

COMMITMENT TO THE AUSTRIAN CODE OF CORPORATE GOVERNANCE

AGRANA is committed to the Austrian Code of Corporate Governance (the Code) and complies with almost all of its provisions. The Code can be viewed on the website of the Austrian Working Group for Corporate Governance at www.corporate-governance.at. Based on the principle of voluntary self-regulation, the Code provides the framework for the direction and oversight of the company with the aim of high transparency for all stakeholders.

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 2014|15 financial year, AGRANA applied the Austrian Code of Corporate Governance in the version of July 2012. At its meetings on 12 November 2014 and 26 February 2015, the Supervisory Board of AGRANA Beteiligungs-AG discussed matters of corporate governance and unanimously adopted the statement of compliance with the Code.

In the 2014|15 financial year, AGRANA adhered to all C rules of the Code, with the exceptions explained below:

■ Rule 27 (Management Board compensation criteria)

A retroactive change to existing contracts does not appear justified. The existing employment contracts of the Management Board members do not tie variable compensation to non-financial criteria and do not specify maximum amounts. Setting ceilings on the amount of variable compensation would reduce the flexibility to respond to unforeseeable developments and to honour special achievements.

■ Rule 27a (severance pay)

In the event that a Management Board appointment is withdrawn, severance pay has been agreed in accordance with the provisions of the Employees Act. The Management Board contracts do not contain a ceiling on severance pay.

■ 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.

The business culture of the AGRANA Group has always been marked by 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 the meetings of the Supervisory Board.

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 at www.agrana.com/en/ir.

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/en/ir/corporate-governance. The report confirms that AGRANA complied with the Code in the 2014|15 financial year.

AGRANA'S BOARDS

Management Board

Name	Year of birth	Date first appointed	End of term
Johann Marihart Chief Executive Officer since 1992	1950	19 Sep 1988	30 Sep 2018
Stephan Büttner	1973	1 Nov 2014	31 Oct 2019
Fritz Gattermayer	1957	1 Jan 2009	31 Dec 2018
Thomas Kölbl	1962	8 Jul 2005	7 Jul 2015
Walter Grausam	1954	1 Jan 1995	31 Dec 2014

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, 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, BENE0 GmbH, Mannheim, Germany, and Freiburger Holding GmbH, Berlin, 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; member of the investment advisory board of tecnet equity NÖ Technologiebeteiligungs-Invest GmbH, St. Pölten, Austria.

■ Thomas Kölbl

Thomas Kölbl holds the following positions: member of the supervisory board of Baden-Württembergische Wertpapierbörse, Stuttgart, Germany, and its subsidiaries Boerse Stuttgart Holding GmbH, Boerse Stuttgart AG and EUWAX Aktiengesellschaft, all based in Stuttgart, Germany. He also holds the following group positions within the Südzucker group: member of the supervisory board of 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, Südzucker Polska S.A., Wrocław, Poland, and supervisory board chairman of PortionPack Europe Holding B.V., Oud-Beijerland, Netherlands, and of 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 the open sharing of information and of 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
Stephan Büttner	Finance, Controlling, Treasury, Information Technology and Organisation, Mergers & Acquisitions, Legal, Compliance, and Fruit Segment
Fritz Gattermayer	Sales, Raw Materials, Purchasing & Logistics, and Sugar Segment
Thomas Kölbl	Internal audit

After the retirement of Walter Grausam from the Management Board on 31 December 2014, Stephan Büttner took over his responsibilities as Chief Financial Officer.

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 elected at the AGM on 4 July 2014 for a term ending at the close of the General Meeting that considers the results of the 2017|18 financial year.

