

CORPORATE GOVERNANCE REPORT

Declaration concerning the Austrian Corporate Governance Code

The Austrian Corporate Governance Code provides domestic stock corporations with a framework for the management and supervision of companies. The Code aims to establish corporate governance and controlling that is oriented to responsibility, as well as to sustainable and long-term value creation. This in turn is intended to create a high degree of transparency for all stakeholders in the company.

The Code is publicly accessible at www.corporate-governance.at. The basis for the Code is formed by the guidelines of the Austrian Stock Corporation Act (UGB), the Stock Exchange Act and the Capital Market Act, European Union recommendations on tasks of supervisory board members and remuneration of management board members, as well as OECD guidelines on corporate governance, in its principles. It is based on a voluntary commitment. The Code was last revised in January 2018.

The Management and Supervisory boards of AMAG Austria Metall AG recognised and implemented the Code in the 2018 financial year. We are committed to adhering to the Austrian Corporate Governance Code in its latest version.

The Corporate Governance Code contains the following rules:

- + "L rules" (= legal), these are legally prescribed measures;
- + "C rules" (comply or explain), where a failure to comply must be explained;
- + "Our rules" (recommendations) are recommendations that AMAG Austria Metall AG largely follows.

We comply with all "L rules" and "C rules".

Pursuant to Rule 62 of the Austrian Corporate Governance Code, compliance with the Code's provisions should be evaluated externally on a regular basis, in other words, at least every three years. The last evaluation was conducted for the 2017 financial year. In accordance with Rule 62 of the Austrian Corporate Governance Code, the next external evaluation is planned for the 2020 financial year.

Management and Supervisory boards' working methodologies

AMAG Austria Metall AG is a public stock corporation established under Austrian law with a Management Board and a Supervisory Board as management bodies (dualistic system).

The Management Board consisted of three members at the end of 2018 year. The Supervisory Board appoints the Management Board members.

The Management Board conducts business based on the law, the Austrian Corporate Governance Code, the bylaws and the rules of business procedure. These set out regulations for the collaboration between the Management Board members and the allocation of responsibilities. The Management Board members constantly exchange information with each other. At Management Board meetings, they discuss the current course of business, make decisions and pass resolutions. Meetings are to be held at regular intervals, if possible at least every two weeks.

The Management Board informs the Supervisory Board about all relevant issues relating to financial and strategic business development. This includes the risk position and risk management of the company and significant Group companies. Information is provided promptly and comprehensively at regular meetings. Moreover, ongoing coordination occurs between the Supervisory Board Chairman and the Management Board Chairman (CEO).

The Supervisory Board supervises the company's Management Board and supports it in the executive management of the company, especially in relation to decisions of fundamental significance.

Composition of the Management Board

The Management Board's composition was unchanged compared with the previous year. At the Supervisory Board meeting on November 28, 2018, Gerald Mayer was appointed as the new Management Board Chairman (CEO) with effect from March 1, 2019.



Dipl.-Ing. Helmut Wieser (1953)

Chairman of the Management Board (CEO)

First appointed as Management Board member: March 1, 2014, as Management Board Chairman (CEO): April 1, 2014

Contract expires on: February 28, 2019

Allocated Group functions: Strategy and Group Communications, Investor Relations, Human Resources, Key Accounts Sales, Purchasing, Service and Infrastructure

Supervisory board mandates at other companies: COBEX GmbH, Germany; Hödlmayr International AG, Austria, OJSC Novolipetsk Steel (NLMK), Russia



Priv. Doz. Dipl.-Ing. Dr. Helmut Kaufmann (1963)

Management Board member, Chief Technology Officer

Appointed on: February 18, 2011, initial appointment to the predecessor company Austria Metall AG in September 2007

Contract expires on: December 31, 2022

Allocated Group functions: AMAG casting GmbH, AMAG rolling GmbH, Corporate Technology, Business Development, Sales, Investment Planning, Occupational Safety, Commercial Law Management and Management Systems

Supervisory board mandates at other companies: -



Mag. Gerald Mayer (1971)

Management Board member, Chief Financial Officer

Appointed on: February 18, 2011, initial appointment to the predecessor company Austria Metall AG in November 2007

End of contractual term: December 31, 2022, appointed as Management Board Chairman with effect from March 1, 2019

Allocated Group functions: Financing, Controlling and Reporting, Financial Accounting, Information Technology, Legal, AMAG metal GmbH and AMAG service GmbH

Supervisory board mandates at other companies: -

Changes to the Supervisory Board

At the Shareholders' General Meeting on April 17, 2018, Dipl.-Ing. Herbert Ortner was newly elected to the Supervisory Board of AMAG Austria Metall AG. Dipl.-Ing. Gerhard Falch and Otto Höfl retired from the Supervisory Board.

