

First choice for advanced applications

AT&S

Corporate Governance
Report 2013/14



Corporate Governance Report

Table of contents

| | |
|-----------|--|
| 4 | Principles and Corporate Governance Declaration |
| 6 | AT&S AG Management Board |
| 8 | AT&S AG Supervisory Board |
| 9 | Composition |
| 12 | Independence of Supervisory Board members |
| 13 | Diversity · Agreements requiring approval · Committees |
| 15 | Remuneration report: Management and Supervisory Boards |
| 18 | Directors' Holdings & Dealings |
| 19 | Other codes of conduct: Increasing female representation at board and senior management level AT&S Code of Business Ethics and Conduct · AT&S Compliance Code |

Principles and Corporate Governance Declaration

AT & S Austria Technologie & Systemtechnik AG (AT&S) declares its adherence to the Austrian Corporate Governance Code (ÖCGK) as amended in July 2012, and submits this corporate governance report in accordance with section 243b Austrian Business Code (UGB). This report also forms part of the Annual Report for the financial year 2013/14.

Corporate Governance Code

In Austria the Corporate Governance Code drawn up by the Working Group for Corporate Governance under the guidance of the government authorities responsible for the Austrian capital markets has been in force since 1 October 2002. Since then it has been reviewed annually in light of national and international developments and where necessary amended, most recently with effect from 1 July 2012 to reflect the new provisions of the Austrian Companies Act (AktG) and the UGB (amendments introduced by the second Stability Act).

The objective of the ÖCGK is responsible management and control of enterprises for the purpose of sustainable, long-term value creation, with a high level of transparency for all stakeholders.

The basis of the Code is provided by the provisions of Austrian company, stock exchange and capital markets legislation, the EU recommendations concerning the responsibilities of supervisory board members and the remuneration of directors, and the principles of the OECD guidelines for corporate governance.

The Code contains all the rules essential to good corporate governance, divided into the following categories:

- L Rules (legal requirements): rules based on mandatory statutory requirements
- C rules (comply or explain): rules from which any departure must be explained
- R rules (recommendations): rules in the nature of recommendations, where non-compliance need neither be disclosed nor explained.

The version of the Code currently in force can be downloaded from the Working Group's website at www.corporate-governance.at. An English translation of the Code and interpretations of the Code prepared by the Working Group are also available there.

AT&S stock has been listed on the Vienna Stock Exchange since May 2008. For a company's shares to be accepted for listing in the Prime Market an undertaking to comply with the ÖCGK must have been filed. The Company has expressly subscribed to the ÖCGK.

With the following declarations of undertaking AT&S complies as of 31 March 2014 with all the required provisions of the Code as amended in July 2012.

C Rules 27-28a and all related passages

These rules were amended in the course of the review of the ÖCGK in December 2009 and came into force on 1 January 2010. Rules 27, 27a and 28 contained in the version of January 2010 only apply to contracts concluded after 31 December 2009. C Rules 27-28a were therefore not applicable with respect to the original agreement appointing Mr Moitzi to the Management Board and were also not applied in full when that agreement was extended in 2013. Due to the short period between the most recent revision of the Austrian Corporate Governance Code and the appointment of Mr Gerstenmayer as Chairman of the Management Board in mid-December 2009, and in order to avoid any departure from the remuneration regulations applicable to the appointment of Mr Moitzi, the new rules were not taken into account when the agreement with Mr Gerstenmayer was signed in January 2010, nor when his Management Board appointment was renewed in 2013. This was not considered necessary, because the Company's stock option scheme had in any event already expired (see below), and also because the Management Board and the Supervisory Board work closely together on the long-term development of the Company, and the Nomination and Remuneration Committee and the Supervisory Board are continually concerned with the corresponding long-term focus of Management Board remuneration. The following deviations from the rules currently require explanation.

The Company's now expired stock option scheme did not require the beneficiaries to hold shares in the Company, and only provided for a vesting period of two years before a part of the options acquired could be exercised. The stock option scheme in question has expired, with the last allocation being made on 1 April 2012. Options granted under this scheme may still be exercised until 31 March 2017.

The variable remuneration of the Management Board not consisting of stock options is dependent on the achievement of three short-term performance measures defined in the budget for the applicable financial year: return on capital employed (ROCE), cash earnings (CE), both with a 45% weighting, and the innovation revenue rate (IRR), with a 10% weighting. Bonuses are restricted to a maximum of 200% of the annual bonus set out in the contract of employment. The inclusion of IRR is of major importance in giving variable remuneration a long-term focus because innovation strength – the development of new technologies, products or product types – is a crucial factor for future business success, and is also reliably measurable. The IRR is defined as that percentage of total revenues earned by product developments brought to market in the last three years. The three-year reference period ensures that longer-term elements also play an important role in the calculation of variable remuneration.

