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**AT&S**



# CONSOLIDATED CORPORATE GOVERNANCE REPORT

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# CONSOLIDATED CORPORATE GOVERNANCE REPORT

The Austrian Code of Corporate Governance (ACCG, as amended in January 2021) is a regulatory framework for stock corporations regarding the management and supervision of the company. The objective of the Code is the responsible management and control of enterprises and groups for the purposes of sustainable, long-term value creation. This is intended to achieve a high level of transparency for all stakeholders of the company. The Code is based on the provisions of Austrian company, stock exchange and capital market law, the EU recommendations regarding the responsibilities of supervisory board members and the remuneration of directors and the principles of the OECD Guidelines for Corporate Governance.

## COMMITMENT TO THE AUSTRIAN CODE OF CORPORATE GOVERNANCE

AT&S Austria Technologie & Systemtechnik Aktiengesellschaft ("AT&S") has expressly committed to compliance with the rules of the Austrian Code of Corporate Governance (ACCG) since its admission to listing on the Vienna Stock Exchange on 20 May 2008. This Corporate Governance Report is based on the status of the Code as amended in January 2021. In key report items, matters of the entire Group are included, if necessary. The Corporate Governance Report was most recently audited by the auditor in 2021.

The Code can be accessed at [www.corporate-governance.at](http://www.corporate-governance.at).

As an internationally operating listed company, AT&S considers the responsible and sustainable management of the AT&S Group a fundamental prerequisite to achieving the corporate goal of a sustainable increase in company value considering ecological, social and economic aspects.

## EXPLANATION OF DEVIATIONS (FROM C-RULES)

Based on the following explanations, AT&S ensures behaviour consistent with the Code in accordance with the ACCG:

## 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, whereby Rules 27 and 27a 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 (member of the Management Board until the expiry of 31 May 2021) 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 in drawing up the Management Board contracts that existing contracts would not be interfered with and Management Board contracts concluded at a later time would also be consistent with the relevant regulations regarding remuneration. The following deviations regarding the Management Board contracts in the reporting period 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 the 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. This LTI programme was continued essentially unchanged for the period from 2017 to 2019 and the year 2020 and extended for the period from 2021 to 2023. Details regarding the LTI programme can be found in the Remuneration Policy and the Remuneration Report, which can be viewed on the company's website upon presentation to the Annual General Meeting.

The variable remuneration of the Management Board (not in the form of SAR) is currently dependent on the achievement of three performance indicators defined in the budget for the respective financial year: return on capital employed (ROCE) with a weighting of 80%, as well as Renewable Energy Share (RES) and the Vitality Index with a weighting of 10% each.

The key figure RES reflects the company's commitment to sustainability and also takes account of external stakeholders' growing interest in incorporating environmental sustainability goals in corporate management. The inclusion of the Vitality Index is of major importance in giving variable remuneration a long-term focus because innovation strength – the development of new technologies, products or product properties – is a crucial factor for the future business success of the Group. It can also be measured reliably. The Vitality Index 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.

The combination of short-term and long-term incentive programmes promotes the desired long-term, sustainable steering effect over several years while at the same time accentuating the targeted dynamic company growth.

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. As a result, severance payments may exceed the amount of two annual remunerations in exceptional cases. The same could also apply in the event of a 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.

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 has obtained control of the company in accordance with Section 22 of the Austrian Takeover Act (ÜbG), 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 within a defined period of time ("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.

### **C-RULE 43**

The Nomination and Remuneration Committee is chaired by Mr Riedl, Deputy Chairman of the Supervisory Board. In view of Mr Riedl's expertise as a practising lawyer in the field of drawing up contracts and his intensive work related to topics of management board remuneration and the relevant experience of the other members of the Nomination and Remuneration Committee, the required membership of the Chairman of the Supervisory Board in this committee was dispensed with when appointing members to this committee.

