

CORPORATE GOVERNANCE STATEMENT PURSUANT §§ 289F AND 315D OF THE GERMAN COMMERCIAL CODE (HGB)

In the section described below, Südzucker reports on corporate management in accordance with article 315d of the German Commercial Code (HGB) in conjunction with article 289f of the German Commercial Code and corporate governance as per item 3.10 of the German Corporate Governance Code. In addition, the following section reports on corporate responsibility regarding the non-financial statement in accordance with articles 315b and 315c of the German Commercial Code in conjunction with articles 289b and 289c of the German Commercial Code.

Supervisory board and executive board operating procedures

The following summary outlines the operating procedures of the executive and supervisory boards in accordance with articles 289f, paragraph 2, item 3 and 315d of the German Commercial Code.

General information

Südzucker AG is a German stock corporation and as such has a dual management structure consisting of an executive board and supervisory board, each having members with independent expertise in different areas. The executive and supervisory boards work on the basis of mutual trust and closely cooperate to manage and supervise the company.

Executive board

Südzucker AG's executive board currently consists of four members. The management body independently manages the company's businesses in the interests of the corporation with the aim of generating sustainable added value. The duties assigned to the executive board members are outlined in the rules of procedure for the executive board in the version dated 26 January 2016.

Some executive board members have dual responsibilities with respect to the subsidiary AGRANA Beteiligungs-AG, Vienna, Austria. The CEO of AGRANA Beteiligungs-AG, Johann Marihart, Limberg, Austria, is also a member of Südzucker AG's executive board and the CFO of Südzucker AG, Mr. Thomas Kölbl, Speyer, Germany, is also a member of the executive board of AGRANA Beteiligungs-AG.

Südzucker AG's executive board members are also either members or chairs of the supervisory boards of Südzucker Group's major subsidiaries.

Supervisory board

The supervisory board supervises and advises the executive board in its management of the company. It is involved in strategy and planning, as well as all issues of material importance to the company. For important business processes, such as budgeting and strategic planning, acquisitions and divestments, the company's articles of incorporation and the rules of procedure of the executive board stipulate that decisions are subject to approval by the supervisory board. The chair of the supervisory board coordinates the supervisory board's work, chairs the meetings and speaks on behalf of the panel to the outside world.

The executive board submits comprehensive, timely reports regarding planning, business developments and the group's positioning to the supervisory board - in writing and at regular meetings. Risk management and compliance are additional key reporting topics. If necessary, extraordinary meetings are held with the supervisory board to discuss important issues. The supervisory board has established rules of procedure for its work, which are in force as per the version dated 16 November 2017. The shareholder representatives and employee representatives always meet separately to prepare the supervisory board meetings.

Supervisory board structure

Südzucker AG's supervisory board consists of twenty members as per the articles of incorporation, of which ten are elected by the shareholders and ten by the employees. The terms of office are identical: The term of office of all supervisory board members runs until the close of the annual general meeting at which shareholders will vote on ratifying the board's actions for fiscal 2021/22 (that is, until the end of the annual general meeting in 2022).

Supervisory board diversity policy

As per a resolution passed on 16 November 2017, the supervisory board is aiming for the following targets and competence profiles for the full board in its future composition, in consideration of the sector, the size of the company and the share of international business activity (Supervisory board diversity policy):

- All supervisory board members shall have adequate corporate or operational experience and shall ensure they have sufficient time to fulfill their supervisory board duties.

- Each member of the supervisory board shall demonstrate the required reliability and personal integrity to fulfill the board's supervisory duties.
- At least two members of the supervisory board should be independent as per item 5.4.2 of the German Corporate Governance Code. Not independent as per item 5.4.2 of the German Corporate Governance Code is anyone who has a personal or business relationship with the company, its organs, a controlling shareholder or company associated with these, which could result in a material and not merely temporary conflict of interest.
- Not more than two former members of the executive board shall be members of the supervisory board.
- The supervisory board shall have at least two members with international experience or specialized knowledge in one of the company's key non-German markets.
- At least one member of the supervisory board shall be a financial expert.
- The supervisory board shall have at least three female and three male members to represent the employees and shareholders.
- No candidate older than 70 shall be recommended for election or reelection to the supervisory board, unless it would be in the interests of the company.