Name	Year of birth	Date first appointed	End of term
and supervisory board positions in listed domestic and foreign companies			
Erwin Hameseder, Mühldorf, Austria, independent <i>Chairman of the Supervisory Board since 4 July 2014</i>	1956	23 Mar 1994	31 st AGM (2018)
– First Vice-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			
– Vice-Chairman of the Supervisory Board of Südzucker AG, Mannheim, Germany			

Name	Year of birth	Date first appointed	End of term
and supervisory board positions in listed domestic and foreign companies			
Wolfgang Heer, Ludwigshafen, Germany, independent <i>First Vice-Chairman of the Supervisory Board</i>	1956	10 Jul 2009	31 st AGM (2018)
Klaus Buchleitner, Mödling, Austria, independent <i>Second Vice-Chairman of the Supervisory Board</i> – Vice-Chairman of the Supervisory Board of BayWa AG, Munich, Germany	1964	4 July 2014	31 st AGM (2018)
Jochen Fenner, Gelchsheim, Germany, independent <i>Member of the Supervisory Board</i> – Member of the Supervisory Board of Südzucker AG, Mannheim, Germany	1952	1 Jul 2011	31 st AGM (2018)
Hans-Jörg Gebhard, Eppingen, Germany, independent <i>Member of the Supervisory Board</i> – Chairman of the Supervisory Board of Südzucker AG, 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	31 st AGM (2018)
Ernst Karpfinger, Baumgarten/March, Austria, independent <i>Member of the Supervisory Board</i>	1968	14 Jul 2006	31 st AGM (2018)
Thomas Kirchberg, Ochsenfurt, Germany, independent <i>Member of the Supervisory Board</i>	1960	10 Jul 2009	31 st AGM (2018)
Josef Pröll, Vienna, independent <i>Member of the Supervisory Board</i> – Member of the Supervisory Board of VK Mühlen AG, Hamburg, Germany	1968	2 Jul 2012	31 st AGM (2018)
Christian Konrad, Vienna, independent <i>Chairman of the Supervisory Board until 4 July 2014</i> – Vice-Chairman of the Supervisory Board of Südzucker AG, Mannheim, Germany, until 17 July 2014 – Member of the Supervisory Board of DO & CO Restaurants & Catering AG, Vienna	1943	19 Dec 1990	4 July 2014
Employee representatives	Year of birth	Date first appointed	
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	
Karl Orthaber, Gleisdorf, Austria	1967	12 Nov 2014	
Peter Vymyslicky, Leopoldsdorf, Austria, until 12 Nov 2014	1952	22 Dec 1997	

Supervisory Board independence

The Supervisory Board of AGRANA Beteiligungs-AG applies 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 him or her, 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 2014|15 financial year the Nomination and Remuneration Committee met once.

The **Strategy Committee** prepares strategic decisions of the Supervisory Board by providing decision support, and makes decisions in urgent matters. The Strategy Committee held no meetings in the 2014|15 financial year.

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 2014|15 financial year the Audit Committee met twice. Its meetings focused particularly on the audit of the 2013|14 financial statements, the preparation of the audit of the 2014|15 financial statements, and the supervision of the risk management system. The Audit Committee also dealt with the compliance report for the Group.

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/en/about-agrana/management/supervisory-board.

Supervisory Board committees consist of the Supervisory Board Chairman or a Vice-Chairman, and of as many Supervisory Board members as the Supervisory Board determines. 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	
Erwin Hameseder	Chairman (and expert advisor on compensation)
Wolfgang Heer	Member
Klaus Buchleitner	Member
Strategy Committee	
Erwin Hameseder	Chairman
Wolfgang Heer	Member
Klaus Buchleitner	Member
Hans-Jörg Gebhard	Member
Thomas Buder	Employee representative
Gerhard Glatz	Employee representative
Audit Committee	
Klaus Buchleitner	Chairman (and expert advisor on finance)
Wolfgang Heer	Member
Thomas Buder	Employee representative

In the reporting period the Supervisory Board convened for four meetings.

COMPENSATION REPORT

Compensation of the Management Board

The Supervisory Board duly reviews and discusses the appropriateness of the Management Board's compensation, also taking into consideration the Group's internal compensation structure.

The total compensation of the Management Board members consists of a fixed and a variable, performance-based component. The performance-based component is contractually tied to the amount of the dividends paid over the respective last three years, in order to take into account sustainable, long-term performance criteria.

