

The market raises the questions.

Corporate Governance Report

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Principles and Corporate Governance Declaration

CORPORATE GOVERNANCE CODE In Austria, the Corporate Governance Code (ÖCGK) 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 amended where necessary.

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

Its basis 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 rules of the ÖCGK are divided into three categories:

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

The version of the ÖCGK 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 shares have been listed on the Vienna Stock Exchange since 20 May 2008. In order to qualify for inclusion in the Prime Market, companies must provide an undertaking to comply with the ÖCGK. AT&S has therefore expressly subscribed to the ÖCGK since its shares were listed.

AT & S Austria Technologie & Systemtechnik Aktiengesellschaft (AT&S) declares its adherence to the Austrian Corporate Governance Code (ÖCGK) as amended in January 2015, 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 2015/16. It is also available on the company's website, www.ats.net, under Company – Corporate Governance – Reports. With the following declarations of undertaking, AT&S complies as of 31 March 2016 with the provisions of the Code as amended in January 2015:

C-RULE 18A Internal Audit conducts regular group-wide reviews based on an audit plan approved by the Audit Committee, which includes measures to fight corruption in the Group. It reports to the Audit Committee on this matter regularly and also if warranted by particular events.

C-RULES 27–28A AND ALL RELATED PROVISIONS 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 Heinz 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 Andreas 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 Andreas Gerstenmayer was signed in January 2010, nor when his Management Board appointment was renewed in 2013. This was not considered necessary because the Group's stock option scheme had already expired (see below). Furthermore, the Management Board and Supervisory Board work closely together on the long-term development of the Group. The Supervisory Board and the Nomination and Remuneration Committee also regularly analyse the broader

long-term orientation of Management Board remuneration. The following deviations from the rules currently require explanation:

The Group's now-expired stock option scheme did not require the beneficiaries to hold shares in the Group, and provided only 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 having been made on 1 April 2012. Options granted under this scheme may still be exercised until 31 March 2017.

After extensive planning, a long-term incentive ("LTI") programme for the Management Board and key staff was implemented by resolution of the Supervisory Board on 3 July 2014 as a replacement for the stock option scheme that expired with the last distribution on 1 April 2012. The new programme is based on stock appreciation rights ("SAR"). The Management Board and Supervisory Board also work continuously to raise the performance of AT&S Group still further with respect to non-financial targets. However, in order to maintain the transparency and traceability of target achievement as it relates to variable long-term remuneration, no fixed non-financial criteria for remuneration under the long-term incentive programme are stipulated. Details of this long-term incentive programme can be found in the section on Management Board remuneration.

The variable remuneration of the Management Board in financial year 2015/16 (not in the form of stock options and SAR), which was accounted for in total remuneration and for which provisions have been established until payout in financial year 2016/17, was dependent on the achievement of three performance indicators defined in the budget for the respective financial year: return on capital employed (ROCE), cash earnings, each with a 45% weighting, and the innovation revenue rate (IRR), with a 10% weighting. The basic prerequisite for awarding this variable remuneration is positive EBIT for the Group as a whole for the financial year and attainment of the target EBIT for the Group as a whole by at least 70% (the "hurdle rate"). If these key performance indicators are exceeded, 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 the future business success of the Group. It can also be reliably measured. IRR represents the share of total revenue generated from technologically innovative products introduced in the past three years. The three-year reference period provides a long-term component of variable remuneration.

Management Board members are contractually entitled to termination benefits in accordance with the Salaried Employees Act (AngG), applied *mutatis mutandis* ("old system for severance pay"), if their appointments are terminated. In the event of premature termination of a Management Board member's appointment by the respective board member for reasonable cause, or where the function becomes obsolete for legal reasons, remuneration is payable until the end of the appointment contract, and not necessarily for a maximum of two years. Where a Management Board member resigns their appointment or is removed from office for severe breach of duty, and in the event of death, payment of salary ceases at the end of the applicable month. Subject to termination provisions in accordance with the Salaried Employees Act, compensation payments in the case of premature termination of Management Board appointments, even if without good cause, could exceed more than two years' total remuneration in exceptional cases.