There is no rule regarding the maximum term of office of a supervisory board member. This is to ensure continuity and long-term expertise on the supervisory board.

When recommending supervisory board members for election, the supervisory board will continue to focus primarily on the personal suitability of the candidates, their specialized skills and experience, their integrity and independence, as well as their motivation and capabilities.

The status of the supervisory board diversity policy is as follows:

The supervisory board's employee representatives were elected on 16 April 2017 by the company's workers and its shareholder representatives by shareholders at the annual general meeting on 20 July 2017. In the meantime, there have been four changes in the supervisory board, three on the employee side and one on the shareholder representatives side. The board has the opinion that it has had currently at least two independent members, which is in compliance with requirements. At least two members especially meet the criterion of "internationality". The supervisory board has seven female members – four representing the employees and three representing shareholders. There are no former Südzucker AG executive board members on the supervisory board. All members of the supervisory board are familiar with the sector

in which Südzucker AG conducts business. The financial expert on the supervisory board and on the audit committee is Ms. Veronika Haslinger, Vienna, Austria.

Executive board diversity policy

In its meeting of 16 November 2017, the supervisory board decided not to define a diversity policy for the composition of the executive board with respect to aspects such as age, gender, education or professional background at this time.

Supervisory board committees

The supervisory board has formed an executive committee, audit committee, agricultural committee, social committee and mediation committee from among its members. These committees prepare and supplement its work. The executive and mediation committees each consist of four members. The other committees have six members each, with an equal number of shareholder and employee representatives. The duties of the executive board and the other committees are outlined in the supervisory board rules of procedure version dated 16 November 2017. In addition, the audit committee's rules of procedure version dated 21 July 2009 apply to the audit committee. The current members of the committees are presented in the notes under item 37 "Supervisory board and executive board".

The chairman of the supervisory board is not simultaneously the chairman of the audit committee.

Shareholders and annual general meeting

Südzucker AG's shareholders exercise their voting and control rights at general meetings held at least once a year. On an annual general meeting, shareholders vote on all issues as per the statutory requirements. The decisions are binding for all shareholders and the company. Shareholders are entitled to one vote for each share held.

Every shareholder who meets the general requirements for participating and exercising voting rights and who registered by the due date is entitled to participate in the annual general meeting. Shareholders who are unable to attend personally have the option of exercising their voting rights by proxy through a financial institution, a shareholder association, Südzucker AG appointees who are bound by the directives of the shareholders or by some other authorized representative of their choice. Shareholders also have the option of submitting their vote in advance of the general meeting via Südzucker AG's website (www.suedzucker.de/en/Investor-Relations/Hauptversammlung/) or by assigning power of attorney to Südzucker AG's proxies or to a third party.

Risk management

Responsible management of business risks is fundamental to good corporate governance. Südzucker AG's executive board and Südzucker Group's managers make use of group-wide, company-specific reporting and control systems to detect, evaluate and manage these risks. The executive board regularly keeps the supervisory board abreast of existing risks and how they evolve. The audit committee deals mainly with monitoring the accounting process and the annual audit of the financial statements. It also reviews and verifies the effectiveness of the internal control systems, the risk management process and the internal auditing process. Details regarding risk management are outlined in the risk report.

Corporate governance report

Corporate governance aims to ensure that companies are managed and controlled responsibly and that they provide lasting shareholder value. The following corporate governance report is prepared in accordance with articles 289f, paragraph 2, item 1, 4-6 and 315d of the German Commercial Code. Effective and efficient cooperation between the executive and supervisory boards ensures transparency and the claim to keep shareholders and the public fully informed in a timely manner. The corporate governance report published here by Südzucker AG complies with legal requirements and the German Corporate Governance Code rules.

