

## BUSINESS REGULATIONS

for the Supervisory  
Board of Andritz AG

(Version: December 1, 2011)

In accordance with Section 12 (1) of the Articles of Association, the Supervisory Board of Andritz AG adopted the following rules of procedure for itself by resolution dated December 1, 2011:

### 1. Subject

- 1.1 These Rules of Procedure supplement the relevant provisions of the Articles of Association and statutory provisions and govern the tasks and internal organization of the Supervisory Board.
- 1.2 In the event of any conflict between these rules of procedure and the provisions of the Articles of Association or mandatory legal provisions, the provisions of the Articles of Association or mandatory legal provisions shall take precedence.

### 2. Organization

- 2.1 The Supervisory Board consists of at least three and at most six members elected by the Annual General Meeting.
- 2.2 Unless elected for a shorter term of office, the members of the Supervisory Board are elected for the period until the end of the Annual General Meeting that decides on the discharge for the fourth financial year after the election; the financial year in which the member of the Supervisory Board was elected is not included in this calculation.
- 2.3 If members resign before the end of their term of office, a replacement election is only required at the next Annual General Meeting. However, a replacement election must be held without delay at an Extraordinary General Meeting if the number of elected Supervisory Board members falls below three.
- 2.4 Each member of the Supervisory Board may resign from office without good cause by giving written notice to the Chairman of the Supervisory Board or, in the event of the Chairman's resignation, to his or her deputy. If this results in the number of Supervisory Board members falling below the minimum number of three elected members, a four-week notice period must be observed.

2.5 By-elections shall be held for the remainder of the term of office of a member who has resigned prematurely, unless the Annual General Meeting decides otherwise at the election.

2.6 Re-election—including of retiring Supervisory Board members—is permitted.

### **3. Election of the Chairman and Deputy Chairmen**

3.1 Each year, at a meeting to be held following the Annual General Meeting, for which no special invitation is required, the Supervisory Board shall elect a Chairman and one or more Deputy Chairmen from among its members. A by-election shall be held immediately if the Chairman or all Deputy Chairmen resign from office.

3.2 If none of the candidates receives an absolute majority in an election, a runoff election shall be held between those who received the most votes.

3.3 If several deputies to the Chairman of the Supervisory Board are elected, they shall represent the Chairman in the event of his incapacity in the order of their function (1st deputy, in the event of the Chairman's incapacity, 2nd deputy, in the event of the incapacity of the Chairman and the 1st deputy, and so on).

### **4. Meetings and passing resolutions**

4.1 The Chairman, or in his absence a deputy, shall convene the meetings of the Supervisory Board by letter, fax, e-mail, or telephone to the members at their last known address, stating the time, location, agenda, and, if possible, written documents relating to the individual agenda items, and observing a convocation period of 10 days, or in urgent exceptional cases, observing a convocation period of 5 days, providing justification.

4.2 Motions submitted by a member of the Supervisory Board or the Executive Board to the Chairman of the Supervisory Board shall be placed on the agenda of the next meeting, provided that they concern matters for which the Supervisory Board is responsible.

4.3 The Supervisory Board shall constitute a quorum if at least three members, including the Chairman or a Deputy Chairman, are present. The Chairman, or in his absence a Deputy Chairman, shall chair the meeting. The manner of voting shall be determined by the chair of the meeting.

- 4.4 Resolutions shall be passed by a simple majority of the votes cast, including by circular resolution. In the event of a tie, the chair of the meeting shall have the casting vote, including in elections.
- 4.5 A member of the Supervisory Board may also cast his or her vote by telephone, video conference, or in a similar manner.
- 4.6 The supervisory board may only pass a resolution on an item not on the agenda if all supervisory board members are present or represented and no member objects to the resolution.
- 4.7 A member of the Supervisory Board may authorize another member of the Supervisory Board in writing to cast his or her written vote on his or her behalf.
- 4.8 A member of the Supervisory Board may entrust another member of the Supervisory Board in writing to represent him or her at a single meeting; the represented member of the Supervisory Board shall not be counted when determining the quorum for a meeting (see 4.3 above). The right to chair the meeting may not be transferred.
- 4.9 Resolutions may also be passed by letter, fax, or e-mail without the Supervisory Board convening a meeting (circular resolution procedure) if the Chairman, or in his absence a Deputy Chairman, orders such a resolution and no member of the Supervisory Board objects to this procedure in writing within three days of the documents being sent. A resolution is passed if all members of the Supervisory Board have been invited to vote and at least half of the members, but at least three, including the chairperson or a deputy, have cast their votes. Representation by other members of the Supervisory Board is not permitted in the circulation procedure.

