code, the Management and Supervisory Boards of AGRANA, and especially their chairmen, are engaged in continual dialogue regarding the Group's performance and strategic direction, both at and between Supervisory Board meetings. The business culture of the AGRANA Group has always involved open and constructive teamwork between the Management Board and Supervisory Board, which together ensure that the Code's requirements are fulfilled.

To safeguard open and transparent communication with shareholders and the interested public, information given to investors during conference calls and road shows is simultaneously made available to all other shareholders via the Group website ([www.agrana.com](http://www.agrana.com)).

In accordance with rule 62 of the Austrian Code of Corporate Governance, AGRANA commissioned an external evaluation of compliance with the Code, which was performed by Univ.-Prof. DDr. Waldemar Jud Corporate Governance Forschung CGF GmbH. The report on the external review, based on the questionnaire issued for this purpose by the Austrian Working Group for Corporate Governance, is available to the public on the AGRANA website at [www.agrana.com](http://www.agrana.com).

In the 2010|11 financial year the Articles of Association of AGRANA Beteiligungs-AG were adjusted to reflect the legislative changes introduced in the Stock Corporation Law Amendment Act of 2009 as published in Austrian Federal Law Gazette (BGBl) Vol. I No. 71/2009.

## AGRANA'S BOARDS

### Management Board

The Management Board of AGRANA Beteiligungs-AG has four members. In the 2010|11 financial year the Supervisory Board reappointed Thomas Kölbl, whose term of office expired on 7 July 2010, to the Management Board until 7 July 2015.

Name	Year of birth	Date first appointed	End of current term
<b>Johann Marihart</b> Chief Executive Officer since 1992	1950	19 Sep 1988	30 Sep 2013
<b>Fritz Gattermayer</b> Management Board member since 2009	1957	1 Jan 2009	31 Dec 2013
<b>Walter Grausam</b> Management Board member since 1995	1954	1 Jan 1995	31 Dec 2014
<b>Thomas Kölbl</b> Management Board member since 2005	1962	8 Jul 2005	7 Jul 2015

The members of the Management Board hold supervisory board or similar positions in the following domestic and foreign companies not included in the consolidated financial statements:

#### ■ Johann Marihart

As a result of the syndicate agreement between Südzucker AG Mannheim/Ochsenfurt ("Südzucker"), Mannheim, Germany, and Zucker-Beteiligungsgesellschaft m.b.H., Vienna, Johann Marihart serves as a member of the management board of Südzucker and as a member of the supervisory boards of its subsidiaries Raffinerie Tirlémontoise S.A., Brussels, Saint Louis Sucre S.A., Paris, and Beneo GmbH, Mannheim.

In Austria he serves as supervisory board chairman of TÜV Austria Holding AG, Vienna, and of Spanische Hofreitschule Wien and is a member of the supervisory boards of Leipnik-Lundenburger Invest Beteiligungs AG, Ottakringer Getränke AG and BBG Bundesbeschaffung GmbH (all based in Vienna). He is vice-chairman of the supervisory board of Österreichische Forschungsförderungsgesellschaft m.b.H. and a member of the General Council (the supervisory board) of Oesterreichische Nationalbank (both based in Vienna).

■ **Thomas Kölbl**

Thomas Kölbl holds the following positions: Member of the supervisory boards of Baden-Württembergische Wertpapierbörse GmbH, Stuttgart; BENE0 GmbH, Mannheim; Crop Energies AG, Mannheim; Freiburger Holding GmbH, Berlin (all in Germany); Raffinerie Tirlemontoise S.A., Brussels; Saint Louis Sucre S.A., Paris; and Südzucker Polska S.A., Wrocław, Poland; he is also supervisory board chairman of Mönnich GmbH, Kassel, Germany; PortionPack Europe Holding B.V., Oud-Beijerland, Netherlands; and Südzucker Versicherungs-Vermittlungs-GmbH, Mannheim, Germany.