The compensation paid out in the 2014|15 financial year and in the prior year to the members of the Management Board was as follows:

€	Fixed compensation (incl. non-monetary benefits)	Variable compensation for prior year	Total current compensation	Termination benefits
2014 15				
Johann Marihart ¹	613,213	613,500	1,226,713	–
Stephan Büttner ²	109,613	–	109,613	–
Fritz Gattermayer	469,856	470,350	940,206	–
Thomas Kölbl ³	–	–	–	–
Walter Grausam ⁴	500,202	587,938	1,088,140	431,250
2013 14				
Johann Marihart ¹	607,851	562,401	1,170,252	–
Stephan Büttner ²	–	–	–	–
Fritz Gattermayer	468,063	409,019	877,082	–
Thomas Kölbl ³	–	–	–	–
Walter Grausam ⁴	583,181	536,837	1,120,018	–

The fixed compensation of the Management Board members remained unchanged compared to the prior year. Stephan Büttner was appointed to the Management Board with effect from 1 November 2014, replacing Walter Grausam, who retired from the Management Board on 31 December 2014.

Post-employment benefits granted to the Management Board under the Company's plan are pension, disability insurance and survivor benefits. For the Management Board members Johann Marihart, Fritz Gattermayer and Walter Grausam, the following applies: The pension becomes available when the pension eligibility criteria of the Austrian public pension scheme under the General Social Insurance Act (ASVG⁵) are met. In the event of retirement before the age determined under the ASVG, the amount of the pension is reduced. The pension amount is calculated as a percentage of a contractually agreed assessment base. For the pension of Stephan Büttner, there is a defined contribution obligation, which can be claimed after the recipient has reached the age of 55 years if the employment contract is terminated by the employer. For the 2014|15 financial year, pension fund contributions of € 2,955 thousand (prior year: € 968 thousand) were paid.

The retirement benefit obligations in respect of the Management Board are administered by an external pension fund. In the event that a Management Board appointment is withdrawn, there are severance pay obligations in accordance with the provisions of the Employees Act (see note on rule 27a) or the Occupational Pension Plan Act (BMSVG⁶). In the balance sheet at 28 February 2015, within the item "retirement and termination benefit obligations", an amount of € 8,058 thousand was recognised for pension obligations (prior year: € 3,940 thousand) and an amount of € 1,906 thousand was recognised for termination benefit obligations (prior year: € 2,009 thousand).

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

¹ Chief Executive Officer.

² Member of the Management Board since 1 November 2014.

³ The Management Board member of AGRANA Beteiligungs-AG appointed on the basis of the syndicate agreement between Südzucker AG, Mannheim, Germany, and Zucker-Beteiligungsgesellschaft m.b.H., Vienna, does not receive compensation for serving in this capacity.

⁴ Retired from the Management Board at 31 December 2014.

⁵ German name of the act: Allgemeines Sozialversicherungsgesetz.

⁶ German name of the act: Betriebliches Mitarbeiter- und Selbständigenvorsorgegesetz.

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 4 July 2014 the Annual General Meeting approved an annual aggregate remuneration for the Supervisory Board of € 250,000 (prior year: € 250,000) for the 2013|14 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.

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

€	2014 15 ¹	2013 14 ¹
Erwin Hameseder (Chairman of the Supervisory Board ²)	35,000	35,000
Wolfgang Heer (First Vice-Chairman of the Supervisory Board)	35,000	35,000
Klaus Buchleitner (Second Vice-Chairman of the Supervisory Board ³)	–	–
Jochen Fenner	25,000	25,000
Hans-Jörg Gebhard	25,000	25,000
Ernst Karpfinger	25,000	25,000
Thomas Kirchberg	25,000	25,000
Josef Pröll	25,000	25,000
Christian Konrad ⁴	55,000	55,000

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.



COMPLIANCE

For AGRANA, compliance with legal and regulatory requirements is integral to good corporate governance.

AGRANA has a dedicated compliance office led by the compliance officer, who looks after the compliance responsibilities centrally. The most important responsibilities of the compliance officer are the further expansion of the compliance management system in the AGRANA Group by producing and training internal guidelines; providing support in compliance matters; documenting cases of non-compliance and issuing recommendations. In addition, a Compliance Board was created, consisting of the heads of the Internal Audit department, Human Resources department, Legal department and Corporate Secretariat, and the compliance officer. The Compliance Board has its own terms of reference. It deliberates on an ongoing basis on fundamental questions regarding matters of compliance.

¹ Year of payment. The compensation was earned in the respective prior year.

² Until 4 July 2014 was Second Vice-Chairman of the Supervisory Board.

³ Since 4 July 2014.

