

more

than

**AT&S**

Non-financial Report 2017/18

# Non-financial Report 2017/18

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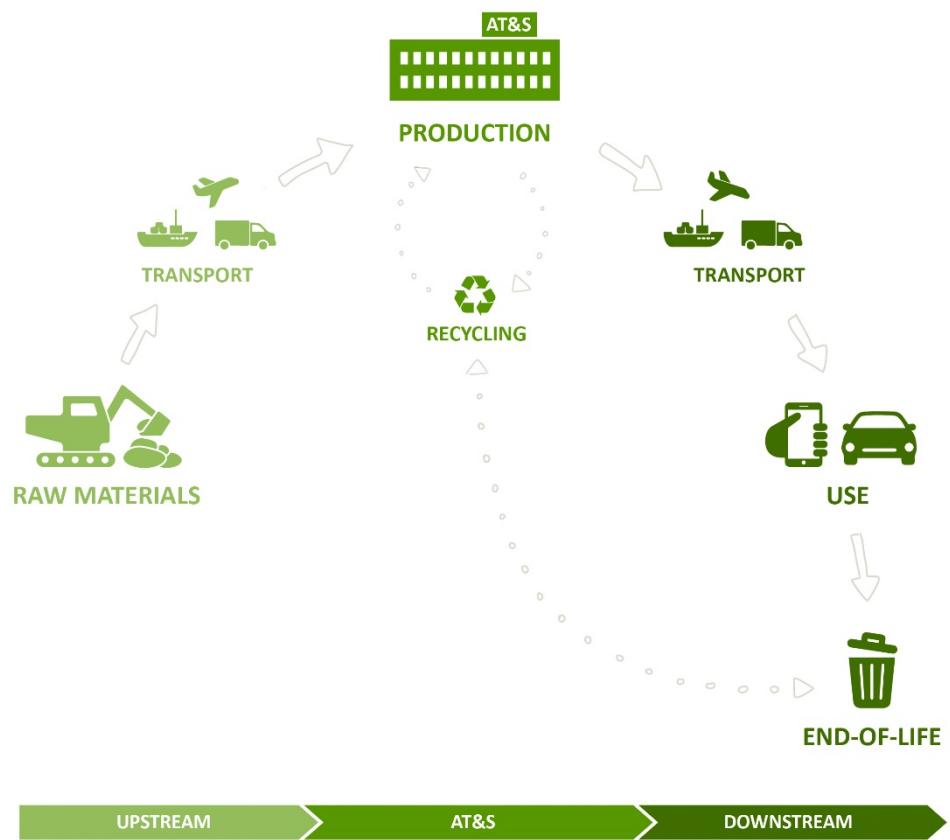
# 1. Business model and strategy

**BUSINESS MODEL** AT&S is the European market leader and, with revenue of 991.8 Mio. € and 9,981 employees, one of the globally leading manufacturers of high-end printed circuit boards and – since the beginning of the transformation to a high-end interconnect solution provider – of new technologies such as IC substrates, mSAP and Advanced Packaging. AT&S industrialises leading-edge technologies in the core segments Mobile Devices & Substrates and Automotive, Industrial, Medical and has a global presence with production sites in Austria (Leoben, Fehring) and plants in India (Nanjangud), China (Shanghai, Chongqing) and Korea (Ansan near Seoul). For further details on the business development, profit situation and situation of the company, please refer to section Business development of the Group Management Report.

**SUSTAINABILITY IN THE CORPORATE STRATEGY** The ecological, social and economic responsibility of AT&S has always been a central part of our vision and mission, and the strategic goals also reflect the importance of sustainable management. AT&S strives to be the first choice for advanced technologies. This goal can only be achieved by expanding technology leadership through innovative solutions and a focus on high-end technologies in order to be successful in the long term and to secure profitable growth on a sustained basis taking into account the interests of all our stakeholders. For AT&S's customers, we accomplish this through products of the highest quality, customer orientation and the highest service level. With regard to shareholders, this means creating shareholder value through constant company development with a focus on ROCE and a transparent dividend payout. For AT&S employees, the goal of AT&S is to be an attractive and responsible employer worldwide. Therefore, the focus at AT&S is on diversity, company values, development opportunities, communication and feedback as well as health and safety at work.

The operational excellence of AT&S is characterised equally by global environmental, quality and occupational safety standards and by efficient and effective production processes, energy efficiency projects and saving targets. This benefits the environment and thus all AT&S stakeholder groups. Another aspect that takes into account all stakeholder groups is business ethics, which is embodied by the AT&S Code of Conduct and Business Ethics, capital market compliance and the AT&S whistleblowing platform. These strategies aiming at accomplishing the AT&S vision are summarised on page 24 ("From vision to strategy").

**AT&S VALUE CHAIN** AT&S is aware of its responsibility within the entire supply chain up to the products' end of life. For AT&S, the strategic positioning and transformation from a high-end printed circuit board producer to a high-end interconnect solution provider means not only more value creation and "More than AT&S", but at the same time also more responsibilities in all business activities and their impact on the environment. Accordingly, the illustration of the AT&S value chain has been extended.



## 2. Identification of material topics

AT&S considers employees, customers, suppliers and, as a stock corporation, of course also investors its most important stakeholders. In the financial year 2018/19, the AT&S materiality matrix will be revised. In order to ensure that all material topics are covered in the present non-financial report, a risk assessment regarding sustainability and diversity concerns was conducted.

**OPPORTUNITIES AND RISK MANAGEMENT** is a central aspect of entrepreneurial activity and already included in AT&S's reporting in accordance with the requirements of the Austrian Code of Corporate Governance (ÖKCG). For details please refer to chapter Risk and opportunities management in the Group Management Report.