## **5. Minutes**

- 5.1 Minutes shall be taken of the Supervisory Board's deliberations and resolutions, which shall be signed by the chair of the meeting and sent to the members of the Supervisory Board as soon as possible, but in any case no later than the invitation to the next meeting.
- 5.2 The minutes shall contain the start, duration, and location of the meeting, as well as those present, the duration of their attendance, and those absent. In addition, the exact wording of the resolutions passed by the Supervisory Board shall be recorded in the minutes and a summary of the proceedings of the meeting shall be included.

- 5.3 In the case of majority resolutions, at the request of a member of the Supervisory Board, any dissenting opinion shall be recorded in the minutes, stating the reasons for it; at the request of the Chairman, the member of the Supervisory Board shall record his or her dissenting opinion in writing to be attached to the minutes.
- 5.4 The approval of the minutes shall be subject to a resolution at the beginning of the next meeting. However, the minutes shall also be deemed to have been approved if no objection is raised by the end of the next meeting of the Supervisory Board.

## **6. Participation of other persons in the meetings**

The members of the Executive Board also attend the meetings of the Supervisory Board, unless the chair of the meeting decides otherwise. With the exception of a secretary, persons who are not members of either the Supervisory Board or the Management Board may not attend, except for experts and informants who may be called in by resolution of the Supervisory Board to advise on individual items. This does not affect the right of the Supervisory Board to allow guests to attend by passing a corresponding resolution.

## **7. Corporate Governance and Compliance**

- 7.1 As a listed stock corporation, Andritz AG is committed to complying with the rules of the Austrian Corporate Governance Code.
- 7.2 Similarly, each member of the Supervisory Board undertakes to comply with the rules of the Austrian Corporate Governance Code relating to the Supervisory Board and to familiarize themselves with these rules.
- 7.3 In accordance with Rule 53 of the Austrian Corporate Governance Code, the Supervisory Board members elected by the Annual General Meeting or appointed by shareholders in accordance with the Articles of Association shall include a sufficient number of members who, in the opinion of the Supervisory Board, are independent of Andritz AG and its Executive Board. In accordance with this rule, the Supervisory Board shall define the criteria for independence in accordance with Appendix 1, which forms an integral part of these Rules of Procedure. In accordance with Appendix 1, each member of the Supervisory Board shall make a declaration of independence in accordance with Appendix 1 at the first Supervisory Board meeting of each year or at the request of the Chairman of the Supervisory Board.
- 7.4 Each member of the Supervisory Board undertakes to comply with the currently valid version of the company's compliance guidelines.

- 7.5 Each member of the Supervisory Board shall notify the company (for the attention of the Chairman of the Executive Board) in writing of any changes to his or her professional function(s), mailing address, and/or contact details (telephone and fax number, address, e-mail address).

## **8. Relationship with the Management Board**

In the rules of procedure of the Management Board, the Supervisory Board shall determine, in accordance with § 7 (2) of the Articles of Association, those transactions and measures that require its approval.

## **9. Committees**

- 9.1 The Supervisory Board may form committees from among its members, whereby a committee must consist of two or more Supervisory Board members. If a committee consists of only two members, the committee shall only have a quorum if both members are present. The Supervisory Board also has the right to determine the tasks and powers of the committees, whereby the committees may also be granted decision-making powers. In all other respects, the provisions of sections 4 to 6 of these Rules of Procedure shall apply mutatis mutandis to committees.
- 9.2 In the event of a dispute, the chairperson of the supervisory board or, if he or she is unable to attend, a deputy shall decide on the competence of the supervisory board or a committee.
- 9.3 Resolutions passed by a committee shall be reported by the respective chairperson of the committee at the Supervisory Board meeting following the respective committee meeting.
- 9.4 The Supervisory Board shall form the following committees:
- 9.4.1 Presidium in accordance with item 10.
  - 9.4.2 Audit Committee in accordance with Section 11.
  - 9.4.3 Nomination and Compensation Committee in accordance with Section 12.

## **10. Presidium**

- 10.1 Pursuant to Section 13 (1) of the Articles of Association, the Supervisory Board shall form a Presidium from among its members, consisting of the Chairman of the Supervisory Board and his/her deputy(ies).
- 10.2 The chair of the Presidium is the chair of the Supervisory Board.
- 10.3 The Presidium is responsible for establishing a suitable basis for monitoring the management of the Executive Board by maintaining constant contact with the Executive Board.

suitable basis for monitoring the management of the Executive Board. The Presidium also reserves the right to deal with all matters relating to the relationship between the company and the members of the Executive Board and persons or companies closely associated with them, with the exception of resolutions on the appointment or dismissal of a member of the Executive Board and resolutions relating to the content, conclusion, and termination of employment contracts with members of the Executive Board. The Executive Board contracts and contracts regarding their termination shall be signed by the Chairman and one of his deputies.

