

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

As of 20 May 2021

## 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 including its chairman. The executive board, as a management body, conducts the company's businesses in the interests of the corporation with the aim of generating sustainable added value. The supervisory board has provided the executive board with rules of procedure which are in force as per the version dated 30 January 2020.

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 12 November 2020 and published on the website of Südzucker AG ([www.suedzucker.de/en/investor-relations/corporate-governance/aufsichtsrat](http://www.suedzucker.de/en/investor-relations/corporate-governance/aufsichtsrat)). The shareholder representatives and employee representatives always meet separately to prepare the supervisory board meetings.

### Supervisory board self-assessment

The supervisory board regularly assesses how effectively it and its committees fulfill their duties. This is done annually using a questionnaire, with no outside assistance. Each year, the questionnaire is amended according to the latest revision of the code. The questionnaires are evaluated and the results and improvement suggestions discussed at each November meeting. The aim is to continuously improve the work of the supervisory board and its committees.

### Supervisory board structure

Südzucker AG's supervisory board consists of 20 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).

All members of the supervisory board have the knowledge, skills and professional experience required to properly perform their duties. They are familiar with the sector in which Südzucker AG conducts business. The statutory gender quota is upheld.

The current supervisory board members are presented in the notes under item 37 "Supervisory board and executive board".

### Supervisory board diversity policy

As per a resolution passed on 16 November 2017, Südzucker AG's supervisory board is mainly aiming for the following targets 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:

- 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 within the meaning of the German Corporate Governance Code. Not independent in terms 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.
- 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 implementation 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 five changes at the supervisory board (four employee representatives and one shareholder representative).

According to the supervisory board's evaluation, the supervisory board currently consists of two members, and thus – considering the ownership structure – a sufficient number of independent members. Ms. Susanne Kunschert, Stuttgart, Germany, and Ms. Julia Merkel, Wiesbaden, Germany, are independent of Südzucker AG, its executive board and the controlling shareholder Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG). 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.

The financial expert on the supervisory board and on the audit committee is Ms. Veronika Haslinger, Vienna, Austria.

### Executive board diversity policy

The supervisory board has prepared a diversity concept for Südzucker AG's executive board that summarizes factors such as the age, gender, education and career as well as internationality of the company's employees. The aim is to select an executive board composition that guarantees that the board will be fully able to discharge its duties. The executive and supervisory boards work together to ensure long-range succession planning for board members. Every effort is made to select executive board members from candidates who have progressed within the company. The following criteria are especially important for systematic management development and long-term succession planning:

- Early identification of suitable candidates from different disciplines, professional and personal experience, internationality and gender
- Systematic development of managers by increasing assignment of tasks and responsibilities
- Demonstrable strategic and operative creative drive and leadership skills
- Proven role model approach toward implementing our corporate values

Key to the appointment of a Südzucker AG executive board member is ultimately an appraisal of their professional and personal qualifications. The supervisory board primarily focuses on candidates' personal suitability, their professional skills and experience, their integrity and independence, as well as their motivation and capabilities to ensure that they can responsibly fulfill their duties at the company.

Accordingly, as per a resolution passed on 14 November 2019 regarding the composition of the executive board – in consideration of the sector, the size of the company and the share of international business activity – Südzucker AG's supervisory board aims to meet the following objectives:

- **Number:** Given the size of the company and the current organizational and responsibility structure at Südzucker Group, it is recommended that Südzucker AG have at least four executive board members. The supervisory board can appoint a chairperson or speaker from this panel.
- **Age:** An executive board member should hold office no longer than the end of the fiscal year in which he or she reaches the age of sixty-five.
- **Gender:** The supervisory board prioritizes qualifications rather than gender when selecting candidates. In its meeting of 17 May 2017, the board decided to extend the target quota for female executive board members of 0 % until 16 May 2022.
- **Education and career:** The educational and career background of members of Südzucker AG's executive board should satisfy the required competencies of general executive board duties, as well as of the member's specific portfolio assignment. These competencies could have been acquired by completing a university degree, some other occupational training or by some other means.
- **Internationality:** It is recommended that the executive board have at least one member with international experience or specialized knowledge in one of the company's key non-German markets.

