

SÜDZUCKER AG MANNHEIM/OCHSENFURT  
MANAGEMENT REPORT AND FINANCIAL STATEMENTS  
DATED 28 FEBRUARY 2014 (GERMAN GAAP - HGB)

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SÜDZUCKER

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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*The numbers in parenthesis in the report represent the corresponding prior year's figures or item.*



## REPORT OF THE SUPERVISORY BOARD

Dear shareholders,

about five years ago, the German Federal Anti-trust Authority launched an inquiry into the activities of Südzucker and other German sugar companies, alleging violations of the cartel law. The joint decision by the supervisory and executive boards to accept the Antitrust Authority's fine to settle the issue and thus bring the court case to a close was not an easy one. The case was discussed at length by the supervisory board and lawyers hired to represent Südzucker. Another company that appeared as a key witness had severely incriminated Südzucker. It was a case of one company's word against the other's. The risk of a court case lasting years, the outcome of which would have been totally unpredictable and that would have tied up many company resources, ultimately led us to accept the settlement, after a substantial reduction of the fine, and thus bring the case to a close.

The other investigation into Südzucker launched by the European Union Antitrust Authority in April 2013 was terminated in February 2014 without objections.

Südzucker will now be able to fully concentrate on future challenges: The political decision to let the current quota and minimum sugar beet prices expire in 2017 is an historic turning point for all European sugar companies, including Südzucker. All efforts must now be directed toward utilizing the short time available until then to further develop concepts on conducting business in the future. This topic is the key focus of strategic discussions between the supervisory and executive boards. Together, we strive to define the fundamental direction of the company.

Again in fiscal 2013/14, we continued to work on the basis of mutual trust and in the spirit of a goal-oriented team with the executive board and extensively discussed the general framework, the direction and strategic 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 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 reports by the executive board were mainly updates about the company's situation and development, corporate policy and profitability as well as Südzucker AG's and Südzucker Group's corporate, treasury, capital expenditure, research and development and staff budgets. In addition, the supervisory board chairman took part in executive board meetings and was informed by the speaker of the executive board 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 2013/14. 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 meeting regarding the balance sheet on 15 May 2013, dealt with the audit and endorsement of Südzucker AG's financial statements and the consolidated financial statements dated 28 February 2013. 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. At this meeting, the supervisory board also approved an amendment to the articles of association and the agenda and proposed resolutions for the 2013 annual general meeting. Elections were held for members of the audit committee and the agricultural committee. The supervisory board extended Mr. Johann Marihart's appointment to the executive board for an additional five years.

At an extraordinary meeting on 9 July 2013, the board discussed the interim report for the first quarter of 2013/14 and approved CropEnergies' acquisition of British bioethanol producer Ensus Limited.

The medium-range plan was presented and discussed in a meeting on 31 July 2013, the day before the annual general meeting. The supervisory board approved the investment plan for 2014/15, the long-range investment program and the extra investments. A further amendment was made to the articles of association. Elections were also held for various committees. The supervisory board extended Mr. Thomas Kölbl's appointment to the executive board for an additional five years.

On 17 September 2013, the supervisory board approved a financing proposal by written correspondence. On 7 November 2013, the supervisory board approved a further financing proposal by written correspondence.

The earnings projections for 2013/14 were presented at the board's 21 November 2013 meeting. Corporate governance was discussed in detail as always during the November meeting. In addition, the board conducted its annual test of its effectiveness and completed the 2013 declaration of compliance. An AGRANA plan to acquire a stake in a company was also approved.

The actual situation and forward plan regarding the German Antitrust Authority case was discussed at the supervisory board meeting on 28 January 2014. The latest earnings projections for 2013/14 were presented. The supervisory board approved the purchase of additional shares of AGRANA Beteiligungs-AG and a property project.

Five members were excused at the extraordinary supervisory board meeting on 9 July 2013. Otherwise, all supervisory board members personally attended the meetings.

**Supervisory board committees** | The supervisory board set up five committees to fulfill its duties efficiently (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. Some new members were elected to the committees at the supervisory board meetings on 15 May and 31 July 2013. The current members of the committees are presented in the notes under item 25 "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 supervisory board executive committee met three times in fiscal 2013/14. The board discussed extending the terms of office of executive board members in its meetings on 15 May and 31 July 2013. The actual situation and forward plan regarding the Antitrust Authority case was discussed at the supervisory board meeting on 28 January 2014.

The audit committee convened five times during the year, in four meetings and one telephone conference. At its 6 May 2013 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 1 August 2013 meeting just after the annual general meeting, the audit committee discussed the auditor's quotation for the audit assignment and appointed the auditors. In the 8 October 2013 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 report. In the meeting on 9 July 2013, and the telephone conference on 9 January 2014, the audit committee discussed the Q1 and Q3 2013/14 quarterly reports with the executive board.

All members were either present or participating via telephone at the audit committee meetings and telephone conferences.

The agricultural committee met on 21 November 2013. Topics on the agenda included a business update by the agricultural/raw material markets division on the situation in the raw material markets, plus reports and discussions on the Rackwitz biogas project and common market agricultural policy in the EU from 2014 onward.

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

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, with no outside assistance. Each year, the questionnaire is revised according to the latest changes to the code. The questionnaires were assessed in the meeting on 21 November 2013, 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 21 November 2013, the executive board, external auditor, chairman of the supervisory board and audit committee sat for the regular fraud review meeting. One of the topics addressed at the meeting was the clean-up of the irregularities at AGRANA Fruit Mexico and the steps taken to date, as well as anti-fraud management. These same topics were also tabled at separate supervisory board and audit committee meetings.

**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 2013 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/](http://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 2013/14, the recommendation of the executive board for appropriation of retained earnings and the consolidated financial statements and management report for 2013/14, and issued an unqualified 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 6 May 2014 meeting and in the supervisory board's financial review meet-

ing of 14 May 2014, 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 14 May 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 € 0.50 per share.

**Personnel** | The following changes occurred on the supervisory board in fiscal 2013/14:

Mr. Reinhold Hofbauer, Deggendorf, took early retirement on 15 July 2013, and resigned from the supervisory board. Mr. Günther Link, Oberickelsheim, chairman of the Works Council of Südzucker AG's Ochsenfurt factory and elected by the employees in 2012, succeeded him on the same day.

Mr. Manfred Fischer, Feldheim, retired on 31 August 2013. Ms. Nadine Seidemann, Donauwörth, member of the Works Council of Südzucker AG's Rain factory and elected by the employees in 2012, succeeded him on 1 September 2013.

Mr. Hans Hartl, Ergolding, resigned for age reasons from the board on 31 August 2013. The employees had not elected a successor during the 2012 elections. By order of the Mannheim registration court dated 19 September 2013, Ms. Petra Schwalbe, Berlin, chair of the eastern state area of the Gewerkschaft Nahrung-Genuss-Gaststätten was appointed as his successor.

The supervisory board sincerely thanks Messrs. Fischer, Hartl and Hofbauer for their long-standing commitment to the company's well-being.

Upon adjournment of Südzucker AG's annual general meeting of 1 August 2013, Prof. Dr. Markwart Kunz, who had been a member of the Südzucker executive board since 1 September 2003, retired and stepped down from the executive board. He deserves thanks and recognition for his extraordinary commitment to Südzucker Group.

Together with the executive board, the members of the supervisory board would like to pay their respects 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, 14 May 2014

On behalf of the supervisory board



Dr. Hans-Jörg Gebhard  
Chairman

# MANAGEMENT REPORT

## ABOUT THE GROUP

### Company profile, guiding principles, sustainability and strategy

#### COMPANY PROFILE

Südzucker has evolved from a regional sugar producer to an internationally operating company group: We are Europe's leading supplier of sugar products. The company's special products (functional food and animal feed ingredients, starch, chilled/frozen products and portion packs), CropEnergies (bioethanol) and fruit (fruit preparations/fruit juice concentrates) segments have strong market positions in their sectors. Their success is based on our core competencies, above all our broad-based expertise in the large-scale conversion of a wide variety of agricultural raw materials into high-quality products, especially into food for industrial customers and end users. Our marketing focuses on business-to-business clients. A strong ownership structure provides a reliable framework for the company's development.

Our goal is to work in concert with our shareholders, suppliers, customers and employees on responsibly shaping the future, based on a comprehensive vision of continued sustainable, profitable growth, earning a return on our invested capital and steadily improving shareholder value over the long term. At the same time, we want to appropriately consider the interests of future generations.

#### OUR GUIDING PRINCIPLES

- Our aim is to compete fairly, set benchmarks in our business fields and continue to be successful by innovating, delivering high quality, excellent service and reliability.
- We have a long-standing tradition of conducting business sustainably – from the farming methods we apply to all commodities to our process along the entire value added chain.
- We strive to be a responsible employer helping its employees to fulfill their potential and valuing their individual personalities. The solid experience and expertise in marketing, sales and logistics we gain thereby make us a reliable partner.
- We strengthen Südzucker Group's innovation power with our own research and development and by cooperating with other parties.
- In the capital markets, we stand for transparency and an open dialogue with all stakeholders.

## OUR STRATEGY

Our strategy continues to aim for sustainable, value oriented growth. To achieve this, we always focus on our core competencies and principles.

A sustainable corporate policy can only be realized by achieving long-term economic success. This is also a prerequisite to forward-looking investments and research projects. It is because of this that Südzucker's strategy is balanced between value-based, profitable growth and being economically, ecologically and socially responsible.

## MEGATRENDS DRIVING SEGMENTS' SUCCESS

Overall, Südzucker Group's four segments conduct business in sectors that will benefit both in the medium and long term from megatrends such as the expanding world population, rising incomes – especially in the emerging countries – and the increasing demand for food, animal feed and energy. We aligned our business fields early with the greater demand for agricultural raw materials, food, animal feed and energy. Further global population growth and the changing dietary habits in the emerging nations due to rising incomes will continue to drive growth and offer new opportunities.

## SEIZING BUSINESS SEGMENT OPPORTUNITIES

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

## PERSONNEL DEVELOPMENT A TOP PRIORITY

The success of our company is embodied and supported by the interdisciplinary competence, experience, social skills and commitment of our 18,500 employees world-wide. Personnel development and continuing education thus take center stage at Südzucker.

## POSITIONING WHEN GENERAL INDUSTRY FRAMEWORK CHANGES AS OF THE 2017/18 SUGAR MARKETING YEAR

Südzucker expects to have an excellent starting position after the minimum beet price and quota regulations expire on 30 September 2017. Südzucker is Europe's largest supplier of beet sugar and has high-performance factories in the most competitive beet growing regions of Europe. The main advantages of producing in these European core markets, which are close to industrial customers and the key sugar consumption markets, are logistical. The company's portfolio of sweetener products is complemented by raw and white sugar imports as well as starch saccharification products. Here too, Südzucker enjoys a leading market position in Europe. Long-term partnerships with important sugar producers in the LDCs and ACP countries will also secure a portion of the sugar supplies in future. Südzucker will continue to cut the sugar segment's costs and improve its logistics processes to continually improve its competitiveness.

## GROWTH OUTSIDE EUROPE

The export market will in future be a major contributor towards strengthening the company's market position. Elimination of the minimum beet price and quota regulations as of 2017 means that there will no longer be restrictions on exports for European beet sugar, as has been the case to date. In general, global sugar consumption is expected to continue to increase 2 to 3 % per annum – from the current 168 million tonnes to about 200 million tonnes by 2020. Südzucker can take advantage of this additional market potential by increasing the load factor of its existing beet

sugar factories and producing more sugar. A key building block of this strategy is the interest acquired in the British trading company ED&F Man, which in addition to having its own production facilities and shares of other companies – especially outside Europe – is a leading trader in global sugar markets.

#### SUSTAINABILITY AS A COMPETITIVE ADVANTAGE

Since its founding 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.

In 2013, Südzucker conducted a status quo analysis on sustainability in the sugar segment.

The aim of this analysis was to identify ways to more broadly document the way the company has for decades continuously improved its agricultural sugar beet cultivation methods. Südzucker is in talks with the Sustainable Agriculture Initiative (SAI). One of the first steps was to test practical implementation of SAI guidelines in alliance with a number of farmers that deliver sugar beets to Südzucker companies.

Südzucker's Saint Louis Sucre and Raffinerie Tirllemontoise are also participating in the EcoVadis sustainability initiative. EcoVadis gives Südzucker customers an overview of sustainability parameters such as those relating to the environment, personnel, health and safety on the job, fair business practices and purchasing.

Based on these results further options for a sustainability reporting will be examined.

**We create value that generates sustainable, rewarding corporate growth.**

## Group structure and corporate management

### GROUP STRUCTURE

Südzucker AG Mannheim/Ochsenfurt, 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 159 (158) other entities, of which Südzucker AG is directly or indirectly the majority shareholder. Proportionate consolidation was applied to 13 (eight) companies and the equity method continues to be applied to two (two) companies. For additional details about Südzucker's share ownership in other companies, please see the list of shareholdings in item 38 "Significant investments" in the notes 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 13 divisions that manage the operating businesses. The CropEnergies segment is managed as an independent corporate entity.

The group's business units and central departments engage in the following activities: business administration/controlling, purchase of operating supplies, purchase of maintenance supplies and services, finance and accounting, research/ development/services, animal feed/byproducts, engineering, investor relations, food law/consumer policies/quality assurance, properties/insurance, public relations, organization/IT, personnel, legal, audit, taxes, strategic corporate planning/group development/shareholdings, sugar/sales, 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 four divisions; in Belgium (Raffinerie Tirlemontoise S.A., Tienen), Germany (Südzucker AG, Mannheim/Ochsenfurt), France (Saint Louis Sucre S.A., Paris) and Poland (Südzucker Polska S.A., Wroclaw) and distributors in Greece, Great Britain, Italy and Spain. The AGRANA sugar division's production operations are located in Bosnia, 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/commodity markets division and Agrar und Umwelt AG Loberaue, Rackwitz).

**Special products segment** | The special products segment is comprised of four divisions: BENEON, Freiberger, PortionPack Europe and AGRANA's starch and bioethanol businesses. BENEON produces and sells functional food additives made from natural raw materials. The products have dietary and technology benefits when used in food and animal feed. Freiberger Group produces deep-frozen and chilled pizzas, as well as deep-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 starch companies in Hungary and Romania, bioethanol producers in Austria and Hungary, as well as Austrian potato and corn starch producers.

**CropEnergies segment** | Südzucker Group's bioethanol business is managed by its CropEnergies segment and includes four production sites – in Germany, Belgium, France and Great Britain – and trading activities in Brazil, Chile and the United States. CropEnergies AG, a listed company, is a leading European manufacturer of sustainably produced bioethanol for the fuel sector. CropEnergies owns 50 % of CT Biocarbonic GmbH, which has been operating a food-grade CO<sub>2</sub> liquification plant in Zeitz since 2010. In fiscal 2013/14, CropEnergies bought British bioethanol producer Ensus, thereby boosting its annual production capacity from 0.8 to 1.2 million m<sup>3</sup> of bioethanol.

**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 and severally responsible for managing the entire company. Notwithstanding the overall responsibility of all executive board members, individual board members bear sole responsibility for decisions made concerning 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 important business transactions are subject to agreement by 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 for certain tasks.

**Value based management** | The corporation's policies focus on steadily improving shareholder value. Südzucker's value based management system aims to earn a higher return on capital employed than the cost of capital in each segment and division and thus generate 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.

