

Kapsch TrafficCom

# **Consolidated Non-Financial Report 2021/22.**

*Report pursuant to  
Sec. 267a Austrian Commercial Code (UGB).*

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# 1 Notes to the report.

As a listed company with more than 500 employees in the corporate group, Kapsch TrafficCom is required to provide a consolidated non-financial statement. It must contain the information necessary for understanding the business development, the operating result, the situation of the Group and the effects of its activities and address, at a minimum, environmental, social and employee concerns, respect for human rights and the fight against corruption and bribery.

## 1.1 Implementation by Kapsch TrafficCom.

Kapsch TrafficCom decided to prepare the consolidated non-financial statement as a separate consolidated non-financial report (the "Report"). In doing so, the company followed the relevant provisions of the Austrian Commercial Code (Unternehmensgesetz). National, union-based or international frameworks (e.g., Global Reporting Initiative, GRI) were not used.

To avoid redundancies, the report refers to the notes to the Consolidated Financial Statements 2021/22 ("Financial Statements"), the Consolidated Management Report 2021/22 ("Management Report"), and the Consolidated Corporate Governance Report 2021/22 ("CG Report"). References within this Report are identified by the word "section" in conjunction with the relevant chapter title. All references are written in italics and are preceded by two arrows (➤➤).

The indicated key figures were generally collected for the Kapsch TrafficCom Group. Any limitations are explained directly with the key figures. The determination of the values and collection of the evidence for the various key figures was carried out centrally by the HSSEQ management team (Health, Safety, Security, Environment and Quality). Kapsch TrafficCom distinguishes between:

- performance indicators – these are target values that are to be achieved by the organization – and
- reporting indicators – these provide information about the current situation and help to identify undesirable developments at an early stage.

This report has not been audited externally.

## 1.2 Organization of sustainability at Kapsch TrafficCom.

Georg Kapsch, Chairman of the Executive Board of Kapsch TrafficCom, has the Executive Board responsibility for Environment/Social/Governance (ESG). The various (non-financial) sustainability initiatives in the Group are coordinated by two individuals. These ESG coordinators in turn lead the ESG task force, in which the various sustainability initiatives are coordinated on a broader basis.

For financial year 2022/23, it is planned to implement a central data hub for non-financial information. This will make the reporting of non-financial data more efficient and structured and improve the data base.

*"Kapsch TrafficCom is committed to the ten universal principles of the UN Global Compact, to the ILO Core Labour Standards, and to the OECD Guidelines for Multinational Enterprises."*

**Georg Kapsch, CEO**

### 1.3 General review of financial year 2021/22.

After an economically difficult phase, Kapsch TrafficCom succeeded in achieving a visible turnaround as from the first quarter. Extensive restructuring measures and strict cost management had an effect and the company succeeded in generating a positive EBIT again in financial year 2021/22. Further information on business performance can be found in the **>> Management Report, chapter 1.1.3 "Business performance 2021/22"**.

#### Impact of COVID-19 on Kapsch TrafficCom.

The COVID 19 pandemic also left its mark on financial year 2021/22, although it was possible to build on the experience of the previous year. A number of measures were implemented specifically for employees:

- Coronavirus Infopoint with all the necessary information and answers to general and business-specific questions, as well as contact details for questions on specific topics (business, IT, travel and health).
- Corona hotline for urgent questions.
- Arrangements for home office work in accordance with local regulations and conditions.
- Appropriate protective and disinfection measures for personnel who were physically present in the office, production facilities, or project sites.
- Restriction of travel in accordance with national regulations.
- Provide various policies, guidelines and templates.
- Offer coronatests at various locations.

Business operations were maintained relatively well under the new conditions. Information on the impact of COVID-19 on business activities can be found in the **>> Management Report, chapter 1.1.3 "Business performance 2021/22"**. In this exceptional period, Kapsch TrafficCom received support from public authorities in various countries. These amounted to a total of approximately EUR 0.8 million (previous year: EUR 1.6 million).

#### Impact of the fighting in Ukraine on Kapsch TrafficCom.

As of February 24, 2022, the attention of the world public was focused on the fighting in Ukraine. Kapsch TrafficCom has no customers in this country. In 2021, however, a Group company was founded with headquarters in Kiev. It employs a group of external software developers, primarily from Ukraine. The team is working in particular on solutions for the tolling services business in the USA. Regular coordination meetings are held to ensure that they and their families receive assistance as needed. The sanctions imposed by the European Union against Russia resulted in Kapsch TrafficCom not accepting any new orders from this country. Revenues in Russia have always been below 1% of Group revenues in recent years. The sanctions against Belarus affected Kapsch TrafficCom only to a minor extent. They resulted in the fact that certain components and services could no longer be delivered or provided. Kapsch TrafficCom operates the nation-wide tolling system for cars and trucks in Belarus and has a contract for this until 2032. In the reporting period, revenues in this country represented a higher single-digit percentage of Group revenues.

#### Other relevant non-financial developments.

- The Code of Conduct applicable to the entire Kapsch Group (and thus also to Kapsch TrafficCom) contains the principles of conduct applicable to the management as well as to all employees. These were revised in financial year 2021/22. The current version of the Code is publicly available on the following website: <https://www.kapsch.net/en/ir/corporate-governance>.
- The "Green Vision" describes Kapsch Traffic Com's contribution to a greener and healthier world in two dimensions:
  - **Green portfolio.** One of Kapsch Traffic Com's key objectives is to minimize the CO<sub>2</sub> footprint of its own solutions. To achieve this, the use of materials with a high footprint is to be reduced, as is the waste produced. However, the entire savings potential can only be realized together with the customers. As outlined in **>> section 2.1 "Sustainable business model"**, Kapsch Traffic Com's solutions help to reduce emissions in the transport sector and thus protect the environment. The company is also working to reduce the energy required to operate the various solutions.
  - **Green company.** Kapsch TrafficCom would like to become CO<sub>2</sub>-neutral as a company by 2027. This is also to be achieved by saving energy for production as well as for the offices (heating, cooling, general electricity requirements), a reduction in business travel (both by air and by car) and a reduction in commuting by employees from home to work and back.

- Following on from the corporate strategy “Strategy 2027”, Kapsch TrafficCom developed a new strategy for human resources management. The “People Strategy” addresses identified employee needs:
  - More career mobility, geographically and thematically
  - Flexible working models and use of digital collaboration systems (for example Microsoft Teams)
  - Competitive remuneration and share in the financial success of the company
  - Improved (digital) training opportunities
 Concrete initiatives in these areas have already been designed and are being implemented. In addition, People Management is being reorganized to meet the needs of employees.

## 2 Business model.

Kapsch TrafficCom is a globally renowned provider of transportation solutions for sustainable mobility. Innovative solutions in the application fields of tolling, tolling services, traffic management and demand management contribute to a healthy world without congestion.

Kapsch TrafficCom has brought projects to fruition in more than 50 countries around the globe and has subsidiaries and branches in more than 25 countries worldwide. Comprehensive information on the group structure and group companies can be found in the **>> Financial Statements, note 1.1 “Group structure and consolidated group”** and a list of consolidated companies in the **>> Financial Statements, note 29 “Interests in subsidiaries”**.

With one-stop-shop solutions, the company covers the entire value chain of customers, from components to design and implementation to the operation of systems. Further information on the company can be found in the **>> Financial Statements, note 1 “General information”**.

### 2.1 Sustainable business model.

Kapsch TrafficCom addresses traffic challenges associated with megatrends (**>> Management Report, chapter 1.1.2 “Definition of market”**). The Company’s products and solutions help to

- maintain and further develop existing road infrastructure,
- make efficient use of existing transport routes,
- reduce the environmental impact (especially emissions in the form of greenhouse gases, particulate matter and noise) caused by traffic,
- direct the behavior of road users as well as to
- increase road safety.

Kapsch TrafficCom’s products and solutions for sustainable mobility include:

- **Toll technology.** Distance-based pricing improves transport efficiency and can contribute to CO<sub>2</sub> savings of up to 20%.
- **Traffic management.** Urban traffic management enables the reduction of stop-and-go traffic, reducing CO<sub>2</sub> emissions by an average of 8% in developed cities and 15% in emerging cities.
- **Low-emission zones.** Only more environmentally friendly vehicles or those under a certain weight limit can drive in the clearly defined zones for free. All others have to pay. In this way, greenhouse gas emissions can be reduced by around 20%.
- **Demand Management.** For demand management, tolls, traffic management and environmental zones are combined. This can reduce emissions by up to 30%.

