

Supervisory Board's report

AGRANA's 2019|20 financial year was marked by a sustained extremely challenging business environment. The enduring effects of the expiry of the sugar and isoglucose quotas in the European common market continued to put pressure on financial results in the Sugar segment and also weighed on the Starch segment, which, however, benefited from the high ethanol quotations. The Fruit segment faced new, market-related challenges. All three business segments are affected by climate change – through measures that are being taken to cushion its impacts, and with a view to securing the supply of raw materials.

The Supervisory Board actively oversaw the Group's performance in the 2019|20 financial year 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 measures for the further strategic development of the Group and the optimisation of business performance in all segments. Convening for a total of four meetings in the year, the Supervisory Board, on the basis of the reports of the Management Board and extensive written material, considered the business situation and financial position of the Group and its subsidiaries, 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. The Supervisory Board members' overall attendance at the meetings in 2019|20 was approximately 96%. All members of the Supervisory Board attended at least half of its meetings. In addition to the regular meetings, the Chairman of the Supervisory Board had numerous conversations with the Management Board and communicated regularly with the Chief Executive Officer to discuss ongoing developments in the Group's economic and business environment, their impact on current business results, and the risk situation.

In its meeting on 10 May 2019, the Supervisory Board dealt with the audit of the parent company and consolidated financial statements for the year ended 28 February 2019. 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 2018|19 consolidated financial statements. Another agenda item at this meeting was the nomination of the independent auditor for election for the 2019|20 financial year. In addition, the Supervisory Board approved the issue of a *Schuldschein-darlehen* (bonded loan) and deliberated on the medium-term investment planning. At this meeting the Supervisory Board renewed the appointment of Stephan Büttner as a Management Board member for another five years and appointed Norbert Harringer as a new member of the Management Board with effect from 1 September 2019.

The meeting on 5 July 2019 discussed and approved the medium-term planning (this involved in-depth discussion on securing the raw material supply in times of changing climatic conditions) and the organisational restructuring of the Sugar segment.

The meeting on 20 November 2019 focused on the reporting of the 2019|20 earnings forecast and on corporate governance matters, on the approval of the acquisition of a US trading company and on two other acquisition projects.

In its meeting on 26 February 2020, the Supervisory Board deliberated especially on the financial planning and the capital investment projects for the 2020|21 financial year. In 2019|20 the Supervisory Board 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 2020 meeting.

Audit Committee

The Audit Committee convened for two meetings in the 2019|20 financial year. With the independent auditor in attendance, the Audit Committee dealt exhaustively with the 2018|19 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 and system of internal control. The Audit Committee also dealt with the planning and priorities for the audit of the 2019|20 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.

The Nomination and Remuneration Committee held one meeting in the 2019|20 financial year, dealing with succession planning for the Management Board and preparing the Management Board appointment and term renewal.

Parent company and consolidated financial statements

The independent auditor appointed for the financial year ended 29 February 2020, PwC Wirtschaftsprüfung GmbH, Vienna, has audited the parent company financial statements of AGRANA Beteiligungs-AG for the year ended 29 February 2020 prepared in accordance with Austrian Generally Accepted Accounting Principles and submitted by the Management Board, and the parent company management report of the Management Board. The independent auditor has reported the result of the audit in writing and issued an unqualified audit opinion.

The Supervisory Board has received and reviewed the audit report of the independent auditor. The Audit Committee has reported to the Supervisory Board on the result of the audit of the financial statements, in accordance with section 92 Austrian Stock Corporation Act.

After detailed review and discussion by the Audit Committee and the Supervisory Board, the Supervisory Board has approved the parent company financial statements for the year ended 29 February 2020 submitted by the Management Board (including the notes) and the parent company management report, corporate governance report, and proposal for the appropriation of profit. The parent company financial statements for the year ended 29 February 2020 are thus adopted for the purposes of section 96 (4) Austrian Stock Corporation Act. The Supervisory Board is in agreement with the Management Board's proposal for the appropriation of profit.

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), were audited by PwC Wirtschaftsprüfung GmbH, Vienna, and received an unqualified audit opinion. The Audit Committee has reviewed the consolidated financial statements (including the notes) and the group management report, and reported thereon to the Supervisory Board; the Supervisory Board has endorsed the consolidated financial statements (including the notes) and the group management report.

On 4 March 2020, Wolfgang Heer announced that he was stepping down from the position of Vice-Chairman of the Supervisory Board. The Supervisory Board thanks Mr. Heer for his many years of constructive work on the Board.

On behalf 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 and successful hard work in the year.

Vienna, 4 May 2020



Erwin Hameseder
Chairman of the Supervisory Board