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Corporate Governance  
Report 2011/12

**AT&S - part of your daily life**

# Corporate Governance Report

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# Principles and Corporate Governance Declaration

AT&S Austria Technologie & Systemtechnik AG (AT&S) declares its voluntary adherence to the Austrian Corporate Governance Code (ÖCGK) in the amended version as of January 2012.

**CORPORATE GOVERNANCE CODE** In Austria the Corporate Governance Code, drawn up by the Working Group for Corporate Governance under the guidance of the government authorities responsible for the Austrian capital markets has been in force since 1 October 2002. Since then it has been reviewed annually in light of national and international developments and where necessary amended, most recently with effect of 1 January 2012.

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

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

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

For many years, AT&S has followed a strategy designed to further the long-term, sustainable growth of the Group's value. AT&S has been listed on the Vienna Stock Exchange since May 2008, and since then the company has subscribed to the Austrian Corporate Governance Code. An undertaking to comply with the ÖCGK is a condition prerequisite for the listing of Austrian companies on the Vienna Stock Exchange Prime Market. 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.

By the following commitments, AT&S has complied with all the provisions of the ÖCGK in the version of January 2012 since 31 March 2012:

**C RULES 27-28A AND ALL RELATED PASSAGES:** These rules were amended in the course of the review of the ÖCGK in December 2009 and came into force on 1 January 2010. Rules 27, 27a and 28 contained in the version of January 2010 only apply to contracts concluded after 31 December 2009. As a result, these rules do not apply to the appointment of Mr Moitzi to the Management Board. Due to the short period between the most recent review of the ÖCGK and the appointment of Mr Gerstenmayer as Chairman of the Management Board in mid-December 2009, and in order to avoid any departure from the remuneration provisions applicable to the appointment of Mr Moitzi, the new rules were not taken into consideration in the contract concluded with Mr Gerstenmayer in January 2010. These rules were also not included in the Management Board appointment agreed with Mr Obendrauf in October 2010, in order to avoid any unequal treatment of individual Management Board members.

**MANAGEMENT BODIES OF A PUBLIC LIMITED COMPANY** The Management Board is responsible for managing the affairs of the company so as to further the wellbeing of the company, taking into consideration the interests of shareholders, employees and the general public. Members of the Management Board are appointed by the Supervisory Board.

The Supervisory Board is responsible for overseeing the management of the company and is required to convene at least once a quarter. Members of the Supervisory Board are appointed by the General Meeting. In addition, the employee representatives are entitled to delegate one representative as a Supervisory Board member for every two Supervisory Board members elected by the General Meeting.

The General Meeting is the primary forum for shareholders to exercise their participatory decision-making rights as provided under statute and the company's articles of incorporation.



# AT&S AG Management Board

The Management Board is collectively responsible for the management of the company. Each member of the Management Board is also responsible for specific areas of the business – which does not affect their collective responsibility. Management Board members have a duty to keep each other informed of all important business events and transactions. Fundamental issues of business policy and major decisions require the joint decision of all Management Board members. Open discussions take place between members of the Management Board during Board meetings. If unanimous agreement is not reached on such decisions, the Chairman of the Supervisory Board must be informed without delay.

The Supervisory Board must also be informed of all proposed decisions with far-reaching consequences. The Management Board must inform the Supervisory Board at least once a year of measures taken to combat corruption in the Group. Internal audit has been set up as a separate organisational unit answerable to the Management Board. The audit plan and any material outcomes must be reported to the Audit Committee at least once a year. The rules and procedures of AT&S's Management Board require the Board to meet at least once a month. A total of 27 Management Board meetings were held in the past financial year. The minutes of all Board meetings and decisions must be taken in writing.

As of 31 March 2012, the Management Board of AT&S consisted of Andreas Gerstenmayer (Chairman), Thomas Obendrauf (Deputy Chairman and Chief Financial Officer) and Heinz Moitzi (Chief Technical Officer).



