

Report of the Supervisory Board



Dear ladies and gentlemen,

In the 2016 financial year, the Supervisory Board performed the tasks incumbent upon it according to the law and the company's articles of incorporation, and in compliance with the Austrian Corporate Governance Code. The Management Board reported regularly to the Supervisory Board both verbally and in written form, promptly and comprehensively on all material developments within the company, its business policy, on the financial position and performance, investments, and other fundamental issues relating to corporate management and planning.

Between meetings, the Management Board informed the Supervisory Board constantly about important matters. Current specific topics and projects were discussed in regular conversations between the Management Board and the Supervisory Board Chairman.

The Supervisory Board of AMAG Austria Metall AG received the AREX award in the "listed companies" category in 2016. The AREX award for supervisory board excellence was arranged by Board Research, KPMG and Comgest, and reflects the performance and collaboration by the entire Supervisory Board.

Main topics of the meetings

The Supervisory Board of AMAG Austria Metall AG met on February 24, June 8, September 19 and November 17, 2016, in accordance with the obligations laid out by law and the articles of incorporation. These meetings included discussions with the Management Board on the course of business, and the Group's current performance and strategic development. In particular, regular reports were made concerning the progress achieved with the "AMAG 2014" and "AMAG 2020" large-scale investment projects. Future business policy, and future financial position and performance trends, were agreed as part of the forecast for 2017, as well as the medium-term planning through to 2026. The contract of Management Board Chairman Dipl.-Ing. Helmut Wieser (CEO) was extended for the period from January 1, 2016 until December 31, 2018. The Supervisory Board also concerned itself with the compliance officer's annual activity report, and with anticorruption measures and the Supervisory Board's self-assessment.

Moreover, the Supervisory Board of AMAG Austria Metall AG reconstituted itself at its April 12, 2016 meeting. Some of the members of the Strategy Committee were newly elected. The members of the Audit, Nomination and Remuneration committees, as well as of the Committee for Urgent Matters, were re-elected on an unchanged basis.

Supervisory Board and committees

The corporate governance report provides further information about the composition and working methodology of the Supervisory Board, and its remuneration.

The Remuneration Committee of the Supervisory Board of AMAG Austria Metall AG met three times during the reporting year. Representatives of the auditor also attended these meetings in order to report on their activities and findings by way of a management letter. In addition, specific accounting topics were discussed in the presence of the auditor. Along with examining and preparing the approval of the separate and consolidated annual financial statements, the Audit Committee also concerned itself with the additional tasks pursuant to Section 92 (4a) of the Austrian Stock Corporation Act (AktG). In particular, the functioning and efficacy of the internal controlling, auditing and risk management system were subjected to critical scrutiny and monitoring. The results were subsequently discussed with the plenary Supervisory Board.

The Nomination Committee of AMAG Austria Metall AG met once during the year under review. It concerned itself with the CEO's reappointment, submitting corresponding resolution proposals to the Supervisory Board.

The Remuneration Committee of AMAG Austria Metall AG met three times during the reporting year. Target agreements with the Management Board were handled in depth. The Remuneration Committee also concern itself with extending the contract of Management Board Chairman Dipl.-Ing. Helmut Wieser (CEO).

The Strategy Committee met once during the year under review, and concerned itself particularly with an update to strategy implementation in the "AMAG 2020" project and the further strategic development of AMAG Austria Metall AG. The results were subsequently discussed with the plenary Supervisory Board.

Corporate governance

The Supervisory Board of AMAG is committed to adhering to the Austrian Corporate Governance Code, and consequently to responsible corporate governance and control systems designed to deliver sustainable value creation. A summary of activities in this area is presented in the corporate governance section in this annual report and on the website.

Audit and approval of the 2016 annual financial statements

The separate annual financial statements, management report and corporate governance report of AMAG Austria Metall AG prepared by the Management Board, as well as the consolidated financial statements prepared in line with the International Financial Reporting Standards (IFRS), the Group management report as of December 31, 2016, and the disclosures required pursuant to Section 245a of the Austrian Commercial Code (UGB), were audited by auditors Deloitte Audit Wirtschaftsprüfungs GmbH (appointed pursuant to Section 270 UGB), and awarded an unqualified audit opinion. The Supervisory Board, in the auditor's presence, examined in the meaning of Section 96 of the Austrian Stock Corporation Act (AktG) the separate and consolidated annual financial statements, the management report and Group management report as well as the corporate governance report, the proposal for the distribution of profit, and the management letter with the audit findings, and approved them on February 27, 2017. The Supervisory Board concurs with the Management Board's proposal for the application of profits, whereby a dividend of EUR 1.20 per dividend-entitled share is to be distributed, with the remaining amount to be carried forward to a new account. The separate annual financial statements have thereby been adopted pursuant to Section 96 (4) of the Austrian Stock Corporation Act (AktG).

Thanks

The Supervisory Board would like to express its thanks and recognition for the hard work of the Management Board as well as all employees at AMAG. Without their personal input, the gratifying results would not have been possible within an economic environment that not always proved to be easy.

We also appreciate the trust and close connections that we enjoy with our shareholders, customers, suppliers and lenders, and look forward to our further successful cooperation.

Ranshofen, February 27, 2017



Dr. Josef Krenner
Chairman of the Supervisory Board