When calculating operating profit, earnings from ordinary activities reported in the income statement are adjusted to exclude any special items. Capital employed comprises tangible fixed assets owned by the company, plus acquired goodwill and working capital as of the record date. Return on capital employed, or ROCE, is the ratio of operating profit to capital employed. Südzucker

calculates the cost of capital for the operational assets as the average cost of equity and debt capital. 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.

**Financing management** | Südzucker's growth is financed by a steady, strong cash flow, a stable relationship with the company's various shareholder groups, access to international capital markets and reliable bank relationships. The financing basis is the company's investment grade rating, which secures the company's access to equity and loan financing instruments. Südzucker 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 specific 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 our financing structure. Südzucker uses mainly commercial papers in the amount of € 600 million and syndicated loans to satisfy these current financing needs.

The capital structure is managed based on 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 cash flow to debt ratio (ratio of net financial debt to cash flow), debt to equity ratio (net financial debt in percent of equity) and the equity ratio (equity in percent of total assets).

## RESEARCH AND DEVELOPMENT, PRODUCT SAFETY, QUALITY MANAGEMENT

### MAJOR PROJECTS/OVERVIEW

Südzucker AG's research, development and technical services department is a central unit that offers services to all of the various segments and divisions of the group's companies, no matter in what country they are based. The scope of work encompasses the entire value chain, from agricultural production-related activities to development in the various product areas. These include sugar and sugary specialty products, functional carbohydrates, rice-based products, wheat proteins, fruit preparations, fruit juice concentrates, starch and bioethanol.

Its core mandate includes developing new food industry products, as well as creating concepts for food ingredients produced by Südzucker Group in order to successfully introduce them to the market. Additional priorities include optimizing product quality and improving production process energy efficiency. R&D analyzes production processes and takes into consideration new technologies in order to continually expand and improve the company's product lines. It develops and prepares custom product solutions based on carbohydrates for the non-food sector. It is also charged with developing product concepts for animal feed and nutrients using byproducts of the primary production streams. The unit also has the mandate to directly support production, sales, marketing, procurement and business development.

Numerous alliances with research institutes, universities and other companies supplement the group's own work, which leads to faster real-world implementation of the research results.

146 (131) employees are responsible for tasks in the area of research, development and technological services at Südzucker AG; the total expenditure in 2013/14 for research, development and technological services was € 19.0 (17.7) million. The company filed ten patent applications in fiscal 2013/14 to secure its expertise and strengthen its market position, particularly in the field of functional food ingredients and starch derivatives.

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

### SUGAR AND SUGARY SPECIALTIES

**Process technology** | Process technology activities continue to focus on increasingly strict product quality specifications and systematic optimization of the energy consumed at various stages of the existing processes. In addition to providing ongoing services to the sugar factories during the campaign, R&D is responsible for all phases of the investment projects for new process optimization systems, from design to commissioning, through testing and analysis. Last fiscal year there was a particular focus on installing low-temperature drying systems, the objective being to save energy and cut emissions. An additional priority was to investigate the extraction systems in an effort to boost sugar yield.

**Fondant** | The recipes for fondant are being adjusted to meet the market requirements of international customers. By adding allergen-free ingredients, R&D created fondant varieties with functional attributes such as color, aromatic flavors and freeze/thaw stability that meet the demand for clean labeling. In addition, developers further optimized the production process to im-

prove especially the consistency and the shelf life of the fondant products.

**Caramel** | The product range has been expanded thanks to newly installed combustion technology. The main application areas in the food sector continue to be baked goods and beverages.

**Compri-sugar** | R&D was able to adjust the product properties by varying the process parameters in order to meet customer specifications in the confectionery and pharmaceutical industries.

**Retail products** | The department develops retail products throughout the group for both brand-name and brand-labeled products. The range was extended by introducing new types of sugar cubes; for example, smaller ones, as well as icing sugar for different types of fruit.

#### FUNCTIONAL INGREDIENTS FOR FOOD AND ANIMAL FEED

##### Dietary and physiological aspects

The objective of conducting scientific dietary research is to reinforce the physiological properties and health-related statements for BENEO Group's products.

**Palatinose™** | Extensive studies on the impact of Palatinose™ on metabolic regulation, fat metabolism and body weight were continued.

**Inulin** | The European authority for food safety (EFSA) endorsed a health claim application on the reduced blood glucose effect of inulin products. This paves the way for approval of a claim to this effect and clears the path for new applications of inulin products and foods. Other important projects included scientific dietary studies on the positive impact of inulin and fructooligosaccharides on intestinal activity, weight loss and obesity-associated diseases.

##### Application technology/product and process development

**galenIQ™** | Scientific studies aiming to support the sensory profile of galenIQ™ continued. GalenIQ™ properties are particularly advantageous for use in tablets, coated products and syrups.

**Inulin** | The department further developed product concepts for using inulin in baked goods, dairy products and cereals. The recipes were optimized with a view toward texture, taste profile and appearance. Recipes in which rice starches improving texture are used in addition to inulin are especially important.

**Isomalt** | Further work was done on establishing the technological advantages of isomalt when used as a sweetener in chewing gums. A changed approach allows the use of isomalt in the chewing gum base of coated, strip and liquid-filled chewing gums.

**Palatinose™** | Developers continued to focus on soft caramels and baked goods applications for Palatinose™. Work continued on enhancing non-adhesive, transparent glazings based on Palatinose™ and sugar for packaged baked goods.

**Rice starch** | Development work continued on the production 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 compares to that of chemically modified starches. This makes the starches of interest for clean label products.

Special rice starches that impart structural characteristics were developed for dairy products, baked goods and meats. Rice starches can be used to improve the texture and taste of increasingly popular gluten-free baked goods.

**Gluten** | The gluten production process was further enhanced. The goals were to increase protein yields and product quality.

## STARCH

The focus in the starch division continues to be on developing product concepts for various applications in the food sector and technical areas.

**Food** | Expanding application-related expertise is the main focus in the food starch area. The development of products customers are demanding is being accelerated using new analysis and testing methods. For example, developers were able to expand the organic starches product portfolio. The organic delicatessen industry prefers the newly developed organic starches.

Research also focused on developing soluble dietary fibers made from potato and corn starches. The products, called transglycosylated dextrans, were produced on a pilot project and the dietary and technology benefits investigated in a joint study with the veterinary university in Vienna. Tests to decolorize and dry these products and adjust the process parameters to increase the amount of dietary fibers are pending.

**Non-food** | In the technical starch applications sector, the trend to substitute synthetic products with renewable starch continues. This is being driven not only by sustainability and environmental concerns, but also economic benefits that favor the use of these products in the market.

The almost complete replacement of synthetic latex by special modified starch products is happening above all in the paper industry, especially in the surface treatment area. The idea is also gaining momentum in application areas such as textiles and construction. Starch properties, particularly the high solubility and binding strength, are key competitive advantages.

The market is increasingly calling for starch-based adhesives that have the potential to replace synthetic components. Newly developed starches have been used to create safe everyday products such as craft glues and glue sticks for do-it-yourselfers. Newly developed starches have also been used to formulate ready mixed glues and pastes for mechanically processing paper products. These "green glues" have impressive ecological advantages and excellent properties for use in a variety of applications.

Biodegradable organic materials are becoming increasingly popular with consumers. Specially modified thermoplastic starches have been developed to create products used in large volumes to produce cast iron materials for products used by farmers, gardeners and vintners. New thermoplastic starches with special features are also being developed to facilitate entry into other bioplastics markets.

## BIOETHANOL

Developers were able to optimize enzyme use at all CropEnergies production sites and thereby boost bioethanol yield. The department also focused on identifying and executing projects with the potential to save energy. The molecular sieve systems at all of the factories were also analyzed and optimized. This substantially boosted bioethanol production in Wanze, Belgium.

The recommended process and technical modifications for energy savings programs for the raw material digestion, thick stillage and distillers grain pelletization areas were successfully implemented in Zeitz. Work continues on the concept of producing taste- and odor-neutral potable alcohol by connecting the syrup plant to the new starch system. In Wanze, developers confirmed that the steps to boost production capacity during continuous operation have been successfully implemented. The project to optimize small grain milling to reduce contaminant input was also completed. Following the takeover of Ensus, the department has been helping with commissioning at the site in Great Britain. Work has commenced on validating and modifying the processes to bring them in line with CropEnergies standards. After making various process and technical adjustments, the production system was quickly restarted. There is further potential for optimization and work is continuing on identifying process and technical modifications that will bring the system in line with the standards implemented at CropEnergies production sites. Developers identified and implemented measures to directly track quality related parameters of the process in Loon-Plage, France.

R&D also handled process-related questions to support sales in connection with ethanol quality and standardization. In Germany and Europe, the department also helped with the ethanol and ethanol-based fuels standardization process.

Research is also big conducted on producing C4 elements using biochemical and chemical-catalytic methods. The research work is focused on converting ethanol to butyl alcohol by chemical-catalytic means and fermentation processes that generate the desired C4 products directly from biomass. The material is being proposed as a starting compound for fuel additives and can also be used as chemical feedstock. Thanks to the development of new catalysts in combination with an optimized process, it appears that it will be possible to economically implement this process in future.

## FRUIT

Work at AGRANA's center of innovation and expertise is focused on a multi-year project to continuously improve the quality of fruit preparations. The aim is to achieve and guarantee the best possible natural textures of the pieces of fruit, while at the same time maintaining the fruits' flavors. A system has been developed that enables researchers to identify improvement potential in the various areas of the refining process and take appropriate actions. Some of the key fiscal 2013/14 projects included optimizing the raw materials in Morocco, especially strawberries, testing various post-harvest treatments, identifying significant process parameters, evaluating innovative cauldrons, introducing innovative stabilization systems and working with systems integrators of filling and dosing equipment for the dairy and beverage industries.

## NEW TECHNOLOGIES

**Bioenergy/biogas** | Biogas is an important component of bioenergy supplies. To achieve the German Federal Government's climate targets, it will be necessary to feed biomethane; that is, treated biogas, into the natural gas network. Appropriately sized industrial biogas plants are being used with increasing success in this area. In conjunction with the startup of new Südzucker Group biogas plants in Poland, Moldova and Germany, the department examined substrate quality and the impact of trace elements and installed the associated analytical systems.

**Proteins** | Research and development work is focused on extracting valuable functional proteins from the bioethanol plant process streams. The products exhibit interesting technical properties, such as outstanding solubility in water. Work is continuing on preparing further plant-based proteins for the market.

**Algae biotechnology** | Südzucker is participating in a study sponsored by the Federal Ministry of Food and Agriculture (BMEL) on the use of the pure biogenic CO<sub>2</sub> produced during ethanol fermentation to grow algae. Joint research is being conducted with scientific institutes and partners on algae biomass containing starch in closed photobioreactors. The focus is on using starch as the main component for producing ethanol and evaluating the properties of the algae proteins that collect in parallel. The lab results on the work conducted so far have proved so promising that a pilot plant consisting of twenty-four photobioreactors with a volume of 180 liters each will be started up in 2014. Using fermentation CO<sub>2</sub> for making algae biomass is an ideal complement to the closed loops used in biorefinery designs and supports political greenhouse gas emission reduction goals.

#### PRODUCT SAFETY AND SPECIFICATION MANAGEMENT

The project in the sugar segment and at BENEON and CropEnergies to harmonize the criteria for purchased additives, packaging and materials that come into contact with products was completed. From now on, packaging materials used throughout the group will be documented in order to gain insight into the materials, how and where they

are used and which approvals apply. The aim is to utilize synergies and offer our European and international customers identical standards.

Work continued on harmonizing the specifications for BENEON Group. A modular information package consisting of process and product specific information, as well as quality information that exceeds specifications was also prepared. It continues to be updated. The department also reviews customer questions and prepares appropriate answers that can be used throughout the group.

R&D continuously keeps on top of product safety laws. They are evaluated for their impact on the food and animal feed products produced by the sugar segment, BENEON and CropEnergies and any changes are implemented as required.

#### QUALITY MANAGEMENT

**IFS Food Safety Standard** | Version 6 of the IFS food standard, which includes the new chapter on food defense, has been in force since 1 July 2012. It summarizes all preventive measures necessary to avoid intentional adulteration of foods; for example, its deliberate contamination. The food defense programs required by the IFS standards have been implemented successfully at all Südzucker AG sugar factory sites and their effectiveness endorsed by auditors.

**QM and HACCP harmonization** | Work on harmonizing the sugar segment's quality management systems continued in fiscal 2013/14. This included standardizing the test programs and specifying the requirements for transporting sugar.

## EMPLOYEES

Südzucker AG employed an average of 2,352 (2,373) persons during the financial year.

As before, almost one-quarter of all employees work in Germany; slightly more than half in other EU countries. Just under 10 % work in the Eastern European countries and some 15 % in other countries around the world. This international composition gives us a diverse workforce that contributes significantly to the company's success and brings with it a very wide range of expertise, experience and ideas. The increased interaction between regional and functional responsibilities resulting from the introduction of a matrix organization at Südzucker ten years ago further accelerated this internationality. The success of the teamwork depends largely on how well the international partners and colleagues communicate. To ensure good communications, employees have to be sensitized to potential differences in communications cultures and agree on a common set of rules and values. After this, the positive effects of diversity might unfold and set the stage for creativity and innovation. As such, seminars and workshops on intercultural teamwork and communications are essential elements of Südzucker Group's international personnel development programs. For example, the fourteenth international "On-Boarding" program, which serves as a venue where employees who have been with the company from two to five years can share experiences and develop a sense of bonding in the spirit of acting transnationally, was held last fiscal year.

The company expects diversity to evolve independent of affirmative action policies by governments. Südzucker hires its employees solely on the basis of their qualifications, performance and willingness to learn.

The number of women in the workforce and all segments is about 34 %, comparable to last year. Given the technical nature of the work, the per-

centage of women has settled at a relatively satisfactory level. At Südzucker, women always have the same opportunities as men. Vacancies are filled according to suitability and qualifications. Strongly promoting one gender would necessarily discriminate against the other to some extent. Our long-term goal for the future is to increase the number of women holding management positions, but we will not establish a quota. The share of women participating in our international "On-Boarding" programs for management recruits is 35 %.

**Employee age structure** | There were only minor changes in the employee age structure compared to last year. The workforce is almost equally distributed across the relevant age groups.

**Personnel development and health management** | Südzucker offers its employees a wide range of excellent training courses and seminars. In addition to technical training, programs to improve soft skills play an especially important role. The activities range from special coaching for managers to time and conflict management seminars. Südzucker thus encourages its employees' personal growth and creates a basis for career development at Südzucker Group.

Ideally, work should generate self-affirmation and recognition and bring structure to daily activities – two important elements of good mental health. Here Südzucker focuses on avoiding or reducing negative stress in the workplace. The key approach is to encourage employees to manage themselves and show them opportunities and tools, recognize, use and develop their own resources, in order to achieve a sensible and productive work-life balance. The group companies also meet their obligations toward employees by offering various health-related projects and programs.

**Employee qualifications** | Südzucker continues to have a high percentage of apprentices – over 9 % in Germany – and now trains young people for ten different types of jobs. The dual education system provides a solid foundation for being able to fill future vacancies in both trades and administration with qualified recruits, in spite of the difficulties arising from the changed demographic framework. The first steps for providing similar basic training for young people after finishing school are now being taken in Belgium, where Südzucker subsidiary Raffinerie Tirlemontoise is pioneering a new program.

Südzucker continues to offer international training programs to university graduates in the field of raw materials and engineering, which very effectively prepare them for the many fields of activity within the group and give them an excellent footing for a career at the company.

