AT&S

Remuneration Policy 2022
for the Management Board of AT&S AG

I. Principles and objectives of the Remuneration Policy

The Remuneration Policy detailed below provides shareholders with a comprehensive list of remuneration components that members of the Management Board may benefit from. The Policy also aims to provide transparency on the mechanisms and processes followed to define and implement each component of the remuneration.

One of the purposes of this document is therefore to present existing publicly disclosed information in a reader-friendly way. In addition, the Remuneration and Nomination Committee addresses the expectations of the capital market, the regulatory authority and wider range of stakeholders regarding higher remuneration reporting standards.

A. Principles for the Remuneration Policy

The following remuneration principles (remuneration policy) for the members of the Management Board of AT&S AG ("AT&S") were based on a proposal by the Nomination and Remuneration Committee in its function as a remuneration committee in accordance with C-Rule 43 of the Austrian Corporate Governance Code (ACGC) and approved by a resolution of the Supervisory Board on June 2, 2022. They are intended for application after their presentation to AT&S's 28th Annual General Meeting. In accordance with § 78b (1) of the Austrian Stock Corporation Act, the remuneration policy must be presented to the Annual General Meeting for voting at least every fourth financial year.

B. Objectives of the Remuneration Policy

When instituting the Remuneration Policy, the Nomination and Remuneration Committee's purpose is to appropriately reward the Management Board considering the scope of responsibilities of each beneficiary and their development, their seniority, their background and experience. The appropriateness is assessed with respect to pay magnitude and practices at comparable companies. Appropriate remuneration should also create sustainable performance incentives, supporting the company's long-term strategy and development, and aligning Management Board Members' interest with those of shareholders.

Compensation of the Management Board should be understood as a means to attract and retain talented and experienced managers as required for an international company, publicly listed on the Vienna Stock Exchange, with a wide spectrum of high-technology products and intensive research and development to drive innovation. This implies maintaining balance at several levels:

- The amount of fixed remuneration is the basis of the package as variable components are indexed to it. Therefore, fixed remuneration should remain consistent with the responsibilities and profile of the Management Board member internally, and competitive versus comparable companies.
- Incentive remuneration should support sustainable performance, as defined by the company's strategy, thereby leading to a balance between performance and risk-taking in the long term.

- Considering the company's competitive environment, the incentive remuneration should provide balanced incentives over the short and the long term, to support responsiveness, continuous performance, within a multi-year framework.
- In no case should the remuneration policy be viewed as excessive. Its payout and vesting progressivity is set up to maintain adequacy of the remuneration while defining ambitious targets and maintaining a degree of flexibility to consider exceptional performance.

II. Remuneration components benefitting the Management Board

To fulfil the above-mentioned objectives, the Remuneration and Nomination Committee relies on the following components:

- Base salary
- Short-term variable remuneration
- Long-term variable remuneration
- Benefits:
    - Company car (including private use)
    - Pension contributions
    - Accident insurance
    - D&O insurance

A. Base salary

Base salaries were set up taking into consideration the positioning of the company compared to market standards and practices in place at comparable companies. In order to ensure this in the long term, base salaries are reviewed annually.

For information purpose the company discloses the following remuneration ratios as of January 2022:

	Gross remuneration p. a. on target in €	Ratio CEO: Austria	Ratio CEO: Group
CEO	928,000	1	1
Average employees in Austria	60,000	16	–
Average employees in Group	22,500	–	41

For other Management Board Members the ratio to Austria is 1:10; for the Group it is 1:27.

The difference between the Austrian and Group ratios can be explained by the different remuneration practices and pay levels around the globe. The AT&S staff includes a significant number of foreign employees, a number of whom is based abroad (more than 85% outside Europe, most of them in Asia). Across the globe, employees are paid and employed according to market standards.

As a result, the Remuneration and Nomination Committee believes that the practice applied is in line with the objectives of the Remuneration Policy disclosed above.