Especially for implementation and operations projects in the tolling business, Kapsch TrafficCom often uses numerous suppliers and subcontractors from the contracting country. In this way, the company contributes to local value creation and creates jobs.

The Code of Conduct applicable to the entire Kapsch Group (and thus also to Kapsch TrafficCom) contains the principles of conduct applicable to the management as well as to all employees. The Code can be viewed on the Investor Relations page of Kapsch TrafficCom <https://www.kapsch.net/en/ir/corporate-governance>.

## 2.2 Contribution to the United Nations Sustainable Development Goals.

Kapsch TrafficCom supports the UN Sustainable Development Goals with its activities, in particular:



**Good health and well-being.** Traffic management systems are used to manage and reduce traffic. This lowers emissions (especially exhaust gases, particulate matter, noise), which has a positive impact on air quality and quality of life. The use of intelligent transport systems can also reduce the risk of accidents in road traffic. In this way, Kapsch TrafficCom supports the United Nations' goal of reducing traffic accidents by 50% by 2030.



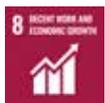
**Quality education.** Kapsch TrafficCom AG is an apprenticeship company and, together with other companies in the Kapsch Group, offers apprenticeships as well as a trainee program for university graduates. This gives young people the opportunity to start their careers in a global company and to continue their education at the same time.



**Gender equality.** Kapsch TrafficCom has set itself the goal of employing at least 30% female leaders by 2023. The KTCwomen@kapsch program promotes the global networking of motivated female employees. A mentoring program aims to encourage female employees to use competencies more actively and to develop potential in a sustainable and visible manner.



**Affordable and clean energy.** The establishment of an emissions-based toll system promotes (vehicle) fleet renewal and the use of lower-emission vehicles. Kapsch TrafficCom also strives to use electricity from non-fossil sources at its larger locations wherever possible.



**Decent work and economic growth.** Kapsch TrafficCom is an attractive employer that offers high-quality jobs. The production sites in Austria and Canada meet high standards with regard to working conditions and compliance with human rights.



**Industry, innovation and infrastructure.** The toll systems implemented by Kapsch TrafficCom help to finance necessary investments in road infrastructure. Traffic management systems contribute to more efficient use of the traffic infrastructure.



**Sustainable cities and communities.** Access restrictions and tolling of urban areas not only support the reduction of emissions, improving air quality and quality of life. They also help protect cultural heritage. In addition, these solutions encourage the use of the public transport system. Less road traffic creates space for bike lanes and meeting zones and improves road safety.



**Responsible consumption and production.** For Kapsch TrafficCom, sustainability in production is a permanent endeavor. For example, the production facility in Vienna has successfully participated in the Ökwin environmental program for ten years in order to continuously make production more efficient and environmentally friendly. Kapsch TrafficCom AG received the ÖkoBusiness Wien award in 2021.



**Climate action.** Contributing positively to climate protection is an integral part of Kapsch TrafficCom's corporate strategy. In this context, on the one hand, numerous measures are being taken to become climate neutral as a company by 2027. On the other hand, the company's products can support cities and regions in reducing their traffic emissions.



**Life on land.** Road traffic is a major source of noise and air pollution (for example, from nitrogen oxides). These emissions pose significant threats to biodiversity. Kapsch TrafficCom's products and solutions can help reduce traffic emissions and thus contribute to preserving biodiversity. Studies have shown that free-flow tolling solutions can reduce emissions of nitrogen oxides by up to 32% compared to traditional toll booths; the use of coordinated traffic management can lead to a 13% reduction in nitrogen oxides.

The website <https://www.un.org/sustainabledevelopment/> provides further information on the UN Sustainable Development Goals.

### 3 EU Taxonomy Regulation.

According to the EU Taxonomy Regulation (Regulation (EU) 2020/852), Kapsch TrafficCom must include in the Non-Financial Report “how and to what extent the company’s activities are linked to economic activities that are to be classified as environmentally sustainable economic activities pursuant to Article 3 and Article 9 of this Regulation”. The following environmental objectives are cited:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

Kapsch TrafficCom is convinced of addressing the goals of climate protection, prevention and reduction of pollution as well as protection and restoration of biodiversity and ecosystems. The company’s products and solutions enable customers to reduce congestion times and manage traffic more efficiently. As a result, road traffic emissions can be reduced. These include:

- **Exhaust gases** from combustion engines. Exhaust gases such as CO<sub>2</sub> boost the greenhouse effect and thus contribute to global warming. Nitrogen oxides threaten biodiversity.
- **Particulate matter** from tire and brake abrasion. These emissions pollute the environment and are harmful to health.
- **Noise** from the rolling sound of tires, vehicle airflow, and engines. Road traffic noise negatively affects human health and is a threat to wildlife. It causes a number of physiological and behavioral responses in animals that reduce reproductive success and increase mortality and migration, resulting in lower population densities.

In a first step, the EU Taxonomy Regulation aims at identifying taxonomy-eligible economic activities. These are listed and described in the relevant delegated acts. From Kapsch TrafficCom’s perspective, an economic activity is defined by the fact that it generates revenues. This share in relation to total revenues is to be communicated in the Non-Financial Report. Taxonomy-eligible portions of associated capital and operating expenditures are also to be reported, with defined CapEx or OpEx performance indicators. Also, certain expenditures on taxonomy-eligible investments and services to reduce the CO<sub>2</sub> footprint, such as increasing the energy efficiency of buildings and the vehicle fleet, are to be reported in the CapEx and OpEx performance indicators as a share of total expenditures in these areas.

The EU Taxonomy Regulation explicitly mentions better traffic management in recital 49 as one of those areas to be invested in for the purpose of financing sustainable growth. The Eurovignette Directive 2022 sees the comprehensive application of tolls as a necessity for optimizing the transport system. Nevertheless, neither tolling nor traffic management are currently included as economic activities in the relevant delegated acts; they have obviously been forgotten. Thus, the revenues – and subsequently the associated capital and operating expenditures – of Kapsch TrafficCom do not qualify for taxonomy. This has a significant impact on the performance indicators for financial year 2021/22 according to Delegated Regulation (EU) 2021/4987 supplementing the EU Taxonomy Regulation, Annex 1:

- The taxonomy-eligible portion of revenue therefore amounted to 0% of EUR 519.8 million.
- The taxonomy-eligible share of OpEx was 2.9%, equivalent to EUR 2.5 million, with short-term leasing alone accounting for around EUR 2.1 million. In contrast, relevant operating expenses of EUR 87.8 million were incurred, primarily for research and development (EUR 83.5 million >> *Financial Statements, note 14 “Intangible assets”* as well as >> *Management Report, section 1.3 “Research and development”*).
- The taxonomy-eligible portion of CapEx amounted to 62.3%.

The largest items were additions to rights of use for building leases in the amount of EUR 8.2 million and rights of use for leased vehicles in the amount of EUR 1.0 million. Total additions to property, plant and equipment and intangible assets amounted to EUR 16.3 million in financial year 2021/22 (>> *Financial Statements, notes 13 “Property, plant and equipment”* and *14 “Intangible assets”*).

The values underlying the calculations are based on the consolidated financial statements of Kapsch TrafficCom in accordance with IFRS.

