

**AT&S**

**CORPORATE  
GOVERNANCE  
REPORT**

2018/19

FIRST CHOICE

FOR  
ADVANCED  
APPLICATIONS



# CORPORATE GOVERNANCE REPORT

Corporate governance declaration in accordance with § 243c and § 267b UGB	3
Management Board	5
Supervisory Board and Annual General Meeting	7
Remuneration report: Management and Supervisory Boards	11
Directors' Holdings & Dealings	15

# CORPORATE GOVERNANCE REPORT

## Corporate governance declaration in accordance with § 243c and § 267b UGB

### CORPORATE GOVERNANCE CODE

In Austria, the Austrian Code of Corporate Governance (ACCG), drawn up by the Working Group for Corporate Governance under the guidance of the government authorities responsible for the Austrian capital market, has been in force since 1 October 2002. Since then, it has been reviewed in light of national and international developments and amended where necessary.

As a system of rules, the ACCG supplements Austrian stock and capital market legislation with recommendations and suggestions regarding good corporate management. The objective of the ACCG 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 of the company.

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 ACCG are divided into three categories:

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

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

The shares of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft ("AT&S") 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 ACCG. AT&S has therefore expressly subscribed to the ACCG since its shares have been listed.

### STATEMENT IN ACCORDANCE WITH § 243C AND § 267B UGB (AUSTRIAN COMMERCIAL CODE)

AT&S declares its adherence to the Austrian Code of Corporate Governance (ACCG) as amended in January 2018 and submits this Corporate Governance Report, which has been integrated into the Annual Report for the financial year 2018/19. This report is also available on the company's website, [www.ats.net](http://www.ats.net), under Company – Corporate Governance – Reports. With regard to content orientation, the requirements of Comment 22 of the Austrian Financial Reporting and Auditing Committee (AFRAC) were followed.

The group of consolidated entities of AT&S does not include any capital market-oriented companies which would have an obligation to prepare and publish a corporate governance report as of the reporting date on 31 March 2019 in accordance with the applicable legislation. In key report items, matters of the entire Group are included, if necessary.

As of 31 March 2019, AT&S complies with the provisions of the ACCG as amended in January 2018 with the following declarations:

### C-RULES 27 AND 27A AND ALL RELATED PROVISIONS

These rules were amended in the course of the review of the ACCG in December 2009 and came into force on 1 January 2010. Rules 27 and 27a contained in the version of January 2010 only applied to contracts concluded after 31 December 2009. C-Rules 27 and 27a were therefore not applicable with respect to the original agreement appointing Heinz Moitzi to the Management Board as of 1 April 2005 and were also not applied in full when that agreement was extended by the Supervisory Board in 2016.

Overall, it was ensured that the contracts of the Management Board members are consistent in the relevant regulations regarding remuneration. The following deviations regarding the contracts of Andreas Gerstenmayer, Monika Stoisser-Göhring and Heinz Moitzi currently require explanation:

A long-term incentive programme (“LTI programme”) for the Management Board and key staff was implemented by resolution of the Supervisory Board on 3 July 2014 based on stock appreciation rights (“SAR”). The Management Board and Supervisory Board work continuously to increase the performance of AT&S Group with respect to non-financial targets and cooperate closely regarding the long-term development of the company. 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 are stipulated under the long-term incentive programme. Based on a decision taken by the Supervisory Board on 6 June 2016, this LTI programme was continued essentially unchanged for the period 2017-2019. Details regarding the LTI programme can be found in the section on Management Board remuneration.

The variable remuneration of the Management Board (not in the form of SAR) is dependent on the achievement of two performance indicators defined in the budget for the respective financial year: return on capital employed (ROCE), with a 90% weighting, and the innovation revenue rate (IRR), with a 10% weighting. 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 measured reliably. 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, 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 just 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.

The contracts of all members of the Management Board include a “Change of Control” clause, which defines the benefits related to the termination of the Management Board appointment as a result of a change of control. A change of control exists in the event that a shareholder of the company has obtained control of the company in accordance with Section 22 of the Austrian Takeover Act by holding at least 30% of the voting rights (including the voting rights of third parties attributable to the shareholder pursuant to the Austrian Takeover Act), or the company has been merged with a non-Group legal entity, unless the value of the other legal entity amounts to less than 50% of the value of the company according to the agreed exchange ratio.