# MANAGEMENT BOARD

## AT&S AG MANAGEMENT BOARD

	ASSIGNED GROUP FUNCTIONS	INTERIM SINCE OCTOBER 2021	DATE OF FIRST APPOINTMENT	END OF CURRENT APPOINTMENT
Andreas Gerstenmayer, CEO born 1965	Strategy, M&A; Public Relations, Communication, Corporate Affairs; IT, Digital Transformation; Human Resources; Research & Development, Innovation; Advanced Interconnect Solution Services; Corporate Social Responsibility	Controlling; Accounting & Finance; Legal Affairs & Compliance; Internal Audit	01/02/2010	31/05/2026
Simone Faath, CFO born 1966	Controlling; Accounting & Finance; Investor Relations; Legal Affairs & Compliance; Internal Audit		01/11/2020	25/10/2021
Peter Schneider, CSO born 1970	Global Sales, Sales Regions; Business Unit Sales, Business Lines, Business Development; Marketing; Market Intelligence	Investor Relations	01/06/2021	31/03/2024
Heinz Moitzi, CTO born 1956	Research & Development; Corporate Social Responsibility; Advanced Interconnect Solution Services		01/04/2005	31/05/2021
Ingolf Schröder, COO born 1972	Business & Operational Excellence; Business Continuity Management; Maintenance; Production; Quality; Security; EHS; Global Supply Chain; Purchasing		01/09/2020	31/08/2025

## COMPOSITION, WORKING PRACTICES AND ORGANISATION

As of 31 March 2022, the Management Board consisted of Andreas Gerstenmayer as CEO and Interim CFO, Peter Schneider as CSO and Ingolf Schröder as COO.

As a collective executive body, the Management Board is jointly responsible for the management of the company. In addition to the collective responsibility, each Management Board member is also responsible for defined areas of business. The assigned corporate functions are shown in the table.

# COMPOSITION OF THE SUPERVISORY BOARD

## AT&S AG SUPERVISORY BOARD

	DATE OF FIRST APPOINTMENT	END OF CURRENT APPOINTMENT	MEMBERSHIP OF OTHER SUPERVISORY BOARDS*	INDEPENDENT ACCORDING TO ACCG RULE
Hannes Androsch Chairman of the Supervisory Board born 1938	30/09/1995	31st AGM 2025	–	–
Regina Prehofer First Deputy Chairwoman of the Supervisory Board born 1956	07/07/2011	30th AGM 2024	Member of the Supervisory Board of Wienerberger AG, Vienna, Austria	53, 54
Georg Riedl Second Deputy Chairman of the Supervisory Board born 1959	28/05/1999	30th AGM 2024	Member of the Supervisory Board of Vienna Insurance Group AG, Vienna, Austria	53
Gertrude Tumpel-Gugerell Member of the Supervisory Board born 1952	04/07/2019	30th AGM 2024	Member of the Supervisory Board of Vienna Insurance Group AG, Vienna, Austria Member of the Supervisory Board of OMV AG, Vienna, Austria Member of the Supervisory Board of Commerzbank AG, Frankfurt, Germany	53, 54
Robert Lasshofer Member of the Supervisory Board born 1957	09/07/2020	31st AGM 2025	Member of the Supervisory Board of Vienna Insurance Group AG, Vienna, Austria	53, 54
Georg Hansis Member of the Supervisory Board born 1973	09/07/2020	31st AGM 2025	–	53
Hermann Eul Member of the Supervisory Board born 1959	09/07/2020	31st AGM 2025	Member of the Supervisory Board of Knowles Corporation, Itasca, USA	53, 54
Karin Schaupp Member of the Supervisory Board born 1950	07/07/2011	30th AGM 2024	–	53, 54
Lars Reger Member of the Supervisory Board born 1970	09/07/2020	31st AGM 2025	–	53, 54
Wolfgang Fleck Member of the Supervisory Board born 1962	03/09/2008	–	–	n.a.
Günter Pint Member of the Supervisory Board born 1976	19/09/2017	–	–	n.a.
Siegfried Trauch Member of the Supervisory Board born 1960	28/01/2016	–	–	n.a.
Günther Wölfler Member of the Supervisory Board born 1960	10/06/2009	–	–	n.a.