AT&S AG Management Board

As a collective executive body, the Management Board is jointly responsible for the management of the company. Each member of the Management Board is also responsible for defined areas of the business, in addition 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 a joint decision by all Management Board members. Meetings of the Management Board are characterised by a culture of open discussion. 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 is required to obtain the prior consent of the Supervisory Board for business transactions as stipulated by law and the Articles of Association or rules and procedures issued by the Supervisory Board to the Management Board. Internal Audit reports directly to the Management Board. The audit plan and any material outcomes must be reported to the Audit Committee of the Supervisory Board 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 24 Management Board meetings. Written minutes of all Board meetings and decisions are required.

As at 31 March 2016 and during the entire reporting period, the Management Board of AT&S was composed of Andreas Gerstenmayer as Chairman (CEO), Karl Asamer as Deputy Chairman and Chief Financial Officer (CFO) and Heinz Moitzi as Chief Operating Officer (COO).

In addition to the statutory collective responsibility, functional responsibility is allocated to the members of the Management Board as follows:

a) Andreas Gerstenmayer is Chairman of the Management Board (CEO) and responsible for:

- Sales and Marketing
- Human Resources
- Investor Relations, Public Relations and Internal Communications
- Business Development & Strategy
- Compliance
- CSR & Sustainability

b) Karl Asamer is Deputy Chairman of the Management Board with responsibility as CFO for:

- Finance and Accounting, Treasury
- Controlling
- Legal Affairs, Risk Management and Internal Audit
- IT and Organisation
- Procurement

c) Heinz Moitzi is COO, with responsibility for:

- Research & Development (R&D)
- Operations
- Quality Management
- Business Process Excellence
- Environment
- Safety



Andreas Gerstenmayer was born on 18 February 1965 and is a German citizen. He is a graduate of the Production Engineering programme 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 (global headquarters). He was first appointed to the Management Board on 1 February 2010 and his current term ends on 31 January 2018. 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 advisory committee of the Styrian Research Council (Forschungsrat Steiermark).



Karl 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. Prior to that, his responsibilities included financial management 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. He became a member of the Management Board of AT&S on 1 April 2014. His current term ends on 31 March 2017. 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.



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 the Austrian higher technical college (HTBL), where he completed his certificate in electrical engineering. In 1981 he was a measurement engineer at the Leoben University of Mining and Metallurgy. Mr Moitzi has been with AT&S since 1981, first as head of the mechanics and electroplating department, then as production and plant manager at Leoben-Hinterberg. From 2001 to 2004 he was project leader and COO of AT&S in Shanghai. Upon his return, he assumed the position of Vice President of Production. He was first appointed to the Management Board on 1 April 2005, and his current term ends on 31 March 2018. 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.

AT&S AG Supervisory Board

AT&S AG Supervisory Board

	Date of birth	Date of first appointment	End of current appointment	Independent according to ÖCGK rule
Hannes Androsch	18.04.1938	30.09.1995 ¹⁾	26th AGM 2020	-
Willibald Dörflinger	20.05.1950	05.07.2005	26th AGM 2020	53, 54
Regina Prehofer	02.08.1956	07.07.2011	22nd AGM 2016	53, 54
Karl Fink	22.08.1945	05.07.2005	26th AGM 2020	53, 54
Albert Hochleitner	04.07.1940	05.07.2005	26th AGM 2020	53, 54
Gerhard Pichler	30.05.1948	02.07.2009	25th AGM 2019	53
Georg Riedl	30.10.1959	28.05.1999	22nd AGM 2016	53
Karin Schaupp	23.01.1950	07.07.2011	22nd AGM 2016	53, 54
Wolfgang Fleck	15.06.1962	03.09.2008 ²⁾		n.a.
Sabine Fussi	12.10.1969	14.09.2011 ²⁾		n.a.
Franz Katzbeck	11.02.1964	15.10.2013 ^{2) 3)}	resigned ³⁾	n.a.
Siegfried Trauch	30.08.1960	28.01.2016 ^{2) 3)}		n.a.
Günther Wölfler	21.10.1960	10.06.2009 ²⁾		n.a.

¹⁾ 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.

²⁾ Appointed by the Works Council; date of first appointment in this case is either the date of the first Supervisory Board meeting attended or the date of notification to the Supervisory Board of the appointment.

³⁾ Siegfried Trauch was appointed to the Supervisory Board by the Works Council effective 28 January 2016, replacing Franz Katzbeck.

The Supervisory Board monitors and supervises Management, and is responsible for decisions that are of fundamental importance to, or involve the strategic focus of, the Group.

Throughout the financial year from 1 April 2015 to 31 March 2016, 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 business issues. The Supervisory Board met five times during the financial year 2015/16, with the participation of the Management Board.