In the event of a change of control, the Management Board member is entitled to resign for good cause and to terminate the Management Board contract at the end of each calendar month within a period of six months after the change of control takes legal effect, subject to a notice period of three months (“special termination right”). If the special termination right is exercised or the Management Board contract is terminated by mutual agreement within six months of the change of control, the Management Board member is entitled to the payment of his/her remuneration entitlements for the remaining term of this contract, however, for a maximum of three annual gross salaries. Other remuneration components shall not be included in the calculation of the amount of the severance payment and shall be excluded from it. If a termination benefit has been agreed in the Management Board contract, the Management Board member is also entitled to this termination benefit in the event the special termination right is exercised or the Management Board contract is terminated by mutual consent in the

event of a change of control. Beyond that, there are no entitlements. The agreement of such a contract clause is considered market standard by the Nomination and Remuneration Committee and serves to ensure that Management Board members exercise their tasks in the best interests of the company in such situations.

## DIVERSITY AND ADVANCEMENT OF WOMEN IN LEADERSHIP POSITIONS

AT&S considers diversity regarding gender, age, ethnic origin, sexual orientation, disability, religious and political beliefs an enrichment for any team and organisation. Accordingly, a diversity concept for the corporate bodies of AT&S has been developed. Apart from its diversity concept, AT&S has no separate, formulated plan for the advancement of women in the Management Board, Supervisory Board and management functions at AT&S and its subsidiaries. The selection of candidates is always based on the best possible appointment to a vacant position, irrespective of gender, age, religion and ethnic origin. Details regarding the diversity concept and the advancement of women in leadership roles are provided in chapter Material topics of the Non-financial report.

## COMPLIANCE & ETHICAL MANAGEMENT

AT&S has adopted a Code of Business Ethics and Conduct, which describes how AT&S conducts its business in an ethical and socially responsible manner. These principles apply to all activities of AT&S worldwide, to all AT&S segments and all companies that form part of the AT&S Group. Information regarding the code and the related activities of AT&S, such as anti-corruption measures, fair business practices, capital market compliance and the AT&S Governance, Risk & Compliance Committee, can be found in chapter Material topics of the non-financial report.

## REPORT ON EXTERNAL EVALUATION

In accordance with Rule 62 of the Austrian Corporate Governance Code, AT & S Austria Technologie & Systemtechnik Aktiengesellschaft's compliance with the provisions of the ACGC and the accuracy of its public reporting are evaluated external-

ly every three years. As a result of the most recent evaluation, carried out by Deloitte Audit Wirtschaftsprüfungs GmbH in May 2018, nothing has come to the attention to believe that the declaration made by the Management Board related to the adherence of and compliance with the ACGC for the financial year 2017/18 does not comply with the 'C' rules of the ACGC in the version January 2018.

Management Board  
Andreas Gerstenmayer m.p.  
Monika Stoisser-Göhring m.p.  
Heinz Moitzi m.p

## Management Board

### COMPOSITION

As of 31 March 2019, the Management Board consists of Andreas Gerstenmayer as Chairman of the Management Board (CEO), Monika Stoisser-Göhring as Chief Financial Officer (CFO) and Deputy Chairwoman and Heinz Moitzi as Chief Operating Officer (COO).

**ANDREAS GERSTENMAYER**, born on 18 February 1965, is a German citizen and 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 of AT&S on 1 February 2010 and his current term ends on 31 May 2021. Since January 2019 he has been Chairman of Forschungsrat Steiermark (Styrian Research Council). 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.

**MONIKA STOISSER-GÖHRING**, born on 18 April 1969, has a degree in business administration from the University of Graz and is a qualified tax consultant. Ms Stoisser-Göhring worked for

international auditing and tax consultancy firms before joining AT&S as Head of Finance in 2011. Following that, she took over as Director of Finance and Controlling. Prior to her appointment to the Management Board, she held the position of Director Human Resources Global. She was first appointed to the Management Board of AT&S as of 2 June 2017 and her current mandate ends on 31 May 2020. Ms Stoisser-Göhring 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, apprenticed in 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 Montanuniversität Leoben (Leoben University of Mining and Metallurgy). Mr Moitzi has been with AT&S (and its predecessor companies) 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 of AT&S on 1 April 2005. His current term ends on 31 May 2021. 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. On 2 May 2019, Heinz Moitzi was registered as a member of the Supervisory Board of Bioretec Oy, based in Tampere, Finland. Bioretec Oy is a limited company under Finish law, which focuses on the development, production and marketing of bioabsorbable

and bioactive medical implants. Under the criteria of Austrian law, the company would be classified as a small corporation.