**Improving employer appeal** | Südzucker offers a wide variety of prospects at the company and the ability to work under conditions that offer a balance between work and career as part of its policy to boost its appeal as an employer. The company takes advantage of the changing media culture to interactively communicate with potential applicants, emphasizes the use of social media to communicate these policies to the outside world, and especially to address potential recruits. Here Südzucker presents itself as an authentic and open employer that employees, interns and external people might assess via various media platforms. Special blogs are available for apprentices, trainees, employees and managers to share their impressions of working at Südzucker and offer others a picture of what goes on behind the scenes.

**Occupational health and safety** | Occupational health and safety programs and initiatives are a high priority at Südzucker Group. The number of work accidents has declined steadily over the past few years and the statistics are very solid compared with other industry sectors. The severity of accidents has also been reduced, so that accident-related lost work hours are also at a very low level overall. This speaks to the success of all those who for many years have worked diligently on dealing with such issues and continuously brought potential hazards to the attention of employees.

Südzucker is never satisfied with the status quo. Both employees and managers are closely integrated into the countless preventive measures. This includes systematically assessing health and safety hazards in the workplace, regularly inspecting equipment and tools, preparing operating instructions and repeatedly training employees. In parallel, the processes at the plants are evaluated from a safety perspective, which also provides valuable information related to optimizing the plants' technology and processes.

Regular campaign days are conducted at the various sites to make employees aware of health and work safety issues, point out potential hazards and give them food for thought. Every month, a particular theme is highlighted in detail and presented in various ways.

**Employee suggestion program** | The number of improvement suggestions submitted at Südzucker AG, CropEnergies AG and BENEOPalatinit GmbH in Germany in fiscal 2013/14 again rose slightly. This together with the continuously high premiums paid out are a testament to the quality of the suggestions and to how strongly the employees are motivated to share their specialized expertise and improve the company's processes.

**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 the Czech Republic, was held in Salzburg, Austria in July 2013. The focus was on transnational topics, and a comprehensive overview of AGRANA Group's activities was presented as well.

**Thank you from the executive board** | The executive board thanks all Südzucker Group em-

ployees, whose commitment, expertise and motivation contributed to the success of the company last fiscal year. We are especially thankful for the loyalty and attachment the employees demonstrated toward the company during this time of change. We overcame the past challenges as a team and together we will also overcome all future challenges. We thank the employee representatives for their always constructive cooperation in the interests of the employees and the 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 at Südzucker's website ([www.suedzucker.de/en/Investor-Relations/Corporate-Governance/Corporate-Governance-Bericht\\_Erklaerung\\_zur\\_Unternehmensfuehrung/](http://www.suedzucker.de/en/Investor-Relations/Corporate-Governance/Corporate-Governance-Bericht_Erklaerung_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** | 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 value. The duties assigned to the executive board members are outlined in the rules of procedure for the executive board dated 29 January 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 situation 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 representatives always meet separately to prepare the supervisory board meetings.

**Supervisory board structure** | Südzucker AG's supervisory board consists of twenty members as per the articles of incorporation, of which ten are elected by the shareholders and ten by the employees. The terms of office are identical. The term of office of all supervisory board members runs until the adjournment of the annual general meeting in 2017, at which shareholders will vote on ratifying the board's actions for fiscal 2016/17. Mr. Erwin Hameseder, Mühlendorf, 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 will aim 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: Voters at the 2012 annual general meeting reelected the current shareholder representatives. The supervisory board currently 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 especially meet the criterion of "internationality". The supervisory board has two women members as of 1 and 19 September 2013.

**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 25 "Supervisory board and executive board".

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

Every shareholder who meets the requirements for participating in the annual general meeting and exercising voting rights, having 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.

**2014 annual general meeting** | The invitation to the annual general meeting scheduled for 17 July 2014, 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/en/Investor-Relations/Hauptversammlung/](http://www.suedzucker.de/en/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 systems are continuously enhanced and adapted to any changes in the underlying framework. The executive board regularly keeps the supervisory board abreast of existing risks and how they evolve. The audit committee deals mainly with supervising the accounting process and verifying the effectiveness of the internal control systems, the risk management process and the internal auditing process.

Details regarding risk management are outlined in the risk report.

**Accounting standards and annual audit** | Südzucker AG prepares its annual and interim consolidated statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. Südzucker AG's financial statements are prepared in accordance with the German Commercial Code (HGB). Südzucker AG's annual and consolidated financial statements are prepared by the executive board and reviewed by the auditor, the audit committee and the supervisory board. The supervisory board adopts the financial statements and approves the consolidated financial statements. The audit committee reviews the executive board's interim and the half-year reports together with the board members prior to publication. They are not audited or reviewed by external auditors.

The consolidated financial statements and Südzucker AG's financial statements were audited by

PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, the accounting firm elected by shareholders at the 2013 annual general meeting. The audit was carried out in accordance with the International Standards on Auditing (as applicable to the consolidated financial statements), German audit procedures and in consideration of the principles of proper auditing as outlined by Germany's Institute of Public Auditors. It also included an audit of the early warning system for risks.

As part of the agreement with the auditor, the supervisory board instructed the auditors to immediately report to the supervisory board concerning any possible disqualification or bias issues encountered during the audit, as well as any material findings or events arising during the course of the audit. There was no need to report to the supervisory board in this regard during the audit for the 2013/14 financial year.

**Capital markets and transparency** | Südzucker advises capital market stakeholders and the interested public immediately, regularly and simultaneously about the group's business situation and new facts that come to light. The annual report, the mid-year financial report and the interim quarterly reports are published as per the prescribed intervals. Telephone conferences with investors and analysts are held in conjunction with the quarterly and annual reports. An audio recording of the telephone conferences (including the associated presentations) is posted shortly afterwards for all investors to download from Südzucker's website, [www.suedzucker.de/en/Investor-Relations/](http://www.suedzucker.de/en/Investor-Relations/). Press releases and notifications as required by capital market regulations, as well as ad hoc announcements if necessary, are used to communicate current events and new developments. All information is available simultaneously in German and English and is published in form of hard copies and using suitable electronic media such as e-mail and the Internet. Südzucker AG's website, [www.suedzucker.de](http://www.suedzucker.de), also offers extensive information about Südzucker Group and Südzucker shares and corporate bonds.

**Financial calendar** | The scheduled dates of key recurring events and publications, such as the annual general meeting, financial statements press conference, analysts' conference and interim reports, are summarized in a financial calendar. The calendar is published well in advance and is always available at Südzucker AG's website.

## Corporate governance

Corporate governance aims to ensure that companies are managed and controlled responsibly and that they provide long-term 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 fulfills the need 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 2013 amendment.

Effective corporate governance is a given at Südzucker and has been good practice for 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 13 May 2013 as largely balanced, practical and of a high standard when compared internationally. As in previous years, we did not feel the need 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.

### 2013 Declaration of Compliance

The mutual declaration of compliance by the executive board and supervisory board for 2013 and prior years is posted on Südzucker's website (<http://www.suedzucker.de/en/Investor-Relations/Corporate-Governance/Entsprechenserklärung/>). The current declaration reads as follows:

"The executive board and the supervisory board of Südzucker AG Mannheim/Ochsenfurt adopted the resolution on 21 November 2013 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 15 May 2012, and will in future comply with the recommendations in the version dated 13 May 2013, 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, 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 – 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 – Individual supervisory board remuneration** | Our company's articles of incorporation stipulate that supervisory board members receive performance-based pay tied to the dividend. 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. In our view, the benefits of reporting individual board members' remuneration bear no reasonable relation to the associated invasion of the individuals' 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**

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, starting sequentially with the dividend for 2011/12. The total remuneration of executive board members is presented under item 36 "Related parties" of the notes to the annual group report.

The supervisory board is compensated in accordance with article 12 of Südzucker AG's articles of incorporation, which states that each member of the supervisory board be paid a fixed annual salary of € 1,000 and a variable annual salary of € 1,000 per € 0.01 of distributed dividend above € 0.04. Reimbursement for expenses and statutory value-added tax are additional. The chair is paid twice this amount, and the chair's deputy and chairs of the supervisory board committees receive 1.5 times this amount. Committee members receive 1.25 times the regular remuneration provided the respective committee has convened during the financial year. The total compensation for the services of the supervisory board members is presented under item 36 "Related parties" of the notes to the annual group report.

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 of their privacy. The same applies to a breakdown of the fixed and performance related components of their pay.

#### 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 2013/14, a member of the supervisory board sold 200 Südzucker shares at an average price of € 32.79 per share.

#### Compliance – corporate policy

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

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 in particular was continuously enhanced to 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. Concrete examples of how these principles apply, especially with respect to antitrust laws and corruption prevention, are continuously distributed to provide additional confidence about proper dealings with competitors and proper handling of gifts and invitations.

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/Investor-Relations/Corporate-Governance/Compliance-Unternehmensgrundsaetze/](http://www.suedzucker.de/en/Investor-Relations/Corporate-Governance/Compliance-Unternehmensgrundsaetze/).

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 applies to 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 company information that could impact the company's share price on the stock market.
- **Proper documentation** | The company's internal control system requires that business processes be adequately documented. Audits must be conducted to ensure that the accounting-related information has been fully and correctly captured.

- **Proper and transparent financial reporting** | Südzucker commits to providing open and transparent financial reports based on international accounting standards to ensure that all stakeholders are treated equally.
- **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 protective rights** | Business secrets may 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 must always 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.

## ANTITRUST CASE

After the launch of the antitrust investigations by the Federal Antitrust Authority in March 2009, Südzucker further strengthened its compliance program. Training courses are being conducted to avoid violation of antitrust laws and competitor contacts are subject to approval by the executive board. The program is being intensively pursued, with due consideration of the knowledge acquired due to the antitrust case.

## Disclosures on takeovers (§ 289 paragraph. 4 German Commercial Code - HGB)

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 2014, Südzucker's subscribed capital is amounting to € 204,183,292 million and consists of 204,183,292 bearer shares, each of which represents a notional holding of € 1 per share. The company held no treasury shares as of the period end.

**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 Nied-

erösterreich-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 52 % 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 hold a share of about 62 % 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 Mannheim/Ochsenfurt's articles of incorporation in the current version dated 25 September 2013, 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 sent 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 Mannheim/Ochsenfurt has signed an agreement with a bank consortium

giving it 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, which forms part of this management report.

## BUSINESS REPORT

### General and industry-specific environments

**World sugar market** | German market analyst F. O. Licht released its second estimate of the world sugar balance in February 2014, wherein it forecasts that sugar production in 2013/14 will decline to 181.0 (184.0) million tonnes and con-

sumption rise further to 175.8 (172.3) million tonnes. Inventories are projected to rise to 76.2 (72.6) million tonnes of sugar, or 43.3 (42.1) % of one year's consumption.

#### Global sugar balance

Million of tonnes	2013/14	2012/13	2011/12	2010/11	2009/10
<b>Opening balance</b>	<b>72.6</b>	<b>64.9</b>	<b>58.7</b>	<b>57.1</b>	<b>60.3</b>
Production	181.0	184.0	174.9	165.4	159.0
Consumption	175.8	172.3	167.8	162.3	161.7
Volume adjustments	-1.6	-4.0	-0.9	-1.5	-0.5
<b>Closing balance</b>	<b>76.2</b>	<b>72.6</b>	<b>64.9</b>	<b>58.7</b>	<b>57.1</b>
In % of consumption	43.3	42.1	38.7	36.2	35.3

Source: F.O. Licht, world sugar balance estimate for 2013/14 as of 25 February 2014

World market prices for sugar rose slightly at the beginning of the fiscal year, with white sugar trading at just over 400 € per tonne, but then fell and held steady starting in mid-May 2013 at between 350 €/t and 400 €/t. At the beginning of November 2013, world market prices slid further and reached a low of just under 300 €/t of white sugar at the end of January 2014. World market prices had recovered by the end of the fiscal year-end. At the end of February 2014, the world market price for white sugar was quoted at 476 USD/t or 345 €/t.

**EU 2012/13 sugar marketing year** | European beet sugar producers again met their quotas for the sugar marketing year 2012/13 just ended (October 1 to September 30). In addition, imports from preferred nations (ACP and LDC) climbed from 1.9 million tonnes to 2.1 million tonnes. In spite of this, in December 2012, the EU Commission again decided to increase the quota sugar availability in the EU by granting extra licenses.

The Commission launched a tender offering imports at reduced duties between January and June 2013, and granted import licenses for about 0.55 million tonnes of sugar in total. In addition, it allowed 0.60 million tonnes of non-quota sugar to be sold in the EU food market. Overall, these market interventions led to significantly higher quota sugar inventories in the EU.

Furthermore, toward the end of the 2012/13 sugar marketing year we saw the first imports under the terms of the new free trade agreements with the Central American nations Costa Rica, Guatemala, Honduras, Nicaragua, Panama and El Salvador, as well as the Andean nations Colombia and Peru. All of the participating nations have now ratified the free trade agreement and are thus now able to export 0.3 million tonnes of sugar and sugary products to the EU annually duty-free starting in 2014.

Croatia joined the EU on 1 July 2013. Croatia was granted a beet sugar quota of 0.19 million tonnes as of the beginning of the 2013/14 sugar marketing year and a reduced duty import quota of 0.04 million tonnes. The combined total corresponds approximately to Croatia's net consumption.

**EU 2013/2014 sugar marketing year** | For the current 2013/14 sugar marketing year, we expect total sugar production to reach 16.0 (17.2) million tonnes, with stable quota sugar production and preferential imports rising further; as a result, sugar supply and demand is expected to be balanced in the 2013/14 sugar marketing year without further intervention by the EU Commission.

A duty-free world market import volume of 0.4 million tonnes per annum has been regularly granted for non-quota sugar for use by the chemical, pharmaceutical and fermentation industries, as well as for bioethanol production, since the 2008/09 sugar marketing year. The same applies for the 2013/14 sugar marketing year. However, in previous years, this import quota was little used.

Export licenses for 1.35 million tonnes of non-quota sugar were granted for the 2013/14 sugar marketing year, the same as last year. The licenses were granted in October and December 2013.

**Future EU sugar policy** | In the course of trilateral negotiations, the EU Parliament and the EU Council of Agricultural Ministers revised the EU Commission's recommendation to let the current sugar beet quotas and minimum price regulations expire following the 2014/15 sugar marketing year, and agreed to extend the regulations until the end of the 2016/17 sugar marketing year. The result of these intensive discussions between the three European institutions is a political compromise. Not much consideration was given to logical arguments, which clearly favored extending the current sugar policies until the 2019/20 sugar marketing year.

After expiry of the minimum beet price and quota rules as of 30 September 2017, the new regulations for the EU market provide for – in addition

to a reference threshold for white sugar of 404 €/t – a contractual obligation between beet farmers and the sugar industry and the option of a government-funded private warehouse. As a result of these policies, all stakeholders in the sugar value added chain should expect the greater volume and price volatility of the world market to have a stronger impact on the EU sugar market than previously. When the current regulations expire, effective safety nets should be installed to combat market crises. Similar crisis management mechanisms are available to other agricultural sectors and experience there has shown the necessity to install defined crisis management tools before crises actually occur.

The protection mechanisms concerning the EU sugar market and non-EU countries remain unchanged. It is also expected that there will be in future no volume restriction related to sugar exports.