Management Board members are entitled to termination benefits in accordance with the Salaried Employees Act (AngG) if their appointments are terminated. In the event of premature termination of a Management Board member's appointment by the board member in question for reasonable cause, or where the function becomes obsolete for legal reasons, remuneration is payable until the end of the appointment, and not only for a maximum of two years. Where a Management Board member resigns the appointment or is removed from office for severe breach of duty, and in case of death, payment of salary ceases at the end of the applicable month. Voluntary compensation payments in the case of premature termination of Management Board appointments, even if without good cause, may be subject to termination provisions in accordance with the Salaried Employees Act, so that in exceptional cases they could exceed more than two years' total remuneration.

AT&S AG Management Board

The Management Board is collectively responsible for the management of the Company. Each member of the Management Board is also responsible for specific areas of the business, without prejudice to their collective responsibility. Management Board members have a duty to keep each other informed of all important business events and transactions. Fundamental issues of business policy and major decisions require the joint decision of all Management Board members. Open discussions take place between members of the Management Board during Board meetings. If unanimous agreement is not reached on such decisions, the Chairman of the Supervisory Board must be informed without delay. The Supervisory Board must also be informed of all proposed decisions with far-reaching consequences. The Management Board must inform the Supervisory Board at least once a year of the measures taken to combat corruption in the Group. Internal Audit reports directly to the Management Board. The audit plan and any material outcomes must be reported to the Audit Committee at least once a year. The rules and procedures of AT&S's Management Board require the Board to meet at least once a month. In the past financial year there were a total of 23 Management Board meetings. Written minutes of all Board meetings and decisions must be taken.

As at 31 March 2014, the Management Board of AT&S was composed of Andreas Gerstenmayer (Chairman of the Management Board, CEO) and Heinz Moitzi (Chief Technical Officer; under the amended rules and procedures of the Management Board as of 1 April 2014, Chief Operating Officer, COO). Karl Asamer (born 19 January 1970) was appointed Chief Financial Officer (CFO) – as the successor to CFO Thomas Obendrauf, who retired from the Management Board with effect from the end of the financial year 2012/13 – and Deputy Chairman of the Management Board by the Supervisory Board on the basis of a recommendation by the Nomination and Remuneration Committee. Karl Asamer took up his new role on 1 April 2014, and his appointment as board member initially extends for three years. Management Board Chairman Andreas Gerstenmayer's appointment as interim CFO therefore ended with the end of the 2013/14 financial year. The 78th meeting of the Supervisory Board held on 19 December 2013 passed a resolution on the corresponding changes to the rules and procedures of the Management Board.

Each member of the Management Board is responsible for the following areas of the business, without prejudice to their statutory collective responsibility:

a) As Chairman of the Management Board (CEO), Andreas Gerstenmayer's responsibilities are:

- Sales and marketing
- Human resources
- Investor relations, public relations and internal communications
- Business development and strategy
- Compliance
- CSR and sustainability

b) Karl Asamer was appointed Deputy Chairman of the Management Board with effect from 1 April 2014. As CFO, his managerial responsibilities are:

- Finance and accounting
- Bookkeeping and Group accounting
- Taxation
- Treasury
- Controlling
- Internal control
- Legal affairs, risk management and internal audit
- IT and organisation
- Procurement

c) As COO, Heinz Moitzi's responsibilities are:

- Research and development (R&D)
- Operations
- Quality management
- Business process excellence
- Environment
- Safety

Mr Gerstenmayer was born on 18 February 1965, and is a German citizen. He studied Production Engineering at Rosenheim University of Applied Sciences. In 1990, he joined Siemens in Germany, working first in lighting, and then holding various management positions in the Siemens Group. In 2003 he was appointed Managing Director of Siemens Transportation Systems GmbH Austria and CEO of the Drive Technology business unit in Graz (world headquarters). Mr Gerstenmayer holds no supervisory board memberships or similar positions in other companies in Austria or abroad that are not included in the consolidated financial statements. On 26 January 2012, the Provincial Government of Styria passed a resolution appointing Mr Gerstenmayer to the Forschungsrat Steiermark advisory committee.

As Chairman of the Management Board he is responsible for implementing the decisions and resolutions of the Management Board, the Supervisory Board and the Annual General Meeting, and seeing that they are carried out. His specific managerial responsibilities are sales and marketing; human resources; investor relations, public relations and internal communications; business development and strategy; compliance, and CSR and sustainability.

Mr Asamer was born on 19 January 1970. He has a degree in business administration from Johannes Kepler University in Linz. Before joining AT&S, he worked for the Geka Group in Bechhofen, Germany, where he was managing partner. Before that he was responsible for finances at Sell GmbH, the leading manufacturer of aircraft galleys for wide-body aircraft, and Magna Closures Europe, a division of automotive components supplier Magna. Mr Asamer is managing partner of Asamer GmbH, located in Ansbach, Germany. Mr Asamer holds no supervisory board memberships or similar positions in other companies in Austria or abroad that are not included in the consolidated financial statements.

Mr Asamer is responsible for finance and accounting; bookkeeping and Group accounting; taxation; treasury; controlling; internal control; legal affairs, risk management and internal audit; IT and organisation; and procurement.