Good corporate governance is a given at Südzucker and has been practiced since many years. The company's policies are consistent with the recommendations of the Code and compliance is a key executive board and supervisory board responsibility.

Südzucker regards the current version of the Code dated 7 February 2017¹ as largely balanced, practical and of high standard when compared internationally. As in previous years, we have thus not found it necessary to prepare individual, company-specific corporate governance principles. We comply with the recommendations of the code with the exception of the items outlined in the declaration of compliance.

2018 Declaration of Compliance

In the 2018 mutual declaration of compliance by the executive board and the supervisory board in accordance with article 161 of the German Stock Corporation Act (AktG), the following deviations from the recommendations – compared to last year's statement – were updated:

- Item 4.1.3 – Compliance, whistleblower system

In April 2018, an electronic whistleblower system was added to Südzucker AG's compliance system, which gives employees and third parties the opportunity to securely report any potential compliance infringements within the company. Since it was technically implemented during the current 2018 declaration period, nonconformance with respect to item 4.1.3 clause 3 is reported as a precautionary measure.

The complete version of the mutual 2018 declaration of compliance by the executive board and supervisory board – as well as the declaration of compliance for prior years – is posted on Südzucker's website (www.suedzucker.de/en/Entsprechenserklaerung/).

Gender quota

The German Stock Corporation Act stipulates that listed and co-determined companies have a fixed gender quota of 30 % on the supervisory board and set targets for the number of women on the executive board and the two management levels below the executive board. 35 % of the supervisory board's members are women. The legal quota requirement is thus fulfilled.

In its meeting on 17 May 2017, the supervisory board resolved to keep the number of women on the executive board at 0 % until 16 May 2022, taking into consideration all relevant factors and especially the current status quo.

In its meeting of 12 June 2017, the executive board resolved to raise the percentage of women at Südzucker AG at the first and second management levels below the executive board level to 9 and 13 %, respectively, from the former 8.3 % and 12.2 %, respectively, by 11 June 2022.

Education and training

Members of the supervisory board are solely responsible for any education and training measures they may require to fulfill their duties. They are appropriately supported by Südzucker:

Another information seminar regarding corporate governance topics presented by an external legal expert is planned for fiscal 2019/20.

¹ The version 7 February 2017 came into force with the publication of the German Federal Gazette on 24 April 2017.

Remuneration report

Executive board

Südzucker AG's executive board compensation consists of a fixed annual base salary, a variable incentive component based on the average dividends of the previous three years, a company pension plan, which is mainly based on a fixed percentage of the annual base salary, plus payments in kind. The remuneration does not include any share-based compensation or comparable long-term remuneration components. The executive committee has prepared the executive board's compensation, which is defined by the full supervisory board and reviewed at regular intervals. Article 87, paragraph 1 of the German Stock Corporation Act states that the remuneration system for listed companies must be based on sustainable corporate growth and that variable compensation components must therefore be based on terms longer than one year. The requirement regarding a term longer than one year within Südzucker AG is met by basing the variable component on the average dividend of the three previous fiscal years.

Supervisory board

The supervisory board is compensated in accordance with article 12 of Südzucker AG's articles of incorporation.

Each member of the supervisory board receives a basic remuneration in addition to the reimbursement of his or her cash outlays and the value-added tax incurred arising from supervisory board activities. This base amount consists of a fixed sum of € 60,000 payable at the end of the fiscal year plus a variable remuneration of € 500 for each € 0.01 of distributed dividends on ordinary shares exceeding € 0.50. Tax-related special dividends are not considered in the remuneration calculation. The chair receives triple this amount and the deputy and other members of the executive committee receive one- and-a-half times this remuneration. Committee members' remuneration increases by 25 % for each committee of which they are a member and committee chairs' by 50 %, assuming the committee actually met during the fiscal year. The latter does not apply to members of the executive and mediation committees. As discussed in detail in the declaration of compliance, Südzucker AG does not disclose the level of compensation of individual executive and supervisory board members because the benefits of such information bear no reasonable relation to the associated invasion into their privacy.

