

Corporate Governance Report

DECLARATION CONCERNING THE AUSTRIAN CORPORATE GOVERNANCE CODE

The Austrian Corporate Governance Code provides domestic stock corporations with a framework for managing and supervising companies. The Code aims to promote the management and controlling of companies and corporate groups based on 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 basis for the publicly-accessible Code published at www.corporate-governance.at is formed by the guidelines of the Austrian Stock Corporation Act, the Stock Exchange Act and the Capital Market Act, EU recommendations on tasks of Supervisory Board members and remuneration of Management Board members, as well as OECD guidelines on corporate governance, in its principles. This Corporate Governance Report is based on the status of the revised Code published in January 2015.

The Code, which requires voluntary commitment, was recognised and implemented by the Management and Supervisory boards of AMAG Austria Metall AG in the 2015 financial year. AMAG Austria Metall AG is consequently committed to adhering to the Austrian Corporate Governance Code in its latest version.

AMAG Austria Metall AG adheres to all "L rules" and "C rules"³⁾. Over the coming three years, an evaluation of compliance with all C rules is to be implemented by an external institution as prescribed by Rule 62.

MANAGEMENT AND SUPERVISORY BOARD COMPOSITION

Details on the composition of these bodies are summarised in the corporate governance report.

The composition of the Management Board has remained unchanged compared with the previous year. The Management Board contracts of CFO Gerald Mayer and COO Dr. Helmut Kaufmann were extended early until December 31, 2019. Helmut Wieser is to remain Chief Executive Officer, having performed this role since April 2014.

3) The following rules are included in the Austrian Corporate Governance Code: "L rules" (= Legal), legally prescribed measures; "C rules" (Comply or Explain), the non-adherence to which requires explanation; "R rules" (Recommendations), these are recommendations which in the case of AMAG Austria Metall AG are followed as fully as possible.

At the April 16, 2015 AGM, Supervisory Board members Dr. Josef Krenner, Dr. Franz Gasselsberger, Mr. Otto Höfl, Mr. Patrick Prügger, Dr. Heinrich Schaller and Prof. Dr. Sabine Seidler were re-elected until the end of the AGM that approves their discharge for the 2017 financial year. Mr. Franz Viehböck was also elected to the Supervisory Board of AMAG Austria Metall for three years. Prof. Peter Uggowitz stepped down from the Supervisory Board of AMAG Austria Metall AG on April 16, 2015.

No Supervisory Board member was absent from more than half of the Supervisory Board meetings during the past financial year.

REMUNERATION REPORT FOR THE MANAGEMENT AND SUPERVISORY BOARDS

All of the Management Board contracts that were in force at the end of 2015 comprised a mixture of financial performance criteria and other partly non-financial criteria. The financial performance criteria include the return on total capital employed as well as consolidated net profit. Upper limits were agreed with all Management Board members. The variable remuneration is limited to 200 % of the fixed remuneration in the case of one Management Board member, and to 100 % of the fixed remuneration in the case of two Management Board members. The ratio between the fixed and the variable components of the total remuneration of the Management Board stood at around 51 % to 49 % in the financial year under review.

In 2015, total compensation paid to Management Board Chairman (CEO) Helmut Wieser amounted to EUR 1,255,174 (of which variable: EUR 694,952). Total compensation paid in 2015 to Management Board member Dr. Helmut Kaufmann amounted to EUR 746,211 (of which variable: EUR 320,020). Total compensation paid in 2015 to Management Board member Gerald Mayer amounted to EUR 746,211 (of which variable: EUR 320,020).

A defined contribution pension scheme exists for all Management Board members. The expenses totalled EUR 112,750 (2014: EUR 106,600) and are contained in the disclosed Management Board remuneration.

A change of control clause exists for all Management Board members. In the event of termination of contract a settlement payment equivalent to the basic annual remuneration is payable for Helmut Wieser. The new contracts of Gerald Mayer und Dr. Helmut Kaufmann do not include this compensation claim any more.

D&O insurance (directors & officers insurance) exists, and its costs are covered by the company.

The principles of remuneration for members of the Supervisory Board are regulated in the articles of incorporation (section 13), which are published on the website.