B. Short-term and long-term variable remunerations

The variable schemes are designed to incentivise Management Board members to deliver high and sustainable performance, including short-term milestones that take into consideration the long-term vision of the company. This combination of short- and long-term achievements is the basis of our "Vision to Strategy" that can be summarised as follows:

- Expansion of technology leadership
  - Leading provider of advanced interconnect solutions
  - Vitality Index: > 20%
- Focus on sustainable profitable growth
  - ▪ Medium-term revenue target of € 3.5 billion with an EBITDA margin of 27–32%
- Creation of shareholder value
  - Long-term ROCE ≥ 12%
- Sustainable management
  - 80% renewable energy
  - Life cycle assessment of product groups
  - Equal opportunities and equal treatment for a diverse workforce

1. <u>Short-term variable remuneration</u>

The short-term variable remuneration is designed to incentivise the Management Board members and support the achievement of yearly defined targets for a range of performance indicators. The Supervisory Board approves the targets in the yearly budget. The selected performance indicators are in line with the company's strategy, operational reporting and "Vision to strategy". Therefore, the members of the Management Board are granted short-term variable remuneration for their contribution to the achievement of key milestones tailored to the company.

This bonus can range from 0 to 200% of the base salary for the CEO as the Chairman of the Management Board with a 100% of base salary award for on-target performance. For other Management Board members, the bonus can range from 0 to 160% of the base salary, with a bonus of 80% of base salary for on-target performance. The bonus for the Deputy Chairman of the Management Board can be raised to the level of the CEO.

a) Mechanism for the short-term variable remuneration

i. The below chart describes the circumstances and scenario leading to the payment of an annual variable bonus.

If no positive EBIT is generated, there will generally be no bonus pay-out (= Hurdle 1). In the event that the EBIT margin of the AT&S Group exceeds 70% of the budget (= Hurdle 2), the bonus pay-out will be calculated as described below with reference to the Group's ROCE, VI and RES performance. The following table, which includes a **schematic illustration**, provides further details and transparency regarding the calculation methodology:

Indicator	Weight (A)	Performance*	Level of achievment** (B)	Contractual multiplicator (C)	Weighted payout (% of base salary)
ROCE	80%	–4%p	0	CEO: 1.0 Other: 0.8	(A × B × C)
		On target*	100%		
		+4%p	200%		
		Linear between these points			
VI	10%	–10%p	0		
		On target*	100%		
		+10%p	200%		
		Linear between these points			
RES	10%	–3%p	0		
		On target	100%		
		+3%p	200%		
		Linear between these points			

* The target is equal to the percentage budgeted.

** The total level of achievement is the weighted sum of levels of achievement per indicator.

ii. Under special circumstances (for example particularly volatile framework conditions), the following special rule can be agreed for one financial year: If no positive EBIT is generated, there will generally be no bonus pay-out (= Hurdle 1). Otherwise, the bonus pay-out will be at least 50% of the contractual bonus on target. In case the EBIT margin of AT&S Group is above 70% of the budget (= Hurdle 2), the bonus pay-out will be calculated as described below with reference to the Group ROCE, VI and RES performance. To provide further details and transparency regarding the calculation methodology, you may refer to the below table, which provides a **schematic illustration**:

<table>
<tr><th>Indicator</th><th>Weight (A)</th><th>Performance*</th><th>Level of achievment** (B)</th><th>Contractual multiplicator (C)</th><th>Weighted payout (% of base salary)</th></tr>
<tr><td rowspan="4">ROCE</td><td rowspan="4">80%</td><td>–4%p</td><td>50%</td><td rowspan="12">CEO: 1.0
Other: 0.8</td><td rowspan="12">(A × B × C)</td></tr>
<tr><td>On target*</td><td>100%</td></tr>
<tr><td>+4%p</td><td>150%</td></tr>
<tr><td colspan="2">Linear between these points</td></tr>
<tr><td rowspan="4">VI</td><td rowspan="4">10%</td><td>–10%p</td><td>50%</td></tr>
<tr><td>On target*</td><td>100%</td></tr>
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</table>

* The target is equal to the percentage budgeted.
**The total level of achievement is the weighted sum of levels of achievement per indicator.

b) Further details on the performance indicators

EBIT/EBIT margin: EBIT is used for the bonus calculation as it shows the operating result over operating sales – if EBIT is too low or even negative, there is no bonus distribution.