**ANDREAS GERSTENMAYER**  
Chairman of the Management Board  
since 1 February 2010, appointed until 31 January 2013

Mr Gerstenmayer was born on 18 February 1965 and is a German citizen. He studied Production Engineering at Rosenheim University of Applied Sciences. In 1990, he joined Siemens in Germany, working first in lighting, and then holding various management positions in the Siemens Group. In 2003 he was appointed Managing Director of Siemens Transportation Systems GmbH Austria and CEO of the Drive Technology business unit in Graz (world headquarters). He was partner at FOCUSON Business Consulting GmbH from 1 January 2009, but left the operational consulting business after becoming Chairman of the Management Board at AT&S. Mr Gerstenmayer does not hold any supervisory board memberships or similar positions in other companies in Austria or abroad that are not included in the consolidated financial statements. On 26 January 2012, the Provincial Government of Styria passed a resolution appointing Mr Gerstenmayer to the Forschungsrat Steiermark advisory committee.

Andreas Gerstenmayer's managerial responsibilities include sales and marketing, human resources, investor relations, PR and internal communication, and business development and strategy. As Chairman of the Management Board he is responsible for the implementation and supervision the implementation of the decisions and resolutions of the Management Board, the Supervisory Board and the Annual General Meeting.



**THOMAS OBENDRAUF**  
Chief Financial Officer and  
Deputy Chairman of the Management Board  
since 29 October 2010, appointed until 28 October 2015

Thomas Obendrauf was born on 21 August, 1970. From 1989 to 1993, he studied business and commerce at Vienna University of Economics and Business. He became a qualified tax adviser in 1997, and a certified public accountant (CPA) in Illinois, USA in 1999. From 2002 to 2004, Mr Obendrauf completed an executive MBA at the University of Chicago's Graduate School of Business. After seven years at Price Waterhouse AG Österreich (from 1993–2000), he moved to AAA net.com Dienstleistungen GmbH, where he was Managing Director.

Mr Obendrauf joined AT&S in 2001, initially heading up Group Controlling, and then held the position of Chief Financial Officer for AT&S (China) Co. Ltd. from 2005–2010.

In October 2010, he moved back to Austria to become AT&S's Chief Financial Officer. Mr Obendrauf does not hold any supervisory board memberships or similar positions in other companies in Austria or abroad that are not included in the consolidated financial statements. Thomas Obendrauf is responsible for finance and accounting, controlling, internal audit, legal affairs and insurance, IT and back office, supply chain management and procurement.



**HEINZ MOITZI**  
Chief Technical Officer  
since 1 April 2005, appointed until 31 March 2013

Heinz Moitzi, born on 5 July 1956, studied electrical installation with Stadtwerke Judenburg (Judenburg municipal utility company) from 1971 to 1975. From 1976 to 1981 he attended a higher technical college of electrical engineering (HTBL), where he completed his adult education certificate. In 1981 he worked as a measurement engineer at the Leoben University of Mining and Metallurgy. Mr Moitzi has been working at AT&S since 1981, first as head of the mechanics and galvanics department, then as production and plant manager at Hinterberg.

He was project manager and COO at AT&S in Shanghai from 2001 to 2004, returning to the position of Vice President of Production. Mr Moitzi does not hold any Supervisory Board memberships or similar position in other companies in Austria or abroad that are not included in the consolidated financial statements. Heinz Moitzi's specific managerial responsibilities cover production, research and development, quality control, the environment, safety, maintenance, procurement, and waste disposal.

# AT&S AG Supervisory Board

| Name                 | Date of birth | Date of first appointment | End of current appointment |
|----------------------|---------------|---------------------------|----------------------------|
| Hannes Androsch      | 18. 04. 1938  | 30. 09. 1995*             | 21 <sup>st</sup> AGM 2015  |
| Willibald Dörflinger | 20. 05. 1950  | 05. 07. 2005              | 21 <sup>st</sup> AGM 2015  |
| Gerhard Pichler      | 30. 05. 1948  | 02. 07. 2009              | 20 <sup>th</sup> AGM 2014  |
| Georg Riedl          | 30. 10. 1959  | 28. 05. 1999              | 22 <sup>nd</sup> AGM 2016  |
| Karl Fink            | 22. 08. 1945  | 05. 07. 2005              | 21 <sup>st</sup> AGM 2015  |
| Albert Hochleitner   | 04. 07. 1940  | 05. 07. 2005              | 21 <sup>st</sup> AGM 2015  |
| Regina Prehofer      | 02. 08. 1956  | 07. 07. 2011              | 22 <sup>nd</sup> AGM 2016  |
| Karin Schaupp        | 23. 01. 1950  | 07. 07. 2011              | 22 <sup>nd</sup> AGM 2016  |
| Wolfgang Fleck       | 15. 06. 1962  | 03. 09. 2008**            |                            |
| Johann Fuchs         | 16. 12. 1959  | 20. 11. 1996**            |                            |
| Günther Wöfler       | 21. 10. 1960  | 10. 06. 2009**            |                            |
| Sabine Fussi         | 21. 10. 1969  | 14. 09. 2011**            |                            |