## 4 Materiality analysis.

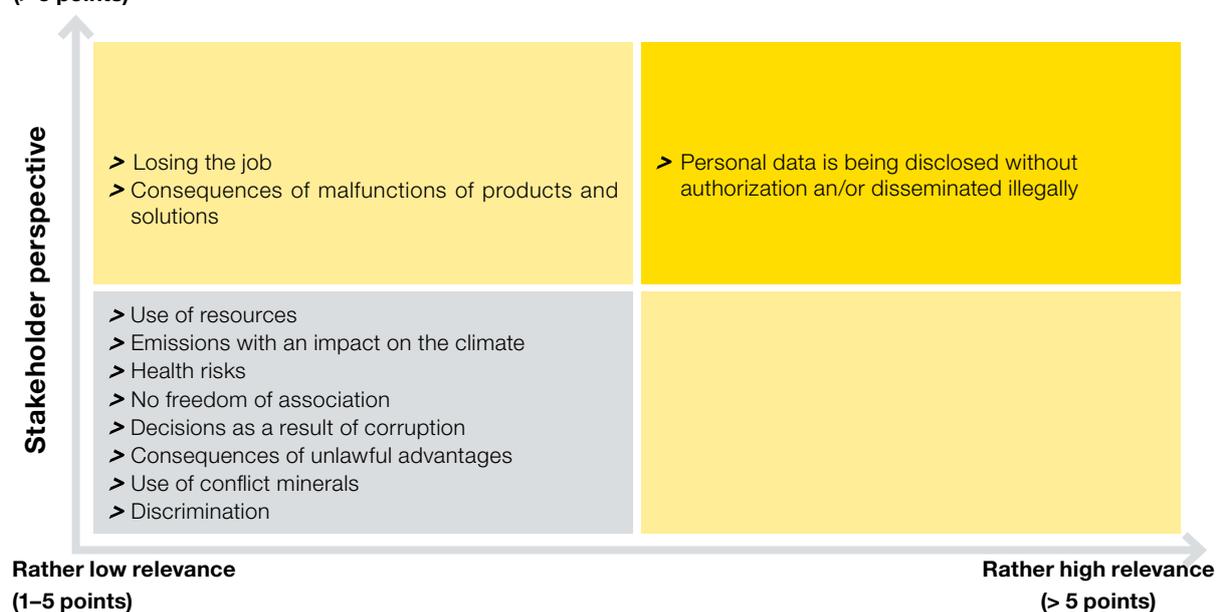
This Report is based on an analysis from financial year 2018/19. It dealt with the impact of the company's activities on environmental, social and employee issues, on respect for human rights and on the fight against corruption and bribery. The assessment of the Group's Executive Board was first obtained for this analysis. A survey among key stakeholders provided an opportunity to include additional aspects and to broaden the assessment of the materiality of the various impacts of the business. This evaluation included the assessments of:

- more than 1,630 employees worldwide,
- 5 capital market representatives: three analysts, one representative of the IVA – Interessensverband für Anleger, one major investor,
- 7 customers from all regions.

### Materiality analysis results.

#### Rather high relevance

(> 5 points)



#### Perspective of the Executive Board of Kapsch TrafficCom

Based on the predefined answers in the questionnaire, the chart shows the results of the stakeholder survey and the assessment of Kapsch TrafficCom's Executive Board. The lowest relevance was attributed to the risks "Discrimination due to lack of implementation of the diversity concept" and "Use of conflict minerals in the supply chain". Both the stakeholders and the Executive Board have considered the risk that personal data may be unlawfully disclosed and/or illegally disseminated as a result of theft, accident or improper handling to be of rather high relevance.

Stakeholders had the opportunity to identify additional risks and assess their relevance. The topic of recycling and waste management was addressed in the process. In those countries in which Kapsch TrafficCom has production sites (Austria and Canada), there are strict legal requirements on how to handle waste. In addition, the Company already takes account of the recyclability of mass products (on-board units) in its product design (>> section 5, "Environment"). However, Kapsch TrafficCom generally has no influence on actual recycling. The products belong to the customers who are responsible for their proper disposal. The significant restrictions on the cross-border transport of waste should be mentioned in this context.

The reporting on non-financial topics is further developed every year. In view of the extensive but not yet clear upcoming changes regarding the requirements for non-financial reporting (CSRD, taxonomy), it was decided to postpone an originally planned major revision of the Non-Financial Report for another year until there is more clarity. As a basis for the upcoming revisions, Kapsch TrafficCom analyzed the relevant stakeholders and the communication channels with them in the past financial year.

## 4.1 Key stakeholders of Kapsch TrafficCom.

The following table lists the relevant stakeholders of Kapsch TrafficCom, their interests and the channels through which the Company mainly communicates with them. The term “direct contact” includes personal conversation, e-mail, telephone and digital communication platforms such as Microsoft Teams or Webex, for example.

Stakeholders	Their interests	Communication channels
<b>Staff</b>	<ul style="list-style-type: none"> <li>■ Remuneration</li> <li>■ Safety of the workplace</li> <li>■ Health and safety at the workplace</li> <li>■ Diversity and no discrimination</li> <li>■ Education and training</li> <li>■ Development opportunities</li> </ul>	<ul style="list-style-type: none"> <li>■ Direct contact</li> <li>■ Mailings</li> <li>■ Periodic and situational events with extensive space for questions and their answers via communication platforms</li> <li>■ Intranet</li> <li>■ Internal social media</li> <li>■ Performance review conversation</li> <li>■ Employee survey</li> <li>■ Works council</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>■ Quality</li> <li>■ Price</li> <li>■ Reliability</li> <li>■ Innovation</li> <li>■ Sustainable business practices</li> </ul>	<ul style="list-style-type: none"> <li>■ Direct contact</li> <li>■ Fairs and conferences</li> <li>■ Customer survey</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>■ Timely payment</li> <li>■ Plannability of the acceptances</li> </ul>	<ul style="list-style-type: none"> <li>■ Supplier platform</li> <li>■ Direct contact</li> </ul>
<b>Business partners</b>	<ul style="list-style-type: none"> <li>■ Reliability</li> <li>■ Business opportunities</li> <li>■ Compliance</li> <li>■ Sustainable business practices</li> </ul>	<ul style="list-style-type: none"> <li>■ Direct contact</li> <li>■ Website</li> </ul>
<b>Associations</b>	<ul style="list-style-type: none"> <li>■ Regulatory and legal topics</li> <li>■ Intelligent transport systems</li> </ul>	<ul style="list-style-type: none"> <li>■ Participation of experts from Kapsch TrafficCom in working groups and in committees</li> <li>■ Membership in associations and participation in initiatives</li> </ul>
<b>Standardization agencies</b>	<ul style="list-style-type: none"> <li>■ Technical standards</li> </ul>	<ul style="list-style-type: none"> <li>■ Participation of experts from Kapsch TrafficCom in working groups and in committees</li> <li>■ Membership in associations and participation in initiatives</li> </ul>
<b>Authorities and regulators</b>	<ul style="list-style-type: none"> <li>■ Compliance with laws, standards and regulations</li> <li>■ Information on intelligent transport systems as well as challenges for companies</li> </ul>	<ul style="list-style-type: none"> <li>■ Direct contact</li> <li>■ Associations/platforms</li> <li>■ Publicaffairs experts</li> </ul>

<b>Shareholders</b>	<ul style="list-style-type: none"> <li>■ Share price development</li> <li>■ Dividend and dividend policy</li> <li>■ Strategy</li> <li>■ Transparency</li> <li>■ Financial and non-financial development of the Company</li> <li>■ Sustainable business practices</li> <li>■ Outlook</li> </ul>	<ul style="list-style-type: none"> <li>■ Investor Relations</li> <li>■ Company website</li> <li>■ Road shows</li> <li>■ Investor conferences</li> <li>■ Releases, mailings</li> <li>■ Shareholders' meeting</li> <li>■ Traditional media</li> <li>■ Social media</li> </ul>
<b>Lenders</b>	<ul style="list-style-type: none"> <li>■ Fulfillment of financial obligations</li> <li>■ Compliance with covenants</li> <li>■ Strategy</li> <li>■ Transparency</li> <li>■ Financial and non-financial development of the Company</li> <li>■ Sustainable business practices</li> <li>■ Outlook</li> </ul>	<ul style="list-style-type: none"> <li>■ Direct contact</li> <li>■ Website</li> <li>■ Mailings</li> <li>■ Traditional media</li> <li>■ Social media</li> </ul>
<b>Financial analysts</b>	<ul style="list-style-type: none"> <li>■ Strategy</li> <li>■ Dividend policy</li> <li>■ Financial and non-financial development of the Company</li> <li>■ Sustainable business practices</li> <li>■ Transparency</li> <li>■ Outlook</li> </ul>	<ul style="list-style-type: none"> <li>■ Investor Relations</li> <li>■ Website</li> <li>■ Investor conferences</li> <li>■ Releases, mailings</li> <li>■ Traditional media</li> <li>■ Social media</li> </ul>
<b>Local communities</b>	<ul style="list-style-type: none"> <li>■ Local business activities of Kapsch</li> <li>■ TrafficCom</li> <li>■ Kapsch TrafficCom as an employer</li> </ul>	<ul style="list-style-type: none"> <li>■ Direct contact</li> <li>■ Events</li> <li>■ Press releases</li> </ul>
<b>NGOs (Non-Governmental Organizations)</b>	<ul style="list-style-type: none"> <li>■ Sustainable business practices</li> <li>■ Transparency</li> <li>■ Compliance</li> <li>■ Information security and privacy</li> </ul>	<ul style="list-style-type: none"> <li>■ Direct contact</li> <li>■ Events</li> <li>■ Press releases</li> </ul>
<b>Industry analysts</b>	<ul style="list-style-type: none"> <li>■ Research and development</li> <li>■ Market data</li> <li>■ Market developments</li> <li>■ Strategies</li> </ul>	<ul style="list-style-type: none"> <li>■ Conferences</li> <li>■ Cooperations</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>■ Transparency</li> <li>■ Accessibility</li> </ul>	<ul style="list-style-type: none"> <li>■ Press office</li> <li>■ Website</li> <li>■ Releases</li> <li>■ Social media</li> <li>■ Press conferences</li> </ul>