In these meetings, the Management Board and the Supervisory Board discussed the economic position of AT&S Group in depth. As part of the Group's ongoing reporting process and at all board meetings, the Management Board gave the Supervisory Board comprehensive reports on the Group's operating and financial position, and on its investments in other companies, the staff situation and planned capital expenditures. In-depth discussions focused primarily on debt financing, progress on the entry into the IC substrate market and the associated qualification for production and ramp-up of serial production, as well as the further expansion and strategic direction of new site in Chongqing, China, and the Group as a whole.

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 Board. In the financial year 2015/16, the Supervisory Board again carried out its annual self-evaluation to ensure the continuing improvement of its working practices and the fulfilment of its responsibilities to the shareholders and other stakeholders. The annual evaluation carried out by the Supervisory Board confirmed that its regular practices meet the requirements of the Austrian Stock Corporation Act and the Austrian Corporate Governance Code (ÖCGK), and that its organisation, work practices and orientation in the interest of the shareholders and all other stakeholders are effective. The self-evaluation will continue to constitute an important component of the Supervisory Board's critical review of its own activities.

COMPOSITION

SHAREHOLDER REPRESENTATIVES

Hannes Androsch, Chairman of the Supervisory Board, was first appointed on 30 September 1995. His current appointment runs until the 26th Annual General Meeting in 2020.

Mr Androsch is an industrialist who, from 1970 to 1981, was Austrian Federal Minister of Finance. Between 1976 and 1981 he 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 holds 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 26th Annual General Meeting in 2020.

Mr Dörflinger began his professional career in 1972 at 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 Managing Director from 1986 to 1990. From 1990 to 1994 Mr Dörflinger was Managing Director of AT&S as well as of EUMIG Fohnsdorf Industrie GmbH. In 1994 he joined Hannes Androsch and Helmut Zoidl in the management buyout of AT&S. Until 2005, he served first as Managing Partner, then became a member and finally Chairman of the Management Board. In 2005 he joined AT&S's Supervisory Board.

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

- HWA AG

Regina Prehofer, Second Deputy Chairwoman 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.

Ms Prehofer studied commerce and law in Vienna. She started her career in 1981 at Österreichische Kontrollbank. In 1987 she joined 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. From 2011 to 2015 she was Vice Rector with responsibility for finance and infrastructure at the Vienna University of Economics and Business Administration.

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

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

Karl Fink was first appointed on 5 July 2005. His current appointment runs until the 26th Annual General Meeting in 2020.

Mr Fink 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 Deputy Managing

Director in July 2004. 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, holds a number of supervisory positions and consultative positions within that Group. He is also honorary consul of Montenegro.

Albert Hochleitner was first appointed on 5 July 2005. His current appointment runs until the 26th Annual General Meeting in 2020.

Mr 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 joined 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 becoming a member of the Supervisory Board of Siemens AG in 2005, which he left in 2010 because of reaching the applicable age limit for members of the Supervisory Board.

Gerhard Pichler was first appointed on 2 July 2009. His current appointment runs until the 25th Annual General Meeting in 2019.

Mr Pichler 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.

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

Mr Riedl acquired his doctorate in law in 1984 from the University of Vienna. In 1991 he commenced independent practice at Riedl & Ringhofer. He has been in independent practice since 2013 at the law office of Frotz Riedl Rechtsanwälte. He specialises in business, commercial, corporate, foundation and tax law, mergers and acquisitions, and contract law.

Other Supervisory Board or similar positions held by Mr Riedl in listed companies:

- VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe

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

Ms Schaupp earned her doctorate at the Karl Franzens University in Graz in 1978 and began her career as a university 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 Southeastern Europe. In 2000 she was appointed to the management board of Fresenius Kabi AG, Bad Homburg, with responsibility for worldwide operations. She has been 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 at 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 there is an odd number of shareholders' representatives, 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 appointed to the Supervisory Board by the Works Council. Effective 28 January 2016, Siegfried Trauch was appointed by the Works Council to the Supervisory Board, replacing Franz Katzbeck. Thus, Franz Katzbeck resigned from the Supervisory Board on this date.

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 Group 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.
- During the last three years, the Supervisory Board member was neither a statutory auditor of the Group, 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 Group, 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.