## WORK PRACTICES AND ORGANISATION

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 considerable 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; this applies to both the company and to measures of its subsidiaries. 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, a total of 28 Management Board meetings were held. Written minutes of all Board meetings and decisions were provided.

### Management Board of AT&S AG

	Diversity factors age/nationality/ gender	Date of first appointment	End of current appointment
Andreas Gerstenmayer	born 18/02/1965, Germany, male	01/02/2010	31/05/2021
Monika Stoisser-Göhring	born 18/04/1969, Austria, female	02/06/2017	31/05/2020
Heinz Moitzi	born 05/07/1956, Austria, male	01/04/2005	31/05/2021

In addition to the statutory collective responsibility, functional responsibility is allocated to the members of the Management Board as follows, with the reporting obligations referring to both those of the company and those of the subsidiaries:

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

- Sales/Marketing
- Investor Relations/Public Relations/Internal Communication
- Purchasing
- Business Development & Strategy
- Compliance

**b) Monika Stoisser-Göhring**  
**is Deputy Chairwoman of the Management Board**  
**and as CFO responsible for**

- Finance and Accounting
- Controlling
- Legal
- Internal Audit
- IT & Tools
- Human Resources incl. CSR

**c) Heinz Moitzi**  
**is COO and responsible for**

- Research & Development (R&D)
- Maintenance
- Production
- Quality Assurance
- Business Process Excellence
- Environment, Health & Safety

## Supervisory Board and Annual General Meeting

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 2018 to 31 March 2019, 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 six times during the financial year 2018/19, holding four ordinary and two extraordinary meetings with the participation of the Management Board.

At these meetings, the Management Board and the Supervisory Board discussed the economic position of the AT&S Group in detail. 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 the past financial year, discussions and decisions of the Supervisory Board addressed, in particular, the Group's future strategic development and investment projects in this context.

The Supervisory Board annually carries out a self-evaluation to ensure the continuing improvement of its working practices and the fulfilment of its responsibilities to the shareholders and other stakeholders, and did so again for the financial year 2018/19. The evaluation carried out by the Supervisory Board based on a digital questionnaire confirmed that its regular practices meet the requirements of the Austrian Stock Corporation Act and the Austrian Code of Corporate Governance (ACCG), and that its organisation, work practices and orientation in the interests of the shareholders and all other stakeholders are effective. The self-evaluation will continue to constitute a component of the Supervisory Board's critical review of its own activities.

## AT&amp;S AG supervisory board

	Diversity factors age/nationality/ gender	Date of first appointment	End of current appointment	Representa- tive <sup>3)</sup>	Other supervisory board mandates <sup>4)</sup>	Independent according to ACCG Rule
Hannes Androsch	born 18/04/1938, Austria, male	30/09/1995 <sup>1)</sup>	126 <sup>th</sup> AGM 2020	SR	–	–
Willibald Dörflinger	born 20/05/1950, Austria, male	05/07/2005	26 <sup>th</sup> AGM 2020	SR	HWA AG	53, 54
Regina Prehofer	born 02/08/1956, Austria, female	07/07/2011	25 <sup>th</sup> AGM 2019	SR	Wienerberger AG (Chairman of the Supervisory Board)	53, 54
Karl Fink	born 22/08/1945, Austria, male	05/07/2005	26 <sup>th</sup> AGM 2020	SR	–	53, 54
Albert Hochleitner	born 04/07/1940, Austria, male	05/07/2005	26 <sup>th</sup> AGM 2020	SR	–	53, 54
Gerhard Pichler	born 30/05/1948, Austria, male	02/07/2009	25 <sup>th</sup> AGM 2019	SR	–	53
Georg Riedl	born 30/10/1959, Austria, male	28/05/1999	25 <sup>th</sup> AGM 2019	SR	VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	53
Karin Schaupp	born 23/01/1950, Austria, female	07/07/2011	25 <sup>th</sup> AGM 2019	SR	–	53, 54
Wolfgang Fleck	born 15/06/1962, Austria, male	03/09/2008 <sup>2)</sup>		ER	–	n/ a/
Günter Pint	born 14/10/1976, Austria, male	19/09/2017 <sup>2)</sup>		ER	–	n/ a/
Siegfried Trauch	born 30/08/1960, Austria, male	28/01/2016 <sup>2)</sup>		ER	–	n/ a/
Günther Wölfler	born 21/10/1960, Austria, male	10/06/2009 <sup>2)</sup>		ER	–	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) SR: shareholder representative; ER: employee representative (the participation of employees in the Supervisory Board and its committees is regulated by law and part of the Austrian Corporate Governance system. Employee representatives are entitled to delegate one of their members for every two Supervisory Board members elected by the Annual General Meeting). A current overview and further information are available at [www.ats.net/de/company/supervisory-board/](http://www.ats.net/de/company/supervisory-board/).