The Management Board of AGRANA Beteiligungs-AG manages the company's business in accordance with principles of modern governance and with the legal requirements, the Articles of Association and the Management Board terms of reference (the Management Board charter). The members of the Management Board are in ongoing communication with each other and, in Management Board meetings held at least every two weeks, deliberate on the current course of business and take the necessary informal and formal decisions. The company is managed on the basis of an open exchange of information and regular meetings with the segment heads and other senior segment management.

The allocation of responsibilities and the cooperation within the Management Board are set out in its terms of reference. The terms of reference also detail the Management Board's responsibilities with respect to communication and reporting, and list the types of actions which require the approval of the Supervisory Board.

The remits of the Management Board members are as follows:

<b>Name</b>	<b>Responsibilities</b>
<b>Johann Marihart</b>	Business Strategy, Production, Quality Management, Human Resources, Communication, Research and Development, and Starch Segment
<b>Fritz Gattermayer</b>	Sales, Raw Materials, Purchasing, and Sugar Segment
<b>Walter Grausam</b>	Finance, Controlling, Treasury, Information Technology and Organisation, Mergers & Acquisitions, Legal, and Fruit Segment
<b>Thomas Kölbl</b>	Internal Audit

The total compensation of the Management Board in the 2010|11 financial year was € 2,395 thousand (prior year: € 1,451 thousand). The performance-based pay component (2010|11: € 920 thousand; prior year: € 0) is linked to the amount of the dividend payment. The Management Board member of AGRANA Beteiligungs-AG appointed on the basis of the syndicate agreement between Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany, and Zucker-Beteiligungsgesellschaft m.b.H., Vienna, does not receive compensation for serving in this capacity.

Post-employment benefits granted to the Management Board under the Company's plan are pension, disability insurance and survivor benefits. The pension becomes available when the pension eligibility criteria of the Austrian public pension scheme (ASVG) are met. The amount of the pension is calculated as a percentage of a contractually agreed assessment base. For the 2010|11 financial year, pension fund contributions of € 695 thousand (prior year: € 410 thousand) were paid and a release of € 287 thousand from provisions for pension obligations was recognised (prior year: release of € 396 thousand).

In the event of early retirement within ASVG rules, the amount of the pension is reduced. The retirement benefit obligations in respect of the Management Board are administered by an external pension fund. The obligation's excess of € 576 thousand (prior year: € 863 thousand) over the existing plan assets at the end of the financial year under review was recognised in provisions. In

the event that a Management Board appointment is withdrawn, severance pay has been agreed consistent with the Employees Act.

No compensation agreements in the event of a public takeover offer exist between the Company and its Management Board, Supervisory Board or other staff.

AGRANA maintains directors and officers liability insurance coverage for management staff. This D&O insurance covers certain personal liability risks of the persons acting as legal representatives of the AGRANA Group. The cost is borne by the company.

Securities transactions of members of the Management Board are notified to the Financial Market Authority (FMA) in accordance with section 48d (4) Stock Exchange Act and published on the website of the FMA. During the reporting period there were no such securities transactions.

### Supervisory Board

The Supervisory Board of AGRANA Beteiligungs-AG has twelve members, of whom eight are shareholder representatives elected by the Annual General Meeting and four are employee representatives from the staff council.