ROCE: AT&S uses the return on capital employed (ROCE) to measure its operating performance from the point of view of investors using the ratio of the result adjusted for finance costs – net and average capital employed. This ratio serves to derive the extent to which AT&S fulfils its investors' interest requirements. The average cost of capital is derived from the minimum return investors expect for providing equity or borrowings. Overall, ROCE contributes to the creation of shareholder value and sustainable, profitable growth.

VI: The inclusion of the VI (Vitality Index) plays an important role for a sustainable design of variable remuneration since the ability to innovate – i.e., the development of new technologies, products or product properties – represents a key element in the future economic success of a company and is easy to measure: the VI is the share of total revenue of products which have been launched in the last three years and are technologically innovative. It reflects the expansion of technology leadership and sustainable development.

RES: The RES (Renewable Energy Share) measures the proportion of renewable energy of the company's total energy requirements. AT&S strives to make a significant contribution to climate protection and defines ambitious targets on the path towards decarbonisation every year. This performance indicator reflects the company's commitment to sustainability and also takes account of the growing interest of external stakeholders to address environmental sustainability goals in company management.

2. Long-term variable remuneration

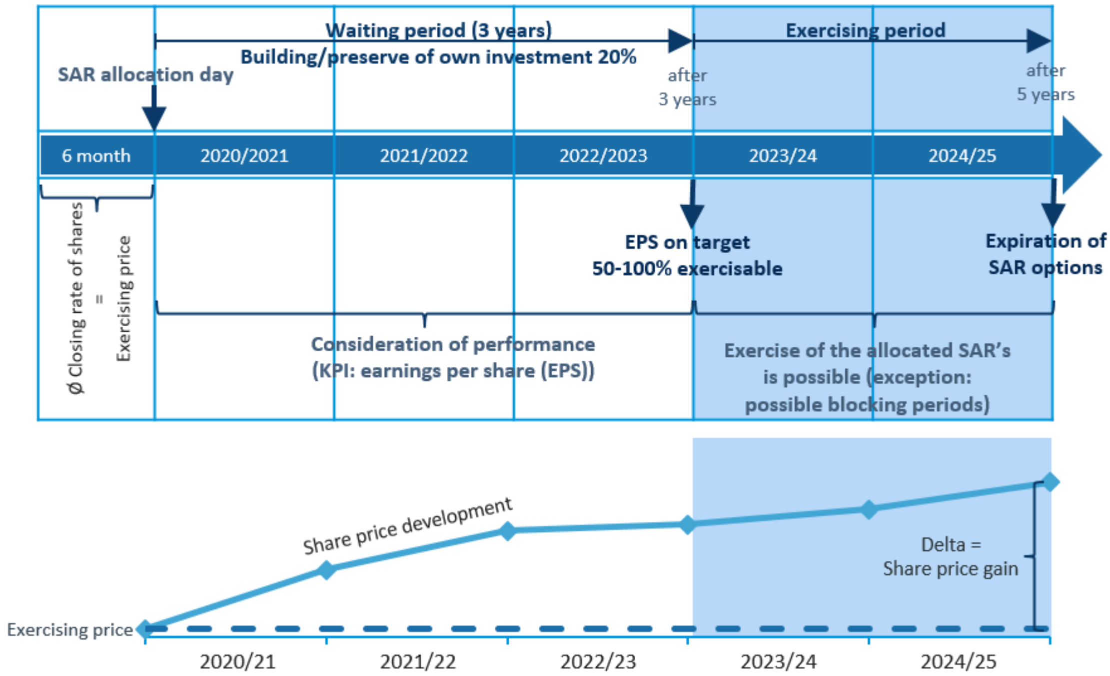
The long-term variable remuneration is designed to further align the Management Board members' long-term risk profile with that of shareholders. Therefore, it focuses on stock price performance and shares' profitability.