In accordance with the resolution of the Annual General Meeting 2015, the remuneration for the Supervisory Board in the 2015 financial year including attendance fees was EUR 350,715. Of this amount, EUR 66,000 was attributable to Dr. Josef Krenner, EUR 33,762 to Dr. Hanno Bästlein, EUR 24,429 to Gerhard Falch, EUR 16,738 to Dr. Michael Junghans, EUR 46,000 to Dr. Franz Gasselsberger, EUR 23,500 to Otto Höfl, EUR 45,000 to Patrick F. Prügger, EUR 49,286 to Dr. Heinrich Schaller, EUR 23,000 to Prof. Sabine Seidler, and EUR 23,000 to Prof. Peter Uggowitzer.

In relation to the remuneration report for the Management and Supervisory boards, please also refer to the notes to the separate annual financial statements of AMAG Austria Metall AG.

Until March 31, 2015, a consulting agreement for supporting the completion of the site extension project "AMAG 2014" existed with Supervisory Board member Gerhard Falch, as Mr. Falch initiated the project together with his Management Board colleagues and supported it considerably during his time as CEO. The fee for this totalled EUR 37,514 for 2015.

DISCLOSURES ON THE INDEPENDENCE OF SUPERVISORY BOARD MEMBERS

With the exception of Gerhard Falch, all members of the Supervisory Board elected by the Annual General Meeting have confirmed that they view themselves as independent based on the criteria defined by the Supervisory Board (rule 53). The criteria defined by the Supervisory Board for independence largely correspond with Annex 1 of the Austrian Corporate Governance Code.

Due to the reduction in the free float to under 20 %, rule 54 is no longer applicable for AMAG.

SUPERVISORY BOARD COMMITTEES

The articles of incorporation empower the Supervisory Board to form committees from within its ranks and to define their tasks and rights. Committees can also be granted the right to decision-making. The employee representatives appointed to the Supervisory Board have the right to nominate members to Supervisory Board committees in line with the ratio specified in Section 110 (1) of the Austrian Work Organisation Act (ArbVG). This does not apply for 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 tasked with examining the consolidated financial statements as well as submitting a proposal for the selection of the auditor.

Members of the Audit Committee as of December 31, 2015:

- Patrick Prügger (Chairman and financial expert)
- Dr. Josef Krenner (Deputy Chairman)
- Dr. Hanno Bästlein
- Dr. Heinrich Schaller
- Maximilian 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 also has to provide its agreement to appointing and dismissing Group companies' managing directors.

Members of the Nomination Committee as of December 31, 2015:

- Dr. Josef Krenner (Chairman)
- Dr. Hanno Bästlein (Deputy Chairman)
- Patrick Prügger
- Dr. Heinrich Schaller
- Maximilian 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, 2015:

- Dr. Hanno Bästlein (Chairman)
- Dr. Josef Krenner (Deputy Chairman)
- Patrick Prügger
- Dr. Heinrich Schaller
- Maximilian Angermeier
- Robert Hofer

Remuneration Committee

The Remuneration Committee is responsible for drafting, concluding, amending and terminating employment agreements with Management Board members. Moreover, it regularly examines the remuneration policy and checks on the execution and enforcement of Management Board agreements.

Members of the Remuneration Committee as of December 31, 2015:

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

Committee for Urgent Matters

The Committee for Urgent Matters is authorised to make decisions which, due to particular urgency, cannot be postponed until the next ordinary Supervisory Board meeting.

Members of the Committee for Urgent Matters as of December 31, 2015:

- Dr. Josef Krenner (Chairman)
- Dr. Hanno Bästlein (Deputy Chairman)
- Gerhard Falch
- Dr. Heinrich Schaller
- Maximilian Angermeier
- Robert Hofer

NUMBER AND MAIN FOCUSES OF SUPERVISORY BOARD AND COMMITTEE MEETINGS

The Supervisory Board of AMAG Austria Metall AG carried out the tasks assigned to it according to the law and articles of incorporation in the 2015 financial year as part of five ordinary Supervisory Board meetings, including one constitutive meeting. In addition to the ongoing reporting on the current business and financial situation of the AMAG Group, these meetings especially addressed progress made with the "AMAG 2014" and "AMAG 2020" expansion projects. Further focus topics of the Supervisory meetings included extending the contracts of Management Board members Dr. Helmut Kaufmann (COO) and Gerald Mayer (CFO), the 2016 budget and medium-term planning up to 2025. At the constitutive Supervisory Board meetings, some of the members of the Audit, Nomination and Remuneration committees, as well as the Committee for Urgent Matters, were newly elected, and the new Strategy Committee was set up.