\* Supervisory board positions held within the reporting period

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 2021 to 31 March 2022, 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 ten times during the financial year 2021/22.

At these meetings, the Management Board and the Supervisory Board discussed the economic position of the AT&S Group in detail. The Management Board comprehensively informed the Chairman of the Supervisory Board or his Deputy, also between Supervisory Board meetings, and the Supervisory Board as part of the Group's ongoing reporting process and at all board meetings, of the Group's operating and financial position, and of 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 the ongoing development in the capacity expansion for IC substrates as well as the optimisation of Group financing.

The Supervisory Board annually carries out a self-evaluation in accordance with Rule 36 of the Code of Corporate Governance, and did so again for the financial year 2021/22. This evaluation performed by the Supervisory Board based on a digital questionnaire confirmed that its practices meet the Good Governance requirements and that its organisation, work practices and target orientation are efficient and effective.

## **INDEPENDENCE OF SUPERVISORY BOARD MEMBERS**

In accordance with C-Rule 53 of the ACCG, 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 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 2022, the members of the Supervisory Board appointed by the Annual General Meeting each declared in writing whether they were independent as determined by the above criteria. Eight of the nine members of the 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 in accordance with C-Rule 53 should also not be shareholders with interests in excess of 10%, or representatives of such interests. Six of nine Supervisory Board members representing shareholder interests declared themselves independent within the meaning of this rule.

## **DIVERSITY**

When selecting members of the Supervisory Board, the focus is on expertise and management experience. Diversity is also a consideration in its composition. Currently, three members of the Supervisory Board are women, representing a proportion of female members of 23%, a value below the average of listed Austrian companies. The company strives to further raise this percentage in accordance with legal requirements. The age of Supervisory Board members ranges from 44 to 83 years on 31 March 2022. 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 is continuously being developed further. Details regarding the diversity concept and the advancement of women in leadership roles are provided in the chapter "Decent work" in the non-financial report.

## **RELATED PARTY TRANSACTIONS**

In connection with various projects, the Group obtained services totalling € 363 thousand (previous year: € 365 thousand) from AIC Androsch International Management Consulting GmbH, where Chairman of the Supervisory Board Hannes Androsch has full authority to act on behalf of the company as its Managing Director.

## 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)
- Gertrude Tumpel-Gugerell (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 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 the Group's internal audit and risk management systems. The Audit Committee convened three times in the financial year 2021/22. Its activities focused on the discussion and reviews of the annual and consolidated financial statements as of 31 March 2021, the planning and preparation of the audit of the annual and consolidated financial statements for the financial year 2021/22, the preparation of a proposal for the election of the statutory auditor as well as the discussion of the risk management, internal control and internal audit systems.

### Nomination and Remuneration Committee

This committee consisted of the following members:

- Georg Riedl (Chairman)
- Hermann Eul
- Robert Lasshofer
- 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 met five times in the financial year 2021/22, which focused in particular on matters related to succession planning for the position of the CFO and the development of the remuneration policy of the Management Board members.

### Finance Committee

A Finance Committee has been established to address the complex and specific tasks of financing as efficiently as possible. The members of the Finance Committee are:

- Hannes Androsch (Chairman)
- Regina Prehofer (Deputy Chairwoman)
- Robert Lasshofer
- Georg Riedl
- Wolfgang Fleck
- Günther Wölfler

The Finance Committee met five times in the financial year 2021/22 and discussed matters of general Group financing as well as project financing.

## DIRECTORS' DEALINGS

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/company/corporate-governance/directors-dealings/](http://www.ats.net/company/corporate-governance/directors-dealings/).



