

**Corporate Governance Declaration pursuant to Section 289a HGB**  
**for the fiscal year 2016**

Pursuant to Section 289a of the German Commercial Code (“HGB”), SKW Stahl-Metallurgie Holding AG is obligated to publish a “Corporate Governance Declaration”.

The following declarations and information must be included in this Corporate Governance Declaration:

1. The declaration pursuant to Section 161 of the German Stock Corporations Act;
2. Relevant information about corporate governance practices that go beyond the legal requirements, and an indication of where they are publicly accessible;
3. A description of the mode of functioning of the Executive Board and Supervisory Board, and the composition and mode of functioning of their committees;
4. The specifications pursuant to Section 76 (4) and Section 111 (5) of the Stock Corporations Act and an indication of whether the specified targets were attained during the reporting period, and if not, why they were not attained.

In addition, the German Corporate Governance Code requires that the Corporate Governance Report be published in conjunction with this declaration.

For fiscal year 2016, SKW Stahl-Metallurgie Holding AG hereby issues the following “Corporate Governance Declaration” pursuant to Section 289a of the German Commercial Code:

Concerning 1:

The annual declaration pursuant to Section 161 of the Stock Corporations Act was published in December 2016. The wording of the declaration is publicly accessible under the following link:

[http://www.skw-steel.com/images/downloads/corp-gov/SKW\\_Conform-2016\\_de.pdf](http://www.skw-steel.com/images/downloads/corp-gov/SKW_Conform-2016_de.pdf)

### Concerning 2:

The SKW Metallurgie Group did not have publicly accessible, codified groupwide rules of ethics, labour, and social responsibility in fiscal year 2016. Nevertheless, the Group is committed to upholding high standards in these areas. Therefore, the Executive Board dealt with the topics of compliance and corporate governance practices intensively in fiscal year 2016, as in prior years. Points of emphasis include fair competition and the avoidance of corruption.

The SKW Metallurgie Group is currently studying the feasibility of making relevant information about corporate governance practices that go beyond the legal requirements within the meaning of No. 2 publicly accessible.

### Concerning 3:

As a German stock corporation, the Company maintains a dual structure of management and supervision.

The members of the **Executive Board** are appointed by the Supervisory Board and manage the Group under their own responsibility. At the reporting date (December 31, 2016), the Executive Board consisted of Dr. Kay Michel as the sole member. Structural details governing the work of the Executive Board and the division of executive responsibilities (for the event that the Executive Board consists of more than one person) are specified in the Executive Board's rules of procedure.

The **Supervisory Board** advises the Executive Board and supervises its management activity. In accordance with the Company's Articles of Incorporation, it consisted of six members in fiscal year 2016.

At the reporting date (December 31, 2016), the following persons were members of the Supervisory Board Volker Stegmann (Chairman), Dr. Alexander Kirsch (Deputy Chairman), Dr. Olaf Marx, Dr. Peter Ramsauer, Tarun Somani and Titus Weinheimer. For a detailed description of any changes which took place regarding the members of the Supervisory Board during the fiscal year 2016, reference is made to the combined

management report, published as part of our Annual Financial Report, which is publicly accessible under the following link:

[http://www.skw-steel.com/images/downloads/annual-reports/SKW\\_AR-2016\\_eng.pdf](http://www.skw-steel.com/images/downloads/annual-reports/SKW_AR-2016_eng.pdf)

The SKW Metallurgie Group was not codetermined in fiscal year 2016; therefore, all members of the Supervisory Board represent the shareholders. Other structural details of the work of the Supervisory Board are specified in the Supervisory Board's rules of procedure.

At the reporting Date, the Supervisory Board had set up one Committee (Refinancing Committee). Volker Stegmann (Chairman), Dr. Alexander Kirsch (Deputy Chairman) as well as Dr. Peter Ramsauer, and Titus Weinheimer were members of this Committee.

#### Concerning 4:

In accordance with Section 111 (5) of the German Stock Corporations Act, the Supervisory Board established the following targets for the percentage of female Supervisory Board and Executive Board members in fiscal year 2015:

- Supervisory Board: at least one sixth (17%).
- Executive Board: at least 0%.

June 30, 2017 was established as the deadline for target attainment.

In accordance with Section 76 (4) of the German Stock Corporations Act, the Executive Board established the following target for the percentage of female managers in the first management level (beneath the Executive Board) of the Group's parent company SKW Stahl-Metallurgie Holding AG in fiscal year 2015:

- First management level: at least 0%.

June 30, 2017 was established as the deadline for target attainment.

By reason of the small workforce of the group's parent company, there is no second management level (beneath the Executive Board).

The Corporate Governance Report is published as part of the Annual Financial Report at:

[http://www.skw-steel.com/images/downloads/annual-reports/SKW\\_AR-2016\\_eng.pdf](http://www.skw-steel.com/images/downloads/annual-reports/SKW_AR-2016_eng.pdf)