Heinz Moitzi, born on 5 July 1956, studied electrical installation with Stadtwerke Judenburg (Judenburg municipal utility company) from 1971 to 1975. From 1976 to 1981 he attended a higher technical college of electrical engineering (HTBL), where he completed his adult education certificate. In 1981 he worked as a measurement engineer at the Leoben University of Mining and Metallurgy. Mr Moitzi has been working at AT&S since 1981, first as head of the mechanics and electroplating department, then as production and plant manager at Leoben-Hinterberg. He was project manager and COO at AT&S in Shanghai from 2001 to 2004, returning to take up the position of Vice President Production. Mr Moitzi holds no Supervisory Board memberships or similar positions in other companies in Austria or abroad that are not included in the consolidated financial statements. Mr Moitzi is responsible for R&D; operations; quality management; business process excellence; environment; and safety.



Andreas Gerstenmayer, CEO and Chairman of the Management Board
Since 1 February 2010, appointed until 31 January 2018

Karl Asamer, CFO and Deputy Chairman of the Management Board
Since 1 April 2014*, appointed until 31 March 2017

* Appointed to Management Board from start of 2014/15 financial year.

Heinz Moitzi, COO
Since 1 April 2005, appointed until 31 March 2018

AT&S AG Supervisory Board

AT&S AG Supervisory Board

| Name | Date of birth | Date of first appointment | End of current appointment |
|----------------------|---------------|---------------------------|----------------------------|
| Hannes Androsch | 18.04.1938 | 30.09.1995* | 21st AGM 2015 |
| Willibald Dörflinger | 20.05.1950 | 05.07.2005 | 21st AGM 2015 |
| Gerhard Pichler | 30.05.1948 | 02.07.2009 | 20th AGM 2014 |
| Georg Riedl | 30.10.1959 | 28.05.1999 | 22nd AGM 2016 |
| Karl Fink | 22.08.1945 | 05.07.2005 | 21st AGM 2015 |
| Albert Hochleitner | 04.07.1940 | 05.07.2005 | 21st AGM 2015 |
| Regina Prehofer | 02.08.1956 | 07.07.2011 | 22nd AGM 2016 |
| Karin Schaupp | 23.01.1950 | 07.07.2011 | 22nd AGM 2016 |
| Wolfgang Fleck | 15.06.1962 | 03.09.2008** | |
| Sabine Fussi | 12.10.1969 | 14.09.2011** | |
| Franz Katzbeck | 11.02.1964 | 15.10.2013*** | |
| Günther Wölfler | 21.10.1960 | 10.06.2009** | |
| Johann Fuchs | 16.12.1959 | 20.11.1996** | resigned*** |

* AT&S was originally established as a private limited company (GmbH). The shareholders' meeting of 23 June 1995 passed a resolution to change the company into a public limited company (AG), and appointed Supervisory Board members including Hannes Androsch. The AG was registered in the Register of Companies on 30 September 1995.

** Delegated by the Works Council; date of first appointment in this case is the date of the first Supervisory Board meeting attended.

*** Johann Fuchs resigned from the Supervisory Board as employee representative during the 2013/14 financial year, and Franz Katzbeck was delegated by the Works Council as his successor. He participated in his first Supervisory Board meeting on 19 December 2013.

The Supervisory Board monitors and supervises the Management, and is responsible for policy issues and the Group's strategic focus.

Throughout the financial year ended 31 March 2014, the Supervisory Board received written and oral reports from the Management Board on the Group's policies and performance, and was closely involved in all major issues. The Supervisory Board met five times during the financial year 2013/14, with the participation of the Management Board. In these meetings the Management Board and the Supervisory Board discussed the state of AT&S Group's affairs in depth. As part of the Company's ongoing reporting process and at all board meetings, the Management Board also gave the Supervisory Board comprehensive reports on the Group's operating and financial position, as well as on its interests in other companies, its staff situation and its planned investments. Entry into the IC substrate market as part of a strategic partnership with a leading semiconductor manufacturer, the operational focus of the new production facility in Chongqing, China, and the capital increase carried out in September and October 2013 were discussed in detail and approved.

AT&S's commitment to the principles of good governance is reflected in the open discussions that take place within and between the Management Board and the Supervisory Boards.

Composition of the Supervisory Board

SHAREHOLDER REPRESENTATIVES

Hannes Androsch, Chairman of the Supervisory Board, was first appointed on 30 September 1995. His current appointment runs until the 21st Annual General Meeting in 2015.

He is an industrialist who from 1970 to 1981 was Austrian Federal Minister of Finance, and between 1976 and 1981 was also Vice Chancellor of the Republic of Austria. From July 1981 until 1988 he was Managing Director of Creditanstalt-Bankverein. In 1994, together with Willibald Dörflinger and Helmut Zoidl, he carried out a management buyout of AT&S. Hannes Androsch has interests in a number of well-known Austrian businesses.

Willibald Dörflinger, First Deputy Chairman of the Supervisory Board, was initially appointed to the Board on 5 July 2005. His current appointment runs until the 21st Annual General Meeting in 2015.

