

## **Remuneration Report for the Management Board and the Supervisory Board for the financial year 2020/21**

### **I. Basic information**

In accordance with Sections 78c and 98a of the Austrian Stock Corporation Act (AktG), the Management Board and Supervisory Board of publicly listed companies have to prepare a Remuneration Report for the members of the Management Board and the Supervisory Board. The Remuneration Report informs shareholders about the remuneration of the Management and Supervisory Boards and shall be submitted to the Annual General Meeting for a vote every year. In addition, the company shall demonstrate in the subsequent Remuneration Report how the result of the vote on the Remuneration Report at the previous Annual General Meeting was addressed.

The Remuneration Report will be publicly accessible on the company's website, free of charge, for ten years. The Management Board and the Supervisory Board have jointly prepared the following Remuneration Report for presentation to the Annual General Meeting on 8 July 2021 in accordance with Section 78c AktG. The principles of completeness, reliability, clarity, transparency and comparability were complied with. The Remuneration Report provides a comprehensive overview of the remuneration promised or granted to the current and former members of the Management and Supervisory Boards during the financial year 2020/21 in accordance with the Remuneration Policy (Section 78a), including all benefits, and is covered by the Remuneration Policy confirmed by the 26<sup>th</sup> Annual General Meeting on 9 July 2020.

### **II. Remuneration of the Management Board**

#### **A. Objectives of the Remuneration Policy for the Management Board**

When instituting the Remuneration Policy, the Nomination and Remuneration Committee's purpose was 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, support the company's long-term strategy and development, and align Management Board members' interests with those of shareholders.

Remuneration 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-tech products and intensive research and development to drive innovation. This requires maintaining a balance at several levels:

- The amount of fixed remuneration is the basis of the package, and the variable components are linked to it. Therefore, fixed remuneration should always remain consistent with the responsibilities and profile of the Management Board member internally, and competitive versus comparable companies

- Incentive remuneration should support sustainable performance in line with the corporate strategy, thus 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 and continuous performance within a multi-year framework.
- In no case should the remuneration be considered excessive. The progressivity of payout and of exercise rights is to ensure adequacy of the remuneration while at the same time setting ambitious goals and maintaining a certain level of flexibility to consider exceptional performance.

## B. Remuneration for the Management Board

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

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

## C. Remuneration of the members of the Management Board

Total remuneration of the members of the Management Board during the financial year amounted to:

in € thousand	Financial year 2020/21					Financial year 2019/20				
	Fixed	in %	Variable	in %	Total	Fixed	in %	Variable	in %	Total
Andreas Gerstenmayer	562	62.9%	331	37.1%	893	532	65.2%	284	34.8%	816
Simone Faath	196	70.3%	83	29.7%	279	–	–	–	–	–
Heinz Moitz	456	65.5%	240	34.5%	696	429	100.0%	–	–	429
Ingolf Schröder	329	73.9%	116	26.1%	445	–	–	–	–	–
Monika Stoisser-Göhring	432	67.3%	210	32.7%	642	423	100.0%	–	–	423
<b>Total</b>	<b>1,975</b>	<b>66.8%</b>	<b>980</b>	<b>33.2%</b>	<b>2,955</b>	<b>1,384</b>	<b>83.0%</b>	<b>284</b>	<b>17.0%</b>	<b>1,668</b>

In relation to the total remuneration of the Management Board, the fixed element represented 66.8% and the variable element 33.2% for the financial year 2020/21. Details regarding the individual members of the Management Board are shown in the table above. In comparison with the previous year, all members of the Management Board were entitled to variable remuneration in the financial year 2020/21 due to the company's economic success; in the previous year, only Andreas Gerstenmayer received variable remuneration from stock appreciation rights (SAR).

The fixed component share of Management Board remuneration for Simone Faath and Ingolf Schröder is higher than for the other members of the Management Board since these components include one-off payments in connection with taking over the Management Board positions in autumn 2020.

The remuneration for Monika Stoisser-Göhring, who stepped down from the Management Board with effect from 15 May 2020, was based on contractual agreements and the principles of the Remuneration Policy.

Short-term variable remuneration, 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 Vitality Index with a 10% weighting. The basic prerequisite for awarding this variable remuneration is positive EBIT for the Group for the respective financial year and the attainment of the target EBIT margin for the Group of at least 70% (“hurdle rate”) in the financial year. If the ROCE and Vitality Index targets are exceeded, bonuses were limited to a maximum of 150% of the annual bonus set out in the contract of employment.

