

Corporate Governance Report

Commitment to the Austrian Corporate Governance Code

The Austrian Corporate Governance Code provides Austrian stock corporations with a framework for managing and monitoring their company. The Code aims to establish a system of management and control of companies and Groups that is accountable and geared to creating sustainable, long-term value. It is designed to increase the degree of transparency for all stakeholders of a company.

The Code is based on the provisions of Austrian stock corporation, stock exchange, and capital market law, the EU recommendations regarding the responsibilities of members of Supervisory Boards and the compensation of company directors as well as the OECD Principles of Corporate Governance. Since 2002, the Code has undergone a number of revisions. The present Corporate Governance Report is based on the most recent amendment of the Code, which was adopted in January 2015. The Code can be accessed by the public at www.corporate-governance.at.

The Code achieves validity when companies voluntarily undertake to adhere to it. The Management Board and the Supervisory Board of voestalpine AG recognized the Corporate Governance Code in 2003 and have also accepted and implemented the amendments introduced since that

date. voestalpine AG has thus committed itself to comply with the most recent version, as amended, of the Austrian Corporate Governance Code.

In addition to the mandatory "L rules," the Company also complies with all of the "C rules" and "R rules" of the Code.¹

External evaluation of compliance with the Corporate Governance Code

The Corporate Governance Code provides for a regular external evaluation of the Company's compliance with the Code. This evaluation was carried out by the Group's auditor during the audit of the 2014/15 financial statements (audit pursuant to Rule 62 of the Corporate Governance Code). The review of compliance with the rules of the Code regarding the audit (Rules 77 to 83) was conducted by the law firm WOLF THEISS Rechtsanwälte GmbH & Co KG. As a result of this evaluation, the auditors have determined that the declaration given by voestalpine AG with regard to compliance with the January 2015 version of the Corporate Governance Code conforms to the actual conditions and/or facts.

- The external review report may be viewed on the website at www.voestalpine.com.

¹ The Corporate Governance Code contains the following rules: "L rules" (= Legal) are measures prescribed by law; "C rules" (= Comply or Explain) must be justified in the event of non-compliance; "R rules" (= Recommendations) are recommendations.

Composition of the Management Board

<p>■ Dr. Wolfgang Eder Born 1952</p>	<p>Member of the Management Board since 1995; Chairman of the Management Board since 2004; End of the current term of office: March 31, 2019; Member of the Supervisory Board of Oberbank AG, Linz</p>	<p>Head of the Steel Division (until September 2014) <i>Assigned areas of responsibility:</i> Corporate Development, including Raw Materials Strategy; R&D and Innovation Strategy; Corporate Human Resources; Corporate Communications and Corporate Image; Compliance; Legal Department; M&A; Strategic Environmental Management; Investor Relations; Internal Auditing</p>
<p>■ Dipl.-Ing. Herbert Eibensteiner Born 1963</p>	<p>Member of the Management Board since 2012; End of the current term of office: March 31, 2019</p>	<p>Head of the Metal Forming Division (until September 2014) Head of the Steel Division (since October 2014) <i>Assigned area of responsibility:</i> Information Technology</p>
<p>■ Dipl.-Ing. Dr. Franz Kainersdorfer Born 1967</p>	<p>Member of the Management Board since 2011; End of the current term of office: March 31, 2019; Member of the Supervisory Board of VA Erzberg GmbH</p>	<p>Head of the Metal Engineering Division <i>Assigned areas of responsibility:</i> Procurement Strategy (until March 2015); Long-term energy supply of the Group (since April 2015)</p>
<p>■ Mag. Dipl.-Ing. Robert Ottel, MBA Born 1967</p>	<p>Member of the Management Board since 2004; End of the current term of office: March 31, 2019; Deputy Chairman of the Supervisory Board of APK-Pensionskasse AG, Vienna; Member of the Supervisory Board of Josef Manner & Comp. AG, Vienna; Member of the Supervisory Board of CEESEG AG; Member of the Supervisory Board of Wiener Börse AG</p>	<p>CFO <i>Assigned areas of responsibility:</i> Corporate Accounting and Reporting; Controlling, including Investment Controlling; Group Treasury; Taxes; Management Information Systems; Risk Management</p>
<p>■ Dipl.-Ing. Franz Rotter Born 1957</p>	<p>Member of the Management Board since 2011; End of the current term of office: March 31, 2019</p>	<p>Head of the Special Steel Division <i>Assigned areas of responsibility:</i> Long-term development of new products and markets (until March 2015); Procurement Strategy (since April 2015); Health & Safety (since April 2015)</p>
<p>■ Dipl.-Ing. Dr. Peter Schwab, MBA Born 1964</p>	<p>Member of the Management Board since October 2014; End of the current term of office: March 31, 2019</p>	<p>Head of the Metal Forming Division (since October 2014)</p>