**RISK ASSESSMENT** To assess the risks relating to AT&S's business activities with reference to the topics pursuant to the Sustainability and Diversity Improvement Act (NaDiVeG), the assessment logic of the existing risk management was adopted for reasons of consistency and comparability (for details please refer to chapter Risk and opportunities management in the Group Management Report). Based on an extensive catalogue of potential risks, all risks were assessed before countermeasures to ensure that all potential effects on the concerns are covered. The following table lists all material risks and the mitigation taken.

MATERIAL RISKS AND MITIGATION

Risk category	Material risks	Mitigation	NaDiVeG issues
Business ethics	Corruption, accidents caused by deficient product quality	Anti-corruption guideline, trainings, internal & external communication, high quality standards, ISO 9001	Combatting corruption and bribery, social and employee issues, environmental issues
Human rights	Child labour, forced/bonded labour, freedom of association, disciplinary actions, observance of human rights in the supply chain	Code of conduct, initiative against forced/bonded labour, code of conduct for suppliers, supplier audits	Respect for human rights
Diversity	Non-discrimination, equal opportunities, living wages	Code of conduct, diversity concept, gender-neutral job postings, global compliance with statutory minimum wages, in Austria minimum according to collective agreement	Employee issues
Health & safety	Health risk caused by work environment, accident risk	OHSAS 18001, ISO 14001, ISO 9001, personal protection equipment	Employee issues
Water	Water scarcity	Water recycling and reuse at all facilities, especially in water-scarce areas, efficiency improvements of processes, internal water treatment systems	Environmental issues, employee issues
Resources	Inefficient use of resources	ISO 9001, quality requirements, projects to increase efficiency and effectiveness, waste prevention	Respect for human rights, social issues, environmental issues
Emissions	Serious incidents, waste water emissions, CO <sub>2</sub> emissions	Guidelines in the area of environment, health & safety to provide incidents, handling of dangerous goods, OHSAS 18001, ISO 14001, ISO 9001, ISO 50001	Environmental issues, social and employee issues

**AT&S AREAS OF MATERIALITY** Accordingly, this results in the AT&S areas of materiality and the structure of this non-financial report in three segments: responsible entrepreneurship, responsible employer and responsible resource management. In conformity with the Sustainability Report 2016/17, the AT&S mission statements, the AT&S areas of materiality and the NaDiVeG topics are allocated to these segments.

#### STRUCTURE OF NON-FINANCIAL REPORT

Structure	Mission Statement	Material topics	NaDiVeG issues
Responsible entrepreneurship	We create value	Business ethics (incl. Code of Business Ethics and Conduct for AT&S and suppliers, human rights, anti-corruption, capital market compliance, whistleblowing platform, GRC Committee)  Diversity	Combatting corruption and bribery Respect of human rights, Social and employee issues Environmental issues
Responsible employer	We care about people	Company values Employee development Occupational safety	Social and employee issues Respect of human rights
Responsible resource management	We reduce our environmental footprint We set the highest quality standards We industrialise leading-edge technology	CO <sub>2</sub> footprint Water Waste Use of resources	Environmental issues

The individual chapters include further details on the respective management approaches and on the performance indicators for the management of the material topics. All information included in this report applies to the AT&S Group; in addition, the key figures for the annual financial statements of the parent company Austria Technologie und Systemtechnik Aktiengesellschaft are shown individually in each table with a grey background.

With the present combined non-financial report for AT&S Group and the parent company, AT&S fulfils the reporting obligation in accordance with the Sustainability and Diversity Improvement Act (Sections 243b and § 267a UGB).

### 3. AT&S areas of materiality

#### 3.1. Responsible entrepreneurship

The mission statement “We create value” stands for all AT&S business activities which ultimately pursue the objective of a long-term and sustainable increase in company value, taking into account the interests of all stakeholders and all sustainability aspects. AT&S considers business ethics the core of responsible entrepreneurship. Its importance is addressed by the AT&S Code of Conduct and Business Ethics, observance of human rights, anti-corruption activities, capital market compliance and the AT&S whistleblowing platform as well as the installation of a Governance, Risk & Compliance Committee.

**CODE OF CONDUCT AND BUSINESS ETHICS** The AT&S Code of Conduct and Business Ethics provides the framework and describes the position and the resulting behaviour of AT&S with respect to ethics, social aspects and the environment. These principles apply to all activities of AT&S worldwide, to all AT&S segments and all companies forming part of the AT&S Group. In its business activities, AT&S commits to complying with the requirements of the Responsible Business Alliance (RBA), formerly EICC. Integrity and compliance with legal and ethical principles are key elements in order to maintain the company's credibility, trustworthiness and authenticity. Stricter or more detailed guidelines may be applicable to certain matters, regions, countries or functions, which are, however, generally in accordance with this company policy. The core segments of the Code are management, employees, ethics, environment and shareholders. The following table provides an overview of the content of the Code; further details can be found in the respective chapters.

CONTENT OF THE CODE OF CONDUCT AND BUSINESS ETHICS

Management	Employees	Ethics	Environment	Shareholders
Corporate governance	Human rights	Customer orientation	Environmental protection	Insider trading
Integrated management system	Human treatment and disciplinary actions	Integrity	Resources	
Compliance	Health & safety	Corporate citizenship	Responsible sourcing of minerals	
Conflicts of interests	Equal opportunities and non-discrimination	Offering and granting advantages	Corporate sustainability	
Accurate accounting	Employee motivation	Demanding and accepting advantages		
Asset protection & non-disclosure	Training and education	Privacy		
	Freedom of association & right to collective bargaining	Open communication, non-retaliation and reporting obligation		
	Working hours	Supply chain management		
	Remuneration	Intellectual property		

All employees sign the AT&S Code of Conduct and Business Ethics and thus commit to complying with the corporate principles. In addition, the AT&S Fair Business Practices Policy supplements the existing Code of Conduct and Business Ethics with the objective being to present the principles of fair competition in greater detail and to further establish them in the corporate culture.