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 to average capital employed. This shows the extent to which AT&S fulfils its investors’ interest requirements. Average capital costs are derived from the minimum return investors expect for providing equity or borrowings. Overall, ROCE contributes to creating shareholder value and sustainable profitable growth.

The inclusion of the Vitality Index is equally important in giving variable remuneration a long-term focus. Innovation capability – i.e. the development of new technologies, products or product properties – is a crucial factor for the future business success of the company and 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.

A long-term incentive programme (“LTI programme”) for the Management Board and key staff based on stock appreciation rights (“SAR”) was implemented by resolution of the Supervisory Board on 3 July 2014 for the period from 2014 to 2016. The LTI programme was continued essentially unchanged in the subsequent periods.

SAR are stock appreciation rights based on share performance over a defined period of time. As with stock options, but without granting actual shares or an option for such granting, the beneficiary receives financial remuneration only if the performance of the share price is positive. In particular, the conditions include long-term and multi-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.

The indicator “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 less than 50% of the EPS target has been achieved at the end of the vesting period, 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 first allotment amount in SAR for a given year (e.g. for

an allotment of 5,000 SAR, the own investment is 1,000 shares). If the own investment has not been made in full by the end of the vesting period (after three years), 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 calendar 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).

Three allotment tranches were possible for the LTI programmes 2014–2016 and 2017–2019 respectively, from 1 April 2014 to 1 April 2019. The LTI programme 2020 was limited to one allotment tranche since the previous programmes were evaluated and the results of this evaluation were waited for.

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 2021:

No SAR were exercised by the members of the Management Board in the financial year 2020/21.

**Total number of SAR granted, not yet exercised and not forfeited as of 31 March 2021**

	Available in total	2020	2019	2018
Andreas Gerstenmayer	150,000	50,000	50,000	50,000
Monika Stoisser-Göhring	90,000	30,000	30,000	30,000
Heinz Moitzi	90,000	30,000	30,000	30,000
Allotment price (in €)		17.56	17.25	21.94

Based on contractual agreements with all members of the Management Board, variable remuneration components that have been paid out shall be paid back to the company if it becomes clear that the payment was made on the basis of obviously false data. Since no payments were made on the basis of obviously false data, no remuneration components were reclaimed.

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 employment is 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.

Andreas Gerstenmayer, Monika Stoisser-Göhring, Simone Faath, Ingolf Schröder and Heinz Moitzi have pension entitlements in the form of individually agreed defined benefit or defined contribution plans. For Andreas Gerstenmayer, Monika Stoisser-Göhring, Simone Faath and Ingolf Schröder a contribution of 10% of the monthly gross fixed salary is paid into a pension fund. Heinz Moitzi's pension entitlement is 1.2% of his most recent salary for each year of service, up to a maximum of 40%. The amount of the occupational pension is based on the capital accumulated in the pension fund; the 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.

The total remuneration of the Management Board was thus implemented in accordance with the targets and provisions of the Remuneration Policy adopted at the 26th Annual General Meeting of the company.

#### D. Development of remuneration

Total remuneration of the Management Board developed as follows over the past five financial years:

Development of total remuneration of Management Board members		Financial year			
in € thousand		2016/17	2017/18	2018/19	2019/20
					2020/21
Andreas Gerstenmayer	569	1,156	1,246	816	893
Simone Faath	–	–	–	–	279
Heinz Moitzi	417	822	603	429	696
Ingolf Schröder	–	–	–	–	445
Monika Stoisser-Göhring	–	637	566	423	642
Karl Asamer	455	1,105	142	–	–

The fluctuations in remuneration result from the short-term and long-term variable remuneration components, which are linked to attaining the targets described above.

The remuneration of Karl Asamer in 2017/18 includes payments in connection with the termination of his Management Board function; the remuneration of Simone Faath and Ingolf Schröder includes one-off payments in connection with taking over their Management Board mandates.