Composition of the Supervisory Board

<p>■ Dr. Joachim Lemppenau Born 1942</p>	<p>Chairman of the Supervisory Board (since July 1, 2004) Initial appointment: July 7, 1999 Former Chairman of the Management Board of Volksfürsorge Versicherungsgruppe, Hamburg</p>
<p>■ Dr. Heinrich Schaller Born 1959</p>	<p>Deputy Chairman of the Supervisory Board Initial appointment: July 4, 2012 CEO of Raiffeisenlandesbank Oberösterreich AG, Linz 2nd Deputy Chairman of the Supervisory Board of Raiffeisen Bank International AG, Vienna Member of the Supervisory Board of AMAG Austria Metall AG, Braunau-Ranshofen</p>
<p>■ KR Dr. Franz Gasselsberger, MBA Born 1959</p>	<p>Member of the Supervisory Board Initial appointment: July 1, 2004 Managing Director of Oberbank AG, Linz Chairman of the Supervisory Board of Bank für Tirol und Vorarlberg Aktiengesellschaft, Innsbruck Deputy Chairman of the Supervisory Board of BKS Bank AG, Klagenfurt Member of the Supervisory Board of AMAG Austria Metall AG, Braunau-Ranshofen Member of the Supervisory Board of Lenzing AG, Lenzing</p>
<p>■ Dr. Hans-Peter Hagen Born 1959</p>	<p>Member of the Supervisory Board Initial appointment: July 4, 2007 CEO of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, Vienna</p>
<p>■ Dr. Josef Krenner Born 1952</p>	<p>Member of the Supervisory Board (until July 2, 2014) Initial appointment: July 1, 2004 Head of the Directorate of Finance of the Federal State of Upper Austria, Linz Chairman of the Supervisory Board of AMAG Austria Metall AG, Braunau-Ranshofen Member of the Supervisory Board of Lenzing AG, Lenzing</p>
<p>■ Dr. Michael Kutschera, MCJ. (NYU) Born 1957</p>	<p>Member of the Supervisory Board Initial appointment: July 1, 2004 Attorney at law; partner at Binder Grösswang Rechtsanwälte GmbH, Vienna</p>
<p>■ Prof. (em) Dr. Helga Nowotny, Ph.D. Born 1937</p>	<p>Member of the Supervisory Board (since July 2, 2014) Initial appointment: July 2, 2014 Former President of the European Research Council</p>
<p>■ Mag. Dr. Josef Peischer Born 1946</p>	<p>Member of the Supervisory Board Initial appointment: July 1, 2004 Former Director of the Chamber of Workers and Employees for Upper Austria, Linz</p>
<p>■ Dipl.-Ing. Dr. Michael Schwarzkopf Born 1961</p>	<p>Member of the Supervisory Board Initial appointment: July 1, 2004 CEO of Plansee Holding AG, Reutte Member of the Supervisory Board of Mayr-Melnhof Karton AG, Vienna Member of the Board of Directors of Molibdenos y Metales S.A., Santiago, Chile Member of the Board of Directors of Molycorp, Inc., Denver, Colorado/USA</p>

Delegated by the Works Council:

<ul style="list-style-type: none"> ■ Josef Gritz Born 1959 	<p>Member of the Supervisory Board Initially delegated: January 1, 2000 Chairman of the Works Council for Wage Earners of voestalpine Stahl Donawitz GmbH & Co KG, Donawitz</p>
<ul style="list-style-type: none"> ■ Brigitta Rabler Born 1959 	<p>Member of the Supervisory Board Initially delegated: May 1, 2013 Chairwoman of the Works Council for Salaried Employees of voestalpine AG, Linz</p>
<ul style="list-style-type: none"> ■ Hans-Karl Schaller Born 1960 	<p>Member of the Supervisory Board Initially delegated: September 1, 2005 Chairman of the Group Works Council of voestalpine AG, Linz Chairman of the European Works Council of voestalpine AG, Linz</p>
<ul style="list-style-type: none"> ■ Gerhard Scheidreiter Born 1964 	<p>Member of the Supervisory Board Initially delegated: January 1, 2012 Chairman of the Works Council for Wage Earners of BÖHLER Edelstahl GmbH & Co KG, Kapfenberg</p>

All Supervisory Board positions held by shareholders' representatives terminate as of the close of the Annual General Meeting of voestalpine AG, which adopts resolutions relative to the business year 2018/19.

