

Supervisory Board's report



For AGRANA as well, the 2020|21 financial year was very much defined by the global pandemic, which not only shaped the day-to-day work at AGRANA's production sites and in administration but was also a key driving factor for many markets. This manifested itself in changes in consumer demand patterns and was reflected in volatile raw material markets. In addition, there were other challenges due to adverse weather – such as frost in apple orchards in Hungary – and a severe beet weevil infestation in Austrian sugar beet fields. In this difficult environment, AGRANA was able both to successfully maintain production while protecting its employees, and to ensure undisrupted deliveries to customers. By starting production of disinfectants at short notice at the beginning of the pandemic, AGRANA made a valuable contribution to closing a supply gap in Austria. The high standards of quality and hygiene implemented in the production plants worldwide proved their effectiveness, especially in times of pandemic, and were a major factor in the very low incidence rates among AGRANA's workforce to date.

The Supervisory Board actively oversaw the Group's performance in the 2020|21 financial year through close communication with the Management Board 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. Covid-19 also brought about noticeable changes in the way the Supervisory Board works. On the basis of sections 1 et seq. of the Austrian Covid-19 Act under Company Law and in conjunction with section 2 of the Covid-19 Ordinance on Company Meetings, and in accordance with section 94 of the Austrian Stock Corporation Act as well as with the Articles of Association, the meetings of the Supervisory Board and its committees were held both in the form of video conferences conducted to high technical standards, and as hybrid meetings; the respective format always complied with the requirements of the Austrian federal government. Even during this challenging period, the Supervisory Board always had the capacity to act and retained a quorum for passing resolutions, and it and its committees made important decisions through the use of circular resolutions, especially in urgent cases. The Annual General Meeting on 3 July 2020 was also held in virtual form in accordance with sections 1 et seq. Austrian Covid-19 Act under Company Law in conjunction with section 3 Covid-19 Ordinance for Company Meetings and section 102 para. 4 Austrian Stock Corporation Act.

Besides the current Covid-19-related issues, agenda items of the Supervisory Board's meetings included the measures for the further strategic development of the Group and the optimisation of business performance in all segments. Convening for a total of six 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, 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 2020|21 was approximately 94%. All members of the Supervisory Board attended at least half of its meetings. In addition, the Chairman of the Supervisory Board had ongoing, numerous conversations with the Management Board and communicated regularly with the Chief Executive Officer to discuss ongoing developments in the business operations against the backdrop of the economic and business environment and the impact on the Group's risk situation.

Meetings of the Supervisory Board

In its meeting on 4 May 2020, the Supervisory Board dealt with the audit of the parent company and consolidated financial statements for the year ended 29 February 2020. The independent auditor attended this meeting and reported on the priorities and results of the audit, which also included the accounting-related elements of the internal control system. The Supervisory Board adopted the parent company financial statements and approved the 2019|20 consolidated financial statements. Another agenda item at this meeting was the nomination of the independent auditor for election for the 2020|21 financial year. At this meeting, the Supervisory Board renewed the appointment of Management Board member Thomas Kölbl for a further five years.

In its meeting on 3 July 2020, the Supervisory Board discussed and approved the medium-term planning.

At the Supervisory Board meeting on 25 August 2020, discussions focused on the economic viability of continuing to operate the Sugar segment's facility in Leopoldsdorf, Austria. The Supervisory Board also addressed the succession planning for the Management Board of AGRANA Beteiligungs-AG and approved financing measures.

Items on the agenda of the meeting on 27 November 2020 were the resolution on the continued operation of the Leopoldsdorf, Austria, sugar factory in the 2021 campaign, the 2020|21 earnings outlook, the topic of corporate governance, and personnel matters.

At its meeting on 29 January 2021, the Supervisory Board extended the term of office of Johann Marihart as Chief Executive Officer until 31 May 2021 and appointed Markus Mühleisen as CEO of AGRANA Beteiligungs-AG from 1 June 2021 for a term of three years.

In its meeting on 24 February 2021, the Supervisory Board deliberated especially on the financial planning and the capital investment projects for the 2021|22 financial year, as well as on the strategic development of the Sugar segment. This meeting also dealt with the results of the efficiency review of the Supervisory Board based on a self-assessment.

Committees of the Supervisory Board

The Audit Committee convened for three meetings in the 2020|21 financial year. With the independent auditor in attendance, the Audit Committee dealt exhaustively with the 2019|20 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 2020|21 financial statements and discussed the subjects of anti-corruption and compliance. In addition, the audit committee held a separate meeting to discuss the impairment test for the Sugar segment performed by the Austrian Financial Reporting Enforcement Panel in the 2019|20 financial statements.

The Nomination and Remuneration Committee met three times in the 2020|21 financial year and also addressed the topic of succession planning for the Management Board in numerous bilateral discussions between the committee members.

The committee chairs reported to the full Supervisory Board in detail on the work of the committees.

Parent company and consolidated financial statements

The independent auditor appointed for the financial year ended 28 February 2021, PwC Wirtschaftsprüfung GmbH, Vienna, has audited the parent company financial statements of AGRANA Beteiligungs-AG for the year ended 28 February 2021 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.

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 2020|21 financial year were performed by KPMG Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, and found that AGRANA complied with the provisions of the ACCG in 2020|21 to the extent that these were within the scope of the declaration of compliance. The Supervisory Board has endorsed the result of these reviews.

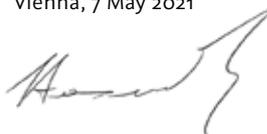
After detailed review and discussion by the Audit Committee on 6 May 2021 and the Supervisory Board on 7 May 2021, the Supervisory Board has approved the parent company financial statements for the year ended 28 February 2021 submitted by the Management Board (including the notes) and the parent company management report, corporate governance report, and the proposal for the appropriation of profit. The parent company financial statements for the year ended 28 February 2021 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.

At the Annual General Meeting on 3 July 2020, Andrea Critsch was elected as a member of the Supervisory Board of AGRANA Beteiligungs-AG.

On behalf of the Supervisory Board, I would like to convey my special thanks to all employees and the members of the Management Board for their outstanding commitment and the successful work done under last year's difficult conditions to master the Covid-19 crisis.

Vienna, 7 May 2021



Erwin Hameseder
Chairman of the Supervisory Board