To achieve this, yearly awards are made in the form of Stock Appreciation Rights (SAR) that vest in proportion of an EPS-based performance condition. SAR are rights to appreciation in value based on share performance over a defined period. 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.

a) Features of the SAR awards

- The initial award at grant date amounts to 50,000 SAR for the CEO and 30,000 for other Management Board members. The exercise price is calculated at market value without discount (average price of the last 6 months before allocation). The individual SAR payout is capped at twice the exercise price.
- The performance assessment period lasts 3 years: this is the "Waiting period" in the below chart.
- The SAR can be exercised from the end of the qualifying period, for a period of 2 years.
- Beneficiaries' own investment in the company's shares equal to 20% (one time) of the annual allocated SAR amount multiplied by a fictitious share price of € 10 is a prerequisite that must be maintained from the end of the qualifying period until the exercising of the last SAR. If the own investment has not been made in full by the end of the qualifying period (after three years), all previously allotted SAR of the corresponding programme are forfeited.
- The EPS target derives from the company's 5-year planning. Such target is considered sensitive and confidential. However, to maintain high standard performance incentives, the EPS target is set at a level that is at least as challenging as the company's mid-term planning.

The below chart summarises the mechanism in place for the SAR performance measurement. Example for an allocation on April 1, 2020.



b) Further details on the EPS performance condition, exercise price, and final vesting

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.

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 pay-outs are made in cash. In the event of exceptionally positive performance, the pay-out amount per SAR is limited to the amount represented by 200% of the respective exercise price.

c) *Rationale to support the choice of EPS as performance indicator*

Achieving target EPS reflects the company's overall development. The share price development reflects the capital market's confidence in the company's future, thus increasing the value of the shares as a transaction currency. Consequently, it generally strengthens the capital base for equity measures.

III. Explanations of the terms and notice period for employment contracts

- First appointment 3 - 5 years – extensions generally for 3 - 5 years.
- Notice period of 12 months.
- Removal generally in accordance with § 75 para. 4 AktG (Stock Corporation Act).
- Termination provisions are set forth specifically in the contract.
- Clawback rule for short-term variable awards.
- Change of Control: special termination right.
- Additional pensions: 10% of gross salary (excl. variable portions & benefits in kind) is paid monthly into pension fund.

A. Termination payment

1. Triggering event

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 the employment relationship is terminated.

In the event of premature termination of the employment relationship by the respective Board member for reasonable cause, or where the function becomes obsolete for legal reasons, the termination payment is due.

However, where a Management Board member resigns from his/her 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.

2. Amount of termination payment

When the termination payment is due, the remuneration is payable until the end of the employment contract and would amount to a maximum of one annual salary and bonus payment on target for the financial year in which the employment relationship is terminated.

B. Specific situation in case of "Change of Control"

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.

1. Triggering event

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").

2. Amount of termination payment in case of change of control

If the special termination right is exercised or the employment 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 employment 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. The same applies mutatis mutandis to already allocated SAR.

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.

IV. Supervisory Board and Nomination and Remuneration Committee oversight

A. Conflict of interest

As a rule, members of the Management Board shall make their decisions without being influenced by their own interests or the interests of controlling shareholders, on the basis of facts and in compliance with applicable laws. They must disclose personal interests in transactions of the company and any other conflicts of interest to the Supervisory Board immediately and inform their Management Board colleagues.

If a member of the Nomination and Remuneration Committee and/or a member of the Supervisory Board has a conflict of interest with regard to the remuneration of the Management Board, the member shall proactively report this conflict of interest and shall abstain from voting.