One member of the Supervisory Board missed more than one Supervisory Board meeting during the last business year.

Compensation report for Management Board and Supervisory Board

Management Board

The fixed compensation of the Management Board is determined by the General Committee of the Supervisory Board pursuant to the Austrian legal situation and is reviewed periodically.

The award of a bonus is subject to a target agreement to be concluded with the General Committee of the Supervisory Board and consisting of quantitative and qualitative targets. The maximum bonus is limited to 200% of the annual gross salary for members of the Management Board and to 250% of the annual gross salary for the Chairman of the Management Board. If the

agreed target values for quantitative targets are achieved exactly, 60% of the maximum bonus applies; if the agreed target values for qualitative targets are achieved, 20% of the maximum bonus applies. The over-achievement of the targets is taken into consideration proportionately until the maximum bonus is reached. The target amounts for the quantitative targets are EBIT and the return on capital employed (ROCE). Specific target amounts are determined periodically (for a period of three years) by the General Committee of the Supervisory Board in consultation with the Management Board. Its basis of calculation is independent of the respective budget and the three-year medium-term business plan, i.e., budget compliance does not mean achieving a bonus. Qualitative targets agreed in the business year 2014/15 were first, the presentation of a concept for long-term, cost-efficient raw materials procurement for the Group and, second, a cost-savings target that will apply for the next three years and that anticipates a savings target of EUR 275 million for 2014/15.

The amount of the contractually approved company pension depends on the length of service for members of the Management Board Dr. Eder, Mag. Dipl.-Ing. Ottel, and Dipl.-Ing. Eibensteiner.

The amount of the annual pension equals 1.2% of the last annual gross salary for each year of service. The pension benefit cannot exceed 40% of the last annual gross salary (without variable compensation). A defined contribution arrangement was made with the members of the Management Board Dipl.-Ing. Rotter, Dipl.-Ing. Dr. Kainersdorfer, and Dipl.-Ing. Dr. Schwab; whereby 15% of their annual gross salary (without bonuses) is paid by the Company into the pension fund.

The members of the Management Board receive severance benefits at the time of termination of their employment by way of analogous application of the Salaried Employees Act (*Angestelltengesetz*).

For the members of the Management Board (as well as for executives) and for the members of the Supervisory Board there is a D&O insurance, the costs of which amounting to EUR 0.1 million (2013/14: EUR 0.1 million) are borne by the entity.

The compensation paid to the members of the Management Board of voestalpine AG is comprised as follows for the business year 2014/15:

	Current fixed compensation	Current variable compensation	Total
Dr. Wolfgang Eder	0.97	1.68	2.65
Dipl.-Ing. Herbert Eibensteiner	0.72	1.05	1.77
Dipl.-Ing. Dr. Franz Kainersdorfer	0.72	0.99	1.71
Mag. Dipl.-Ing. Robert Ottel	0.72	0.99	1.71
Dipl.-Ing. Franz Rotter	0.72	0.99	1.71
Dipl.-Ing. Dr. Peter Schwab (as of 10/01/2014)	0.22	0.30	0.52
2014/15	4.07	6.00	10.07
2013/14	3.43	5.39	8.82

In millions of euros

It should be noted that Dipl.-Ing. Eibensteiner's variable compensation for the business year 2014/15 includes a long-service bonus of EUR 0.06 million as he has been with the company for 25 years.

In addition to the remuneration in accordance with the above table, the following service costs (personnel expenses) are recognized in the consolidated financial statements for members of the Management Board with defined benefit pension agreements: Dr. Eder EUR 0.00 million (2013/14:

EUR 0.00 million), Mag. Dipl.-Ing. Ottel EUR 0.19 million (2013/14: EUR 0.17 million), and Dipl.-Ing. Eibensteiner EUR 0.17 million (2013/14: EUR 0.11 million). The following additional pension costs are recognized in the consolidated financial statements for members of the Management Board with defined contribution pension agreements: Dipl.-Ing. Rotter EUR 0.11 million (2013/14: EUR 0.09 million), Dipl.-Ing. Dr. Kainersdorfer EUR 0.11 million (2013/14: EUR 0.09 million), and Dipl.-Ing. Dr. Schwab EUR 0.03 million (as of October 1, 2014 member

of the Management Board). Pension payments amounting to EUR 0.74 million (2013/14: EUR 0.71 million) were paid by the pension fund for former members of the Management Board with defined benefit pension agreements.

At the reporting date, the outstanding balance of the variable compensation was EUR 4.91 million (2013/14: EUR 3.90 million). No advances or loans were granted to the members of the Management Board of voestalpine AG.

Directors' dealings notices of the members of the Management Board are published on the website of the Austrian Financial Market Authority at www.fma.gv.at.