**HUMAN RIGHTS** Worldwide compliance with human rights as well as freedom of association, the right to collective bargaining and adequate remuneration which meets at least the respective statutory minimum wages are essential elements of the AT&S Code of Conduct and Business Ethics. AT&S's responsibility in this context goes beyond company boundaries and applies to the entire supply chain. Therefore, AT&S requires its suppliers to comply with the Code of Conduct and Business Ethics, conducts supplier audits on a regular basis and commits to the Responsible Minerals Initiative (RMI) on a voluntary basis. In addition, an initiative

against forced labour was launched in the financial year 2017/18 in order to ensure that recruiting companies commissioned by AT&S also strictly comply with the provisions of the AT&S Code and respect human rights.

**ANTI-CORRUPTION** Integrity is a central part of the AT&S company values. In order to underscore their importance and to provide a framework, the Management Board adopted the AT&S Anti-corruption Policy in the financial year 2016/17. It is globally applicable without exception to all managers, representatives, employees, parties, units and companies working for or on behalf of AT&S or one of its group companies. This is of one of the measures AT&S has taken to demonstrate social responsibility and to prevent any form of illegal acceptance or provision of gifts, bribery, embezzlement, and the appearance or suspicion of conflicts of interest or corruption, and to ensure that such incidents are investigated. All AT&S employees must comply with all principles of integrity, applicable laws and internal regulations. To communicate these contents to all employees throughout the Group, a broad-based communication campaign was launched using different channels. In addition, a risk-based approach has been applied to identify all AT&S positions which could be exposed to such risks. Roughly 400 AT&S employees were selected according to this method; 86% of them have so far been trained and instructed accordingly, 89 of them in the past financial year.

**CAPITAL MARKET COMPLIANCE** As a company listed on the Vienna Stock Exchange, AT&S is committed to its responsibility to prevent the abuse of compliance-related information and inside information through appropriate measures and in accordance with applicable laws and regulations. AT&S attaches great importance to the equal treatment and the provision of comprehensive information to all shareholders. AT&S also complies with laws and insider regulations related to third parties such as customers and suppliers. All employees are required to conduct themselves with due care in this respect. AT&S supports the aim of the ÖCGK to raise Austrian and foreign investors' confidence in the Austrian financial market by enhancing transparency and reinforcing standard principles. For the purpose of preventing insider trading and ensuring compliance with other relevant capital market regulations, the Group has adopted a capital market compliance code ("Corporate Directive Issuer Compliance"). This directive applies to all companies of the AT&S Group and all employees and governing bodies including the Supervisory Board, but in particular to persons working in certain areas of confidentiality, and also contains detailed instructions and aids to ensure compliance with the relevant regulations. 99% of the 228 persons pertaining to an area of confidentiality participated in capital market compliance training in the past financial year.

**WHISTLEBLOWING PLATFORM** The AT&S "We Care" platform was established to enable employees and third parties to report violations of the compliance regulations with regard to AT&S.

Integrity is one of the core values of AT&S. Conducting AT&S business activities properly is therefore a central topic. AT&S consequently strives to reveal and examine any infringements and react to them in an appropriate manner in order to protect AT&S and its employees. AT&S encourages people to anonymously report any misconduct they observe. Specially trained staff examine the reports in a confidential manner. In order to prevent defamation, misinformation or other forms of abuse of this platform, AT&S asks for responsible use of the platform in order to ensure that people only report truthful information to the best of their knowledge and belief. Since the installation of the AT&S whistleblowing platform, five reports have been registered, of which 100% were processed and examined. However, none of the reports received required initiating special measures.

**GOVERNANCE, RISK & COMPLIANCE COMMITTEE** The group-wide Governance, Risk & Compliance Committee ("GRC Committee") was established to identify and mitigate potentially relevant compliance and governance risks. The committee consists of international representatives of senior management including the areas of Compliance, Internal Audit, Risk Management and Corporate Sustainability. The purpose of the GRC Committee is to support the Management Board of AT&S in overseeing compliance with legal and regulatory requirements in the AT&S Group and in the associated risk management in order to:

- better understand the nature of risks and potential risks;
- ensure that the management of the AT&S Group identifies and controls key legal, compliance, enterprise and sustainability risks, and to initiate measures to identify non-compliance;
- initiate measures to prevent non-compliance; and
- define procedures for action in case any non-compliance is identified.

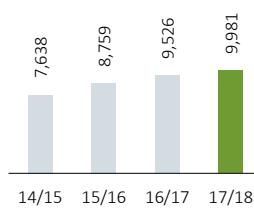
In addition, the GRC Committee supports AT&S executives, managers, employees and related persons in conducting business and activities in an ethical manner, with maximum integrity and in compliance with statutory and regulatory provisions. Therefore, the GRC Committee promotes an organisational culture strengthening ethical behaviour in accordance with the AT&S Code of Conduct and Business Ethics and the obligation to comply with laws. The members of the GRC Committees were thus appointed to support the coordination of compliance activities through risk assessment, by reviewing updates on compliance developments and best practices, by calling upon the organisation to implement appropriate measures, as well as through proposals for such measures to the AT&S Management Board and by monitoring the ongoing progress in key compliance areas. The GRC Committee reported to the Supervisory Board on its activities in the past financial year.

## 3.2. Responsible employer

The AT&S mission statement “We care about people” focuses on AT&S employees. As one of the most important stakeholder groups, the best leaders and employees are the foundation of the success of AT&S. Only through commitment and motivation can the strategic goals be accomplished. AT&S therefore counts on diversity, shared company values, employee development and occupational safety.

AT&S grew again in the financial year 2017/18, not only with regard to financial indicators: In the past financial year, AT&S employed an average of 9,981 employees, shown as full time equivalents including leased personnel. This corresponds to an increase of 455 full time equivalents compared to the average of the previous year. This increase is in line with the general growth trend at AT&S and with the transformation to a high-end interconnect solution provider and is to a large extent still attributable to building up the workforce – especially waged workers – at the plants in Chongqing.

