

CORPORATE GOVERNANCE REPORT

AGRANA is committed to the Austrian Code of Corporate Governance. The Code, a voluntary self-regulatory initiative of private industry, is a comprehensive set of best practices that stipulates equal treatment of all shareholders and transparency of corporate governance. The Code can be viewed on the website of the Austrian Working Group for Corporate Governance at www.corporate-governance.at.

The Code consists of binding so-called L rules (these are based on legal requirements); of C rules (comply-or-explain rules), which are expected to be adhered to, with deviations to be explained in order to achieve compliance with the Code; and of R rules (recommendations), non-compliance with which requires neither disclosure nor explanation.

In the 2012|13 financial year the Austrian Code of Corporate Governance was applied by AGRANA in the version of January 2012. At its meetings on 16 November 2012 and 7 February 2013, the Supervisory Board of AGRANA Beteiligungs-AG discussed matters of corporate governance and unanimously adopted the statement of compliance with the Code.

By providing the following explanations, AGRANA is also in conformity with all of the Code's C rules:

■ 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.

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. The Management and Supervisory Boards of AGRANA, and especially their chairmen, are thus engaged in ongoing dialogue regarding the Group's performance and strategic direction, both at and between Supervisory Board meetings.

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).

External evaluation

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 evaluation was conducted using the questionnaire issued for this purpose by the Austrian Working Group for Corporate Governance and is available to the public on the AGRANA website at www.agrana.com. The report confirms that AGRANA complied with the Code in the 2012|13 financial year.

For us, "Results and Responsibility" means being committed to the principles of responsible, transparent and sustainable company direction and control.

AGRANA'S BOARDS

Management Board

The Management Board of AGRANA Beteiligungs-AG has four members.

Name	Year of birth	Date first appointed	End of current term
Johann Marihart Chief Executive Officer since 1992	1950	19 Sep 1988	30 Sep 2018
Fritz Gattermayer Management Board member since 2009	1957	1 Jan 2009	31 Dec 2018
Walter Grausam Management Board member since 1995	1954	1 Jan 1995	31 Dec 2014
Thomas Kölbl 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, Mannheim, Germany ("Südzucker") 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 Tirlemontoise S.A., Brussels, Belgium, Saint Louis Sucre S.A., Paris, France, and BENE0 GmbH, Mannheim, Germany.

In Austria he serves as supervisory board chairman of TÜV Austria Holding AG, Vienna, and Spanische Hofreitschule, Vienna; vice-chairman of the supervisory boards of Bundesbeschaffung GmbH, Vienna, and Österreichische Forschungsförderungsgesellschaft mbH, Vienna; member of the supervisory board of Ottakringer Getränke AG, Vienna, and member of the General Council (the supervisory board) of Oesterreichische Nationalbank, Vienna.

■ Thomas Kölbl

Thomas Kölbl holds the following positions: Member of the supervisory boards of Baden-Württembergische Wertpapierbörse GmbH, Stuttgart, Germany; BENE0 GmbH, Mannheim, Germany; CropEnergies AG, Mannheim, Germany; Freiburger Holding GmbH, Berlin, Germany; Raffinerie Tirlemontoise S.A., Brussels, Belgium; Saint Louis Sucre S.A., Paris, France; and Südzucker Polska S.A., Wrocław, Poland. He is also supervisory board chairman of Mönlich 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, discuss the current course of business and take the necessary informal and formal decisions. The Group is managed on the basis of an open exchange of information and regular meetings with the segment heads and other senior segment management.

The terms of reference set out the division of responsibilities and the cooperation within the Management Board and its duties in respect of 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:

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

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. All Supervisory Board members elected by the Annual General Meeting were re-elected on 2 July 2012 for a term ending at the conclusion of the General Meeting that considers the results of the 2016|17 financial year.