Supervisory Board

Under Sec. 15 of the Articles of Incorporation, the members of the Supervisory Board of voestalpine AG receive 0.1% of the profit for the period reported in the approved consolidated financial statements as compensation. The total amount is distributed in accordance with an allocation key as follows: 100% for the Chairman, 75% for the Vice-Chairman, and 50% for all other members, with a minimum compensation of EUR 20,000 for the Chairman, EUR 15,000 for the Vice-Chairman, and EUR 10,000 for all other members of the Supervisory Board. Compensation is limited to a multiple of four times the stated amounts. Additionally, members of the Supervisory Board receive an attendance honorarium amounting to EUR 500 per Supervisory Board meeting.

According to this regulation, the shareholders' representatives on the Supervisory Board received the following compensation for the business year 2014/15: Dr. Joachim Lemppenau (Chairman): EUR 80,000 (2013/14: EUR 80,000); Dr. Heinrich Schaller (Vice-Chairman): EUR

60,000 (2013/14: EUR 60,000); Dr. Josef Krenner (member until July 2, 2014): 10,000. EUR (2013/14: 40,000 EUR), Univ.-Prof. (em) Dr. Helga Nowotny (member as of July 2, 2014): 30,000 EUR (2013/14: 0 EUR), all other shareholders' representatives: EUR 40,000 (2013/14: EUR 40,000). The members of the Supervisory Board nominated by the Works Council do not receive any compensation.

The annual compensation of members of the Supervisory Board and the mode of calculation have been definitively regulated by the Articles of Incorporation since the 2006 Annual General Meeting and do not require a separate resolution by the Annual General Meeting every year.

The compensation of the Supervisory Board (incl. attendance honorarium) totaled EUR 0.4 million (2013/14: EUR 0.4 million) in the business year 2014/15. Payment of the compensation of the Supervisory Board for the business year 2014/15 is carried out at the latest 14 days after the Annual General Meeting on July 1, 2015. No advances or loans were granted to members of the Supervisory Board of voestalpine AG.

Directors' dealings notices of the members of the Supervisory Board are published on the website of the Austrian Financial Market Authority at www.fma.gv.at.

As legal counsel to voestalpine AG and its subsidiaries, the law firm Binder Grösswang Rechtsanwälte GmbH, of which Dr. Michael Kutschera (member of the Supervisory Board) is a partner, provided legal advisory services relative to matters concerning data protection law and corporate law issues in the reporting period 2014/15. Fees for these matters were invoiced at the general hourly rates of the law firm of Binder Grösswang Rechtsanwälte GmbH applicable at the time.

For the business year 2014/15, total net fees of EUR 55,480.00 (2013/14: EUR 102,483.67) were incurred for services provided by the law firm of Binder Grösswang Rechtsanwälte GmbH.

Information regarding the independence of the members of the Supervisory Board

All of the members elected to the Supervisory Board by the Annual General Shareholders' Meeting have confirmed that they consider themselves to be independent based on the criteria defined by the Supervisory Board (Corporate Governance Code, Rule 53). The criteria for independence defined by the Supervisory Board may be viewed on the website www.voestalpine.com and correspond largely to Appendix 1 of the Corporate Governance Code. Furthermore, with the exception of Dr. Heinrich Schaller, who represents the shareholder Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG, and Dr. Peischer, who represents the voestalpine Mitarbeiterbeteiligung Privatstiftung, none of the members elected to the Supervisory Board by the Annual General Shareholders' Meeting are shareholders with an investment of more than 10% or represent the interests of such shareholders (Rule 54).

Committees of the Supervisory Board

The Articles of Incorporation authorize the Supervisory Board to appoint committees from among its ranks and to define their rights and responsibilities. The committees can also be given the right to make decisions. In accordance with the ratio defined in Sec. 110 (1) of the Labor Constitution Act (*Arbeitsverfassungsgesetz, ArbVG*), the employee representatives on the Supervisory

Board have the right to nominate members with a seat and a vote for Supervisory Board committees. This does not apply to committees that handle relations between the Company and the members of the Management Board. The following Supervisory Board committees have been established:

General Committee

The General Committee is both the Nomination and Compensation Committee as defined by the Corporate Governance Code.

As the Nomination Committee, the General Committee submits recommendations to the Supervisory Board regarding filling Management Board positions that become vacant and handles issues regarding succession planning. As the Compensation Committee, the General Committee is also responsible for executing, amending, and dissolving employment agreements with members of the Management Board as well as for all matters associated with the management of Management Board members' stock option plans. Furthermore, the General Committee has the right to make decisions in urgent cases. It also makes decisions regarding whether members of the Management Board are permitted to take on ancillary activities.