## 5 Environment.

Air pollution has significant effects on human health, impacts vegetation and ecosystems, contributes to climate change and damages materials and buildings. Road traffic plays an important role here. According to the European Environment Agency, it is the largest emitter of nitrogen oxide in the EU with a share of 39%. The proportion is 19% for carbon monoxide, 28% black carbon, and 11% for particulate matter. Globally, 25% of urban air pollution (PM2.5) and 20% of greenhouse gas emissions come from road traffic. Moreover, noise pollution in Europe – most frequently caused by traffic – is a major health problem for humans and animals.

In this context, Kapsch TrafficCom offers hardware, software and services that make road traffic more efficient, safer, more reliable, more efficient and more convenient, while reducing environmental impact. The company's products and solutions help to manage traffic flows more efficiently as well as to collect charges for the use of road infrastructure and thus to manage traffic. The current focus on reducing greenhouse gas emissions (European Green Deal) offers growth opportunities for Kapsch TrafficCom. In addition, Kapsch TrafficCom is also working consistently in its own area of operations, especially at its production sites, to minimize resource consumption and any impact on the environment.

### 5.1 Important risks.

- **Climate-relevant emissions.** The business activities of Kapsch TrafficCom are associated to a small extent with the consumption of resources and the output of climate-relevant emissions. Without corresponding concepts for environmental and climate protection and their proper implementation, Kapsch TrafficCom would have a greater than necessary impact on the environment. In addition, inefficient use of energy would mean additional costs for the Company.
- **Customer waste.** Kapsch TrafficCom manufactures road-side radio products and products used in vehicles (e.g., on-board units) in large quantities for customers. The customer is responsible for proper disposal. If the components contain a high degree of non-recyclable components, environmentally friendly recycling is not possible.

### 5.2 Concepts.

Kapsch TrafficCom aims to continuously reduce both the consumption of resources and climate-relevant emissions associated with its business activities.

#### **Guide to sustainable product design.**

A comprehensive "Green Portfolio Guideline" ensures that environmental aspects are taken into account in the design and development of products in the best possible way and in a structured manner. The contents of the document can also be found in the central "KTC Requirements Repository", a collection of requirements for products to be developed that is valid for the Group. These requirements are mandatory for the entire Kapsch TrafficCom portfolio. The person responsible for the Green Portfolio Guideline periodically monitors compliance with environmental requirements and reports to HSSEQ as well as to the Executive Board.

#### **Solutions with reduced CO<sub>2</sub> footprint.**

Kapsch TrafficCom strives to ensure that the operation of its products and solutions requires as little electricity as possible. In addition, the company is working to use renewable resources as much as possible. A concrete example of this is the "Green Gantry". By using this innovative toll bridge made of wood instead of the traditional steel and aluminum, up to 53 tons of CO<sub>2</sub> can be saved.

#### **Climate protection through energy efficiency and careful use of auxiliary materials.**

- **Manufacturing sites.** The aim is to use electricity as efficiently as possible. Processes are optimized and new machines are purchased as required for this purpose. The energy efficiency of machines is taken into account when purchasing new equipment. In addition, Kapsch TrafficCom uses as much energy as possible from non-fossil sources in production. No process water is required for production. Water is only needed for kitchens and sanitary facilities.
- **Packaging.** When it comes to packaging, Kapsch TrafficCom strives to use materials that are as environmentally friendly as possible and have a low CO<sub>2</sub> footprint.

### **Environmentally friendly procurement.**

- **Reduction of environmental effects in upstream processes and in the use of raw and auxiliary materials.** In addition to economic and quality-related aspects, special consideration is given to this criteria in procurement processes. A detailed guide serves as a decision-making aid in procurement and takes particular account of properties such as modular applicability, materials, packaging, durability, recyclability and reparability. Another aspect taken into account is the CO<sub>2</sub> footprint. It is surveyed annually, which enables targeted initiatives to optimize it.
- **Handling hazardous or harmful substances.** Where possible, the Group avoids the use of hazardous or environmentally harmful substances and products containing such substances. Safety data sheets are used to assess the hazard potential. The procurement of products and raw materials that would have to be disposed of as hazardous substances after processing or use is avoided wherever possible.
- **Transport.** For bulk goods, rail transport is preferable to truck transport. If quality and economy are comparable, local suppliers are preferred in order to minimize transport routes. In this context, there have been increasing initiatives for back-sourcing from the Asian region in recent years.
- **Supplier evaluation.** Kapsch TrafficCom is increasingly channeling procurement through the Supply Chain Management Department. If a new supplier is brought in by an employee, the colleague must conduct an impact assessment that includes environmental issues. As part of the onboarding process, each of these suppliers must complete a questionnaire containing, among other things, 41 questions on environmental aspects. This self-assessment must be completed at least every two years. Suppliers in the highest category (A) must undergo a re-evaluation audit at least every three years. Compliance with the self-assessment is also checked. Re-evaluation meetings are held with suppliers in the middle category (B) at least every three years. The self-assessment information is checked for plausibility. Where economically justifiable, suppliers with a qualified environmental management system are given preference. Such a system is mandatory for category A suppliers.
- **Responsible handling of chemicals.** According to the REACH regulation (Registration, Evaluation, Authorisation and Restriction of Chemicals), all chemicals produced and imported in the EU in quantities of over one ton per year must be recorded in a central database. Each product manager is responsible for compliance with REACH during the product release process and, if necessary, must comply with the reporting requirement. In Austria, monitoring is carried out by the chemical inspectors of the federal states. Kapsch TrafficCom obtains a large proportion of its purchased components and substances from European sources. Thus, REACH conformity can be assumed for this. Direct imports from suppliers in third countries are carried out according to Kapsch TrafficCom specifications. There are special safety data sheets for raw and auxiliary materials. Licenses for access to a comprehensive REACH database were acquired in financial year 2021/22. This allows REACH compliance to be verified for a large proportion of newly acquired and stocked components.

### **Raising employee awareness of climate and environmental protection issues.**

Employees receive training on environmental management as soon as they join the company. As part of its internal communications, Kapsch TrafficCom has been providing environmental tips for many years, for example on potential savings in resource consumption.

### **Reduction of business travel.**

Oftentimes, a face-to-face meeting cannot be replaced or avoided, but in many cases the options offered by communication technologies can help to avoid business trips. Kapsch TrafficCom has invested in video conferencing systems and uses digital collaboration systems such as Microsoft Teams and Webex Teams worldwide. In financial years 2020/21 and 2021/22, travel decreased extraordinarily due to the restrictions associated with COVID-19. The company's target is that in financial year 2022/23 the number of airline tickets used will be less than half the value from financial year 2018/19 (i.e., the last financial year before travel was significantly restricted as a consequence of COVID-19).

### **Research in the field of climate protection.**

In an EU project, experts from Kapsch TrafficCom, together with partners, are developing solutions that enable the measurement of vehicle emissions (exhaust gases and noise) at full speed in order to detect exceedances of permitted values (e.g., by tampering with the emission control system). Such a system could allow an ongoing review of emissions and thus be an essential building block in the decarbonization of traffic.