The total remuneration of executive and supervisory board members is presented under item 36 "Related parties" of the notes to the annual report.

Asset loss liability insurance

The company has taken out asset loss liability insurance with a deductible, which covers the activities of members of the executive and supervisory boards (D&O insurance). Article 93, paragraph 2 of the German Stock Corporation Act (AktG) states the deductible for supervisory board members shall be at least 10 % of the damage up to at least 1.5 times their fixed annual remuneration. The German Corporate Governance Code endorses this recommendation with respect to supervisory board members. The D&O insurance deductibles for the executive and supervisory board members have been adjusted accordingly.

Shares held by members of the executive and supervisory boards/security transactions

No member of the executive or supervisory board owns shares or related financial instruments that either directly or indirectly represent more than 1 % of Südzucker AG's total share capital. Furthermore, the total shareholdings of all executive and supervisory board members are less than 1 % of the total shares issued by the company.

In fiscal 2018/19, the members of the executive and supervisory boards have not informed Südzucker AG about any notifiable managers' transactions in securities.

Compliance

The following summary relates to disclosures about corporate policy regarding compliance in accordance with articles 289f, paragraph 2, item 2 and 315d of the German Commercial Code.

Compliance-corporate governance and code of conduct

For Südzucker, compliance; that is, operation in accordance with laws and company policies, is a standard part of good corporate management. At Südzucker, practicing compliance is not merely the responsibility of the executive board, but also the managers of all of the group departments, divisions and subsidiaries or companies in which Südzucker Group holds an interest.

In addition to group-wide guidelines, compliance in the company is enshrined in the code of conduct and in the corporate compliance principles. The Compliance corporate principles highlight key issues that are very important in day-to-day practice. The corporate compliance principles are published on Südzucker's website at www.suedzucker.de/en/Unternehmensgrundsaeetze/ and the code of conduct at www.suedzucker.de/en/Verhaltenskodex/.

Südzucker applies the laws currently in force and expects the same from its employees and business partners.

Compliance-management system

Existing Südzucker Group corporate rules were incorporated into the compliance management system policies and various compliance-critical company departments and activities were integrated into the program. The compliance management and its principles of "knowledge" (informing and training), "compliance" (verifying and documenting) and "improvement" (reporting and acting) aim to ensure the lawful conduct of the company, its executive bodies and its employees. The goal is to prevent employees from breaking any laws and to help them apply laws and corporate guidelines properly and professionally.

"Knowledge"

Südzucker provides its employees with the necessary information sources and advice to enable them to avoid contravening any rules or laws. All supervisors must organize their area of responsibility to ensure that the code of conduct, the corporate compliance principles, the company's internal directives and statutory requirements are adhered to. After all, only risk-aware employees can recognize risks and successfully avoid or at least mitigate them.

The compliance officer and compliance representatives ensure that information flow is timely. Amongst others, they are responsible for training and investigation of compliance events. In fiscal 2018/19, about 6,000 employees were trained throughout the group in seminars, information events and with the help of e-learning on topics such as antitrust laws, corruption and bribery prevention, data protection and IT security. This covers about 85 % of the defined persons (salaried employees including management).

"Compliance"

All employees are obliged to report any violation of the code of conduct, the corporate compliance principles, the company's internal directives and statutory requirements to the compliance officer, the compliance representatives or the executive board immediately. Violations of external and internal rules are not tolerated. Any indication of wrongdoing is investigated.

"Improvement"

Compliance activities and the compliance organization were continuously enhanced in fiscal 2018/19 just ended.

Key compliance topics

The focus of the group-wide corporate compliance principles continues to be compliance with antitrust laws, corruption and bribery prevention – with country and company-specific adaptation. These principles are reinforced by guidelines. The executive board has ruled that all contact with competitors be approved in advance by the responsible supervisor and that such contact always be documented.

The executive board regularly reports to Südzucker AG's supervisory board and the supervisory board's audit committee regarding compliance issues.