Average number of full time equivalents (incl. leased personnel)



Average number of full time equivalents (incl. leased personnel)

in FTE	2017/18	2016/17	Change
Mobile Devices & Substrates segment	7,083	6,693	390
Automotive, Industrial, Medical segment	2,737	2,678	59
Others	161	155	6
<b>Total Group</b>	<b>9,981</b>	<b>9,526</b>	<b>455</b>
thereof attributable to parent company	1,403	1,350	53

Gross value added per FTE

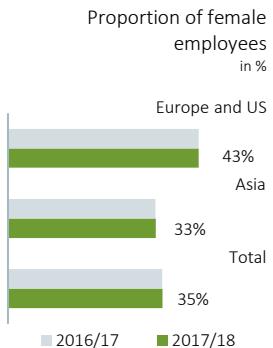
in €	2017/18	2016/17	Change in %
Mobile Devices & Substrates segment	44,088	28,327	55.6%
Automotive, Industrial, Medical segment	52,409	51,567	1.6%
Others	150,677	162,202	(7.1%)
<b>Total Group</b>	<b>48,089</b>	<b>37,038</b>	<b>29.8%</b>
thereof attributable to parent company	79,574	84,067	(5.3%)

Average number of full time equivalents by type of employment

in FTE	Total	White collar	Blue collar
Mobile Devices & Substrates segment	7,083	1,326	5,757
Automotive, Industrial, Medical segment	2,737	836	1,901
Others	161	161	–
<b>Total Group</b>	<b>9,981</b>	<b>2,324</b>	<b>7,657</b>
thereof attributable to parent company	1,403	522	882

**DIVERSITY** A key element of the AT&S Code of Conduct and Business Ethics is that AT&S does not tolerate any form of discrimination, for example based on gender, age, ethnic origin, sexual orientation, disability, religious or political beliefs, when it comes to the hiring, remuneration or the promotion of people. AT&S considers diversity an important enrichment for every team and organisation since many different perspectives are contributed this way, thus allowing a change of perspective and lifelong learning. AT&S is convinced that the collaboration of people of different age or gender is equally as enriching as working in international teams.

At the end of the financial year, the share of women at AT&S amounted to 35%. The share of women at AT&S is thus consistently relatively high. As in the past years, AT&S tends to employ more women in Europe and the USA, with a share of 43%, than in Asia, where the share of women at AT&S amounts to 33%. When Monika Stoisser-Göhring took over the function of CFO, the share of women on the Management Board team rose to 33% while the share of female employees reporting directly to the Management Board decreased from 11% to 5%. With respect to women in management positions, the selection of candidates is always based on filling vacancies with the best possible candidate, irrespective of gender, age, religion or ethnic origin. Vacant positions are therefore internationally advertised in a gender-neutral way.



#### Full time equivalents at year-end by gender

in FTE	Total	Female	Male
Mobile Devices & Substrates segment	6,838	2,586	4,252
Automotive, Industrial, Medical segment	2,733	706	2,027
Others	163	56	107
<b>Total Group</b>	<b>9,734</b>	<b>3,348</b>	<b>6,386</b>
thereof attributable to parent company	1,389	551	838

Another aspect of diversity is internationality within AT&S. At the end of the financial year, AT&S employed people from 46 nations worldwide. The intensive collaboration and the exchange between people of different age groups represent another important factor. The age spread of all AT&S employees is more than 50 years, with the average age amounting to 32 years at the reporting date on 31 March 2018. This is primarily attributable to the large number of young employees in China, where the average age is 30 years. In contrast, the average age in Europe and the USA amounts to 39 years. The average term of service throughout the Group also shows significant regional differences. While the average term of service in Europe and the USA is roughly 11.5 years, it is significantly lower, at roughly 4.8 years, in Asia. This is primarily attributable to the fact that the plants in Chongqing have only employed people since 2013. Overall, the average term of service amounts to 5.9 years. However, the average term of service shows variations similar to average age: while we continuously recruit new employees who have been working for AT&S for less than one month at the time of the preparation of this report, AT&S has employed others for more than 40 years.

**DIVERSITY IN THE GOVERNING BODIES** On the Supervisory Board, people of both genders with different life experiences, types of training, and professions should be represented to ensure that pending decisions are evaluated and discussed from different perspectives and made in the interests of the company. The candidates are selected with a view to the best possible appointment to vacant positions, regardless of gender, age, religion and ethnic origin. AT&S commits to the provision of Section 86 para. 7 of the Austrian Stock Corporation Act (AktG). Therefore, the following objectives are pursued as of 2018 when new appointments to the Supervisory Board are made:

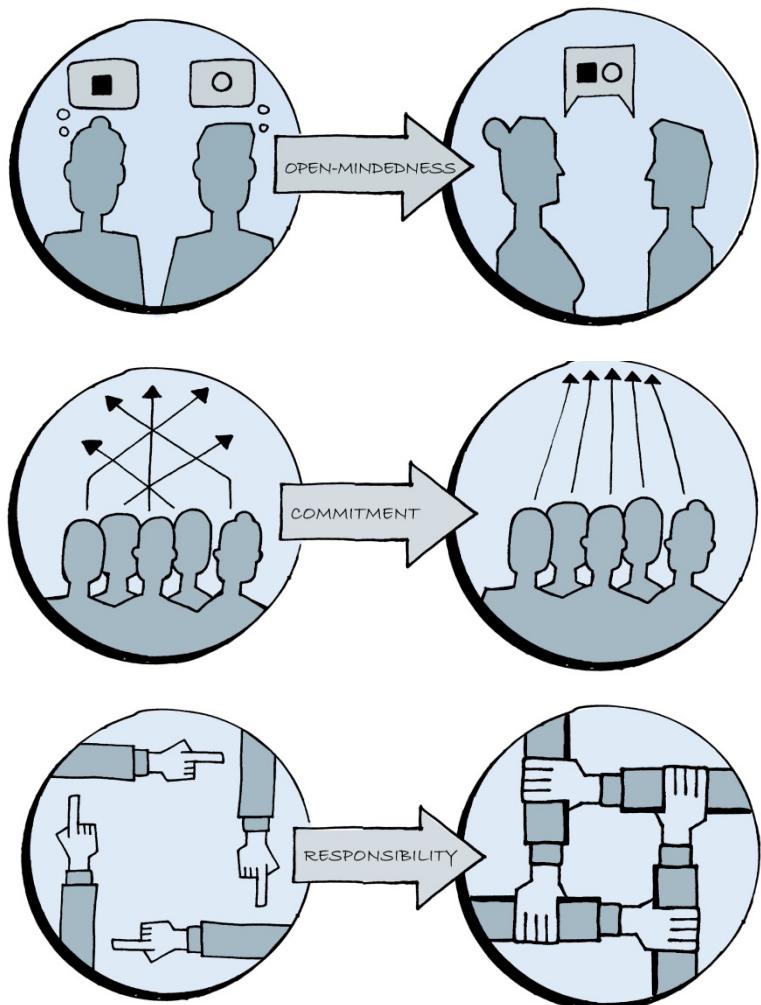
- A minimum of 30% women and 30% men when there are six shareholder representatives or more and three employee representatives or more
- Age spread > 25 years
- Experience in international companies
- Ensuring expertise in the following areas: business/finance, technology/research in the electronics/semiconductor industry, law, company and employee management/human resource management, sustainable management.

At present, two of the eight shareholder representatives on the Supervisory Board of AT&S are women; the employee representatives do not include any women. With women making up 16.7% of the Supervisory Board, the company is near the average compared with other Austrian companies.

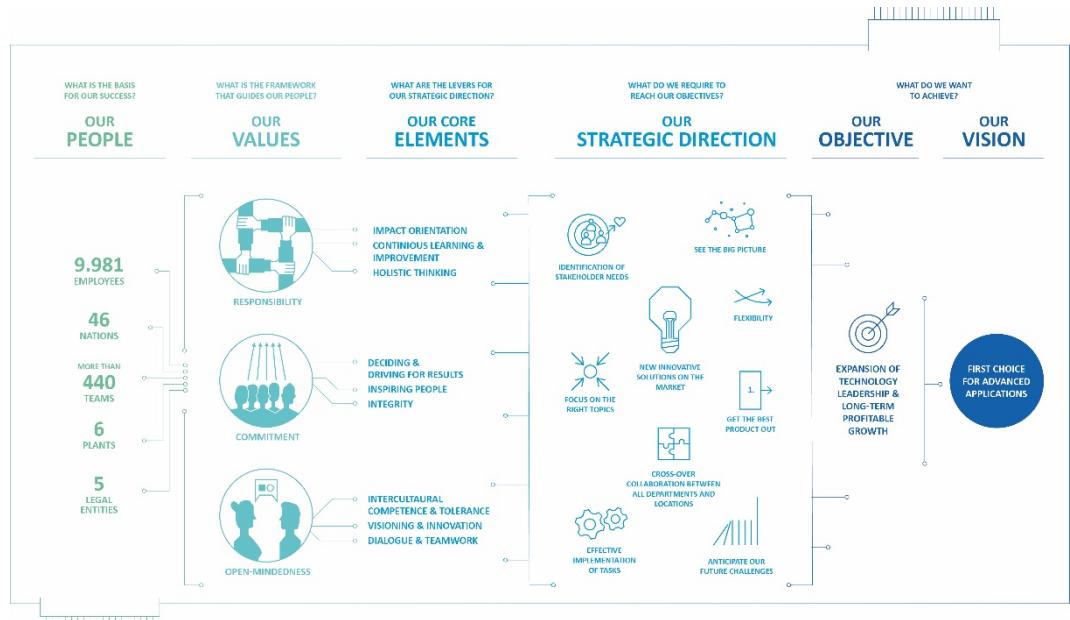
**DIVERSITY ON THE MANAGEMENT BOARD** The candidates are selected with a view to the best possible appointment to vacant positions, regardless of gender, age, religion and ethnic origin. On the Management Board of AT&S, one of the three positions is currently held by a woman. Due to the small number of positions to be filled, the best possible appointment is always the main decisive factor for a possible appointment. All qualifications being equal, the underrepresented gender should be favoured. Ideally, at least one man and one woman will thus be represented on the Management Board. The achievement of the above-mentioned targets must be evaluated annually by the Supervisory Board and corrective action must be initiated where necessary.

**COMPANY VALUES** "More than AT&S" is the strategic transformation towards becoming a high-end interconnect solution provider by adding new technologies to the AT&S core business. In order to achieve this and to keep up with the fast pace of this day and age, AT&S needs a common understanding of values, a strong corporate culture and the commitment of all employees to taking responsibility and to being open to new challenges and different points of view.

AT&S employees, especially managers, act as role models when it comes to strengthening the AT&S corporate culture by bringing the AT&S corporate values to life: Open-mindedness, Commitment, Responsibility. This leads to a strengthening of the feedback culture, intercultural acceptance, integrity, motivation and inspiration, among other things. All of this creates trust and encourages dealing with each other in an appreciative and respectful manner as well as an open exchange of ideas and knowledge. The AT&S values provide a space for reflection for all employees who enable continuous growth and further development and anchor the AT&S Code of Conduct and Business Ethics deep within the organisation.



In the past financial year, the AT&S company values were communicated through different channels throughout the Group and workshops were held to support people's identification with these values. At the same time, the AT&S value driver tree serves to illustrate in what way the company values should contribute to achieving the strategic goal and ultimately the AT&S vision.