4) Refers to supervisory board mandates in other listed companies.

## INDEPENDENCE OF SUPERVISORY BOARD MEMBERS

The ACCG 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 detailed criteria for the assessment of a Supervisory Board member are defined in the Rules of Procedure of the Supervisory Board, Appendix 1: Criteria of Independence of the members of the AT&S Supervisory Board. The Rules of Procedure of the Supervisory Board can be viewed at [www.ats.net/company/supervisory-board/](http://www.ats.net/company/supervisory-board/).

In March 2019, the members of the Supervisory Board representing shareholder interests each declared in writing whether they were independent as determined by the above criteria. Seven of the eight members of the Supervisory Board represent-

ing 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. Two members of the Supervisory Board are women, representing a proportion of female members of 16.67%, a value below the average of listed Austrian companies. The Company strives to increase this percentage in accordance with legal requirements. The age of Supervisory Board members ranges from 42 to 80 years on 31 March 2019. All members of the Supervisory Board representing shareholder interests have extensive experience in international business. In the financial year 2017/18, a diversity concept was prepared, which will continuously be developed further. Details regarding the diversity concept and the advancement of women in leadership roles are provided in chapter Material topics of the Non-financial report.

## RELATED PARTY TRANSACTIONS

In connection with various projects, the Group obtained services from AIC Androsch International Management Consulting

GmbH, where Chairman of the Supervisory Board Hannes Androsch as Managing Director has full authority to act on behalf of the company. In addition, Georg Riedl, member of the Supervisory Board, provided legal consultancy services. The following amounts were charged for these services: [see table below](#)

## COMMITTEES

In order to provide effective support and to properly address complex technical matters, the Supervisory Board has established three permanent committees for detailed analysis of particular issues and regular reporting to the Supervisory Board.

### Audit Committee

In the reporting year, the Audit Committee consisted 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 as well as other reports and declarations to be presented as part of the preparation of the annual financial statements. 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

### Related party transactions

€ in Thousands

	2018/19	2017/18
AIC Androsch International Management Consulting GmbH	376	383
Frotz Riedl Rechtsanwälte	1	5
<b>Total</b>	<b>377</b>	<b>388</b>

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 three times in the financial year 2018/19. Its activities focused primarily on the discussion and review of the annual and consolidated financial statements for the year ended 31 March 2018, the planning and preparation for the audit of the annual and consolidated financial statements for the financial year 2018/19 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 2018/19.

### Nomination and Remuneration Committee

This committee consisted of 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. All of the committee members representing shareholders possess knowledge of and experience in the area of remuneration policies. The Nomination and Remuneration Committee is also authorised to make decisions in urgent cases. This committee did not meet in the financial year 2018/19 since there were no cases which would have required urgent decisions and the other tasks were carried out within the plenary of the Supervisory Board, where necessary.

### Finance Committee

In order to enhance the efficiency of the work of the Supervisory Board and to address complex matters in a targeted manner, a permanent Finance Committee was established based on a decision of the AT&S Supervisory Board taken on 14 December

2018 to take care of financing matters. The Rules of Procedure of the Supervisory Board were changed accordingly for this purpose. The AT&S Supervisory Board has thus set up a third permanent committee in addition to the Audit Committee and the Nomination and Remuneration Committee. The following Supervisory Board members were appointed members of the Finance Committee:

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

Since its establishment in December 2018, the Finance Committee held no meetings in the past financial year 2018/19.

