

MANAGEMENT REPORT AND FINANCIAL STATEMENTS

SÜDZUCKER AG

DATED 28 FEBRUARY 2015 (GERMAN GAAP – HGB)



The annual report is also available in German. This translation is provided for convenience only and should not be relied upon exclusively. The German version of the annual report is definitive and takes precedence over this translation.

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REPORT OF THE SUPERVISORY BOARD

Dear shareholders,

Let us look back a little. In 2006, EU beet cultivation and sugar production policies changed fundamentally, and conditions for beet farmers and sugar producers deteriorated dramatically. After this setback, the company was able to return to the path of success and drive revenues and profits to record highs over the past few years. In 2013/14, the settlement in February 2014 related to an antitrust case cast a shadow on performance.

Today, sinking sugar prices and the EU Commission's decision to let minimum beet price and quota regulations expire without replacement in 2017 are presenting the European sugar industry with new challenges. We had already seen signs of these pending developments in fiscal 2013/14. The supervisory and executive boards' job was to evaluate the foreseeable consequences for the company and introduce appropriate countermeasures. More importantly, the supervisory board and executive board last year intensively discussed the strategic direction of the sugar segment in the context of the position of the overall company and the other segments.

Again in fiscal 2014/15, we were able to work on the basis of mutual trust and in the spirit of a goal-oriented team with the executive board and examine in depth the general framework, the direction and strategic future development of the company. In doing so, we concentrated on the tasks for which we are responsible by law, the company's articles of association and the rules of procedure: to monitor and advise the executive board in the latter's management of the company.

The supervisory board was directly involved in all decisions of material importance affecting Südzucker Group and was continuously advised in detail and in a timely manner on all issues related to corporate planning and further strategic development, business activities, the status and development of Südzucker Group (including risk situation), as well as risk management and compliance.

The executive board updated the supervisory board at all meetings on the course of business and the company's situation, and in between meetings informed the supervisory board about important business dealings, both verbally and in writing. The executive board reports were mainly updates about the company's situation and development, corporate policy and profits as well as Südzucker AG's and Südzucker Group's corporate, treasury, investment, research and personnel budgets. In addition, the supervisory board chairman took part in executive board meetings and was informed by the CEO in several working meetings about all important business activities.

SUPERVISORY BOARD MEETINGS AND DECISIONS The supervisory board met with the executive board at four ordinary meetings and one extraordinary meeting in fiscal 2014/15. One executive board member did not attend the supervisory board meeting on 27 January 2015. Two decisions were also adopted via written correspondence. The supervisory board approved all of the executive board's decisions after a thorough review and discussions. The supervisory board dealt with issues affecting Südzucker's operating business and the fallout from the antitrust case in line with its consulting and monitoring responsibilities at the four ordinary meetings. In this connection, it awarded contracts to specialists to assess the responsibilities of the company's various bodies.

On 10 March 2014, the supervisory board approved by written procedure an AGRANA-Beteiligungs-AG acquisition project.

The only item on the agenda of the extraordinary supervisory board meeting on 13 May 2014 was the sugar segment strategy, which the executive board presented in detail. It was subsequently discussed intensively, decisions have not been taken.

The meeting regarding the balance sheet on 14 May 2014 dealt with the audit and endorsement of Südzucker AG's financial statements and the consolidated financial statements dated 28 February 2014. The auditor reported on the material findings and results of the audit, which included the accounting-system-related internal control systems. The supervisory board approved the annual and consolidated financial statements after discussing them in detail. In addition, preparations were made for the 2014 annual general meeting. The supervisory board adopted the agenda and proposed resolutions, in particular the recommended supervisory board candidates and the planned amendments to the articles of association with regard to changing the company name to Südzucker AG and the changes to supervisory board remuneration. Finally, the supervisory board approved a plan to acquire a stake in PortionPack Europe.

The medium-range plan was presented and discussed in a meeting on 16 July 2014, the day before the annual general meeting. The supervisory board approved the investment plan for 2015/16, the long-term investment program and investment amendments. In addition, Mr. Erwin Hameseder was elected to succeed Dr. Konrad as the second deputy chairman of the supervisory board and member of the mediation and social committees.

On 14 November 2014, the supervisory board approved by written procedure an AGRANA-Beteiligungs-AG financing proposal.

The earnings projections for 2014/15 were presented at the board's 20 November 2014 meeting. Corporate governance was discussed in detail as always during the November meeting. In addition, the board conducted its annual test of effectiveness and completed the 2014 declaration of compliance. The board also approved an AGRANA Beteiligungs-AG acquisition project and financing plan.

The latest earnings projections for 2014/15 were presented at the supervisory board meeting on 27 January 2015. The supervisory board approved amendments to the investments. It elected Ms. Veronika Haslinger – as the successor to Mr. Erwin Hameseder – as a member of the audit committee. She is a financial expert on the supervisory board and the audit committee as defined in section 100, paragraph 5 of the German Stock Corporation Act.

Two members were excused at the extraordinary supervisory board meeting on 13 May 2014. One member each was excused at the supervisory board meetings on 14 May 2014 and 16 July 2014. However, the absent members took part in the decision making via written votes. Otherwise, all supervisory board members personally attended the meetings.

SUPERVISORY BOARD COMMITTEES The supervisory board set up five committees to enable its efficient fulfillment of duties (executive committee, mediation committee, audit committee, agricultural committee and economic and social committee), each of which is made up of an equal number of shareholders' and employees' representatives. The current members of the committees are presented in the notes under item 37 "Supervisory board and executive board".

In accordance with the recommendations of the German Corporate Governance Code, the chair of the audit committee is not the same person as the chair of the supervisory board.

The chairs of the committees reported their findings at each subsequent supervisory board sitting.

EXECUTIVE COMMITTEE The supervisory board executive committee met three times in fiscal 2014/15. The board discussed the status of the antitrust case in its meetings on 16 July and 20 November 2014 and 27 January 2015. At the meeting on 27 January 2015, it prepared the regular adjustment of the executive board's remuneration.

AUDIT COMMITTEE The audit committee convened five times during the year, in three meetings and two telephone conferences. At its 6 May 2014 meeting and in the presence of the external auditors it discussed matters relating to the annual financial statements of Südzucker AG and the consolidated financial statements. It prepared the supervisory board financial review meeting – at which the chair of the audit committee reported – and subsequently approved the recommendations of the audit committee. In addition, it discussed the recommendation regarding the appointment of the auditors and checked their independence. At the meeting on 16 July 2014, the audit committee discussed the auditor's quotation for the audit assignment and commissioned the auditor subject to election of the auditor at the annual general meeting on the following day. In the 7 October 2014 audit committee meeting, the auditors dealt with monitoring the accounting process, the effectiveness of the internal controlling system, the risk management system and the internal audit system, as instructed by the supervisory board. Another agenda item was the discussion of the half-year financial report. In telephone conferences on 8 July 2014 and 9 January 2015, the audit committee discussed the Q1 and Q3

2014/15 quarterly financial reports with the executive board.

All members participated at the audit committee meetings and telephone conferences.

AGRICULTURAL COMMITTEE The agricultural committee met on 20 November 2014. Topics on the agenda included a business update by the agricultural/raw material markets division on the development in the agricultural commodity markets, the implementation of the EU agricultural reform and the practice of smart farming.

MEDIATION AND SOCIAL COMMITTEE The mediation committee had no reason to convene last fiscal year. Neither did the social committee meet.

SUPERVISORY BOARD EFFECTIVENESS TEST In accordance with paragraph 5.6 of the German Corporate Governance Code, the supervisory board again conducted a test of its effectiveness. This is done annually using a questionnaire, without external assistance. Each year, the questionnaire is revised according to the latest changes to the code. The questionnaires were assessed in the meeting on 20 November 2014, at which time the results were discussed and improvement recommendations made. The aim is to continuously improve the work of the supervisory board and its committees.

COMPLIANCE On 27 January 2015, the executive board, external auditor, chairman of the supervisory board and audit committee sat for the regular fraud review meeting. The topics presented and discussed included the assessment of business risks, measures to limit the risks arising from fraud and responses to cases of fraud.

CORPORATE GOVERNANCE A detailed description of corporate governance at Südzucker, including the wording of the supervisory board's diversity goals for its future composition and the declaration of compliance for 2014 issued by the executive and supervisory boards, can be reviewed in the corporate governance report. In addition, all relevant information is available on the Internet at

www.suedzucker.de/en/Investor-Relations/Corporate-Governance/.

The executive board fully complied with its duties as prescribed by law and the standard rules of procedure regarding reporting to the supervisory board, and did so in a timely manner. The supervisory board is confident that company management is acting properly and that the company's organizational structure is effective. It discussed these subjects in detail with the auditors. The same applies to the effectiveness of Südzucker Group's risk management system. Here too, the supervisory board was updated in detail by the executive board.

The supervisory board was not advised of any conflict of interest on the part of any of its members, especially one that could arise as a result of a consultation or supervisory board duty related to customers, suppliers, creditors or other business partners.

FINANCIAL STATEMENTS PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PwC), Frankfurt am Main, was selected by the shareholders at the annual general meeting at the recommendation of the supervisory board. The auditor has reviewed the financial statements and management report of Südzucker AG for fiscal 2014/15, the recommendation of the executive board for appropriation of retained earnings and the consolidated financial statements and management report for 2014/15, and issued a qualified audit opinion on each of them. The auditor also confirmed that the executive board suitably complied with its duties as outlined in article 91, paragraph 2 of the German Stock Corporation Act (AktG). In

particular, it established an appropriate information and monitoring system that meets the needs of the company and that appears suitable for early detection of developments that may threaten the company's survival.

In view of the declaration by Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG), Stuttgart, which states that SZVG holds over 50 % of the voting rights of Südzucker AG, the executive board has prepared a report on related party transactions in accordance with article 312 of the German Stock Corporation Act (AktG). The auditor reviewed this report and reported its findings in writing. It confirmed that the facts set out in the report are true, that the contractual transactions itemized in the report are not unreasonably high and that there are no grounds for a significantly different assessment than that of the executive board.

The documents to be audited and the audit reports were sent to each supervisory board member in a timely manner. The auditor participated in the audit committee's 11 May 2015 meeting and in the supervisory board's financial review meeting of 20 May 2015 and provided a detailed report on the proceedings and result of its audit. After carefully reviewing the auditor's reports, the supervisory board agreed with the results of the audit. The results of the preliminary review by the audit committee and the results of its own review are in complete agreement with the results of the external audit. The supervisory board raised no objections to the audit reports submitted. In its meeting of 20 May 2015, it endorsed the financial statements for Südzucker AG and consolidated Südzucker Group financial statements prepared by the executive board. The financial statements of Südzucker AG are thus adopted. The supervisory board concurs with the executive board's recommendation regarding the distribution of a dividend in the amount of € 0,25 per share.

PERSONNEL The following changes occurred on the supervisory board in fiscal 2014/15:

In accordance with the rules of procedure for the supervisory board, shareholder representatives Dr. Ralf Bethke and Dr. Christian Konrad resigned from the supervisory board effective as of the adjournment of the annual general meeting on 17 July 2014.

Shareholders at the annual general meeting on 17 July 2014 appointed Ms. Veronika Haslinger (managing director of Raiffeisen-Holding Niederösterreich-Wien) and Ms. Susanne Kunschert (managing director of Pilz GmbH & Co. KG) to succeed the two gentlemen.

On 16 July 2014, the supervisory board elected Mr. Erwin Hameseder to succeed Dr. Konrad as the second deputy chairman of the supervisory board and member of the mediation committee and the social committee effective as of the adjournment of the annual general meeting on 17 July 2014.

On 27 January 2015, the supervisory board elected Ms. Veronika Haslinger to the audit committee as the successor to Mr. Erwin Hameseder, effective immediately.

We wish to express our warm thanks to the departing supervisory board members Dr. Konrad and Dr. Bethke for their many years of service to the benefit of the company.

Together with the executive board, the members of the supervisory board would like to pay their respect to those active and former employees of the Südzucker Group who passed away during the year. The supervisory board thanks the executive board and all employees of Südzucker AG and its affiliated companies for their performance during the year.

Mannheim, 20 May 2015

On behalf of the supervisory board



Dr. Hans-Jörg Gebhard

Chairman

MANAGEMENT REPORT

About the group

Corporate strategy and sustainability

A sustainable corporate policy can only be realized by achieving long-term economic success, which is also a prerequisite for forward-looking investments and research projects. It is because of this that Südzucker pursues a strategy of value-based, profitable growth geared towards a balance between economic and ecological factors as well as social responsibility. To achieve this, we always focus on our core competencies and guiding principles.

SÜDZUCKER'S BUSINESS FIELDS GEARED TOWARDS MEGATRENDS

Overall, Südzucker Group's four segments conduct business in sectors that will benefit in the short, medium and long term alike from megatrends such as the expanding world population, rising incomes – especially in the emerging economies, where dietary habits are changing accordingly – and the increasing demand for food, animal feed and energy. These megatrends remain intact and will therefore keep driving growth and offering new perspectives. We continue to align our business divisions to meet rising demand for agricultural raw materials, food, animal feed and renewable energies.

OUR CORE COMPETENCIES FOR ALL SEGMENTS

We continue to regard the large-scale conversion of agricultural products as our core competency, which we make use of in all of our divisions. We are continuously developing our processes in this area and adapting them to changes in general conditions to allow us to provide our customers with products that meet their

requirements. We also offer precisely harmonized logistics concepts that enable us to handle the transport of large quantities, from raw materials all the way to the finished products.

STRATEGIC POSITIONING

We strive to take advantage of the opportunities arising in our traditional sugar division as well as in our other business operations, whether based on organic growth, alliances or acquisitions. Our objective is to be the number one or a strong number two in our target markets. Our company's strong cash flow and the investment grade rating give us excellent access to international capital markets and are very important to achieving this goal. We maintain a balanced risk profile by diversifying our portfolio of products and services and spreading it out across a wide range of geographic locations. In doing so, we always focus on having a solid financing strategy.

FUTURE ORIENTATION IN THE SUGAR SEGMENT

After the regulations concerning minimum beet prices and quotas expire on 30 September 2017, all stakeholders in the sugar added value chain will have to adapt to even greater volume and price fluctuations than have existed thus far in the EU sugar market. As Europe's largest supplier of beet sugar with high-performance factories in the most competitive beet growing regions of Europe, Südzucker considers itself well positioned in this changing market environment. To additionally improve competitiveness, Südzucker plans to steadily cut costs and im-

prove logistics processes in the sugar segment. This will also involve utilizing the company's existing beet sugar factories at full capacity in order to realize economies of scale. Thanks to its production facilities in the European core markets and thus its proximity to industrial customers and the key sugar consumption markets, Südzucker is today already able to supply customers all over Europe with sugar products at optimised cost. The company's product portfolio is supplemented by raw and white sugar imports as well as starch saccharification products.

GLOBAL MARKET OFFERS GROWTH OPPORTUNITIES

It is already evident that world sugar production will not be able to meet rising demand at the low global market prices prevailing today. This will have a positive impact on prices.

In addition, opportunities for the sugar segment will again come from the export markets beginning from October 2017, when export restrictions for beet sugar from the EU will be lifted. Before the export restrictions took effect in 2006, the global market was supplied with up to 6 million tonnes per year of white sugar from the EU. In general, global sugar consumption is expected to continue to increase by 2 % to 3 % per annum – from the current 180 million tonnes to about 200 million tonnes by 2020. This type of quantity growth offers Südzucker additional marketing opportunities, which we also benefit thanks to our cooperation with the London trading company ED&F Man Holdings Ltd.

TARGETED INVESTMENTS

To secure our future growth, we will continue to reinforce those Südzucker business divisions that are only minimally affected by fluctuations in the sugar and bioethanol markets. Although we will continue to make investments in improving energy efficiency in the sugar and bioethanol area and will replace existing equipment, most new investments will be made in other divisions. We are nonetheless keeping our options open for taking advantage of growth opportunities in the sugar segment by making acquisitions.

EMPLOYEES SUPPORT SUCCESS

Südzucker's employees are key pillars of its success. The success of our company is embodied and supported by the specialist competence, experience, social skills and commitment of our approximately 18,500 employees worldwide. Our various human resources policy measures are implemented such as to underpin the company's strategy and to enable our employees to successfully respond to changing conditions.

SUSTAINABILITY AS AN INTEGRAL PART OF OUR CORPORATE STRATEGY

Ever since the company was founded in the nineteenth century, Südzucker has had a strong association with agriculture and thus also with nature. The company's core competence has always been to refine agricultural raw materials to produce high quality products for the food industry, end users and industrial applications. That is why sustainability has traditionally been a fixed and practiced component of corporate strategy, in which the environment, social and business needs are in harmony. Sustainability is also an important corporate value among the major food producers, and it is increasingly influencing purchasing decisions related to sugar.

FROM RAW MATERIALS TO FINISHED PRODUCTS

Our intention is to gear our actions towards ensuring sustainability along the entire value chain From raw materials to finished products.

RAW MATERIALS Conserving natural resources begins with carefully selecting the agricultural raw materials we process, such as sugar beets, grain, chicory and fruits. This is why Südzucker chooses only raw material suppliers that meet high quality standards. Our sugar beet business clearly demonstrates that planting and harvesting methods can be optimized by working with farmers' academic and research associations, our in-house research department, our Bodengesundheitsdienst division and other research institutions such as the Sugar Beet Research Institute in Göttingen and the International Institute for Beet Research. With this background, we are able to provide farmers with comprehensive advisory services on soil treatment, seed selection, fertilization, plant protection, soil fertility and continuously work towards making sugar beet cultivation more sustainable, efficient and competitive.

The agricultural raw materials Südzucker uses mainly originate from European fields. They comply with the EU's cross compliance principles and associated constraints on the agricultural industry, which aim to ensure that cultivation of agricultural raw materials is sustainable. Furthermore, specific sustainability requirements for biofuels ensure that biomass for the purpose of producing bioenergy products is not cultivated in areas that are worth protecting, such as primary forests (rain forests) or in a way that negatively impacts biological diversity.

PRODUCTION Südzucker ensures that methods used to processes agricultural raw materials to make sugar, animal feed, functional ingredients for food and animal feed, bioethanol, starch and fruit products are sustainable and that the company is the quality leader in this field. The focus here is on effectively managing quality and con-

tinuously developing and improving our production technologies and processes and the associated supply chains with respect to their environmental impact and energy efficiency.

The goal is to fully utilize the input raw materials. For example, we deploy sugar beets to produce sugar beet pellets, carbocalk and molasses in addition to sugar. The sugar beet pellets are used as animal feed or as a raw material in the generation of energy from renewable sources, carbocalk as a lime fertilizer for agricultural applications and molasses as both animal feed and a raw material in the fermentation industry for the production of yeast, ethanol and citric acid.

In addition to using the animal feed and fertilizers we produce in agriculture, we also create materials cycles with agricultural operations to utilize the production residue that accumulates. Soil residue that is attached to the sugar beets upon delivery is removed when the plants are cleaned, and we return the residue to agricultural land.

Südzucker's efficient production processes and modern energy management systems are first class. For example, co-generation systems and systems utilizing multiple energy sources result in above-average energy efficiency for the company. For us, increasing the energy efficiency of our production processes is a key component of environmental protection at our company. This allows us to reduce fuel consumption while at the same time lowering emissions of air pollutants and climate-relevant greenhouse gases. For example, our 2014 beet campaign involved using waste heat that had thus far not been utilized to operate low-temperature drying equipment for pre-drying the sugar beet pellets at the Ochsenfurt and Rain sites.

Most of the thermal and electric process energy required at the bioethanol facility in Wanze, Belgium, is generated by using the chaff from the wheat delivered to the plant. To date, it is the

world's first biomass power station of this particular type. RedCert certification of the bioethanol plants pursuant to biomass sustainability regulations ensures that at least 35 % less greenhouse gases are generated compared with facilities producing conventional gasoline. This figure will rise to a full 50 % effective 2017. A second biomass power station was built at BENEO in Chile and has now been put into operation.

A hallmark of our production facilities is that we reduce our fresh water needs to a minimum via a cycle in which water is deployed multiple times.

Südzucker adds value in environmental terms by developing and introducing innovative production processes. We use integrated production plant concepts to produce ethanol as well as high-protein food and animal feed from grains and sugar beets. The biogenic carbon dioxide created in alcoholic fermentation is also used, for example as carbonic acid for the drink industry. To develop additional sales markets for the liquid carbon dioxide from our bioethanol facility, we are researching its application in the generation of algae biomass and the production of bioplastics.

Currently, an energy management system that complies with the international standard ISO 50001 is being implemented at the production plants of Südzucker AG, BENEO-Palatinit GmbH and CropEnergies Bioethanol GmbH, with certification scheduled for June 2015. The goal is to reduce energy consumption as well as greenhouse gas emissions.

Südzucker analyzes life cycles in order to calculate the environmental impact of its supply chains. This enables us to reduce emissions in this area as well, especially greenhouse gas emissions. One area in which we focus in this context is the cultivation of the agricultural raw materials used. We are carrying out a cross-segment project of great significance for

Südzucker in the Walloon region of Belgium. The project involves us determining and implementing measures for reducing greenhouse gas emissions and increasing energy efficiency for the production sites of the CropEnergies, special products and sugar segments, including their supply chains.

QUALITY At Südzucker, sustainability is also demonstrated by the quality and safety of the products we produce. We systematically adhere to high technical standards and comply with internationally recognized quality assurance and quality management systems (ISO 9001: 2008; ISO 22000: 2005; GFSI-equivalent standards; GMP+ International; QS Qualität und Sicherheit).

SAI GUIDELINES In 2014, Südzucker decided together with its sugar beet growers to gradually introduce the principles issued by the Sustainable Agriculture Initiative (SAI) in the Südzucker Group. The SAI guidelines set forth comprehensive prerequisites for achieving sustainable agriculture from an ecological, economic and social perspective. The objective is to systematically continue developing and documenting good practice methods for agricultural sugar beet cultivation, as has been ongoing for decades. Südzucker also participates in the EcoVadis sustainability initiative. EcoVadis gives Südzucker customers an overview of key sustainability parameters such as those relating to the environment, personnel, occupational health and safety, fair business practices and purchasing.

SOCIAL RESPONSIBILITY Another aspect of sustainable business operations is accepting social responsibility. Among other things, social responsibility is embedded in Südzucker's code of conduct regarding corporate social responsibility, which it introduced in 2011. The code is based on a corresponding agreement with the European sugar industry, which addresses fundamental issues such as human rights, education and training, health and safety, remuneration and working conditions and the relationship between employers and employees.

OUR GUIDING PRICIPLES

- Our aim is to compete fairly, set benchmarks in our business fields and continue to be successful by innovating and delivering high quality, excellent service and reliability.
- In doing so, we must adhere to our corporate compliance principles.
- We have a long-standing tradition of conducting business sustainably – from the farming methods we apply to produce raw materials to our processes along the entire value chain.
- Our goal is to be a responsible employer that helps its employees fulfill their potential and takes into consideration and values their individual personalities.
- Our experience and expertise in marketing, sales and logistics make us a reliable partner for our customers.
- We augment Südzucker Group's innovation strength with intragroup competency in research and development and by cooperating with other entities.
- In the capital markets, we stand for transparency and an open dialogue with all stakeholders.