**EMPLOYEE DEVELOPMENT** is an investment in the future for AT&S. The company needs dedicated and motivated employees on its path of strategic transformation towards accomplishing the AT&S vision. In addition to intrinsic motivation, which encourages people themselves to be accountable, AT&S strives to make its contribution to achieving the goals. Development opportunities, an open communication and feedback culture as well as a wide range of training offers are key elements in addition to a shared understanding of values and compliance with occupational safety standards, which will be elaborated on below.

As previously mentioned, it is primarily, but not exclusively, AT&S managers who are called upon to establish the company values within the organisation by exemplifying the corresponding behaviour. Therefore, the AT&S Leadership Initiative was an important focus again in the financial year 2017/18. In a top-down approach, roughly 250 managers have now completed the AT&S Leadership Initiative focusing on company values, personal development, communication and feedback.

The redesign of formal dialogue with employees was implemented in the financial year 2016/17. After the first year of holding an appraisal meeting in spring and a development meeting in autumn, AT&S has assessed this change positively. The appraisal interview was conducted with nearly 100% of all salaried employees again, and at some sites also with waged workers. The development interviews, which were conducted separately in autumn, were positively accepted. The AT&S company values also served as guidance for further development options during this interview held in autumn.

Another focus of the AT&S training offer throughout the Group in the financial year 2017/18 was once again AT&S's answer to Lean Management and Six Sigma: iPOK (implementation of practice-oriented knowledge). The training courses with international participants from different areas cover all three pillars of sustainability. The combination of Lean Management and Six Sigma addresses increases in efficiency and effectiveness. In most projects, this leads to significant savings of resources and process optimisations, especially in production, with positive effects in both economic and environmental terms. In addition, the social pillar of sustainability is strengthened through the training offer. Not only because an appropriate

training has a positive impact on loyalty to the company, motivation and commitment of the employee. The internationally oriented training structure also enables an exchange of knowledge and points of view as well as networking among colleagues of different areas and culture. In this, the iPOK initiative is not just a training programme, but also aims to change the approach to problems and projects in the long term. This is also closely linked to the AT&S company values. Since the iPOK initiative was launched, 74 employees have been trained as Black Belts and 179 as Green Belts. In the course of the initiative, 214 projects have been carried out so far.

There is also a wide variety of other training courses on offer, tailored to the needs of the respective sites. In the past financial year, roughly € 1.4 million were invested in external training and continuous education. In addition to the focus on the leadership and iPOK initiatives, this increase of 43.7% is predominantly attributable to the additional training needs resulting from the AT&S transformation to become a high-end interconnect solution provider.

#### Expenditure on external training sessions

€ in thousands	2017/18	2016/17	Change in %
Mobile Devices & Substrates segment	798	480	66.5%
Automotive, Industrial, Medical segment	299	296	1.1%
Others	306	201	52.0%
<b>Total Group</b>	<b>1,404</b>	<b>977</b>	<b>43.7%</b>
thereof attributable to parent company	571	464	23.1%

Moreover, there are intensive internal training sessions ranging from basic training for new employees to continuous refresher courses and training on specific topics, which are held by the respective specialists within the organisation.

AT&S also offers apprenticeship training in the areas of mechatronics, production technology, process technology, information technology, laboratory technology for chemistry and physics as well as in the administrative area. At the end of the financial year, AT&S employed 35 apprentices in Austria and two in Germany. Ten apprentices successfully completed their apprenticeship in the past financial year, while 12 apprentices started an apprenticeship with AT&S. One apprentice passed the final apprenticeship examination with merit in the past financial year while another was presented with the "Stars of Styria" award by the Economic Chamber of Styria last autumn.

**REMUNERATION SYSTEMS** In addition to remuneration in line with the market, AT&S also offers the opportunity to participate in the company's financial success. In accordance with the global AT&S bonus system, individual or collectively-agreed bonus payments are distributed provided that defined minimum key figures have been achieved. The prerequisite for participation is a positive EBIT for the Group. In addition, the bonus payment is based on the achievement of budget targets of the respective area of responsibility. Where individual bonus payments have been agreed, the bonus payment may vary additionally based on individual performance.

The amount of the bonus payment is dependent on ROCE and the innovation revenue rate as well as the performance of the individual employee. Details regarding the calculation of ROCE and innovation revenue rate can be found in section 1.3. "Financial Position" of the Management Report. The bonus system also ensures that bonus payments are partially or fully suspended in economically difficult situations, in which the targets set are not met.

## PERSONNEL FLUCTUATION AND NEW HIRES

Personnel fluctuation and the number of new hires are indicators of employee motivation and satisfaction; when considering the number of new hires, the general increase in the headcount also has to be taken into account.

The fluctuation rate is slightly higher than in the previous year, with high fluctuation above all among waged workers at the Chinese sites. In the Mobile Devices & Substrates segment, 3,386 new employees were hired, 3,135 of them waged workers. The high fluctuation rate is partially due to the expansion of the mSAP plant in Chongqing since the requirement profile for workers in this technology segment is challenging. Moreover, this figure also includes temporary workers.