\* AT&S was originally established as a Gesellschaft mit beschränkter Haftung (limited liability company). The shareholders' meeting of 23 June 1995 passed a resolution changing the company into an Aktiengesellschaft (public limited company), and appointed the Supervisory Board members including Hannes Androsch. The Aktiengesellschaft was registered in the Register of Companies on 30 September 1995.

\*\* Delegate of the Works Council; date of first appointment corresponds to the date of the first meeting of the Supervisory Board attended.

The Supervisory Board is responsible for policy issues and the strategic focus of the Group. Four Supervisory Board meetings were held in the financial year 2011/12 with the participation of the Management Board. Regina Prehofer and Hannes Androsch personally attended fewer than half of the meetings of the Supervisory Board in the financial year 2011/12. Outside Supervisory Board meetings, the Management Board and the Chairman of the Supervisory Board Hannes Androsch also held ongoing discussions on the Group's strategic focus and the progress of its business activities outside the SBM. Open discussions between the members of the Supervisory Board and the Management Board took place during the Supervisory Board meetings: the Management Board provided the Supervisory Board with reports on the state of the AT&S Group's affairs in the meetings. Strategic projects, long-term strategy as well as structural and staff changes were discussed and decided upon.

## COMPOSITION

**HANNES ANDROSCH** is Chairman of the Supervisory Board. With a doctorate in economics, he is a non-practising certified accountant and tax adviser. From 1970 to 1981 he was Austrian Federal Minister of Finance, and between 1976 and 1981 he was also the country's Vice Chancellor. After leaving politics, he was General Director of the CA Creditanstalt-Bankverein from 1981 to 1988. In 1989, he founded AIC Androsch International Management Consulting, and began building an industrial conglomerate which comprises a number of well-known Austrian companies, including AT&S, which Mr Androsch acquired together with Willibald Dörflinger and Helmut Zoidl in a management buyout in 1994.

Other supervisory board positions held by Mr Androsch at listed companies:

- HTI High Tech Industries AG

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

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

- HTI High Tech Industries AG
- HWA AG

**GERHARD PICHLER**, Supervisory Board Member at AT&S since 2 July 2009, studied business administration at the Vienna University of World Trade. He is an auditor and tax adviser. Since 1986, Mr Pichler has been Managing Director of CONSULTATIO Wirtschaftsprüfung GmbH & Co. KG, and since 1995 Managing Partner of the CONSULTATIO Group.

**KARL FINK** graduated in business studies from the Vienna University of World Trade in 1971. From 1971 to 1975 he worked for Marubeni Corporation in international commodities trading, before moving to Wiener Städtische Wechselseitige Versicherungsanstalt in Vienna. Between 1979 and 1987 he was Chairman of the Management Board of Interrisk – Internationale Versicherungs-Aktiengesellschaft. In 1987 he became a member of the Management Board of Wiener Städtische Allgemeine Versicherungs AG, and in July 2004 Deputy Director General. He was appointed Managing Director of Wiener Städtische Versicherung AG Vienna Insurance Group in October 2007. With effect from 30 September 2009, Mr Fink ceased to be a member of the Management Board and moved to Group Management. He is also a member of the management board of the majority shareholder in VIG, Wiener Städtische Wechselseitiger Versicherungsverein - Vermögensverwaltung - Vienna Insurance Group. He was appointed Chief Executive Officer of Group reinsurance firm VIG Re zajišťovna in Prague in September 2011.

Other supervisory board positions held by Mr Fink at listed companies:

- Wienerberger AG

**ALBERT HOCHLEITNER** completed his studies in technical physics at Vienna University of Technology in 1965. In the same year, he joined the Siemens Group's low voltage works in Vienna. In 1984 he was appointed Chairman of the Management Board of Uher AG. In 1988 he moved to Siemens AG, where he was head of the electric motors business in the automotive technology sector based in Würzburg. In October 1992 he was appointed to the Management Board of Siemens AG Austria, becoming Chairman in February 1994. In 2005 he moved to the Supervisory Board of Siemens AG Austria.