Name, and Supervisory board positions in listed domestic and foreign companies	Year of birth	Date first appointed	End of current term
Christian Konrad, Vienna, independent Chairman of the Supervisory Board – Vice-Chairman of the Supervisory Board of Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany – Vice-Chairman of the Supervisory Board of BAYWA AG, Munich, Germany – Member of the Supervisory Board of DO & CO Restaurants & Catering AG, Vienna – Chairman of the Supervisory Board of UNIQA Versicherungen AG, Vienna, until 29 May 2012	1943	19 Dec 1990	30 th AGM (2017)
Wolfgang Heer, Ludwigshafen, Germany, independent First Vice-Chairman of the Supervisory Board	1956	10 Jul 2009	30 th AGM (2017)
Erwin Hameseder, Mühldorf, Austria, independent Second Vice-Chairman of the Supervisory Board – Chairman of the Supervisory Board of Flughafen Wien AG, Vienna – First Vice-Chairman of the Supervisory Board of Raiffeisen Bank International AG, Vienna – Vice-Chairman of the Supervisory Board of STRABAG SE, Villach, Austria – Second Vice-Chairman of the Supervisory Board of UNIQA Versicherungen AG, Vienna – Member of the Supervisory Board of Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany	1956	23 Mar 1994	30 th AGM (2017)

Name, and Supervisory board positions in listed domestic and foreign companies	Year of birth	Date first appointed	End of current term
Jochen Fenner, Gelchsheim, Germany, independent Member of the Supervisory Board – Member of the Supervisory Board of Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany	1952	1 Jul 2011	30 th AGM (2017)
Hans-Jörg Gebhard, Eppingen, Germany, independent Member of the Supervisory Board – Chairman of the Supervisory Board of Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany – Member of the Supervisory Board of VK Mühlen AG, Hamburg, Germany – Member of the Supervisory Board of CropEnergies AG, Mannheim, Germany	1955	9 Jul 1997	30 th AGM (2017)
Ernst Karpfinger, Baumgarten/March, Austria, independent Member of the Supervisory Board	1968	14 Jul 2006	30 th AGM (2017)
Thomas Kirchberg, Ochsenfurt, Germany, independent Member of the Supervisory Board	1960	10 Jul 2009	30 th AGM (2017)
Josef Pröll, Vienna, independent Member of the Supervisory Board – Member of the Supervisory Board of VK Mühlen AG, Hamburg, Germany	1968	2 Jul 2012	30 th AGM (2017)
Employee representatives			
Thomas Buder, Tulln, Austria Chairman of the Group Staff Council and the Central Staff Council	1970	1 Aug 2006	
Gerhard Glatz, Gmünd, Austria	1957	1 Jan 2010	
Stephan Savic, Vienna	1970	22 Oct 2009	
Peter Vymyslicky, Leopoldsdorf, Austria	1952	22 Dec 1997	

In the 2012|13 financial year the composition of the Supervisory Board changed as follows:

Christian Teufel, Vienna

Appointed 10 July 2003, retired 2 July 2012

- Vice-Chairman of the Supervisory Board of VK Mühlen AG, Hamburg, Germany
- Member of the Supervisory Board of Raiffeisen Bank International AG, Vienna

Josef Pröll, Vienna

Appointed 2 July 2012 as an independent member

- Member of the Supervisory Board of VK Mühlen AG, Hamburg, Germany

Josef Pröll informed himself appropriately about the structure and activities of AGRANA and the tasks and responsibilities of supervisory board members.

Supervisory Board independence

The Supervisory Board of AGRANA Beteiligungs-AG applies the guidelines for the definition of supervisory board independence in their 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 external 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 points.

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 in respect of the Management Board and approves the compensation schemes for the Management Board members. In the 2012|13 financial year the Nomination and Remuneration Committee met twice. In its meeting on 16 November 2012, it considered the renewal of the Management Board term of Johann Marihart, which expires at the end of September 2013, and proposed to the Supervisory Board to renew his appointment for the legal maximum term of five years, ending 30 September 2018. In the meeting on 7 February 2013 the Committee considered the renewal of the Management Board term of Fritz Gattermayer, which expires at 31 December 2013, and proposed the renewal of his appointment for the legal maximum period from 1 January 2014 to 31 December 2018.

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 and Group management report, including the corporate governance report. 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. In the 2012|13 financial year the Audit Committee met twice. Its meetings focused particularly on the audit of the 2011|12 financial statements, the preparation of the audit of the 2012|13 financial statements, and the supervision of the risk management system.

The Supervisory Board terms of reference include the procedures for the committees; an excerpt of the terms of reference is available on the AGRANA website at www.agrana.com.

Supervisory Board committees consist of the Supervisory Board Chairman or a 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 the Supervisory Board has two Vice-Chairmen, they shall be appointed as these two other members of the Nomination and Remuneration Committee.