**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 from 3 December to 6 December 2013. Export subsidies around the world were one of the agricultural issues discussed. However, the final statement contains no legally binding obligations in this regard; only declarations of intent that will have no impact on the EU sugar market. The revitalization of the process is unlikely to lead to a quick conclusion to the Doha round.

**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 and South Africa. 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.

A free trade agreement was concluded with Canada in October 2013, which to date has not been ratified. 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 impacts 120,000 tonnes of white sugar that Canada produced locally during the 2013/14 sugar marketing year. Annual Canadian consumption of sugar 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.

The aim of free trade discussions between the United States and the European Union that began in July 2013 is broad-based market deregulation. Only about 10 % of the traded goods are to be defined as sensitive products and either treated as exceptions or be completely excluded. The question of original rules will also be especially important here, because the United States is able to import sugar from Mexico without duties or quota restrictions as part of the North American Free Trade Agreement (NAFTA) agreement and it also exports isoglucose to Mexico.

Due to the changed political conditions in the Ukraine 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 on 23 April 2014. The impact on the EU sugar market will be duty-free import quotas totalling 34,070 tonnes per annum. If the association agreement is applied by both parties in fall 2014 as planned, the EU would be free to import 30,000 tonnes per year of sugar into the Ukraine, rising linearly to 40,000 tonnes per year over the course of five years.

**Energy** | Energy markets were again strongly affected by geopolitical factors in fiscal 2013/14. The price of Brent crude traded in a range between about 100 and 120 USD/barrel during the year, with some brief interim fluctuations. On the one hand, strong demand driven by the severe winter initially drove Brent crude oil prices to a high of 120 USD/barrel in February 2013. On the other, easing of the geopolitical risks in Syria and Iran along with the sustained global oversupply of oil, in part due to the further increase of U.S. oil production to a twenty-four year high and the associated substantial buildup of American oil inventories caused Brent crude prices to correct to 103 USD/barrel in mid-November 2013. Toward the end of fiscal 2013/14, Brent crude climbed back to 110 USD/barrel driven by strong economic data.

At the beginning of 2013, the price of natural gas in Europe was high, driven by the long, cold winter. As the year progressed, the price of natural gas dropped to a low level because of weak demand during the summer months and the mild winter in 2013/14, plus substantial gas inventories. The temporary cold snap in December 2013 triggered a brief rise in international gas prices. In January and February 2014, spot prices dropped sharply due to mild temperatures.

**Emissions trading** | Due to the difficult economic situation faced by producers in the EU and the resulting oversupply of CO<sub>2</sub> certificates in the market, CO<sub>2</sub> certificate prices dropped to an historic low of 2.85 € per tonne in April 2013. In order to spur emission trading, the European Parliament endorsed the European Commission's backloading recommendation to withdraw 900 million certificates from the market. Since then, certificate prices have been trending steadily

higher and at the beginning of 2014, EU emission certificates were trading at a spot price of over 6 € per tonne.

## Beet harvest and campaign chronology

In 2013 planting began traditionally early during the first ten days of March in the regions served by the Offstein and Offenau sugar factories. Main planting began on average two weeks later than in the last two years due to cooler temperatures, and in some parts heavy rains and wintry weather conditions. The largest share of planting at Südzucker AG was not completed until the end of April.

Summer arrived after the cold, wet spring bringing some extreme weather events, especially in Eastern and Southern Germany. Flooding was severe in parts, followed by record heat and drought, which all took its toll on the beets. Then came September with some above-average rain-

fall, which greatly increased the beet yield. Heavy, persistent rainfall throughout the entire campaign made harvesting more difficult. This called for a lot of flexibility in beet logistics.

Yields varied greatly this year depending on the region. The average beet yields for Südzucker AG were slightly below average, coming in at 69.5 t/ha with a sugar content of 17.9 %.

The campaign started on 27 September 2013 in Warburg and ended on 5 January 2014 in Ochsenfurt. The reduction of cultivation area coupled with the slightly below-average beet yield led to lower beet quantities being harvested in 2013 than in 2012. At an average of 87 campaign days, the campaign was significantly shorter than last year (109 days).



## Business performance

Operations in the 2013/14 financial year were marked by falling sugar prices in the second half of the year due to high sugar inventories in the EU. Against this backdrop, the operating profit generated is satisfactory. The fines imposed by the Federal Cartel Office on 18 February 2014 had a significant impact on the financial position performance.

## Revenue and operating profit

(in € millions)	2013/14	2012/13
Revenues	1,620.2	1,809.7
Change in work in progress and finished goods inventories and internal costs capitalized	-26.8	77.0
Other operating income	102.4	81.3
Cost of materials	-1,109.4	-1,306.2
Personnel expenses	-166.0	-200.2
Depreciation of intangible assets and fixed assets	-43.7	-42.8
Other operating expenses without special items	-212.0	-231.1
<b>Operating profit (HGB)</b>	<b>164.7</b>	<b>187.7</b>
Special items	-154.5	-262.9
Investment income/expense	143.5	271.6
Depreciation of financial assets	0.0	-0.3
Interest income/expense	-44.9	-55.7
<b>Income from ordinary activities</b>	<b>108.8</b>	<b>140.4</b>

**Sales revenues** fell in fiscal 2013/14 by € 189.5 million or 10.5 % from € 1,809.7 million to € 1,620.2 million. The main reason for this was the decline in quota sugar revenues.

**Other operating income** in the amount of € 102.4 (81.3) million includes income from the reversal of deferred items from the EU restructuring assistance in the amount € 20.4 million (unchanged) deferred until 2014/15 as well as income of € 19.4 million in the current financial year from the reimbursement of production levies from previous years. Also included are income from the reversal of special items with an equity portion of € 1.5 (2.5) million, income from the

disposal of property plant and equipment in the amount of € 0.8 (3.6) million and income from the reversal of provisions totalling € 6.3 (7.5) million.

The decrease in **material expenditures** by € 196.8 million to € 1,109.4 (1,306.2) million resulted from the lower beet quantities of the 2013/14 campaign.

**Personnel expenses** fell by € 34.2 million to € 166.0 (200.2) million as a result of lower expenses for profit-based compensation and a decline in the average number of employees by 22 to 2,352 (2,373). In addition, expenses for pension benefits were significantly lower than in the same period last year due to various parameters.

**Depreciation** was slightly higher than last year, posting at € 43.7 (42.8) million.

**Other operating expenses** excluding special items fell € 19.1 million to € 212.0 (231.1) million.

**Operating result (HGB)** before special items fell year-on-year by € 23.0 million to € 164.7 (187.7) million.

**Special items** include the expense from the anti-trust fine in the year under review. Last year an expense of € 256.9 million for the repurchase of the convertible bond and the costs of the capital increase totaling € 6.0 million were included here.

**Income from investments** posted at € 143.5 (271.6) million, which was well below the previous year.

The **net interest result** improved by € 10.8 million to € -44.9 (-55.7) million. Average debt-to-equity significantly improved in the financial year just ended. In addition, 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 € 25.6 (24.4) million.

(in € millions)	2014/13	2013/12
<b>Income from ordinary activities</b>	<b>108.8</b>	<b>140.4</b>
Tax result – tax court proceedings	0.0	76.5
Other taxes on earnings and income	-5.6	-7.0
Taxes on income	-5.6	69.5
Other taxes	-0.7	-0.9
<b>Net earnings for the year</b>	<b>102.5</b>	<b>209.0</b>
Profit brought forward from the previous year	0.1	0.4
Allocations to revenue reserves	0.0	-25.6
<b>Net earnings available for distribution</b>	<b>102.6</b>	<b>183.8</b>

(in € millions)	28 Feb. 14	28 Feb. 13
Securities	-97.3	-40.9
Cash and cash equivalents	-1.7	-2.2
Receivables as part of group financing	-608.8	-543.0
Bonds	90.0	0.0
Financial liabilities to banks	238.0	121.0
Liabilities as part of group financing	947.1	868.1
<b>Net financial debt</b>	<b>567.3</b>	<b>403.0</b>

Tax expense in the year under review was € 4.5 million. The previous year's figure includes tax refunds from the successful conclusion of tax court proceedings.

**Other taxes** were nearly unchanged at € 0.7 (0.9) million.

**Net earnings** were thus € 102.5 (209.0) million.

There was no **allocation to retained earnings** in the fiscal year (€ 25.6 million last year). With the profit carried forward last year of € 0.1 (0.4) million, the **retained earnings** total € 102.6 (183.8) million.

## Investments and financing

**Investments in property, plant and equipment** and intangible assets totalled € 87.2 (79.5) 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** increased from € 403.0 million in the prior year to € 567.3 million as at 28 February 2014. Operating cash flow before payment of the € 195.5 million cartel fine amounts to € 385.0 million. In addition to expenditure on property, plant and equipment, investments totalled € 82.8 million for financial assets. Distributions for the previous year amounted to € 183.8 million.

Südzucker has the following outstanding bonds as at 28 February 2014:

	Coupon	Volume (€)	ISIN	Stock exchange listing
Hybrid bond 2015 Perceptual NC 10	5.25 %	700 million	XSO222524372	Luxembourg (official market)
2011/2018 Bond	4.125 %	400 million	XSO606202454	Luxembourg (official market)

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 € 90 million as at 28 February 2014. The CP program was not utilized as at 28 February 2013.

The seasonal liquidity requirements are also secured by the € 600 million syndicated credit line concluded in November 2013 through 2018.

See the section on "Corporate management" in the group management report for fiscal 2013/14 for information on corporate management at Südzucker AG.

**Receivables and other assets** remained € 19.2 million lower than last year at € 956.1 (975.3) million. This had to do with lower allocations of intragroup loans to affiliated companies on the one hand, and higher other assets as a result of rights to reimbursement of production levies from prior years on the other.

## Balance-Sheet

(in € millions)	28 Feb. 14	28 Feb. 13
Intangible assets	20.4	21.5
Property, plant and equipment	306.3	263.9
Financial assets	2,781.5	2,701.9
<b>Fixed assets</b>	<b>3,108.2</b>	<b>2,987.3</b>
Inventories	581.8	623.3
Receivables and other assets	956.1	975.3
Securities	97.3	40.9
Cash and cash equivalents	1.7	2.2
<b>Current assets</b>	<b>1,636.9</b>	<b>1,641.7</b>
<b>Accrued and deferred items</b>	<b>2.4</b>	<b>1.9</b>
	<b>4,747.5</b>	<b>4,630.9</b>

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

(in € millions)	28 Feb. 14	28 Feb. 13
Shareholders' equity	2,146.5	2,227.7
Special items with an equity portion	36.8	38.3
Other provisions	769.2	752.3
Liabilities	1,762.7	1,559.9
Accrued and deferred items	32.3	52.7
	<b>4,747.5</b>	<b>4,630.9</b>

Südzucker AG's **total assets** increased as at 28 February 2014 to € 4,747.5 (4,630.9) million.

**Fixed assets** totalled € 3,108.2 (2,987.3) million, € 120.9 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. € 38.0 million was spent on construction in progress; a large share of this was for the new construction of the head office in Mannheim. Additions for financial assets were primarily related to the capital increase at AGRANA Zucker, Stärke und Frucht Holding AG, which was done to acquire shares of AGRANA Beteiligungs-AG and for the direct acquisition of shares of AGRANA Beteiligungs-AG.

The reduction of **inventories** to € 581.8 (623.3) million resulted from the lower sugar inventories as at 28 February 2014 and declining production costs.

**Equity** decreased to € 2,146.5 (2,227.7) million due to the higher dividend from net earnings compared to last year. The equity ratio deteriorated to 45.2 % (48.1 %) as a result of this and due to higher 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 111.6 % (119.4 %).

**Pension provisions** were reduced by € 1.7 million to € 453.0 (454.7) million, largely due to the adjustment of the discount rate to 4.86 (5.03) % 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 and risks associated with VAT back payments for sugar deliveries to Italy from 1994 to 1995.

**Financial liabilities** rose by € 202.8 million from € 1,559.9 million to € 1,762.7 million. The main reason for the increase is the financing of the payment of the € 195.5 million cartel fine.

**Deferred income** of € 32.3 (52.7) million largely comprises deferred income from EU restructuring assistance and is reversed to income on a pro rata basis through 2014/15 beginning with the 2008/09 financial year.

### Current and projected business performance

It was not possible to meet last year's forecast for sales revenues at prior year levels due to falling prices for quota sugar in the second half of the year under review.

In light of the projected decline in operating profit (operating result – HGB) as a result of lower sales, the expected business performance was much weaker than originally forecast.

The expected decline in investment income and the higher net interest income, however, developed as expected.

The fine imposed as a result of the German anti-trust case was unexpected, which means that the forecast for net earnings at the same level or higher for the 2013/14 financial year could not be met.

## 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.

## RISK MANAGEMENT

### Risk management system

Südzucker Group's business policies aim to safeguard the company's continued existence, 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.

**Risk policies** | Südzucker believes a responsible attitude toward opportunities and risks is an important element of a sustainable, value-oriented management system. The risk management system is thus an integral part of the entire budgeting, controlling and reporting process and is governed by the executive board. At the same time, the company takes advantage of opportunities that serve to safeguard and improve its competitiveness. 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.

**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. The divisions and group departments take steps to reduce and defuse risks. Südzucker Group's risk management system includes a monitoring system ensuring that all planned measures are actually carried out.

The executive board has group-wide responsibility for detecting risks early and mitigating any risks that threaten the company's survival. 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 managers of divisions and group departments are responsible for the risk management systems of the divisions and central departments.

One of the key risk management tasks is to limit strategic, operative and financial risks.

Monitoring changing market prices is an important risk management task. The company has 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 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. Based on these inputs, they assess the development of the risk parameters as they relate to the current market situation with reference to the budget or the current forecast and determine the risk score by evaluating its impact on operating profit.

**Early warning system** | Südzucker has established a monitoring system as per article 91, paragraph 2 of the German Stock Corporation Act (AktG), which aims to detect risks that could threaten the existence of the company and other risks early, as well as to monitor and control them. The external auditor evaluates the reliability and performance capability of the risk early warning system in accordance with article 317, paragraph 4 of the German Commercial Code (HGB). Südzucker Group amends the system as required when legislative and business conditions change.

**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. Operative and strategic risks are reported and documented regularly as part of the entire planning, management and reporting process. The executive board and division heads meet regularly to discuss earnings developments and plans and ensure that information flows directly between the parties. Mitigating measures are analyzed and initiated for any operational or strategic risks identified during the sessions. Not only the divisions, but also the group departments regularly report to their respective department heads concerning current developments in their area of responsibility.

**Internal audit** | The group's internal audit department monitors 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. All identified risks are assessed according to their likelihood of occurrence and their potential impact on the corporation after steps have been taken to mitigate them given the current general conditions.

