

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

As of 19 May 2022

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 five 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, Mr. Markus Mühleisen, Vienna, Austria, is also a member of Südzucker AG's executive board and the member of the executive board of Südzucker AG, responsible for digitalization (CDO). Ms. Ingrid-Helen Arnold, Walldorf, Germany, is also a member of the executive board of AGRANA Beteiligungs-AG.

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 23 February 2022 and published on the website of Südzucker AG (www.suedzucker.de/en/investor-relations/corporate-governance/supervisory-board). 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 23 February 2022, Südzucker AG's supervisory board is mainly 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:

- 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 two supervisory board members shall have expertise in the field of accounting or auditing (financial experts).
- 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).

The board has the opinion that it has at least two independent members, which is considering the ownership structure in compliance with requirements. Ms. Susanne Kunschert, Stuttgart, Germany, and Ms. Julia Merkel, Wiesbaden, Germany, are independent of Südzucker AG, its executive board and the controlling shareholder Süddeutsche Zuckerrübenverwertungsgenossenschaft 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.

Financial expert on the supervisory board is Susanne Kunschert, Stuttgart, Germany and Ms. Veronika Haslinger, Vienna, Austria, is financial expert on the supervisory board and on the audit committee.

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 of implementing corporate objectives in line with 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 23 February 2022 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 five 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. Südzucker AG’s executive board consists of more than three persons. Pursuant to article 76, paragraph 3a, sentence 1 of the German Stock Corporation Act, at least one woman and at least one man must then be a member of the executive board. Currently, one woman and four men are members of Südzucker AG’s executive board.
- **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 is composed of four shareholder representatives.

In its meeting on 23 February 2022, the supervisory board decided on a reorganization of its committees. With a new supervisory board to be elected at the 2022 annual general meeting, the reorganization and composition of the committees will be implemented when the newly elected supervisory board is constituted. A new strategy and sustainability committee will subsequently be formed, with equal numbers of four representatives each from the shareholder and employee sides. The agricultural committee will also address increasingly important raw material issues, so it will be renamed the “agriculture and raw material markets committee” and will have four representatives each from the stockholders’ and employees’ sides instead of three.

The duties of the executive board and the other committees are outlined in the supervisory board rules of procedure version dated 23 February 2022. The audit committee’s rules of procedure version dated 23 February 2022 applies additionally 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. 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/annual-general-meeting/) 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 (→ risk and opportunity report). 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 and opportunity 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 (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.

In our opinion, the current version of the Code dated 16 December 2019¹ 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.

2021 Declaration of Compliance

In November 2021, the executive and supervisory boards issued a declaration of compliance with the recommendations of the German Corporate Governance Code in the version dated 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 2021 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/).

Gender quota

The German Stock Corporation Act stipulates in article 96, paragraph 2, sentence 1 that listed and co-determined companies have a fixed gender quota of 30 % within the supervisory board. Currently, 35 % of the supervisory board's members are women. The legal quota requirement is thus fulfilled.

Südzucker AG's executive board consists of more than three persons. Pursuant to article 76, paragraph 3a, sentence 1 of the German Stock Corporation Act, at least one woman and at least one man must then be a member of the executive board. Currently, one woman and four men are members of Südzucker AG's executive board. The legal quota requirement is thus fulfilled.

The executive board resolved 2017 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 8.3 and 12.2 %, respectively, by 11 June 2022. The proportion of women at the first and second level was 10 % as of 28 February 2022. Over the next five years until 2027, Südzucker AG aims to double the proportion of women at the first and second management levels below the executive board to 20 %.

Education and training

Members of the supervisory board are solely responsible for any education and training measures they may require fulfilling their duties. They are appropriately supported by Südzucker AG. Another information seminar regarding corporate governance topics will be presented by an external legal expert in fiscal 2022/23.

Remuneration report

Starting in fiscal 2021/22, a separate report on executive and supervisory board compensation will be published on Südzucker's website. 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.

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

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 2021/22, the members of the executive and supervisory boards have not informed Südzucker AG about any notifiable directors' dealings 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 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 IDW¹ 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 2021/22 approximately 4,913 employees including the executive board were trained throughout the company. This represents about 90 % of the target group (salaried employees including management). Since 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.

¹ Germany's Institute of Public Auditors

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/) and corporate compliance principles (→ www.suedzucker.de/en/Unternehmensgrundsaeetze/). Posters were put up at the company sites to sensitize employees to 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 e-mail address, as well as via an Internet-based anonymous whistleblower program.

28 notifications were received through these channels in fiscal 2021/22. The allegations in these notifications proved unsubstantiated so no further legal action was taken.

No cases of corruption were reported in fiscal year 2021/22.

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 2021/22, selected departments, such as purchasing or logistics, were also audited for corruption and fraud at 33 % of the production sites. Due to the pandemic, some of the exams were conducted online. 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.