

Report of the Supervisory Board 2016



Evelyne Freitag
Chairwoman of the Supervisory Board

DEAR SHAREHOLDERS,

The Supervisory Board of euromicron AG discharged the tasks incumbent on it under the law, the Articles of Association, its bylaws and the corporate governance principles in fiscal year 2016.

Composition of the Supervisory Board and Executive Board

The term of office of Chairman of the Supervisory Board Dr. Franz-Stephan von Gronau, his deputy Mr. Josef Martin Ortolf, and the further member Dr. Andreas de Forestier expired when the 2016 Ordinary General Meeting on July 28, 2016, ended. The members of the Supervisory Board were newly elected at the 2016 Ordinary General Meeting. Ms. Evelyne Freitag is now Chairwoman of the Supervisory Board, her deputy is Mr. Rolf Unterberger, and the further member is Dr. Alexander Kirsch. The regular term of office of the newly elected Supervisory Board expires at the end of the Ordinary General Meeting in 2021.

There were no changes to the composition of the Executive Board in the year under review.

Cooperation of the Executive Board and Supervisory Board

The Supervisory Board regularly advised the Executive Board and monitored how it managed the company. The Supervisory Board was directly integrated in all decisions of fundamental importance for the company at an early stage. In this regard, the Executive Board met its obligations to provide information and regularly, promptly and comprehensively informed the Supervisory Board in writing and orally about matters of relevance to the company and Group relating to its current situation, strategy, planning, development of business, the risk situation and risk management, compliance and important business transactions of the company and its subsidiaries. The members of the Supervisory Board had the opportunity to take an intensive look at the reports by the Executive Board and contribute their own suggestions. On the basis of the Executive Board's reporting, the Supervisory Board reviewed the development of business and discussed important decisions and matters for the company. All information from the Executive Board was examined for plausibility and critically appraised by the Supervisory Board. Deviations in business development from the plans were presented individually to the Supervisory Board and dealt with intensively by it. The business transactions and measures that are of fundamental importance to the company and for which the Executive Board therefore requires the consent of the Supervisory Board pursuant to the bylaws were discussed by the Supervisory Board with the Executive Board directly and promptly and examined in detail by it. The Supervisory Board consented to each of the submitted business transactions and measures. The half-yearly and quarterly financial reporting was also discussed with the Executive Board. In addition, the Supervisory Board was in regular contact with the Executive Board and obtained information on the current development of business and the main transactions and occurrences.

Focus of deliberations in 2016

The Supervisory Board, which consists of three members and so has not formed any committees, convened five meetings and two telephone conferences in fiscal year 2016. In its four regular meetings on March 23, July 27, October 17 and December 14, 2016, the Supervisory Board discussed the company's planning, economic situation and strategic development, as well as the progress made in implementing the reorganization measures at the Group, in the presence of the Executive Board. The constituent meeting of the newly elected Supervisory Board was held on August 3, 2016, with Ms. Evelyne Freitag being elected as its Chairwoman and Mr. Rolf Unterberger as its Deputy Chairman. The Supervisory Board also held a telephone conference on November 7 and December 7, 2016. All members of the Supervisory Board took part in all of these meetings and telephone conferences.

The other focal subjects of the Supervisory Board meetings included the following:

- Adoption of the corporate planning for the fiscal years 2017 to 2021
- Implementation of the reorganization and integration process
- Divestments
- Human resources policy and personnel development
- Data protection and security
- The Group's financing structure
- Risk management and the internal control system of the company
- Compliance activities and organization

The Supervisory Board satisfied itself that the Executive Board managed the company's business carefully in the past fiscal year and took necessary measures in good time. The efficiency of the Supervisory Board's work and decision-making processes was regularly evaluated and optimized.

Corporate governance

The latest version of the German Corporate Governance Code, the amendments to it published on June 12, 2015, and implementation of it at euromicron AG were a subject of the Supervisory Board's telephone conference on December 7, 2016.

The Supervisory Board and Executive Board have analyzed the recommendations and suggestions of the "German Corporate Governance Code" (DCGK) and issued an updated declaration on conformance in accordance with Section 161 of the German Stock Corporation Law (AktG). The declaration on conformance is available at all times on the company's Internet site.

There were no conflicts of interest on the Supervisory Board in the year under review.

Independent auditor

The independent auditor elected for the company and the Group by the 2016 General Meeting for fiscal year 2016 is PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Frankfurt/Main. The certified accountants are Ms. Diana Plaum (since fiscal year 2015) and Dr. Ulrich Störk (since fiscal year 2013), who is responsible for auditing the financial statements.

Annual financial statements of euromicron AG and the group

The independent auditor, PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, audited the annual financial statements, which were prepared by the Executive Board in compliance with the rules of the German Commercial Code (HGB), and the management report for fiscal year 2016. The auditor issued an unqualified audit opinion for them. The consolidated financial statements of euromicron AG for the fiscal year 2016 and the group management report were prepared in accordance with Section 315a HGB on the basis of the International Financial Reporting Standards (IFRS), as are applicable in the European Union. The consolidated financial statements and group management report for the past fiscal year were also issued with an unqualified audit opinion.

The financial statement documents and audit reports for euromicron AG and the Group were available to the Supervisory Board in good time before the balance sheet meeting on March 28, 2017. The Supervisory Board examined the financial statements and the management report, as well as the consolidated financial statements and group management report of euromicron AG and the auditor's reports and concurs with the auditor's findings following detailed discussion with the Executive Board. At the balance sheet meeting of the Supervisory Board on March 28, 2017, the auditors reported extensively on the main results of their audit of the single-entity and consolidated financial statements, as well as the company's internal control and risk management system and compliance structures, and answered supplementary questions by the Supervisory Board. There were no objections to this report.

In its meeting on March 28, 2017, the Supervisory Board therefore gave its consent to the result of the audit by the independent auditor and the annual financial statements of euromicron AG prepared by the Executive Board and the group management report. The annual and consolidated financial statements of euromicron AG were thus approved.

Thanks

The Supervisory Board wishes to express its thanks to the members of the Executive Board, the employees and the employee representative bodies of the euromicron Group for their personal commitment and achievements in fiscal year 2016. Thanks to their vigor and dedication, they all helped ensure that the euromicron Group developed stably.

Frankfurt/Main, March 28, 2017

For the Supervisory Board:



Evelyne Freitag

Chairwoman of the Supervisory Board