He began his professional career in 1972 with M. Schmid & Söhne, before moving to Honesta, Holz- und Kunststoffwarenindustrie in 1974. In 1978 he became head of technical procurement at EUMIG Elektrizitäts- und Metallwaren Industrie GesmbH; from 1980 he was head of the department for circuit boards and surface technology, and between 1986 and 1990 he was Managing Director. From 1990 to 1994 Willibald Dörflinger was a member of the AT&S Management Board as well as Managing Director of EUMIG Fohnsdorf Industrie GmbH. In 1994 he joined Hannes Androsch and Helmut Zoidl in the management buyout of AT&S, and in the period until 2005 he was first Managing Director, then a Member and finally Chairman of the Management Board. In 2005 he moved to AT&S's Supervisory Board.

Other supervisory board or similar positions held by Mr Dörflinger in listed companies:

- HWA AG

Regina Prehofer, Second Deputy Chairman of the Supervisory Board, was first appointed to the Board on 7 July 2011. Her current appointment runs until the 22nd Annual General Meeting in 2016.

Regina Prehofer studied commerce and law in Vienna. She started her career in 1981 at Oesterreichische Kontrollbank. In 1987 she moved to Creditanstalt, where she held various managerial positions in the bank's corporate customer segment. In 2003 she was appointed to the Management Board of Bank Austria Creditanstalt AG, where she was responsible for corporate customers and Eastern European markets. From 2006 to 2008 she was CEO of UniCredit Global Leasing, in addition to her Management Board responsibilities in Austria. This appointment gave her overall responsibility for UniCredit Group's leasing operations. In September 2008 she moved to the Management Board of BAWAG P.S.K. where she headed the bank's retail and corporate customer activities. In May 2011 she was appointed Vice Rector with responsibility for infrastructure at the Vienna University of Economics and Business Administration. In October 2011 she was also appointed Vice Rector with responsibility for finance.

Other supervisory board or similar positions held by Ms Prehofer in listed companies:

- Wienerberger AG (Chairwoman of Supervisory Board since December 2013)

Gerhard Pichler was first appointed on 2 July 2009. His current appointment runs until the 20th Annual General Meeting in 2014.

He studied business administration at the Vienna University of Economics and Business. A certified auditor and tax adviser, he has been Managing Director of CONSULTATIO Wirtschaftsprüfungsgesellschaft m.b.H. since 1986, and Managing Partner of the group since 1995.

Karl Fink was first appointed on 5 July 2005. His current appointment runs until the 21st Annual General Meeting in 2015.

He graduated in business studies from the Vienna University of Economics and Business in 1971. From 1971 to 1975 he worked for Marubeni Corporation in international commodities trading, before moving to Wiener Städtische Wechselseitige Versicherungsanstalt in Vienna. Between 1979 and 1987 he was Chairman of the Management Board of Interrisk – Internationale Versicherungs-Aktiengesellschaft. In 1987 he became a member of the Management Board of Wiener Städtische Allgemeine Versicherungs AG and in July 2004 Deputy Managing Director. In October 2007 he was appointed Managing Director of Wiener Städtische Versicherung AG, Vienna Insurance Group. Mr Fink retired from the Vienna Insurance Group Managing Board on 30 September 2009. He is a member of the Management Board of Wiener Städtische Versicherungsverein, the principal shareholder in Vienna Insurance Group, fulfils a number of supervisory positions within that Group and also acts as consultant. He is also honorary consul of Montenegro.

Other supervisory board or similar positions held by Mr Fink in listed companies:

- Wienerberger AG

Albert Hochleitner was first appointed on 5 July 2005. His current appointment runs until the 21st Annual General Meeting in 2015.

Albert Hochleitner completed his studies in engineering physics at Vienna University of Technology in 1965. In the same year, he joined the Siemens Group's low voltage works in Vienna. In 1984 he was appointed Chairman of the Management Board of Uher AG. In 1988 he moved to Siemens AG, where he was head of the electric motors business in the automotive technology sector based in Würzburg. In October 1992 he became a member of the Management Board of Siemens AG Austria. From 1994 he was Chairman of the Management Board, before moving to the Supervisory Board of Siemens AG in 2005.

Georg Riedl was first appointed on 28 May 1999. His current appointment runs until the 22nd Annual General Meeting in 2016.

Georg Riedl acquired his doctorate in law in 1984 from the University of Vienna. In 1991 he set up in independent practice as Riedl & Ringhofer. He specialises in business, commercial, corporate and tax law, mergers and acquisitions, and contract law.

Other supervisory board or similar positions held by Mr Riedl in listed companies:

- Bwin.Party Digital Entertainment Plc

Karin Schaupp was first appointed on 7 July 2011. Her current appointment runs until the 22nd Annual General Meeting in 2016.

Karin Schaupp gained her doctorate at the Karl Franzens Universität Graz in 1978 and began her career as a research assistant at the Institute of Pharmaceutical Chemistry. In 1980 she started her career in industry as head of analytics at Leopold Pharma GmbH. After holding various research, development and product management posts in the international pharmaceuticals industry she was appointed CEO of Fresenius Kabi Austria GmbH in 1997. In 1999 she became regional manager for Austria and Eastern Europe. In 2000 she was made a member of the management board of Fresenius Kabi AG, Bad Homburg, with responsibility for worldwide operations. She has worked as an independent consultant since 2003, with a focus on strategic business development and innovation transfer.