We create value that generates sustainable, rewarding corporate growth

Group structure and corporate management

GROUP STRUCTURE

Südzucker AG, a German stock corporation based in Mannheim, is the parent company of Südzucker Group and also its largest operating company. The consolidated financial statements include the parent company – Südzucker AG – and 157 (159) other entities, of which Südzucker AG is directly or indirectly the majority shareholder. A total of 15 (15) of those entities were accounted for in the consolidated financial statement using the equity method. For additional details about Südzucker's share ownership in other companies, please see the list of shareholdings in item 38 of the notes to the consolidated financial statements ("List of shareholdings in accordance with section 313 (2) HGB") to this annual report.

Südzucker Group comprises four segments: sugar, special products, CropEnergies and fruit. The sugar, special products and fruit segments are further subdivided into thirteen divisions that manage the operating businesses. The CropEnergies segment is managed as an independent corporate entity.

The group's departments are as follows: business administration/controlling, procurement of operating supplies, purchase of capital goods, maintenance supplies and services, finance and accounting, research/development/services, animal feed/byproducts, engineering, investor relations, agricultural research, food law/consumer policies/quality assurance, real estate/insurance, public relations, organization/IT, human resources, legal, internal audit, taxes, strategic corporate planning/group development/shareholdings, sugar sales/sugar trading, sugar/production and sugar/beets. Administrative tasks are handled at shared finance centers and research activities at several research centers.

SUGAR SEGMENT The sugar segment comprises the sugar business unit with its four divisions located in Belgium (Raffinerie Tirlemontoise S.A., Tienen), Germany (Südzucker AG, Mannheim), France (Saint Louis Sucre S.A., Paris) and Poland (Südzucker Polska S.A., Wroclaw) as well as distributors in Greece, the United Kingdom, Italy and Spain. The AGRANA sugar division's production operations are located in Austria, Romania, Slovakia, the Czech Republic and Hungary. There is also a sugar production division in Moldova (Südzucker Moldova S.A., Chisinau) and an agricultural division (Südzucker AG, agricultural/raw material markets division and Agrar und Umwelt AG Loberaue, Rackwitz). The following entities have been accounted for in the consolidated financial statements using the equity method: British trading company ED&F Man Holdings Limited, the Studen Group (including its sugar production operation in Bosnia) and Maxi s.r.l., an Italian marketing joint venture.

SPECIAL PRODUCTS SEGMENT The special products segment is comprised of four divisions: BENE0, Freiburger, PortionPack Europe and starch. BENE0 produces and sells functional food ingredients made from various raw materials. The ingredients provide dietary and technology benefits when processed into food and animal feed end-products. Freiburger Group produces chilled and frozen pizzas as well as frozen pasta dishes and snacks and focuses strongly on the private label business. PortionPack Europe specializes in developing, packaging and marketing portion packs. The starch division comprises AGRANA's starch and bioethanol business, which includes Austrian potato, corn and wheat starch manufacturers, a corn starch factory in Romania and bioethanol producers in Austria. Südzucker AG is moreover investing in the construction of a wheat starch production plant in Zeitz for the starch division. The starch and bioethanol activities of the Hungrana Group in

Hungary are included in the consolidated financial statements as equity-accounted investments.

CROPENERGIES SEGMENT Südzucker Group's bioethanol business, with its four production sites in Germany, Belgium, France and the United Kingdom as well as trading activities in Brazil and Chile, is managed under the CropEnergies segment as a listed stock corporation. CropEnergies is a leading manufacturer of sustainably produced bioethanol for the fuel sector in Europe and of animal feed. CropEnergies owns 50% of CT Biocarbonic GmbH, which has been operating a food-grade CO₂ liquification plant in Zeitz since 2010. This company is included in the consolidated financial statements as an equity-accounted investment.

FRUIT SEGMENT The fruit segment is comprised of the fruit preparations division (AGRANA Fruit) and the fruit concentrates division (Austria Juice). The fruit segment's companies conduct business around the globe and supply international food companies, especially in the dairy, baked goods, ice cream and soft drinks industries.

GROUP MANAGEMENT

Südzucker AG's executive board independently manages the businesses and is supervised and guided by the supervisory board. The executive board is bound to work in the corporation's interests and is responsible for increasing long-term shareholder value. The executive board members are jointly responsible for managing the entire company. Notwithstanding the overall responsibility of all executive board members, individual board members bear sole responsibility for carrying out the decisions made by the executive board that concern the portfolios they handle. The executive board's rules of procedure outline the details of the board's work. Südzucker AG's articles of association stipulate that im-

portant business transactions are subject to the consent of the supervisory board.

The executive board is responsible for appropriate risk monitoring and management at the company and ensures that the law, regulatory codes and internal corporate guidelines (compliance) are adhered to. It also makes sure that executive management positions are appropriately filled.

The segments'/divisions' management organizations manage the business in accordance with national laws and Südzucker's internal rules and procedures. The company uses a matrix organizational structure, whereby the line functions are supported and advised by central departments, which are authorized to issue directives.

VALUE BASED MANAGEMENT The corporation's policies focus on steadily improving shareholder value. The objective of Südzucker's value-based management system is to generate a higher return on capital employed than the cost of capital in each segment and division and thus create added value for the company's shareholders.

Südzucker uses a consistent group-wide reporting and budgeting system together with centrally defined key indicators such as operating profit and return on capital employed to achieve this value-based corporate management.

However, for Südzucker AG, pursuant to the provisions of the Commercial Code (HGB), the metrics sales revenues, operating result (HGB) and net financial debt are the key figures for corporate management.

When calculating operating profit, the income from operations reported in the income statement is adjusted to reflect the results of restructuring and special items as well as companies consolidated at equity. Capital employed comprises the invested items of property, plant and equipment plus acquired goodwill and working capital as of the reporting date. Return on capital employed, or ROCE, is the ratio of operating profit to capital employed. Südzucker calculates the cost of capital for the operating assets as the average of equity and debt capital. The costs of capital are specified for the segments and divisions by taking into account the respective country and business risks. Other than the aforementioned financial performance indicators, Südzucker Group currently has no non-financial performance indicators that it considers relevant for management purposes.

FINANCIAL MANAGEMENT Südzucker's financing bases on a sustainable cash flow generation, a stable relationship with the company's various shareholder groups, access to international capital markets and reliable banking relationships. The foundation for the financing is the

company's investment grade rating, which secures the company's access to equity and loan financing instruments. Südzucker operates an optimal mix of financial instruments, taking into consideration terms to maturity and interest rates, including hybrid equity capital, bonds, promissory notes and bilateral bank credit lines. The unique financing requirements during the fiscal year due to the seasonality of the sugar sector (financing beet purchases and inventories) means that securing short-term cash is an important aspect of the financial structure. These short-term financing needs are primarily covered through a commercial paper program in the amount of € 600 million and syndicated credit lines.

The capital structure is managed alongside a long-term outlook and focuses on the factors associated with an investment grade rating. The key indicators Südzucker uses to manage its capital structure are the debt factor (ratio of net financial debt to cash flow), debt to equity ratio (net financial debt as a percentage of equity) and the equity ratio (equity as a percentage of total assets).

Research and development, product safety, quality management

OVERVIEW/MAJOR PROJECTS

Südzucker AG's activities in research, development and technical services are carried out by a central unit for the benefit of all segments and divisions of the group, no matter in what country they are based. This creates synergies to be leveraged. Activities involve extensive work on projects along the entire value chain, starting with agricultural raw materials and extending to process technology for the purpose of extracting and processing our products as well as application-related concepts for customers.

The focus lies on developing new products for the food industry, creating concepts for food and food ingredients, improving product quality, expanding and optimizing existing product lines and designing an energy-efficient production process. For the non-food sector, we develop and provide customised product solutions based on carbohydrates. We also develop product concepts for animal feed ingredients.

Existing alliances with research institutes, universities and other companies, which supplement the group's own work, have been intensified to enable faster market implementation of the research findings.

146 (146) employees are responsible for tasks in the area of research, development and technological services at Südzucker AG; the total expenditure in 2014/15 for research, development and technological services was €'000 18,074 (19,037).

The key work being done in the various areas is summarized below.

SUGAR AND SUGARY SPECIALTIES

PROCESS TECHNOLOGY Process technology activities continue to focus – primarily due to lengthy campaigns – on the increasingly strict requirements applicable to raw materials processing and product quality. One example is the requirement to reduce sugar losses by adapting extraction process parameters. Process adaptations in juice purification enabled bottlenecks in sugar production to be avoided while at the same time positively impacting the quality of the sugar. Selected changes in the crystallization process resulted in a significant improvement in quality parameters. Adherence to high technical standards in factories and consistent energy optimization are additional topics on which the entire group focuses. Installation of low-temperature drying systems led to considerable energy savings and emissions reductions, as demonstrated by the levels measured.

FONDANT/CARAMEL/COMPRI-SUGAR The recipes and the associated production processes for the various product groups are enhanced in collaboration with our customers in line with market requirements. Focus continues to be placed on functional attributes as well as the clean label declaration.

FUNCTIONAL FOOD INGREDIENTS

Dietary and physiological aspects

The scientific dietary research concentrates on reinforcing the physiological properties and health claims relating to the BENEÓ Group's products.

PALATINOSE™ The main objective with regard to Palatinose™ is to prove its effect on energy metabolism, fat metabolism and body weight. Confirmation has been obtained of the good level of acceptance and tolerance of Palatinose™ as a carbohydrate component in baby food. It has also been shown that Palatinose™ extends the release of blood glucose and energy in other complex foods such as baked goods and cereals. This expands the application possibilities for Palatinose™.

INULIN Based on the results of new studies, the European Food Safety Authority (EFSA) has positively assessed a health claim application on the effect of inulin on intestinal activity. This paves the way for approval of a claim to this effect by the European Commission and enables new applications in foods. Additional studies have confirmed the positive effect of Orafiti® oligofructose on the feeling of satiation and the resulting reduction in calorie intake.

Application technology/product and process development

GALENIQ™ Scientific studies on the sensory profile of galenIQ™ continued. Based on the specific properties of galenIQ™, customer and application-related development activities focus on its use in tablets, coated products and syrups.

INULIN Product concepts for the application of inulin in baked goods, dairy products and cereals continued to be developed and implemented in recipes enabling an optimized texture, taste profile and appearance. Specialized concepts for inulin-based, low-fat formulas for baked goods, dairy products and cereals were successfully implemented. In addition, scientific studies were initiated on the texturing behavior of inulin in drinks.

ISOMALT The technological advantages of Iso-malt in chewing gums were additionally refined. For example, Isomalt can be applied in the chewing gum base of coated, strip and liquid-filled chewing gums.

PALATINOSE™ The development of applications for Palatinose™ focused on its use in the area of packaged bakery goods. The concept for non-adhesive glazings based on Palatinose™ and sugar was extended to cover white applications. The glazings are especially suited to extending the shelf life of packaged bakery goods and reducing stickiness.

RICE STARCH Development work continued on the manufacturing of functional rice starches and flours. When native rice starches and flours were treated by exclusively physical means, their properties were improved to such an extent that their application profile complies with that of chemically modified starches. This makes the starches of interest for clean label products. The process of transferring this technology to production scale has begun. A scientific study was initiated with the objective of optimizing the

texturizing properties of rice starch, particularly in fermented dairy products.

GLUTEN The gluten production process was further improved. A new product was developed on the basis of gluten and rice starch which will be launched on the market as a texturized protein for application in the field of meat substitutes.

STARCH

RAW MATERIALS A project was initiated together with a grower for the purpose of researching the suitability of special types of conventionally grown wheat for extracting and utilizing the containing starch.

FOOD Development activities in the area of food starches concentrated primarily on the organic segment. A cold-swelling organic starch was developed for the production of low-fat, organic specialty products such as organic mayonnaises, sauces and dressings. Another innovation was a newly developed starch product that is able to produce a texture similar to fat and is especially suited for use in sweet, low-fat spreads such as hazelnut and chocolate spreads.

NON-FOOD The trend towards using renewable ecological products is also being followed in the area of technical starch applications. For instance, modified starches are being developed that can be used in paper, adhesives and textiles as a substitute for synthetic, petroleum-based products. Along with their ecological benefits, these new starches are also of great economic interest for the market. Bioplastics represent another promising field in which special thermoplastic starches have been developed for the broad area of film applications. Optimizing costs while retaining quality is a key topic in the area of dry mortar applications. It was possible to offer new products to interested processors thanks to new combinations of accordingly modified raw materials.

BIOETHANOL

CropEnergies continues to intensely pursue its objective of utilizing as broad as possible a spectrum of raw materials for the purpose of fermentation in production facilities. In this context, emphasis was placed on evaluating new, commercially available enzymes and yeasts for biotechnology process steps. One example of this is Ensus in Wilton/Great Britain, where the use of various response parameters and the effects of different enzymes and enzyme complexes on breaking down starches were examined and the findings successfully implemented. Activities also continue to focus on identifying and executing projects with the potential to save energy. The advances made in process optimization and adaptation were applied to the various facilities of the CropEnergies segment in order to leverage synergy potentials. The requirements for adding a gluten line in Wanze/Belgium and preparations for commissioning the rectified spirit production plant were successfully completed.

In addition to handling issues aimed at supporting marketing, support was also given to the ethanol and ethanol-based fuel standardization process at German and EU level. Further research was conducted to enable the use of higher bioethanol components in fuels. Focus was placed on improving the energy efficiency of those types of fuels compared to normal gasoline.

FRUIT

We continued to systematically pursue the long-term project established in 2013/14 for the purpose of steadily increasing the quality of the individual links in the fruit preparation value chain. In doing so, our innovative, customer-centric strategy helps us to define the individual parts of the project to correspond with market demand. The aim is to retain the natural texture of the pieces of fruit while at the same time maintaining the fruits' flavors and colors.

The past fiscal year saw large-scale technical optimizations implemented for fruit raw materials. Research in the area of product development focused on alternative systems known as clean label stabilization systems as well as on improving the quality of the fruit pieces in ice cream.

We continued to work together with systems integrators for filling and dosing equipment in order to support our joint customers in solving their problems as well as to advance new developments.

NEW TECHNOLOGIES

Our research and development work relating to the newly established protein platform concentrated on the efficient use of proteinaceous by-products from bioethanol production streams, such as gluten, Distillers Dried Grains with Solubles (DDGS) and Condensed Distillers Solubles (CDS). Südzucker is researching the development of new processes and process technologies in integrated biorefineries for the purpose of extracting new, high-content protein products as well as increasing the value of existing protein products. Another objective is to develop new types of protein products for food and animal feed meeting the high requirements placed on quality and the functionality of technical applications.

The use of CO₂ from bioethanol production to generate algae biomass is another topic that is being intensively pursued in connection with the

biorefinery design. Research is being conducted on the generation of algae biomass containing starch in closed photobioreactors in a research project subsidized by the German government called “biorefinery on the basis of high-carbohydrate algae biomass, use of starch and protein.” The main research activities on cultivating algae and optimizing photobioreactors is being conducted jointly with partners. The algae biomass generated in the process was used to test different methods of developing the algae cells and isolating initial usable products.

Südzucker also participates in further publicly supported, innovative projects and collaborations involving the topics of CO₂ as a source of raw materials, chemical-catalytic butyl alcohol extraction and isosorbide production.

AGRICULTURAL RESEARCH

Corporate agricultural research across the group focuses on scientific support and consulting for all agricultural commodities within the Südzucker Group, and in particular for sugar beets. In addition to transferring the knowledge gained from research to agricultural production, our work includes the identification and processing of future issues such as new methods of cultivation, crop rotation, integrated crop protection, the adaptation of fertilizers to locations and types of crop as well as harvesting and storage options. New varieties with high, stable yields combined with resistance to major diseases as well as need-based, integrated use of pesticides are primary focal points of our practice-based agricultural research. Our work likewise includes research on new pathogens to facilitate the development of strategies for controlling them. All of these activities form the basis for intensive consulting with the objective of increasing the efficiency of our raw material suppliers.

PRODUCT SAFETY AND SPECIFICATION MANAGEMENT

Group-wide activities continue to focus on implementing the additionally harmonized criteria for additives, materials and packaging in the sugar and CropEnergies segments and the BE-NEO division. For example, various adaptations were made as requested by regulatory developments and customer expectations.

Topics included the introduction of packaging complying with statutory EU requirements, the implementation of standardized, analytical monitoring programs as well as the harmonization of process and product specific information making it available across the group.

These activities also involved drafting joint product specifications for gluten. This will enable a flexible response to market demand from different production facilities under a single brand name.

Activities in the sugar segment involved the annual monitoring reports for sugar, special varieties and animal feed as well as evaluating the data against the backdrop of the HACCP review. The product information for powdered sugar, caramel products and compri-sugar was revised.

In the CropEnergies segment, harmonized monitoring plans for Ensus – comparable with Zeitz and Wanze – were implemented in addition to the work on the rectified spirit plant in the area of animal feed.

QUALITY MANAGEMENT

As part of harmonizing the quality management systems in the sugar segment, a group-wide HACCP concept for crystallized white sugar was implemented in 2015. The HACCP concept

is based on the international standard ISO 22000 on management systems for the food safety chain. This has ensured a uniform proce-

dure for crystallized white sugar as defined in the HACCP concept.

Employees

Südzucker AG employed an average of 2,412 (2,352) persons during the financial year.

Neither were there any material changes in the number of employees by region. Almost one-quarter of all employees continue to work in Germany; slightly over half in other EU countries. Nearly 10 % work for the group companies in Eastern European countries, and 16 % in other countries around the world.

Südzucker is not opposed to the discussion about introducing a special quota of women for management positions. The main selection criteria are education, suitability as well as the candidate's commitment and willingness to learn.

Because there are so few female students and apprentices enrolled in learning the so-called MINT professions, even at the introductory level, the overall percentage of female employees at Südzucker Group's companies is necessarily only about 31 %.

Furthermore, the company is aware of the positive implications of diversity for the organization. Especially because of the corporation's increasing international presence, a certain degree of diversity is desirable among staff members; however, it should not be enforced using quotas or targets.

We are presently examining our cost structures, especially in the sugar segment's companies. This will also impact the employees in these areas. Now especially, as we possibly restructure Südzucker, we depend on skilled, motivated, flexible employees. That is why training and continuing education, as well as qualifications, will continue to play an important role and programs that provide placements within the company will be offered accordingly. For example, we have increased our focus on sales training,

especially in the area of improved relationship management.

The trainee programs are having a positive impact, especially in the technical, scientific and agricultural areas. They last eighteen months and include stops at various Südzucker Group locations in different countries. Trainees participate in projects, which they may be able to complete independently depending on scope. The placements include review meetings, during which the young trainees can present their projects and exchange experiences. Young employees can thus familiarize themselves with the company in a relatively short time. The program forms a fundamental cornerstone of successful succession planning and makes the company somewhat less reliant on the external labor market.

We also continue to highly value basic vocational training: last year Südzucker AG alone had 200 individuals enrolled in eleven different apprenticeships. The apprenticeship ratio has been about 10 % for over fifteen years. This is another way we take steps at an early stage to counter later skilled worker shortages.

AGE DISTRIBUTION AND LENGTH OF SERVICE

There has been no major change in the age distribution of our employees compared to previous years and the structure continues to be balanced. The numbers for length of service are also about the same as last year.

EMPLOYER APPEAL We continued to increase our focus on social media, which allow employees, apprentices and external parties to evaluate Südzucker. We successfully rolled out an e-recruiting tool that facilitates interaction between the company and applicants.

OCCUPATIONAL HEALTH AND SAFETY Occupational health and safety programs are essential to the continued success of Südzucker Group. The number of work-related accidents is comparatively low and the accident-related lost work hours are very low. This success was achieved with the help of both employees and managers.

The occupational health and safety programs are based on a work safety management system, which defines procedures for risk evaluation, accident analysis and training, as well as responsibilities. Tools have been put in place for communicating work safety targets, improvement suggestions and work safety procedures.

Employee training is taken very seriously. This includes not only recurring training as required by law, but especially maintaining a continuous dialogue on the topic of work safety in order to keep it top of mind. Every month, the company highlights a particular topic and issues information accordingly. In addition, full day work safety drives are held at all the locations.

Every employee is also required to directly address any deficiencies or improper conduct. Before starting any work, employees are required to pause briefly and think about possible

hazards and how to avoid injury. The program is communicated under the heading "Take two seconds – think two seconds"; that is, think first, then act. For the second time in a row, employees at Südzucker's Rain factory received the German promotional prize "Work-Safety-Health" sponsored by the professional association of raw materials and the chemical industry since 2011, which shows how committed they are to the program.

EMPLOYEE SUGGESTION PROGRAM The number of improvement suggestions submitted at Südzucker AG, CropEnergies AG and BENEOPalatin GmbH in Germany again rose slightly. Together with the quality of the suggestions, this demonstrates how strongly motivated employees are to successfully contribute their specialized knowledge, make processes more efficient and reduce costs.

EUROPEAN WORKS COUNCIL The annual meeting of the European Works Council, a panel of representatives from the group's companies in Germany, Austria, Belgium, France, Poland, Hungary and Czech Republic, was held in Leipzig, Germany, on 10/11 July 2014. In addition to exchanging experiences and discussing transnational topics, delegates visited the CropEnergies site in Zeitz.

THANK YOU FROM THE EXECUTIVE BOARD Now especially, Südzucker is relying on each and every employee to commit to helping the company successfully overcome the current difficult situation. We know that this commitment will be far greater than what is normally required. The executive board thanks all Südzucker Group employees who last fiscal year worked diligently towards the success of Südzucker Group under difficult conditions. We thank the employee representatives for their constructive collaboration, which took into account both the interests of the employees and the well-being of the entire company.

Corporate Governance

The following is the report on corporate management in accordance with article 289a, paragraph 1 of the German Commercial Code (HGB) and corporate governance as per item 3.10 of the German Corporate Governance Code. The declaration regarding corporate management and the corporate governance report are published on Südzucker's website

www.suedzucker.de/de/Investor-Relations/Corporate-Governance/Corporate-Governance-Bericht-Erklarung-zur-Unternehmensfuehrung.

Supervisory board and executive board operating procedures

The following summary outlines the operating procedures of the executive and supervisory boards in accordance with article 289a, paragraph 2, item 3 of the German Commercial Code (HGB).

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. 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 dated 3 December 2013.

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, 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 rules of procedure of both the executive board and the supervisory 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 26 November 2009. The shareholder representatives and employee represent-

atives 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 adjournment of the annual general meeting in 2017, at which shareholders will vote on ratifying the board's actions for fiscal 2016/17. Ms. Veronika Haslinger, Vienna/Austria, is the supervisory board's and audit committee's financial expert with specialized expertise and experience in the use of accounting principles and internal control procedures. There are no former Südzucker AG executive board members on the supervisory board.

DIVERSITY GOALS As per a resolution passed on 25 November 2010, which was confirmed by the newly constituted supervisory board on 20 November 2012, the supervisory board is aiming for the following diversity targets in its future composition, in consideration of the sector, the size of the company and the share of international business activity:

- Maintain the number of independent members at the appropriate level, considered to be two.
- Maintain the number of persons that especially meet the internationality criterion at the appropriate level, considered to be two.