Risks are categorized as unlikely, possible or probable depending upon how probable it is they will occur. The potential financial impact is categorized as minor, moderate or major. The importance of the identified risks is determined by weighing the combined probability of occurrence and potential financial impact. 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	Likelihood of materialisation	Possible financial effects
<b>Regulatory risks</b>		
Changes in legal and political environment	possible	significant
<b>Risks from operational business</b>		
Availability and price volatility of raw materials	probable	significant
Markets and product prices	probable	significant
Exchange rate fluctuation risks	probable	moderate
Risks from trading transactions	possible	moderate
Quality risks	unlikely	moderate
IT risks	unlikely	moderate
Personnel risks	unlikely	moderate
Legal risks	possible	moderate
Risks due to irregularities/fraud	unlikely	moderate
Creditworthiness and default risks	unlikely	moderate
Other operating risks	unlikely	immaterial
<b>Financial risks</b>		
Interest rate fluctuation risks	possible	moderate
Exchange rate fluctuation risks	probable	moderate
Liquidity risks	unlikely	significant
Creditworthiness and default risks	unlikely	significant
Risk of rating downgrade	unlikely	moderate

### Regulatory 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 could result in changed market conditions related to volume and procurement. In addition, risks could accompany the changes to the general industry framework in the event additional duty-free import quotas are granted under the terms of new bilateral free trade agreements or if EU tariff protection is altered. The same applies for bioethanol; for example, raising or lowering national blend ratios, restricting or promoting the use of various raw materials, as well as actual, alleged or refuted influences on the cultivation of agricultural crops in other regions of the world might create 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. The possible elimination of the carbon leakage qualification under the terms of the European emissions trading scheme in sectors in which Südzucker Group conducts business may require the additional purchase of emission certificates be purchased. 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.

### Risks associated with operations

**Availability and price volatility of raw materials** | Every year, Südzucker Group processes over 30 million tonnes of agricultural raw materials grown on about 800,000 ha of land. Not including the fruit segment, the crops comprise sugar beets, corn, wheat, chicory, potatoes, barley, rice and triticale.

As a processor of these raw materials, Südzucker is exposed – in spite of regional dispersion – to procurement risks related mainly to fluctuating harvest yields caused primarily by extreme weather conditions (climate change), but also pests and diseases that attack the company's crops.

In Europe, climate change is linked to both risks and opportunities. An extended growing period that starts earlier, fewer frost days, higher CO<sub>2</sub> concentrations in the atmosphere and faster heating of the soil could generate rising yields. The associated risks result from greater evaporation and potentially more frequent and intense extreme weather events, such as drought, flooding, storms and hail. In addition, geographic shifting of climatic zones or rainfall can have either a negative or positive impact on agricultural raw materials. This risk is addressed to the greatest extent possible by appropriate cultivation planning and targeted cultivation consultation and research.

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

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

CropEnergies needs agricultural products containing carbohydrates, such as grain and sugar syrup, to produce bioethanol. Price fluctuations on the world's grain 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 (net raw material 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 (natural hedge).

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 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 of not securing 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 requirements. Bioethanol produced at the plants in Zeitz, Wanze and Wilton meet these requirements provided sustainably produced raw materials are available.

Raw material costs are also of key importance to starch production. Some higher raw material costs can be passed on to customers almost immediately. Here too, the strategy is to use physical supply contracts to cover the envisaged requirements as well as possible.

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 in various regions, AGRANA's fruit preparation division is able to detect regional supply bottlenecks and 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. This contributes significantly to the reliability of overall annual raw material supplies and enables the offering of secure supplies to customers during the same period.

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 deployed during the campaign.

The current comprehensive overhaul of the European Renewable Energy Directive (EEG) has introduced the risk that in future all existing and new privately owned power plants (cogeneration plants, etc.) will be allocated a minimum percentage of basic EEG financing costs. Südzucker's expenses would rise significantly if subsidies for existing privately owned power plants were eliminated. Furthermore, the special compensation rules for energy-intensive operations as outlined in articles 40 ff. of the EEG do not apply to Südzucker Group.

The free-of-charge CO<sub>2</sub> 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 2013 and 2014 meet current EU directives for carbon leakage, and accordingly, a limited number of CO<sub>2</sub> certificates will be allocated free of charge. However, compliance with carbon leakage criteria as of 2015 will in future be audited every five years. Elimination of carbon leakage status for the various industrial sectors in which Südzucker operates would significantly curtail the annual allocation of free-of-charge CO<sub>2</sub> certificates the company presently enjoys. Current scheme assumes that carbon leakage status will remain unchanged after 2014 for these industry sectors.

**Markets and product prices** | 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 excellent customer loyalty to mitigate the volume and price risk for animal feed.

The EU granted a limited number of export licenses during the 2013/14 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 may impact the sugar market and EU sugar market prices.

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 uses derivative instruments to a limited extent to hedge against price change risks for delivery contracts that may be affected by fluctuating bioethanol prices.

One of the requirements of the EU Commission's current draft guideline for changing the renewable energy directive and the fuel quality directive is that of the 10 % share of energy in the transportation sector that is to come from renewable sources by 2020, only 5 % may be covered by biofuels produced from grain, sugar and oilseeds. The EU Commission also recommends cancelling subsidies on biofuels after 2020 that could be used as food or animal feed. In addition to the already planned double allocation of biofuels from a number of recyclable substances (for example, used food-grade oils and animal fats), the proposals call for in future allocating certain waste and recyclable material (for example, raw glycerin, bagasse and straw) to the 10 % transportation sector target by a factor of four. Allocation of these fuels to more than one sector could result in increased competition between conventional bioethanol producers and producers of biofuels from so-called waste and recycling materials.

CropEnergies also competes with bioethanol producers outside Europe. Local production conditions and the political framework in their home countries 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 generally 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 BENEO 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.

**Risks from trading transactions** | ED&F Man, and to a limited extent other group companies involved in the sugar sector, engage in trading transactions with agricultural products and the associated financial instruments, especially sugar, molasses and coffee. In addition, ED&F acts as an intermediary that provides its customers with access to the commodity and financial markets. ED&F Man is thus subject to supervision by the relevant regulatory authorities in Great Britain and the United States. To a limited extent, Südzucker Group also participates in bioethanol trading and the associated commodity futures contracts. The risks associated with trading transactions are regularly monitored.

**Quality risks** | Significant events related to serious violations of safety standards that apply to food and other products could have a detrimental impact on Südzucker's reputation and 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 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.

**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 formed 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 instantly documented, their impact on the group's business activities evaluated and appropriate action taken if necessary.

As discussed in previous annual reports, the German Federal Antitrust Authority had launched an inquiry into the activities of Südzucker AG and others in March 2009. The authority revealed further details about the alleged charges for the first time in a letter dated 16 December 2013. The authority therein accused Südzucker and other German sugar producers of having made anti-competitive territorial, quota and price agreements until 2009. Südzucker subsequently met with the authority. The proceedings were brought to a close on 18 February 2014 after Südzucker settled the official demand for payment by paying

a fine in the amount of € 195.5 million. After careful consideration of all relevant arguments, Südzucker accepted the penalty notice and paid the fine in order to finalize the case, which was based on statements by a crown witness and has lasted almost five years. The steps were taken so that the company is again able to achieve legal and planning certainty going forward. The relatively fast settlement also considerably reduced the amount of the fine. After the closure of the German antitrust proceedings, customers are claiming damages as expected. Südzucker is categorically rejecting such claims.

In a similar case, the Slovakian and Hungarian antitrust authorities launched actions against AGRANA subsidiaries fiscal 2009/10. The investigations in Hungary have since been discontinued.

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 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 February 2013. After having taken note of the penalty notice issued by the German authorities, the Vienna cartel court announced that it will pursue its case.

At the end of April 2013, the European Commission's competition authorities conducted a Europe-wide investigation of Südzucker AG and other European sugar companies. Further details of the accusations were not provided. On 3 February 2014, the proceedings were terminated without any statement.

**Risks due to irregularities/fraud** | Risks due to irregularities/fraud can arise if Südzucker Group organs or employees violate laws, internal rules or regulatory standards recognized by Südzucker and that the respective Südzucker Group company may subsequently suffer damage to its assets or image. In order to avoid risks arising from irregularities or fraud, Südzucker incorporated existing Südzucker Group corporate rules into its 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. 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.

**Operational creditworthiness and default risks** | Significant losses could be generated if a large number of customers were unable to meet their contractual payment obligations toward Südzucker. Südzucker AG mitigates 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.

### **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 with regards to not being 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 they make sense economically, the company uses cash pools, both in Germany and internationally. Excess cash is also utilized throughout the group. Südzucker ensures 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 budgeting, 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 (S&P) 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.

## 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. In fact, the group's overall risk position compared to last year is higher due to the announced expiry of the minimum beet price and quota regulations effective 30 September 2017. Nevertheless, there are currently no apparent risks that threaten the organization's continued existence.

## Opportunities

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.

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. Long-term partnerships with key sugar producers in the LDCs and ACP countries enable Südzucker to market white and raw sugar in the EU. The imported sugar volumes strengthen the company's European market position. 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 campaigns. Global sugar consumption is expected to increase from 2 to 3 % per annum from the current 168 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 principal growing regions for sugar cane and sugar beets, exchange rate fluctuations and financial investor positions will have a significant influence. The acquisition of 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.

**BENEOP** | The BENEOP division is an important part of the special products segment and will benefit from the long-term trend toward healthier eating habits. BENEOP 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** | Frozen foods is one of the steadily growing segments of Europe's food industry. There is no foreseeable end to this convenience food trend. Freiberger Group, which is active in the frozen and chilled pizza as well as frozen pasta and snacks segments, 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 are being 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 are 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

This segment's profits are primarily driven by sales revenue growth for bioethanol 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 to some extent is capable to hedge the volatility of 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 takeover of Ensus expanded CropEnergies' bioethanol production capacity from 0.8 to 1.2 million m<sup>3</sup> and opens direct access to the British bioethanol market. Britain is the third largest bioethanol market in the EU, after Germany and France. By successfully building production capacities in Germany, Belgium, France and Great Britain, and internationalizing its trading and logistics network, CropEnergies has positioned itself to benefit from future market growth as one of Europe's most efficient bioethanol producers.

## 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 North-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 accounting topics. The contents of the IFRS Reporting Guideline are prepared centrally, are continuously updated and are communicated to all companies included in the consolidated financial statements.

**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.

Südzucker Group's internal monitoring system has two components: controls integrated into the processes and process-independent controls. There is 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, make sure 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 monitors the accounting process, the effectiveness of the internal control and risk management system as well as the internal auditing system itself. 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. Furthermore, to date the auditor has not encountered any material weaknesses in the internal accounting-related auditing system during its audit.

## OUTLOOK

Given the expected continued deterioration of the economic environment in the European sugar markets, which was confirmed in the fourth quarter of 2013/14 and has since intensified, Südzucker AG expects a significant decline in sales for fiscal 2014/15 along with an equally significant decline in the operating result (HGB). Investment income from subsidiaries is also forecast to decline, and a net interest expense is expected, which, with higher average debt, will be slightly higher than last year. In contrast, the fine imposed as a result of the German antitrust case in fiscal 2013/14 can be characterized as a one-time item. Thus, from today's perspective, net earnings are expected to post at last year's level in 2014/15.

Whether or not the forecast will be met depends largely on how the marketing results and quantities continue to develop in the increasingly difficult environment of the European sugar market. We do not anticipate that the EU will take any further market measures as there is no need for this owing to the high inventory levels in the European sugar market. Making forecasts is further complicated by the fact that the sugar prices on the world market are likewise subject to increased volatility.

## RECOMMENDATION ON APPROPRIATION OF PROFITS

The executive and supervisory boards will recommend a dividend of € 0.50 (0.90) per share to the annual general meeting on 17 July 2014. With dividend-bearing capital of € 204.2 million (unchanged), this represents a total dividend payout of € 102.1 (183.8) million. The dividend is scheduled to be paid on 18 July 2014.



## CONCLUDING DECLARATION REGARDING THE DEPENDENT COMPANY REPORT PUR- SUANT 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 2014

### ASSETS

(€ '000)	Notes	28 February 2014	28 February 2013
Intangible assets		20,404	21,542
Property, plant and equipment		306,307	263,916
Financial assets		2,781,540	2,701,888
<b>Fixed assets</b>	<b>(1)</b>	<b>3,108,251</b>	<b>2,987,346</b>
Inventories	(2)	581,826	623,333
Receivables and other assets	(3)	956,119	975,307
Securities	(4)	97,314	40,913
Cash and cash equivalents		1,665	2,184
<b>Current assets</b>		<b>1,636,924</b>	<b>1,641,737</b>
<b>Accrued and deferred items</b>	<b>(5)</b>	<b>2,277</b>	<b>1,825</b>
		<b>4,747,452</b>	<b>4,630,908</b>

### LIABILITIES AND SHAREHOLDERS' EQUITY

(€ '000)	Notes	28 February 2014	28 February 2013
Subscribed capital		204,183	204,183
Capital reserve		1,620,579	1,620,579
Revenue reserves		219,178	219,178
Net earnings available for distribution		102,566	183,806
<b>Shareholders' equity</b>	<b>(6)</b>	<b>2,146,506</b>	<b>2,227,746</b>
<b>Special items with an equity portion</b>	<b>(7)</b>	<b>36,755</b>	<b>38,292</b>
Provisions for pensions and similar obligations	(8)	452,999	454,749
Other provisions	(9)	316,201	297,513
<b>Provisions</b>		<b>769,200</b>	<b>752,262</b>
<b>Liabilities</b>	<b>(10)</b>	<b>1,762,718</b>	<b>1,559,952</b>
<b>Accrued and deferred items</b>	<b>(11)</b>	<b>32,273</b>	<b>52,656</b>
		<b>4,747,452</b>	<b>4,630,908</b>

## INCOME STATEMENTS

### 1 March 2013 to 28 February 2014

(€ '000)	Anhang	1 March 2013- 28 February 2014	1 March 2012- 28 February 2013
Revenues	(13)	1,620,160	1,809,664
Change in work in progress and finished goods inventories and internal costs capitalized	(14)	-26,741	76,959
Other operating income	(15)	102,370	81,331
Cost of materials	(16)	-1,109,396	-1,306,156
Personnel expenses	(17)	-166,015	-200,169
Depreciation of intangible assets and fixed assets		-43,720	-42,856
Other operating expenses	(18)	-366,465	-494,020
Investment income/expense	(19)	143,529	271,636
Depreciation of financial assets		0	-320
Interest income/expense	(20)	-44,945	-55,658
<b>Income from ordinary activities</b>		<b>108,777</b>	<b>140,411</b>
Tax result - tax court proceedings		0	76,500
Other taxes on earnings and income		-5,585	-7,026
Taxes on income	(21)	-5,585	69,474
Other taxes		-667	-905
<b>Net earnings for the year</b>		<b>102,525</b>	<b>208,980</b>
Profit brought forward from the previous year		41	426
Allocations to revenue reserves		0	-25,600
<b>Net earnings available for distribution</b>		<b>102,566</b>	<b>183,806</b>

# 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 (impairment 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 (impairment 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.

The book value of the treasury stock acquired is deducted on the face of the balance sheet from the item "subscribed capital" in the preceding column. The difference between the book value and the acquisition costs for the treasury shares is offset against the available retained earnings. Acquisition-related costs are recognized as an expense for the fiscal year.

### **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 3.00 (3.25) percent, the future pension increase rate at 2.00 (2.25) percent and the average employee turnover rate at 1.0 (1.0) percent. An actuarial interest rate of 4.86.(5.03) percent was used as a basis for the discount rate for pension obligations as at 28 February 2014.