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

Other supervisory board positions held by Mr Riedl at listed companies:

- bwin.party digital entertainment plc

**REGINA PREHOFER** studied commerce and law in Vienna. She started her career in 1981 at Oesterreichische Kontrollbank. In 1987 she moved to Creditanstalt, where she held various managerial positions in the bank's corporate finance 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 2006–2008 she was

CEO of UniCredit Global Leasing, in addition to her management board responsibilities in Austria. This appointment gave her responsibility for UniCredit Group's entire leasing operations. In September 2008 she switched to the management board of BAWAG P.S.K. where she headed the bank's retail and corporate finance activities. In May 2011 she was appointed Vice Rector with responsibility for infrastructure at the Vienna University of Economics and Business. An appointment to the office of Vice Rector with responsibility for finance followed in October 2011.

Other supervisory board positions held by Ms Prehofer at listed companies:

- Wienerberger AG

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

Employee participation in supervisory boards and their committees is mandated by law, and forms part of the Austrian corporate governance system. Employee representatives are entitled to delegate one representative as a Supervisory Board member for every two Supervisory Board members elected by the General Meeting. If the number of shareholders' representatives is odd, the number of employee representatives is rounded up. This one-third representation also applies to all supervisory board committees, with the exception of meetings and votes concerning the relationship between the company and its management board members. Resolutions on the appointment or dismissal of a management board member and the granting of stock options in the company are also excluded. Representatives of the Group hold regular meetings with the Management Board. These meetings serve the purpose of exchanging information on developments in the Group concerning employees.

Sabine Fussi, Wolfgang Fleck, Johann Fuchs, and Günther Wölfler were delegated to the Supervisory Board by the Works Council.

# Independence of Supervisory Board Members

The ÖCGK requires the majority of supervisory board members representing the shareholders be independent. In accordance with C Rule 53, the Supervisory Board has established the following criteria for the determination of the independence of its members.

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

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

Every member of the Supervisory Board representing shareholder interests has given a statement on his/her independence in terms of the above criteria at the meeting of 16 March 2012. Seven of the eight members of the AT&S AG Supervisory Board representing shareholder interests declared that they were independent. Hannes Androsch declared that he was not independent.

C Rule 54 specifies that companies with a free float in excess of 50% require at least two Supervisory Board members to be independent in terms of C Rule 53, and who should also not be shareholders or representatives of shareholders with interests in excess of 10%. Willibald Dörflinger, Karl Fink, Albert Hochleitner, Regina Prehofer and Karin Schaupp, thus five of eight capital representatives, declared themselves independent in terms of C Rule 54.

**DIVERSITY** Expertise and management experience are vital considerations when selecting members of the Supervisory Board. Diversity also plays a role. Three members of the Supervisory Board are women, taking the proportion of female members to 25% – significantly above the Austrian average. The members of the Supervisory Board are aged between 42 and 74. All members of the Supervisory Board representing shareholder interests have extensive experience of international business and as such have a high degree of internationality.

**AGREEMENTS REQUIRING APPROVAL** In connection with various acquisitions and projects, AT&S Group has procured consultancy services from AIC Androsch International Management Consulting GmbH, which is headed by the Chairman of AT&S's Supervisory Board. In the financial year 2011/12, fees for such services amounted to EUR 385,000.

The Group has procured consultancy services from Willibald Dörflinger, Deputy Chairman of the Supervisory Board. In the financial year 2011/12, fees for such services amounted to EUR 4,000.

The Group has procured consultancy services from Georg Riedl. In the financial year 2011/12, fees for such services amounted to EUR 4,000.



# Committees

For its effective support and for dealing with complex technical matters, the Supervisory Board has established two committees which carry out detailed analysis of particular issues and report their findings to the Supervisory Board.

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

- Willibald Dörflinger (Chairman)
- Gerhard Pichler (finance expert)
- Georg Riedl
- Wolfgang Fleck
- Günther Wölfler

The Audit Committee monitors the accounting process and the work of the statutory auditor, monitors and reviews the statutory auditor's independence, reviews the preparation and audit of the annual financial statements, and reviews the proposed distribution of profits, the management report and the corporate governance report. The Committee is responsible for reporting on the results of its reviews to the Supervisory Board. The Audit Committee also carries out preparatory work for the Supervisory Board on all issues in connection with the audit of the consolidated financial statements, consolidated management report and the consolidated accounting process. It also submits a proposal for the appointment of the statutory auditors and reports on this matter to the Supervisory Board.