The supervisory board will endeavor to include an appropriate number of women. The board has not set a specific target, because the priority for selecting a board member will not be gender, but instead the qualifications of the potential candidates.

The supervisory board's rules of procedure state that supervisory board members must step down from the board at the end of the financial year in which they turn seventy.

The supervisory board will continue to recommend candidates at the annual general meeting who are most suited to sit on a supervisory board, whereby the aforementioned diversity goals will be duly considered.

The degree to which these goals have been achieved as of the time of this report are as follows:

The regular elections of employees' representatives by the workforce and of shareholder representatives by shareholders at the annual general meeting were held in 2012. The supervisory board since then has at least two independent members, which satisfies code requirements ("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). At least two members in particular meet the criterion of "internationality". There are now four women on the supervisory board: two women were elected by the workforce as alternate employee representatives on 1 September and 19 September 2013, while shareholders elected two women as shareholder representatives at the annual general meeting on 17 July 2014.

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 26 November 2009. 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".

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 meeting 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 the Internet or to give instructions to Südzucker AG's proxies via the Internet.

2015 ANNUAL GENERAL MEETING The invitation to the annual general meeting scheduled for 16 July 2015, as well as the reports and information required for the resolutions will be published in accordance with the rules of the German Stock Corporation Act and made available on Südzucker AG's website:

www.suedzucker.de/de/Investor-Relations/Hauptversammlung.

RISK MANAGEMENT Responsible management of business risks is fundamental to good corporate governance. Südzucker AG's executive board and Südzucker Group's managers have access to group-wide, company-specific reporting and control systems, which enable them to detect, evaluate and manage these risks. The executive board regularly keeps the supervisory board abreast of existing risks and how they evolve. 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 article 289a, paragraph 2, item 1 of the German Commercial Code (HGB). 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 as per the 2014 amendment.

Effective 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 German Corporate Governance Code and compliance is a key executive board and supervisory board responsibility.

Südzucker regards the current version of the German Corporate Governance Code dated 24 June 2014 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.

2014 DECLARATION OF COMPLIANCE

The mutual declaration of compliance by the executive board and supervisory board for 2014 and prior years is posted on Südzucker's website www.suedzucker.de/de/Entsprechenserklaerung/.

The current declaration reads as follows:

"The executive board and the supervisory board of Südzucker AG Mannheim/Ochsenfurt adopted the resolution on 20 November 2014 to issue the following Declaration of Compliance to the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG):

Südzucker AG Mannheim/Ochsenfurt complied with the version of the Government Commission German Corporate Governance Code dated 13 May 2013, and will in future comply with the recommendations in the version dated 24 June 2014, with the following exceptions:

ITEM 4.2.2 – VERTICAL COMPARISON OF EXECUTIVE BOARD REMUNERATION The supervisory board is charged with assessing the appropriateness of the executive board's remuneration. In doing so, it takes into consideration the company's salary and wage structure. The supervisory board's view is that the formal procedure recommended in item 4.2.2, paragraph 2, clause 3 is unnecessary, since it would not improve the quality of any decisions.

ITEM 4.2.3 – CONTENTS OF EXECUTIVE BOARD CONTRACTS None of the executive board contracts include any caps on variable compensation (see item 4.2.3, paragraph 2, clauses 6 and 7). As we read the code, it does not require retroactive amendment of existing contracts. Furthermore, it would not be feasible to engage in any such unilateral action, nor would it be appropriate. Neither does the supervisory board intend to institute caps in future, since they would impair the company's ability to respond flexibly to unforeseeable future developments and to reward extraordinary performance.

The agreements with the executive board members include a company pension, which is calculated mainly as a fixed percentage of their fixed remuneration. The right to future pension benefits and the associated payments are therefore not derived from a predefined benefit, which is why the company currently does not comply with the recommendations in item 4.2.3, paragraph 3. Neither is there any intent to change the existing pension system, which the supervisory board considers equitable.

Executive board members' contracts contain no provision for a severance payment cap (see item 4.2.3, paragraph 4), nor do we see a need for this in future, particularly since there are significant legal concerns regarding such contractual clauses.

ITEM 4.2.4 AND 4.2.5 – INDIVIDUAL EXECUTIVE REMUNERATION Shareholders at the annual general meeting of Südzucker AG Mannheim/Ochsenfurt resolved on 20 July 2010 to waive disclosure of individual remuneration of executive board members for five years. The company therefore does not disclose executive's individual remuneration in its compensation report.

ITEM 5.3.2 PARAGRAPH 3 – INDEPENDENCE OF THE CHAIR OF THE AUDIT COMMITTEE

Dr. Jochen Fenner is chairman of the audit committee. He is also CEO of Süddeutsche Zuckerrübenverwertungs- Genossenschaft eG (SZVG), a majority shareholder of the company. We consider it reasonable that a majority shareholder be represented on the supervisory board of the company and its committees. It is our opinion that having Dr. Jochen Fenner act as chair of the audit committee is in the best interests of the company and all its shareholders.

ITEM 5.3.3 – SUPERVISORY BOARD NOMINATION COMMITTEE

We do not see a need to create an additional nominating committee that would compile a list of recommended candidates for the supervisory board. It is more appropriate that all supervisory board members have the opportunity to participate equally in finding supervisory board candidates, as has been the practice to date.

ITEM 5.4.1 – DIVERSITY GOALS, COMPOSITION OF THE SUPERVISORY BOARD

The supervisory board endeavors to achieve satisfactory diversity in its composition and in particular, appropriate representation by women. However, the supervisory board will continue to prioritize the qualifications of the candidates being considered for office rather than their gender in making its decisions on its composition.

ITEM 5.4.6 – SUPERVISORY BOARD REMUNERATION

Our company's articles of incorporation stipulate that supervisory board members receive in addition to fixed remuneration a performance-based pay tied to the dividend (see item 5.4.6, paragraph 2, sentence 2). In our view, this policy aligns the supervisory board's interests with those of the shareholders.

We report the total remuneration of the supervisory board (see item 5.4.6, paragraph 3). In our view, the benefits of reporting individual board members' remuneration bear no reasonable relation to the associated invasion of the indi-

viduals' privacy. Neither does a breakdown of fixed and performance-related components provide any additional useful information because of the transparent nature of the company's remuneration policies. As a result, neither the corporate governance report, nor the notes nor the management report contain information about individual supervisory board members' compensation. Neither is a breakdown of fixed and performance related components reported."

REMUNERATION

EXECUTIVE BOARD Südzucker AG's executive board compensation consists of a fixed annual base salary, variable incentive components and a company pension plan, which are 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. Since the Act on the Appropriateness of Management Board Compensation (VorstAG) came into force, 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, revised by VorstAG, 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 statutory requirement regarding a term longer than one year 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 2010 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 ACCORDING TO ARTICLE 15A OF THE SECURITIES TRADING ACT (WPHG)

No member of the executive or supervisory board owns shares representing 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 2014/15, the members of the executive and supervisory boards have not informed Südzucker AG about any notifiable dealings in securities.

Compliance

The following summary relates to disclosures about corporate policy regarding compliance in accordance with article 289a, paragraph 2, clause 2 of the German Commercial Code (HGB).

COMPLIANCE MANAGEMENT SYSTEM

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. The purpose of the compliance management program is to ensure that the company, its management bodies and employees conduct themselves in accordance with applicable laws. The goal is to prevent employees from breaking any laws and to help them apply laws and corporate guidelines properly and professionally. Accordingly, the program is continuously enhanced and regularly checked against current requirements.

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 system is based on the principles of "knowledge" (informing and training), "compliance" (verifying and documenting) and "improvement" (reporting and acting). Violations of external and internal rules are not tolerated. Any indication of wrongdoing is investigated.

Compliance activities and the compliance organization were again enhanced last fiscal year. The management culture focus on transparency and corporate principles was continuously enhanced in fiscal 2014/15 to further strengthen the compliance culture.

Südzucker's group-wide compliance principles as outlined below are adapted as required to various national and company-specific peculiarities and focus on compliance with antitrust laws, data protection, environmental protection, capital market compliance (particularly insider rights and ad hoc publicity) and prevention of corruption. Moreover, these guiding principles are presented in writing, particularly with regard to antitrust law and corruption prevention. The objective of these written guidelines is to prevent employees from violating antitrust laws and to provide practical support in the application of relevant company rules and statutory regulations. Recommended conduct illustrated with practical examples and training courses help ensure that employees understand the key issues.

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

COMPLIANCE – CORPORATE PRINCIPLES

Südzucker aims to compete successfully through innovation, quality, reliability and fairness. This entails complying with internal rules, as well as statutory regulations. The corporate compliance principles serve as a guideline. They highlight key issues that are very important in day-to-day practice. The corporate compliance principles are published at Südzucker's website at www.suedzucker.de/en/Unternehmensgrundsaeetze/.

Südzucker applies the laws currently in force and expects no less from its employees and business partners. The corporate principles list key items that are particularly important in practice:

Compete fairly Südzucker is fully committed to competing fairly, and especially to complying with antitrust laws.

Integrity in business transactions Corruption is not tolerated. Gifts and invitations from suppliers must always be in reasonable proportion to the business relationship. Such gratuities require express approval from the respective supervisor. This holds true for all employees who are part of any procurement process. The same principles apply in reverse to employees working in the various sales departments, in relation to our customers.

Sustainability principle Südzucker is cognizant of its responsibility to protect the environment, as well as the health and safety of people inside and outside the company.

Compliance with food and agricultural industry laws Compliance with all relevant national, European and international laws – especially food and agricultural industry laws – is mandatory.

Ensuring equal opportunity in securities trading Every employee is obliged to treat confidentially any internal corporate information that could impact the company's share price on the stock market.

Proper documentation The company's internal control system requires business processes to be adequately documented. Audits have to be conducted in order to ensure that accounting-related information has been fully and correctly captured.

Adequate and transparent financial reporting Südzucker commits to providing open and transparent financial reporting based on international accounting standards to ensure equal treatment of all stakeholders.

Fair and respectful working conditions Every employee is expected to be friendly and to treat colleagues and third parties fairly, professionally and respectfully. Discrimination or harassment of any type is not tolerated.

Protecting our knowledge advantage and respecting third-party patent rights Business secrets must not be passed on to third parties or published. The protective rights granted to third parties shall be equally respected.

Separation of company and personal interests All employees have to separate their personal interests from those of the company. Only objective criteria shall be applied when making personnel decisions or conducting business with third parties.

Cooperative conduct with authorities Südzucker strives to maintain an open and cooperative relationship with all governing authorities. Information shall be provided completely, correctly, in a timely manner and in a comprehensible form.

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 corporate compliance principles, the company's internal rules and statutory requirements are adhered to. The compliance officer and compliance representatives ensure that information flow is timely. They are charged with tasks such as training and investigating alleged compliance issues. All employees are obliged to report any violation of corporate compliance principles to the compliance officer, the compliance representatives and the executive board immediately.

COMPLIANCE WITH ANTITRUST LAWS

Again in fiscal 2014/15, Südzucker further strengthened its antitrust law compliance program. Training courses aimed at avoiding the violation of antitrust laws are conducted regularly. Contact with competitors is subject to approval by the executive board. The program is being intensively pursued, with due consideration of the lessons learned from the antitrust case.

Disclosures on takeovers

The following disclosures provide further details in accordance with articles 289, paragraph 4, 315, paragraph 4 of the German Commercial Code (HGB) and an explanatory report as per article 176, paragraph 1, clause 1 of the German Stock Corporation Act (AktG); they form part of the audited group management report.

COMPOSITION OF SUBSCRIBED CAPITAL AND VOTING RIGHTS

As of 28 February 2015, Südzucker's subscribed capital amounts to € 204,183,292 million and consists of 204,183,292 ordinary bearer shares, each of which represents a notional holding of € 1 per share. The company held no treasury shares as of the balance sheet date.

VOTING RIGHTS, SHARE TRANSFERS All shares entitle holders to the same rights and each share is worth one vote at the annual general meeting. Voting rights for the shares may be restricted as per German Stock Corporation Act regulations. Under certain conditions, shareholders may not be entitled to vote (article 136 of the German Stock Corporation Act [AktG]).

A voting agreement exists between Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG), Stuttgart, and Zucker Invest GmbH (Zucker Invest), Vienna/Austria, one of the companies of the registered Raiffeisen Holding Niederösterreich-Wien cooperative with limited liability (Raiffeisen-Holding), Vienna/Austria. Additional voting agreements exist between companies of the Raiffeisen group. Furthermore, SZVG has an option to buy 18,797,796 of Zucker Invest's Südzucker shares and Zucker Invest has an option to buy 246,368 of the Südzucker shares held by SZVG.

SÜDZUCKER AG SHAREHOLDINGS EXCEEDING 10 %

The company knows of two direct equity investments in the company that exceed 10 %: SZVG owns about 56 % of total share capital and Zucker Invest about 10 %. Raiffeisen-Holding and its associated companies hold a direct interest via Zucker Invest. The shareholdings are reciprocally attributed to the companies, so that each holds a share of about 66 % of total share capital, according to the German Securities Trading Act.

SHARES WITH SPECIAL RIGHTS, VOTING RIGHTS CONTROL FOR SHARES HELD BY EMPLOYEES

Shares with special rights that would impart controlling authority do not exist at Südzucker. No employees who hold shares of Südzucker AG are subject to voting rights control.

APPOINTMENT AND DISMISSAL OF EXECUTIVE BOARD MEMBERS

Executive board members are appointed and dismissed by the supervisory board in accordance with articles 84 and 85 of the German Stock Corporation Act (AktG) and article 31 of the German Codetermination Act (MitbestG). In accordance with article 5, item 2 of Südzucker AG's articles of incorporation in the current version dated 23 December 2014, the supervisory board determines the number of executive board members and the supervisory board has the authority to appoint deputy members.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Amendments to the articles of association are governed by articles 179 and following of the German Stock Corporation Act (AktG). Article 22 of the articles of incorporation authorizes the supervisory board to make amendments to the company's articles of association that only affect the wording.

AUTHORITY OF THE EXECUTIVE BOARD, ESPECIALLY AS RELATES TO ISSUING AND BUYING BACK SHARES

Subject to approval by the supervisory board, the executive board is authorized to increase the company's share capital once or several times up until 31 July 2018 by up to € 12,000,000 by issuing new no-par value bearer shares in exchange for cash contributions and/or contributions in kind, for the entire amount or in tranches (Authorized Capital 2013). Subject to approval by the supervisory board and according to article 4, paragraph 4 of the articles of incorporation, the executive board may exclude subscription rights of shareholders in certain cases, provided the shares issued under exclusion of the subscription rights do not exceed 3 % of total share capital, neither at the

time of the coming into force of this authorization, nor at the time of exercising same. Details are outlined in article 4, paragraph 4 of the articles of association. Authorized Capital 2013 has not been utilized to date.

Shareholders at the 20 July 2010 annual general meeting authorized the executive board to buy back up to 10 % of the company's total share capital existing at that time until 19 July 2015 in accordance with article 71, paragraph 1, item 8 of the German Stock Corporation Act (AktG). The shares may be acquired on the open stock market or via a public offer to purchase to all shareholders. The costs of buying back own shares may be charged against net retained earnings or other revenue reserves. The executive board was also authorized, subject to approval by the supervisory board, to sell the shares bought back to third parties and to exclude shareholder subscription rights in the case of corporate mergers or when purchasing companies or parts of companies or shares of companies. Details are provided in the authorization approved at the annual general meeting on 20 July 2010.

CHANGE OF CONTROL AND COMPENSATION AGREEMENTS Südzucker AG has signed an agreement with a banking consortium providing access to a line of credit in the amount of € 600,000,000. In the event of a change of control, each member of the bank consortium would under certain conditions have the right to terminate the line of credit and its share of the outstanding loans, and demand immediate repayment of same, including interest. Other than that, there are no material agreements pursuant to article 315, paragraph 4, clause 1, item 8 of the German Commercial Code (HGB) that would be affected by a change of control resulting from a takeover offer. Compensation agreements with members of the executive board or in favor of employees that would come into effect in the event of a change of control do not exist either.

Details regarding the executive and supervisory boards' compensation are outlined in the section "compensation report" section of the corporate governance report.

Business report

General and industry-specific environments

WORLD SUGAR MARKET German market analyst F.O. Licht's second estimate of the world's sugar balance for the 2014/15 campaign year, released in February 2015, forecasts that sugar production will fall for the second year in a row, to 179.7 (181.9) million tonnes. With consump-

tion rising further to 179.8 (176.5) million tonnes and taking into consideration other volume changes, sugar inventories will decline for the first time in four years to 75.7 (76.8) million tonnes or 42.1 (43.5) % of one year's consumption.

Global sugar balance

Million of tonnes	2014/15	2013/14	2012/13	2011/12	2010/11
Opening balance	76.8	72.2	64.5	58.1	56.9
Production	179.7	181.9	184.3	174.8	165.4
Consumption	-179.8	-176.5	-173.0	-168.4	-162.7
Volume adjustments	-1.0	-0.8	-3.6	0.0	-1.5
Closing Balance	75.7	76.8	72.2	64.5	58.1
In % of consumption	42.1	43.5	41.7	38.3	35.7

Source: F.O. Licht, 2nd world sugar balance estimate 2014/15 as of 25 Februar 2015.

The world market price for white sugar at the end of the first quarter was about 345 €/t (about USD 470), the same as at the beginning of the fiscal year. At the beginning of July 2014, the price started to decline further, reaching about 320 €/t (about USD 420) at the end of the second quarter. The world market price for white sugar has traded in the same range since then. At the end of February 2015, it was quoted at 331 €/t (about USD 372).

The main reason for the declining world market price for sugar continues to be steady high inventories and the strong US dollar. Most recently, the strong US dollar actually caused the world market price expressed in Brazilian Real to rise as a result of the sharp drop in the Real's exchange rate to the US dollar.

Global sugar production is expected to decline in 2014/15, especially given the drop in Brazil's

sugar production volume. Market analysts are forecasting this trend to continue in Brazil, and even strengthen, since the current low price of sugar will not cover rising production costs during the 2015/16 campaign year either. As world sugar consumption continues to climb, it is expected that inventories will be reduced, which will form a basis for a recovery in world market sugar prices.

EU SUGAR MARKET Given the record beet sugar yields throughout Europe, European beet sugar production (including isoglucose) is expected to reach a record 20.1 (17.5) million tonnes in the current 2014/15 sugar marketing year (1 October 2014 – 30 September 2015). Sugar quotas have been almost completely filled, while non-quota sugar production has risen sharply. This will boost inventories of surplus sugar, which may not be sold until the following sugar marketing year, to 2.9 (0.6) million tonnes as of 30

September 2015. Even though imports will – as predicted – decline due to the significantly lower price of sugar in the EU, the European sugar market will continue to be adequately served from EU beet sugar supplies.

Export licenses for 1.35 million tonnes of non-quota sugar were granted for the 2014/15 sugar marketing year, the same as last year. The amount of sugar exported in processed products such as chocolate and sweets was 0.7 (0.7) million tonnes, unchanged from last year.

During the previous sugar marketing year, 2013/14, the beet sugar quota was largely filled even though the volume of sugar produced fell to 17.5 (18.1) million tonnes. Imports from preferred nations (ACP and LDC) were largely stable at 2.2 (2.1) million tonnes. For the first time, the Central American countries Costa Rica, Guatemala, Honduras, Nicaragua, Panama and El Salvador and the Andean nations Columbia and Peru almost completely filled their EU duty-free export quotas of 0.25 million tonnes of sugar in 2014. On the other hand, imports that qualified for reduced duties as per WTO import quotas fell to 0.35 (0.68) million tonnes. The main reason for the lower imports is that the EU Commission did not grant special imports at reduced duties in a bid to raise inventories. Last year the Commission allowed 0.5 million tonnes under such a scheme.

According to EU price reports, the price of bulk quota sugar declined over the course of fiscal 2014/15 from 604 €/t in March 2014 to 433 €/t in December 2014. In March 2013, at the beginning of the previous fiscal year, the price for quota sugar was still being quoted at 726 €/t.

ENERGY In fiscal 2014/15, energy markets were caught in a tug of war between geopolitical risks on the one hand and the continuing global over-supply on the other.

Relatively full gas storage tanks in Europe together with a very mild winter in 2013/14 drove gas prices sharply lower at the beginning of fiscal 2014/15. On 10 July 2014, spot gas prices fell to a three-year low of 15.34 €/MWh. The geopolitical crises were especially apparent in the first half of the 2014 calendar year, as the territorial conflict between Russian and the Ukraine flared up. In addition, as the armed conflict in Iraq escalated, concerns about potential supply shortages drove the price of North Sea Brent to a twelve-month high of 116 USD/barrel on 19 June 2014. Gas markets were also repeatedly shaken by wide price swings during the course of the fiscal year due to the continuing geopolitical unrest.

Ultimately though, fundamentals drove the results, including weak economic growth forecasts for the EU and economic sanctions against Russia, as well as increased supplies as the US shale oil processing boom continued. Constant high crude oil production volumes by the countries belonging to OPEC also contributed to the huge oversupply, which is why the price of oil collapsed in the second quarter of the 2014 calendar year amid increasingly pessimistic demand forecasts. On 13 January 2015, it touched a six-year low of 45 USD/barrel. Toward the end of fiscal 2014/15, the price of Brent recovered to 62 USD/barrel. Weak projections for the world economy and the crude oil price slump also resulted in moderate gas prices in the winter months of October 2014 to February 2015.

EMISSIONS TRADING Following the adoption of back loading in February 2014, 400 million certificates were withdrawn from the market over the course of the year. In addition, 300 million and 200 million fewer certificates will be auctioned in 2015 and 2016 respectively. The EU Commission recommended that a market stabilization reserve be established effective 2021 in order to permanently restore the balance between supply and demand. The debate about the reserve began in fall 2014 and will continue in 2015. The second carbon leakage list for the

period covering 2015 to 2019 was accepted by the EU Commission on 27 October 2014. It will be applied for the first time when determining the free of charge allocations for 2015. The list contains the production of sugar, starch and starchy products, other organic raw materials and chemicals (e.g., bioethanol). The events during 2014 caused the spot price for European CO₂-emission certificates to jump 50 %, from € 4.86 to € 7.24.

Legal and political environment

WTO-II NEGOTIATIONS WTO-II negotiations (Doha round, aiming to improve the trade perspective of developing countries) have been ongoing since 2001 and to date have not been concluded.

The ninth WTO ministers' conference was held in Bali in December 2013. Export subsidies around the world were one of the agricultural issues discussed. After several months of delays, the path was cleared in December 2014 for implementing the Bali package. Now that the parties have agreed, technical trade facilitations can also be ratified. However, the developments will not directly impact sugar. It is currently not possible to predict when the Doha round will be concluded.

FREE TRADE AGREEMENTS In parallel with the ongoing WTO-II round, the EU Commission is also negotiating potential free trade agreements with various nations and communities, such as MERCOSUR, the South American common market. In the event sugar and sugary products are not defined as sensitive products – contrary to current trade practice – substantial additional duty-free sugar volumes could in future be imported into the European Union.