This corresponds to the average market interest rate from the past seven financial years determined by Deutsche Bundesbank and published on 31 January 2014 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 reinsurance 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 3.73 (4.06) % and 4.86 (5.03) % 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 (*Gewerbesteuer*) 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

(€ '000)	Intangible assets
<b>Acquisition or production cost</b>	
As of 1 March 2013	100,022
Addition	5,778
Disposal	-608
Transfer	2,642
As of 28 February 2014	<b>107,834</b>
<b>Accumulated depreciation</b>	
As of 1 March 2013	78,480
Annual depreciation	9,556
Disposal	-606
As of 28 February 2014	<b>87,430</b>
<b>Net book value</b>	
<b>28 February 2013</b>	<b>21,542</b>
<b>28 February 2014</b>	<b>20,404</b>

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

### Property, plant and equipment

(€ '000)	Land and buildings	Technical equipment and machinery	Other plant, factory and office equipment	Advances paid and construction in progress	Property, plant and equipment
<b>Acquisition or production cost</b>					
As of 1 March 2013	332,480	1,133,401	108,860	15,582	<b>1,590,323</b>
Addition	6,858	25,199	11,313	38,039	<b>81,409</b>
Disposal	-2,193	-22,013	-7,616	-814	<b>-32,636</b>
Transfer	310	2,063	48	-5,063	<b>-2,642</b>
As of 28 February 2014	337,455	1,138,650	112,605	47,744	<b>1,636,454</b>
<b>Accumulated depreciation</b>					
As of 1 March 2013	220,910	1,019,797	85,700	0	<b>1,326,407</b>
Annual depreciation	5,744	20,866	7,554	0	<b>34,164</b>
Disposal	-1,502	-21,887	-7,035	0	<b>-30,424</b>
Transfer	0	0	0	0	<b>0</b>
As of 28 February 2014	225,152	1,018,776	86,219	0	<b>1,330,147</b>
<b>Net book value</b>					
<b>28 February 2013</b>	<b>111,570</b>	<b>113,604</b>	<b>23,160</b>	<b>15,582</b>	<b>263,916</b>
<b>28 February 2014</b>	<b>112,303</b>	<b>119,874</b>	<b>26,386</b>	<b>47,744</b>	<b>306,307</b>

### Financial assets

(€ '000)	Shares in affiliated companies	Participations	Other loans	Financial assets
<b>Acquisition or production cost</b>				
As of 1 March 2013	3,487,898	228	50	<b>3,488,176</b>
Addition	82,772	0	0	<b>82,772</b>
Disposal	-3,420	-20	-1	<b>-3,441</b>
Transfer	0	0	0	<b>0</b>
As of 28 February 2014	3,567,250	208	49	<b>3,567,507</b>
<b>Accumulated depreciation</b>				
As of 1 March 2013	786,288	0	0	<b>786,288</b>
Annual depreciation	0	0	0	<b>0</b>
Disposal	-321	0	0	<b>-321</b>
As of 28 February 2014	785,967	0	0	<b>785,967</b>
<b>Net book value</b>				
<b>28 February 2013</b>	<b>2,701,610</b>	<b>228</b>	<b>50</b>	<b>2,701,888</b>
<b>28 February 2014</b>	<b>2,781,283</b>	<b>208</b>	<b>49</b>	<b>2,781,540</b>

**(2) Inventories**

(€ '000)	28 February 2014	28 February 2013
Raw materials and supplies	65,281	71,352
Work in progress	147,343	136,348
Finished goods, merchandise	369,202	415,633
	<b>581,826</b>	<b>623,333</b>

The decline in **finished goods** as at 28 February 2014 is largely attributable to the campaign-related lower sugar inventories 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 2014	28 February 2013
Trade receivables	86,845	93,931
<i>thereof with remaining term of more than one year</i>	3,609	1,369
Receivables owed by affiliated companies	755,141	807,948
<i>thereof with remaining term of more than one year</i>	161,409	166,909
Receivables owed by companies in which participations are held	2,783	660
Other assets	111,350	72,768
	<b>956,119</b>	<b>975,307</b>

Individual impairments of € 10.6 (10.8) million have been made for **trade receivables** totalling € 86.8 (93.9) million.

**Receivables from affiliated companies** comprise financial receivables from group loans in the amount of € 290.4 (249.9) million, trade receivables of € 48.7 (90.6) million and other receivables in the amount of € 436.2 (465.4) million, which are used as a basis for the group financing of subsidiaries.

**Other assets** totalling € 111.4 (72.8) million include € 36.2 (40.9) million 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 € 46.9 million from the reimbursement of production levies from previous years. The beet suppliers' share of the reimbursement in the amount of € 27.5 million is recognized under other liabilities. Also recognized here are the VAT receivables and energy tax reimbursement claims.

**(4) Securities**

(€ '000)	28 February 2014	28 February 2013
Shares in affiliated companies	56,700	0
Other securities	40,614	40,913
	<b>97,314</b>	<b>40,913</b>

**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**

(€ '000)	1 March 2013	Divided for 2013/12	Net earnings for the year	28 February 2014
Subscribed capital	204,183			204,183
Capital reserve	1,620,579			1,620,579
Revenue reserves	219,178			219,178
Net earnings available for distribution	183,806	-183,765	102,525	102,566
	<b>2,227,746</b>	<b>-183,765</b>	<b>102,525</b>	<b>2,146,506</b>

As of 28 February 2013, 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 € 453.0 (457.3) million is offset against the pension fund assets (funding sources) in the amount of € 2.5 (2.6) million. 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 2014	28 February 2013
Tax provisions	97,286	55,366
Other provisions	218,915	242,147
	<b>316,201</b>	<b>297,513</b>

**Tax provisions** include additions from income tax expenses for periods not yet completed for tax audit purposes.

**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 2014				28 February 2013			
	Total	< 1 year	1 - 5 years	> 5 years	Total	< 1 year	1 - 5 years	> 5 years
Bonds	89,971	89,971	0	0	0	0	0	0
Liabilities to banks	238,000	162,984	37,750	37,266	121,000	0	74,297	46,703
Trade payables	354,869	354,869	0	0	457,412	457,412	0	0
Liabilities to affiliated companies	965,907	359,357	606,550	0	898,201	285,751	612,450	0
Liabilities to companies with which there is a participating interest	1,455	1,455	0	0	51	51	0	0
Other liabilities	112,516	112,516	0	0	83,288	83,288	0	0
<i>thereof for taxes</i>	4,027	4,027	0	0	3,489	3,489	0	0
<i>thereof for social security</i>	9,183	9,183	0	0	9,699	9,699	0	0
	<b>1,762,718</b>	<b>1,081,152</b>	<b>644,300</b>	<b>37,266</b>	<b>1,559,952</b>	<b>826,502</b>	<b>686,747</b>	<b>46,703</b>

Short-term commercial paper issuances of € 90.0 million as at 28 February 2014 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 € 238.0 million after € 121.0 million last year.

Obligations to beet growers of € 296.3 million (€ 397.8 million) are reported under **trade payables**.

Liabilities to affiliated companies totalling € 965.9 (898.2) million 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. Furthermore, the beet suppliers' share of the reimbursement of production levies from previous years in the amount of € 27.5 million is recognized under other liabilities. 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 2014/15. The deferred amount as of the balance sheet date comprises € 32.3 (52.7) million.

#### (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, € 4.0 (4.2) million is due within up to one year, € 0.4 (1.5) 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 € 66.6 million (€ 61.4 million) as of the balance sheet date. These rose in particular in connection with the construction of the new head office and the 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 BENEON Orafti Chile S.A. for a maximum credit line of USD 25.0 million; as of the balance sheet date the company had accessed USD 4.5 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 10.0 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 € 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) Revenues

(€ '000)	2014/13	2013/12
<b>Classification according to activities</b>		
Own production	1,302,146	1,493,740
<i>thereof sugar</i>	1,154,198	1,313,268
<i>thereof other revenue</i>	147,948	180,472
Revenues from services	71,137	77,344
Merchandise revenue	246,877	238,580
<i>thereof sugar</i>	213,185	199,019
<i>thereof by products</i>	33,692	39,561
	<b>1,620,160</b>	<b>1,809,664</b>
<b>Classification according to geographical markets</b>		
Germany	1,075,235	1,047,186
EU	525,141	733,424
Others	19,784	29,054
	<b>1,620,160</b>	<b>1,809,664</b>

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

(€ '000)	2014/13	2013/12
Change in finished goods and work in progress	-30,345	73,757
Internal costs capitalized	3,604	3,202
	<b>-26,741</b>	<b>76,959</b>

### (15) Other operating income

Other operating income includes income from prior periods totalling € 28.7 (11.6) million, 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 € 40,000 (26,000).

Other operating income included income from the release of special untaxed reserves in the amount of € 1.5 (2.5) million and income from the reversal of deferred items totalling € 20.4 million (unchanged).

**(16) Cost of materials**

(€ '000)	2014/13	2013/12
Cost of raw materials and consumables and merchandise	1,022,155	1,227,956
Cost of purchased services	87,241	78,200
	<b>1,109,396</b>	<b>1,306,156</b>

**(17) Personnel expenses**

(€ '000)	2014/13	2013/12
Wages and salaries	144,449	149,103
Social contributions and expenses for retirement and other benefits	21,566	51,066
<i>thereof retirement benefits</i>	-1,854	26,659
- Service cost	8,256	7,452
- Parameter adjustments, among others	-10,110	19,207
	<b>166,015</b>	<b>200,169</b>
<b>Average number of employees during the year</b>		
Industrial employees	1,098	1,128
Salaried employees	1,068	1,061
Apprentices	186	184
	<b>2,352</b>	<b>2,373</b>

**(18) Other operating expenses**

Other operating expenses include expenses from prior periods totalling € 2.2 million (€ 34.0 million). Also included are expenses from currency translation totalling € 227,000 (€ 2,401,000).

**(19) Investment income/expense**

(€ '000)	2014/13	2013/12
Income from profit transfer agreements	107,713	239,390
Income from investments	35,817	32,248
<i>thereof from affiliated companies</i>	35,777	32,215
<i>thereof from other investments</i>	40	33
Expenses from transfer of losses	-1	-2
	<b>143,529</b>	<b>271,636</b>

**(20) Interest income/expense**

(€ '000)	2014/13	2013/12
Expenses / Income from other long-term financial investments and loans	37	-6,511
Other interest and similar income <i>thereof from affiliated companies</i>	13,298 10,927	14,314 10,975
Interest and similar expenses <i>thereof from discounting</i> <i>thereof from affiliated companies</i>	-58,280 -25,629 -24,870	-63,461 -24,371 -28,756
	<b>-44,945</b>	<b>-55,658</b>

Expense from the unwinding of the discount for long-term obligations totalling € 25.6 (24.4) million 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 € 22.5 million and/or non-current provisions for personnel expenses and liabilities totalling € 3.1 million, which are netted against income from the fair value measurement of plan assets of € 2.5 million.

**(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 € 25.0 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 5 %. 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 € 19.0 million (€ 17.7 million) 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 2012/13 financial year amounted to € 3.7 million (€ 3.9 million). The variable component makes up 52 percent (49 percent) of their remuneration in cash, and depends on the dividend to be approved by the annual general meeting. Provisions for pensions of € 311 million (€ 27.1 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 € 2.5 million (€ 2.2 million). Total remuneration paid to Südzucker AG's supervisory board for all activities was € 1.2 million (€ 2.3 million) in the 2013/14 financial year. The remuneration systems for the executive board and supervisory board are discussed under "Remuneration" in the management report.

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

BlackRock, Inc., New York, NY, U.S.A. notified us on 17 April 2014 in compliance with section 21 (1) of the Securities Trading Act (WpHG) that its share of voting rights in Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany passed the threshold of 3% of the voting rights on 15 April 2014, reaching 3.08% (or 6,280,946 voting rights) on this day. 3.08% of the voting rights (or 6,280,946 voting rights) are attributable to the company pursuant to section 22 (1), sentence 1, No. 6 WpHG in conjunction with sentence 2 WpHG.

BlackRock Financial Management, Inc., New York, NY, U.S.A. notified us on 17 April 2014 in compliance with section 21 (1) of the Securities Trading Act (WpHG) that its share of voting rights in Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany passed the threshold of 3% of the voting rights on 15 April 2014, reaching 3.04% (or 6,200,342 voting rights) on this day. 3.04% of the voting rights (or 6,200,342 voting rights) are attributable to the company pursuant to section 22 (1), sentence 1, No. 6 WpHG in conjunction with sentence 2 WpHG.

BlackRock Holdco 2, Inc., Wilmington, DE, U.S.A. notified us on 17 April 2014 in compliance with section 21 (1) of the Securities Trading Act (WpHG) that its share of voting rights in Südzucker AG Mannheim/Ochsenfurt, Mannheim, Germany passed the threshold of 3% of the voting rights on 15 April 2014, reaching 3.04% (or 6,200,342 voting rights) on this day. 3.04% of the voting rights (or 6,200,342 voting rights) are attributable to the company pursuant to section 22 (1), sentence 1, No. 6 WpHG in conjunction with sentence 2 WpHG.

**(24) 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 78ff in these notes to the financial statements. Disclosures are presented in compliance with section 313 (2) and section 285 No. 11 HGB

## (25) Supervisory board and executive board

### SUPERVISORY BOARD

**Dr. Hans-Jörg Gebhard, Eppingen**  
Chairman

Chairman Verband Süddeutscher Zuckerrübenanbauer e. V.

*Memberships in other domestic, statutory supervisory boards*

- CropEnergies AG, Mannheim
- VK Mühlen AG, 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)
- Freiberger 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 WaG, Gießen
- Z & S Zucker und Stärke Holding AG, Vienna, Austria

**Dr. Christian Konrad, Vienna, Austria**  
Deputy chairman

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

*Memberships in comparable German and foreign supervisory committees*

- AGRANA Beteiligungs-AG, Vienna, Austria (Chairman)
- AUSTRIA JUICE GmbH, Allhartsberg, Austria (Chairman)
- DO & CO Restaurants und Catering Aktiengesellschaft, Vienna, Austria
- KURIER Redaktionsgesellschaft m.b.H., Vienna, Austria (Chairman)
- KURIER Zeitungsverlag und Druckerei Gesellschaft m.b.H., Vienna, Austria (Chairman)
- Leipnik-Lundenburger Invest Beteiligungs-AG, Vienna, Austria (Chairman)
- Raiffeisenlandesbank Niederösterreich-Wien AG, Vienna, Austria (Chairman)
- Saint Louis Sucre S.A., Paris, France
- Siemens Aktiengesellschaft Austria, Vienna, Austria (Deputy chairman)
- SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt

**Franz-Josef Möllenbergs\*, Rellingen**  
Deputy chairman

Former chairman of Gewerkschaft Nahrung-Genuss-Gaststätten

*Memberships in other domestic, statutory supervisory boards*

- CropEnergies AG, Mannheim

**Dr. Ralf Bethke, Deidesheim**

Former chairman of the executive board of K+S Aktiengesellschaft, Kassel

*Memberships in other domestic, statutory supervisory boards*

- DJE Kapital AG, Pullach (Chairman)
- K+S Aktiengesellschaft, Kassel (Chairman)

*Memberships in comparable German and foreign supervisory committees*

- Benteler International AG, Salzburg, Austria (Deputy chairman)
- SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt

**Dr. Jochen Fenner, Gelchsheim**

Chairman of the executive board of SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG and chairman of Verbands Fränkischer Zuckerrübenbauer 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

**Manfred Fischer\*, Feldheim** (until 31 August 2013)

**Yüksel Gediagac\*, Berlin**

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

**Erwin Hameseder, Mühldorf, Austria**

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)
- UNIQA Versicherungen AG, Vienna, Austria (2. Deputy chairman)

*Group mandates<sup>1</sup>*

- AGRANA Beteiligungs-AG, Vienna, Austria (2. Deputy 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. stv. Chairman)
- Raiffeisenlandesbank Niederösterreich-Wien AG, Vienna, Austria (Deputy chairman)
- Raiffeisen Zentralbank Austria AG, Vienna, Austria (Chairman)
- RWA Raiffeisen Ware Austria AG, Vienna, Austria
- RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen, Vienna, Austria
- STRABAG SE, Villach, Austria (Deputy chairman)
- Z & S Zucker und Stärke Holding AG, Vienna, Austria (Chairman)

**Hans Hartl\*, Ergolding** (until 31 August 2013)

**Ralf Hentzschel, Panschwitz-Kuckau**

Chairman Verband Sächsisch-Thüringischer Zuckerrübenanbauer e.V.