### **Supervisory board committees**

The supervisory board has formed an executive committee, audit committee, agricultural committee, social committee, mediation committee and nomination committee from among its members. These committees prepare and supplement its work. The executive and mediation committees each consist of four members. The audit committee, the agricultural committee and the social committee have six members each, with an equal number of shareholder and employee representatives. The nomination committee newly formed by resolution of the supervisory board on 12 November 2020 is composed of four shareholder representatives. The duties of the executive board and the other committees are outlined in the su-

perisory board rules of procedure version dated 12 November 2020. The audit committee's rules of procedure version dated 21 July 2009 apply to the audit committee. The current members of the committees and their respective terms of office 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. During 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/](http://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, compliance 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 for 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.

In our opinion, the current version of the Code dated 16 December 2019<sup>1</sup> is 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.

### 2020 Declaration of Compliance

In November 2020, the executive and supervisory boards issued a declaration of compliance with the recommendations of the German Corporate Governance Code in the versions dated 7 February 2017<sup>2</sup> and 16 December 2019 as per section 161 of the German Stock Corporation Act (AktG).

Südzucker AG complies with the recommendations of the code with the exception of the items outlined in the declaration of compliance. There are no recommendations in the code that do not apply to Südzucker AG due to overriding legal requirements. Südzucker AG complies with the suggestions of the currently valid code with one exception: Contrary to suggestion G.18, the remuneration of the supervisory board is not purely fixed.

The complete version of the 2020 declaration of compliance – as well as the declaration of compliance for prior years – is posted on Südzucker AG's website ([www.suedzucker.de/en/Entsprechenserklaerung/](http://www.suedzucker.de/en/Entsprechenserklaerung/)).

<sup>1</sup> The version 16 December 2019 came into force with the publication of the German Federal Gazette on 20 March 2020.

<sup>2</sup> The version 7 February 2017 came into force with the publication of the German Federal Gazette on 24 April 2017.

### 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 AG:

Another information seminar regarding corporate governance topics was presented by an external legal expert in fiscal 2020/21.

### Remuneration report

#### Executive board

Südzucker AG's executive board current 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 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. The remuneration system for listed companies is based on sustainable corporate growth. Variable compensation components should be calculated on a multi-year basis. The requirement regarding a term longer than one year within Südzucker AG is met by applying the average dividend for the 2018/19 to 2020/21 financial years. The compensation system will be revised and submitted to Südzucker's annual general meeting on 15 July 2021 for approval.

## Compensation of the executive board 2020/21

€	Fixed compensation including fringe benefits	Compensation of subsidiaries	Variable compensation	Total compensation	Service cost
Dr. Niels Pörksen (Chairman)	780,040	71,766	200,000	<b>1,051,806</b>	150,000
Dr. Thomas Kirchberg	604,215	71,765	176,660	<b>852,640</b>	15,981
Thomas Kölbl	624,797	71,765	176,660	<b>873,222</b>	328,560
Johann Marihart	712,418	16,200	844,200	<b>1,572,818</b>	0
<b>Total</b>	<b>2,721,470</b>	<b>231,496</b>	<b>1,397,520</b>	<b>4,350,486</b>	<b>494,541</b>

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. Mr. Johann Marihart receives no executive board compensation from Südzucker AG, nor does Mr. Thomas Kölbl receive any executive board compensation from AGRANA Beteiligungs-AG, Vienna, Austria.

Shareholders at the annual general meeting of Südzucker AG resolved on 16 July 2015 to waive disclosure of individual remuneration of executive board members for five years. The company therefore refrained from disclosing information on the compensation of individual executive board members in the compensation report for the last time for fiscal 2019/20.

### 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. In addition, Dr Hans-Jörg Gebhard, Mr Franz-

Josef Möllenberg, Mr Erwin Hameseder and Mr Helmut Friedl receive remuneration for the exercise of Group mandates.

The total remuneration of executive and supervisory board members including prior year's amounts 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 current version of the German Corporate Governance Code dated 16 December 2019 no longer recommends such insurance for supervisory board members. Accordingly, the D&O insurance deductibles for supervisory board members have been suspended effective 1 March 2021.

### 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 2020/21, the members of the executive and supervisory boards have not informed Südzucker AG about any notifiable managers' transactions in securities.