Other supervisory board or similar positions held by Ms Schaupp in listed companies:

- BDI – BioEnergy International AG

EMPLOYEE REPRESENTATIVES

Employee participation in supervisory boards and their committees is mandated by law, and forms part of the Austrian corporate governance system. Employee representatives are entitled to delegate one representative as a Supervisory Board member for every two Supervisory Board members elected by the General Meeting. If the number of shareholders' representatives is odd, the number of employee representatives is rounded up. This one-third representation also applies to all supervisory board committees, with the exception of meetings and votes concerning the relationship between the company and its management board members. Resolutions appointing or dismissing a management board member and the granting of stock options in the company are also excepted. The Group Works Council meets regularly with the Management Board. These meetings facilitate the exchange of information on developments in the Group which have a direct bearing on employees.

Wolfgang Fleck, Sabine Fussi, Franz Katzbeck and Günther Wölfler have been delegated to the Supervisory Board by the Works Council (as at 31 March 2014). Johann Fuchs resigned from the Supervisory Board as employee representative during the 2013/14 financial year, and Franz Katzbeck was delegated by the Works Council as his successor on 15 October 2013. He participated in his first Supervisory Board meeting on 19 December 2013.

Additional information on the Supervisory Board and its composition is available online at www.ats.net/company/supervisory-board/

Independence of Supervisory Board members

The ÖCGK specifies that the majority of Supervisory Board members representing the shareholders must be independent. In accordance with C Rule 53, the Supervisory Board has established the following criteria to be used in determining the independence of its members.

Supervisory Board members are to be regarded as independent if they have no business or personal relationships with the Company or its Management Board which could be cause for material conflicts of interest and therefore liable to influence the behaviour of the member in question. The following criteria are applied in determining the independence of Supervisory Board members:

- The Supervisory Board member was neither a member of the Management Board nor a senior manager of the Company or one of its subsidiaries in the past five years.
- The Supervisory Board member neither had during the last financial year nor currently has a business relationship with the Company or any of its subsidiaries of material significance to that member. This also applies to business relationships between AT&S Group and enterprises in which the Supervisory Board member has a significant economic interest.
- The Supervisory Board member was during the last three years neither a statutory auditor of the Company, nor a person with an interest in the audit firm, nor an employee of any such firm.
- The Supervisory Board member is not a member of a management board of another company where a member of AT&S's Management Board is a member of that company's supervisory board.
- The Supervisory Board member has not been a member of the Supervisory Board for longer than 15 years. This does not apply to Supervisory Board members who are shareholders with entrepreneurial interests in the Company, or who represent the interests of such shareholders.
- The Supervisory Board member is not a close family relative (direct descendant, spouse, life partner, parent, uncle, aunt, sibling, nephew or niece) of a Management Board member or of any person in a position described in the foregoing points.

Every member of the Supervisory Board representing shareholder interests declared in the meeting of 20 March 2014 whether they were independent in the above sense. Seven of the eight members of the AT&S AG Supervisory Board representing shareholder interests declared that they were independent. Hannes Androsch declared that he was not independent.

C Rule 54 specifies that for companies with a free float in excess of 50%, at least two Supervisory Board members who are independent should also not be shareholders with interests in excess of 10%, or representatives of such interests. Five of the eight Supervisory Board members representing the shareholders – Willibald Dörflinger, Karl Fink, Albert Hochleitner, Regina Prehofer and Karin Schaupp – declared themselves independent within the meaning of C Rule 54.

Diversity

Expertise and management experience are vital considerations when selecting members of the Supervisory Board. Diversity also has a role to play. Three members of the Supervisory Board are women, making the proportion of female members 25% – significantly above the Austrian average. The members of the Supervisory Board are aged between 44 and 76. All members of the Supervisory Board representing shareholder interests have extensive experience of international business and as such have a highly international outlook.

Agreements requiring approval

In connection with various acquisitions and projects, AT&S Group has procured consultancy services from AIC Androsch International Management Consulting GmbH, which is headed by the Chairman of AT&S's Supervisory Board. In the 2013/14 financial year, fees for such services amounted to EUR 387,000.

The Group has made use of consultancy services from Dörflinger Management & Beteiligungs GmbH, which is headed by Willibald Dörflinger, First Deputy Chairman of the Supervisory Board. In the 2013/14 financial year, fees for such services amounted to EUR 5,000.

Supervisory Board member Georg Riedl has provided legal consultancy services for which the fees in the 2013/14 financial year amounted to EUR 6,000.

Committees

In order to provide itself with effective support and to deal with complex technical matters, the Supervisory Board has established two committees which carry out detailed analysis of particular issues and report their findings to the Supervisory Board. In the 2013/14 financial year the Supervisory Board also established a temporary Project Committee.