The Audit Committee is responsible for monitoring the effectiveness of the group-wide internal control system and, where appropriate, the Company's internal audit and risk management systems. The Audit Committee convened twice in the last financial year. Its activities focused primarily on the discussion and review of the annual and consolidated annual financial statements for the year ending 31 March 2012, the planning and preparation for the audit of the annual and consolidated annual financial statements for the financial year 2011/12, and the discussion of the risk management, internal control and internal audit systems. The Chairman of the Audit Committee was also involved in the quarterly reporting in the period under review and reported on these matters to the Audit Committee.

**NOMINATION AND REMUNERATION COMMITTEE** In the financial year under review, the Nomination and Remuneration Committee comprised:

- Hannes Androsch (Chairman)
- Karl Fink
- Albert Hochleitner
- Wolfgang Fleck
- Johann Fuchs

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, the remuneration of Management Board members and the details of their contracts of appointment. The Nomination and Remuneration Committee is authorised to make decisions in cases of urgency.

The Nomination and Remuneration Committee was not required to convene in the financial year 2011/12; any relevant matters were discussed in the plenary sessions of the Supervisory Board. All of the committee members representing shareholders are former management board chairmen or managing directors with knowledge and experience of remuneration policies.

# Remuneration Report

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 2011/12 annual and consolidated financial statements.

## TOTAL REMUNERATION OF MANAGEMENT BOARD MEMBERS

| (in EUR 1,000)       | 2011/12      |            |              | 2010/11      |              |              |
|----------------------|--------------|------------|--------------|--------------|--------------|--------------|
|                      | Fixed        | Variable   | Total        | Fixed        | Variable     | Total        |
| Andreas Gerstenmayer | 388          | 203        | 591          | 393          | 299          | 692          |
| Heinz Moitzi         | 308          | 190        | 498          | 308          | 236          | 544          |
| Thomas Obendrauf     | 322          | 212        | 534          | 143          | 119          | 262          |
| Steen E. Hansen*     | –            | 242        | 242          | 365          | 1,999        | 2,364        |
| Harald Sommerer*     | –            | –          | –            | –            | 394          | 394          |
|                      | <b>1,018</b> | <b>847</b> | <b>1,865</b> | <b>1,209</b> | <b>3,047</b> | <b>4,256</b> |

\* resigned

The variable remuneration paid to Steen E. Hansen in the financial year 2010/11 mainly comprised contractual severance payments and the settlement of other claims in relation to the premature termination of his Management Board appointment.

The number of share options allocated to serving members of the Management Board is as follows:

|                               | Allocated on 1 April |        |        |        | Total   |
|-------------------------------|----------------------|--------|--------|--------|---------|
|                               | 2008                 | 2009   | 2010   | 2011   |         |
| Andreas Gerstenmayer          | n.a.                 | n.a.   | 40,000 | 40,000 | 80,000  |
| Heinz Moitzi                  | 30,000               | 30,000 | 30,000 | 30,000 | 120,000 |
| Thomas Obendrauf <sup>1</sup> | 1,500                | 1,500  | 1,500  | 30,000 | 34,500  |
| Exercise price (EUR)          | 15.67                | 3.86   | 7.45   | 16.60  |         |

<sup>1</sup> Thomas Obendrauf was previously a member of the Stock Option Scheme in his senior management position. The new allocation of options on 1 April 2011 reflected his promotion to the Management Board.

The stock option-based system of Management Board remuneration at AT&S is based on the Stock Option Scheme 2009–2012, which ran from 1 April 2009 to 1 April 2012. The options granted can be exercised in tranches: up to 20% after two years, up to 30% after three years, and up to 50% after four years following allotment. Stock options may be exercised in whole or in part after completion of the vesting period, although not during a restricted period. Allotted options not exercised within five years of the grant date expire without compensation.

In the financial year 2011/12 the variable remuneration of the Management Board not consisting of stock options and of all employees with variable remuneration elements depended on the achievement of two performance indicators defined in the budget, with equal weight attached to return on capital employed

(ROCE) and cash earnings. The weighting of these two performance indicators for top management was reduced (from 50% to 45%) and the Innovation Revenue Rate (IRR) was introduced with a 10% weighting for the first time in the financial year 2011/12. Bonuses were restricted to a maximum of 200% of the annual bonus set out in the contract of employment.