Supervisory Board composition as of December 31, 2018

Dr. Josef Krenner (1952)

Supervisory Board Chairman

First appointed: May 16, 2012

Mandate duration: until the Annual General Meeting that passes a resolution concerning the discharge for the 2021 financial year

Supervisory board mandates at other listed companies: -

Dr. Hanno M. Bästlein (1963)

First Deputy Supervisory Board Chairman

First appointed: April 10, 2014

Mandate duration: until the Annual General Meeting that passes a resolution concerning the discharge for the 2020 financial year

Supervisory board mandates at other listed companies: Lenzing AG (Chairman)

Dr. Heinrich Schaller (1959)

Deputy Supervisory Board Chairman

First appointed: May 16, 2012

Mandate duration: until the Annual General Meeting that passes a resolution concerning the discharge for the 2020 financial year

Supervisory board mandates at other listed companies: voestalpine AG (Deputy Chairman), Raiffeisen Bank International AG (Second Deputy Chairman)

Dr. Franz Gasselsberger, MBA (1959)

Supervisory Board member

First appointed: May 16, 2012

Mandate duration: until the Annual General Meeting that passes a resolution concerning the discharge for the 2019 financial year

Supervisory board mandates at other listed companies: Bank für Tirol und Vorarlberg AG (Chairman), BKS Bank AG, voestalpine AG, Lenzing AG

Dipl.-Ing. Herbert Ortner (1968)

Supervisory Board member

First appointed: April 17, 2018

Mandate duration: until the Annual General Meeting that passes a resolution concerning the discharge for the 2020 financial year

Supervisory board mandates at other listed companies: -

Mag. Patrick F. Prügger (1975)

Supervisory Board member

First appointed: May 16, 2012

Mandate duration: until the Annual General Meeting that passes a resolution concerning the discharge for the 2021 financial year

Supervisory board mandates at other listed companies: Lenzing AG

Prof. Dr. Sabine Seidler (1961)

Supervisory Board member

First appointed: May 16, 2012

Mandate duration: until the Annual General Meeting that passes a resolution concerning the discharge for the 2022 financial year

Supervisory board mandates at other listed companies: -

Dipl.-Ing. Franz Viehböck (1960)

Supervisory Board member

First appointed: April 16, 2015

Mandate duration: until the Annual General Meeting that passes a resolution concerning the discharge for the 2022 financial year

Supervisory board mandates at other listed companies: -

Works Council delegates

Martin Aigner (1968)

Supervisory Board member

Delegated: January 1, 2017

Max Angermeier (1958)

Supervisory Board member

Delegated: April 14, 2011

Robert Hofer (1977)

Supervisory Board member

Delegated: December 31, 2011

Günter Mikula (1966)

Supervisory Board member

Delegated: August 1, 2014

All Supervisory Board members participated in more than half of the meetings.

(GRI 405-1)

Disclosures on the independence of Supervisory Board members

The Supervisory Board determines the criteria for its independence. This is based on Annex 1 of the Corporate Governance Code. All Supervisory Board members confirmed that they consider themselves independent (Rule 53). This applies to all Supervisory Board members elected by the Shareholders' General Meeting.

Rule 54 is no longer applicable to us. The reason for this is the low free float of less than 20%.

Supervisory Board committees

The articles of incorporation authorise the Supervisory Board to form committees from among its members. They also define their tasks and rights. Furthermore, they can delegate to the committees the right to take decisions. The employee representatives on the Supervisory Board are entitled to delegate members to the Supervisory Board's committees. This is based on Section 110 (1) of the Austrian Work Organisation Act (ArbVG). This does not apply to committees that handle relationships between the company and its Management Board members.

Audit Committee

The Audit Committee is responsible for the auditing and preparation of the adoption of the separate annual financial statements, the proposal for distributing profit, the management report and the examination of the risk management system. It is also required to examine the consolidated financial statements. Furthermore, it makes a proposal for the election of the auditor of the financial statements.

Members of the Audit Committee as of December 31, 2018:

- + Mag. Patrick F. Prügger (Chairman and finance expert)
- + Dr. Josef Krenner (Deputy Chairman)
- + Dr. Hanno M. Bästlein
- + Dr. Heinrich Schaller
- + Max Angermeier
- + Robert Hofer

Nomination Committee

The tasks of the Nomination Committee include succession planning, the submission of proposals to the Supervisory Board for filling vacant Management Board mandates and the submission of proposals to the Annual General Meeting for filling vacant Supervisory Board mandates. The committee is also required to give its agreement to appointing and dismissing Group companies' managing directors.

Members of the Nomination Committee as of December 31, 2018:

- + Dr. Josef Krenner (Chairman)
- + Dr. Hanno M. Bästlein (Deputy Chairman)
- + Dr. Heinrich Schaller
- + Dipl.-Ing. Franz Viehböck
- + Max Angermeier
- + Robert Hofer

Strategy Committee

The Strategy Committee's tasks include discussing the corporate strategy, current strategy implementation controlling, and strategy process controlling.