## 6 Employees.

The success of a company depends on the loyalty, motivation and performance of the employees as well as on the ability to recruit sufficiently qualified employees when necessary.

Companies differ in the demands placed on their employees as well as the opportunities they offer them as employees. Kapsch TrafficCom does not see its employees as human resources, but as a team that, though motivated by different personal interests and needs, drives the company forward. At Kapsch TrafficCom, it goes without saying that globally, remuneration is in line with the market.

Kapsch TrafficCom combines an international orientation with the roots of a modern family business. Entrepreneurship, timely and market-oriented decisions and above-average commitment and dedication characterize the corporate culture. We work with an understanding that is characterized in particular by mutual respect and a pronounced sense of unity. Performance orientation and mutual appreciation lead to close ties between the company and its employees.

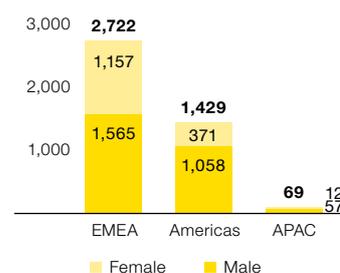
### 6.1 Overview.

As at March 31, 2022 the Group employed a total of 4,220 people, 437 or 9% less than at the balance sheet date of the previous year. The reduction in personnel was both the consequence of transformation and restructuring measures and of the phasing out of projects in Poland, where the headcount fell by 273 to 87. The Company succeeded in reducing personnel expenses by 7% to EUR 227 million. The personnel ratio was 44% (previous year: 48%). The proportion of women in the total workforce decreased by 2 percentage points to 36%.

#### Employment contracts.

As of the balance sheet date, 84.0% of the employees at Kapsch TrafficCom were salaried employees as well as 13.8% were blue-collar workers. The proportion of persons in training was 0.6% and approximately 1.6% were inactive.

**Employees by regions and gender.**



	March 31, 2021	March 31, 2022	+/-
Employees	3,722	3,546	-176
Workers	788	581	-207
In training/education	49	24	-25
Inactive (parental leave, military service, etc.)	98	69	-29
<b>Total</b>	<b>4,657</b>	<b>4,220</b>	<b>-437</b>
thereof part-time	214	135	-79

#### Age structure.

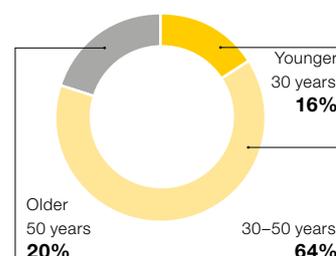
Around 16% (previous year: 17%) of all employees were under 30 years of age, 64% (previous year: 62%) were between 30 and 50 years of age, and 20% (previous year: 19%) were older than 50.

#### Headcount by region.

Kapsch TrafficCom is a global company with a large part of its workforce outside Austria:

- In EMEA, the Group employed 2,722 people (previous year: 3,077), the highest headcount. The countries with the highest number of employees were: South Africa (1,208), Austria (579), Spain (558) and Belarus (168).
- Of the total of 1,429 employees (previous year: 1,517) in the Americas region, 711 worked in the USA, 220 in Argentina, 159 in Mexico, 135 in Canada and 121 in Chile.
- Australia accounted for 66 of the 69 employees (previous year: 63) in the APAC region.

**Age structure of Kapsch TrafficCom's workforce.**



## 6.2 Important risks.

- Loss of employment if high order volumes are lost in the country of employment.
- Health risk due to accident, illness or in connection with screen work.
- Discrimination due to lack of implementation of the diversity concept.

## 6.3 Concepts.

Kapsch Partner Solutions GmbH is a company of Kapsch Group (but not of Kapsch TrafficCom Group). The personnel office located there is globally responsible for the planning and administration of the concepts mentioned here as well as for monitoring the measures taken and reporting to the Executive Board of Kapsch TrafficCom.

Kapsch TrafficCom is a globally operating corporate group with subsidiaries and branch offices in many countries. The number of employees of a Group company or branch changes with the activities it performs. It can occasionally happen that large projects come to an end. (e.g., the operation of a nation-wide toll system). In such a case, the Company will seek to minimize the harm to the workforce and to explore new employment opportunities with the contracting authority or another operator. However, Kapsch TrafficCom cannot rule out a loss of employment. In this case, initiatives for the training and further education of employees help them to find new employment on the labor market more easily.

### **Education and training.**

Kapsch TrafficCom attaches great importance to personnel and organizational development, because the qualifications and commitment of its employees are seen as decisive prerequisites for the company's success. When filling vacant positions, attention is naturally paid to both the applicants' professional as well as social skills. Lifelong learning is expected from employees and promoted by the company. The aim of continuing education is to maintain and expand professional and social skills.

**Apprenticeship.** Kapsch TrafficCom offers vocational training to young people in Austria. As of the balance sheet date, 16 persons were in apprenticeships in the areas of "Information Technology – Systems Engineering", "Mechanics Manufacturing Technology" or as "Industrial Clerk".

**Trainee program.** For 30 years, this program has offered graduates of an economic or technical master's degree program a broad cross-divisional insight into the entire Kapsch Group. Over a period of two years, trainees pass through three to four different divisions or subsidiaries and work as full team members in the departments or implement their own projects. The program also offers the opportunity to gain experience abroad. As of the balance sheet date, five trainees were working at Kapsch TrafficCom.

**Management development.** Due to their essential function in team management, the personality of the applicants is already taken into account during the selection and planning of managers. Modular training courses must be completed annually in the course of management training.

**Performance review.** The annual performance review is a central instrument for personnel and organizational development throughout the Kapsch TrafficCom Group. It strengthens cooperation through structured exchange between managers and employees about their performance over the past twelve months. The performance review also provides a framework for discussing career development perspectives and defining further training measures.

### **Employee satisfaction.**

Kapsch TrafficCom attaches great importance to mutual respect, community spirit and loyalty. The company is convinced that these qualities enable employees to be more effective and perform better and provide a better quality of life. Regular surveys are conducted to evaluate how employees feel about the company. Employees receive a financial participation in the success of the company in recognition of their performance. In addition, Kapsch TrafficCom also puts in place long-term measures that address health care and economic security in retirement.

Employee turnover rate is an important indicator of employee satisfaction. Management uses this key figure to analyze measures and undesirable developments.

**Employee survey.** Kapsch TrafficCom conducts anonymous employee surveys every few years. It is important for management to know what employees think about their company, their work, managers and colleagues, what their expectations are for the future, how they rate the working atmosphere and how satisfied they are with their work. To underline the importance of employee satisfaction for the Executive Board, a financial performance incentive was created for all members of the Executive Board based on the results of the employee survey.

**Participation in the success of the company.** Kapsch TrafficCom is aware of the contribution of its employees to the Company's success and offers a maximum total profit share of 5% of profit before tax. Country-specific upper limits are designed to ensure that the distribution is based on purchasing power parity. Distribution is per capita, independent of income and is limited to EUR 1,500 per employee. Due to the negative earnings before taxes in financial year 2020/21, there was no profit sharing in the reporting period.

**Health.** In order to meet the different needs of the workforce in the various regions as best as possible, Kapsch TrafficCom has decentralized measures to protect employees and promote health. For example, Kapsch TrafficCom AG regularly offers health information, vaccinations, medical check-ups and vision tests. Furthermore, at the Vienna and Klagenfurt sites, a Company doctor is available to the staff.

**Resilience and Care Counselor.** Protecting and supporting the well-being and mental health of employees is of critical importance to Kapsch TrafficCom. Regardless of whether challenges are personal or professional, the Company takes on and embodies this responsibility to its employees. Since spring 2021, Kapsch TrafficCom has introduced the global and autonomous role of Resilience and Care Counselor. A specially trained and experienced colleague is available for confidential discussions. Together, ways are sought to better deal with the current situation or to change it in a needs-based way.

#### **Diversity and the advancement of women.**

As with many technology companies, the number of female executives at Kapsch TrafficCom is still relatively low. This has to do with the fact that the proportion of women in technical fields remains comparatively low. From the point of view of a technology company, a broader base of female technicians should be available. Talented female colleagues are valued and can gain leadership positions within the organization. Achieving this to a greater extent than what is the case today requires long-term initiatives: Kapsch TrafficCom

- cooperates with schools, universities and technical colleges, and
- takes an active role in the "Women in Transport" platform of the European Union. This involves greater inclusion and
- diversity in the transport sector, as well as equal opportunities for women and men.