CETA In September 2014, the wording of the free trade agreement with Canada (CETA = Comprehensive Economic and Trade Agreement) was released. The agreement is not expected to come into force until 2016. Under the terms of the agreement, duties for raw and white sugar will be eliminated bilaterally within seven years and duties for sugary products will immediately be reduced to zero. This applies to 120,000 tonnes of white sugar that Canada produced locally during the 2013/14 sugar marketing year. Annual Canadian sugar consumption was 1.4 million tonnes. However, refined raw sugar in excess of this amount imported from other countries is still not eligible for duty-free import into the EU. The only exception is sugar imports in the form of refined products to a maximum of 75,000 tonnes per year.

SADC As part of an economic partnership agreement between the EU and SADC (South African Development Community), the EU and South Africa have formally agreed that South Africa be granted an annual duty-free import quota to the EU of 150,000 tonnes of sugar and 80,000 tonnes of ethanol. The agreement is expected to come into force in 2016, after ratification by both parties.

TTIP The aim of the talks that began in July 2013 between the government of the United States and the EU about a transatlantic trade and investment partnership (TTIP) is broad-based market deregulation – Sugar has not been explicitly discussed in the negotiations between the EU Commission and the United States up to now.

ASSOCIATION AGREEMENT WITH UKRAINE After the political situation in Ukraine changed in spring of 2014, the EU adopted a regulation on an accelerated and unilateral application of the trading section of the association agreement with Ukraine, which came into force in April 2014. The impact on the EU sugar market will be duty-free import quotas totaling 34,070 tonnes per annum. To date however, Ukraine has not exported any volumes to the EU worth mentioning. Ukraine will open its markets to EU imports starting on 1 January 2016. As of that date, the EU will be permitted to export 30,000 tonnes per annum to Ukraine, rising linearly up to 40,000 tonnes per annum within five years.

ASSOCIATION AGREEMENTS WITH THE REPUBLIC OF MOLDOVA AND GEORGIA The trading section of the association agreement with the Republic of Moldova and Georgia came into force on 1 September 2014. Both agreements permit duty-free and quota-free sugar imports to the EU. However, the agreement includes an anti-circumvention clause, the purpose of which is to prevent non-eligible imports into the EU from non-EU countries via these states. It stipulates that the onus is on Moldova to prove it is the country of origin for any imports exceeding the quota of 37,400 tonnes per annum for sugar and 4,200 tonnes per annum for products containing sugar. If it is unable to do so, the EU Commission can suspend the preferential duties. The same applies to imports from Georgia, except that the import quotas are 8,000 tonnes per annum of sugar and isoglucose and 6,000 tonnes per annum of products containing sugar. In 2014, sugar imports to the EU from Moldova and Georgia totaled about 17,000 tonnes.

Beet harvest and campaign chronology

Above-average temperatures and below-average rainfall dominated the winter of 2013/14. Because there were no sustained temperatures below freezing, the soil did not loosen in many areas and catch crops were not killed by frost. An early spring with high temperatures and little rain made conditions ideal for an early start to seedbed preparation and planting.

Seeding began in Offstein and Bavaria in the first week of March. After seeding, there was no noteworthy rainfall in many regions. Where there was no capillary water uptake by the seed capsules, germination was delayed until it rained at the end of April.

Mild temperatures and rain at the beginning of summer initially stimulated beet growth. In some regions, beets began to wither between the middle and end of June due to high temperatures and lack of rain. In fall, ideal weather

promoted growth. There were hardly any problems with parasites this year.

Beet cleaning, loading and transportation during the campaign were excellent amid above-average temperatures. The end of December saw a brief onset of winter weather, which however had almost no impact on deliveries.

The campaign began between 13 and 25 September. Warburg was the first factory to finish, completing its processing after 90 days, on 19 December 2014. The Bavarian factories, Rain and Plattling, continued to operate until 17 January 2015. The average campaign duration at Südzucker AG was 114 days, 27 days longer than last year. The yield was 89 t/ha, far above the five-year average and the previous record set in 2011. The average sugar content of 17.3 % was below average



Business performance

Operations in the 2014/15 financial year were furthermore marked by falling sugar prices due to high sugar inventories in the EU. The result obtained is therefore not satisfactory.

Revenue and operating profit

(in € millions)	2014/15	2013/14
Revenues	1,349.8	1,620.2
Change in work in progress and finished goods and internal costs capitalized	-42.6	-26.8
Other operating income	109.2	102.4
Cost of materials	-990.2	-1,109.4
Personnel expenses	-179.3	-166.0
Depreciation of intangible assets and fixed assets	-48.6	-43.7
Other operating expenses without special items	-220.1	-212.0
Operating profit (HGB)	-21.8	164.7
Special items	0.0	-154.5
Investment income/expense	160.3	143.5
Depreciation of financial assets	0.0	0.0
Interest income/expense	-39.6	-44.9
Income from ordinary activities	98.9	108.8

Sales revenues fell in fiscal 2014/15 by € 270.4 million or -16.7% from € 1,620.2 million to € 1,349.8 million. The main reason for this was the decline in quota sugar revenues.

Other operating income in the amount of € 109.2 (102.4) million includes income from the reversal of deferred items from the EU restructuring assistance in the amount € 20.4 (20.4) million deferred until 2015/16. Also included are income from the reversal of special items with an equity portion of € 1.4 (1.5) million, income from the disposal of property plant and equipment in the amount of € 18.7 (0.8) million and income from the reversal of provisions totalling € 12.0 (6.3) million.

The decrease in **material expenditures** by € 119.2 million to € 990.2 (1,109.4) million resulted from the lower beet costs, that overcompensated the higher beet quantities of the 2013/14 campaign.

Personnel expenses increased by € 13.3 million to € 179.3 (166.0) million as a result of a rise in the average number of employees by 60 to 2,412 (2,352). Lower expenses for profit-based compensation stand against a higher addition to provisions for pension benefits.

Depreciation was higher than last year, posting at € 48.6 (43.7) million.

Other operating expenses excluding special items increased € 8.1 million to € 220.1 (212.0) million.

Operating result (HGB) before special items fell year-on-year by € 186.5 million to € -21.8 (164.7) million.

Special items was in the last year the expense from the anti-trust fine in the year in the amount of € 154.5 million

Income from investments posted at € 160.3 (143.5) million, which was well above the previous year.

The **net interest result** improved by € 5.3 million to € -39.6 (-44.9) million. In the financial year just ended the low short-term interest rate was utilized for short-term working capital financing through emissions of commercial paper. Included in the net interest result are expenses from the unwinding of the discount for pensions and long-term liabilities totaling € 22.8 (25.6) million.

(in € millions)	2014/15	2013/14
Income from ordinary activities	98.9	108.8
Taxes on income	-13.7	-5.6
Other taxes	-0.7	-0.7
Net earnings for the year	84.5	102.5
Profit brought forward from the previous year	0.4	0.1
Allocations to revenue reserves	-33.8	0.0
Net earnings available for distribution	51.1	102.6

Tax expense in the year under review was € 13.7 (5.6) million.

Other taxes were unchanged at € 0.7 (0.7) million.

Net earnings were thus € 84.5 (102.5) million.

The **allocation to retained earnings** in the fiscal year was 33.8 (€0.0 million last year). With the profit carried forward last year of € 0.4 (0.1) million, the **retained earnings total** € 51.1 (102.6) million.

Investments and financing

Investments in property, plant and equipment and intangible assets totalled € 134.7 (87.2) million in the financial year. The investment focus was on environmental, replacement and optimization measures in the sugar factories as well as on the new construction of the head office in Mannheim and the starch factory in Zeitz.

Net financial debt		
(in € millions)	28 Feb. 15	28 Feb. 14
Securities	-97.6	-97.3
Cash and cash equivalents	-1.7	-1.7
Receivables as part of group financing	-606.7	-608.8
Bonds	200.0	90.0
Financial liabilities to banks	205.7	238.0
Liabilities as part of group financing	953.1	947.1
Net financial debt	652.8	567.3

Net financial debt increased from € 567.3 million in the prior year to € 652.8 million as at 28 February 2015. Operating cash flow amounts to € 152.1 (385.0) million. In addition to expenditure on property, plant and equipment, investments totalled € 0.8 million for financial assets. Distributions for the previous year amounted to € 102.1 million.

Südzucker has the following outstanding bonds as at 28 February 2015:

	Cou- pon	Vol- ume (€)	ISIN	Stock exchange listing
Hybrid bond 2015 Perceptual NC 10	5,25 %	700 mil- lion	XS0222524372	Luxem- burg (official Markt)
Bond 2011/2018	4,125 %	400 mil- lion	XS0606202454	Luxem- burg (official Markt)

The financial instruments are generally issued via the group financing company Südzucker International Finance B.V., Oud-Beijerland, Netherlands, and used throughout the group.

A commercial paper (CP) program with a volume of € 600 million is also available for seasonal campaign financing. This program was utilized in the amount of € 200 (90) million as at 28 February 2015.

The seasonal liquidity requirements are also secured by the € 600 million syndicated credit line concluded through 2018.

See the section on "Corporate management" in the group management report for fiscal year 2014/15 for information on corporate management at Südzucker AG.

Balance-Sheet

ASSETS

(in € millions)	28 Feb. 15	28 Feb. 14
Intangible assets	13.7	20.4
Property, plant and equipment	396.3	306.3
Financial assets	2,782.3	2,781.5
Fixed assets	3,192.3	3,108.2
Inventories	522.5	581.8
Receivables and other assets	852.2	956.1
Securities	97.6	97.3
Cash and cash equivalents	1.7	1.7
Current assets	1,474.0	1,636.9
Accrued and deferred items	1.8	2.4
	4,668.1	4,747.5

Südzucker AG's **total assets** reduced as at 28 February 2015 to € 4,668.1 (4,747.5) million.

Fixed assets totalled € 3,192.3 (3,108.2) million, € 84.1 million higher than last year. Investments in technical equipment and machinery primarily served to replace equipment and machinery and increase energy efficiency at the sugar factories. € 45.5 million was spent on construction in progress; a large share of this was for the new construction of the starch factory in Zeitz.

The reduction of **inventories** to € 522.5 (581.8) million resulted from the lower sugar production costs, that overcompensated the large production volume of the 2013/14 campaign.

Receivables and other assets remained € – 103.9 million lower than last year at € 852.2 (956.1) million. This had to do with lower allocations of intragroup loans to affiliated companies on the one hand, and cash receipt for tax refund claims of prior years on the other.

Securities of € 97.6 (97.3) million include such items as the shares of AGRANA Beteiligungs AG, which should be returned to free float.

LIABILITIES AND SHAREHOLDERS' EQUITY

(in € millions)	28 Feb. 15	28 Feb. 14
Shareholders' equity	2,128.9	2,146.5
Special items with an equity portion	35.4	36.8
Provisions for pensions and similar obligations	461.2	453.0
Other provisions	311.8	316.2
Liabilities	1,718.9	1,762.7
Accrued and deferred items	11.9	32.3
	4,668.1	4,747.5

Equity decreased to € 2,128.9 (2,146.5) million due to the higher dividend from net earnings compared to last year. The equity ratio improved to 45.6 % (45.2 %) as a result of lower total assets. As in the prior year, Südzucker AG's fixed assets at the balance sheet date were financed entirely through medium and long-term capital; the equity to fixed assets ratio was 112.1 % (111.5 %).

Pension provisions rose by € + 8.2 million to € 461.2 (453.0) million, largely due to the adjustment of the discount rate to 4.48 (4.86) % and the consideration of salary and pension adjustments.

Other provisions relate to provisions for legal proceedings as well as to provisions for risks arising from EU sugar market regulations.

Financial liabilities decreased by € – 43.8 million from € 1,762.7 million to € 1,718.9 million.

Deferred income of € 11.9 (32.3) million largely comprises deferred income from EU restructuring assistance and is reversed to income on a pro rata basis through 2015/16 beginning with the 2008/09 financial year.

Current and projected business performance

The significant revenue decline forecast in last year's financial report was more severe than expected due to quota sugar price developments.

Because of the lower revenues, the operating result per the German Commercial Code (HGB) declined more than expected.

However, the projected lower net income from investments and reduced net interest income did not materialize. Lower interest rates during the course of the year more than offset the higher average debt.

Still, the forecast to reach at least the previous year's net income in 2014/15 proved unattainable.

Events after the balance sheet

There were no material changes to business conditions or our industry sectors after the close of the fiscal year. Neither do we expect any other events of material significance that have to be reported by Südzucker AG.

Risks and opportunities report

Risk management system

Südzucker Group's business policies aim to safeguard the company's continued life, always earn reasonable returns and systematically and steadily improve shareholder value. Each business field may be exposed to risks due to either the way it manages its business or as a result of external factors. Risk management systems are installed throughout the group to detect and actively manage risks.

RISKS AND OPPORTUNITIES POLICY Südzucker believes a responsible attitude toward business risks and opportunities is an important element of a sustainable, value-oriented management system. At the same time, the company realizes and takes advantage of opportunities that serve to safeguard and improve its competitiveness. Südzucker views risks and opportunities as future developments and events that can negatively and/or positively influence implementation of operational plans and strategic goals. Südzucker uses an integrated system for the early identification and monitoring of group-specific risks. The guiding principle for successfully managing risk is to balance opportunities and risks. The company's risk culture is characterized by risk-aware conduct, clear responsibilities, independent risk controlling and internal audits. Insofar as it is possible and economically practical, insurable risks are covered by a group-wide insurance policy.

RISK MANAGEMENT The risk management system is embedded in Südzucker Group's value-oriented management and planning system. The purpose of the risk management system is to detect existing risks early and systematically, to evaluate them and to provide the relevant decision makers with properly organized risk information. This is accompanied by improving the internal transparency of all processes that have an element of risk and creating a culture of risk awareness among all employees. One of the key risk management tasks is to limit strategic, operative, legal and financial risks.

Südzucker Group's risk management system includes a monitoring system that ensures compliance with all actionable items.

RISK MANAGEMENT SYSTEM The executive board is responsible for the group-wide risk management system, as well as for the early detection and mitigation of existential and strategic risks. The risk management committee supports the board in this task. It regularly evaluates the suitability of the installed risk management rules and improves them if necessary. In addition, it continuously monitors material risks, including cross-business risks, and alerts those responsible if action is necessary. The auditor assesses the reliability and performance capability of the risk early warning system.

The risk management system of the business segments, divisions and the corporate departments is the responsibility of their respective managers, who take steps to reduce and defuse operational risks, as well as financial and legal risks. Changes in market prices can exert considerable positive and negative pressure on the operating result. The company has therefore installed risk committees that evaluate how to

handle such risks in those divisions and business units in which operating profits are materially affected by market price volatility. Market price risks resulting from commodity and selling prices, as well as currency exchange and interest-rate risks are also countered by selectively using derivatives. The executive board has defined the acceptable instruments in a risk management directive, which also governs hedging strategies, responsibilities, processes and control mechanisms. The hedging instruments are exclusively used to protect the underlying transactions; never for trading or speculation purposes. Financial derivative instruments are only entered into with banks that have a high credit rating or on futures exchanges.

Operative, financial and strategic risks are reported and documented regularly as part of the entire planning, management and reporting process. The executive board and divisions responsible also receive monthly risk reports that outline risks and sensitive issues at both the divisional and group level and that focus on the current and subsequent fiscal year. The development of the risk parameters, in line with the current market situation and business performance, is compared with the budget and/or the current forecast, while the risk score is determined by evaluating its impact on operating profit.

RISK COMMUNICATION Openly communicating with the employees within the company who are responsible for the businesses and processes is essential to a properly functioning risk management system. As such, the executive board, division managers and group executives communicate risks quickly and transparently. Employees are required to be aware of and deal with risks proactively. Regular meetings between the executive board and division heads to discuss earnings developments and budgets is one tool Südzucker uses to ensure that information flows directly between the parties. Mitigating measures are defined and initiated for any oper-

ational or strategic risks identified during the sessions. Not only the heads of divisions and business areas, but also the group departments regularly report to their respective department heads concerning current developments in their areas of responsibility.

INTERNAL AUDIT The group's internal audit department monitors both the parent company and group companies. The department, which reports directly to the chairman of the executive board, systematically and rigorously assesses the effectiveness of the risk management system, the controls, management and monitoring processes on the basis of independent, objective auditing and advisory methods. In doing so, it focuses on improving them and the underlying business processes.

Risks

SUMMARY OF CORPORATE RISK EXPOSURE

Südzucker's exposure to material risks is outlined in the following section and classified according to the parameters "probability of occurrence" and "financial impact" based on the medium-term profit forecast. The effect of already implemented countervailing measures is included.

The relative and absolute values "low", "medium" and "high" used for the corresponding categories are shown in the following table. The significance of the identified risks is determined by the combined probability of occurrence and potential financial impact.

Occurance probability		Financial impact
low	< 10 %	< € 5 Million
medium	10–50 %	€ 5–50 Million
high	> 50 %	€ >50 Million

The price volatility of raw materials, risks associated with fluctuating product prices and changes to the legal and political framework are currently the most significant risks. The potential financial impact of the other risks outlined in this report is comparably minor.

Overview of corporate risks	Occurance probability	Financial impact
Regulatory risks		
Risks of changes in legal and political environment	medium	high
Macroeconomic risks	medium	medium
Risks of structural changes of product markets	medium	high
Operational Risks		
Risks of availability of raw materials	low	high
Risks of price volatility of raw materials	high	high
Risks of price volatility of products	high	high
Exchange rate fluctuation risks	high	medium
Product quality risks	low	medium
IT risks	low	medium
Personnel risks	low	medium
Creditworthiness and default risks	low	low
Other operating risks	low	low
Compliance risks		
Legal risks	medium	medium
Antitrust risks	medium	high
Corruption risks	low	medium
Financial risks		
Interest rate fluctuation risks	medium	medium
Exchange rate fluctuation risks	high	medium
Liquidity risks	low	high
Creditworthiness and default risks	low	high
Risk of rating downgrade	medium	medium

STRATEGIC RISKS

As outlined in the respective sections of the segments' management reports, Südzucker's business is subject to a variety of legal and political stipulations, both at the national and European level. Expiry of the regulations on minimum beet prices and quotas effective 30 September 2017 will further change the European sugar market. Sugar beet and isoglucose production in the European Union is expected to rise after the elimination of the quota regulations, thereby increasing competition in the markets. Beet prices will decisively influence the availability of sugar beets as raw material in the future. At the same time, the competitive situation will be distorted by the fact that several EU member states pay incentives tied to beet cultivation.

Additional risks could also arise if additional duty-free import quotas for sugar are granted under the terms of new bilateral free trade agreements or if the level of EU tariff protection is lowered. This is also true for bioethanol. For example, raising or lowering national mandatory blendings, restricting or promoting the usability of various raw materials, as well as regulating the use of cultivation areas can lead to new opportunities or risks. Changes to external trade relations with non-EU countries, legislative compensation policies for generating renewable energies as they exist in some EU countries as well as tariff rates can also lead to new opportunities or risks. Any potential changes to international and national trade agreements or agricultural market regulations are proactively analyzed without delay and evaluated within the risk management framework regarding their potential impact on Südzucker Group's earnings, financial and asset situation.

Südzucker Group's products are also subject to the risk of demand fluctuations due to overall economic developments or changes in consumer behavior.

OPERATIONAL RISKS

RISKS ARISING FROM THE AVAILABILITY OF RAW MATERIALS

Every year, Südzucker Group processes over 31 million tonnes of agricultural raw materials grown on about 835,000 hectares of land. In addition to sugar beets, the crops comprise corn, wheat, barley, rice, triticale, chicory and potatoes, as well as the raw materials processed in the fruit segment.

As a processor of these raw materials, Südzucker is exposed – in spite of regional diversification – to procurement risks. These relate mainly to above-normal fluctuation of harvest yields, due primarily to extreme weather conditions (climate change), as well as pests and diseases that attack the company's crops. The associated risks result from greater evaporation and even more frequent and intense extreme weather events, such as sustained drought, flooding, storms and hail.

In addition, geographically shifting climatic zones or rainfall can negatively impact regional production of agricultural raw materials. This risk is addressed to the greatest extent possible by appropriate cultivation planning and targeted cultivation consultation and research.

However, in Europe climate change is also linked to opportunities when it comes to beet cultivation. An extended growing period that starts earlier, fewer frost days and faster heating of the soil hold the promise of rising yields.

Beets compete with other crops when farmers decide what to plant, which represents a procurement risk in the sugar segment. Our beet growers' plans are based on completely fulfilling the quota beet and ethanol beet delivery rights they were issued.

RISKS ARISING FROM PRICE VOLATILITY OF RAW MATERIALS

In addition to the procurement risks related to availability, agricultural raw materials are subject to price fluctuations that cannot always be directly passed on to the market. Grain and oilseed market price fluctuations are driven primarily by fundamental global and regional market data such as availability, demand and inventories. Markets are very sensitive to critical thresholds related to the ratio of annual consumption to inventories, as well as uncertainty about supply and demand factors, and prices fluctuate accordingly. Over the last few years, this has been repeatedly observed for certain products and is in principle again possible in the future. The price volatility of global markets is increasingly mirrored in the European and domestic markets due to expanding global raw material trading.

Political measures such as export bans instituted by key exporting countries can also cause increased short-term price volatility.

At Südzucker Group, fluctuating grain prices can be partly offset by sales revenues for protein-rich food and animal feed (natural hedge). Südzucker also mitigates the impact of possible grain price increases using forward-looking procurement policies in combination with timely hedging based on commodity futures contracts.

When products are made and sold or raw materials priced in currencies other than the euro, the operating businesses may be exposed to foreign exchange risks. The associated currency risks are managed primarily by using currency futures exchange contracts or by financing the working capital in the foreign currency. All Südzucker Group segments are exposed to these risks.

CropEnergies needs agricultural products containing carbohydrates, such as grain and sugar syrup, to produce bioethanol. Price fluctuations on global agricultural markets directly impact raw material costs. Sales revenues from food and animal feed mitigate the risk of high raw materials prices. To assess the risk, CropEnergies calculates raw material costs minus sales revenues from food and animal feed (according to net commodity costs). Because grain price fluctuations mainly go hand-in-hand with an equivalent price change for food and animal feed containing protein, CropEnergies is able to partially offset higher raw material costs with increased sales revenues from these products.

In addition, CropEnergies can reduce the impact of any increase in grain prices on raw material costs with forward-looking procurement policies and by using sugar syrups. Here CropEnergies tries to secure without delay the necessary raw material volumes for orders it has already received. This applies equally to purchasing and refining raw alcohol.

CropEnergies' business policy will continue to be to mitigate residual risks of raw material price increases by entering into long-term supply agreements and utilizing commodity futures contracts as a hedge, as well as using alternative raw materials. Also, the company regularly balances forward contracts for purchased raw materials and sales of food, animal feed and ethanol. The degree of hedging is determined by the market situation, whereby the basic principle applied is that forward contracts for ethanol not exceed forward contracts for input raw materials. However, depending on the market price situation, the risk that it will not be possible to secure cost-covering hedging transactions or to pass price increases of raw materials on to bioethanol purchasers remains.

The EU ties the promotion of fuels produced from biomass to compliance with certain sustainability criteria. Bioethanol produced at the plants in Zeitz, Wanze, Wilton and Pischelsdorf meet these requirements provided that sustainably produced raw materials are available.