Name	Year of birth	Date first appointed	End of current term
Positions on supervisory boards in domestic and foreign listed companies			
<b>Christian Konrad, Vienna, independent</b>			
Chairman of the Supervisory Board	1943	19 Dec 1990	25 <sup>th</sup> AGM (2012)
– Chairman of the Supervisory Board of UNIQA Versicherungen AG, Vienna			
– Vice-Chairman of the Supervisory Board of Südzucker AG Mannheim/Ochsenfurt, Mannheim			
– Vice-Chairman of the Supervisory Board of BAYWA AG, Munich			
– Member of the Supervisory Board of DO & CO Restaurants & Catering AG, Vienna			
<b>Wolfgang Heer, Ludwigshafen, Germany, independent</b>			
First Vice-Chairman of the Supervisory Board	1956	10 Jul 2009	25 <sup>th</sup> AGM (2012)
<b>Erwin Hameseder, Mühlendorf, Austria, independent</b>			
Second Vice-Chairman of the Supervisory Board	1956	23 Mar 1994	25 <sup>th</sup> AGM (2012)
– First Vice-Chairman of the Supervisory Board of Raiffeisen Bank International AG, Vienna			
– Vice-Chairman of the Supervisory Board of STRABAG SE, Villach			
– Member of the Supervisory Board of Südzucker AG Mannheim/Ochsenfurt, Mannheim			
– Member of the Supervisory Board of UNIQA Versicherungen AG, Vienna			
<b>Ludwig Eidmann, Groß-Umstadt, Germany, independent</b>			
Member of the Supervisory Board	1945	2 Jul 2004	25 <sup>th</sup> AGM (2012)
– Member of the Supervisory Board of Südzucker AG Mannheim/Ochsenfurt, Mannheim			

Name	Year of birth	Date first appointed	End of current term
Positions on supervisory boards in domestic and foreign listed companies			
<b>Hans-Jörg Gebhard, Eppingen, Germany, independent</b>			
Member of the Supervisory Board	1955	9 Jul 1997	25 <sup>th</sup> AGM (2012)
– Chairman of the Supervisory Board of Südzucker AG Mannheim/Ochsenfurt, Mannheim			
– Member of the Supervisory Board of VK Mühlen AG, Hamburg			
– Member of the Supervisory Board of Crop Energies AG, Mannheim			
<b>Thomas Kirchberg, Ochsenfurt, Germany, independent</b>			
Member of the Supervisory Board	1960	10 Jul 2009	25 <sup>th</sup> AGM (2012)
<b>Ernst Karpfinger, Baumgarten/March, Austria, independent</b>			
Member of the Supervisory Board	1968	14 Jul 2006	25 <sup>th</sup> AGM (2012)
<b>Christian Teufel, Vienna, independent</b>			
Member of the Supervisory Board	1952	10 Jul 2003	25 <sup>th</sup> AGM (2012)
– Vice-Chairman of the Supervisory Board of VK Mühlen AG, Hamburg			
– Member of the Supervisory Board of Raiffeisen Bank International AG, Vienna			
<b>Employee representatives</b>			
<b>Thomas Buder, Tulln, Austria</b>			
Chairman of the Group Staff Council and the Central Staff Council	1970	1 Aug 2006	
<b>Stephan Savic, Vienna</b>			
Chairman of local Staff Council	1970	22 Oct 2009	
<b>Peter Vymyslicky, Leopoldsdorf, Austria</b>			
	1952	22 Dec 1997	
<b>Gerhard Glatz, Gmünd, Austria</b>			
	1957	1 Jan 2010	

### Supervisory Board independence

The Supervisory Board of AGRANA Beteiligungs-AG has decided to apply the guidelines for the definition of supervisory board independence in the form set out in Annex 1 to the Austrian Code of Corporate Governance:

- A Supervisory Board member shall not, in the past five years, have been a member of the Management Board or other management staff of the Company or a subsidiary of the Company.
- A Supervisory Board member shall not have a business relationship, of a size significant to the member, with the Company or a subsidiary of the Company, and shall not have had such a business relationship in the past year. This also applies to business relationships with companies in which the Supervisory Board member holds a significant economic interest, but does not apply to board positions held within the Group.
- The approval of individual transactions by the Supervisory Board under L rule 48 does not automatically imply a member's designation as non-independent.

- A Supervisory Board member shall not, in the past three years, have been an external auditor of the Company or a partner or employee of the independent auditing firm.
- A Supervisory Board member shall not be a management board member of another company in which a member of the Company's Management Board is a supervisory board member.
- A Supervisory Board member shall not serve on the Supervisory Board for more than 15 years. This does not apply to Supervisory Board members who are shareholders with a strategic shareholding in the Company or who represent the interests of such a shareholder.
- A Supervisory Board member shall not be a close relative (direct descendant, spouse, common-law spouse, parent, uncle, aunt, sibling, nephew or niece) of a Management Board member or of persons holding any of the positions referred to in the foregoing items.