## ANNUAL GENERAL MEETING

At the Annual General Meeting, which takes place at least once a year, the shareholders exercise their rights as provided by law and the Articles of Association, in particular their voting right. All shareholders thus have the opportunity to make use of their right to request information and make motions to the Management Board and Supervisory Board and to submit their statements and present their concerns and, if applicable, propose agenda items in accordance with Section 109 of the Stock Corporation Act and submit proposals for resolutions in accordance with Section 110 of the Stock Corporation Act. The main tasks and competences of the Annual General Meeting include the resolution on profit appropriation, the election to the Supervisory Board, election of the auditor, discharge of the Management Board and the Supervisory Board as well as amendments to the Articles of Association. The agenda and the resolutions adopted at the Annual General Meetings of the company, for example of the 24th Annual General Meeting of 5 July 2018, are available on the company's website at, [www.ats.net](http://www.ats.net), under Investors – Annual General Meeting.

## 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 2018/19 annual and consolidated financial statements.

### MANAGEMENT BOARD REMUNERATION

Total remuneration paid to members of the Management Board in the financial year: [see table below](#)

The fixed element represented 42.70% of Mr Gerstenmayer's total remuneration, and the variable element 57.30%. The fixed element represented 69.15% of Mr Moitzi's total remuneration and the variable element 30.85%. Finally, the fixed element represented 69.08% Ms Stoisser-Göhring's total remuneration and the variable element 30.92%. For the current Management Board as a whole, the fixed element represented 55.49% in the financial year 2018/19 and the variable element 44.51%.

By resolution of the Supervisory Board on 3 July 2014, a long-term incentive ("LTI") programme for the Management Board and key staff based on stock appreciation rights (SAR) was implemented for the period from 2014 to 2016. By resolution of

the Supervisory Board on 6 June 2016, this programme was extended largely unchanged for the period from 2017 to 2019.

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

#### Management Board remuneration

€ in Thousands

	Financial year 2018/19			Financial year 2017/18		
	Fixed	Variable	Total	Fixed	Variable	Total
Andreas Gerstenmayer	532	714 <sup>1)</sup>	1,246	532	624	1,156
Monika Stoisser-Göhring <sup>2)</sup>	391	175	566	321	316	637
Heinz Moitzi	417	186	603	417	405	822
Karl Asamer <sup>3)</sup>	–	142	142	634	471	1,105
<b>Total</b>	<b>1,340</b>	<b>1,217</b>	<b>2,557</b>	<b>1,904</b>	<b>1,816</b>	<b>3,720</b>

1) An amount of € 427 thousand is related to the exercise of 33,866 SAR of the allocation of 1 April 2015.

2) Remuneration is presented starting with the initial appointment as a member of the Management Board on 2 June 2017. The exercise of share appreciation rights allocated before the appointment to the Management Board is not included.

3) Former member of the Management Board (until 2 June 2017).

(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), all previously allotted SAR of the corresponding programme are forfeited. 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 exceptionally 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, the maximum value per SAR is € 16, which means that any share closing price above € 24 produces no associated increase in the value per SAR).

In the LTI programme for 2014–2016, three allotment tranches were possible between 1 April 2014 and 1 April 2016. For the LTI programme 2017–2019, allotments were made on 1 April 2017 and on 1 April 2018.

Since the necessary own investment was not achieved (see above), all SAR of the LTI programme 2014–2016 of Mr Moitzi stated above were forfeited with the expiry of 31 March 2017. With respect to the allotment as of 1 April 2014, the EPS target was not achieved after expiry of the three-year vesting period. Therefore, the SAR for all Management Board members forfeited. In addition, SAR were exercised, each of which was reported as variable remuneration in the relevant year of exercise. The following table shows the allotted SAR which have not been exercised and have not forfeited by the year of allotment and allotment prices as of 31 March 2019: [see table below](#)

The variable remuneration of the Management Board (not in the form of SAR), which is generally accounted for in total remuneration, depends on the short-term achievement of two performance indicators defined in the budget for the respective financial year: return on capital employed (ROCE), with a 90% 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 margin 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

#### Total number of SARs granted, not yet exercised and not yet expired on 31 March 2019

	Total	2018	2017	2016	2015
Andreas Gerstenmayer	150,000	50,000	50,000	50,000	–
Monika Stoisser-Göhring*	65,000	30,000	30,000	5,000	–
Heinz Moitzi	60,000	30,000	30,000	–	–
Karl Asamer	60,000	–	30,000	30,000	–
Exercise Price (€)		21.94	9.96	13.66	10.70

\* Allotments before 2017 refer to SAR before the appointment as a member of the Management Board on 2 June 2017 as part of the previously existing employment relationship.