## **11. Audit Committee**

- 11.1 Pursuant to Section 13 (1) of the Articles of Association, the Supervisory Board shall form an Audit Committee from among its members. The Audit Committee must include a person who has the knowledge and practical experience in finance, accounting, and reporting that is appropriate to the requirements of the company (financial expert).
- 11.2 At its first meeting after its formation, the Audit Committee shall elect a chairperson and a deputy chairperson from among its members.
- 11.3 The chairperson of the Audit Committee or the financial expert may not be a person who has been a member of the Management Board, a senior executive or an auditor of the company in the last three years, or who has signed the audit opinion, or who is not independent and impartial for other reasons.
- 11.4 The audit committee shall hold at least two meetings during the financial year. The auditor shall be invited to attend the meetings of the audit committee dealing with the preparation of the annual financial statements (consolidated financial statements) and their audit, and shall report on the audit of the financial statements.
- 11.5 The audit committee has the following tasks:
  - 11.5.1 monitoring the accounting process;
  - 11.5.2 monitoring the effectiveness of the internal control system, the internal audit system, if any, and the risk management system of the company;
  - 11.5.3 monitoring the audit of the annual financial statements and the consolidated financial statements;
  - 11.5.4 Reviewing and monitoring the independence of the auditor

auditor (group auditor), in particular with regard to the additional services provided for the audited company;

- 11.5.5 auditing the annual financial statements and preparing their adoption, auditing the proposal for the distribution of profits, the management report, and the corporate governance report, and reporting the results of the audit to the Supervisory Board;
- 11.5.6 Auditing the consolidated financial statements and the group management report, and reporting the results of the audit to the Supervisory Board;
- 11.5.7 Preparing the Supervisory Board's proposal for the selection of the auditor (group auditor).

## **12. Nomination and Compensation Committee**

- 12.1 Pursuant to Section 13 (1) of the Articles of Association, the Supervisory Board shall form a Nomination and Compensation Committee from among its members, consisting of two or more members, including in any case the Chairman of the Supervisory Board and his (her) deputy.
- 12.2 The Nomination and Compensation Committee is chaired by the Chairman of the Supervisory Board or, if he is unable to attend, by one of his deputies.
- 12.3 The Nomination and Compensation Committee has the following tasks:
  - 12.3.1 Preparation of election proposals for the Supervisory Board: The Nomination and Compensation Committee is responsible for planning the appointment of Supervisory Board members, taking into account a balanced composition of the Supervisory Board in terms of expertise and the personal qualifications of the members. The Nomination and Compensation Committee submits proposals for appointments to the Supervisory Board, which are to be proposed for resolution at the Annual General Meeting on the basis of a resolution by the Supervisory Board.
  - 12.3.2 Preparation of Management Board appointments: Before appointing members of the Management Board, the Nomination and Compensation Committee must define the requirements profile for the Management Board, taking into account the company's orientation and situation, and prepare the Supervisory Board's decision on the basis of a defined selection process and taking into account succession planning.
  - 12.3.3 Regular review of the compensation policy for board members and newly introduced compensation systems for senior executives.

as well as remuneration systems to be introduced for senior executives.

- 12.3.4 Preparation of the content, conclusion, and termination of Management Board contracts and the passing of resolutions on these matters.

### **13. Declarations of intent**

Declarations of intent by the Supervisory Board and its committees shall be made by the Chairman of the Supervisory Board or, if he is unable to do so, by one of his deputies.

### **14. Confidentiality**

- 14.1 Each member of the Supervisory Board is obliged to maintain confidentiality regarding all information relating to the company, in particular operating and business secrets, which has become known to him or her through his or her activities on the Supervisory Board, even after the termination of his or her function as a member of the Supervisory Board. Upon expiry of the term of office, all documents must be returned to the Chairman of the Supervisory Board.
- 14.2 Written reports from the Management Board to the Supervisory Board shall be handed over and made available to the members of the Supervisory Board, unless the Supervisory Board decides otherwise in individual cases.

### **15. Amendment to the Rules of Procedure**

The Supervisory Board may amend these Rules of Procedure at any time in accordance with the general requirements for resolutions. Unless otherwise specified in the resolution on the amendment to these Rules of Procedure, the amended version of the Rules of Procedure shall apply from the end of the Supervisory Board meeting at which the amendment was resolved or, in the case of a written, telephone, or similar resolution, from the time at which the written, telephone, or similar resolution on the amendment is deemed to have been passed.