### Attrition rate

in %	2017/18	2016/17	Change in %
Mobile Devices & Substrates segment	28.4	27.4	3.5%
Automotive, Industrial, Medical segment & Others	7.4	7.9	(6.4%)
<b>Total Group</b>	<b>22.0</b>	<b>21.4</b>	<b>3.0%</b>
thereof attributable to parent company	8.4	7.4	13.0%

### Number of newly hired employees by type of employment

	Total	White collar	Blue collar
Mobile Devices & Substrates segment	3,386	251	3,135
Automotive, Industrial, Medical segment & Others	829	212	617
<b>Total Group</b>	<b>4,215</b>	<b>463</b>	<b>3,752</b>
thereof attributable to parent company	447	122	325

### Number of newly hired employees by gender

	Total	female	male
Mobile Devices & Substrates segment	3,386	1,367	2,019
Automotive, Industrial, Medical segment & Others	829	298	531
<b>Total Group</b>	<b>4,215</b>	<b>1,665</b>	<b>2,550</b>
thereof attributable to parent company	447	222	225

### Number of newly hired employees by age

	Total	16–30	31–45	46–65
Mobile Devices & Substrates segment	3,386	2,716	664	6
Automotive, Industrial, Medical segment & Others	829	667	145	17
<b>Total Group</b>	<b>4,215</b>	<b>3,383</b>	<b>809</b>	<b>23</b>
thereof attributable to parent company	447	344	87	16

**OCCUPATIONAL SAFETY** As a responsible employer, AT&S is aware of the responsibility it has towards its employees with respect to occupational health and safety. Therefore, compliance with the OHSAS 18001 safety standards is indispensable at all AT&S sites. Accordingly, global guidelines are in place in the areas of environment, occupational health and safety for accident and incident prevention as well as precise

instructions and training for handling dangerous goods and regarding behaviour in case of accidents or crisis situations. Compliance with the due diligence process is ensured through annual OHSAS 18001 recertification audits. In addition, AT&S voluntarily complies with the rules of the Responsible Business Alliance regarding occupational health and safety. This is also reflected in the AT&S Code of Conduct and Business Ethics. AT&S aims to continuously reduce the number of occupational accidents. However, such accidents cannot be fully prevented. Especially the continuous growth represents a challenge in this context. It is all the more positive that the number of occupational accidents and lost days dropped significantly again. This shows that the measures implemented are taking effect.

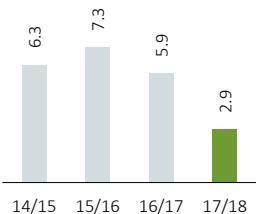
#### Number of accidents

with lost working days > 1 day per 1 million working hours

	2017/18	2016/17	Change
Mobile Devices & Substrates segment	2.3	6.6	(4.3)
Automotive, Industrial, Medical segment & Others	4.2	4.1	0.1
<b>Total Group</b>	<b>2.9</b>	<b>5.9</b>	<b>(3.0)</b>
thereof attributable to parent company	5.7	5.5	0.1

#### Number of accidents at work

with lost working days > 1 day per 1 million working hours



#### Lost working days

per 1,000 employees

	2017/18	2016/17	Change
Mobile Devices & Substrates segment	8.6	12.0	(3.3)
Automotive, Industrial, Medical segment & Others	7.7	5.8	1.9
<b>Total Group</b>	<b>8.4</b>	<b>10.2</b>	<b>(1.8)</b>
thereof attributable to parent company	10.1	7.6	2.5

### 3.3. Responsible resource management

Three of the AT&S mission statements reflect the importance of responsible resource management. First of all, "We reduce our ecological footprint" stands for all measures regarding energy and CO<sub>2</sub> efficiency, water consumption and waste management. However, the ambitious goals of an annual reduction of the CO<sub>2</sub> footprint and water consumption by 5% and 3%, respectively, can only be accomplished if the mission statements "We set the highest quality standards" and "We industrialise leading-edge technology" are also taken into account. Only when the highest environmental, occupational safety and quality standards are met, will it be reasonably possible to achieve the AT&S vision and environmental goals. The industrialisation of leading-edge technologies should also always take into account sustainability aspects. Therefore, sustainability is also one of the six criteria of the AT&S Stage-Gate® Innovation Management System. High quality of leading-edge technology can only be achieved if the staff is highly qualified and processes are as efficient and effective as possible. Training and continuing education opportunities increase employees' commitment and motivation. As a result, wastage of resources will be prevented and the accident risk of employees is reduced. Optimised process management enables the efficient use of resources and consequently also a reduction in the environmental footprint. In this third chapter, it thus once again becomes evident to which extent all AT&S mission statements and all measures to ensure sustainable management are interlinked. Ultimately, all the activities of AT&S are aimed at sustainable management with the objective of increasing value for all stakeholders.

In addition, the mission statement "We set the highest quality standards" is strongly intertwined with "We create value". Because, for AT&S, high product quality also includes the ethical responsibility to end users. Therefore, AT&S meets not only the general quality standard ISO 9001 at all production sites, but additionally also other quality standards in the automotive segment (ISO/TS 16949), in aviation (AS/EN 9100) and in the medical sector (DS/EN 13485). In addition, AT&S meets the environmental standard ISO 14001 at all sites and the ISO 50001 energy standard at the plants in Austria and India. A group-wide introduction of the ISO 50001 standard is currently in progress. Compliance with all quality, environmental, waste and energy management systems required by the standards as well as with the due diligence processes is ensured by recertification audits, which are performed annually.

**NEW DEFINITION OF THE INTENSITY KEY FIGURES** As previously mentioned in the Annual Report 2016/17, the increasing complexity of AT&S's products has not been sufficiently reflected in the intensity key figures used so far. Therefore, intensity will be presented as consumption per gross value added (GVA) in the future. Gross value added is calculated on the basis of EBIT plus depreciation and wage and salary expenses. The relative key figures thus represent the resource unit employed per value unit generated. As a result, this method more accurately tracks the increasing complexity and also the diverse product mix.

**CO<sub>2</sub> FOOTPRINT** Energy efficiency and the energy source relate directly to CO<sub>2</sub> emissions. The primary goal of AT&S is therefore to reduce energy consumption and the CO<sub>2</sub> footprint by 5% annually by implementing different measures to enhance energy efficiency. After the implementation of the energy efficiency measures of the previous year, further measures were taken worldwide in the financial year 2017/18 which led to energy savings of 21 GWh or 22 t CO<sub>2</sub>. The goal for the financial year 2018/19 is to evaluate further saving potential at the site in Korea based on the same example.