Management Board members are entitled to termination benefits in accordance with the Salaried Employees Act (AngG) if their employment is terminated. In the event of premature termination of a Management Board member's employment by the member of the board for cause, or where the function ceases to exist for corporate law reasons, remuneration is payable until the end of the appointment contract. Where a Management Board member resigns the appointment or is removed from office for severe breach of duty, and in case of death, payment of salary ceases at the end of the applicable month.

Management Board pension entitlements are governed by individual defined-benefit agreements or defined contribution plans. Mr Moitzi was awarded pension entitlements of 1.2% of his most recent salary for each year of service, up to a maximum of 40%. A contribution of 10% of the gross monthly salary of Mr Gerstenmayer and Mr Obendrauf is paid into a pension fund.

## SUPERVISORY BOARD REMUNERATION

### TOTAL REMUNERATION FOR SERVICES RENDERED BY MEMBERS OF THE SUPERVISORY BOARD:

| (in EUR 1,000)       | Payout period |             |             |            | Total        |
|----------------------|---------------|-------------|-------------|------------|--------------|
|                      | Fixed         | Committees  | Variable    | Meetings   |              |
| Hannes Androsch      | 30.0          | 3.0         | 14.6        | 1.2        | 48.8         |
| Willibald Dörflinger | 25.0          | -           | 7.3         | 2.0        | 34.3         |
| Georg Riedl          | 20.0          | 2.0         | 7.3         | 2.0        | 31.3         |
| Albert Hochleitner   | 20.0          | 2.0         | 7.3         | 1.6        | 30.9         |
| Karl Fink            | 20.0          | 2.0         | 7.3         | 1.2        | 30.5         |
| Gerhard Pichler      | 20.0          | 3.0         | 7.3         | 1.6        | 31.9         |
|                      | <b>135.0</b>  | <b>12.0</b> | <b>51.1</b> | <b>9.6</b> | <b>207.7</b> |

The Chairman of the Supervisory Board receives fixed remuneration of EUR 30,000 per financial year, the Deputy Chairman EUR 25,000 and all other elected members EUR 20,000. Chair of a Committee is remunerated with a fixed amount of EUR 3,000 per financial year, and membership in a Committee with EUR 2,000. The attendance fee is generally EUR 400 per Supervisory Board meeting. The variable element of Supervisory Board remuneration consists of a bonus based the achievement of Cash Earnings and the ROCE level by AT&S established in the budget. The Chairman of the Supervisory Board receives a bonus of EUR 10,000 per financial year, and other members of the Board EUR 5,000 if the budgeted level is fully achieved. Members of the Supervisory Board do not receive stock options in the Company.

Remuneration paid to members of the Supervisory Board in the financial year 2011/12 for the previous financial year was in accordance with the resolution passed at the 17th Annual General Meeting of 7 July 2011.