*Memberships in comparable German and foreign supervisory committees*

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

**Reinhold Hofbauer\*, Deggendorf** (until 15 July 2013)

**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
- Landwirtschaftliche Rentenbank, Frankfurt/Main
- SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt

*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 Verband der Zuckerrübenanbauer Kassel e.V.

**Erhard Landes, Donauwörth**

Chairman Verband bayerischer Zuckerrübenanbauer e.V.

**Günther Link\*, Oberickelsheim (since 15 July 2013)**

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

**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 Mannheim/Ochsenfurt

**Petra Schwalbe\*, Berlin** (since 19 September 2013)

Chairman region East Gewerkschaft Nahrung-Genuss-Gaststätten

*Memberships in comparable German and foreign supervisory committees*

- Philipp Morris GmbH, München

**Nadine Seidemann\*, Donauwörth** (since 1 September 2013)

Member of the works council of the plant Rain of Südzucker AG Mannheim/Ochsenfurt

**Franz-Rudolf Vogel\*, Worms**

Chairman of the works council of the plant Offstein of Südzucker AG Mannheim/Ochsenfurt

**Wolfgang Vogl\*, Bernried**

Manager of the plants Plattling and Rain of Südzucker AG Mannheim/Ochsenfurt

*Group mandates*

- BGD Bodengesundheitsdienst GmbH, Mannheim

**Rolf Wiederhold\*, Wabern**

Chairman of the works council of the plant Wabern of Südzucker AG Mannheim/Ochsenfurt

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)
- BNEO GmbH, Mannheim
- ED&F MAN Holdings Limited, London, Great Britain
- Freiberger 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., Wroclaw, Poland (Deputy chairman)
- Z & S Zucker und Stärke Holding AG, Vienna, Austria (Deputy chairman)

### **Dr. Lutz Guderjahn, Offstein**

#### *Group mandates*

- BNEO 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., Wroclaw, Poland
- Südzucker Versicherungs-Vermittlungs-GmbH, Mannheim

### **Dr. Thomas Kirchberg, Ochsenfurt**

#### *Group mandates*

- AGRANA Beteiligungs-AG, Vienna, Austria
- BNEO 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., Wroclaw, Poland (Chairman)

### **Thomas Kölbl, Speyer**

#### *Memberships in other domestic, statutory supervisory boards*

- Börse Stuttgart AG, Stuttgart (since 20 June 2013)
- EUWAX Aktiengesellschaft, Stuttgart (since 20 June 2013)

#### *Memberships in comparable German and foreign supervisory committees*

- Baden-Württembergische Wertpapierbörsche, Stuttgart
- Börse Stuttgart Holding GmbH, Stuttgart (since 20 June 2013)

#### *Group mandates*

- AGRANA Bioethanol GmbH, Vienna, Austria
- 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, Allhartsberg, Austria
- BNEO GmbH, Mannheim
- CropEnergies AG, Mannheim
- Freiberger Holding GmbH, Berlin
- Mönnich GmbH, Kassel (Chairman)
- 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., Wroclaw, Poland
- Südzucker Versicherungs-Vermittlungs-GmbH, Mannheim (Chairman)

### **Dipl. Ing. Johann Marihart, Limberg, Austria**

#### *Memberships in comparable German and foreign supervisory committees*

- BBG Bundesbeschaffungsges. m. b. H., Vienna, Austria
- Austriaische Forschungsförderungsgesellschaft mbH, Vienna, Austria (Deputy chairman)
- Austriaische Nationalbank AG, Vienna, Austria
- Ottakringer Getränke AG, Vienna, Austria
- Spanische Hofreitschule - Bundesgestüt Piber, Vienna, Austria (Chairman)
- TÜV Austria Holding AG, Vienna, Austria (Chairman)

#### *Group mandates*

- AGRANA Stärke GmbH, Vienna, Austria (Chairman)
- AGRANA Zucker GmbH, Vienna, Austria (Chairman)
- AUSTRIA JUICE GmbH, Allhartsberg, Austria
- BNEO GmbH, Mannheim
- Austriaische Rübensamenzucht Gesellschaft m.b.H., Vienna, Austria (Chairman)
- Raffinerie Tirlemontoise S.A., Brussels, Belgium
- Saint Louis Sucre S.A., Paris, France
- Zuckerforschung Tulln Gesellschaft m.b.H., Vienna, Austria (Chairman)

### **Prof. Dr. Markwart Kunz (until the end of the annual general meeting on 1 August 2013), Worms**

#### *Group mandates*

- CropEnergies AG, Mannheim (Chairman)

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

The following expenses were incurred in the 2013/14 financial year for services provided by Pricewaterhousecoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft:

(€ '000)	2014/13	2013/12
Auditing services	544	538
Other assurance services	6	5
Tax advisory services	4	2
Other services	184	25
	<b>738</b>	<b>570</b>

**(27) 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 21 November 2013. It is available on the Internet via our website at:  
[www.suedzucker.de/en/Investor-Relations/Corporate Governance/Entsprechenserklarung/](http://www.suedzucker.de/en/Investor-Relations/Corporate Governance/Entsprechenserklarung/).

**(28) Proposed appropriation of earnings**

Net earnings available for distribution of Südzucker AG amount to € 102.6 million (€ 183.8 million). It will be proposed to the annual general meeting that a dividend of € 0.50 (€ 0.70) per share be distributed and be appropriated as follows:

(in €)	2014/13
Distribution of a dividend of € 0.50 per share on 204,183,292 shares	102,091,646.00
Profit carried forward	474,317.04
<b>Net earnings available for distribution</b>	<b>102,565,963.04</b>

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 € 0.50 per qualifying share – to have the corresponding higher remaining value carried forward.

The dividend is to be paid on 18 July 2014.

## List of shareholdings

	Location	Country	SZ-share (%)	Indirect Holding (%)	Equity (€ million)	Earnings after tax (€ million)
<b>I. Fully consolidated companies</b>						
<b>Sugar Segment</b>						
<b>Business area Sugar</b>						
<b>Division Südzucker and sales subsidiaries</b>						
Südzucker AG Mannheim/Ochsenfurt	Mannheim	Germany				
Sudzucker Hellas E.P.E.	Athens	Greece	100.00	0.83	-0.04	
Sudzucker Ibérica, S.L.U.	Barcelona	Spain	100.00	1.58	0.84	
<b>Division sugar Belgium</b>						
Raffinerie Tirlemontoise S.A.	Brussels	Belgium	99.41	1,316.66	113.86	
Tiense Suikerraffinaderij Services g.c.v.	Brussels	Belgium	100.00	940.41	20.11	
Hosa Trading Importação e Exportação S.A.	Sao Paolo	Brazil	100.00	0.01	-0.19	
James Fleming & Co. Ltd.	Midlothian	Great Britain	100.00	17.05	2.36	
Rafti BV	Wijchen	Netherlands	100.00	13.54	2.19	
Raftir Nederland Beheer B.V.	Groningen	Netherlands	100.00	6.87	0.04	
S.O.G.E.L.A.F. SARL	Paris	France	100.00	32.87	0.02	
Tiense Suikerraffinaderij Nederland Holding B.V.	Wijchen	Netherlands	100.00	8.07	-0.01	
W.T. Mather Ltd.	Lancashire	Great Britain	100.00	3.20	0.00	
Nougat Chabert & Guillot SA	Montelimar	France	99.75	3.16	-0.49 <sup>1)</sup>	
S.C.I. DU MARINET	Upie	France	100.00			<sup>1)</sup>
<b>Division sugar France</b>						
Saint Louis Sucre S.A.	Paris	France	99.80	159.91	51.98	
Société Française d'Organisation et de Participations "S.F.O.P."	Paris	France	100.00	15.88	0.02	
<b>Division sugar Poland</b>						
Südzucker Polska S.A.	Wroclaw	Poland	99.59	390.32	62.75	
"POLTERRA" Sp. z o.o.	Wroclaw	Poland	100.00	0.84	0.00	
Przedsiębiorstwo Rolne "KLOS" Sp. z o.o.	Wroclaw	Poland	100.00	0.29	-0.22	
Südzucker Polska Nieruchomosci Sp. z o.o.	Wroclaw	Poland	74.07	-2.03	0.04	
<b>Division AGRANA Sugar</b>						
<b>Sugar Austria</b>						
AGRANA sugar GmbH	Vienna	Austria	100.00	362.65	51.19	
AGRANA Marketing- und Vertriebsservice Gesellschaft m.b.H.	Vienna	Austria	100.00	6.86	0.58	
<b>Sugar Romania</b>						
AGRANA AGRO SRL	Roman	Romania	100.00	-0.02	-0.01	
AGRANA BUZAU SRL	Buzau	Romania	100.00	0.20	0.88	
AGRANA TANDAREI SRL	Tandarei	Romania	100.00	0.81	0.67	
S.C. AGRANA Romania S.A.	Bucharest	Romania	91.33	11.07	-19.68	
<b>Sugar Slovakia</b>						
Slovenské Cukrovary s.r.o.	Sered	Slovakia	100.00	41.91	5.91	
<b>Sugar Czech Republic</b>						
Moravskoslezské Cukrovary A.S.	Hrusovany	Czech Republic	97.66	90.06	15.83	

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<b>Sugar Hungary</b>						
AGRANA Magyarország Értékesítési Kft.	Budapest	Hungary	100.00	5.00	0.32	
Biogáz Fejleszto Kft.	Kaposvár	Hungary	100.00	0.27	0.28	
Koronás Irodaház Szolgáltató Korlátolt Felelősségi Társaság	Budapest	Hungary	100.00	1.22	0.01	
Magyar Cukorgyártó és Forgalmazó Zrt.	Budapest	Hungary	87.59	79.30	2.12	
<b>Sugar Bulgaria</b>						
AGRANA Bulgaria AD	Sofia	Bulgaria	100.00	0.30	0.17	
AGRANA Trading EOOD	Sofia	Bulgaria	100.00	1.58	-0.07	
<b>Sugar Bosnia</b>						
AGRANA BIH Holding GmbH	Vienna	Austria	100.00	6.61	3.69	
AGRANA d.o.o.	Brcko	Bosnia-Herzegovina	100.00	0.16	0.02	
<b>AGRANA Holding/Other</b>						
AGRANA Beteiligungs-AG	Vienna	Austria	6.54	86.18	593.23	54.38
AGRANA Group-Services GmbH	Vienna	Austria	100.00	2.94	0.79	
INSTANTINA Nahrungsmittel Entwicklungs- und Produktionsgesellschaft m.b.H.	Vienna	Austria	66.67	8.04	0.65	
<b>Division sugar Moldova</b>						
Agro Credit S.R.L.	Drochia	Moldova	100.00	0.02	0.00	
Agro-SZM S.R.L.	Drochia	Moldova	100.00	4.86	0.12	
Südzucker Moldova S.A.	Chisinau	Moldova	83.64	44.89	-1.74	
<b>Division Agriculture</b>						
Agrar und Umwelt AG Loberaue	Rackwitz	Germany	100.00	22.91	1.02	
Rackwitzer Biogas GmbH	Rackwitz	Germany	100.00	0.03	*	
Wolteritzer Agrar GmbH	Rackwitz	Germany	100.00	0.16	*	
Zschorntauer Agrar GmbH	Rackwitz	Germany	100.00	0.03	*	
Zschorntauer Futtermittel GmbH	Rackwitz	Germany	74.00	1.61	0.20	
<b>Sugar Other</b>						
AHG Agrar-Holding GmbH	Mannheim	Germany	100.00	0.03	*	
AIH Agrar-Industrie-Holding GmbH	Mannheim	Germany	100.00	0.23	0.01	
BGD Bodengesundheitsdienst GmbH	Mannheim	Germany	100.00	0.03	*	
Mönnich GmbH	Kassel	Germany	100.00	3.15	0.00	3)
Sächsisch-Thüringische Zuckerfabriken Verwaltungsgesellschaft mbH	Mannheim	Germany	100.00	0.03	0.00	
Südprojekt Silo und Logistik GmbH & Co. KG	Mannheim	Germany	100.00	30.88	0.76	
Südzucker Holding GmbH	Mannheim	Germany	100.00	715.77	*	
Südzucker International Finance B.V.	Oud-Beijerland	Netherlands	100.00	16.84	0.85	
Südzucker Tiefkühl-Holding GmbH	Ochsenfurt	Germany	100.00	559.08	*	
Südzucker Versicherungs-Vermittlungs-GmbH	Mannheim	Germany	51.00	1.40	1.34	
AGRANA Zucker, Stärke und Frucht Holding AG	Vienna	Austria	50.00	525.95	44.03	1)
Z & S sugar und Stärke Holding AG	Vienna	Austria	100.00			1)
<b>Special products segment</b>						
<b>Division BENEO</b>						
BENEO Asia Pacific Pte Ltd.	Singapore	Singapore	100.00	2.64	0.10	
BENEO GmbH	Mannheim	Germany	100.00	180.48	*	
BENEO Iberica S.L. Unipersonal	Barcelona	Spain	100.00	0.32	0.06	
BENEO Inc.	Morris Plains	USA	100.00	8.18	1.16	
BENEO Latinoamerica Coordenação Regional Ltda.	Vila Olímpia, São Paulo	Brazil	100.00	0.17	-0.04	

