

# Report of the Supervisory Board



Dear reader,

In the 2017 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 consistently informed the Supervisory Board about important matters, with resolutions concerning matters of urgency being passed by way of written circular. Current specific topics and projects were discussed in regular conversations between the Management

Board and the Supervisory Board Chairman.

## Main topics of the meetings

The Supervisory Board of AMAG Austria Metall AG met on February 27, April 19, June 22, September 18 and November 29, 2017, in accordance with the obligations imposed 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 issued on progress made with the large-scale "AMAG 2020" investment project, which was commissioned in June. Investments for the continuous development of the site were also approved as well as a strategy for digitalisation. Future business policy, and future financial position and performance trends, were agreed as part of the forecast for 2018, as well as the medium-term planning through to 2027. Sales subsidiaries in Eastern Europe and in China were founded to strengthen international sales. New managing directors have been appointed for AMAG service GmbH and for AMAG rolling GmbH as of January 1, 2018. The Supervisory Board also concerned itself with the issuer compliance officer's annual activity report, and with anti-corruption measures as well as with the Supervisory Board's self-assessment.

Moreover, the Supervisory Board of AMAG Austria Metall AG reconstituted itself at its April 19, 2017 meeting. The members of the Audit, Nomination, Remuneration and Strategy committees, as well as 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 convened three times during the 2017 reporting year. Representatives of the auditor also attended these meetings to report on their activities and the content of the management letter. In addition, specific accounting topics were discussed in the auditor's presence. 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 was critically scrutinised and monitored. The Audit Committee was also concerned with the structuring of the non-financial statement. The results were subsequently discussed with the plenary Supervisory Board.

The Nomination Committee of AMAG Austria Metall AG met twice during the year under review. It concerned itself with the election of Supervisory Board members and submitted corresponding proposed resolutions to the AGM. The Committee was also engaged with the appointment of managing directors.

The Remuneration Committee of AMAG Austria Metall AG met twice during the reporting year. Target agreements with the Management Board were handled in depth.

The Strategy Committee convened twice during the year under review, and concerned itself particularly with an update to strategy implementation in the "AMAG 2020" project, market-related topics 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 of AMAG.

## Audit and approval of the 2017 annual financial statements

The Management Board prepared the separate annual financial statements, the separate management report, the consolidated financial statements according to International Financial Reporting Standards (IFRS), the Group management report as of December 31, 2017, including the non-financial statement, and the disclosures required pursuant to Section 245a of the Austrian Commercial Code (UGB), which Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. (appointed pursuant to Section 270 UGB) audited and awarded an unqualified audit opinion. Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. also audited the corporate governance report. The result of this audit showed that the statement that AMAG Austria Metall AG issued with regard to compliance with the Corporate Governance Code in the version dated January 2015 corresponds to actual circumstances. 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, including the non-financial statement, 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 26, 2018. 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. Due to their personal contributions and commitment, AMAG continued on its growth path and set new records in the company's history in many areas.

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 26, 2018



Dr. Josef Krenner  
Chairman of the Supervisory Board