

Report of the Supervisory Board



Dear shareholder,

in 2013 the Supervisory Board discharged the duties incumbent on it by virtue of the law and the Group's articles of association, in compliance with the Austrian Code of Corporate Governance. It received regular, timely and comprehensive reports from the Management Board, both written and oral, on all major developments at the Group, as well as operating policies, earnings, financing, investments and other key managerial and planning-related matters.

Between meetings, the Management Board provided the Supervisory Board with ongoing reports on significant events. Circular resolutions were adopted in urgent cases. The Management Board and the Chairman of the Supervisory Board held regular discussions of topical issues and projects.

Focus of meetings

During the reporting period, and in accordance with the legal requirements and its obligations under the Group's articles of association, the AMAG Austria Metall AG Supervisory Board met on 28 February, 27 June, 19 September and 21 November 2013. These meetings included discussions with the Management Board on the course of business, and the Group's current performance and strategic development.

In its first meeting of the year, held on 28 February 2013, the Supervisory Board adopted the AMAG Austria Metall AG annual financial statements for the year to 31 December 2012, as well as acknowledging the report of the Management Board, the auditors' report, the report of the Audit Committee pursuant to section 92(4a)(5) *Aktiengesetz* [Austrian Companies Act] on the auditors' opinion, the consolidated financial statements and the corporate governance report. The dividend recommendation based on the profit for the 2012 financial year was also approved. The annual report on the activities of the compliance officers was likewise acknowledged and an amendment made to the Group's articles of association. The Supervisory Board also addressed the takeover bid submitted by B&C. The Board adopted a statement on the bid in March 2013 by way of a circular resolution.

A number of new members were elected to the Audit, Nomination and Remuneration Committees during the meeting of 27 June 2013. In addition to identifying further strategic options as part of the presentation of the AMAG 2020 strategic project, the Supervisory Board handled matters relating to issuer compliance, combating corruption, technical risk management and the revision of the metal management guidelines. This was followed by a report on the audit projects carried out in 2012. The Board members gained an impression of the excellent progress made in implementing the AMAG 2014 expansion programme in the course of a site inspection.

On 19 September 2013 the Board approved the appointment of Helmut Wieser to the Management Board with effect from 1 March 2014 and his appointment as Management Board Chairman with effect from 1 April 2014. He succeeds Gerhard Falch, who is retiring. The Supervisory Board also adopted the metal management guidelines, as well as examining the strategic options related to the AMAG 2020 project. The extended Supervisory Board addressed matters brought up by the Audit Committee.

The final meeting of the reporting period, held on 21 November 2013, was concerned with future operating policies, as well as the development of assets, finances and earnings by way of a pro forma statement for 2014. The medium-term

plan for the period to 2018 was also approved. Additionally, the Supervisory Board dealt with the status of the pre-audit of the annual financial statements, progress made on the AMAG 2020 strategy project and the results of a self-assessment carried out by the Board.

Supervisory Board and committees

The composition of the AMAG Austria Metall AG Supervisory Board has remained unchanged since 16 May 2012. The members of the Board are Josef Krenner (Chairman), Michael Junghans (Deputy Chairman), Franz Gasselsberger, Otto Höfl, Patrick Prügger, Heinrich Schaller, Sabine Seidler and Peter Uggowitz. The employee representatives on the Supervisory Board are Maximilian Angermeier, Robert Hofer, Herbert Schützeneder and Georg Schreiner.

The Audit Committee of the AMAG Austria Metall AG Supervisory Board met three times during the reporting period – on 7 February, 28 February and 19 September. Representatives of the auditor also attended these meetings in order to report on their activities and findings by way of a management letter. The Audit Committee obtained a declaration of impartiality from the auditor and following a vote the auditor was appointed for the 2013 financial year. Agreement was reached with the auditor on the focus for the audit and on the auditor's fees, and a number of accounting-related matters were discussed in the presence of the auditor. The functions and effectiveness of the internal control and risk management system were examined in detail.

The following matters were dealt with during the two meetings held in February 2013:

- The financial statements for the year ended 31 December 2012 in accordance with the *Unternehmensgesetzbuch* (Austrian Business Code), the consolidated financial statements for the year ended 31 December 2012 in accordance with the International Financial Reporting Standards (IFRS), and the report of the Management Board and the auditors' report on the AMAG Austria Metall AG annual financial statements for the year ended 31 December 2012
- The report of the Audit Committee to the Supervisory Board pursuant to section 92(4a)(5) Companies Act on the auditors' opinion, including the dividend recommendation
- The auditors' report on the assessment of the risk management system

The current Audit Committee was appointed in the course of the Supervisory Board meeting of 27 June 2013. The Committee comprises Josef Krenner (Chairman), Michael Junghans (Deputy Chairman), Patrick Prügger (finance expert), Franz Gasselsberger and Heinrich Schaller, as well as the employee representatives Maximilian Angermeier and Robert Hofer. The plans for the audit for the 2013 financial year were discussed at the Audit Committee meeting held on 19 September 2013. A detailed analysis of the internal control and risk management systems was also carried out. Furthermore, the implementation of measures specified in the management letter and the status of the 2013 internal audit were dealt with, as was the internal audit plan for 2014.