Raw material costs are also of key importance to starch production. Here too, the strategy is to use physical supply contracts to cover the planned requirements as well as possible. Hedging transactions are also used to a limited extent. There is a risk that higher raw material costs can be only partially passed on to customers in the short term.

Procurement risk in the fruit segment is affected by poor weather and any plant diseases that may arise. Poor harvests resulting from these factors can have a negative impact on both the availability and cost of raw materials. Through its worldwide presence and knowledge of local markets, AGRANA's fruit preparation division is able to detect regional supply bottlenecks and/or price volatility early and take steps to mitigate such situations. In addition, the division strives to enter into annual contracts where possible, both on the sales and procurement side. Fruit juice concentrates, raw material, production and distribution risks are managed transregionally. Raw material procurement and sales contracts denominated in foreign currencies are managed using currency futures exchange contracts.

Südzucker Group counters energy price risks by designing its production plants to be capable of utilizing diverse energy sources in line with the particular circumstances, with the ultimate goal of minimizing costs. In addition, investments to improve the energy efficiency of the production plants throughout the group are an ongoing priority. The company utilizes long-term supply contracts or derivatives to hedge some of the fuels used during the campaign.

Germany's Renewable Energies Act (Erneuerbare-Energien-Gesetz [EEG]) was fundamentally revised in spring 2014. Nonetheless, even after the amendments, existing production plants continue to have the privilege of generating their own electricity: among other things, section 58 of the Renewable Energies Act protects privately owned power plants that were in operation prior to 1 September 2011 and generated electricity for their own use. This applies to all German Südzucker Group plants; in other words, these production plants remain exempt from the assessments specified in the Renewable Energies Act.

The free-of-charge CO₂ certificates allocated in conjunction with the third trading period in the EU from 2013 to 2020 will not cover Südzucker Group's expected consumption. Südzucker's sugar, starch, inulin and bioethanol production processes for the period from 2013 to 2019 meet current EU directives for carbon leakage, and accordingly, a limited number of CO₂ certificates will be allocated free of charge. Compliance with carbon leakage criteria will in future be audited every five years; the next audit will be conducted for the allocation years 2020 to 2024. Elimination of carbon leakage status as of 2020 for the various industrial sectors in which Südzucker operates would significantly curtail the annual allocation of free-of-charge CO₂ certificates the company presently enjoys.

RISKS ARISING FROM THE PRICE VOLATILITY OF PRODUCTS The most important markets for sugar, functional ingredients for food and animal feed, frozen products, starch, bioethanol and fruit are distinguished by their comparably stable and/or rising demand. Signs of possible changes in consumer behavior are detected early. Any impact on Südzucker's market position is evaluated and may lead to a revised corporate strategy, such as restructuring or cost and capacity adjustments. Südzucker strives to reduce its dependency on the price of goods sold. Here optimizing cost structures to achieve

cost leadership contributes toward stabilizing earnings margins. Still, all segments are exposed to market and product price risks.

The sugar segment is exposed to selling price risks resulting from price fluctuations in the world sugar market, the EU common market and animal feed markets. The company thus pays particular attention to consistency in its sales strategy and long-term planned customer loyalty to mitigate the volume and price risk for animal feed.

The EU granted a limited number of export licenses during the 2014/15 sugar marketing year. For the volumes allocated to Südzucker Group, we enter into futures contracts on the London futures exchange in accordance with market conditions. These futures contracts are then replaced by physical sales contracts with customers over the course of the sugar marketing year.

Expiry of the quota rules for sugar and isoglucose effective 30 September 2017 has impacted the sugar market and EU sugar market prices by inducing competitors to implement proactive pricing policies in an attempt to increase their market share.

Another example of price risk is bioethanol prices in Europe, which are affected by various factors such as supply and demand at the local level, the price level and availability in the United States, Brazil and other exporting countries, as well as general political conditions, and may thus fluctuate significantly. CropEnergies occasionally uses derivative instruments to hedge against price change risks for delivery contracts that may be affected by fluctuating bioethanol prices.

The European bioethanol prices are currently determined by price reporting agencies based on very low volumes, resulting in high price volatility. European antitrust authorities have been investigating since May 2013 the extent to which the existing pricing system causes irregularities or distortions.

On 17 October 2012, the EU Commission presented draft amendments to the renewable energy directives; however, the European Parliament and the Council agreed on a joint directive text only in April 2015. The core components include limits in the transportation sector on the share of conventional biofuels from crops, multiple allocation of biofuels from waste and scrap materials and of electricity from renewable sources. After the final passage of the legislation with publication in the Official Journal of the European Union, which is scheduled for summer 2015, the new regulations must be implemented in domestic law by the member countries within two years. This rapid implementation in the member states is the prerequisite for ending the uncertainty regarding the future conditions for the European biofuel industry.

The delay in implementing the higher mandatory blend ratio reduced demand for bioethanol, which caused bioethanol prices to drop. As a result, CropEnergies decided in February 2015 to stop production at the Wilton site temporarily due to lack of sufficient revenues to cover costs.

The European Council reached a consensus on key elements of an energy and climate package for the period from 2020 to 2030 including binding total reductions for greenhouse gas emissions, but no separate targets for the transport sector. CropEnergies could face considerable planning uncertainty if such targets are not defined at a later date.

CropEnergies also competes with bioethanol producers outside Europe. Local production conditions and the political framework could in future give foreign competitors an edge over European producers, which could result in higher imports and drive down bioethanol prices in the EU.

CURRENCY EXCHANGE RISKS Currency exchange risks arise at Südzucker's operations when sales revenues or the cost of materials and/or merchandise are denominated in a currency other than the local currency.

In the sugar segment, sugar exports to the world market are subject to US dollar exchange rate risks, and are always hedged from the date of entering the sugar futures contract to the date of payment receipt. Raw sugar refining is exposed to currency risks from any raw sugar purchases denominated in US dollars.

In the special products segment, foreign exchange risks arise in the BENEOL division from US dollar sales revenues for which the underlying production costs are mostly incurred in euros and Chilean pesos. Sales revenues of the Freiberger Group in Great Britain are subject to currency risk related to the British pound sterling.

The CropEnergies segment's raw material purchases and product sales are mainly denominated in euro. The company is only exposed to currency risks when purchasing raw alcohol in US dollars and selling industrial alcohol in euro. These transactions are hedged using forward exchange contracts immediately after purchasing the raw alcohol.

The fruit segment's currency risks relate primarily to Eastern European countries, where goods are sold in euro, whereas raw material and operating expenses are denominated in the respective local currency.

PRODUCT QUALITY RISKS Serious safety standards violation incidents for food and other products could damage Südzucker's reputation and reduce the volumes of our products. Furthermore, one of our stated objectives is to supply customers with safe, high quality products at all times. In order to guarantee this, the company has a quality management system that documents responsibilities, activities and processes. The quality management system covers all processes; from the procurement of raw materials, through the production process itself, to delivery to customers.

Adherence to all internal and external specifications is regularly checked within the framework of the quality management system. The company takes any necessary steps to further optimize its products and processes, which contributes to further risk minimization.

IT RISKS The management of our group is largely dependent on sophisticated information technology. As a result, risks associated with the security, quality or failure of IT systems are especially significant. We employ qualified internal and external experts and take appropriate technical steps to ensure that the IT systems are properly maintained and optimized. To facilitate these efforts, Südzucker has widely standardized the information systems and processes used by Südzucker Group.

PERSONNEL RISKS Südzucker Group competes intensely with other companies for trained personnel and is thus exposed to the risk of being unable to suitably fill vacancies. In order to protect Südzucker's position when competing for qualified employees, we emphasize the attractiveness of Südzucker Group as an employer through our human resources management policies, which aim to encourage specialists and managers to stay with the company for the long term. In addition to attractive social benefits and compensation policies, we offer a wide range of opportunities at Südzucker Group, such as advanced and continuing education courses, trainee programs and possibilities to work for various group companies.

CREDITWORTHINESS AND DEFAULT RISKS

Südzucker could suffer significant losses if a large number of its customers were unable to meet their contractual payment obligations. Südzucker AG counters credit and default risks associated with outstanding receivables by constantly monitoring the creditworthiness and payment history of its debtors and setting appropriate credit limits. A group-wide credit management system continues to be strictly enforced. Furthermore, risks are capped using credit insurance and bank guarantees. Default risks associated with the financial instruments with which we have entered into hedging transactions also exist.

OTHER OPERATING RISKS Other operating risks that may arise in the production, logistics, research and development areas are not expected to have any material impact on the company's position. Südzucker also mitigates other operating risks by constantly monitoring them and continuously improving its business processes.

COMPLIANCE RISKS

GENERAL LEGAL RISKS Various lawsuits are pending against Südzucker AG and the group's companies. Accruals are being formed to cover the legal costs for these proceedings. Accruals for the lawsuit risks are built when the likelihood that the company will be liable and the extent of the liability can be adequately determined. The final outcome of individual proceedings may affect earnings during a particular reporting period, but the potential associated liabilities would have no long-term impact on the group's assets and financial position.

Südzucker is exposed to potential changes in the legal environment, particularly as relates to food and environmental laws. Such risks are documented without delay, their impact on the group's business activities evaluated and appropriate action taken if necessary.

RISKS ARISING FROM ANTITRUST LAW There is a risk that antitrust authorities may interpret the conduct of company organs and employees as violating antitrust laws, and that they may initiate proceedings. Such proceedings always negatively impact the company's reputation and can result in high fines and potentially, unfounded claims for compensation from third parties.

Südzucker further strengthened its antitrust law compliance program again in fiscal 2014/15. Training courses to prevent antitrust law violations are conducted at regular intervals. The program will continue to be rigorously executed, also taking into account the lessons learned from the antitrust case concluded last year involving several companies in the German sugar industry. The executive board issued a guideline on compliance with antitrust laws at Südzucker Group (Competition Guideline) on 1 December 2014 in order to establish a group-wide standard for avoiding contravention of antitrust laws. The objective of this guideline is to prevent employees from violating antitrust laws and to provide practical support in the application of rele-

vant rules and regulations. This includes especially the obligation of all employees to comply with antitrust legislation.

As described in last year's annual report, the German Federal Antitrust Authority had charged Südzucker AG and other German sugar producers with engaging in unlawful practice to restrict competition, including territorial, quota and price-fixing agreements. After negotiations with the federal cartel office and careful consideration of all relevant arguments, Südzucker accepted the penalty notice issued on 18 February 2014 as part of a settlement, and paid the fine in order to bring to a close the case, which was based on statements by a key witness for the prosecution and had lasted almost five years. After payment of the fine in the amount of € 195.5 million in fiscal 2013/14, the German antitrust case was closed.

Since closure of the German antitrust proceedings, customers have been claiming damages as expected, due to alleged cartel-related price mark-ups. Südzucker is categorically disputing these claims.

As outlined in last year's annual report, in September 2010, the Austrian Federal Competition Authority referred AGRANA Zucker GmbH and Südzucker AG to the Vienna cartel court, requesting a decision on an alleged violation of the Austrian Cartel Act. AGRANA and Südzucker are accused of anticompetitive agreements relating to Austria. The defendants continue to consider the accusations groundless and dispute the claims submitted in October 2011 by the antitrust authorities based on the evidence presented at the hearings that have been held to date, even after additional witnesses took the stand in September 2014. The Vienna cartel court has not yet issued a verdict.

CORRUPTION RISKS Risks due to corruption can arise if Südzucker Group organs or employees violate laws, internal rules or regulatory standards recognized by Südzucker and the respective Südzucker Group company subsequently suffer damage to its assets or image. In order to avoid risks arising from corruption, Südzucker incorporated existing Südzucker Group corporate rules in its compliance management system policies and various compliance-critical company departments and activities were integrated in the program. The compliance management system is based on the principles of "knowledge" (informing and training), "compliance" (verifying and documenting) and "improvement" (reporting and acting). Violations of external and internal rules are not tolerated. Any indication of wrongdoing is investigated. The compliance program and the compliance organization are continually enhanced. The management culture focus on transparency and corporate principles is continuously enhanced to strengthen the compliance culture.

FINANCIAL RISKS

Because it conducts business worldwide, Südzucker Group is exposed to a variety of financial risks. This includes risks associated with fluctuating currency exchange and interest rates, liquidity risks, as well as credit rating and default risks. We classify market price risks associated with sugar exports, bioethanol volumes, or energy and raw materials procurement as operative risks. These are described in the respective section of this risk management report.

INTEREST RATE RISKS Südzucker Group is exposed to a limited extent to unexpected changes in interest rates on variable-rate or short-term financial obligations and investments. Exposure to these loans and investments fluctuates significantly over the course of the year because of campaign-related financing requirements. Long-term interest rate changes are of minor

importance because of the company's low indebtedness.

CURRENCY EXCHANGE RISKS Financing-related currency exchange risks arise mainly from intra-group financing of subsidiaries in currencies other than the local currency.

LIQUIDITY RISKS Südzucker is exposed to liquidity risk in that it may not be able to raise the necessary funds to fulfill a payment obligation in time or at all. Südzucker Group's liquidity is thus monitored daily. To the extent that they make sense economically, the company uses cash pools, both in Germany and internationally. Excess cash is also utilized throughout the group. Südzucker ensures that it has a balanced debt repayment scheme and reduces its financing risks by issuing long-term bonds and using bank credit lines. Risks resulting from cash flow fluctuations are detected and controlled at an early stage as part of short, medium and long-term liquidity planning, which is an integral part of corporate planning. A commercial paper program and approved bank credit lines give Südzucker access to immediate and adequate liquidity to meet the seasonal financing requirements associated with sugar campaign production at any given time.

CREDITWORTHINESS AND DEFAULT RISKS There are also financial creditworthiness and default risks associated with financial institutions with which we have entered into hedging transactions, have deposited funds, have credit lines or that have provided guarantees on behalf of Südzucker. These risks increased due to the financial crisis and we limit them by conducting our financial business only with banks that have a high credit rating. Accordingly, we continuously monitor the creditworthiness of the financial institutions.

RISK OF RATING DOWNGRADE Moody's and Standard & Poor's rating agencies assess Südzucker's creditworthiness. Südzucker considers itself duty-bound to maintain a stable investment grade rating. A downgrade in the assigned rating could negatively impact the group's cost of capital for future financing needs.

Detailed information regarding credit, liquidity, currency exchange, interest rate and price risks, including the use of derivative financial instruments for hedging risks, is provided in the notes to the consolidated financial statements (31) "Risk management at Südzucker Group".

OVERALL RISK POSITION

Material risks that could impact the future growth of Südzucker Group are particularly those arising from fluctuations in product and raw material prices, together with the risks associated with a change in the legal and political framework under the terms of which the company operates. The pressure of the world market price on the price of sugar in the European Union has increased for the sugar segment. This pressure will become even greater in future; the risk associated with fluctuations in EU sugar prices will thus also increase. The CropEnergies segment's profit is tied primarily to the price of raw materials – particularly wheat – and to bioethanol revenues. In phases of declining bioethanol prices with unchanged or increased grain prices, losses may be incurred when margins do not contribute to covering costs. When the variable costs are no longer covered, temporary production stoppage may become necessary. Because the markets for wheat and bioethanol are relatively independent of each other, forecasting profit development is difficult. Nevertheless, it is not always practical or possible to hedge all price risks in advance, as this would reduce the future opportunities for positive price development. In addition, insufficient liquidity of price hedging instruments with longer terms limits their use.

The group's overall risk position is higher than last year. Nevertheless, there are still no apparent risks that threaten the organization's continued existence.

Opportunities

This section outlines opportunities with regard to business activities in the individual segments and divisions.

Rigorously pursuing a corporate strategy aimed at long term value-based growth also creates many opportunities for Südzucker Group.

Südzucker is Europe's leading sugar producer. The company's special products (functional ingredients for food and animal feed, frozen products, portion packs and starch), CropEnergies and fruit (fruit preparations, fruit concentrates) segments have captured significant market shares in their target sectors.

As a result, Südzucker Group will continue to operate in what will remain strongly growing international markets that will drive demand for agricultural commodities, food, animal feed and energy even higher. Südzucker's European locations have advantageous natural geography with excellent soils, high yields and stable weather conditions compared to other regions around the globe. The company enjoys a stable and reliable foundation for competing internationally as a result. The expanding global population and the trend toward high-quality foods should increase the market opportunities for Südzucker products, especially in countries with rising living standards. With its infrastructure for producing and marketing bioethanol in Europe, the group is in an outstanding position to benefit from the growing European market for fuel from renewable raw materials.

SUGAR SEGMENT

Südzucker's competitive position in the European Union is excellent due to its concentration on the top beet growing regions in Europe and the company will be able to take advantage of the expiry of the quota regulations to strengthen its production and market position. Producing in the European core markets and being close to industrial customers is also a major advantage logistics-wise. Additional market opportunities for isoglucose will rise in the European sweetener market starting in 2017.

Additional opportunities will arise from exporting sugar outside the EU after 2017, when such exports will no longer be capped by export license requirements. After the expiry of quota regulations, there will be an opportunity to increase capacity utilization by extending the duration of the campaigns. Global sugar consumption is expected to increase from 2 % to 3 % per annum from the current 180 million tonnes to about 200 million tonnes by 2020. This outlook supports the world market price for sugar. Still, in the near term other factors, especially weather conditions in the main growing regions for sugar cane and sugar beets, exchange rate fluctuations and financial investor positions will have a significant influence. The participation in ED&F Man will also give Südzucker additional opportunities to participate in market growth.

SPECIAL PRODUCTS SEGMENT

Südzucker enjoys an excellent position in several growth markets due to the expansion of its special products segment.

BENEO The BENEO division is an important part of the special products segment and it will benefit from the long-term trend toward healthier eating habits. BENEO is a leading international supplier of functional ingredients for food, beverages and animal feed, and the global market leader for sugar-based sugar substitutes sold under the trade name Palatinit. The division

aims to take advantage of current growth opportunities for the group by pressing ahead with expanding its product lines for new applications.

FREIBERGER Freiburger Group uses its Europe-wide leading position as a supplier of customer-specific convenience products labeled as the private brands of international trading companies to tap the resulting growth potential. The group's European sales and distribution activities have been extended to cover the North American markets.

PORTIONPACK EUROPE As the European market leader, the company creates, produces and distributes portion-sized articles. The product range covers mainly the food sector, but a number of non-food articles are also available. The key markets are in food service sectors such as hotels, restaurants and bars and caterers. PortionPack is expanding its European market share by growing internally and externally, responding flexibly to customer demands and continuously working on product innovations.

STARCH The starch division focuses on high-value-added specialty products. Innovative, customer-oriented products with accompanying applications consultation, ongoing product development and continuous cost optimization are among the division's key objectives. Examples include the leading shares in organic starches and non-GMO starches for the food industry or the technical leadership for specialty starches in the paper, textiles, cosmetics, pharmaceuticals and construction sectors.

CROPENERGIES SEGMENT

The segment's ongoing development and profits are primarily driven by sales revenue growth for bioethanol, food, animal feed and the costs of the raw materials used.

Opportunities arise from lower grain prices and/or higher prices for bioethanol and the food and animal feed products produced in parallel. CropEnergies can to some extent avoid the volatility of the grain markets by using sugar syrups as a raw material. In addition, CropEnergies benefits by generating sales revenues from high quality foodstuffs and animal feed, which lowers net raw material costs and optimizes production process energy consumption.

The objectives of the EU's bioethanol market expansion program are to secure energy supplies, protect the world's climate and strengthen regional structures. The EU established conditions to encourage greater use of bioethanol in the fuel sector, and opportunities may arise from the resulting market growth. Should the introduction of E10 throughout Europe gain momentum, bioethanol volume could increase considerably, resulting in further growth opportunities for CropEnergies.

The construction of the production facility for neutral alcohol in Zeitz has given CropEnergies the opportunity to pursue high-margin applications for bioethanol.

Additional opportunities for CropEnergies could arise from a consolidation of the number of suppliers in the European bioethanol market, as CropEnergies enjoys competitive advantages based on its size, locations and technological leadership.

FRUIT SEGMENT

The AGRANA fruit segment is the world market leader for fruit preparations for the dairy, ice cream and baked goods industries and the European market's largest producer of fruit juice concentrates from apples, red fruit and berries. Growth opportunities arise in countries with rising incomes, such as Russia, China and Brazil. A greater emphasis is also being placed on the American market, the regions of North Africa and the Middle East.

Internal control and risk management system as it applies to accounting systems

ESSENTIALS Südzucker AG's accounting-related internal control system aims to ensure that its financial reporting and accounting practices comply with recognized standards, are reliable and effective, and that they truly reflect the company's assets, financial and earnings situation at all times. The system is embedded in the underlying business processes in all relevant legal entities and central departments and is continuously being enhanced. The main elements of the system are the principles, procedures and controls that ensure thorough and complete financial reporting; for example, consistent accounting, valuation and balance sheet procedures, processes and practices throughout the group.

IFRS REPORTING GUIDELINE Südzucker Group's accounting and valuation guidelines, including the accounting principles as per International Financial Reporting Standards (IFRS), ensure that the accounting and valuation systems used for all business transactions by the German and foreign subsidiaries included in Südzucker's consolidated financial statements are consistent throughout the group. Südzucker's internal IFRS Reporting Guideline ensures that IFRS is applied as applicable to Südzucker and explains ac-

counting topics. The contents of the IFRS Reporting Guideline are prepared centrally and are regularly updated.

INTERNAL AUDIT SYSTEM AS RELATES TO THE ACCOUNTING PROCESS

The group accounting process starts with the group's individual companies. Individual organizational entities prepare and check their financial statements and send them to Südzucker AG's central consolidation department by uploading the data to the consolidation system. Clearly structured authorization rules are in place for all of the group's accounting-related IT systems.

Südzucker AG's central consolidation department is in charge of completing the overall consolidation and preparing the group management report and consolidated financial statements. It also oversees the group's binding standard chart of accounts and manages the IT consolidation tool.

External auditors are regularly appointed as part of the preparation of the financial statements for the valuation of provisions, primarily those for personnel.

Südzucker Group's internal monitoring system has two components: controls integrated into the processes and process-independent controls. There is a strong emphasis on the principle of segregation of duties and the principle of dual control, as well as compliance with guidelines and rules related to key business processes.

Automated validation rules and plausibility checks, especially in the IT-based consolidation system, ensure that the data entered by the individual companies is complete and correct.

Segregating the administrative, executive, accounting and approval functions and making different persons responsible greatly restricts the opportunities to engage in criminal activity. Nevertheless, it is impossible to fully exclude every eventuality, especially arbitrary personal

decisions with negative ramifications, erroneous audits, criminal activities or other circumstances.

The monitoring steps taken to ensure proper and reliable accounting include, for example, analyzing business developments on the basis of specific key indicator analyses, as well as analyzing individual transactions in detail. At the group level, specific audit activities to ensure that the group accounting is being properly and reliably carried out include analyzing and, if necessary, adjusting the individual group company financial statements, taking into consideration the external auditors' reports and/or the audit debriefings.

Before integrating newly acquired companies, their internal control systems are quickly adapted to meet Südzucker Group's high standards.

INTERNAL AUDIT The audit committee deals mainly with compliance, 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. The internal audit department audits the internal control system, compliance with legal requirements and internal corporate guidelines, as well as the risk management system. It makes recommendations and develops any necessary process changes accordingly, thereby contributing to continuous improvement of the internal control and risk management systems.