Audit Committee

In the financial year under review, the Audit Committee was made up of:

- Regina Prehofer (chairwoman)
- Gerhard Pichler (finance expert)
- Georg Riedl
- Wolfgang Fleck
- Günther Wölfler

The Audit Committee monitors the accounting process and the work of the statutory auditor, monitors and reviews the statutory auditor's independence, reviews the preparation and audit of the annual financial statements, and reviews the proposed distribution of profits, the management report and the corporate governance report. The Committee is responsible for reporting on the results of its reviews to the Supervisory Board. The Audit Committee also carries out preparatory work for the Supervisory Board on all issues in connection with the audit of the consolidated financial statements, consolidated management report and the consolidated accounting process. It also submits a proposal for the appointment of the statutory auditors and reports on this matter to the Supervisory Board. The Audit Committee is responsible for monitoring the effectiveness of the group-wide internal control system and, where appropriate, the Company's internal audit and risk management systems. The Audit Committee convened twice in the last financial year. Its activities focused primarily on the discussion and review of the annual and consolidated annual financial statements for the year ended 31 March 2014, the planning and preparation for the audit of the annual and consolidated annual financial statements for the financial year 2013/14, and the discussion of the risk management, internal control and internal audit systems. The Chairman of the Audit Committee was also involved in the quarterly reporting in the period under review and reported on these matters to the Audit Committee.

Nomination and Remuneration Committee

In the financial year under review, the Nomination and Remuneration Committee comprised:

- Hannes Androsch (Chairman)
- Karl Fink
- Albert Hochleitner
- Wolfgang Fleck
- Günther Wölfler (preceded by Johann Fuchs, until his resignation)

The Nomination and Remuneration Committee submits proposals to the Supervisory Board for appointments to fill vacancies on the Management Board whenever necessary: in the financial year 2013/14 it concerned itself with the appointment of a new Chief Financial Officer. It deals with succession planning issues, the remuneration of Management Board members and the details of their contracts of appointment. The Committee met once in financial year 2013/14 and submitted a proposal to the full Supervisory Board for the appointment of Mr Asamer as Chief Financial Officer and Deputy Chairman of the Management Board.

The Nomination and Remuneration Committee is authorised to make decisions in cases of urgency. All of the committee members representing shareholders are former management board chairmen or managing directors with knowledge and experience of remuneration policies.

Project Committee

On 17 September 2013 the Supervisory Board – in connection with a policy resolution of the same date concerning a capital increase including the sale of treasury shares (see also Report of the Supervisory Board) – resolved under Article 17 of the Articles of Association to create a Project Committee made up of Supervisory Board members to oversee the implementation of the capital increase. The members of the Project Committee were:

- Hannes Androsch (Chairman)
- Willibald Dörflinger
- Regina Prehofer
- Wolfgang Fleck
- Günther Wölfler

The Project Committee was empowered: (a) following passage of the policy resolution, to grant all further approvals required from the Supervisory Board in relation to carrying out the capital increase and the sale of treasury shares, in particular approval of the determined final amount of the capital increase and sale of treasury shares and the final subscription and offer price, and to take all other necessary measures in connection with the capital increase, the sale of treasury shares and the institutional and public offerings of the shares issued, acting in consideration of the interests of the Company and its shareholders; and (b) to authorise the changes in the Articles of Association required for the capital increase, in particular the changes in the authorised share capital and the changes with respect to the authorised but unissued capital after the capital increase.

The Project Committee met twice. With the passage of the implementing resolutions, most recently on 4 October 2013, the Project Committee completed its remit.

Remuneration report: Management and Supervisory Boards

The following report presents the remuneration of AT&S's Management and Supervisory Board members. It should be read in conjunction with the explanations in the notes to the 2013/14 annual and consolidated financial statements.

Management Board remuneration

Total remuneration of Management Board members in the financial year:

| In EUR '000 | Financial year 2013/14 | | | Financial year 2012/13 | | |
|----------------------|------------------------|----------|-------|------------------------|----------|---------|
| | Fixed | Variable | Total | Fixed | Variable | Total |
| Andreas Gerstenmayer | 428 | 373 | 801 | 396 | - | 396 |
| Heinz Moitzi | 357 | 424* | 781 | 310 | - | 310 |
| Thomas Obendrauf | - | - | - | 499 | - | 499 |
| Summe | 785 | 797 | 1,582 | 1,205** | - | 1,205** |

* The variable remuneration of Mr Moitzi includes remuneration of EUR 114,000 in the form of stock options.

** The remuneration of the Management Board for the 2012/13 financial year included contractual termination and other entitlements of EUR 499,000 for Mr Obendrauf, who resigned from the Management Board with effect from 31 March 2013.

The fixed element represented 53.43% of Mr Gerstenmayer's total remuneration, and the variable element 46.57%. The fixed element represented 45.71% of Mr Moitzi's total remuneration, and the variable element 54.29%. For the Management Board as a whole, the fixed element represented 49.62% of total remuneration, and the variable element 50.38% in the 2013/14 financial year.