In the meeting of 17 March 2016, the members of the Supervisory Board representing shareholder interests each declared whether they were independent as determined by the above criteria. Seven of the eight members of the AT&S AG Supervisory Board representing shareholder interests declared that they were independent. Mr 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 – Regina Prehofer, Karin Schaupp, Willibald Dörflinger, Karl Fink and Albert Hochleitner – declared themselves independent within the meaning of this rule.

DIVERSITY Expertise and management experience are vital considerations when selecting members of the Supervisory Board. Diversity is also a consideration in its composition. Three members of the Supervisory Board are women, representing a proportion of female members of 25% – significantly above the Austrian average. The age of Supervisory Board members ranges from 46 to 78. All members of the Supervisory Board representing shareholder interests have extensive experience in international business.

AGREEMENTS REQUIRING APPROVAL In connection with various projects, the Group obtained the services from consulting companies where the Chairman of the Supervisory Board Hannes Androsch, as member of the Management Board, has full authority to act on behalf of the company (AIC Androsch International Management Consulting GmbH) and where the First Deputy Chairman of the Supervisory Board Willibald Dörflinger, as Managing Director, has full authority to act on behalf of the company (Dörflinger Management & Beteiligungs GmbH). The Group obtained legal services from Frotz Riedl Rechtsanwälte, where member of the Supervisory Board Georg Riedl works as an independent attorney.

€ in thousands	2015/16	2014/15
AIC Androsch International Management Consulting GmbH	395	380
Dörflinger Management & Beteiligungs GmbH	5	8
Frotz Riedl Rechtsanwälte	-	3
Total	400	391

COMMITTEES In order to provide effective support and to properly address complex technical matters, the Supervisory Board has established two permanent committees for in-depth analysis of particular issues and regular reporting to the Supervisory Board. In the financial year 2014/15, the Supervisory Board also established a Project Committee to review matters related to debt financing. This committee continued its mandate in financial year 2015/16 and was discontinued upon resolution of these matters.

AUDIT COMMITTEE In the financial year under review, the Audit Committee comprised:

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

These members were confirmed in the extraordinary (constitutive) meeting of the Supervisory Board that took place in connection with this after the Annual General Meeting on 9 July 2015.

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 Group'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 2015, the planning and preparation for the audit of the annual and consolidated annual financial statements for the financial year 2015/16, and the discussion of the risk management, internal control and internal audit systems. The chairwoman of the Audit Committee was also involved in the quarterly reporting in the financial year 2015/16.

NOMINATION AND REMUNERATION COMMITTEE Until 9 July 2015, this committee comprised:

- Hannes Androsch (Chairman)
- Karl Fink
- Albert Hochleitner
- Wolfgang Fleck
- Günther Wölfler

Since the election in the extraordinary (constitutive) meeting of the Supervisory Board that took place after the Annual General Meeting on 9 July 2015, the Nomination and Remuneration Committee comprised the following members:

- Hannes Androsch (Chairman)
- Willibald Dörflinger (Deputy Chairman)
- Georg Riedl
- Wolfgang Fleck
- Günther Wölfler

The Nomination and Remuneration Committee submits proposals to the Supervisory Board for appointments to fill vacancies on the Management Board whenever necessary. It deals with succession planning issues and the remuneration of Management Board members. The committee met three times for these purposes in the financial year 2015/16.

The Nomination and Remuneration Committee is authorised to make decisions in urgent cases. All of the committee members representing shareholders possess knowledge of and experience in the area of remuneration policies.

PROJECT COMMITTEE In financial year 2014/15, the Supervisory Board – in connection with a policy resolution of the same date concerning the implementation of various measures for debt financing – resolved under Section 17 of the Articles of Association to create a Project Committee made up of Supervisory Board members to oversee further progress, including giving approval for implementation of the relevant transactions. The Project Committee comprised the following members:

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

The Project Committee was authorised by the Supervisory Board to provide all further approvals required for issuing bonds, or assuming another form of debt, and the precise terms and conditions with respect to this.

The Project Committee, which was formed on 19 March 2015, and thus at the end of the financial year, met once during the financial year 2015/16, with all committee members taking part, and dissolved on 24 September 2015 after the Supervisory Board passed a resolution approving a number of debt financing measures as requested by the Management Board with the support of the Project Committee. Subsequently, matters of financing were discussed solely by the full Supervisory Board.

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 2015/16 annual and consolidated financial statements.