EXTERNAL AUDIT The external auditor checks that the early risk identification procedure integrated into the risk management system is entirely suitable for timely identification of existential risks. The auditor also reports to the supervisory board any material weaknesses found in the internal control and risk management system. During the audit of the closing financial statements, the auditor confirmed that Südzucker's early warning system is capable of timely

detection of existential risks. The auditor has not encountered any material weaknesses in the internal accounting-related auditing system during its audit.

Outlook

We expect revenues to again be sharply lower as further declining sales revenues since 1 October 2014, the beginning of the 2014/15 sugar marketing year, will now impact the entire fiscal year.

In past years, lower sales revenues were partially offset by falling raw material costs, but during the 2014 campaign, we reached the minimum beet price. As a result, the shortfall from further declining sales revenues can no longer be offset by lower raw material costs.

The cost reduction measures we have introduced are starting to have an impact, but will only partly offset retreating sales revenues. While lower fixed unit costs will initially have a mitigating impact due to the long 2014 campaign, the 2015 campaign will be a shorter because of the reduced planting requirements, which means fixed unit costs will likely rise again.

In addition, because the discount rate for pension provisions will be further reduced, we expect personnel expenses to be higher.

So, as far as we can tell right now, the operating result per the German Commercial Code (HGB) will once again deteriorate substantially.

On the other hand, we expect greater net income from subsidiaries and improved net interest income driven by lower net financial debt.

Net income is expected to be the same as last year.



Recommendation on appropriation of profits

The executive and supervisory boards will recommend a dividend of € 0.25 (0.50) per share to the annual general meeting on 16 July 2015. With dividend-bearing capital of € 204.2 (204.2) million, this represents a total dividend pay-out of € 51.0 (102.1) million. The dividend is scheduled to be paid on 17 July 2015.

Concluding declaration regarding the dependent company report pursuant to section 312 (3) of the stock corporation act (AktG)

According to notice received from Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG), Ochsenfurt, the entity holds a majority interest in our company through its own holdings of Südzucker shares and the shares it holds in trust for its associated shareholders. The report in this regard, based on article 312 of the German Stock Corporation Act, closes with the following declaration:

"For the legal transactions listed in the report regarding the relationship to SZVG, the association of Association of Süddeutsche Zuckerrübenanbauer e.V., Würzburg, its regional associations and beet farmers, our company received appropriate compensation for every legal transaction in accordance with the conditions known at the time such transactions were undertaken. Measures subject to reporting by our company as per article 312 of the German Stock Corporation Act were neither undertaken nor neglected during the financial year under review."

FINANCIAL STATEMENTS

Balance sheet as of 28 February 2015

ASSETS

(€ '000)	Notes	28 February 2015	28 February 2014
Intangible assets		13,671	20,404
Property, plant and equipment		396,253	306,307
Financial assets		2,782,253	2,781,540
Fixed assets	1	3,192,177	3,108,251
Inventories	2	522,522	581,826
Receivables and other assets	3	852,188	956,119
Securities	4	97,613	97,314
Cash and cash equivalents		1,727	1,665
Current assets		1,474,050	1,636,924
Accrued and deferred items	5	1,914	2,277
		4,668,141	4,747,452

LIABILITIES AND SHAREHOLDERS' EQUITY

(€ '000)	Notes	28 February 2015	28 February 2014
Subscribed capital		204,183	204,183
Capital reserve		1,620,579	1,620,579
Revenue reserves		252,978	219,178
Net earnings available for distribution		51,146	102,566
Shareholders' equity	6	2,128,886	2,146,506
Special items with an equity portion	7	35,362	36,755
Provisions for pensions and similar obligations	8	461,216	452,999
Other provisions	9	311,796	316,201
Provisions		773,011	769,200
Liabilities	10	1,718,992	1,762,718
Accrued and deferred items	11	11,890	32,273
		4,668,141	4,747,452

Income statement

1 MARCH 2014 TO 28 FEBRUARY 2015

(€ '000)	Notes	1 March 2014– 28 February 2015	1 March 2013– 28 February 2014
Revenues	13	1,349,783	1,620,160
Change in work in progress and finished goods and internal costs capitalized	14	-42,605	-26,741
Other operating income	15	109,189	102,370
Cost of materials	16	-990,249	-1,109,396
Personnel expenses	17	-179,252	-166,015
Depreciation of intangible assets and fixed assets		-48,623	-43,720
Other operating expenses	18	-220,077	-366,465
Investment income/expense	19	160,314	143,529
Interest income/expense	20	-39,602	-44,945
Income from ordinary activities		98,878	108,777
Taxes on income	21	-13,664	-5,585
Other taxes		-743	-667
Net earnings for the year		84,471	102,525
Profit brought forward from the previous year		475	41
Allocations to revenue reserves		-33,800	0
Net earnings available for distribution		51,146	102,566

NOTES TO THE FINANCIAL STATEMENTS

Application of German GAAP (HGB)

The financial statements of Südzucker AG were prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG).

The income statement has been prepared using the nature of expense method. Certain items in the balance sheet and income statement have been combined in order to improve the clarity of presentation. These items are shown separately and described in the notes to the financial statements.

The financial statements have been prepared in euros. Unless otherwise indicated, all amounts are disclosed in thousands of euros (€ '000) or millions of euros (€ million). The previous year's numbers are generally put in parentheses in the notes.

Accounting policies

Transactions in foreign currencies are recognized at the historical exchange rate at the time of initial recognition.

Long-term foreign currency receivables are recognized at the asking price when the claim arises or at the lower fair value on the basis of the average spot exchange rate on the financial reporting date (impairity principle). **Short-term foreign currency receivables** (remaining term of one year or less) and cash or other current assets denominated in foreign currencies are translated at the average spot exchange rate at the balance sheet date.

Long-term foreign currency liabilities are measured at the bid price when the liability arises or at the higher closing rate on the basis of the average spot exchange rate on the financial reporting date (impairity principle). **Short-term foreign currency liabilities** (remaining term of one year or less) are translated at the average spot exchange rate at the balance sheet date.

Exchange gains or losses from different average spot exchange rates between the transaction date and the balance sheet date are reported under other operating income or expense.

Fixed assets

Intangible assets and fixed assets are measured at acquisition or production cost less depreciation and write-downs. In addition to the wear and tear of the fixed assets, production costs for internally-constructed equipment also include the production material, labor costs, and appropriate components of the overheads required.

Items subject to depreciation according to requirements of German commercial law are depreciated using the declining-balance or straight-line method.

Intangible assets are depreciated using the straight-line method.

Fixed assets acquired on or after 1 January 2001 were offset at a rate of maximum 20 percent when depreciated using the declining-balance method. Fixed assets acquired on or after 1 January 2006 to 31 December 2007 were offset pursuant to tax provisions at a rate of maximum 30 percent when depreciated using the declining-balance method.

Fixed assets acquired after 31 December 2008 were offset at a rate of maximum 25 percent when depreciated using the declining-balance method. The transition from the declining-balance to the straight-line method takes place at the date at which the remaining carrying amount distributed in equal annual amounts over the remaining useful life leads to higher depreciation rates.

The straight-line method was used exclusively for fixed assets acquired or produced on or after 1 March 2010. Südzucker AG exercises the option of using the reduced carrying amount (Beibehaltungswahlrecht) pursuant to note 67 (4) sentence 1 of the Introductory Act to the German Commercial Code (EGHGB).

Independently usable movable items of fixed assets subject to depreciation are fully depreciated in the year of initial recognition if their acquisition or production costs do not exceed € 150. Depreciable movable assets under fixed assets acquired or produced after 31 December 2007 whose acquisition or production costs are greater than € 150 but do not exceed € 1,000 were combined into compound items. Compound items are depreciated at the same rate over a period of five years.

Depreciation of fixed assets and of intangible assets is based on the following useful lives:

Intangible assets	2 to 9 years
Buildings	10 to 50 years
Technical equipment and machinery	5 to 15 years
Factory and office equipment	3 to 10 years

Shares in affiliated companies and the participations are measured at acquisition cost or the lower fair value. Borrowings are recognized at their nominal amount.

Long-term financial investments are measured at acquisition cost, if applicable, less depreciation of the respective lower fair value at the end of the financial year.

Lower fair values of fixed assets are accounted for with write-downs if continued impairment is expected. Write-downs are reversed if the reasons for the write-downs no longer exist.

Current assets

Materials and other supplies are measured according to the principles of valuation on a separate or standard value basis at acquisition costs with due respect for the lower-of-cost-or-market principle. Merchandise is measured at acquisition cost with due respect for the lower-of-cost-or-market principle. Appropriate valuation reductions are made each time realizability is limited.

Finished goods and work in progress are measured in accordance with notes 253 to 256 HGB at production costs or at the recoverable net proceeds derived from the sale price with due respect for the principle of loss-free evaluation. The FIFO method is used in the measurement of finished goods. Valuation reductions are made if inventory risk arises from extended storage duration or reduced realizability.

The depreciation of the fixed assets in use (wear and tear), the directly attributable material and production costs and the appropriate components of the necessary material and production overheads are considered when determining production costs for sugar. Interest expense is not included.

Short-term financial investments are reported at acquisition cost, less depreciation of the respective lower quoted or market price at the end of the financial year.

Receivables and other assets are measured either at nominal value with due respect for the lower-of-cost-or-market principle or at discounted value. Individual allowances are made in the estimated amount of default risk for doubtful receivables. General credit risk is accounted for with general allowances.

CO₂ emission certificates allocated free of charge are capitalized with an acquisition value of zero; certificates acquired for a fee are recognized at their acquisition cost. Provisions are recognized in the amount of the acquisition cost for the certificates if CO₂ emissions exceed the allocated certificates.

Cash and cash equivalents are recognized at their nominal value.

Write-downs are reversed if the reasons for the write-downs no longer exist.

Prepaid expenses

Expenses paid prior to the balance sheet date are classified as an asset and recorded as prepaid expenses insofar as they represent expenses for a particular period after the reporting date.

Subscribed capital

Subscribed capital is recognized at nominal value.

Special untaxed reserves

Special untaxed reserves for differences from increased depreciation permissible according to tax law and special depreciation as well as regular depreciation on a straight-line or declining balance basis were recognized until 28 February 2010.

Südzucker AG exercises the option of using the reduced carrying amount (continuation option) pursuant to note 67 (3) s. 1 of the Introductory Act to the German Commercial Code (EGHGB).

Provisions

Provisions for **pensions and similar obligations** are determined on the basis of biometric probabilities (Heubeck 2005 G actuarial tables) using the projected unit credit method. The wage and pension inflation parameters were adjusted as follows on the basis of current wage and pension inflation and medium-term projections: The future salary and income threshold increase rates were as in the previous year set at 2.50 (3.00) percent, of an income threshold trend (“Beitragsbemessungsgrenze”) of 2.50 (3.00) percent, the future pension increase rate at 1.50 (2.00) percent and the average employee turnover rate at 1.0 (1.0) percent. An actuarial interest rate of 4.48 (4.86) percent was used as a basis for the discount rate for pension obligations as at 28 February 2015.

This corresponds to the average market interest rate from the past seven financial years determined by Deutsche Bundesbank and published on 31 January 2015 for an assumed time to maturity of 15 years. The expense from the unwinding of the discount for pension obligations and fair value changes to plan assets are reported in the financial result. The asset value of the liability insurance is recognized for reinsured obligations from deferred compensation.

Provisions for pensions and similar obligations are offset with existing fund assets (pension liability) which were recognized at fair value. The fair value of fund assets is the actuarial asset value of the liability insurance, which corresponds to the historic acquisition costs.

For the measurement of **provisions for partial retirement** (“Altersteilzeit”), increases are treated as “payments with compensation character” according to the rules outlined in the latest applicable version of IDW RS HFA 3. The discount rate for provisions for part-time early retirement credits is 3.21 (3.73) % and 4.48 (4.86) % for anniversary claims. The salary trend corresponds to that of the provisions for pensions and similar obligations.

Other provisions are recognized for **contingent liabilities** and **imminent losses** from pending business transactions. Provisions are also recognized for maintenance expenses that have been put off and are made up for within three months of the following financial year. Other provisions are measured in the amount of the settlement value required according to reasonable commercial assessment that also includes price and cost increases. Provisions with a remaining term of more than one year are discounted corresponding to their remaining term with the average market interest rate of the past seven financial years.

Liabilities

All liabilities are reported using their settlement value.

Deferred revenue

Income received prior to the balance sheet date is classified as a liability and recorded as deferred revenue insofar as it represents earnings for a particular period after the reporting date.

Deferred tax

Deferred tax is measured for temporary differences between legal commercial and tax valuations of assets, liabilities and accrued and deferred items. Interest carry forwards and tax loss carry forwards are also considered in addition to temporary accounting differences.

Deferred tax is calculated on the basis of the combined income tax rate of 29.1 percent currently applicable for the Südzucker AG tax group. The combined income tax rate comprises the German corporate income tax (Körperschaftsteuer), the trade tax on income (Gewerbsteuer) and the solidarity tax (Solidaritätszuschlag).

If applicable, a resulting tax burden is recognized in the balance sheet as a deferred tax liability. If deferred tax assets are greater than deferred tax liabilities the option of not recognizing any deferred tax assets is exercised. In the financial year under review deferred tax assets were greater and thus not recognized.

Research and development expenses

The option of capitalizing development expenses is not exercised.

Research expenses are recognized directly in the income statement as expenses that cannot be capitalized.

Creation of valuation units for hedging instruments

Accounting for valuation units is based on the principle that comparable risks from a hedged item are offset economically by opposite changes in value or cash flows from a hedge. Unrealized gains and losses are therefore not considered in the scope and for the period in which opposite changes or cash flows from a hedged item and hedge offset each other.

Hedging instruments are considered a valuation unit with the hedged item if the requirement for the creation of valuation units is met. When disclosing the market values the amount is applied which would flow to or from Südzucker AG assuming the hedge were reversed at the balance sheet date. As hedge transactions only comprise normal market tradable financial instruments, the market value is derived from quoted prices on exchanges without offsetting any possible value changes relating to the underlying transaction being hedged.

Where a loss results from offsetting changes in value of a hedged item and hedging instrument and this is attributable to the hedged risk, a provision for ineffective hedging is to be recognized in the income statement as an expense. The effective portions of the valuation units are not accounted for in the balance sheet or income statement (net hedge presentation method).

Notes to the balance sheet

(1) Fixed assets

Intangible assets

	Intangible assets
(€ '000)	
Acquisition or production cost	
As of 1 March 2014	107,834
Addition	3,868
Disposal	-1,752
Transfer	43
As of 28 February 2015	109,993
Accumulated depreciation	
As of 1 March 2014	87,430
Annual depreciation	10,623
Disposal	-1,731
As of 28 February 2015	96,322
Net book value	
28 February 2014	20,404
28 February 2015	13,671

Intangible assets relate exclusively to concessions acquired against payment, trademarks and similar rights and assets.

Property, plant and equipment

	Land and buildings	Technical equipment and machinery	Other plant, factory and office equipment	Advances paid and construction in progress	Property, plant and equipment
(€ '000)					
Acquisition or production cost					
As of 1 March 2014	337,455	1,138,650	112,605	47,744	1,636,454
Addition	37,762	35,219	12,397	45,460	130,838
Disposal	-3,397	-7,778	-7,587	0	-18,762
Transfer	25,881	13,843	210	-39,977	-43
As of 28 February 2015	397,701	1,179,934	117,625	53,227	1,748,487
Accumulated depreciation					
As of 1 March 2014	225,152	1,018,776	86,219	0	1,330,147
Annual depreciation	6,476	22,686	8,838	0	38,000
Disposal	-1,267	-7,745	-6,901	0	-15,913
As of 28 February 2015	230,361	1,033,717	88,156	0	1,352,234
Net book value					
28 February 2014	112,303	119,874	26,386	47,744	306,307
28 February 2015	167,340	146,217	29,469	53,227	396,253

Financial assets

(€ '000)	Shares in affiliated companies	Participations	Other loans	Financial assets
Acquisition or production cost				
As of 1 March 2014	3,567,250	208	49	3,567,507
Addition	0	0	767	767
Disposal	-50	0	-4	-54
As of 28 February 2015	3,567,200	208	812	3,568,220
Accumulated depreciation				
As of 1 March 2014	785,967	0	0	785,967
As of 28 February 2015	785,967	0	0	785,967
Net book value				
28 February 2014	2,781,283	208	49	2,781,540
28 February 2015	2,781,233	208	812	2,782,253

(2) Inventories

(€ '000)	28 February 2015	28 February 2014
Raw materials and supplies	59,393	65,281
Work in progress	125,982	147,343
Finished goods, merchandise	337,147	369,202
	522,522	581,826

The decline in **finished goods** as at 28 February 2015 is largely attributable to lower production costs than in the previous year. Some finished goods had to be written down due to unexpected lower sales proceeds.

(3) Receivables and other assets

(€ '000)	28 February 2015	28 February 2014
Trade receivables	86,745	86,845
<i>thereof with remaining term of more than one year</i>	2,923	3,609
Receivables owed by affiliated companies	709,627	755,141
<i>thereof with remaining term of more than one year</i>	160,405	161,409
Receivables owed by companies in which participations are held	112	2,783
Other assets	55,704	111,350
	852,188	956,119

Individual impairments of €'000 10,572 (10,593) have been made for **trade receivables** totalling €'000 86,745 (86,845).

Receivables from affiliated companies comprise financial receivables from group loans in the amount of €'000 331,405 (290,409), trade receivables of €'000 40,629 (48,688) and other receivables in the amount of €'000 337,593 (416,044), which are used as a basis for the group financing of subsidiaries.

Other assets totalling €'000 55,704 (111,350) include €'000 16,792 (36,244) in receivables at the reporting date from one-time tax income from the conclusion of long-term tax court proceedings regarding taxation issues under the Foreign Transaction Tax Law (Außensteuergesetz) and receivables in the amount of €'000 9,080 (46,862) from the reimbursement of production levies from previous years. Also recognized here are the VAT receivables and energy tax reimbursement claims.

(4) Securities

(€ '000)	28 February 2015	28 February 2014
Shares in affiliated companies	56,700	56,700
Other securities	40,913	40,614
	97,613	97,314

Shares in affiliated companies include the shares of AGRANA Beteiligungs AG, Vienna, Austria, which should be returned to free float in the foreseeable future. The aim here is to increase the liquidity of AGRANA shares on the Vienna Stock Exchange.

(5) Accrued and deferred items

This item primarily includes accrued interest expense and, as in the previous year, the deferred option premium from the convertible bond issue.

(6) Shareholders' equity

Changes in equity

(€ '000)	1 March 2014	Divided for 2013/14	Net earnings for the year	28 February 2015
Subscribed capital	204,183			204,183
Capital reserve	1,620,579			1,620,579
Revenue reserves	219,178		33,800	252,978
Net earnings available for distribu	102,566	102,091	50,671	51,146
	2,146,506	102,091	84,471	2,128,886

As of 28 February 2015, the **subscribed capital** is valued at € 204,183,292 and consists of 204,183,292 bearer shares; this exclusively concerns no-par value ordinary shares, each of which represents a notional holding of € 1 per share. The company had no treasury shares as of the period end.

Südzucker AG did not exercise any accounting options that trigger a distribution restriction.

(7) Special items with an equity portion

Special untaxed reserves included only impairment losses for tax purposes.

(8) Provisions for pensions and similar obligations

Current obligations for pensions and benefits are reported under provisions for pensions and similar obligations. The amount required to fund provisions for pensions and similar obligations in the amount of €'000 463,807 (453,000) is offset against the pension fund assets (funding sources) in the

amount of €'000 2,591 (2,500). The fair value of fund assets is the actuarial asset value of insurance policies, which corresponds to the historic acquisition costs.

(9) Other provisions

(€ '000)	28 February 2015	28 February 2014
Tax provisions	109,365	97,286
Other provisions	202,431	218,915
	311,796	316,201

Tax provisions include additions from income tax expenses for periods not yet completed for tax audit purposes. There were also adjustments for past, previously audited tax years. The resulting expense was reported for the current year under taxes on income. Reimbursements and accrual reversals mitigated these charges. Overall, the tax expenses relating to other periods totaled € 10.9 million.

Other provisions comprised obligations for personnel expenses, expenses for exporting beet soil and recultivation of sludge lagoons and/or earth-moving operations for soil preparation and improvement, and litigation risk.

Provisions were also recognized for maintenance expenses that were put off in the financial year under review and will be made up for within three months of the following financial year.

The provision for part-time early retirement was recognized for such agreements already concluded prior to and those already committed as of the balance sheet date. It includes top-up contributions and accumulated settlement amounts accrued up to the balance sheet date.

(10) Liabilities

(€ '000)	28 February 2015				28 February 2014			
	Total	< 1 year	1 – 5 years	> 5 years	Total	< 1 year	1 – 5 years	> 5 years
Bonds	199,985	199,985	0	0	89,971	89,971	0	0
Liabilities to banks	205,716	40,138	91,596	73,982	238,000	162,984	37,750	37,266
Trade payables	244,433	244,433	0	0	354,869	354,869	0	0
Liabilities to affiliated companies	971,873	340,573	631,300	0	965,907	359,357	606,550	0
<i>thereof trade payables</i>	<i>12,991</i>	<i>12,991</i>	<i>0</i>	<i>0</i>	<i>13,037</i>	<i>13,037</i>	<i>0</i>	<i>0</i>
Liabilities to companies with which there is a participating interest	2	2	0	0	1,455	1,455	0	0
Other liabilities	96,983	96,983	0	0	112,516	112,516	0	0
<i>thereof for taxes</i>	<i>4,531</i>	<i>4,531</i>	<i>0</i>	<i>0</i>	<i>4,027</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>thereof for social security</i>	<i>8,802</i>	<i>8,802</i>	<i>0</i>	<i>0</i>	<i>9,183</i>	<i>0</i>	<i>0</i>	<i>0</i>
	1,718,992	922,114	722,896	73,982	1,762,718	1,081,152	644,300	37,266

Short-term commercial paper issuances of € 200.0 (90.0) million as at 28 February 2015 were included in the item Bonds and debt securities. No commercial paper was required at the same key date last year.

Liabilities to banks amount to €'000 205,716 after €'000 238,000 last year.

Obligations to beet growers of €'000 187,644 (296,349) are reported under **trade payables**.

Liabilities to affiliated companies totalling €'000 971,873 (965,907) primarily concern borrowing from bonds issued through Südzucker International Finance B.V., Oud-Beijerland, Netherlands.

Other liabilities primarily include liabilities to insurance institutions, tax liabilities and liabilities from payroll accounting.

All liabilities are unsecured.

(11) Accrued and deferred items

Income from EU restructuring assistance was offset by the proportionate carrying amount of the additional quota, with a total of € 153.3 million deferred to be reversed to income on a pro rata basis up until 2015/16. The deferred amount as of the balance sheet date comprises €'000 11,890 (32,273).