⁴ Retired from the Supervisory Board at 4 July 2014.



The compliance management system of AGRANA has the following four core elements:

The **AGRANA Code of Conduct** forms the foundation of all business actions and decisions. The Code of Conduct is designed to give a clear and systematic understanding of the conduct which AGRANA expects from all its employees, managers and directors in all activities and locations of the Group. Together with the mission statement, it guides the entire AGRANA Group, setting unambiguous standards of integrity, correct business conduct and ethical principles.

Anticorruption laws apply worldwide and must be obeyed everywhere and at all times. In response to the specific Austrian anti-corruption legislation, AGRANA has issued a separate **Austria Anti-Corruption Policy**, complementing the Code of Conduct. This policy sets out binding regulations and a reporting system. The policy aims to ensure legally compliant conduct and facilitate the proper handling of invitations and gifts. Additionally, to accommodate Austrian laws, a separate tax policy was created that governs the handling of tax processes.

The purpose of the globally applicable **Antitrust Compliance Policy** is to ensure that all employees and board members know and abide by the essential provisions of competition and antitrust law and have the awareness to recognise situations with antitrust relevance. The overarching aim of this policy is to preserve employees from violating antitrust legislation and to provide practical, real-world support in applying the relevant rules.

For AGRANA Beteiligungs-AG as a publicly traded company, it is highly important to adhere to stock exchange and capital market laws and regulations, particularly the Stock Exchange Act and the Issuer Compliance Regulation of the Financial Market Authority. Based on these pieces of legislation, AGRANA has issued its **Capital Market Compliance Policy**. It sets out the principles governing the disclosure of information and prescribes organisational measures for safeguarding confidentiality and for preventing improper use or transmission of insider information.

The purpose of the AGRANA compliance management system is to fulfil the corporate leadership's organisational and supervisory obligations under the law and to minimise the liability risks for the AGRANA Group, its employees and board members.

To help achieve this, about 50 trainings were held for a defined group of employees in the 2014|15 financial year on the new Austria-specific anti-corruption and tax policy. The trainings in capital market policy compliance have begun and will be completed in the first half of 2015. As regards competition and antitrust law, about two-thirds of identified employees were already trained in the year under review; the others will receive the training in 2015. In the 2015|16 financial year, AGRANA plans to provide training on all relevant compliance policies at the international subsidiaries.

The Internal Audit department verifies compliance with laws, regulations and internal policies. In the 2014|15 financial year it audited 13 of the 50 AGRANA production sites (i. e., 26% of these sites) falling within the GRI report boundaries (see the section "Organisational structure" from page 45), including audits for corruption and fraud. The audit of a Hungarian subsidiary found breaches of AGRANA's conflict-of-interest rules; this led to the mutually agreed departure of the local management team.





PROMOTING EQUITY FOR WOMEN

Equality of opportunity in the workplace and equal treatment of employees without regard to gender are principles enshrined in the AGRANA 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 for the Group.

In line with its core business activity of processing agricultural raw materials, AGRANA is regularly looking for prospective employees with technical training and education. However, the proportion of women with vocational training or technical academic degrees is relatively low, both in Austria and other countries. In June 2014 the Group therefore held an open-house for young female potential future trainees at the sugar factory in Tulln, Austria.

AGRANA is convinced that keeping work and family life in harmony is still commonly a challenge, especially for women. To help remedy this, AGRANA offers its staff in Vienna a company day-care centre, as well as a childcare service for days when schools close locally for a day and on long-weekend days falling between a public holiday and the weekend.

As well, in the summer of 2014 AGRANA for the first time organised a week of care during the summer holidays for children of employees at the sugar plant in Tulln, Austria. That week, trained educators from Hilfswerk (a non-profit organisation which is one of the country's largest providers of childcare) put on age-specific, engaging programmes for children aged three to ten years. In response to the positive feedback from this 2014 pilot project, the initiative will again be available for employees in summer 2015 to give working parents peace of mind.

Vienna, 28 April 2015

The Management Board of AGRANA Beteiligungs-AG

Johann Marihart
Chief Executive Officer

Stephan Büttner
Member of the Management Board

Fritz Gattermayer
Member of the Management Board

Thomas Kölbl
Member of the Management Board