MANAGEMENT BOARD REMUNERATION Total remuneration paid to members of the Management Board in the financial year:

€ in thousands	Financial year 2015/16			Financial year 2014/15		
	Fixed	Variable	Total	Fixed	Variable	Total
Andreas Gerstenmayer	430	457	887	429	506	935
Karl Asamer	376	277	653	374 ¹⁾	301	675
Heinz Moitzi	360	289	649	359	361	720
Total	1,166	1,023	2,189	1,162	1,168	2,330

¹⁾ Last year's figure was slightly adjusted for a proportionate 13th and 14th salary, based on the assignment as of 1 April 2014.

The fixed element represented 48.48% of Mr Gerstenmayer's total remuneration, and the variable element 51.52%. The fixed element represented 57.58% of Mr Asamer's total remuneration, and the variable element 42.42%. The fixed element represented 55.47% of Mr Moitzi's total remuneration, and the variable element 44.53%. For the Management Board as a whole, the fixed element represented 53.27% of total remuneration, and the variable element 46.73% in the financial year 2015/16.

The stock option based system of Management Board remuneration at AT&S is based on the Stock Option Scheme 2009-2012, in which allocations were made 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 of every year

	Total	2012	2011	2010	2009
Andreas Gerstenmayer	120,000	40,000	40,000	40,000	–
Heinz Moitzi	120,000	30,000	30,000	30,000	30,000
Exercise Price (€)		9.86	16.60	7.45	3.86

The options granted may be exercised in tranches: up to 20% after two years, up to an additional 30% after three years, and up to an additional 50% after four years (from the allotment date). 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 granting expire without compensation. If the end of the five-year period falls within a restricted period, however, the restricted period will interrupt that five-year period. Options can be exercised again after the restricted period for the length of time the interruption occurred. The five-year period is extended in this special case. Options not exercised by the end of any five-year period extended in this manner become invalid and lapse without compensation. The stock option scheme in question ended with the last allotment made on 1 April 2012. Options allotted on 1 April 2012 and not yet exercised (see Directors' holdings and dealings, including changes in the financial year 2015/16) may still be exercised until 31 March 2017.

By resolution of the Supervisory Board on 3 July 2014, a long-term incentive ("LTI") programme for the Management Board and key staff was implemented as a replacement for the stock option scheme that expired with the last distribution on 1 April 2012. The new programme is based on stock appreciation rights ("SAR"). SAR are rights to appreciation in value based on share performance over a defined period of time. As with

stock options, but without a granting of actual shares or an option for such granting, the recipient receives financial remuneration only if the performance of the share price is positive. In particular, the conditions include long-term and multiple-year performance criteria, a minimum vesting period of three years (with a subsequent exercise period of no more than two years), a minimum own investment by the recipient, and an upper limit on the potential financial benefits.

- Earnings per share (EPS) determines how many of the SAR allotted may actually be exercised once the vesting period ends. The EPS established by the medium-term plan for the reporting date of the third year following the allotment applies as the target. If, at the end of the vesting period, less than 50% of the EPS target has been achieved, the allotted SAR are forfeited. If 100% or more of the EPS target has been achieved at the end of the vesting period, all of the allotted SAR may be exercised. If achievement of the target is between 50% and 100%, the allotted SAR may be exercised in linear proportion to the percentage achieved.
- Own investment is a mandatory prerequisite for exercising SAR. The own investment is made by purchasing shares corresponding to 20% of the total allotment amount in SAR for a given year (e.g. for an allotment of 5,000 SAR, the own investment is 1,000 shares). If the own investment has not been made in full by the end of the vesting period (after three years), SAR are forfeited in a corresponding amount. The own investment must be held for the entire period of participation in the LTI programme.
- The exercise price is determined on the allotment date and is equal to the average closing price of AT&S shares on the Vienna Stock Exchange during the six months preceding the respective allotment date.
- The performance of the share price determines the amount of the LTI awarded to the recipient: The difference between the exercise price of the relevant virtual allotment and the closing price of the AT&S share on the Vienna Stock Exchange on the exercise date is multiplied by the number of SAR. There are no premiums on the exercise price and payouts are made in cash. In the event of extraordinary positive performance, the payout amount per SAR is limited to the amount represented by 200% of the respective exercise price. (Example: for an exercise price of € 8.00, the maximum value per SAR is € 16.00, which means that any share closing price above € 24.00 produces no associated increase in the value per SAR.)