The stock option based system of Management Board remuneration at AT&S is based on the Stock Option Scheme 2009–2012, which ran from 1 April 2009 to 1 April 2012. The number of stock options allocated to members of the Management Board was as follows:

Allocated on 1 April

| | 2009 | 2010 | 2011 | 2012 | Total |
|----------------------|--------|--------|--------|--------|---------|
| Andreas Gerstenmayer | n.a. | 40,000 | 40,000 | 40,000 | 120,000 |
| Heinz Moitzi | 30,000 | 30,000 | 30,000 | 30,000 | 120,000 |
| Exercise price (EUR) | 3.86 | 7.45 | 16.6 | 9.86 | |

The options granted may be exercised in tranches: up to 20% after two years, up to 30% after three years, and up to 50% after four years following allotment. Stock options may be exercised in whole or in part after completion of the vesting period, although not during a restricted period. Allotted options not exercised within five years of the date of grant expire without compensation. The stock option scheme in question has now expired, with the last allocation being made on 1 April 2012. Options allotted on 1 April 2012 and not yet exercised (see Directors' holdings and dealings, including changes in financial year 2013/14) may still be exercised until 31 March 2017.

The variable remuneration of the Management Board in financial year 2013/14 (not in the form of stock options) was dependent on the achievement of three performance measures defined in the budget for the financial year in question: return on capital employed (ROCE), cash earnings (CE), each with a 45% weighting, and the innovation revenue rate (IRR), with a 10% weighting. Bonuses were restricted to a maximum of 200% of the annual bonus set out in the contract of employment. The inclusion of IRR is of major importance in giving variable remuneration a long-term focus because innovation strength – the development of new technologies, products or product types – is a crucial factor for future business success, and is also reliably measurable. The IRR is defined as that percentage of total revenues earned by product developments brought to market in the last three years. The three-year reference period ensures that longer-term elements also play an important role in the calculation of variable remuneration.

Management Board members are entitled to termination benefits in accordance with the Salaried Employees Act (AngG) if their appointments are terminated. In the event of premature termination of a Management Board member's appointment by the board member in question for reasonable cause, or where the function disappears for legal reasons, remuneration is payable until the end of the appointment contract. Where a Management Board member resigns the appointment or is removed from office for severe breach of duty, and in case of death, payment of salary ceases at the end of the applicable month. There are no other rights or entitlements arising on the termination of appointments.

Management Board pension entitlements are defined benefit or defined contribution plans agreed individually. Mr Moitzi's pension entitlement is 1.2% of his most recent salary for each year of service, up to a maximum of 40%. For Andreas Gerstenmayer a contribution of 10% of monthly gross salary is paid into a pension fund. The amount of the occupational pension is based on the capital accumulated in the pension fund; the annuitisation is determined by the pension fund's rules.

Members of the Management Board are entitled to a company car (the respective non-monetary remuneration is included under fixed remuneration), and are covered by accident insurance. Health insurance is limited to what is provided under the Austrian statutory social security system.

Supervisory Board remuneration

Remuneration for the members of the Supervisory Board is determined retrospectively for the past financial year by means of a resolution at the Annual General Meeting. Remuneration paid to members of the Supervisory Board in the financial year 2013/14 for the previous financial year was in accordance with the resolution passed at the 19th Annual General Meeting of 4 July 2013.

in EUR

| Member | Fixed fee | Committee fee | Attendance fees | Total |
|----------------------|----------------|---------------|-----------------|----------------|
| Hannes Androsch | 30,000 | 3,000 | 2,000 | 35,000 |
| Willibald Dörflinger | 25,000 | 0 | 2,000 | 27,000 |
| Georg Riedl | 20,000 | 2,000 | 1,600 | 23,600 |
| Albert Hochleitner | 20,000 | 2,000 | 2,000 | 24,000 |
| Karl Fink | 20,000 | 2,000 | 2,000 | 24,000 |
| Gerhard Pichler | 20,000 | 2,000 | 2,000 | 24,000 |
| Regina Prehofer | 20,000 | 3,000 | 2,000 | 25,000 |
| Karin Schaupp | 20,000 | 0 | 2,000 | 22,000 |
| Total | 175,000 | 14,000 | 15,600 | 204,600 |

The Chairman of the Supervisory Board receives fixed remuneration of EUR 30,000 per financial year, the First Deputy Chairman EUR 25,000 and all other elected members EUR 20,000. Chairmanship of a standing committee (Nomination and Remuneration Committee, Audit Committee) is remunerated with a fixed amount of EUR 3,000 per financial year, and membership of a standing committee with EUR 2,000. The attendance fee is EUR 400 per Supervisory Board meeting. Members of the Supervisory Board also receive variable remuneration based on targeted cash earnings (CE) and return on capital employed (ROCE) for each financial year. If the targets are 100% achieved, the Chairman receives EUR 10,000 and other members EUR 5,000. The targets receive equal weighting. Members of the Supervisory Board do not receive stock options in the Company. As resolved by the 19th Annual General Meeting of 4 July 2013, there was no such variable remuneration for Supervisory Board members in respect of financial year 2012/13 and no corresponding payment in financial year 2013/14, since the targets established for variable remuneration in the budget for financial year 2012/13 were not achieved.

The employee representatives receive no remuneration for their work on the Supervisory Board.