At its meeting on 19 September 2013, the Nomination Committee advised the Supervisory Board and submitted corresponding proposals on the appointment of the new Management Board Chairman.

On 28 February 2013 the Remuneration Committee carried out a detailed examination of the results of discussions on the performance agreement. The Remuneration Committee meeting of 19 September 2013 dealt with the formulation of the contract for the new Management Board Chairman.

Corporate Governance

The AMAG Supervisory Board is committed to compliance with the Austrian Code of Corporate Governance, and consequently to management and control systems aimed at achieving responsible and sustainable growth in shareholder value. A detailed overview of our activities in this regard can be found in chapter on corporate governance below and in the corporate governance section of the AMAG website.

Audit and approval of the 2013 annual financial statements

The annual financial statements, operational and financial review, and corporate governance report prepared by the AMAG Management Board, and the consolidated annual financial statements, consolidated operational and financial review for the year ended 31 December 2013 prepared in accordance with IFRS, as well as the disclosures pursuant to section 245a Austrian Business Code were granted an unqualified audit certificate by Deloitte Audit Wirtschaftsprüfungs GmbH, the auditors appointed under section 270 Austrian Business Code. The Supervisory Board analysed the annual and consolidated annual financial statements, the operational and financial and the consolidated operational and financial report, the corporate governance report, the dividend recommendation and the management letter including the audit findings, examined them in the meaning of section 96 Companies Act, and approved them on 27 February 2014. The Supervisory Board concurs with the Management Board's dividend recommendation, and a dividend of 0.60 EUR per participating share, with the remaining amount carried forward to new account. The annual financial statements are thereby approved in accordance with section 96(4) Companies Act.

Thanks to Board members and employees

The Supervisory Board would like to express its gratitude and appreciation for the efforts of the Management Board and all AMAG employees. Without your dedication and support it would not have been possible to have achieved such gratifying results during the financial year, particularly in light of the often challenging economic climate. We also value the confidence placed in us by our customers, suppliers, creditors and shareholders, and look forward to extending our close relations with them.

Ranshofen, February 27, 2014



Josef Krenner

Chairman of the Supervisory Board

Composition of the Supervisory Board

The Company

Josef Krenner

Born: 1952

Chairman of the Supervisory Board
Chairman of the Audit, Nomination and
Remuneration Committees

Date of initial appointment: 16 May 2012

Heinrich Schaller

Born: 1959

Member of the Supervisory Board
Member of the Audit, Nomination and
Remuneration Committees

Date of initial appointment: 16 May 2012

Michael Junghans

Born: 1967

Deputy Chairman of the Supervisory Board
Deputy Chairman of the Audit, Nomination
and Remuneration Committees

Date of initial appointment: 16 May 2012

Sabine Seidler

Born: 1961

Member of the Supervisory Board
Member of the Nomination and Remuneration Committees (until 27 June 2013)

Date of initial appointment: 16 May 2012

Franz Gasselsberger

Born: 1959

Member of the Supervisory Board
Member of the Audit, Nomination and Remuneration Committees (since 27 June 2013)

Date of initial appointment: 16 May 2012

Peter Uggowitz

Born: 1950

Member of the Supervisory Board
Date of initial appointment: 21 March 2011
Date of re-appointment: 16 May 2012

Otto Höfl

Born: 1946

Member of the Supervisory Board
Date of appointment: 21 March 2011
Date of re-appointment: 16 May 2012

Max Angermeier

Born: 1958

Member of the Supervisory Board
Member of the Audit and Nomination Committees
Date of delegation: 14 April 2011

Patrick F. Prügger

Born: 1975

Member of the Supervisory Board
Member of the audit committee
(financial expert)
first appointed: May 16, 2012

Robert Hofer

Born: 1977

Member of the Supervisory Board
Member of the Audit and Nomination Committees
Date of delegation: 31 December 2011

Georg Schreiner

Born: 1954

Member of the Supervisory Board
Date of delegation: 14 April 2011

Herbert Schützeneder

Born: 1957

Member of the Supervisory Board
Date of delegation: 14 April 2011