Name	Position on committee
Nomination and Remuneration Committee	
Christian Konrad	Chairman (and expert advisor on compensation)
Wolfgang Heer	Member
Erwin Hameseder	Member
Strategy Committee	
Christian Konrad	Chairman
Wolfgang Heer	Member
Erwin Hameseder	Member
Hans-Jörg Gebhard	Member
Thomas Buder	Employee representative
Gerhard Glatz	Employee representative
Audit Committee	
Erwin Hameseder	Chairman (and expert advisor on finance)
Wolfgang Heer	Member
Thomas Buder	Employee representative

In the reporting period the Supervisory Board convened for five meetings. The Supervisory Board was re-elected at the Annual General Meeting on 2 July 2012. At its constituting meeting immediately after the AGM, the Supervisory Board elected Christian Konrad as its Chairman, Wolfgang Heer as its First Vice-Chairman and Erwin Hameseder as its Second Vice-Chairman. No Supervisory Board member attended fewer than half of the Board's meetings in the 2012|13 financial year.

COMPENSATION REPORT

Compensation of the Executive Board

The total compensation of the Management Board members consists of a fixed and a variable, performance-based component. The performance-based pay component is contractually tied to the amount of the dividend paid.

The compensation paid in the 2012|13 financial year to the individual members of the Management Board was as follows:

€	Fixed compensation for 2012 13	Variable compensation for 2011 12	Total 2012 13
Johann Marihart (Chief Executive Officer)	550,000	562,401	1,112,401
Fritz Gattermayer	400,000	409,019	809,019
Walter Grausam	525,000	536,837	1,061,837
Thomas Kölbl ¹	–	–	–

The fixed compensation of the Management Board members remained unchanged compared to the prior year. 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 2012|13 financial year, pension fund contributions of € 684 thousand (prior year: € 690 thousand) were paid, while € 848 thousand (prior year: € 783 thousand) was added to provisions for pension obligations within the balance sheet item "other provisions".

In the event of retirement below the age determined under the ASVG, the amount of the pension is reduced. The retirement benefit obligations in respect of the Management Board are administered by an external pension fund. An amount of € 3,285 thousand (prior year: € 2,437 thousand) was recognised in the balance sheet at 28 February 2013. In the event that a Management Board appointment is withdrawn, severance pay has been agreed in accordance with the provisions of 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 AGRANA.

Transactions of members of the Management Board in financial instruments 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 transactions.

Compensation of the Supervisory Board

On 2 July 2012 the Annual General Meeting approved an annual aggregate remuneration for the Supervisory Board of € 200,000 (prior year: € 200,000) for the 2011|12 financial year and delegated to the Supervisory Board the responsibility for allocating this sum among its members. The amount paid to the individual Supervisory Board members is tied to their function on the Board. No meeting fees were paid.

¹ 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.

The compensation of the individual members of the Supervisory Board was as follows:

€	Compensation for 2012 13
Christian Konrad (Chairman)	50,000
Wolfgang Heer (First Vice-Chairman of the Supervisory Board)	30,000
Erwin Hameseder (Second Vice-Chairman of the Supervisory Board)	30,000
Jochen Fenner	18,000
Hans-Jörg Gebhard	18,000
Ernst Karpfinger	18,000
Thomas Kirchberg	18,000
Christian Teufl	18,000

In accordance with section 110 (3) of the Austrian Labour Act, the Supervisory Board members who are employee representatives do not receive Supervisory Board compensation.

MEASURES TO PROMOTE EQUITY FOR WOMEN

Equality of opportunity in the workplace and equal treatment of employees without regard to gender are principles that AGRANA has adopted also in its Code of Conduct. Any form of discrimination is resolutely confronted. The aim of AGRANA's diversity management is to create a work environment where employees feel integrated, respected and connected so that the breadth and depth of their abilities, experience and viewpoints can be harnessed synergistically.

To support its core business activity of processing agricultural raw materials into high-quality foods and intermediate products for downstream industries, AGRANA regularly seeks people with vocational education and training. However, in Austria and other countries where AGRANA operates, the proportion of women with vocational training or technical academic degrees is far lower than that of men. The much lower percentage of female technicians in the labour market is also reflected in the share of female applicants for technical positions at AGRANA and thus in the overall staff gender mix.

As a long-term measure to help increase the percentage of women among staff and managers, AGRANA in 2012|13 held a "Daughters' Day" to raise young girls' interest in the technical trades and professions. And since April 2013, staff of AGRANA Beteiligungs-AG have access to a company day-care centre at the Group's new office location in Vienna to make work and family life more compatible.

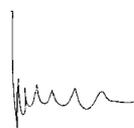
Vienna, 29 April 2013



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