

CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2016/2017

and declaration on corporate governance in accordance with
Sec. 289a paragraph 4 German Commercial Code (HGB)

GENERAL

Corporate governance covers the system of managing and monitoring a company, including its organizational structure, its corporate policies and guidelines as well as the internal and external mechanisms of control and monitoring. Nordzucker AG attaches great importance to well-structured, authentic corporate governance as it ensures that the management of the company is carried out in the spirit of long-term value creation. It fosters the confidence of shareholders, financial markets, business partners, staff and the general public in the management and monitoring of the Nordzucker Group.

Corporate governance is the foundation for the decision-making and controlling processes at the Nordzucker Group. Nordzucker's activities are carried out in accordance with clearly defined guidelines. These guidelines ensure that the company's actions are systematically aligned with the interests and expectations of shareholders, customers, business partners and staff.

The actions of all our staff are aimed at earning an appropriate and sustainable profit, continually generating growth and increasing market share. Continuous improvement of all business processes by competent, well-managed staff earning performance-related pay secures the existence and the systematic long-term development of the company in an ever-changing competitive environment.

DUAL GOVERNANCE SYSTEM

Nordzucker AG is based in Braunschweig and is subject to German stock corporation law. As a fundamental principle it provides for a dual system of governance, in which the Executive Board is responsible for managing the company and the Supervisory Board is responsible for advising and monitoring the Executive Board. Both boards and their members have their own authority and work together closely and on the basis of mutual trust in the interests of the company.

COMPOSITION AND WORKING PRACTICES OF THE EXECUTIVE BOARD

The Executive Board of Nordzucker AG currently consists of four members.

The Executive Board of Nordzucker AG is responsible for determining company policy. It sets corporate strategy, plans and approves company budgets, decides on the allocation of resources and monitors the performance of the company and the Group. It is also responsible for preparing the interim and annual financial statements for Nordzucker AG and the consolidated financial statements. The Executive Board is collectively responsible for managing the business of Nordzucker AG.

On 16 July 2015, the Supervisory Board decided in accordance with Sec. 111 paragraph 5 German Stock Corporation Act (AktG) to set a target of 0 per cent for the proportion of women on the Executive Board, with a deadline of 30 June 2017 for reaching this figure. There are currently no women on the Executive Board. At its meeting held on 9 March 2017, the Supervisory Board of Nordzucker AG set the following targets for the future proportion of women on the Executive Board: By 30 June 2022, the target for the proportion of women on the Executive Board is 0 per cent.

For the first level below the Executive Board, a target of 10 per cent of female managers should be achieved by 30 June 2017. Within the Nordzucker Group as a whole, the first level of management below the Executive Board has a proportion of women currently amounting to 10.7 per cent, a figure that rises to 14.3 per cent for Germany in particular.

At the second level below the Executive Board – insofar as employees have management responsibility – the target set for the proportion of women is 20 per cent. As of the end of the 2016/2017 financial year, the proportion of women comes to 20.79 per cent throughout the Group and 18.18 per cent for Germany as a whole.

On 20 March 2017, the Executive Board of Nordzucker AG set the following targets for the future in accordance with Sec. 76 paragraph 4 AktG:

For the first level below the Executive Board, a target of 15 per cent of female managers should be achieved by 30 June 2022. For the second level, the target is 21 per cent.

The Executive Board, with the approval of the Supervisory Board, has adopted internal rules of procedure.

COMPOSITION AND WORKING PRACTICES OF THE SUPERVISORY BOARD

The Supervisory Board of Nordzucker AG currently has 21 members. As of the close of the Annual General Meeting, in which votes are to be cast on discharging the boards for the financial year 2016/2017, the Supervisory Board will consist of 15 members. Two-thirds of the Supervisory Board members represent the shareholders and one-third represents the workforce. The Supervisory Board monitors the Executive Board and advises it on the management of the company. The Supervisory Board regularly discusses the course of business and company planning as well as corporate strategy and its implementation. It examines and approves the annual financial statements of Nordzucker AG and the consolidated financial statements for the Group, giving due regard to the auditors' report and the results of the examination by the Audit and Finance Committee. Major Executive Board decisions are subject to its approval.

In order to reflect recommendation 5.4.1 of the German Corporate Governance Code and Sec. 111 paragraph 5 AktG, the Supervisory Board decided on 9 March 2017 to take the following elements relating to its composition and a reduction in the number of Supervisory Board members into account in particular:

- At least three Supervisory Board seats for people with a particularly international background (e. g. people who have worked abroad or hold foreign citizenship).
- At least three Supervisory Board seats for people who hold no functions connected with customers, growers' associations or other business partners.

- At least three Supervisory Board seats for women. The target for the proportion of women on the Supervisory Board is 19 per cent, with an implementation deadline of 30 June 2017. At present, there are five women on the Supervisory Board, which corresponds to a proportion of 23.8 per cent.
- At its meeting held on 9 March 2017, the Supervisory Board set a target of 25 per cent for the proportion of women on the Supervisory Board.
- The age limit for Supervisory Board members is 65 as a general rule.
- There is a general membership limit of 25 years for the Supervisory Board.
- Building on these, the Code of Conduct provides general guidance for the employees of the Nordzucker Group and those sales representatives, consultants and other business partners who act on its behalf.
- Internal rules, guidelines, process descriptions, directives and manuals apply this general guidance to specific situations.
- Six key messages constitute the company's mission statement, with a particular focus on the change process triggered by the expiry of the European sugar market regime on 30 September 2017.
- The Business Principles form the basis for working together in a functional organizational structure.

At present these targets have been met.

The Supervisory Board has adopted internal rules of procedure and to optimize its working practices has set up a Steering Committee, an Audit and Finance Committee, a Human Resources Committee and a Nomination Committee.