At its three meetings, the Audit Committee mainly focused on preparing and examining the consolidated and separate financial statements, the audit findings for 2014 and the audit planning of the auditor for 2015, as well as the effectiveness and functionality

of the internal control system, risk management and specific accounting issues.

The Remuneration Committee convened three times during the 2015 financial year. These meetings focused on discussions to agreed targets and extend contracts with Management Board members Dr. Helmut Kaufmann (COO) and Gerald Mayer (CFO).

The Nomination Committee also met three times in 2015. Focus points included Supervisory Board appointments and the reappointment of the two Management Board members, including corresponding proposed resolutions for the Supervisory Board.

At the one meeting that it held, the Strategy Committee concerned itself particularly with the "AMAG 2020" expansion project and AMAG's further strategic development, as well as developing overall strategic conditions.

EQUAL OPPORTUNITIES FOR WOMEN IN THE MANAGEMENT BOARD, SUPERVISORY BOARD AND LEADING POSITIONS

Prof. Sabine Seidler, Rector of Vienna University of Technology, became the first female member of the AMAG Supervisory Board in May 2012. The proportion of women in the AMAG Group was unchanged at 13 % in the 2015 financial year. The proportion of female apprentices reported a further increase in the 2015 financial year, and now stands at 30 % (2014: 24 %). No explicit "female quotas" exist at any of the AMAG Group companies. The continued low ratio compared to other industries is largely due to industry-specific reasons.

AMAG is committed to ensuring equal opportunities in the workplace and works hard to ensure that female employees or not disadvantaged in any way.

AUSTRIAN REGULATION ON COMPLIANCE FOR ISSUERS

According to the Stock Exchange Act and Austrian Regulation on Compliance for Issuers from the Financial Market Authority, a set of guidelines is in force concerning "the principles for the disclosure of information within the company as well as relevant organisational measures for avoiding the misuse of insider information". These guidelines are updated constantly.

A compliance officer and two deputies have been appointed, and they are responsible for the ongoing monitoring of adherence to

the relevant provisions and reporting directly to the Management Board as a whole on compliance issues.

The tasks of the compliance officer are also recorded in the AMAG internal control system and the execution of these tasks is regularly checked as part of this system. AMAG employees receive ongoing issuer compliance training.

Pursuant to the Stock Exchange Act and the Austrian Regulation on Compliance for Issuers, the dealings of Management and Supervisory board members in financial instruments of AMAG Austria Metall AG ("directors' dealings") are published on the AMAG website and the website of the Financial Market Authority (FMA).

No infringements of compliance provisions were identified in 2015.

CODE OF ETHICS

The company has set very high ethical standards. AMAG is conscious of its role as a leading company in Upper Austria, and the responsibility to society, business partners, employees and shareholders that this position entails. The Code of Ethics creates the framework for these standards, and it exists as an internal set of guidelines. It is published on the AMAG website.

Since 2013, a guideline for preventing corruption has also been in place. In an effort to prevent corrupt dealings within AMAG and to support employees in carrying out their work in a moral, legal and ethical manner, clear rules of behaviour have been defined.

AMAG has an internal control structure and an open corporate culture, so that in addition to adhering to the relevant legal provisions, infringements against internal guidelines should also therefore be avoided. Involvement in the company as part of the Employee Foundation boosts the loyalty of the company's employees and reinforces adherence to this behavioural code.

AMAG provides its employees with a communication channel in the form of a compliance line, which employees and business partners can use to report (potential) infringements. In 2015, as in previous years, no infringements were reported through the compliance infringement hotline.