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

### DIRECTORS AND OFFICERS LIABILITY INSURANCE (D&O)

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

# Directors' Holdings & Dealings

| (in EUR 1,000)                                      | Shares                 |                             |                        |                | Options (according to Stock Option Plan) |                                |                        |
|---|------------------------|-----------------------------|------------------------|----------------|--|--------------------------------|------------------------|
|   | As of<br>31 March 2011 | Change                      | As of<br>31 March 2012 | % capital      | As of<br>31 March 2011                   | Allocated/<br>exercised/lapsed | As of<br>31 March 2012 |
| Heinz Moitzi  | 1,672                  | –                           | 1,672                  | 0.01%          | 120,000                                  | (6,000)                        | 114,000                |
| Andreas Gerstenmayer                                | –                      | –                           | –                      | 0.00%          | 40,000                                   | 40,000                         | 80,000                 |
| Thomas Obendrauf                                    | –                      | –                           | –                      | 0.00%          | 6,000                                    | 28,500                         | 34,500                 |
| Hannes Androsch                                     | 445,853                | –                           | 445,853                | 1.72%          |  |                                |                        |
| Androsch Private Foundation                         | 5,570,666              | –                           | 5,570,666              | 21.51%         |  |                                |                        |
| Willibald Dörflinger                                | –                      | –                           | –                      | 0.00%          |  |                                |                        |
| Dörflinger Private Foundation                       | 4,574,688              | 20,000                      | 4,594,688              | 17.74%         |  |                                |                        |
| Gerhard Pichler                                     | 19,118                 | –                           | 19,118                 | 0.07%          |  |                                |                        |
| Georg Riedl   | 9,290                  | –                           | 9,290                  | 0.04%          |  |                                |                        |
| Johann Fuchs  | 4                      | –                           | 4                      | 0.00%          |  |                                |                        |
| Karin Schaupp <sup>1)</sup>                         | n.a.                   | (700) <sup>1)</sup>         | 0                      | 0.00%          |  |                                |                        |
| Regina Prehofer <sup>1)</sup>                       | n.a.                   | –                           | –                      | 0.00%          |  |                                |                        |
| Retired directors <sup>2)</sup>                     | n.a.                   | n.a.                        | n.a.                   |                | 90,000                                   | (90,000)                       | –                      |
| <b>Total – all directors' holdings and dealings</b> | <b>10,621,291</b>      | <b>20,000 <sup>1)</sup></b> | <b>10,641,291</b>      | <b>41.09%</b>  | <b>256,000</b>                           | <b>(27,500)</b>                | <b>228,500</b>         |
| Own shares <sup>3)</sup>                            | 2,577,412              | –                           | 2,577,412              | 9.95%          |  |                                |                        |
| Other shares in issue                               | 12,701,297             | (20,000)                    | 12,681,297             | 48.96%         |  |                                |                        |
| <b>Total</b>  | <b>25,900,000</b>      |                             | <b>25,900,000</b>      | <b>100.00%</b> |  |                                |                        |

<sup>1)</sup> The appointment of Karin Schaupp and Regina Prehofer to the Supervisory Board was effected at the 17th Annual General Meeting on 7 July 2011, therefore the status as of 31 March 2011 was recorded, and the requisite change was not taken into consideration under "Total directors' holdings/dealings" or under "other shares in issue".

<sup>2)</sup> Of the options allocated to Steen E. Hansen, 30,000 of the amount allocated on 1 April 2010 (exercise price EUR 7.45) were paid on 13 May 2011 in the form of cash. The remaining options expired on 31 January 2012.

<sup>3)</sup> The nominal value of treasury stock at 31 March 2012 was EUR 2,835,153.



# Other Codes of Conduct

## **INCREASING FEMALE REPRESENTATION AT BOARD AND SENIOR MANAGEMENT LEVEL**

Two of the eight members of the AT&S Supervisory Board representing shareholder interests are women, and the employee representatives delegated a further female member to the Supervisory Board. At 25%, the proportion of female Supervisory Board members is significantly above the Austrian average. 14% of the senior management positions in the two levels directly below Management Board level are held by women. 36% of the Group's employees are female. The Group continues its efforts to increase female representation at board and senior management level.

## **AT&S CODE OF BUSINESS ETHICS AND CONDUCT**

In addition to the ÖCGK, AT&S has established its own code of business ethics, which describes how AT&S conducts its business in an ethical and socially responsible way. The guidelines apply to all AT&S's activities worldwide, and all AT&S employees without exception are expected to abide by the Code in the exercise of their business and professional activities and their daily work. Stricter or more detailed guidelines may be

established for specific regions, countries or functions, but they must be consistent with this corporate policy. Under one of the main provisions of the code, AT&S is committed to avoiding any form of discrimination on the basis of race, religion, political affiliation or gender in activities such as recruitment, remuneration and promotion. Performance is the decisive factor.

## **AT&S COMPLIANCE CODE**

AT&S supports the Austrian Corporate Governance Code's aim of raising domestic and foreign investors' confidence in the Austrian financial market by enhancing transparency and introducing universal principles. AT&S attaches great importance to equal treatment of all investors and the provision of comprehensive information. The Group has adopted a Compliance Code ("Extended Group Guidelines on the Prevention of Misuse of Insider Information") which covers all Supervisory Board members and complies with the provisions of the Issuers Compliance Regulation of the Austrian Financial Market Authority and all other statutory regulations applicable to the financial markets. The Compliance Officer constantly monitors adherence to these guidelines.

### **Management Board**

Andreas Gerstenmayer m.p.

Thomas Obendrauf m.p.

Heinz Moitzi m.p.

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