Information on the diversity concept as well as on the promotion of women to the Executive Board, Supervisory Board and executive positions is presented in the **>> CG Report, section "Diversity"**. The development of the proportion of women in management positions is surveyed by Group Controlling on a monthly basis and reported to the Executive Board and the Personnel department.

**KTCwomen@kapsch.** A group of committed employees has founded the global "KTCwomen@kapsch" initiative. This initiative aims to support global cooperation, stimulate regional initiatives to promote women in leadership positions, and share experiences. The aim is to promote women and increase the visibility of their potential. A higher number of female executives is not only important for women; it is in the interest of the entire organization to work in a modern, open environment where talent is encouraged.

KTCwomen@kapsch's numerous measures include various formats for personal exchange and webinars. A mentoring program was launched in 2019. In the process, 15 tandem teams were formed, each with a female mentee and a mentor. During the nine-month program, the mentors shared their professional know-how and leadership experience with the mentees. The aim was to encourage them to use their competencies more actively and to develop their potential in a sustainable and visible way. The feedback from the participants was very enthusiastic. Both mentors and mentees reported valuable experiences and opportunities to learn, grow, and build valuable relationships. Based on this positive feedback and the stated goal of significantly increasing the proportion of women in management positions, the program was continued in 2021.

## 7 Human rights and anti-corruption measures.

For Kapsch TrafficCom, upholding human rights is a matter of course. The company does not tolerate any form of corruption. Misconduct in both areas can have serious consequences for the company as well as its employees: Loss of contracts and exclusion from future tenders, fines, damage to reputation as well as criminal law measures against the company and employees involved.

### 7.1 Important risks.

- Corruption can tempt representatives of public authorities or companies to make decisions that are not in the best interests of the community or organization. In addition, corruption is usually associated with other offenses, such as tax evasion.
- Unlawful advantages to or from Kapsch TrafficCom employees may have serious consequences in terms of employment, civil and criminal law.
- Around 45.5% of the workforce is covered by a collective agreement. (Previously, this figure was only 30.9%. The increase results from the fact that 55% of the workforce of the South African Group company Electronic Toll Collection (Pty) Ltd is now covered by a collective agreement). Hence, there is a risk that not all employees are granted the right to freedom of association (collective agreement).

### 7.2 Concepts.

#### Corporate culture.

In the course of many years of corporate activity (since 1892), a strong corporate culture has developed at Kapsch. The company management wants to uphold this culture despite internationalization and changes in the general conditions. The Kapsch Group Code of Conduct (<https://www.kapsch.net/en/ir/corporate-governance>) contains the principles, values and codes of conduct according to which Kapsch should act. For various topics of the Code of Conduct, supplementary binding guidelines and other regulations exist at global and/or regional and/or country level. Significant principles mentioned in the Code of Conduct are, for example:

- Kapsch respects and protects the dignity of people.
- Kapsch prohibits torture, slavery, human trafficking and child labor.
- Harassment in the workplace, including sexual harassment, is not tolerated.
- Discrimination, in particular on the basis of gender, origin, religious or sexual orientation, is prohibited.
- Kapsch recognizes and supports, within the applicable legal framework, the right of employees to freedom of association and collective bargaining.
- Unfair business practices such as corruption and bribery are prohibited.

The global responsibility of the People Management department in Austria (*>> section 6 "Employees"*) ensures that high standards (in particular the observance of human rights) are observed throughout the global organization.

#### Guidelines and training.

There are internal guidelines on various aspects of corruption prevention which are regularly reviewed and adjusted if necessary. These guidelines also define responsibilities for compliance and the consequences of non-compliance. In addition, reporting channels are defined for whistleblowing and in the event of suspected violations of the regulations. Kapsch TrafficCom employees have access to the globally applicable guidelines on the intranet and the HSSEQ platform.

#### Compliance organization.

A multi-level compliance organization has been established at Kapsch TrafficCom to comprehensively control the protective measures. The Executive Board is supported in the area of corruption prevention by the Compliance Officer. This officer, in turn, has recourse to various departments or managers within the organization. The Executive Board submits an annual Anti-Corruption Report to the Supervisory Board. Electronic whistleblower platforms in North America and in the future also at larger locations in Europe support the internal whistleblower processes.

Kapsch TrafficCom has introduced a new enterprise resource planning (ERP) system throughout the Group. The system is used to perform standardized, automated daily comparisons of business partners with embargo and sanctions lists. These lists contain, among other things, individuals and companies associated with human rights violations.

Following a mandate from the Executive Board, Internal Audit can, among other things, audit the processes of the internal control system and their compliance as well as with regard to the occurrence of fraud and corruption.

## 8 Social responsibility.

Kapsch TrafficCom's social responsibility has two dimensions: its own products and solutions and its commitment to the community and the general public.

**Products and solutions of Kapsch TrafficCom.** They can only remain competitive in the long term if they deliver added value for customers and end users, and ultimately also benefit society and the environment. The Company's service portfolio directly addresses the social aspects of safety, environmental and climate protection and quality of life.

**Commitment to the community.** Modern communication platforms and channels make it possible to exchange opinions and information worldwide and in real time, occasionally without the participation or even knowledge of those who are the subject of the conversation. The growing group of direct and indirect sub-publics continues to gain in importance. They increasingly act as correctors or drivers. At the same time, companies are viewed more critically. A company must therefore see itself as part of society and regularly question what role it plays in society and what its social acceptance and business model are. Kapsch TrafficCom, for example, does not pursue strategies to erode the tax base and shift profits, and does not make use of tax havens to reduce tax payments.

### 8.1 Important risks.

- Malfunctions and failures of Kapsch TrafficCom products can lead to non-optimal control of traffic flows. In extreme cases this could provoke accidents.
- Conflict minerals could be used in the supply chain.
- Personal data could be disclosed without authorization and/or processed unlawfully due to theft, accident, or improper handling.

### 8.2 Concepts.

Kapsch TrafficCom pursues a socially relevant mission, namely to create innovative solutions for sustainable mobility so that users can reach their destinations comfortably, on time, safely and efficiently – with minimal environmental impact. In an increasingly digitalized world, the protection of personal data is also a high priority.

Beyond these operational areas of activity, the company assumes social responsibility. In Austria, this commitment to society focuses on promoting health and development and supporting educational and cultural institutions.

The activities of international subsidiaries are aimed at local conditions and may also include, for example, support for sports activities. Kapsch TrafficCom also operates in emerging and developing countries. From the company's point of view, it is important to be seen as an equal partner there. This includes meeting local social requirements for companies and not exploiting any position of strength.

#### **Innovative and high quality product portfolio.**

Kapsch TrafficCom is actively facing the challenges of its dynamic markets and is constantly expanding its product portfolio with innovative solutions. The company pursues the goal of global quality and innovation leadership in line with its overall strategy.

Patents protect the intellectual property rights of Kapsch TrafficCom. By including the patent analysis in the development process, the risk of patent infringements is minimized. The patent monitoring system analyses patent applications from competitors and in relevant technology segments.

More detailed information on research and development activities can be found in the **>> Management Report, chapter 1.3 "Research and development"**.

### **Customer proximity.**

Customer proximity is a key success factor allowing the company to read trends early, counter undesirable developments and, in case of damage, impose risk minimizing measures. Customer proximity is determined by the Group's local presence, which is ensured by branches and representative offices in more than 25 countries. Kapsch TrafficCom creates an additional dimension of proximity through intensive, respectful cooperation with international project partners and customers as well as through the conscious promotion of regional value creation. Participation in industry events and trade fairs makes an important contribution to promoting exchange with customers. Furthermore, the marketing and sales departments conduct periodical surveys to learn about customer satisfaction. Based on the results of such surveys, effective measures for continuous improvement of customer satisfaction are promptly defined and implemented.

### **Procurement: Handling conflict minerals.**

From Kapsch TrafficCom's perspective, a company's social responsibility includes vetting the suppliers it buys from (>> *section 5 "Environment"*). In addition to price, quality and environmental aspects, the topics of human rights, corruption and social aspects are also relevant. As part of the supplier evaluation process, Kapsch TrafficCom asks whether control mechanisms are in place to ensure compliance with the "OECD Guidelines for the exercise of due diligence to promote responsible supply chains for minerals from conflict and high risk areas". Suppliers must also explain their risk assessment model and how they avoid the use of minerals whose production is influenced by wars.

