

# SUPERVISORY BOARD REPORT

Dear ladies and gentlemen,



In the 2019 financial year, the Supervisory Board performed with great care 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 constantly 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. Individual issues were dealt with in detail in the committees set up by the Supervisory Board, which in turn reported to the full Supervisory Board on their activities.

## MAIN TOPICS OF THE MEETINGS

The Supervisory Board of AMAG Austria Metall AG met on February 27, April 10, June 12, September 18, October 30 and November 27, 2019, 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 as well as the Group's current performance and strategic development. Regular reports were made on the ramp-up of the large-scale "AMAG 2020" investment, which was commissioned in 2017. Investments for the continuous development of the site were also approved. In particular, a concept for the further strategic orientation of the company was developed by the Strategy Committee and approved by the Supervisory Board. In addition, the Supervisory Board was concerned

with the company's personnel development as well as with matters in relation to research & development and digitalisation. At the meeting on February 27, 2019, Victor Breguncci was appointed as the new Chief Sales Officer from June 1, 2019 until May 31, 2022. The rules of business procedure for the Management Board and the organisational structure were adjusted accordingly. At the meeting on June 12, 2019, the founding of the company coilDNA GmbH was approved. Future business policy, and future financial position and performance trends, were agreed as part of the planning for 2020, as well as the medium-term planning through to 2024. The Supervisory Board also concerned itself with the issuer compliance officer's annual activity report, as well as with the Supervisory Board's self-assessment and with the audit of the non-financial statement. In addition, a strategic option was discussed in detail at the extraordinary meeting held on October 30, 2019.

The Supervisory Board of AMAG Austria Metall AG was reconstituted at the April 10, 2019 meeting. Both the Chairman of the Supervisory Board and his deputies were newly elected. The members of the Audit, Nomination, Remuneration and Strategy committees, as well as the Committee for Urgent Matters, were also newly elected.

## 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 held three meetings during the 2019 reporting year. Representatives of the auditor also attended these meetings to report on their activities. 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 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 critically scrutinised and monitored. 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, and discussed the appointment of Victor Breguncci as the new Chief Sales Officer as well as the election proposals to the Supervisory Board, and made corresponding proposals for resolutions.

The Remuneration Committee of AMAG Austria Metall AG met twice during the reporting year. Target agreements with the Management Board were dealt with in depth. The Remuneration Committee was also concerned with structuring of the Management Board agreement for Victor Breguncci.

The Strategy Committee met three times during the year under review, and concerned itself particularly with market-related topics and the further strategic development of AMAG Austria Metall AG. The strategy concept that has been developed was subsequently discussed and approved by the entire Supervisory Board.

## CORPORATE GOVERNANCE

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The Supervisory Board of AMAG is committed to complying with 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 2019 ANNUAL FINANCIAL STATEMENTS

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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, 2019, 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. The Supervisory Board, in the auditor's

presence, examined in the meaning of Section 96 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 and the proposal for the distribution of profit with the audit findings, and approved them on February 26, 2020. 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. The separate annual financial statements have thereby been adopted pursuant to Section 96 (4) AktG. Due to the perceptible effects and uncertainties resulting from the COVID-19-pandemic, the Management Board has now decided to adapt the proposal for the application of profits accordingly, whereby a dividend of EUR 0.50 per dividend-entitled share is to be distributed. The Supervisory Board agrees with the changed proposal for the application of profits.

## THANKS

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The Supervisory Board would like to express its thanks and recognition for the hard work of the Management Board and of all employees at AMAG. Thanks to their personal commitment, AMAG has been able to continue on its growth path.

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, June 17, 2020



Dipl.-Ing. Herbert Ortner

Chairman of the Supervisory Board