(12) Contingent liabilities, other financial commitments and derivative financial instruments

Of the future obligations resulting from lease agreements for office space, office and factory equipment as well as facilities leasing, € 1.9 (4.0) million is due within up to one year, € 0.0 (0.4) million within one to five years, and € 0.0 (0.0) million after five years; of these amounts, € 0.5 (0.5) million is

attributable to affiliated companies and is due within one to five years. Other financial commitments from open orders totaled € 132.7 million (€ 66.6 million) as of the balance sheet date. These rose in particular in connection with the construction of the new starch factory in Zeitz.

For bonds issued by Südzucker Finance B.V. in favor of the creditors, Südzucker AG issued guarantees totaling € 400.0 million (€ 400.0 million) and, in the case of the subordinate hybrid bond, a subordinated guarantee totaling € 700.0 million (€ 700.0 million). A further guarantee was issued in favor of the creditors of BENEIO Orafiti Chile S.A. for a maximum credit line of USD 25.0 million; as of the balance sheet date the company had accessed USD 24.2 million from the credit line. Due to the financial situation of the companies, utilization of the guarantees issued is not currently anticipated.

Südzucker AG is jointly and severally liable for credit taken out by CropEnergies Bioethanol GmbH in the (original) amount of € 78 million and by Rackwitzer Biogas GmbH of € 10 million.

Besides the other financial commitments and contingent liabilities presented, there are no off-balance-sheet transactions that would be of importance for the financial position of the company.

For a loan in the amount of GBP 12.5 million to a subsidiary, Südzucker AG entered into a currency swap to hedge the currency risk associated with interest payments and loan repayment. The hedged item (loan granted in a foreign currency) and the hedging instrument (cross currency swap) are considered a micro-hedge because together they meet the requirements for hedging a single asset. Accordingly, no depreciation of the GBP receivable is taken due to currency fluctuations and no provision is recognized in the event of a negative market value of the hedging instrument. On the balance sheet date, the cross currency swap had a negative market value of € 2.9 (0.6) million. The maturity date of the hedging instrument is 21 October 2016.

The effectiveness test determined that the significant value-determining parameters (critical terms) such as nominal amounts, currency, beginning, maturity, etc. of the hedged item and hedge are compliant, which is why it can be assumed that the opposite cash flows will completely offset each other in the future.

The compliance of these parameters is reviewed prospectively, and the effectiveness of the hedging relationship is assessed regularly as part of the risk management system.

Notes to the income statement

(13) Sales

(€ '000)	2014/15	2013/14
Classification according to activities		
Own production	1,070,792	1,302,146
<i>thereof sugar</i>	928,663	1,154,198
<i>thereof other revenue</i>	142,129	147,948
Revenues from services	86,844	71,137
Merchandise revenue	192,147	246,877
<i>thereof sugar</i>	142,006	213,185
<i>thereof by products</i>	50,141	33,692
	1,349,783	1,620,160
Classification according to geographical markets		
Germany	914,798	1,075,235
EU	416,506	525,141
Others	18,479	19,784
	1,349,783	1,620,160

(14) Change in work in progress and finished goods inventories and internal costs capitalized

(€ '000)	2014/15	2013/14
Change in finished goods and work in progress	-45,665	-30,345
Internal costs capitalized	3,060	3,604
	-42,605	-26,741

(15) Other operating income

Other operating income includes income from prior periods totalling €'000 31,415 (28,656), which largely resulted from the reimbursement of production levies from previous years, accounting profits and the reversal of provisions. Also included is income from currency translation totalling €'000 194 (40).

Other operating income included income from the release of special untaxed reserves in the amount of €'000 1,394 (1,540) and income from the reversal of deferred items totalling €'000 20,383 (unchanged).

(16) Cost of materials

(€ '000)	2014/15	2013/14
Cost of raw materials and consumables and merchandise	887,783	1,022,155
Cost of purchased services	102,466	87,241
	990,249	1,109,396

(17) Personnel expenses

(€ '000)	2014/15	2013/14
Wages and salaries	144,700	144,449
Social contributions and expenses for retirement and other benefits	34,552	21,566
<i>thereof retirement benefits</i>	8,722	-1,854
- Service cost	8,657	8,256
- Parameter adjustments, among others	65	-10,110
	179,252	166,015

Average number of employees during the year

Industrial employees	1,126	1,098
Salaried employees	1,090	1,068
Apprentices	196	186
	2,412	2,352

(18) Other operating expenses

Other operating expenses include expenses from prior periods totalling €'000 624 (2,151). Also included are expenses from currency translation totalling €'000 66 (227).

(19) Investment income/expense

(€ '000)	2014/15	2013/14
Income from profit transfer agreements	127,326	107,713
Income from investments	32,990	35,817
<i>thereof from affiliated companies</i>	32,977	35,777
<i>thereof from other investments</i>	13	40
Expenses from transfer of losses	-2	-1
	160,314	143,529

(20) Interest income/expense

(€ '000)	2014/15	2013/14
Expenses / Income from other long-term financial investments and loans	39	37
Other interest and similar income	12,176	13,298
<i>thereof from affiliated companies</i>	10,496	10,927
Interest and similar expenses	-51,817	-58,280
<i>thereof from discounting</i>	-22,774	-25,629
<i>thereof from affiliated companies</i>	-23,846	-24,870
	-39,602	-44,945

Expense from the unwinding of the discount for long-term obligations totalling €'000 22,774 (25,629) is recognized in the interest result in the year under review. This primarily results from the unwinding of the discount for provisions for pensions and similar obligations totalling €'000 21,548 and/or non-current provisions for personnel expenses and liabilities totalling €'000

1,226, which are netted against income from the fair value measurement of plan assets of €'000 2,591.

(21) Taxes on income

Taxes on income comprise tax expense from the current financial year and tax income from previous years.

Deferred tax assets totalling € 113.0 million result from the comparatively higher valuations in the commercial balance sheet than in the tax balance sheet for provisions for pensions, part-time early retirement and anniversaries, other provisions, and from available interest carry forwards and tax loss carry forwards.

This compares with deferred tax liabilities of € 28.9 million from higher valuations of financial assets and the deferred items in the commercial balance sheet. In total deferred tax assets exceeded deferred tax liabilities; deferred tax assets were not recognized.

In determining deferred taxes a theoretical tax rate of 29 % is assumed. The effective tax rate is 14 %. Differences between the theoretical tax rate and the effective tax rate largely result from tax reductions from tax-free income, non-deductible operating expenses from the antitrust fine and tax income from previous years.

Other disclosures

(22) Research and development expenses

Research and development expenses totalled €'000 18,074 (19,037) and were completely recognized in the income statement.

(23) Total compensation of the executive board and supervisory board and former executive board and supervisory board members

The total compensation granted to members of the executive board by Südzucker AG in the 2014/15 financial year amounted to € 3.3 million (€ 3.7 million). The variable component makes up 36 percent (47 percent) of their remuneration in cash, and depends on the dividend to be approved by the annual general meeting. Provisions for pensions of € 35.2 million (€ 31.1 million) relate to former members of Südzucker AG's executive board and their dependents. Pension payments to former members of Südzucker AG's executive board and their dependents amounted to € 2.7 million (€ 2.5 million). Total remuneration paid to Südzucker AG's supervisory board for all activities was € 1.2 million (€ 1.2 million) in the 2014/15 financial year. The remuneration systems for the executive board and supervisory board are discussed under "Remuneration" in the Südzucker group management report.

(24) Disclosures pursuant to section 160 (1) No. 8 AktG

Société Générale S.A., Paris, France, notified us on 28 October 2014 in compliance with section 25a (1) of the Securities Trading Act (WpHG) that its share of voting rights in Südzucker AG, Mannheim, Ger-

many passed the threshold of 5 % of the voting rights on 23 October 2014, reaching 5.08% (or 10,375,433 voting rights) on this day.

Société Générale S.A., Paris, France, notified us on 18 November 2014 in compliance with section 25a (1) of the Securities Trading Act (WpHG) that its share of voting rights in Südzucker AG, Mannheim, Germany fell below the threshold of 5 % of the voting rights on 12 November 2014, reaching 3.13% (or 6,384,306 voting rights) on this day.

(25) Shareholdings

Both equity and the annual results of German participations are disclosed uniformly according to the German Commercial Code (HGB). If a profit and loss transfer agreement exists with the relevant participation, the annual results are disclosed as zero. The list of shareholdings is found on pages 82ff in these notes to the financial statements. Disclosures are presented in compliance with section 313 (2) and section 285 No. 11 HGB

(26) Supervisory board and executive board**SUPERVISORY BOARD****Dr. Hans-Jörg Gebhard, Eppingen****Chairman**

Chairman of Verband Süddeutscher Zuckerrübenanbauer e. V.

Memberships in other domestic, statutory supervisory boards

- CropEnergies AG, Mannheim
- GoodMills Deutschland GmbH, Hamburg

Memberships in comparable German and foreign supervisory committees

- AGRANA Beteiligungs-AG, Vienna, Austria
- AGRANA Zucker, Stärke und Frucht Holding AG, Vienna, Austria (Deputy Chairman)
- Freiburger Holding GmbH, Berlin
- Raffinerie Tirlemontoise S.A., Brussels, Belgium
- Saint Louis Sucre S.A., Paris, France
- SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt (Chairman)
- Vereinigte Hagelversicherung VVaG, Gießen
- Z & S Zucker und Stärke Holding AG, Vienna, Austria

Franz-Josef Möllenberg*, Rellingen**Deputy Chairman**

Officer of Gewerkschaft Nahrung-Genuss-Gaststätten

Memberships in other domestic, statutory supervisory boards

- CropEnergies AG, Mannheim

Dr. Christian Konrad, Vienna, Austria (until 17 July 2014)**Deputy Chairman****Erwin Hameseder, Mühldorf, Austria****Deputy Chairman**

Obmann of Raiffeisen-Holding Niederösterreich-Wien reg.Gen.m.b.H.

Memberships in comparable German and foreign supervisory committees

- Flughafen Wien AG, Vienna, Austria (1. Deputy Chairman)
- RWA Raiffeisen Ware Austria AG, Vienna, Austria

- RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen, Vienna, Austria
- UNIQA Versicherungen AG, Vienna, Austria (2. Deputy Chairman)

Group mandates¹

- AGRANA Beteiligungs-AG, Vienna, Austria (Chairman)
- AGRANA Zucker, Stärke und Frucht Holding AG, Vienna, Austria (1. Deputy Chairman)
- Leipnik-Lundenburger Invest Beteiligungs-AG, Vienna, Austria
- Mediaprint Zeitungs- und Zeitschriften GmbH & Co. KG, Vienna, Austria (Chairman)
- Raiffeisen Bank International AG, Vienna, Austria (1. Deputy Chairman)
- Raiffeisen Zentralbank Österreich AG, Vienna, Austria (Chairman)
- Raiffeisenlandesbank Niederösterreich-Wien AG, Vienna, Austria (Chairman)
- STRABAG SE, Villach, Austria (Deputy Chairman)
- Z & S Zucker und Stärke Holding AG, Vienna, Austria (Chairman)

Dr. Ralf Bethke, Deidesheim Austria (until 17 July 2014)**Dr. Jochen Fenner, Gelchsheim**

Chairman of the executive board of SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG and Chairman of Verband Fränkischer Zuckerrübenanbauer e.V.

Memberships in comparable German and foreign supervisory committees

- AGRANA Beteiligungs-AG, Vienna, Austria
- AGRANA Zucker, Stärke und Frucht Holding AG, Vienna, Austria
- Z & S Zucker und Stärke Holding AG, Vienna, Austria

Yüksel Gediagac*, Berlin

Chairman of the works council of Freiburger Lebensmittel GmbH & Co. Produktions- und Vertriebs KG

¹ Group mandates of Südzucker-Group and of Raiffeisen-Holding in Niederösterreich-Wien group

* Employee representatives

Veronika Haslinger Vienna, Austria (since 17 July 2014)

Managing director of Raiffeisen-Holding Niederösterreich-Wien reg.Gen.m.b.H.

Memberships in comparable German and foreign supervisory committees

- SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt

Group mandates

- KURIER Beteiligungs-Aktiengesellschaft, Vienna, Austria (Chairman)
- Mediaprint Zeitungs- und Zeitschriftenverlag Gesellschaft m.b.H., Vienna, Austria
- NÖM AG, Baden, Austria
- Österreichische Rundfunksender GmbH, Vienna, Austria
- Raiffeisen Informatik GmbH, Vienna, Austria

Ralf Hentzschel, Panschwitz-Kuckau

Chairman of Verband Sächsisch-Thüringischer Zuckerrübenanbauer e.V.

Memberships in comparable German and foreign supervisory committees

- SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt (Deputy Chairman)

Wolfgang Kirsch, Königstein

Chairman of the executive board of DZ BANK AG

Memberships in comparable German and foreign supervisory committees

- Adolf Würth GmbH & Co. KG, Künzelsau

Group mandates of DZ Bank AG group

- Bausparkasse Schwäbisch Hall AG, Schwäbisch Hall (Chairman)
- R+V Versicherung AG, Wiesbaden (Chairman)
- Union Asset Management Holding AG, Frankfurt/Main (Chairman)

Georg Koch, Wabern

Chairman of Verband der Zuckerrübenanbauer Kassel e.V.

Susanne Kunschert, Stuttgart (since 17 July 2014)

Managing partner of Pilz GmbH & Co. KG

Memberships in comparable German and foreign supervisory committees

- Karlsruher Institut für Technologie, Karlsruhe

Erhard Landes, Donauwörth

Chairman of Verband bayerischer Zuckerrübenanbauer e.V.

Günther Link*, Oberickelsheim

Chairman of the works council of the plant Ochsenfurt of Südzucker AG

Bernd Maiweg*, Gütersloh

Divisional officer of Gewerkschaft Nahrung-Genuss-Gaststätten

Joachim Rukwied, Eberstadt

President of Deutscher Bauernverband e.V.

Memberships in other domestic, statutory supervisory boards

- BAYWA AG, München
- R+V Versicherung AG, Wiesbaden

Memberships in comparable German and foreign supervisory committees

- Buchstelle Landesbauernverband Baden-Württemberg GmbH, Stuttgart (Chairman)
- Kreditanstalt für Wiederaufbau, Frankfurt/Main
- LAND-DATA GmbH, Visselhövede (Chairman)
- Landwirtschaftliche Rentenbank, Frankfurt/Main (Chairman)
- Messe Berlin GmbH, Berlin

Ronny Schreiber*, Einhausen

Chairman of the works council of the head office Mannheim of Südzucker AG

Petra Schwalbe*, Berlin

Chairman of region East Gewerkschaft Nahrung-Genuss-Gaststätten

Memberships in comparable German and foreign supervisory committees

- Philipp Morris GmbH, München

¹ Group mandates of Südzucker-Group and of Raiffeisen-Holding in Niederösterreich-Wien group

* Employee representatives

Nadine Seidemann*, Donauwörth

Member of the works council of the plant Rain of Südzucker AG

Franz-Rudolf Vogel*, Worms

Chairman of the works council of the plant Offstein of Südzucker AG

Wolfgang Vogl*, Bernried

Manager of the plants Plattling und Rain of Südzucker AG

Group mandates

- BGD Bodengesundheitsdienst GmbH, Mannheim

Rolf Wiederhold*, Wabern

Chairman of the works council of the plant Wabern of Südzucker AG

1 Group mandates of Südzucker-Group and of Raiffeisen-Holding in Niederösterreich-Wien group

* Employee representatives

EXECUTIVE BOARD

Dr. Wolfgang Heer (Chairman), Ludwigshafen

Group mandates

- AGRANA Beteiligungs-AG, Vienna, Austria (1. Deputy Chairman)
- AGRANA Zucker, Stärke und Frucht Holding AG, Vienna, Austria (Chairman)
- BENEО GmbH, Mannheim
- ED&F MAN Holdings Limited, London, Great Britain
- Freiburger Holding GmbH, Berlin (Chairman)
- PortionPack Europe Holding B. V., Oud-Beijerland, Netherlands
- Raffinerie Tirlemontoise S.A., Brussels, Belgium
- Saint Louis Sucre S.A., Paris, France
- Südzucker Polska S.A., Wrocław, Polen (Deputy Chairman)
- Z & S Zucker und Stärke Holding AG, Vienna, Austria (Deputy Chairman)

Dr. Lutz Guderjahn, Offstein

Group mandates

- BENEО GmbH, Mannheim (Chairman)
- CropEnergies AG, Mannheim (Deputy Chairman)
- Ensus Limited, Yarm, Great Britain
- Ensus UK Limited, Yarm, Great Britain
- Raffinerie Tirlemontoise S.A., Brussels, Belgium (Chairman)
- Saint Louis Sucre S.A., Paris, France
- Südzucker Polska S.A., Wrocław, Poland
- Südzucker Versicherungs-Vermittlungs-GmbH, Mannheim

Dr. Thomas Kirchberg, Ochsenfurt

Group mandates

- AGRANA Beteiligungs-AG, Vienna, Austria
- BENEО GmbH, Mannheim
- BGD Bodengesundheitsdienst GmbH, Mannheim (Chairman)
- Raffinerie Tirlemontoise S.A., Brussels, Belgium
- Saint Louis Sucre S.A., Paris, France (Chairman)
- Südzucker Moldova S.A., Chisinau, Moldova (Chairman)
- Südzucker Polska S.A., Wrocław, Polen (Chairman)

Thomas Kölbl, Speyer

Memberships in other domestic, statutory supervisory boards

- Boerse Stuttgart AG, Stuttgart
- EUWAX Aktiengesellschaft, Stuttgart

Memberships in comparable German and foreign supervisory committees

- Baden-Württembergische Wertpapierbörse, Stuttgart
- Börse Stuttgart Holding GmbH, Stuttgart

Group mandates

- AGRANA Internationale Verwaltungs- und Asset-Management GmbH, Vienna, Austria
- AGRANA J & F Holding GmbH, Vienna, Austria
- AGRANA Stärke GmbH, Vienna, Austria
- AGRANA Zucker GmbH, Vienna, Austria
- AUSTRIA JUICE GmbH, Gleisdorf, Austria
- BENEО GmbH, Mannheim
- CropEnergies AG, Mannheim
- Freiburger Holding GmbH, Berlin
- PortionPack Europe Holding B. V., Oud-Beijerland, Netherlands (Chairman)
- Raffinerie Tirlemontoise S.A., Brussels, Belgium
- Saint Louis Sucre S.A., Paris, France
- Südzucker Polska S.A., Wrocław, Poland
- Südzucker Versicherungs-Vermittlungs-GmbH, Mannheim (Chairman)

Dipl. Ing. Johann Marihart, Limberg, Österreich

Memberships in comparable German and foreign supervisory committees

- BBG Bundesbeschaffungsges. m. b. H., Vienna, Austria
- Österreichische Forschungsförderungsgesellschaft mbH, Vienna, Austria (Deputy Chairman)
- Ottakringer Getränke AG, Vienna, Austria
- Spanische Hofreitschule – Bundesgestüt Piber, Vienna, Austria (Chairman)
- tecnet equity NÖ Technologiebeteiligungs-Invest GmbH, St. Pölten, Austria
- TÜV Austria Holding AG, Vienna, Austria (Chairman)

Group mandates

- AGRANA Research & Innovation Center GmbH, Vienna, Austria (Chairman)
- AGRANA Stärke GmbH, Vienna, Austria (Chairman)
- AGRANA Zucker GmbH, Vienna, Austria (Chairman)
- BENEIO GmbH, Mannheim
- Freiburger Holding GmbH, Berlin
- Österreichische Rübensamenzucht Gesellschaft m.b.H., Vienna, Austria (Chairman)
- Raffinerie Tirlemontoise S.A., Brussels, Belgium
- Saint Louis Sucre S.A., Paris, France

1 Group mandates of Südzucker-Group and of Raiffeisen-Holding in Niederösterreich-Wien group

* Employee representatives

(27) Fees for services by the company's external auditors

The following expenses were incurred in the 2014/15 financial year for services provided by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft:

(€ '000)	2014/15	2013/14
Auditing services	517	544
Other assurance services	6	6
Tax advisory services	0	4
Other services	42	184
	565	738

(28) Declaration of compliance per note 161 AktG

The executive board and supervisory board issued the declaration of compliance relating to the German Corporate Governance Code in accordance with note 161 of the German Stock Corporation Act (AktG) on 20 November 2014. It is available on the Internet via our website at: www.suedzucker.de/en/Investor-Relations/Corporate-Governance/Entsprechenserklaerung/2014.

(29) Proposed appropriation of earnings

Net earnings available for distribution of Südzucker AG amount to €'000 51,146 (102,566). It will be proposed to the annual general meeting that a dividend of € 0.25 (0.50) per share be distributed and be appropriated as follows:

(in €)	2014/15
Distribution of a dividend of € 0.25 per share on 204,183,292 shares	51,045,823.00
Profit carried forward	99,789.44
Net earnings available for distribution	51,145,612.44

If on the day of the annual general meeting treasury shares exist, the resolution proposal will be modified – in the event of a distribution of € 0.25 per qualifying share – to have the corresponding higher remaining value carried forward.

The dividend is to be paid on 17 July 2015.