Members of the Strategy Committee as of December 31, 2018:

- + Dr. Hanno M. Bästlein (Chairman)
- + Dr. Josef Krenner (Deputy Chairman)
- + Dr. Heinrich Schaller
- + Dipl.-Ing. Herbert Ortner
- + Max Angermeier
- + Robert Hofer

Remuneration Committee

The Remuneration Committee is responsible for drafting and concluding as well as amending and terminating employment agreements with Management Board members. It also conducts regular reviews of remuneration policy. Furthermore, it controls the processing and execution of Management Board contracts.

Members of the Remuneration Committee as of December 31, 2018:

- + Dr. Josef Krenner (Chairman)
- + Dr. Hanno M. Bästlein (Deputy Chairman)

Committee for Urgent Matters

The Committee for Urgent Matters is authorised to make decisions. The precondition for this is that the decision cannot be postponed until the next ordinary Supervisory Board meeting.

Members of the Committee for Urgent Matters as of December 31, 2018:

- + Dr. Josef Krenner (Chairman)
- + Dr. Hanno M. Bästlein (Deputy Chairman)
- + Mag. Patrick F. Prügger
- + Dr. Heinrich Schaller
- + Max Angermeier
- + Robert Hofer

(GRI 102-18)

Number and main focuses of Supervisory Board and committee meetings

The tasks of the Supervisory Board are set out in both the company's articles of incorporation and the law. The Supervisory Board performed its duties at five ordinary meetings, including one constitutive meeting. The AMAG Group's current business and financial position was reported on in ongoing manner at these meetings. Furthermore, the Supervisory Board discussed the ramp-up of the "AMAG 2020" expansion project and further investments for continuous site development. Further focus points of Supervisory Board meetings included planning for 2019 and medium-term planning up until 2024. The Supervisory Board passed important personnel decisions with the resolution to extend the Management Board contracts of Dipl.-Ing. Helmut Wieser, Priv.-Doz. Dipl.-Ing. Dr. Helmut Kaufmann and Mag. Gerald Mayer, Mag. Gerald Mayer's appointment to Management Board Chairman (CEO) from March 2019 and the appointment of a new managing director for AMAG metal GmbH. The Supervisory Board also concerned itself with the consulting agreement with Dipl.-Ing. Helmut Wieser. At the constitutive Supervisory Board meeting, some members were newly elected to the individual committees.

The Audit Committee held three meetings. At these, it focused on the preparation and examination of the company's consolidated and separate financial statements, the audit results for 2017 and the auditor's planning for 2018. Further topics included the effectiveness and functioning of the internal control system, risk management and specific financial accounting issues.

The Remuneration Committee convened three times during the 2018 financial year. Focus areas included discussions concerning agreeing targets with Management Board members and the structuring of Management Board contracts.

The Nomination Committee met four times in 2018. It concerned itself, in particular, with the extension of the Management Board contracts of Dipl.-Ing. Helmut Wieser, Priv.-Doz. Dipl.-Ing. Dr. Helmut Kaufmann and Mag. Gerald Mayer, Mag. Gerald Mayer's to be the Management Board Chairman (CEO) from March 2019, the consulting agreement with Dipl.-Ing. Helmut Wieser, and the appointment of a managing director at AMAG metal GmbH.

The Strategy Committee held two meetings in 2018. It concerned itself with the implementation of the "AMAG 2020" expansion project, market-relevant issues and further strategic development.

Remuneration report for the Management and Supervisory boards

Management Board remuneration

The Management Board's remuneration is regulated in the Management Board contract. Remuneration consists of an ongoing fixed and variable component. It also includes a long-term performance-based

component. The remuneration model was adjusted for the new Management Board contracts of Mag. Gerald Mayer and Priv.-Doz. Dipl.-Ing. Dr. Helmut Kaufmann with effect from January 1, 2019.

Remuneration model

ROCE and personal qualitative targets form the basis for calculating the short-term variable performance bonus for Management Board compensation for Management Board contracts in force in 2018. The short-term variable performance bonus is limited to 75% of the annual basic salary.

The long-term variable performance bonus is calculated for each Management Board member until the end of the respective contract term. It is based on the future trend in the value of the company's equity. The equity value in this context consists of the net debt and a multiplication of the average operating earnings of the respective last four years by a predefined factor. The payout and level of this long-term remuneration component depends on two factors: firstly, the equity value growth achieved until the respective contract-end and, secondly, the extension of the Management Board contract. The level of this long-term compensation component is limited to between 100 % to 155 % of the corresponding fixed compensation for the period.

A defined contribution pension scheme exists for all Management Board contracts. Furthermore, D&O insurance (directors & officers insurance) exists, with the company bearing its costs. They also include a change of control clause.