In this LTI Programme for 2014 – 2016, three allotment tranches were possible between 1 April 2014 and 1 April 2016. To date, the following number of SAR has been allotted to members of the Management Board at the exercise price indicated:

Allocated on 1 April of each year

	Total	2015	2014
Andreas Gerstenmayer	80,000	40,000	40,000
Karl Asamer	60,000	30,000	30,000
Heinz Moltzi	60,000	30,000	30,000
Exercise Price (€)		10.70	7.68

The variable remuneration of the Management Board in financial year 2015/16 (not in the form of stock options and SAR), which was accounted for in total remuneration and for which provisions have been established until payout in financial year 2016/17, was dependent on the achievement of three performance indicators defined in the budget for the respective financial year: return on capital employed (ROCE), cash earnings, each with a 45% weighting, and the innovation revenue rate (IRR), with a 10% weighting. The basic prerequisite for awarding this variable remuneration is positive EBIT for the Group as a whole for the financial year and the attainment of the target EBIT for the Group as a whole by at least 70% (the "hurdle rate"). If these key performance indicators are exceeded, 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. Innovative strength – the development of new technologies, products or

product types – is a crucial factor for the future business success of the Group. It can also be reliably measured: IRR represents the share of total revenue generated by technologically innovative products introduced in the past three years. The three-year reference period provides a long-term component of variable remuneration. Management Board members are contractually entitled to termination benefits in accordance with the Salaried Employees Act (AngG), applied mutatis mutandis (“old system for severance pay”), if their appointments are terminated. In the event of premature termination initiated by a Management Board member for reasonable cause, or if the function is eliminated 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 the event of death, payment of salary ceases at the end of the applicable month. There are no other rights or entitlements arising from the termination of appointments.

Mr Gerstenmayer and Mr Moitzi have pension entitlements in the form of defined benefit or defined contribution plans agreed individually. For Andreas Gerstenmayer, a contribution of 10% of monthly gross salary is paid into a pension fund. Mr Moitzi's pension entitlement is 1.2% of his most recent salary for each year of service, up to a maximum of 40%. 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 taxable remuneration is considered when calculating the net salary), 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 2015/16 for the previous financial year was in accordance with the resolution passed at the 21st Annual General Meeting of 9 July 2015.

in €

Member	Fixed fee	Committee fee	Variable remuneration	Attendance fees	Total
Hannes Androsch	30,000	3,000	18,700	2,400	54,100
Willibald Dörflinger	25,000	–	9,350	2,400	36,750
Regina Prehofer	20,000	3,000	9,350	2,000	34,350
Karl Fink	20,000	2,000	9,350	2,000	33,350
Albert Hochleitner	20,000	2,000	9,350	2,400	33,750
Gerhard Pichler	20,000	2,000	9,350	2,400	33,750
Georg Riedl	20,000	2,000	9,350	2,400	33,750
Karin Schaupp	20,000	–	9,350	2,000	31,350
Total	175,000	14,000	84,150	18,000	291,150

The Chairman of the Supervisory Board receives fixed remuneration of € 30,000 per financial year, the First Deputy Chairman € 25,000 and all other elected members € 20,000. Chairmanship of a standing committee (Nomination and Remuneration Committee, Audit Committee) is remunerated with a fixed amount of € 3,000 per financial year, and membership of a standing committee with € 2,000. The attendance fee is € 400 per Supervisory Board meeting and all cash expenses are reimbursed. Members of the Supervisory Board also receive variable remuneration based on the short-term achievement of defined targets for the performance indicators cash earnings (with a weighting of 45%), ROCE (return on capital employed; also with a weighting of 45%) and the innovation revenue rate (IRR) with a weighting of 10%. If the targets are achieved 100%, the Chairman receives € 10,000 and other members € 5,000. If the key performance indicators for ROCE, Cash

Earnings and IRR are exceeded, variable remuneration of a maximum of 200% of the base described above is paid. Members of the Supervisory Board do not receive stock options in the Group. Since the targets established for variable remuneration in the budget for financial year 2014/15 were achieved, variable remuneration accrued for that year and was subsequently paid out in accordance with the resolution by the 21st Annual General Meeting of 9 July 2015.

The employee representatives perform their duties on the Supervisory Board voluntarily and therefore receive no separate remuneration for their position.