List of shareholdings

	Location	Country	SZ- share (%)	Indirect Holding (%)	Equity € million	Earnings after tax € million
I. Fully consolidated companies						
Sugar Segment						
Division Südzucker and sales subsidiaries						
Südzucker AG	Mannheim	Germany				
Sudzucker Hellas E.P.E.	Athína	Greece		100.00	0.91	0.08
Sudzucker Ibérica, S.L.U.	Barcelona	Spain		100.00	2.40	1.52
Division Sugar Belgium						
Raffinerie Tirlemontoise S.A.	Bruxelles	Belgium		99.41	1,216.40	29.60
Hosa Trading Importação e Exportação S.A.	Sao Paolo	Brazil		100.00	0.09	0.08
James Fleming & Co. Ltd.	West Lothian	Great Britain		100.00	22.32	3.74
Nougat Chabert & Guillot SA	Montelimar	France		99.75	3.60	0.28 1)
S.C.I. DU MARINET	Upie	France		100.00		1)
Rafti B.V.	Wijchen	Netherlands		100.00	11.07	0.97
Raftir Nederland Beheer B.V.	Groningen	Netherlands		100.00	6.89	0.02
S.O.G.E.L.A.F. SARL	Paris	France		100.00	22.67	-0.05
Tiense Suikerraffinaderij Nederland Holding B.V.	Wijchen	Netherlands		100.00	11.52	3.45
Tiense Suikerraffinaderij Services g.c.v.	Bruxelles	Belgium		100.00	963.86	23.45
W.T. Mather Ltd.	Lancashire	Great Britain		100.00	3.63	0.00
Division Sugar France						
Saint Louis Sucre S.A.	Paris	France		99.80	141.55	-27.68
Société Française d'Organisation et de Participations "S.F.O.P."	Paris	France		100.00	15.88	0.02
Division Sugar Poland						
Südzucker Polska S.A.	Wroclaw	Poland		99.59	371.23	-5.99
"POLTERRA" Sp. z o.o.	Wroclaw	Poland		100.00	0.85	0.01
Przedsiębiorstwo Rolne "KLOS" Sp. z o.o.	Wroclaw	Poland		100.00	0.30	0.01
Südzucker Polska Nieruchomosci Sp. z o.o.	Wroclaw	Poland		74.07	-2.29	-0.25
Division AGRANA Sugar						
Agrana sugar sales an production						
Sugar Austria						
AGRANA Zucker GmbH	Vienna	Austria		100.00	348.42	17.21
AGRANA Marketing- und Vertriebsservice Gesellschaft m.b.H.	Vienna	Austria		100.00	7.44	0.58
AGRANA ZHG Zucker Handels GmbH	Vienna	Austria		100.00	0.61	0.61

* Profit and loss transfer agreement

1) Disclosures for Subgroup / Group consolidated financial statements

2) Disclosures for the last applicable financial closing

	Location	Country	SZ- share (%)	Indirect Holding (%)	Equity € million	Earnings after tax € million
Sugar Romania						
	AGRANA AGRO S.R.L.	Romania		100.00	0.00	0.02
	AGRANA BUZAU S.R.L.	Romania		100.00	-1.01	-1.21
	AGRANA LIESTI S.R.L.	Romania		100.00	0.01	-0.01
	AGRANA TANDAREI S.R.L.	Romania		100.00	0.80	-0.02
	AGRANA URZICENI S.R.L.	Romania		100.00	0.01	-0.01
	S.C. AGRANA Romania S.A.	Romania		92.02	-5.08	-16.32
Sugar Slovakia						
	Slovenské Cukrovary s.r.o.	Slovakia		100.00	43.44	3.90
Sugar Czech Republic						
	Moravskoslezské Cukrovary A.S.	Czech Republic		97.66	90.66	6.96
Sugar Hungary						
	AGRANA Magyarország Értékesítési Kft.	Hungary		100.00	5.20	0.08
	Biogáz Fejlesztő Kft.	Hungary		100.00	0.39	0.12
	Koronás Irodaház Szolgáltató Korlátolt Felelősségű Társaság	Hungary		100.00	1.27	0.02
	Magyar Cukorgyártó és Forgalmazó Zrt.	Hungary		87.60	72.99	-7.04
Sugar Bulgaria						
	AGRANA Bulgaria AD	Bulgaria		100.00	0.35	0.05
	AGRANA Trading EOOD	Bulgaria		100.00	0.61	-0.97
Sugar Bosnia						
	AGRANA BIH Holding GmbH	Austria		100.00	4.34	-2.27
	AGRANA d.o.o.	Bosnia-Herzegovina		100.00	0.14	-0.02
AGRANA Holding/other						
	AGRANA Beteiligungs-Aktiengesellschaft	Austria	6.54	86.18	589.19	55.22
	AGRANA Group-Services GmbH	Austria		100.00	1.49	-0.48
	INSTANTINA Nahrungsmittel Entwicklungs- und Produktionsgesellschaft m.b.H.	Austria		66.67	8.23	0.86
Division Sugar Moldova						
	Südzucker Moldova S.A.	Moldova		83.64	38.61	-2.58
	Agro Credit S.R.L.	Moldova		100.00	0.02	0.00
	Agro-SZM S.R.L.	Moldova		100.00	5.14	0.99
Division Agriculture						
	Agrar und Umwelt AG Loberaue	Germany	100.00		25.10	2.19
	Rackwitzer Biogas GmbH	Germany		100.00	0.03	*
	Wolteritzer Agrar GmbH	Germany		100.00	0.16	*
	Zschortauer Agrar GmbH	Germany		100.00	0.03	*

* Profit and loss transfer agreement

- 1) Disclosures for Subgroup / Group consolidated financial statements
- 2) Disclosures for the last applicable financial closing

	Location	Country	SZ- share (%)	Indirect Holding (%)	Equity € million	Earnings after tax € million
Zschortauer Futtermittel GmbH	Rackwitz	Germany		74.00	1.81	0.28
Sugar Other						
AHG Agrar-Holding GmbH	Mannheim	Germany	100.00		0.03	*
AGRANA Zucker, Stärke und Frucht Holding AG	Vienna	Austria	50.00		525.64	43.73 1)
Z & S Zucker und Stärke Holding AG	Vienna	Austria		100.00		1)
AIH Agrar-Industrie-Holding GmbH	Mannheim	Germany	100.00		0.24	0.00
BGD Bodengesundheitsdienst GmbH	Mannheim	Germany	100.00		0.03	*
Sächsisch-Thüringische Zuckerfabriken Verwaltungsgesellschaft mbH	Mannheim	Germany	100.00		0.03	0.00
Südprojekt Silo und Logistik GmbH & Co. KG	Mannheim	Germany	100.00		31.91	1.02
Südzucker Holding GmbH	Mannheim	Germany	100.00		715.77	*
Südzucker International Finance B.V.	Oud-Beijerland	Netherlands	100.00		18.66	1.83
Südzucker Tiefkühl-Holding GmbH	Ochsenfurt	Germany	100.00		559.08	*
Südzucker Versicherungs-Vermittlungs-GmbH	Mannheim	Germany	51.00		1.39	1.34 2)
Special products segment						
Division BENE0						
BENE0 GmbH	Mannheim	Germany	100.00		180.48	*
BENE0 Asia Pacific Pte. Ltd.	Singapore	Singapur		100.00	1.67	0.03
BENE0 Iberica S.L. Unipersonal	Barcelona	Spain		100.00	0.13	0.04
BENE0 Inc.	Morris Plains	USA		100.00	11.22	1.01
BENE0 Latinoamerica Coordenação Regional Ltda.	Vila Olímpia, Sao Paulo	Brazil		100.00	0.18	0.01
BENE0-Orafti S.A.	Oreye	Belgium		100.00	246.00	4.14
BENE0-Palatinit GmbH	Mannheim	Germany	15.00	85.00	23.58	*
BENE0-Remy N.V.	Wijgmaal	Belgium		100.00	233.39	-0.86 1)
Nutriz N.V.	Wijgmaal	Belgium		100.00		1)
Veniremy N.V.	Wijgmaal	Belgium		100.00		1)
Orafti Chile S.A.	Pemuco	Chile		100.00	177.27	-2.67
REMY ITALIA S.P.A.	Confienza (PV)	Italy		66.70	0.57	-0.03
Division Freiburger						
Freiburger Holding GmbH	Berlin	Germany	10.00	90.00	122.35	*
Alberto Lebensmittel GmbH	Berlin	Germany		100.00	0.03	0.00
Favorit Lebensmittel-Vertriebs GmbH	Berlin	Germany		100.00	0.07	0.01
Feinschmecker Eiscreme und Tiefkühlkost GmbH	Berlin	Germany		100.00	0.11	0.01
Feinschmecker Feinkost GmbH	Berlin	Germany		100.00	0.08	0.00
Freiburger France S.A.R.L.	St. Didier au Mont d'Or	France		100.00	-0.02	-0.17
Freiburger GmbH	Berlin	Germany		100.00	0.05	0.00
Freiburger Lebensmittel GmbH	Berlin	Germany		100.00	23.27	*
Freiburger Lebensmittel GmbH & Co. Produktions- und Vertriebs KG	Berlin	Germany		100.00	52.06	*

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Freiberger Polska Sp.z o.o.	Warszawa	Poland		100.00	-0.46	-0.35
Freiberger UK Ltd.	Spalding	Great Britain		100.00	0.17	0.16
Freiberger USA Inc.	Morris Plains	USA		100.00	0.03	-0.01
Great Star Food Production GmbH & Co. KG	Berlin	Germany		100.00	0.00	*
Prim AS Tiefkühlprodukte Gesellschaft m.b.H.	Oberhofen	Austria		100.00	7.32	2.90
Sandhof Limited	Westhoughton	Great Britain		100.00	28.92	12.64
Stateside Foods Ltd.	Westhoughton	Great Britain		100.00	19.97	10.04
Division PortionPack						
PortionPack Europe Holding B.V.	Oud-Beijerland	Netherlands	100.00		31.18	0.60
Hellma Gastronomicky Servis Praha spol. s.r.o.	Praha	Czech Republic		100.00	2.23	0.82
Hellma Gastronomie-Service GmbH	Nürnberg	Germany		100.00	4.44	*
Hellma Lebensmittel-Verpackungs-Gesellschaft m.b.H	Vienna	Austria		100.00	0.80	0.23
Hellma Polska Sp.zo.o. i.L.	Krakow	Poland		100.00	0.00	-0.13
PortionPack Belgium N.V.	Herentals	Belgium		100.00	0.71	-0.77
PortionPack Holland B.V.	Oud-Beijerland	Netherlands		100.00	0.84	-1.08
SAES The Portion Company, S.L.U.	La Llagosta (Barcelona)	Spain		100.00	0.16	0.06
Single Source Limited	Telford	Great Britain		100.00	4.64	0.67 1)
APCS Holdings Limited	Telford	Great Britain		100.00		1)
Central Legal Funding Limited	Telford	Great Britain		75.00		1)
AP Sachets Limited	Telford	Great Britain		100.00		1)
Sugar Stix Limited	Telford	Great Britain		100.00		1)
Santeau Limited	Telford	Great Britain		100.00		1)
Van Oordt Drukkerij B.V.	Oud-Beijerland	Netherlands		100.00	0.15	0.00
Van Oordt Landgraaf B.V.	Landgraaf	Netherlands		100.00	2.34	0.02
Van Oordt the portion company B.V.	Oud-Beijerland	Netherlands		100.00	13.53	2.84
Division Starch						
AGRANA Stärke GmbH	Vienna	Austria		100.00	268.06	13.15
S.C. A.G.F.D. Tandarei s.r.l.	Tandarei	Romania		100.00	3.50	-0.20
CropEnergies segment						
CropEnergies AG	Mannheim	Germany	69.19		365.13	-25.70
BioWanze SA	Bruxelles	Belgium		100.00	210.06	3.53
Compagnie Financière de l'Artois SA	Loon-Plage	France		100.00	21.33	9.85
CropEnergies Beteiligungs GmbH	Mannheim	Germany		100.00	61.23	*
CropEnergies Bioethanol GmbH	Zeitz	Germany		100.00	72.44	*
CropEnergies Inc.	Houston	USA		100.00	0.11	-0.03
Ensus Limited	Yarm	Great Britain		100.00	0.00	8.08
Ensus UK Limited	Yarm	Great Britain		100.00	14.78	-69.18
RYSEN ALCOOLS SAS	Loon-Plage	France		100.00	10.66	3.20

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	Location	Country	SZ- share (%)	Indirect Holding (%)	Equity € million	Earnings after tax € million
Ryssen Chile SpA	Lampa, Santiago de Chile	Chile		100.00	0.29	-0.14
Fruit segment						
Division Fruit preparations (AGRANA Fruit)						
AGRANA Fruit S.A.S.	Paris	France		100.00	108.48	14.32
AGRANA Fruit Argentina S.A.	Buenos Aires	Argentina		99.99	2.48	0.91
AGRANA Fruit Australia Pty Ltd.	Central Man- grove	Australia		100.00	21.39	4.41
AGRANA Fruit Austria GmbH	Gleisdorf	Austria		100.00	16.31	-2.51
AGRANA Fruit Brasil Indústria, Comércio, Importacao e Exportacao Ltda.	Sao Paulo	Brazil		100.00	4.49	0.94
AGRANA Fruit Brasil Participacoes Ltda.	Sao Paulo	Brazil		99.99	3.42	0.20
AGRANA Fruit Dachang Co., Ltd.	Dachang	China		100.00	17.44	1.69
AGRANA Fruit Fiji Pty Ltd.	Sigatoka	Fiji		100.00	0.99	0.03
AGRANA Fruit France S.A.	Paris	France		100.00	15.84	0.45
AGRANA Fruit Germany GmbH	Konstanz	Germany		100.00	12.75	0.92
AGRANA Fruit Istanbul Gida Sanayi ve Ticaret A.S.	Zincirlikuyu	Turkey		100.00	6.29	0.96
AGRANA Fruit Korea Co. Ltd.	Seoul	South Korea		100.00	13.67	1.38
AGRANA Fruit Latinoamerica S. de R.L. de C.V.	Michoacan	Mexiko		100.00	12.66	1.28
AGRANA Fruit Luka TOV	Vinnitsa	Ukraine		99.97	0.93	0.30
AGRANA Fruit México, S.A. de C.V.	Michoacan	Mexiko		100.00	7.92	-3.13
AGRANA Fruit Polska SP z.o.o.	Ostroleka	Poland		100.00	11.38	0.35
AGRANA Fruit Services GmbH	Vienna	Austria		100.00	9.52	2.12
AGRANA Fruit Services Inc.	Brecksville	USA		100.00	17.32	1.01
AGRANA Fruit Services S.A.S.	Paris	France		100.00	0.18	-0.02
AGRANA Fruit South Africa (Proprietary) Ltd.	Johannesburg	South Afrika		100.00	2.23	-0.03
AGRANA Fruit Ukraine TOV	Vinnitsa	Ukraine		99.80	11.93	13.23
AGRANA Fruit US, Inc.	Brecksville	Ohio/USA		100.00	56.02	2.82
Agrana Nile Fruits Processing SAE	Qalyoubia	Egypt		51.00	4.84	0.58
Dirafrost FFI N. V.	Herk-de-Stad	Belgium		100.00	4.69	-4.60
Dirafrost Maroc SARL	Laouamra	Morocco		100.00	3.35	0.63
Financière Atys S.A.S.	Paris	France		100.00	109.07	11.20
o.o.o. AGRANA Fruit Moscow Region	Serpuchov	Russia		100.00	18.23	1.74
Yube d.o.o.	Pozega	Serbia		100.00	0.76	0.05
Division Fruit juice concentrates (Austria Juice)						
AUSTRIA JUICE GmbH	Gleisdorf	Austria		50.01	71.01	6.71
AGRANA JUICE (XIANYANG) CO., LTD	Xianyang City	China		100.00	12.70	3.13
AGRANA Juice Denmark A/S	Køge	Denmark		100.00	-1.43	-0.35
AGRANA Juice Magyarország Kft.	Vásárosnamény	Hungary		100.00	20.32	5.86
AGRANA Juice Poland Sp. z.o.o.	Bialobrzegi	Poland		100.00	40.29	2.99

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	Location	Country	SZ- share (%)	Indirect Holding (%)	Equity € million	Earnings after tax € million
AGRANA Juice Romania Vaslui S.r.l.	Vaslui	Romania		100.00	2.91	-0.04
AGRANA Juice Sales & Marketing GmbH	Bingen	Germany		100.00	-0.88	-0.66
AGRANA Juice Service & Logistik GmbH	Bingen	Germany		100.00	1.23	0.00
AGRANA Juice Ukraine TOV	Vinnitsa	Ukraine		100.00	2.40	0.95
Ybbstaler Fruit Polska Sp. Z.o.o	Chelm	Poland		100.00	21.60	0.94
Other						
AGRANA Internationale Verwaltungs- und Asset- Management GmbH	Vienna	Austria		100.00	255.63	8.71
AGRANA J & F Holding GmbH	Vienna	Austria		100.00	247.20	-0.53

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	Location	Country	SZ- share (%)	Indirect Holding (%)	Equity € million	Earnings after tax € million
II. Joint ventures and associated companies						
Sugar segment						
Division Südzucker and sales subsidiaries						
	Maxi S.r.l.	Bolzano	Italy	50.00	6.82	5.00
Division AGRANA Sugar						
Agrana sugar sales and production						
Sugar Bosnia						
	"AGRAGOLD" d.o.o.	Brcko	Bosnia-Herzegovina	100.00	1.84	-0.40
	AGRAGOLD d.o.o.	Zagreb	Croatia	100.00	0.99	0.11
	AGRAGOLD dooel Skopje	Skopje	Macedonia	100.00	0.05	-0.02
	AGRAGOLD trgovina d.o.o.	Ljubljana	Slovenia	100.00	0.69	0.04
	AGRANA Studen Sugar Trading GmbH	Vienna	Austria	50.00	-1.27	0.92
	AGRANA-STUDEN Beteiligungs GmbH	Vienna	Austria	50.00	8.99	0.09
	Company for trade and services AGRANA-STUDEN Serbia d.o.o. Beograd	Beograd	Serbia	100.00	-0.09	0.04
	STUDEN-AGRANA Rafinerija Secera d.o.o.	Brcko	Bosnia-Herzegovina	100.00	0.17	-3.94
Sugar Other						
	ED&F MAN Holdings Limited	London	Great Britain	25.00	865.04	-37.35
Special products segment						
Division PortionPack						
	Collaborative Packing Solutions [Pty] Ltd	Johannesburg	Südafrika	40.00	0.62	0.02
Division Starch						
	GreenPower E85 Kft	Szabadegyháza	Hungary	100.00	0.88	0.09
	HUNGRANA Keményítő- és Isocukorgyártó és Forgalmazó Kft.	Szabadegyháza	Hungary	50.00	159.10	53.06
	HungranaTrans Kft.	Szabadegyháza	Hungary	100.00	0.33	1.04
CropEnergies segment						
	CT Biocarbonic GmbH	Zeitz	Germany	50.00	3.39	0.37

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	Location	Country	SZ- share (%)	Indirect Holding (%)	Equity € million	Earnings after tax € million
III. Not consolidated companies						
Sugar segment						
Division Sugar Belgium						
	Golborne Ltd.	Lancashire	Great Britain	100.00	0.04	0.00
Division Sugar France						
	Acucar e Alcool do Sul Participacoes Ltda.	Alto de Pinheiros	Brazil	100.00	0.00	0.00
Division AGRANA Sugar						
Sugar Czech Republic						
	PERCA s.r.o.	Hrusovany	Czech Republic	100.00	0.47	0.05
Sugar Bosnia						
	AGRANA Makedonija DOOEL Skopje	Skopje	Macedonia	100.00	0.00	0.00
	AGRANA Croatia d.o.o.	Zagreb	Croatia	100.00	0.00	0.00
AGRANA Holding/Other						
	Agrana Research & Innovation Center GmbH	Wien	Austria	100.00	4.35	0.76
	Österreichische Rübensamenzucht Gesellschaft m.b.H.	Wien	Austria	86.00	1.82	1.15
Sugar Other						
	Arbeitsgemeinschaft für Versuchswesen und Beratung im Zuckerrübenanbau Zeitz GmbH	Kretzschau	Germany	80.00	0.03	0.00
	Sächsisch-Thüringische Zuckerfabriken GmbH & Co. KG	Mannheim	Germany	100.00	0.03	0.00
	Südprojekt Immobilienverwaltungsgesellschaft mbH	Mannheim	Germany	100.00	0.22	0.01
	Südtrans GmbH	Mannheim	Germany	100.00	0.10	*
	Südzucker Beteiligungs GmbH	Mannheim	Germany	100.00	0.02	0.00
	Südzucker International GmbH	Ochsenfurt	Germany	100.00	0.03	*
	Südzucker Reise-Service GmbH	Mannheim	Germany	100.00	1.00	0.10
	Südzucker Verkauf GmbH	Mannheim	Germany	100.00	0.03	0.00
	Südzucker Verwaltungs GmbH	Mannheim	Germany	100.00	0.03	*
Special products segment						
Division Starch						
	AGRANA Skrob s.r.o.	Hrusovany	Czech Republic	100.00	0.09	0.00
	Dr. Hauser Gesellschaft m.b.H.	Hamburg	Germany	100.00	0.05	0.00
Fruit Segment						
Division Fruit juice concentrates (Austria Juice)						
	Ybbstal Getränkegrundst. VertriebsgmbH i. L.	München	Germany	100.00	0.07	0.00

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	Location	Country	SZ- share (%)	Indirect Holding (%)	Equity € million	Earnings after tax € million
IV. Other participations >20%						
Sugar segment						
Division Sugar Belgium						
	Bio-Generator Regio – Leuven – PORT NV	Tienen		Belgium	35.71	2.40 –0.01 2)
Division Sugar France						
	GARDEL S.A.	Le Moule		France	24.28	49.57 3.62
	Eastern Sugar B.V.	Breda		Netherlands	50.00	5.25 –0.53 1)
	Eastern Sugar Cukoripari Részvénytársaság	Kaba		Hungary	100.00	1)
	Eastern Sugar Slovensko A.S.	Dunajska Streda		Slovakia	95.64	1)
	Eastern Sugar s.r.o.	Dunajska Streda		Slovakia	100.00	1)
	S.C.I.C.A ROYE DESHYDRATATION S.A.	Roye		France	20.54	4.68 0.17
	Sucrerie et Distillerie de Souppes-Ouvré Fils S.A.	Paris		France	44.50	55.46 2.54
Division AGRANA Sugar						
Sugar Bosnia						
	SCO STUDEN & CO. BRASIL EXPORTACAO E IMPORTACAO LTDA.	Sao Paulo		Brazil	100.00	–0.01 0.00
Sugar Czech Republic						
	DELHIA SHELF s.r.o.	Hrusovany		Czech Republic	100.00	0.00 0.00
Sugar Hungary						
	Cukoripari Egyesülés	Budapest		Hungary	44.27	0.11 0.00
Sugar Other						
	Felix Koch Offenbach Couleur und Karamel GmbH	Offenbach		Germany	25.10	8.31 2.77 2)
	Fernwärmeversorgung Ochsenfurt GmbH	Ochsenfurt		Germany	33.33	0.64 0.04 2)
Special products segment						
Division BENEÓ						
	INVITA Australia PTE Ltd	East Botany		Australia	35.00	0.23 3.09

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RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and the management report of the company includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.

Mannheim, 24 April 2015

THE EXECUTIVE BOARD



Dr. Wolfgang Heer
(Chairman)



Dr. Lutz Guderjahn



Dr. Thomas Kirchberg



Thomas Kölbl



Johann Marihart

AUDITORS REPORT

We have audited the financial statements – comprising the balance sheet, income statement and the notes to the financial statements – including the bookkeeping and the management report of Südzucker AG (former Südzucker Aktiengesellschaft Mannheim/Ochsenfurt), Mannheim, for the financial year from 1 March 2014 to 28 February 2015. Bookkeeping and the preparation of financial statements and the management report in accordance with German commercial law are the responsibility of the executive board of the company. Our responsibility is to express an opinion on the financial statements – taking the bookkeeping into consideration – and on the management report based on our audit.

We conducted our audit of the financial statements in accordance with note 317 of the German Commercial Code (HGB) and generally accepted German standards for the audit of financial statements promulgated by Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the financial statements, prepared in accordance with German generally accepted accounting principles, and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the bookkeeping, financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the executive board as well as evaluating the overall presentation of the financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the financial statements comply with legal requirements and give a true and fair view of the net assets, financial position and results of operations of the company in accordance with generally accepted accounting principles. The management report is consistent with the financial statements and as a whole provides a suitable view of the company's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, 24 April 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr. Ralf Worster
Auditor

Olav Krützfeldt
Auditor

FORWARD-LOOKING STATEMENTS / FORECASTS

This annual report contains forward looking statements based on assumptions and estimates made by the executive board of Südzucker AG. Although the executive board may be convinced that these assumptions and estimates are reasonable, future actual developments and future actual results may vary considerably from the assumptions and estimates due to many external and internal factors. For example, matters to be mentioned in this connection include pending negotiations relating to the world trade agreement (WTA), changes to the overall economic situation, changes to EU sugar policies, consumer behaviour and state food and energy policies. Südzucker AG assumes no responsibility and accepts no liability that future developments and future actual results achieved will be the same as the assumptions and estimates included in this annual report.

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Südzucker on the internet

More detailed information about Südzucker Group is available at the company's website:

www.suedzucker.de

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