Members of the General Committee of the Supervisory Board:

- Dr. Joachim Lemppenau (Chairman)
- Dr. Heinrich Schaller (Deputy Chairman)
- Hans-Karl Schaller

Audit Committee

The Audit Committee is responsible for monitoring the financial reporting process, the work undertaken by the auditor, reviewing and preparing approval of the annual financial statements, the

recommendation for the appropriation of earnings, and the Management Report. It is also this committee's responsibility to review the Group's Consolidated Financial Statements and to submit a recommendation for the selection of an auditor and to report to the Supervisory Board in this matter. Furthermore, the Audit Committee is responsible for monitoring the effectiveness of the company-wide internal control system, the internal audit system, and the risk management system.

Members of the Audit Committee of the Supervisory Board:

- Dr. Joachim Lemppenau (Chairman)
- Dr. Heinrich Schaller (Deputy Chairman)
- KR Dr. Franz Gasselsberger, MBA (Financial expert)
- Dr. Hans-Peter Hagen
- Hans-Karl Schaller
- Josef Gritz

Number of Supervisory Board meetings and significant matters raised during Supervisory Board meetings and meetings of the committees during the business year

During the business year 2014/15, the Supervisory Board fulfilled its responsibilities under the law and the Articles of Incorporation, holding six plenary sessions, three meetings of the Audit Committee, and two meetings of the General Committee. In addition to ongoing reports on the Group's current economic and financial situation, the meetings of the Supervisory Board dealt in particular with matters involving long-term supply of raw materials, innovation, IT, and procurement. The Audit Committee dealt with the review and preparation of the approval of the Company's

consolidated financial statements and the individual financial statements, preparation of the recommendation for the appointment of an auditor as well as topics relative to the internal control system, the risk management system, and Internal Auditing. In its function as the Compensation Committee, the General Committee also dealt with questions relative to compensation of the members of the Management Board, and in its function as the Nomination Committee, it dealt with the preparation of changes in the composition of the Management Board. Moreover, a focal point of its activity was the preparation of the recommendation for the appointment of the members of the Supervisory Board at the Annual General Meeting on July 2, 2014.

In the last meeting of the business year, the Supervisory Board carried out the self-evaluation stipulated under Rule 36 of the Corporate Governance Code and, utilizing a list of questions, dealt with the general cooperation between Management Board and Supervisory Board, quality and scope of the documents made available to the Supervisory Board as well as organizational questions.

Measures to advance women on the Management Board, the Supervisory Board, and other leadership positions

In the business year 2014/15, the percentage of female executives was at about 11%, thus increasing slightly compared to the previous year (10.6%). Since the business year 2013/14, a woman has been in a divisional management position; and since the last election in July 2014, two women have been on the Supervisory Board of voestalpine AG.

Within the scope of internal leadership development efforts, great importance is being placed on continuing to expand the percentage of female

participants. Therefore, voestalpine is making every effort to ensure that women are represented at each level of the Leadership Development Program. In the business year 2014/15, of the total of 199 participants, 18% were women. This means that percentage of women has risen since the previous year (15.5%) and is higher than the average in the Group.

The percentage of women in the voestalpine Group overall in the business year 2014/15 was 13.3%. This percentage is still low compared to other sectors of the economy, and this has industry-specific, historical, and cultural reasons. In the consciousness of the public, the image of a steel and industrial goods company is still the image of heavy industry and, therefore, broad-based recruitment of female employees is a challenging undertaking.

None of the Group companies have explicit "female quotas." Rather, the voestalpine Group is striving to implement appropriate measures in order to increase the percentage of women in the Group at all levels. This includes a number

of activities, some of which are country-specific, such as participation in Girls' Day, advancement of women in technical professions, and/or increased hiring of female graduates of technical schools and universities. Furthermore, establishment and expansion of in-house child care facilities and collaborations with external facilities is being accelerated. As a result of these efforts, women are now employed in top leadership positions in traditionally male-dominated, technical areas of the Company (e.g., hot-dip galvanizing plants, wire production facilities) and are in executive positions, primarily in the financial, legal, and human resources departments, in a number of Group companies. For example, the area "Legal and Compliance" in three of the four divisions is headed by women.

In annual human resources reporting, data on the percentage of women in executive positions is collected and analyzed regularly according to their qualifications and their status in the training programs in order to monitor the sustainability of the implemented measures.

Linz, May 18, 2015

The Management Board



Wolfgang Eder



Herbert Eibensteiner



Franz Kainersdorfer



Robert Ottel



Franz Rotter



Peter Schwab