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 and selected other senior staff. 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)		
	As of 31 Mar 2015	Change	As of 31 Mar 2016	% capital ¹⁾	As of 31 Mar 2015	Exercised/ lapsed	As of 31 Mar 2016
Andreas Gerstenmayer	10,000	–	10,000	0.03%	80,000	20,000	60,000
Karl Asamer	4,000	5,000	9,000	0.02%	–	–	–
Heinz Moitzi	2,786	2,214	5,000	0.01%	60,000	–	60,000
Hannes Androsch	599,699	–	599,699	1.54%	–	–	–
Androsch Privatstiftung	6,339,896	–	6,339,896	16.32%	–	–	–
Willibald Dörflinger	–	–	–	–	–	–	–
Dörflinger Privatstiftung	6,902,380	–	6,902,380	17.77%	–	–	–
Karl Fink	–	–	–	–	–	–	–
Albert Hochleitner	–	–	–	–	–	–	–
Gerhard Pichler	26,768	–	26,768	0.07%	–	–	–
Regina Prehofer	–	–	–	–	–	–	–
Georg Riedl	15,482	–	15,482	0.04%	–	–	–
Karin Schaupp	–	–	–	–	–	–	–
Wolfgang Fleck	–	–	–	–	–	–	–
Sabine Fussi	–	–	–	–	–	–	–
Franz Katzbeck	–	–	–	–	–	–	–
Siegfried Trauch	–	–	–	–	–	–	–
Günther Wöfler	–	–	–	–	–	–	–

¹⁾ The indicated number of shares held in AT & S Austria Technologie & Systemtechnik Aktiengesellschaft includes all direct and indirect investments. Thus, for the Androsch Private Foundation, this information also includes those shares held by AIC Androsch International Management Consulting GmbH, which is owned by the Androsch Private Foundation. For the Dörflinger Private Foundation, it also includes those shares held by Dörflinger Management & Beteiligungs GmbH, whose majority owner is the Dörflinger Private Foundation.

The individual directors' dealings notifications can be viewed in and downloaded from the FMA Directors' Dealings Database, at <https://www.fma.gv.at/en/companies/issuers/directors-dealings/directorsdealings-database.html>.

Other codes of conduct

CODE OF BUSINESS ETHICS AND CONDUCT AT&S has established its own code of ethics and conduct, which describes how AT&S conducts its business in an ethical and socially responsible way. These principles apply to all AT&S's activities worldwide, to all AT&S segments, and to all companies that are part of the AT&S Group. The AT&S Code of Business Ethics and Conduct is based on the ethics standard SA8000. AT&S is committed to meeting the requirements of the Electronic Industry Citizenship Coalition (EICC). Integrity and compliance with both legal and ethical principles are essential for maintaining the credibility, trustworthiness and authenticity of the Group. 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 does not tolerate any form of discrimination, for example on the basis of gender, age, religion, or ethnic origin, in activities such as recruitment, remuneration and promotion.

CAPITAL MARKET COMPLIANCE As a company listed on the Vienna Stock Exchange, AT&S acknowledges its responsibility to prevent the abuse of compliance-related information and insider information through appropriate measures and in accordance with applicable laws and regulations. AT&S attaches great importance to the equal treatment of all investors and the provision of comprehensive information. AT&S also complies with laws related to third parties such as customers and suppliers. All employees are therefore required to conduct themselves with due care in this respect. AT&S supports the aim of the ÖCGK to raise Austrian and foreign investors' confidence in the Austrian financial market by enhancing transparency and reinforcing standard principles.

For the purpose of preventing insider trading and ensuring compliance with other relevant capital market regulations, the Group has adopted a Compliance Code ("Corporate Directive Issuer Compliance") that also applies to all Supervisory Board members. The Corporate Directive Issuer Compliance was most recently updated in the financial year 2015/16, and the amended version entered into force on 15 October 2015. These guidelines apply to all companies in the AT&S Group, and all employees and governing bodies, including the Supervisory Board. It applies in particular to certain persons working in sensitive areas and contains detailed instructions, guidelines and aids to ensure compliance with the relevant regulations.

ADVANCEMENT OF WOMEN IN SENIOR MANAGEMENT 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 at AT&S and its subsidiaries. Although no women are represented on the Management Board of AT&S, 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 average for Austrian companies. At the end of the financial year, the proportion of female employees at AT&S was 35%. The female proportion in Europe at 43% and the United States at 37% are still significantly higher than in Asia, where the proportion of females employed by AT&S is 33%. Women constitute 10% of the employees reporting directly to the Management Board of the AT&S Group. The Group continues to try 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.

Management Board

Andreas Gerstenmayer m.p.

Karl Asamer m.p.

Heinz Moitzi m.p.