### Committees and their members

Where the importance or specialist nature of a particular subject matter makes it appropriate, the Supervisory Board also exercises its advisory and supervisory functions through the following three committees:

The Nomination and Remuneration Committee deals with the legal relationships between the Company and the members of the Management Board. The Committee is responsible for succession planning for the Management Board and approves the compensation schemes for the Management Board members. The Strategy Committee prepares strategic decisions of the Supervisory Board by providing decision support, and makes decisions in urgent matters. The Audit Committee prepares for transaction by the Supervisory Board all matters related to the Company's separate financial statements and to the auditing of the accounting records and of the consolidated financial statements. It monitors the effectiveness of the internal control system, audit system and risk management system and verifies the independence and qualifications of the external auditors.

The Supervisory Board terms of reference also set out the procedures for the committees; an excerpt of the terms of reference is available on the AGRANA website at [www.agrana.com](http://www.agrana.com).

Supervisory Board committees consist of the Supervisory Board Chairman or a Supervisory Board Vice-Chairman, and of as many Supervisory Board members as the Supervisory Board shall determine. The only exception is the Nomination and Remuneration Committee, which consists of the Supervisory Board Chairman and two members appointed from among the Supervisory Board members elected by the Annual General Meeting. If two Vice-Chairmen of the Supervisory Board have been elected, they shall be appointed as these two other members of the Nomination and Remuneration Committee.

Name	Position on committee
<b>Nomination and Remuneration Committee</b>	
Christian Konrad	Chairman (human resources specialist)
Wolfgang Heer	Member
Erwin Hameseder	Member
<b>Strategy Committee</b>	
Christian Konrad	Chairman
Wolfgang Heer	Member
Erwin Hameseder	Member
Hans-Jörg Gebhard	Member
Thomas Buder	Employee representative
Gerhard Glatz	Employee representative

Name	Position on committee
<b>Audit Committee</b>	
Erwin Hameseder	Chairman (finance specialist)
Wolfgang Heer	Member
Thomas Buder	Employee representative

In the reporting period the Supervisory Board convened for four meetings. No Supervisory Board member attended fewer than half of the Board's meetings in the 2010|11 financial year. The Audit Committee met twice. Its meetings focused particularly on the audit of the 2009|10 financial statements, the preparation of the audit of the 2010|11 financial statements, and the supervision of the risk management system. The Nomination and Remuneration Committee met once. In this meeting it prepared the re-appointment of Thomas Kölbl as a member of the Management Board.

On 2 July 2010 the Annual General Meeting approved an annual aggregate remuneration for the Supervisory Board of € 165,000 (prior year: € 165,000) and delegated to the Supervisory Board Chairman the responsibility for allocating this sum. The amount paid to the individual Supervisory Board members is tied to their function on the Board. No meeting fees were paid in the year under review.

#### Measures to promote equity for women

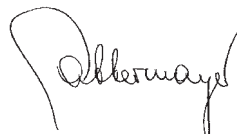
Equality of opportunity in the workplace and equal treatment of employees without regard to gender are second nature to AGRANA. Any form of discrimination is resolutely confronted. Through the greater representation of women in internal training and development programmes and in the staffing of management positions, AGRANA promotes the development of women in management.

In many areas, women have attained the qualifications for management functions; the compatibility of career and family is supported by offering flexible work schedules.

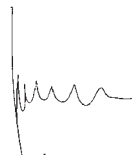
Vienna, 29 April 2011



Johann Marihart  
Chief Executive Officer



Fritz Gattermayer  
Member of the Management Board



Walter Grausam  
Member of the Management Board



Thomas Kölbl  
Member of the Management Board