

Supervisory Board's report



In the 2017|18 financial year AGRANA operated in an economic environment marked by numerous challenges. Despite this, the Group delivered good earnings results.

In the 2017|18 financial year as in the prior years, the Supervisory Board actively oversaw AGRANA's performance and exercised its responsibilities and powers under the law and the Articles of Association while observing the provisions of the Austrian Code of Corporate Governance. Regular key agenda items of the Supervisory Board's deliberations were the strategic orientation and further development of the Group, the business trend in all segments and the optimisation of corporate financing. In a total of five meetings, the Supervisory Board, through the reports of the Management Board and detailed written material, informed itself about the company's business situation and financial position and about all relevant matters concerning the business performance and exceptional business transactions. The Management Board briefed the Supervisory Board in a timely and comprehensive manner on measures requiring the approval of the Supervisory Board. All members of the Supervisory Board attended at least half of its meetings. Outside the regular meetings as well, the Chairman of the Supervisory Board had numerous conversations with the Management Board and was in frequent communication with the Chief Executive Officer to discuss ongoing developments in the Group's environment, their impact on current business results, and the risk situation.

In its meeting on 11 May 2017, the Supervisory Board dealt with the audit of the parent company and consolidated financial statements for the year ended 28 February 2017 and the nomination of the independent auditor for election for the 2017|18 financial year. The independent auditor attended this meeting and reported on the audit priorities and results, which also included the accounting-related elements of the internal control system. The Supervisory Board adopted the parent company financial statements and approved the consolidated financial statements. In addition, at this meeting the Supervisory Board deliberated on the medium-term investment planning and a strategic equity investment project. In the meeting the Supervisory Board also extended the term of Chief Executive Officer Johann Marihart to 28 February 2021.

In the meeting on 7 July 2017 the Supervisory Board discussed and approved the expansion of the wheat starch plant at the biorefinery in Pischelsdorf, Austria, as well as an equity investment project and the medium-term planning. The conclusion of the Annual General Meeting (AGM) of AGRANA Beteiligungs-AG on 7 July 2017 marked the end of the Supervisory Board term of Jochen Fenner, who did not stand for re-election to the Supervisory Board. In his place, Helmut Friedl was elected to the Supervisory Board. The Supervisory Board sincerely thanks Jochen Fenner for his many years of valuable service to the company. In the meeting held immediately after the 2018 AGM, the newly elected Supervisory Board constituted itself, Erwin Hameseder was re-elected as Chairman of the Supervisory Board, Wolfgang Heer was re-elected as its First Vice-Chairman and Klaus Buchleitner was re-elected as its Second Vice-Chairman.

The meeting on 10 November 2017 discussed the forecast financial results for 2017|18 and covered the subjects of corporate governance and financing. As well, the Management Board tenure of Fritz Gattermayer was extended to 31 August 2022.

In its meeting on 22 February 2018 the Supervisory Board deliberated especially on the financial planning and the capital investment projects for the 2018|19 financial year, as well as on strategic equity investment projects. In 2017|18 the Supervisory Board again performed a check of its effectiveness, based on a self-assessment, with the aim of evaluating its organisation and procedures so as to ensure the ability to fulfil its responsibilities appropriately in the interests of the shareholders and all other stakeholders. The results of this self-assessment were discussed in detail in the February 2018 meeting.

Audit Committee

The Audit Committee convened for two meetings in the 2017|18 financial year. With the independent auditor in attendance, the Audit Committee dealt exhaustively with the 2016|17 parent company and consolidated financial statements of AGRANA Beteiligungs-AG and discussed the Management Board's proposal for the appropriation of profit. Other topics of the Committee's deliberations were the audit of the corporate governance report, the report from Internal Audit, and the risk management system. The Audit Committee also dealt with the planning and priorities for the audit of the 2017|18 financial statements and discussed the subjects of anti-corruption and compliance.

The Committee chairman reported to the Supervisory Board in detail on the work of the Committee.

Parent company and consolidated financial statements

The consolidated financial statements, group management report, parent company financial statements and parent company management report of AGRANA Beteiligungs-AG ("AGRANA") for the 2017|18 financial year presented by the Management Board, as well as the accounting records, were audited by and received an unqualified audit opinion from KPMG Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, the independent auditor appointed by the Annual General Meeting. The Supervisory Board has endorsed the result of this audit.

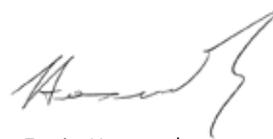
The compliance review of the corporate governance report under section 243c Austrian Commercial Code and the review of AGRANA's compliance with the Austrian Code of Corporate Governance (the ACCG) in the 2017|18 financial year were performed by KPMG Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, and found that AGRANA complied with the provisions of the ACCG in 2017|18, inasmuch as these were within the scope of the declaration of compliance. The Supervisory Board has endorsed the result of these compliance reviews.

The Audit Committee has reviewed the parent company annual financial statements and reported to the Supervisory Board in the presence of the independent auditor. The Supervisory Board has reviewed the consolidated financial statements, group management report, parent company financial statements and parent company management report (including the corporate governance report) of AGRANA Beteiligungs-AG for the 2017|18 financial year as well as the Management Board's proposal for the appropriation of profit. The final results of all of these reviews did not give rise to any reservations.

The Supervisory Board has approved the consolidated financial statements and parent company financial statements for the 2017|18 financial year prepared by the Management Board, which are thus adopted for the purposes of section 96 (4) Austrian Stock Corporation Act. The Supervisory Board endorses the group management report and parent company management report for the 2017|18 financial year and is in agreement with the proposal for the appropriation of profit.

In the name of the Supervisory Board, I would like to express my special thanks to all employees and the members of the Management Board for their commitment, hard work and achievements in the year.

Vienna, 7 May 2018



Erwin Hameseder

Chairman of the Supervisory Board