MAIN CORPORATE GOVERNANCE PRACTICES

In addition to the principles of the German Corporate Governance Code, the sustainable and responsible governance of the Nordzucker Group is based on the following core principles:

- The four company values – responsibility, dedication, courage and appreciation – form the basis of the company culture at the Nordzucker Group.

DECLARATION BY THE EXECUTIVE BOARD AND SUPERVISORY BOARD OF NORDZUCKER AG IN ACCORDANCE WITH SECTION 161 AKTG

For publicly traded companies the principles of good company management are laid down in the German Corporate Governance Code (hereafter known as the Code). The Code consists of recommendations and suggestions for good company management and also describes statutory obligations for publicly listed companies. Publicly traded companies must issue an annual statement on compliance with the Code's recommendations pursuant to Sec. 161 of the German Stock Corporation Act (AktG). This declaration relates to both past and future periods. Nordzucker AG is not a publicly traded company within the meaning of Sec. 161 paragraph 1 AktG. It is therefore not obliged to make an annual statement on whether

the company complies with the recommendations issued by the Government Commission German Corporate Governance Code and the reasons for any non-compliance. Despite this, the principles of good and transparent corporate governance are an established part of the company culture at Nordzucker AG. As in previous years, the Executive Board and Supervisory Board of Nordzucker AG have therefore decided to make a voluntary statement pursuant to Sec. 161 paragraph 1 AktG (see page 41 of the annual report). The statements of compliance for the past five years can be found on the Nordzucker AG website. To the extent that the Code refers to statutory obligations of publicly quoted companies outside the scope of its recommendations, these are not applicable to Nordzucker AG. The company also assumes no voluntary obligation to adhere to them.

COMPLIANCE, RISK MANAGEMENT, INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT

Compliance refers to all the activities carried out across the Group to ensure that the company, its managers and employees act in accordance with statutory and internal rules and regulations. The Supervisory Board and Executive Board of Nordzucker AG will not tolerate any breaches, especially breaches of anti-trust and anti-bribery legislation. All indications of any such breaches will be followed up without delay. Internal measures are in place that aim to prevent employees and the company from breaking the law and help them to apply the relevant regulations and internal guidelines correctly. Training courses are held on a regular basis. A “Speak Up!” system has been in place since 2 March 2017, allowing employees and individuals from outside of the company to submit anonymous tip-offs concerning ethical misconduct.

A responsible attitude to risk is also part of prudent company management and good corporate governance practice. The internal control system of the Nordzucker Group ensures that risks are measured where they arise and steps are taken accordingly. Furthermore, the Nordzucker Group has a risk management system to identify and measure developments that could cause substantial losses. The risk management system also serves to avoid risks that could jeopardize the company’s continued existence. Finally, internal audits are conducted on a regular basis, which contribute to good corporate governance by providing independent monitoring of the internal control system and risk management system.

FINANCIAL REPORTING

Nordzucker AG prepares its annual financial statements in accordance with the accounting principles of the German Commercial Code (HGB). The Nordzucker Group applies International Financial Reporting Standards (IFRS) as applicable in the European Union (EU).

SUSTAINABILITY AS AN ALL-ENCOMPASSING CONCEPT

Sustainability is a high-priority topic for the Nordzucker Group and many of its customers. As a food producer, ecological and social issues are a natural part of our daily work. For the Nordzucker Group it is vital to develop a sustainable value chain together with suppliers, service providers, employees and customers. Our top priorities are traceability, quality and dependability. The Nordzucker AG sustainability report is available at sustainability.nordzucker.com.

Furthermore, meeting high standards for food and animal feed quality and safety, conserving resources, continuously minimizing and preventing environmental damage as well as safeguarding health and safety at work are an integral part of all the Nordzucker Group's activities. Particular importance is attached to avoiding and preventing errors.

Braunschweig, Germany, May 2017

For the Supervisory Board

Hans-Christian Koehler

Supervisory Board Chairman

For the Executive Board

Hartwig Fuchs

Executive Board Chairman

VOLUNTARY STATEMENT ON THE GERMAN CORPORATE GOVERNANCE CODE IN ACCORDANCE WITH SECTION 161 AKTG FOR THE FINANCIAL YEAR 2016/2017

Nordzucker AG is not a publicly traded company within the meaning of Sec. 161 paragraph 1 AktG. It is therefore not obliged to make an annual statement on whether the company complies with the German Corporate Governance Code issued by the Government Commission German Corporate Governance Code and the reasons for any non-compliance. Despite this, the principles of good and transparent corporate governance are an established part of the company culture at Nordzucker AG. As in previous years, the Executive Board and Supervisory Board of Nordzucker AG have therefore decided to make a voluntary statement pursuant to Sec. 161 paragraph 1 AktG.

On this basis, the Executive Board and Supervisory Board of Nordzucker AG declare that since the last statement of compliance was made in March 2016, the company has complied and will comply with the recommendations of the Code as amended on 5 May 2015, with the following exceptions:

1. Given the particular significance of agricultural expertise for the company, conflicts of interest to which Supervisory Board members may be subject are of secondary importance (Number 5.5.3 sentence 2).

2. As Nordzucker AG is included in the consolidated financial statements of Nordzucker Holding AG, the latter company has a particular need for information (Number 6.1).

To the extent that the Code refers to statutory obligations of publicly quoted companies outside the scope of its recommendations, these are not applicable to Nordzucker AG. The company also assumes no voluntary obligation to adhere to them. Otherwise, we refer to the comments in the Corporate Governance Report.

Braunschweig, March 2017

Supervisory Board	Executive Board
Hans-Christian Koehler	Hartwig Fuchs
Supervisory Board	Executive Board
Chairman	Chairman