MANAGEMENT BOARD COMPOSITION AS OF DECEMBER 31, 2015

Helmut Wieser

Management Board Chairman (Chief Executive Officer), born 1953, initial appointment as Management Board member: March 1, 2014, as Management Board Chairman (CEO): April 1, 2014, end of current contract: April 30, 2017, assigned Group functions allocated: Strategy and Group Communications, Investor Relations, Human Resources, Key Accounts Sales, Purchasing, Service and Infrastructure, member of the Supervisory Board of OJSC Novolipetsk Steel (NLMK), Russia, and of RAIN CII, the holding company of Rütgers GmbH, Belgium

Dr. Helmut Kaufmann

Chief Operating Officer, born 1963, appointed: February 18, 2011, initially appointed to predecessor company Austria Metall AG in September 2007, end of current contract: December 31, 2019, assigned Group functions: AMAG casting GmbH, AMAG rolling GmbH, Corporate Technology, Business Development, Sales and Marketing, Investment Planning, Occupational Safety, Commercial Law Management and Management Systems

Gerald Mayer

Chief Financial Officer, born 1971, appointed: February 18, 2011, initially appointed to predecessor company Austria Metall AG in November 2007, end of current contract: December 31, 2019, assigned Group functions: Finance, Controlling and Reporting, Financial Accounting, Information Technology, Legal, AMAG metal GmbH (Managing Director) and AMAG service GmbH (Managing Director until December 31, 2015)

SUPERVISORY BOARD COMPOSITION AS OF DECEMBER 31, 2015

Dr. Josef Krenner

Born 1952, Supervisory Board Chairman, respectively chairman of the Nomination and Remuneration committees as well as the Committee for Urgent Matters, first appointed: May 16, 2012, member of the Supervisory Board of B&C Industrieholding GmbH and Lenzing AG

Dr. Hanno Bästlein

Born 1963, first Deputy Supervisory Board Chairman, Strategy Committee Chairman and in each case Deputy Chairman of the Nomination and Remuneration committees, as well as the Committee for Urgent Matters, and member of the Audit Committee, initial appointment: April 10, 2014, member of the Supervisory Board of B&C Industrieholding GmbH, and in each case Supervisory Board Chairman Lenzing AG and VA Intertrading AG

Gerhard Falch

Born 1948, Deputy Chairman of the Supervisory Board, member of the Committee for Urgent Matters, first appointed: April 10, 2014, Chairman of the Supervisory Board of Energie AG OÖ, Chairman of the Supervisory Board of Asamer Baustoffe AG, Deputy Chairman of the Supervisory Board of VA Intertrading AG

Dr. Franz Gasselsberger

Born 1959, Supervisory Board member, initial appointment: May 16, 2012, Supervisory Board Chairman of Bank für Tirol und Vorarlberg AG, Deputy Supervisory Board Chairman of BKS Bank AG, Supervisory Board member of voestalpine AG and Lenzing AG, Management Board Chairman (CEO) and Director-General of Oberbank AG

Otto Höfl

Born 1946, member of the Supervisory Board, initial appointment: March 21, 2011, representative of the AMAG Arbeitnehmer Privatstiftung (AMAG Employees' Private Foundation)

Patrick F. Prügger

Born 1975, member of the Supervisory Board, Chairman of the Audit Committee (finance expert), member of the Strategy and Nomination committees, first appointed: May 16, 2012, member of the Supervisory Board of Lenzing AG and Semperit AG Holding, member of the management at B&C Industrieholding GmbH since 2011

Dr. Heinrich Schaller

Born 1959, Deputy Chairman of the Supervisory Board, respectively member of the Audit, Nomination and Strategy Committees, as well as the Committee for Urgent Matters, first appointed: May 16, 2012, Chairman of the Management Board of Raiffeisenlandesbank Oberösterreich AG since 2012, Deputy Chairman of the Supervisory Board of voestalpine AG and Raiffeisen Bank International AG

Prof. Sabine Seidler

Born 1961, member of the Supervisory Board: May 16, 2012, Rector of the Vienna University of Technology since 2011

Franz Viehböck

Born 1960, member of the Supervisory Board, initial appointment: April 16, 2015, member of the Management Board of Berndorf AG since 2008

WORKS COUNCIL DELEGATES

Max Angermeier

Born 1958, member of the Supervisory Board, respectively member of the Audit, Nomination and Strategy committees as well as member of the Committee for Urgent Matters, delegated: December 31, 2011, Group Works Council Chairman

Robert Hofer

Born 1977, member of the Supervisory Board, respectively member of the Audit, Nomination and Strategy committees as well as member of the Committee for Urgent Matters, delegated: December 31, 2011

Günter Mikula

Born 1966, member of the Supervisory Board, initial appointment: August 1, 2014

Herbert Schützeneder

Born 1957, member of the Supervisory Board, initial appointment: April 14, 2011