The calculation of the CO<sub>2</sub> key figures is based on the conversion factors of the ecoinvent database version 3. SCOPE 1 refers to CO<sub>2</sub> emissions caused by the use of diesel, heavy oil and natural gas, while SCOPE 2 covers purchased electricity. For the SCOPE 3 calculation, only the transport of AT&S products to customers has been considered so far. The share of transport in purchased electricity, which is included in SCOPE 2, is therefore included in the SCOPE 2 analysis and in the factors used.

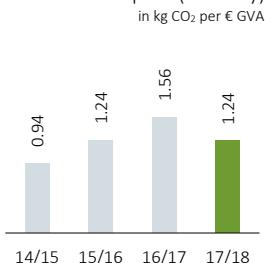
In the financial year 2017/18, CO<sub>2</sub> emissions per GVA were reduced by 20%. The temporary increase in the financial year 2016/17 is attributable to the establishment and qualification of the plants in Chongqing and the related increased energy needs while the gross value added was low. In addition, changes in climate –

especially the extremely hot temperatures during the summer months – represent a growing challenge that is difficult to estimate.

#### Total CO<sub>2</sub> footprint (Scope 1, 2, 3)

in kg per € GVA	2017/18	2016/17	Change in %
Mobile Devices & Substrates segment	1.54	2.33	(33.9%)
Automotive, Industrial, Medical segment & Others	0.68	0.66	3.5%
<b>Total Group</b>	<b>1.24</b>	<b>1.56</b>	<b>(20.3%)</b>
thereof attributable to parent company	0.21	0.23	(9.9%)

#### Carbon footprint (intensity)



#### CO<sub>2</sub> footprint production (Scope 1, 2)

in kg per € GVA	2017/18	2016/17	Change in %
Mobile Devices & Substrates segment	1.53	2.31	(34.0%)
Automotive, Industrial, Medical segment & Others	0.64	0.62	3.5%
<b>Total Group</b>	<b>1.22</b>	<b>1.53</b>	<b>(20.4%)</b>
thereof attributable to parent company	0.20	0.22	(10.0%)

#### CO<sub>2</sub> footprint transport (Scope 3)

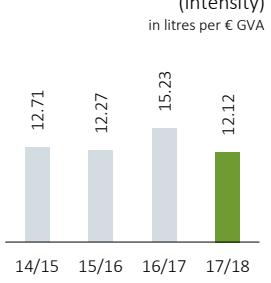
in kg per € GVA	2017/18	2016/17	Change in %
Mobile Devices & Substrates segment	0.02	0.02	(26.2%)
Automotive, Industrial, Medical segment & Others	0.03	0.03	2.0%
<b>Total Group</b>	<b>0.02</b>	<b>0.03</b>	<b>(17.6%)</b>
thereof attributable to parent company	0.01	0.01	(4.7%)

**WATER WITHDRAWAL** The production of printed circuit boards and IC substrates depends to a significant degree on wet chemical processes, which are water-intensive. Therefore, AT&S strives to reduce water requirements, especially in regions where water is scarce, and continuously works on improving the measuring systems. AT&S pursues the ambitious target of reducing the amount of water consumed by 3% annually. After the successful qualification of the plants in Chongqing in the financial year 2016/17, the water requirement per GVA was reduced by 20%.

#### Total water withdrawal

in litres per € GVA	2017/18	2016/17	Change in %
Mobile Devices & Substrates segment	14.38	21.30	(32.5%)
Automotive, Industrial, Medical segment & Others	7.90	8.19	(3.5%)
<b>Total Group</b>	<b>12.12</b>	<b>15.23</b>	<b>(20.4%)</b>
thereof attributable to parent company	9.10	8.72	4.4%

#### Total water withdrawal (intensity)



In order to mitigate the impact of AT&S wastewater on the environment, AT&S has installed large-scale water processing plants as well as wastewater treatment plants, bio-filter systems and cooling towers. In regions where water is increasingly scarce, the water recycling rate amounts to up to 80%. The water used for cooling purposes is in part returned to nature unchanged. The slight increase in water withdrawal by the parent company is due to a pipe defect. The water leaked as a result only drained away as groundwater.

Total waste amount (intensity)  
in kg per € GVA



■ Non-hazardous waste  
■ Hazardous waste

**WASTE** AT&S continuously strives to reduce its total amount of waste, especially the share of hazardous waste. In the financial year 2017/18, both the relative total waste volume and the share of hazardous waste were reduced. In absolute terms, total waste was maintained nearly constant.

**Total waste amount**

in kg per € GVA	2017/18	2016/17	Change in %
Mobile Devices & Substrates segment	0.12	0.20	(39.8%)
Automotive, Industrial, Medical segment & Others	0.09	0.08	2.1%
<b>Total Group</b>	<b>0.11</b>	<b>0.15</b>	<b>(26.0%)</b>
thereof attributable to parent company	0.06	0.06	(1.9%)

**PURCHASE OF SIGNIFICANT MATERIALS** Apart from electricity and water, the production of AT&S's products also requires other valuable commodities and materials. The consumption of gold and chemicals rose in line with the positive business development and revenue increases. The reduction in copper consumption of 3.2% was achieved by using thinner copper foil; the decline in the amount of laminates used is attributable to the increasing number of outer layers. The share of material costs in relation to the operating performance declined slightly to 38.1%. The following table provides an overview of the purchase of significant materials.

**Purchase of significant materials**

Total Group	Unit	2017/18	2016/17	Change in %
Gold	kg	626	554	13.0%
Copper	t	3,645	3,766	(3.2%)
Laminate	million sqm	14.6	14.9	(2.0%)
Chemicals	thsd t	137.9	119.2	15.7%

**Purchase of significant materials**

attributable to parent company	Unit	2017/18	2016/17	Change in %
Gold	kg	142	125	13.9%
Copper	t	430	380	13.2%
Laminate	million sqm	1.5	1.6	(6.3%)
Chemicals	thsd t	8.4	8.7	(3.4%)