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.

With respect to the variable remuneration of selected executives in other Group companies, the same principles apply as described above for the Management Board of the parent company.

Management Board members are contractually entitled to termination benefits in accordance with the Salaried Employees Act, 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.

Mr Gerstenmayer, Ms Stoisser-Göhring and Mr Moitzi have pension entitlements in the form of defined benefit or defined contribution plans agreed individually. For Mr Gerstenmayer and Ms Stoisser-Göhring, a contribution of 10% of the monthly gross fixed salary is paid into a pension fund. Mr Moitzi’s pension entitlement is 1.2% of his most recent salary for each year of ser-

vice, up to a maximum of 40%. The amount of the occupational pension is based on the capital accumulated in the pension fund; the annuity is determined by the pension fund’s rules.

Members of the Management Board are entitled to a company car (included in the above mentioned fixed remuneration in the amount of the additional taxable amount) and are covered by accident insurance, the premium of which is also included in the above mentioned fixed remuneration. 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 2018/19 for the previous financial year was in accordance with the resolution passed at the 24th Annual General Meeting of 5 July 2018: [see table below](#)

The Chairman of the Supervisory Board receives fixed remuneration of € 56,240 as shown above, his Deputies € 44,160 and all other elected members € 28,120. Chairmanship of a standing committee (Nomination and Remuneration Committee, Audit Committee) is remunerated with a fixed amount of € 5,000 per financial year, and membership of a standing committee with € 3,000. The attendance fee is € 400 per Supervisory Board meeting and all cash expenses are thus reimbursed. Members

### Remuneration for the members of the Supervisory Board in €

Member	Fixed fee	Committee fee	Variable remuneration	Attendance fees	Total
Hannes Androsch	56,240	5,000	30,000	2,000	93,240
Willibald Dörflinger	44,160	3,000	20,000	2,000	69,160
Regina Prehofer	44,160	5,000	20,000	1,200	70,360
Karl Fink	28,120	–	15,000	2,000	45,120
Albert Hochleitner	28,120	–	15,000	1,600	44,720
Gerhard Pichler	28,120	3,000	15,000	2,000	48,120
Georg Riedl	28,120	6,000	15,000	2,000	51,120
Karin Schaupp	28,120	–	15,000	2,000	45,120
<b>Total</b>	<b>285,160</b>	<b>22,000</b>	<b>145,000</b>	<b>14,800</b>	<b>466,960</b>

of the Supervisory Board also received variable remuneration based on the short-term achievement of two performance targets defined as part of the budget. These targets are return on capital employed (ROCE), with a weighting of 90%, and the innovation revenue rate (IRR), with a weighting of 10%. If the targets are achieved 100%, the Chairman receives € 15,000, his Deputies € 10,000 and other members € 7,500 per financial year. If the key performance indicators for ROCE 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 or SAR. Since the targets established for variable remuneration in the budget for the financial year were achieved and exceeded, the maximum amount of variable remuneration for the members of the Supervisory Board was provided in the financial year 2017/18. For the financial year 2018/19, the remuneration of the Supervisory Board will be determined at the 25th Annual General Meeting on 4 July 2019.

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 as of 31 March 2019. The holdings of individuals with close personal relationships with members of the Supervisory Board or Management Board are not disclosed. Purchases and sales carried out by members of the Management Board, the Supervisory Board and related persons are reported to the Financial Market Authority in accordance with Art. 19 of Regulation (EU) No. 596/2014 and published via an EU-wide disclosure system as well as on the AT&S website, [www.ats.net](http://www.ats.net), Company – Corporate Governance – Directors' Dealings.

### Shares

	As of 31 Mar 2018	Change	As of 31 Mar 2019	% capital
Andreas Gerstenmayer	10,000	–	10,000	0,03%
Monika Stoisser-Göhring	1,000	1,000	2,000	0,01%
Heinz Moitzi	6,001	–	6,001	0,02%
Hannes Androsch	599,699	(479,441)	120,258	0,31%
Androsch Privatstiftung*	6,339,896	479,441	6,819,337	17,55%
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	–	–	–	–
Günter Pint	–	–	–	–
Siegfried Trauch	–	–	–	–
Günther Wölfler	–	–	–	–

\* 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.

