

Report of the Supervisory Board

In the 2012 financial year, the Supervisory Board routinely provided the Management Board with advice and support on the conduct of business and monitored its management of the company. The Supervisory Board gave intensive consideration to the situation and prospects of the business, fulfilling the duties incumbent upon it in accordance with the law and the Articles of Association of the company.

At our joint sessions, the Management Board fulfilled its duty of disclosure in great detail, providing all required information in a timely and comprehensive manner. It provided us with written and verbal reports on the course of business, the position of the parent company and the Group as well as on corporate strategy and planning. The said reports also covered any deviation of business performance from defined plans. Between the meetings, the Management Board submitted monthly written reports on all important business transactions as well as on trends in key financial indicators of the Group and the parent company. The Chairman of the Supervisory Board was also in regular contact with the Management Board, and gathered information as appropriate relating to the course of business and key transactions.

In this way, the Supervisory Board was kept continually informed as to intended business policies, corporate planning, including financial, capital investment and personnel planning, the company's profitability and the course of business, as well as with regard to the position of the company and the Group as a whole. The Chairman of the Supervisory Board again accompanied the Chairman of the Management Board on visits to subsidiary companies outside of Germany, in order to gain an insight into business trends and the application of processes and procedures at local level.

There have been no changes to the composition of the Supervisory Board or its subcommittees since the elections held in 2011.

Main focus of consultations in Supervisory Board meetings

Four routine plenary meetings of the Supervisory Board were held in the year under review. Apart from one meeting at which one member was absent, the meetings of the Supervisory Board were attended by all members. In preparation for each meeting, the Management Board provided those attending with a comprehensive preliminary report setting

out current business developments, financial trends and the latest corporate planning. In particular, we intensively scrutinized all transactions of key importance to the business based on the written and verbal reports provided by the Management Board and reviewed all the information disclosed in order to ensure the plausibility of the transactions in question. In their subcommittees and plenary sessions, the Supervisory Board members took every opportunity to scrutinize the reports and proposals submitted by the Management Board and to set forth their own suggestions.

At the annual accounts review meeting relating to the annual parent company and Group consolidated financial statements for the 2011 financial year, also attended by the auditors, a detailed review was undertaken of the respective financial statements and associated management and audit reports, taking into due consideration the report from the Audit Committee, and the proposal of the Management Board with regard to the appropriation of earnings. Other key topics discussed at the meeting were the liquidity situation with regard to specific major projects, the preparations for the upcoming Annual General Meeting, the course of business in the current financial year, the system of remuneration and the remuneration paid to the members of the Management Board. At its second meeting of the financial year, the Supervisory Board considered matters including the interim report on the first quarter of 2012, the development of the Group's business in the current year, and the remuneration of follow-up works on specific major construction projects. It also reviewed the development of the debt ratio in connection with the financial covenants. At this session the Supervisory Board also received a report on the Group's system of internal auditing. At its September session, which was accompanied by a visit to one of the plant facilities in Schrobenhausen, the Supervisory Board reviewed the trend of business at two Group companies in greater detail. It also considered the half-year interim financial report and the company's compliance with its financial covenants, as well as approving the medium-term plan with regard to the consolidated balance sheet. At the Supervisory Board's last session of the year in December, the focus was on the earnings and financing situation, as well as on the Group's income planning. The meeting also approved the plans for 2013. That same meeting also considered the declaration of conformity to the German Corporate Governance Code as well as the performance bonus framework.

Work carried out by the subcommittees

In the 2012 financial year there were four subcommittees of the Supervisory Board. The Mediation Committee and the Nominations Committee were not required to convene in fulfilment of their assigned functions. The chairmen of the various committees submitted regular reports on their work to the plenary Supervisory Board meetings. The meetings of the various subcommittees of the Supervisory Board in the financial year were attended by all the respective members.

Two meetings of the Presidial and Personnel Committee were convened. At those meetings, preparations were made for the decision of the Supervisory Board relating to the setting of the salaries and performance bonuses of the members of the Management Board and to the structuring of its remuneration system. Consideration was also given to the declaration of conformity to the German Corporate Governance Code as well as the performance bonus framework.

The Audit Committee held two conference calls and three meetings in the financial year. The committee reviewed the audit of the interim reports and, in the presence of the auditors, the audit of the annual financial statements of the parent company and consolidated financial statements of the Group. It also scrutinized the Management Board's proposal regarding the appropriation of earnings. The Audit Committee also made preparations for the appointment of the auditors for the financial year 2012, including scrutinizing their independence. It also reviewed the Group's financing situation as well as the system of risk assessment and the liquidity situation with regard to specific major projects, and consulted on the measures being taken to reduce debt. At a dedicated meeting, the Audit Committee was provided with records and documents pertaining to the internal auditing system and to audits carried out in accordance with corporate compliance requirements. The committee reviewed the system of assessing risk based on a so-called Risk Compass and scrutinized the risk management system.

Auditing of 2012 annual and consolidated financial statements

The annual financial statements of BAUER AG to December 31, 2012 and the consolidated financial statements of the Group, as well as the respective management reports, including the Group accounts, were audited by the audi-

tors elected by the Annual General Meeting and duly appointed by the Supervisory Board, PricewaterhouseCoopers Aktiengesellschaft and Wirtschaftsprüfungsgesellschaft, Stuttgart. The accounts were certified by the auditors without reservation. The Audit Committee subjected the audit documentation and reports to thorough scrutiny. The Committee reported on its review to the Supervisory Board. The auditors attended the relevant meetings of the Audit Committee as well as the annual financial review meeting of the plenary Supervisory Board.

The audit documentation and reports from the auditors were provided to all members of the Supervisory Board in good time for scrutiny. Following our own review of the annual financial statements of the parent company and the consolidated financial statements of the Group, together with the respective management reports, we duly noted the auditors' reports and concurred with their findings. No objections were raised. The financial statements of BAUER AG and the consolidated financial statements of the Group were approved by the Supervisory Board at its annual review meeting on April 9, 2013. The annual financial statements of BAUER AG were thereby confirmed. The Supervisory Board concurred with the content of the parent company and consolidated Group management reports. Following prior consultations by the Audit Committee, the Supervisory Board concurred with the proposal of the Management Board regarding the appropriation of net profit available for distribution.

On behalf of the Supervisory Board, I would like to thank the members of the Management Board, all of the Group's employees and the employee representatives within all Group companies for their great effort and commitment throughout the past financial year.

Schrobenhausen, April 2013

The Supervisory Board



Dr. Klaus Reinhardt
Chairman of the Supervisory Board