B. Review and maintenance of the Remuneration Policy

The Remuneration Policy is in force for a period of four years from the date it was approved by shareholders. However, and if the Nomination and Remuneration Committee deems this in line with the company's interest, the Remuneration Policy can be reviewed before the end of the four years period. In such situation, the reviewed policy would be submitted to shareholders' approval.

Under exceptional circumstances, the Supervisory Board has discretion to amend certain features of the Remuneration Policy such as the choice of performance conditions, the way performance targets are set, in order to keep taking into consistent consideration the environment in which the company evolves and is impacted by external factors. Any such changes would, however, remain in line with the general caps and pay magnitudes defined in the policy in order to avoid blank check provisions or excessive discretion. Exceptional circumstances are defined exclusively as situations where deviation from the Remuneration Policy is necessary for the long-term development of the company or to ensure its profitability.

In case of appointment of a new Management Board member, the ongoing Remuneration Policy would apply to the provisions of his/her employment contract. The latter should, therefore, comply with the Remuneration Policy.

Exceptional awards can eventually be awarded to Management Board members. However, such award is limited to situations where significant external circumstances of a political, social or economic nature (including other influences with a significant impact on the activity of the Management Board, such as temporarily taking over necessary additional Management Board responsibilities) lead to massive additional burdens and shall not exceed 100% of the base salary.

When defining and amending the Remuneration Policy, the Nomination and Remuneration Committee may engage with several stakeholders such as shareholders, employees' representatives, regulators, and consultants in order to take into consideration a broad range of points of views and feedback.

The yearly application of this Remuneration Policy will be subject to a specific reporting that will provide clarity on the amounts due under each component of the package. Although the overall package is linked to factual elements, a degree of discretion may be introduced from time to time as explained above. In such situation, the supporting rationale will be provided to maintain transparency.

V. Significant changes in comparison to the Remuneration Policy 2020

The Nomination and Remuneration Committee regularly analyses a wide range of information including relevant market information, developments and trends, suggestions received from different stakeholders such as shareholders, employee representatives, regulatory authorities and consultants, as well as internal data in order to make appropriate remuneration decisions and to arrange competitive remuneration packages for Management Board members.

Regular external benchmarking against both the industry and relevant Austrian industrial enterprises ensures that the remuneration is at a competitive level.

In addition, shareholders' feedback is particularly valued. Therefore, the Nomination and Remuneration Committee has also included votes and points of view of shareholders on the Remuneration Policy and the Remuneration Reports in its ongoing analysis of the AT&S remuneration concept since the last vote on the Remuneration Policy at the Annual General Meeting. The Nomination and Remuneration Committee examines differences in opinion regarding the AT&S remuneration concept and evaluates proposals with respect to a potential further development of the Remuneration Policy.

Consequently, the above-mentioned information also contributed to further improving and updating the Remuneration Policy 2022. In comparison with the Remuneration Policy 2020, the following changes were made in particular:

- **Short-term and long-term performance goals**: in addition to increasing the medium-term targets for revenue and the EBITDA margin, sustainability targets regarding equal opportunities and equal treatment were defined in more general terms rather than a quota system and at the same time established as a means to realise a diverse workforce.
- **Mechanism for the calculation of short-term variable remuneration**: along with the now possible consideration of special circumstances in the calculation of short-term variable remuneration and the adjustment of the contractual multipliers and performance and target achievement parameters, a new performance indicator, the RES (Renewable Energy Share), was introduced, which reflects the company's commitment to environmental sustainability. In addition, the previous name of the performance indicator IRR (Innovation Revenue Rate) has been changed to VI (Vitality Index).
- **Bonuses, special bonuses and SAR (Stock Appreciation Rights)**: in addition to an adaptation of the maximum amount of possible bonuses and special bonuses for the members of the Management Board, based in particular on external benchmarking and market trends, the scope of application for special bonuses (for example in case it is necessary to temporarily take over additional Management Board responsibilities) has been clarified and provisions regarding the SAR (for example regarding the calculation of beneficiaries' own investments in shares of the company, and the entitlement to SAR in the event of a change of control) have been specified.