The following table shows the remuneration in relation to the economic performance of the Group based on profit for the year:

#### Total remuneration of Management Board members in relation to profit for the year

	Financial year				
	2016/17	2017/18	2018/19	2019/20	2020/21
Andreas Gerstenmayer	–	0.0205%	0.0140%	0.0412%	0.0188%
Simone Faath	–	–	–	–	0.0059%
Heinz Moitzi	–	0.0145%	0.0068%	0.0217%	0.0147%
Ingolf Schröder	–	–	–	–	0.0094%
Monika Stoisser-Göhring	–	0.0113%	0.0064%	0.0214%	0.0135%
Karl Asamer	–	0.0196%	0.0016%	–	–
Profit for the year (in million €)	(22.9)	56.5	89.0	19.8	47.4

Development of Management Board remuneration in relation to the average remuneration of employees

#### Total remuneration of Management Board members in relation to average remuneration Austria

	Financial year				
	2016/17	2017/18	2018/19	2019/20	2020/21
Andreas Gerstenmayer	12.8	20.6	24.2	16.6	15.3
Simone Faath	–	–	–	–	4.8
Heinz Moitzi	9.4	14.6	11.7	8.7	11.9
Ingolf Schröder	–	–	–	–	7.6
Monika Stoisser-Göhring	–	11.3	11.0	8.6	11.0
Karl Asamer	10.3	19.6	2.8	–	–

The figures stated above show how many times higher the total remuneration of the respective Management Board member is in comparison to the average remuneration of employees in Austria.

The Remuneration Policy describes an average target value of 1:16 for the CEO. The average target value defined for the other Management Board members is 1:11.

These ratios are higher in years when the share of variable remuneration components is higher.

### III. Remuneration of the Supervisory Board

#### A. Objectives of the Remuneration Policy for the Supervisory Board

When instituting the Remuneration Policy, the Supervisory Board's purpose is to appropriately reward the Supervisory Board members considering the scope of functions and responsibilities. The appropriateness is assessed with respect to pay magnitude and practices at comparable companies. Appropriate remuneration should also create sustainable performance incentives, support the company's long-term strategy and development, and align Supervisory Board Members' interests with those of shareholders.

Remuneration of the Supervisory Board should be understood as a means to attract and retain experienced profiles as required for a publicly listed international company, with a wide spectrum of high-tech products and intensive research and development to drive innovation.

To meet the above-mentioned objectives, the Supervisory Board relies on the following components:

- Fixed remuneration
- Attendance fees
- Short-term variable remuneration
- Additional benefits: D&O insurance

#### B. Remuneration for the Supervisory Board

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 2020/21 for the previous financial year 2019/20 was in accordance with the resolution passed at the 26th Annual General Meeting of 9 July 2020:

in €					
Member	Fixed amount	Committee remuneration	Variable remuneration	Attendance fee	Total
Hannes Androsch	56,240	10,000	–	800	67,040
Willibald Dörflinger	44,160	6,000	–	2,400	52,560
Regina Prehofer	44,160	8,000	–	2,400	54,560
Karl Fink	28,120	–	–	2,000	30,120
Albert Hochleitner	28,120	–	–	2,000	30,120
Georg Riedl	28,120	9,000	–	2,400	39,520
Gertrude Tumpel-Gugerell	20,878	2,228	–	1,200	24,306
Gerhard Pichler	7,242	772	–	400	8,414
Karin Schaupp	28,120	–	–	2,400	30,520
<b>Total</b>	<b>285,160</b>	<b>36,000</b>	<b>–</b>	<b>16,000</b>	<b>337,160</b>

The Chairman of the Supervisory Board received fixed remuneration of € 56,240, his Deputies € 44,160 and all other Supervisory Board members € 28,120. Chairmanship of a standing committee (Nomination and Remuneration Committee, Audit Committee) was remunerated with a fixed amount

of € 5,000 per financial year, and membership of a standing committee with € 3,000. The attendance fee was € 400 per Supervisory Board meeting and all cash expenses were thus reimbursed.

Beyond that, members of the Supervisory Board received no variable remuneration since the performance targets defined as part of the budget for the financial year 2019/20 were not met.

The remuneration of the Supervisory Board for the financial year 2020/21 itself shall be determined at the 27<sup>th</sup> Annual General Meeting on 8 July 2021.

Members of the Supervisory Board do not receive stock options in the company or SAR.

The employee representatives delegated to the Supervisory Board perform their duties voluntarily and therefore do not receive any separate remuneration.

### **III. 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 executive 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.