Directors and officers liability insurance (D&O insurance)

The D&O insurance at AT&S covers all past, present and future members of the Company's and its subsidiaries' managing and supervisory bodies. The insurance covers court and all other costs of defence against unwarranted claims, together with the satisfaction of warranted claims for pure financial loss arising from breaches of duty by the insured in their managerial or supervisory activities. The insurance provides global cover and the annual premium is paid by AT&S.

Directors' Holdings & Dealings

The members of the Supervisory Board and the Management Board have voluntarily undertaken to disclose publicly the number of shares in AT & S Austria Technologie & Systemtechnik Aktiengesellschaft held by them. The holdings of individuals with close personal relationships with members of the Supervisory Board or Management Board are not disclosed.

| | Shares | | | | Options (Stock Option Scheme) | | |
|---|------------|-----------|------------|------------|-------------------------------|------------------|------------------|
| | 31.03.2013 | Change | 31.03.2014 | % capital* | 31.03.2013 | Exercised/lapsed | As at 31.03.2014 |
| Heinz Moitzi | 1,672 | 1,114 | 2,786 | 0.01% | 114,000 | -24,000 | 90,000 |
| Andreas Gerstenmayer | 0 | 0 | 0 | 0.00% | 120,000 | 0 | 120,000 |
| Hannes Androsch | 445,853 | 153,846 | 599,699 | 1.54% | - | - | - |
| Androsch Private Foundation | 5,570,666 | 0 | 5,570,666 | 14.34% | - | - | - |
| AIC Androsch International Management Consulting GmbH | 0 | 769,230 | 769,230 | 1.98% | - | - | - |
| Willibald Dörflinger | 0 | 0 | 0 | 0.00% | - | - | - |
| Dörflinger Management & Beteiligungs GmbH | 0 | 2,307,692 | 2,307,692 | 5.94% | - | - | - |
| Dörflinger Private Foundation | 4,594,688 | 0 | 4,594,688 | 11.83% | - | - | - |
| Gerhard Pichler | 19,118 | 7,650 | 26,768 | 0.07% | - | - | - |
| Georg Riedl | 9,290 | 6,192 | 15,482 | 0.04% | - | - | - |
| Johann Fuchs | 4 | 0 | 4** | 0.00% | - | - | - |

* As a percentage of the 38,850,000 shares in issue

** As of 15 October 2013 (date of resignation from Supervisory Board)

The relevant directors' dealings notifications can be viewed and downloaded in the FMA Directors' Dealings Database, at www.fma.gv.at/de/unternehmen/emittenten/directors-dealings/directors-dealings-datenbank.html

Other codes of conduct

Increasing female representation at board and senior management level

AT&S has no explicitly formulated plan for increasing the number of women on the Management or Supervisory Boards or in senior management positions in the Company or its subsidiaries. The selection of candidates to fill open positions is based on the principle of the best possible person for the job – regardless of gender, age, religion or ethnic origin.

There are women in various senior management positions in AT&S and its subsidiaries. Two of the eight members of the AT&S Supervisory Board representing shareholder interests and one of the employee representatives are women. At 25%, the proportion of female Supervisory Board members is above the Austrian average. Of the senior management positions at the two levels directly below Management Board level, 11% are held by women. 35% of the Group's employees are female. The Group continues to make every effort to increase female representation at board and senior management level. Proactive efforts are made, particularly when staff return from maternity leave, to ensure that careers and family life are compatible.

AT&S Code of Business Ethics and Conduct

In addition to the ÖCGK, AT&S has established its own code of business ethics, which describes how AT&S conducts its business in an ethical and socially responsible way. The guidelines apply to all AT&S's activities worldwide, and all AT&S employees without exception are expected to abide by the Code in their business and professional activities and their daily work. Stricter or more detailed guidelines may be established for specific regions, countries or functions, but they must be consistent with this corporate policy. Under one of the main provisions of the Code, AT&S is committed to avoiding any form of discrimination on the basis of race, religion, political affiliation or gender in activities such as recruitment, remuneration and promotion. Performance is the decisive factor.

AT&S Compliance Code

AT&S supports the aim of the ÖCGK to raise Austrian and foreign investors' confidence in the Austrian financial market by enhancing transparency and introducing universal principles. AT&S attaches great importance to equal treatment of all investors and the provision of comprehensive information. For the purpose of preventing insider dealing and ensuring compliance with other relevant capital market regulations, the Group has adopted a Compliance Code ("Group Guidelines on Issuer Compliance") that applies to all Supervisory Board members. The Group Guidelines on Issuer Compliance were adapted in the financial year 2012/13 to reflect the changes in the Issuer Compliance Order (Federal Law Gazette BGBl. II No. 213/2007 as amended by BGBl. II No. 30/2012) issued by the Austrian Finance Market Authority, which entered into force on 1 December 2012.

Management Board

Andreas Gerstenmayer

Karl Asamer

Heinz Moitzi

AT & S Austria Technologie & Systemtechnik Aktiengesellschaft
Fabriksgasse 13
8700 Leoben
Austria
www.ats.net