The compensation model for the new Management Board contracts from January 1, 2019 was changed as follows.

The measurement basis for the short-term variable performance bonus (STI) is based on the AMAG Group's EBITDA and ROCE financial targets. Furthermore, the short-term variable performance bonus is based on personal qualitative and non-financial performance criteria. The annual short-term variable performance bonus can amount to a maximum of around 100 % of the fixed remuneration.

The long-term variable performance bonus (LTI) is granted in annual tranches. The assessment period for each tranche amounts to three years. Financial performance criteria include the average consolidated net income after taxes, the average consolidated ROCE and, in the case of a significant free float of more than 20 %, the total shareholder return. The level of this long-term compensation component is limited to between 125 % to 145 % of the corresponding fixed compensation for the period.

A defined contribution pension model exists. The company bears the costs for D&O insurance (directors & officers insurance).

The contracts include a change of control clause that regulates payments in the event of the early termination of a Management Board member's contract due to a change of control. The severance payment

claim in such a case is limited to the remaining term of the Management Board contract, albeit to a maximum of two years' total remuneration.

Management Board remuneration in the 2018 financial year

The current Management Board remuneration in 2018 amounted to EUR 2,389 thousand, of which 65 % was attributable to fixed remuneration and 35 % to variable remuneration. A long-term variable compensation component was not paid out in 2018. The provision for the long-term variable compensation, which is not included in the

current Management Board remuneration as presented, was reduced from EUR 1,549 thousand to EUR 600 thousand.

As in the previous year, pension expenses amounted to a total of EUR 123.0 thousand. This is included in the reported current fixed remuneration. Furthermore, one Management Board member has a defined benefit pension commitment. The reason for this is his former work for AMAG. An amount of around EUR 120.3 thousand was recognised directly in equity for this purpose in the 2018 financial year.

Ongoing Management Board remuneration in EUR thousand	2018			2017		
	Ongoing fixed compensation	Ongoing variable compensation	Sum	Ongoing fixed compensation	Ongoing variable compensation	Sum
Dipl.-Ing. Helmut Wieser	616.9	451.3	1,068.2	617.1	390.1	1,007.2
Dr. Helmut Kaufmann	463.1	197.1	660.2	463.3	284.0	747.3
Mag. Gerald Mayer	463.1	197.1	660.2	463.3	284.0	747.3
Sum	1,543.1	845.5	2,388.6	1,543.7	958.1	2,501.8

Supervisory Board remuneration

Section 13 of the articles of incorporation regulates the remuneration for the Supervisory Board members. The articles of incorporation are published on the company's website.

The 2018 Shareholders' General Meeting approved the Supervisory Board remuneration. An amount of EUR 705.0 thousand was paid out accordingly in the 2018 financial year. This amount includes fees for attending meetings.

Paid remuneration for members of the Supervisory Board in EUR thousand	2018
Dr. Josef Krenner	159.0
Dr. Hanno M. Bästlein	139.0
Dipl.-Ing. Gerhard Falch	54.0
Dr. Heinrich Schaller	95.0
Dr. Franz Gasselsberger, MBA	40.0
Otto Höfl	40.0
Mag. Patrick F. Prügger	87.0
Prof. Dr. Sabine Seidler	38.0
Dipl.-Ing. Franz Viehböck	53.0
Sum	705.0

Diversity concept and promotion of women

Respect, diversity and inclusion form integral and indispensable elements of the corporate culture of AMAG Austria Metall AG, and are taken into consideration in appointments to all functions. For Supervisory Board appointments proposed to the Shareholders' General Meeting and when nominating Management Board members, attention is paid to a balance in relation to qualifications and diversity, as these contribute significantly to the professionalism and effectiveness of the work of the Supervisory and Management boards. Along with specialist and personal qualifications, this approach also includes aspects such as age structure, origin, gender, education and experience. A diversity concept in written form was approved as of February 7, 2018.

The results of Works Council elections at the individual Group companies form the decision-making basis for the delegation of workforce representatives. The d'Hondt method was applied to calculate the election results for the Group Works Council.

The proportion of women employed in Ranshofen was 13 % in the 2018 financial year. The proportion of women apprentices stood at 30 %. The non-financial statement in the Group management report presents more information on the topic of equal opportunities and diversity.

We are committed to equal opportunities, and reject any type of discrimination, especially based on age, gender, skin colour, sexual orientation, background, religion or handicap.

(GRI 405-1)

Compliance

Compliance forms a central element of good corporate governance and comprises a basic prerequisite for sustainable corporate performance and success. We operate a comprehensive compliance system, which is described in detail in the non-financial statement in the Group management report.

Changes after the reporting date

No changes occurred to reportable matters between the reporting date and the date when the corporate governance report was prepared.

(GRI 102-18)