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BENEOLrafti S.A.	Oreye	Belgium	100.00	242.38	0.93	
BENEOLpalatinit GmbH	Mannheim	Germany	15.00	85.00	23.58	*
Orafti Chile S.A.	Pemuco	Chile	100.00	160.13	5.00	
REMY ITALIA S.P.A.	Confienza (PV)	Italy	66.70	0.59	0.01	
BENEOL-Remy N.V.	Wijgmaal (Leuven)	Belgium	100.00	234.25	0.20	1)
Nutriz N.V.	Wijgmaal (Leuven)	Belgium	100.00			1)
Veniremy N.V.	Wijgmaal (Leuven)	Belgium	100.00			1)
<b>Division Freiberger</b>						
Freiberger 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	0.06	0.01	
Feinschmecker Eiscreme und Tiefkühlkost GmbH	Berlin	Germany	100.00	0.11	0.01	
Feinschmecker Feinkost GmbH	Berlin	Germany	100.00	0.07	0.00	
Freiberger France S.A.R.L.	St. Didier au Mont d'Or	France	100.00	0.14	0.07	
Freiberger GmbH	Berlin	Germany	100.00	0.04	0.00	
Freiberger Lebensmittel GmbH	Berlin	Germany	100.00	23.27		*
Freiberger Lebensmittel GmbH & Co. Produktions- und Vertriebs KG	Berlin	Germany	100.00	52.06		*
Freiberger Polska Sp.z o.o.	Warszawa	Poland	100.00	-0.10	-0.12	
Freiberger UK Ltd.	Spalding	Great Britain	100.00	0.15	1.55	
Freiberger USA Inc.	Morris Plains	USA	100.00	0.04	0.08	
Great Star Food Production GmbH & Co. KG	Berlin	Germany	100.00	0.00		*
Prim AS Tiefkühlprodukte Gesellschaft m.b.H.	Oberhofen	Austria	100.00	7.29	1.68	
Sandhof Limited	Westhoughton	Great Britain	100.00	28.32	5.45	
Stateside Foods Ltd.	Westhoughton	Great Britain	100.00	17.12	1.77	
<b>Division PortionPack</b>						
PortionPack Europe Holding B. V.	Oud-Beijerland	Netherlands	100.00	31.58	1.15	
Hellma Gastronomický Servis Praha spol. s.r.o.	Prague	Czech Republic	99.24	1.41	0.48	
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.	Krakow	Poland	100.00	0.19	-0.01	
PortionPack Belgium N.V.	Herentals	Belgium	100.00	1.47	-1.47	
PortionPack Holland B.V.	Oud-Beijerland	Netherlands	100.00	1.92	-0.21	
SAES The Portion Company, S.L	La Llagosta (Barcelona-Iona)	Spain	100.00	0.10	-0.06	
Van Oordt Drukkerij B.V.	Oud-Beijerland	Netherlands	100.00	0.15	0.00	
Van Oordt Landgraaf B.V.	Landgraaf	Netherlands	100.00	2.33	0.02	
Van Oordt the portion company B.V.	Oud-Beijerland	Netherlands	100.00	10.69	0.56	
Single Source Limited	Telford / Shropshire	Great Britain	100.00	4.65	1.03	1)
APCS Holdings Limited	Telford / Shropshire	Great Britain	100.00			1)
AP Sachets Limited	Telford / Shropshire	Great Britain	100.00			1)
Central Legal Funding Limited	Telford / Shropshire	Great Britain	75.00			1)
Santeau Limited	Telford / Shropshire	Great Britain	100.00			1)
Sugar Stix Limited	Telford / Shropshire	Great Britain	100.00			1)
<b>Division Starch</b>						
AGRANA Stärke GmbH	Vienna	Austria	100.00	283.06	59.71	
AGRANA Bioethanol GmbH	Vienna	Austria	100.00	74.98	-1.90	
S.C. A.G.F.D. Tandarei s.r.l.	Tandarei	Romania	99.99	3.64	-1.12	
<b>CropEnergies segment</b>						
CropEnergies AG	Mannheim	Germany	69.19	399.56	40.84	
BioWanze SA	Brussels	Belgium	100.00	216.75	9.44	

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Compagnie Financière de l'Artois SA	Loon-Plage	France	100.00	15.52	4.03	
CropEnergies Beteiligungs GmbH	Mannheim	Germany	100.00	61.23	*	
CropEnergies Bioethanol GmbH	Zeitz	Germany	100.00	72.44	*	
CropEnergies Inc.	Houston	USA	100.00	0.12	-0.57	
Ensus Limited	Yarm	Great Britain	100.00	72.8	37.5	
Ensus UK Limited	Yarm	Great Britain	100.00	65.9	-58.4	
RYSEN ALCOOLS SAS	Loon-Plage	France	100.00	17.13	2.47	
Ryssen Chile SpA	Lampa, Santiago de Chile	Chile	100.00	0.39	-0.02	
<b>Fruit segment</b>						
<b>Division Fruit preparations (AGRANA Fruit)</b>						
AGRANA Fruit S.A.S.	Paris	France	100.00	105.40	19.80	
AGRANA Fruit Argentina S.A.	Buenos Aires	Argentina	99.99	1.34	-0.89	
AGRANA Fruit Australia Pty Ltd.	Central Mangrove	Australia	100.00	19.62	3.98	
AGRANA Fruit Austria GmbH	Gleisdorf	Austria	100.00	19.44	-1.66	
AGRANA Fruit Brasil Indústria, Comércio, Importacao e Exportacao Ltda.	Sao Paulo	Brazil	75.00	3.60	0.77	
AGRANA Fruit Brasil Participacoes Ltda.	Sao Paulo	Brazil	99.99	2.96	0.22	
AGRANA Fruit Dachang Co., Ltd.	Dachang	China	100.00	13.77	1.46	
AGRANA Fruit Fiji Pty Ltd.	Sigatoka	Fiji	100.00	0.85	0.03	
AGRANA Fruit France S.A.	Paris	France	100.00	15.93	1.15	
AGRANA Fruit Germany GmbH	Konstanz	Germany	100.00	12.29	0.40	
AGRANA Fruit Istanbul Gida Sanayi ve Ticaret A.S.	Zincirlikuyu	Turkey	100.00	4.92	0.87	
AGRANA Fruit Korea Co. Ltd.	Seoul	South Korea	100.00	11.15	0.78	
AGRANA Fruit Latinoamerica S. de R.L. de C.V.	Michoacan	Mexico	99.99	10.92	3.11	
AGRANA Fruit Luka TOV	Vinnitsa	Ukraine	99.97	1.77	0.43	
AGRANA Fruit México, S.A. de C.V.	Michoacan	Mexico	100.00	10.30	-3.45	
AGRANA Fruit Polska SP z.o.o.	Ostroleka	Poland	100.00	11.00	-0.22	
AGRANA Fruit Services GmbH	Vienna	Austria	100.00	8.46	1.62	
AGRANA Fruit Services Inc.	Brecksville	USA	100.00	13.56	0.94	
AGRANA Fruit Services S.A.S.	Paris	France	100.00	0.20	-0.02	
AGRANA Fruit South Africa (Proprietary) Ltd.	Cape Town	South Africa	100.00	2.01	-2.27	
AGRANA Fruit Ukraine TOV	Vinnitsa	Ukraine	99.80	27.85	5.87	
AGRANA Fruit US, Inc.	Brecksville	USA	100.00	47.89	6.68	
Agrana Nile Fruits Processing SAE	Qalyoubia	Egypt	51.00	4.34	1.85	
Dirafrost FFI N. V.	Herk-de-Stad	Belgium	100.00	9.30	-1.20	
Dirafrost Maroc SARL	Laouamra	Morocco	100.00	2.60	-0.30	
Financière Atys S.A.S.	Paris	France	100.00	106.90	6.76	
o.o.o. AGRANA Fruit Moscow Region	Serpuchov	Russia	100.00	25.94	4.10	
Yube d.o.o.	Pozega	Serbia	100.00	0.74	0.15	
<b>Division Fruit juice concentrates (Austria Juice)</b>						
AGRANA Juice Holding GmbH	Gleisdorf	Austria	100.00	43.99	-0.77	
AGRANA Juice Denmark A/S	Køge	Denmark	100.00	-1.08	-0.34	
AGRANA Juice Magyarország Kft.	Vásárosnamény	Hungary	100.00	17.48	6.07	
AGRANA Juice Poland Sp. z.o.o.	Bialobrzegi	Poland	100.00	37.18	9.14	
AGRANA Juice Romania Vaslui s.r.l.	Vaslui	Romania	100.00	2.90	0.24	
AGRANA Juice Sales & Customer Service GmbH	Gleisdorf	Austria	100.00	-0.24	-1.56	
AGRANA Juice Sales & Marketing GmbH	Bingen	Germany	100.00	0.22	-0.43	
AGRANA Juice Service & Logistik GmbH	Bingen	Germany	100.00	1.84	-0.13	
AGRANA Juice Ukraine TOV	Vinnitsa	Ukraine	100.00	4.30	-1.85	
AGRANA JUICE (XIANYANG) CO., LTD	Xianyang City	China	100.00	7.59	-1.63	
AUSTRIA JUICE GmbH	Allhartsberg	Austria	50.01	67.48	5.65	

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Ybbstaler Fruit Austria GmbH	Allhartsberg	Austria	100.00	19.99	19.99	-2.74
Ybbstaler Fruit Polska Sp. Z.o.o	Chelm	Poland	100.00	20.60	20.60	1.16
<b>Fruit Other</b>						
AGRANA Internationale Verwaltungs- und Asset-Management GmbH	Vienna	Austria	100.00	246.92	246.92	5.75
AGRANA J & F Holding GmbH	Vienna	Austria	100.00	247.73	247.73	-0.55
<b>II. Joint ventures</b>						
<b>Sugar segment</b>						
<b>Division AGRANA Sugar</b>						
<b>Sugar Bosnia</b>						
"AGRAGOLD" d.o.o.	Brcko	Bosnia-Herzegovina	100.00	2.24	2.24	-0.44
AGRAGOLD d.o.o.	Zagreb	Croatia	100.00	0.89	0.89	0.02
AGRAGOLD doeo Skopje	Skopje	Macedonia	100.00	0.07	0.07	-0.01
AGRAGOLD Holding GmbH	Vienna	Austria	100.00	9.07	9.07	-0.01
AGRAGOLD trgovina d.o.o.	Ljubljana	Slovenia	100.00	0.64	0.64	0.00
AGRANA-STUDEN Beteiligungs GmbH	Vienna	Austria	50.00	8.90	8.90	1.63
AGRANA Studen Sugar Trading GmbH	Vienna	Austria	50.00	-2.16	-2.16	-2.33
Company for trade and services AGRANA-STUDEN Serbia d.o.o. Beograd	Beograd	Serbia	100.00	-0.14	-0.14	-0.03
STUDEN-AGRANA Rafinerija Secera d.o.o.	Brcko	Bosnia-Herzegovina	100.00	4.11	4.11	1.06
<b>Special products segment</b>						
<b>Division Stärke</b>						
GreenPower E85 Kft	Szabadegyháza	Hungary	100.00	0.76	0.76	0.21
HUNGRANA Keményítő- és Isocukorgyártó és forgalmazó Kft.	Szabadegyháza	Hungary	50.00	180.84	180.84	57.52
HungranaTrans Kft.	Szabadegyháza	Hungary	100.00	-0.71	-0.71	0.92
<b>CropEnergies segment</b>						
CT Biocarbonic GmbH	Zeitz	Germany	50.00	3.03	3.03	-1.47
<b>III. Associated companies (companies consolidated at equity)</b>						
<b>Sugar segment</b>						
<b>Business area Zucker</b>						
- <b>Division Südzucker and sales subsidiaries</b>						
Maxi S.r.l.	Bolzano	Italy	50.00	5.63	5.63	4.42
<b>Sugar Other</b>						
ED&F MAN Holdings Limited	London	Great Britain	25.00	786.94	786.94	81.53
<b>IV. Not consolidated companies</b>						
<b>- Affiliated companies</b>						
<b>Sugar segment</b>						
<b>Business area Sugar</b>						
<b>Division sugar Belgium</b>						
Golborne Ltd.	Lancashire	Great Britain	100.00	0.04	0.04	0.00
<b>Division sugar France</b>						

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Acucar e Alcool do Sul Participacoes Ltda.	Alto de Pinheiros	Brazil		100.00	0.00	0.00 <sup>2)</sup>
<b>Division AGRANA Sugar</b>						
<b>Sugar Austria</b>						
AGRANA ZHG sugar Handels GmbH	Vienna	Austria		100.00	0.01	0.00
<b>Sugar Czech Republic</b>						
PERCA s.r.o.	Hrusovany	Czech Republic		100.00	0.47	0.05
<b>Sugar Bosnia</b>						
AGRANA Croatia d.o.o.	Zagreb	Croatia		100.00		
AGRANA Makedonija DOOEL Skopje	Skopje	Macedonia		100.00		
<b>AGRANA Holding/Other</b>						
Austriatische Rübensamenzucht Gesellschaft m.b.H.	Vienna	Austria		86.00	1.59	0.25
Zuckerforschung Tulln Gesellschaft m.b.H.	Vienna	Austria		100.00	4.59	1.61
<b>Sugar Other</b>						
Arbeitsgemeinschaft für Versuchswesen und Beratung im Zucker-rübenanbau Zeitz GmbH	Kretzschau	Germany	80.00		0.03	0.01
Sächsisch-Thüringische Zuckerfabriken GmbH & Co. KG	Mannheim	Germany	100.00		0.03	0.00
Südprojekt Immobilienverwaltungsgesellschaft mbH	Mannheim	Germany	100.00		0.21	0.01
Südtrans GmbH	Mannheim	Germany	100.00		0.10	0.00
Südzucker Beteiligungs GmbH	Mannheim	Germany	100.00		0.02	0.00
Südzucker International GmbH	Ochsenfurt	Germany	100.00		0.03	0.00
Südzucker Reise-Service GmbH	Mannheim	Germany	100.00		0.89	0.11
Südzucker Verkauf GmbH	Mannheim	Germany	100.00		0.03	0.00
Südzucker Verwaltungs GmbH	Mannheim	Germany	100.00		0.03	0.00
<b>Special products segment</b>						
<b>Division Starch</b>						
AGRANA Skrob s.r.o.	Hrusovany	Czech Republic	100.00	0.08	0.04	
Dr. Hauser Gesellschaft m.b.H.	Hamburg	Germany	100.00	0.05	0.00	
<b>Fruit segment</b>						
<b>Division Fruit juice concentrates (Austria Juice)</b>						
Hungaro Ybbstal Kft	Veszprém	Hungary	100.00	0.00	0.00	
<b>- Joint Companies</b>						
<b>Sugar segment</b>						
<b>Division AGRANA Sugar</b>						
<b>Sugar Bosnia</b>						
SCO STUDEN & CO. BRASIL EXPORTACAO E IMPORTACAO LTDA.	Sao Paulo	Brazil		75.00	0.43	0.00
<b>- Other participations &gt; 20 %</b>						
<b>Sugar segment</b>						
<b>Business area Sugar</b>						
<b>Division sugar France</b>						
GARDEL S.A.	Le Moule	France		24.28	0.05	0.00
S.C.I.C.A ROYE DESHYDRATATION S.A.	Roye	France		20.54	0.00	0.00
Sucrerie et Distillerie de Souppes-Ouvré Fils S.A.	Paris	France		44.50	50.16	5.98 <sup>2)</sup>

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3) Abbreviated financial year (1 March 2013 to 31 December 2013)

	Location	Country	SZ-share (%)	Indirect Holding (%)	Equity (€ million)	Earnings after tax (€ million)
Eastern Sugar B.V.	Breda	Netherlands	50.00	5.80	-1.47	1)
Eastern Sugar Cukoripari Részvénnytársaság	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)
<b>Division AGRANA Sugar</b>						
<b>Sugar Czech Republic</b>						
DELHIA SHELF s.r.o.	Hrusovany	Czech Republic	100.00	0.00	0.00	
<b>Sugar Hungary</b>						
Cukoripari Egyesület	Budapest	Hungary	44.27	0.12	-0.01	
<b>Sugar Other</b>						
Bio-Generator Regio - Leuven - PORT NV	Tienen	Belgium	35.71	2.40	-0.01	
Felix Koch Offenbach Couleur und Karamel GmbH	Offenbach	Germany	25.10	7.54	2.77	2)
Fernwärmeverversorgung Ochsenfurt GmbH	Ochsenfurt	Germany	33.33	0.69	0.13	2)
<b>Special products segment</b>						
<b>Division BENEON</b>						
INVITA Australia PTE Ltd	East Botany	Australia	35.00	0.26	3.93	

\* Profit and loss transfer agreement

- 1) Disclosures for Subgroup / Group consolidated financial statements  
 2) Disclosures for the last applicable financial closing  
 3) Abbreviated financial year (1 March 2013 to 31 December 2013)

## 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, 22 April 2014

### 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 Aktiengesellschaft Mannheim/Ochsenfurt, Mannheim, for the financial year from 1 March 2013 to 28 February 2014. 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, 22 April 2014

**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](http://www.suedzucker.de)

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