### Group compensation of the supervisory board (including group mandates)

€	2020/21
Dr. Hans-Jörg Gebhard Chairman	304,200
Franz-Josef Möllenberg 1st deputy chairman	157,500
Erwin Hameseder 2nd deputy chairman	150,000
Fred Adjan <sup>1</sup>	30,000
Thomas Bernhard <sup>2</sup>	30,000
Helmut Friedl	133,000
Ulrich Gruber	90,000
Veronika Haslinger	75,000
Georg Koch	75,000
Susanne Kunschert	60,000
Ulrike Maiweg	60,000
Walter Manz	60,000
Julia Merkel	60,000
Sabine Möller	60,000
Angela Nguyen	60,000
Joachim Rukwied	60,000
Bernd Frank Sachse	60,000
Nadine Seidemann	75,000
Dr. Stefan Streng	60,000
Wolfgang Vogl	75,000
Rolf Wiederhold	105,000
<b>Total</b>	<b>1,839,700</b>

<sup>1</sup> Since 1 September 2020.

<sup>2</sup> Until 31 August 2020.

## 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 management system

Compliance is embedded in Südzucker's corporate mission and documented in a compliance management system (CMS).

Südzucker's CMS contains all rules and measures required to guarantee that everyone at the company knows they must conduct themselves in accordance with the law and to recognize associated risks. It specifies responsibilities, training and reporting paths and is based on the seven principles of the IDW Prüfungsstandards 980 "Prüfung von Compliance-Management-Systemen" [IDW audit standard 980 "compliance management system auditing"].

### Compliance culture

At Südzucker, practicing compliance is the responsibility of the executive board, as well as the managers of all the group departments, divisions and subsidiaries or companies in which Südzucker Group holds a stake. Through their actions and communications, the executive board and managers create an environment that makes very clear the importance of compliance within the company ('set the tone from the top').

### Compliance objectives

The aim of CMS at Südzucker is to guarantee that the company and its employees conduct themselves in accordance with applicable laws, that non-compliance risks are recognized early and that such risks are prevented through appropriate countermeasures. Any violations shall be tracked and communicated to the responsible parties.

### Compliance risks

Compliance risks arise when there is any kind of non-conformance with laws and regulations. The main focus at Südzucker is in the areas of antitrust laws, corruption and bribery prevention, capital market/reporting obligations and data security.

### Compliance program

Südzucker's compliance program contains all of the steps required to achieve the aforementioned objectives. Among other things, it comprises establishing appropriate guidelines, internal safeguards to maintain capital market reporting and documentation obligations and using a software solution to guarantee third-party compliance.

All of the company's divisions conduct regular training on compliance topics. In fiscal 2020/21 approximately 6,692 employees were trained throughout the company, representing about 90 % of the target group (salaried employees including management). In 2020, Südzucker expanded the e-learning program to include a mandatory multi-year training program on compliance basics, antitrust law, corruption and bribery prevention, IT security, data protection, capital market compliance, and fraud through identity forgery. It will be rolled out successively to other companies. On completion of the program, participants must complete and pass a final test.

### Compliance organization

A groupwide compliance structure with clearly defined reporting paths for all operating companies and key departments forms the core of Südzucker's compliance organization. All reports of potential violations are tracked. The compliance officers of the main operating subsidiaries and/or the compliance officers of the Südzucker AG departments considered to be material submit case-related and periodic

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

In addition, the company has set up a compliance committee that discusses fundamental and current issues at regular meetings.

#### Compliance communication

All employees were informed about Südzucker's code of conduct (→ [www.suedzucker.de/en/Unternehmen/Verhaltenskodex/](http://www.suedzucker.de/en/Unternehmen/Verhaltenskodex/)) and corporate compliance principles (→ [www.suedzucker.de/en/Unternehmensgrundsaeetze/](http://www.suedzucker.de/en/Unternehmensgrundsaeetze/)). Posters are put up at the company sites to raise employee awareness of compliance principles during their day-to-day activities. Suspected violations of the code of conduct or the corporate compliance principles may be reported using a dedicated telephone number or email address, as well as via an Internet-based anonymous whistleblower program.

11 notifications were received through these channels in fiscal 2020/21. The allegations in these notifications proved unsubstantiated so no further legal action was taken.

#### Compliance monitoring and development

Südzucker's internal audit department carries out scheduled and ad hoc audits and thereby monitors adherence to all legal requirements and internal guidelines. In fiscal 2020/21, selected departments, such as purchasing or logistics, were also audited for corruption and fraud at 38 % of the production sites. No material violations of statutory regulations could be identified.

Südzucker AG is considered a so-called critical infrastructure operator and is thus subject to an audit of its information technology systems in accordance with the German Federal Office for Information Security Act (KRITIS audit). The audit did not report any negative findings.