### **Open dialogue.**

Kapsch TrafficCom is committed to an open dialogue with its stakeholders (>> *section 4.1 "Key stakeholders of Kapsch TrafficCom"*).

### **Information security.**

The topic of information security is deeply anchored in the organization. This is necessary because the solutions from Kapsch TrafficCom process customer and user data. The Company is aware of its responsibility in dealing with this information and is also anxious to protect its own data against unauthorized access. Risks and current threats are continuously assessed so that targeted measures can be taken. These typically aim at the three dimensions of humans, process and technology.

Kapsch TrafficCom is currently working intensively on two topics. The operationalization of the zero-trust security model is to gradually implement the technologies required for a perimeterless and data-centric security approach. Furthermore, a so-called Security Analytics Center is being set up as a global service. This will enable Kapsch TrafficCom to provide the best possible security support for operations projects.

**Security policy.** Kapsch TrafficCom has formulated the following two guiding principles for the targeted use of security measures:

- The Information Security team acts as a trustworthy and reliable partner.
- Security measures are based on the recognized state of the art and on ISO/IEC 27001 as a standard reference for the implementation and operation of an information security management system.

**Risk management.** As the core process of ISO/IEC 27001, Kapsch TrafficCom has a uniform risk management process for information security that is integrated into the corporate risk management. The structured approach to the consideration of risks in connection with information security is derived from the business processes of Kapsch TrafficCom and therefore represents a holistic approach. The risk management process is implemented at all companies whose IT is fully integrated into the Group IT, regardless of whether they are formally ISO/IEC 27001 certified or not.

**Vulnerability management.** In cooperation with the IT service provider K-Businesscom AG, Kapsch TrafficCom uses various channels to monitor whether any security-relevant vulnerabilities come to light in the systems. In addition, active measures are taken, such as regular and automated vulnerability testing of external and internal systems as well as penetration tests.

Apart from project-specific penetration tests, the "Red Team" of the IT service provider K-Businesscom AG simulates an attack on the shared IT infrastructure of the former Kapsch Group at least once a year. On the one hand, this serves to identify vulnerabilities; on the other hand, the internal operating processes are also to be tested in the process.

**Management of security incidents.** Kapsch TrafficCom has a centrally organized process with communication chains and escalation structures for security incidents. This ensures that such incidents can be responded to professionally and promptly. In the past financial year, no security incident with significant economic effects was identified at Kapsch TrafficCom.

**Continuous security monitoring.** Continuous security monitoring. Due to the latent global threat situation in cyberspace, Kapsch TrafficCom works with an external SOC (Security Operations Center) provider to ensure continuous monitoring of the IT infrastructure. In this process, a so-called “Blue Team” analyzes incoming security messages from various sources (network, endpoint, Internet) and determines whether they are acute threats – if so, the security incident process is activated.

**Business Continuity Management.** Kapsch TrafficCom was able to prove throughout the COVID-19 crisis that the established mechanisms for crisis and emergency management work. Productivity in the company was seamlessly maintained due to the good combination of technology and processes.

**Awareness.** One of the most important pillars in the active management of information security is raising awareness among employees. A mandatory training program exists for this reason, which is supplemented by periodic mailings and intranet messages on current issues. The training focus in the reporting period was on general security basics for employees working from outside the office and on the secure use of mobile devices. Another pillar is the regular simulation of phishing e-mails, which is a practical exercise integrated into everyday business life.

**Protection of personal data.**

All Kapsch TrafficCom locations in the European Union and all locations providing deliveries or services to/in the EU where personal data is processed are subject to the provisions of the EU General Data Protection Regulation (EU GDPR). Kapsch TrafficCom has structured itself as follows:

**Conception.** The company relies on a two-pillar model: Data protection management for the planning of measures and the execution of tasks as well as data protection monitoring to monitor compliance with regulations. As far as possible, structures of existing information security management systems (ISO 27001) and quality management systems (ISO 9001) are used.

**Training.** Corporate management has received comprehensive training and the specialist departments have been specifically trained for their areas of responsibility in order to ensure that data protection tasks are broadly anchored in the Group. Basic training has been set up for the entire workforce.

**Processes.** In accordance with the “Privacy By Design” requirement, Kapsch TrafficCom has integrated data protection risk management into the processes for designing and developing products and solutions. The company also revised the process for exercising the rights of data subjects and the process to be used in the case of data corruption.

**Transparency.** When collecting personal data, the company complies with the extended information requirements of the EU GDPR. Data subjects are comprehensively informed about the processing of their data.

**Reporting.** In addition to the regular reports by the Data Privacy Officer, the Executive Board has also integrated selected data privacy topics into the regular reporting of the management level.

## 9 Non-financial key figures.

### 9.1 Environment.

In the 2020/21 financial year, the Group succeeded in equipping all computer workstations with digital collaboration systems. This full equipment level was also maintained in the financial year 2021/22. Although Kapsch TrafficCom will continue to adhere to 100% coverage in the future, it does not make sense from the management's perspective to continue to use this criterion as a target indicator.

In recent years, Kapsch TrafficCom determined the CO<sub>2</sub> emissions from electricity consumption, heating and cooling at all locations with approximately or more than 5,000 m<sup>2</sup>. In order to improve reporting, from now on the CO<sub>2</sub> emissions of all locations with at least five employees and/or a minimum area of 250 m<sup>2</sup> will be used. At the same time, management considers the absolute value to be of little significance and has decided to compare it with revenues.

The company's vehicle fleet is an additional relevant source of emissions, so its CO<sub>2</sub> emissions will be reported from the 2021/22 financial year onwards. Here, too, the absolute value is not very meaningful. Management therefore decided to introduce average emissions per vehicle as a key figure. This enables the emissions efficiency of the vehicle fleet to be measured.

	2020/21	2021/22	2022/23 goals
Percentage of computer workstations equipped with digital collaboration systems	100%	100%	n.a.
Electricity consumption at all locations with about 5,000 m <sup>2</sup> or more (incl production) in MWh <sup>1)</sup>	5,553	4,883	n.a.
CO <sub>2</sub> emissions at all locations with about 5,000 m <sup>2</sup> or more (in metric tons of CO <sub>2</sub> equivalents) due to electricity consumption as well as heating and cooling <sup>1)</sup>	1,151	952	n.a.
Emissions from electricity consumption, heating and cooling relative to revenues (in grams of CO <sub>2</sub> equivalent per euro of revenue) <sup>2)</sup>	n.a.	5.0	Reduce continuously
Average emission per vehicle (in metric tons of CO <sub>2</sub> equivalents) <sup>3)</sup>	n.a.	4.9	Reduce continuously
Product recyclability for RF (Radio Frequency) field products and in-vehicle products <sup>4)</sup>	85.8%	85.8%	Sustainably higher than 80%
Product recyclability for video and sensor products <sup>4)</sup>	89.7%	89.7%	Sustainably higher than 80%

<sup>1)</sup> The following locations are relevant:

- a building in Cape Town (South Africa): approximately 30,000 m<sup>2</sup>
- the headquarters in Vienna (Austria): approximately 16,800 m<sup>2</sup>
- the production site in Vienna (Austria): approximately 11,800 m<sup>2</sup>
- the production site in Mississauga (Canada): approximately 6,300 m<sup>2</sup>
- a site in Jönköping (Sweden): approximately 5,700 m<sup>2</sup>

The expenditure on electricity at these sites amounted to about EUR 0.6 million in financial year 2021/22 (previous year: EUR 0.5 million; corrected).

<sup>2)</sup> Calculation: Emissions (in metric tons CO<sub>2</sub> equivalents) : Group revenues (in EUR million).

Emissions amounting to 2,614 metric tons are taken from sites with more than five employees or more than 250 m<sup>2</sup> of space; this covers 92% of the total workforce.

Group revenues in financial year 2021/22 amounted to EUR 519.8 million.

<sup>3)</sup> Calculation: Emissions from the vehicle fleet : average number of vehicles.

In financial year 2021/22 emissions amounted to 3.831 metric tons of CO<sub>2</sub> equivalents.

The average number of vehicles was 780. This value is calculated as half of the sum of the vehicles at the end of the reporting period and at the end of the previous reporting period. As of March 31, 2022, the fleet consisted of 719 (previous year: 841) vehicles.

The service costs for vehicles amounted to EUR 3.7 million in financial year 2021/22.

<sup>4)</sup> Only for products manufactured by Kapsch TrafficCom, no products included which are sourced from third parties. Calculated as an average across the various products.

## 9.2 Employees.

Although over EUR 200,000 more was invested in training in financial year 2021/22 than in the previous year, the significant increase in the degree of utilization of the training budget was due to the fact that the budget value was significantly lower than in the previous year.

As the concept of employee appraisals was revised in the course of developing the new People Strategy, the company is refraining from using the implementation rate as an indicator.

The proportion of women in management positions unfortunately declined in the reporting period. As part of the new People Strategy, the selection, promotion and evaluation of employees will in future no longer be left solely to the individual manager, but will be more broadly based. As a result of the increased transparency in career development, the Company expects the proportion of female executives to increase again.

Kapsch TrafficCom believes that a relevant fluctuation rate should only target employee-induced departures. Therefore, the ratio used by the company differs from that according to Global Reporting Initiative (GRI) 401-1, which also includes staff departures due to resignation, retirement or a fatal occupational accident. According to this standard (and excluding sold Group companies and shutdown business activities in Italy and Poland, respectively), attrition in financial year 2021/22 would have been 24.8%.

Tragically, an employee in Mexico had a fatal accident with a vehicle leased from Kapsch TrafficCom. The other accidents did not have any serious consequences. Their number increased compared to the very low value of the previous year, but remains below the more than 40 cases from previous years.

	2020/21	2021/22	2022/23 goals
Consumption of training budget <sup>1)</sup>	23%	67%	100%
Conducting performance reviews <sup>2)</sup>	About 65.9%	About 73.4%	n.a.
Proportion of women in leadership positions <sup>3)</sup>	25.0%	23.0%	Increase; 2023 > 30%
Employee turnover rate <sup>4)</sup>	9.6%	13.5%	< 10%
Number of fatalities as a result of work-related injury <sup>5)</sup>	0	1	0
Rate of fatalities as a result of work-related injury <sup>6)</sup>	0.0	0.0	0.0
Number of high-consequence work-related injuries (excluding fatalities) <sup>5) 7)</sup>	0	0	0
Rate of high-consequence work-related injuries <sup>8)</sup>	0.0	0.0	0.0
Number of recordable work-related injuries <sup>9)</sup>	21	29	0
Rate of recordable work-related injuries <sup>9)</sup>	2.1	4.0	0.0

<sup>1)</sup> In financial year 2021/22, the training budget amounted to about EUR 1.4 million (previous year: about EUR 3.9 million).

<sup>2)</sup> Calculation: number of employee performance reviews conducted: number of employees at balance sheet date. Data excluding South Africa.

<sup>3)</sup> Refers to all management levels, including team leaders.  
Calculation: number of female managers : total number of managers.

<sup>4)</sup> Calculation: Employee-initiated departures : average number of employees excluding sold/shutdown business units. In financial year 2021/22, the latter related to Kapsch Road Services (Poland) and Kapsch TrafficCom (Italy).

<sup>5)</sup> Injuries or fatalities as a result of commuting incidents are only included if the transport has been organized by Kapsch TrafficCom.

<sup>6)</sup> Calculation: number of fatalities as a result of work-related injury : number of hours worked x 1,000,000;  
the number of hours worked in financial year 2021/22 amounted to 7,324,977 (previous year: 10,133,487).

<sup>7)</sup> High-consequence means a work-related injury from which the employee cannot, does not, or is not expected to recover fully to pre-injury health status within six months. Fatalities are excluded.

<sup>8)</sup> Calculation: number of high-consequence work-related injuries (excluding fatalities) : number of hours worked x 1,000,000;  
the number of hours worked in financial year 2021/22 amounted to 7,324,977 (previous year: 10,133,487).

<sup>9)</sup> Calculation: number of recordable work-related injuries (including fatalities) : number of hours worked x 1,000,000;  
the number of hours worked in financial year 2021/22 amounted to 7,324,977 (previous year: 10,133,487).

### 9.3 Human rights and anti-corruption measures.

	2020/21	2021/22	2022/23 goals
Proven significant claims or proceedings, sanctions or fines against Kapsch TrafficCom Group companies in connection with corruption or human rights violations.	0	0	0

### 9.4 Social responsibility.

The research ratio decreased from the unusually high value of the previous year, which was due in particular to a decline in revenues of approximately 31%, to a level that can be considered normal.

Due to various topics with negative connotations that had accompanied Kapsch TrafficCom in recent years, the tone of media reporting on the company had deteriorated. In the financial year 2021/22, it was possible to significantly improve this value. The negative topics were largely replaced by increasingly positive ones – particularly with regard to business performance. Management has decided not to have the tonality of the media surveyed any further. In future, this indicator will be replaced by the Net Promoter Score, which is based on customer surveys.

Encouragingly, the company succeeded in significantly increasing the number of people who completed the online training on the General Data Protection Regulation. The company will work to ensure that more than 90% of the workforce completes this training in the coming years as well. However, it is not necessary to report this metric further.

	2020/21	2021/22	2022/23 goals
Research ratio <sup>1)</sup>	21%	16%	Approx. 10% or higher
Average tonality of media coverage of Kapsch TrafficCom <sup>2)</sup> (5 = positive, 4 = somewhat positive, 3 = neutral, 2 = somewhat negative, 1 = negative)	3.2	4.6	n.a.
Net Promoter Score <sup>3)</sup>	n.a.	28	Improvement
Proportion of employees who have finished the training regarding the general data protection regulation	45%	> 98%	n.a.

<sup>1)</sup> Calculation: expenses for research & development : revenues.

The research ratio includes expenses for customer-specific developments as well as for product management, development support and generic developments (Management Report, chapter 3.1 "Research and development").

<sup>2)</sup> Source: Media resonance analysis by META Communication International

<sup>3)</sup> The Net Promoter Score is based on a periodical customer survey. The score indicates how customers respond to the question "How likely are you to recommend Kapsch to your network?". Customers can give a score on a scale from 0 (unlikely) to 10 (very likely). The key figure is calculated from the percentage of those who awarded 9 or 10 points ("Promoters") minus the percentage of all those who awarded 0 to 6 points ("Detractors").

Vienna, June 14, 2022

The Executive Board



Georg Kapsch  
Chief Executive Officer



Andreas Hämmerle  
Executive Board member



Alfredo Escribá Gallego  
Executive Board member

**Disclaimer.**

Certain statements in this report are forward-looking statements. They contain the words “believe,” “intend,” “expect,” “plan,” “assume,” and terms of a similar meaning. Forward-looking statements reflect the beliefs and expectations of the company. Actual events can deviate significantly from the expected developments, due to a range of factors. As a result, readers are cautioned not to place undue reliance on such forward-looking statements. Kapsch TrafficCom AG disclaims any obligation to update forward-looking statements made herein.

This report was created with care and all data has been checked conscientiously. Nevertheless, the possibility of layout and printing errors cannot be excluded. Differences in calculations may arise due to the rounding of individual items and percentages. The English translation is for convenience; only the German version is authentic.

When referring to people, the authors strive to use both the male and female forms as far as possible (for example: he or she). For readability reasons, occasionally only the masculine form is used. However, it always refers to people of all gender categories.

This report does not constitute a recommendation or invitation to purchase or sell securities of Kapsch TrafficCom.

**Imprint.**

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## **Kapsch TrafficCom**

**Kapsch TrafficCom** is a globally renowned provider of transportation solutions for sustainable mobility with successful projects in more than 50 countries. Innovative solutions in the application fields of tolling, tolling services, traffic management and demand management contribute to a healthy world without congestion.

With one-stop-shop solutions, the company covers the entire value chain of customers, from components to design and implementation to the operation of systems.

Kapsch TrafficCom, headquartered in Vienna, has subsidiaries and branches in more than 25 countries and is listed in the Prime Market segment of the Vienna Stock Exchange (ticker symbol: KTCG). In its 2021/22 financial year, 4,220 employees generated revenues of about EUR 520 million.

**>>> [www.kapsch.net](http://www.kapsch.net)**