

**Consolidated
Corporate Governance Report.**
Kapsch TrafficCom.



Consolidated Corporate Governance Report.

Principles.

Austrian Code of Corporate Governance (ACCG).

Kapsch TrafficCom declares its voluntary commitment to the current (2018) version of the ACCG.

The ACCG was presented to the public on October 1, 2002 and has been amended several times since then. The publisher is the Austrian Working Group for Corporate Governance, and the current version of the ACCG is accessible at its website (www.corporate-governance.at).

The rules of the ACCG are divided into three categories:

- > L-rule: Rule which is based on mandatory legal requirements
- > C-rule: Rule for when a deviation is to be explained and justified (comply or explain)
- > R-rule: Rule with the character of a recommendation, non-compliance requires neither disclosure nor explanation

Bodies of a stock company (Aktiengesellschaft).

Kapsch TrafficCom has the legal form of an “Aktiengesellschaft” (AG) under Austrian law. Its organization is based on three organs: the Executive Board, the Supervisory Board, and the Annual General Meeting (AGM). These are set up according to the principle of the separation of powers.

Under its own responsibility, the Executive Board manages the company as the well-being of the company requires, taking into consideration the interests of the stock holders and the employees, as well as the public interest. Members of the Executive Board shall be appointed by the Supervisory Board.

The Supervisory Board is to monitor the management of the company. For certain business transactions determined in the Austrian “Aktengesetz” (Austrian Stock Corporations Act, AktG), in the articles of association and the by-laws, the Executive Board is to obtain the approval of the Supervisory Board. The members of the Supervisory Board shall be chosen by the Annual General Meeting. Moreover, the worker representation is entitled to delegate a member from their own ranks for every two members of the Supervisory Board chosen by the Annual General Meeting.

The Annual General Meeting serves to form the general will of the shareholders primarily in those matters of the company which are assigned to it for decision in accordance with the law and the articles, or which are submitted by the Executive Board and/or Supervisory Board for decision.

Kapsch TrafficCom in the Kapsch Group.

63.3% of the shares of Kapsch TrafficCom AG are held by KAPSCH-Group Beteiligungs GmbH. As of March 31, 2020, the following main companies of the Group were also direct subsidiaries: Kapsch Aktiengesellschaft (100%), Kapsch BusinessCom AG (94.9%).

Statement of compliance.

In financial year 2019/20 which ended on March 31, 2020, Kapsch TrafficCom satisfied all of the conditions of the January 2018 version of the ACCG in terms of content with the following statements:

- > **C-rule 27.** The Executive Board contracts that were concluded before 2020 do not contain a separate provision for reclaiming variable remuneration components. Due to the prevailing Austrian legal situation, the corporation may reclaim variable compensation components if it was paid on the basis of manifestly incorrect data. The Executive Board contract of Georg Kapsch valid as of April 1, 2020, is already in compliance with C-rule 27.
- > **C-rule 27a.** In the past, restrictions on severance payments could not be enforced on the relevant labor market. As a result, they were not regarded as expedient and are not found in the contracts of Executive Board members Laux and Escribá. The situation was reassessed for the preparation of the new remuneration policy for the Executive Board and Supervisory Board members. The Executive Board contract of Georg Kapsch valid as of April 1, 2020, is already in compliance with C-rule 27a.

The decision regarding these deviations was made by the Supervisory Board of Kapsch TrafficCom AG.

Executive Board.

Name and function	Area of responsibility	Year of birth	Year first appointed	Year current term expires
Georg Kapsch Chairman, Chief Executive Officer	Finance, corporate development, new ventures, legal, human relations, marketing & PR, international subsidiaries & management systems, IT, sales region North America as well as the Solution Center Intelligent Mobility Services	1959	2002	2025
André Laux Member, Chief Operating Officer	Sales regions: Europe-Middle East-Africa, South and Central America, Asia-Pacific as well as supply chain management, production & logistics	1962	2010	2024
Alfredo Escribá (from May 1, 2019) Member, Chief Technology Officer	Corporate Technology and the Solution Centers: Tolling, Traffic, Back Office,	1969	2019	2024
Alexander Lewald (until April 30, 2019) Member, Chief Technology Officer	Corporate Technology and the Solution Centers: Tolling, Back Office, Connected Road (later Traffic)/Kapsch Automotive, Highway & Tunnel Traffic Management (later Traffic)	1964	2015	2019

Mag. Georg Kapsch is employed by Kapsch Aktiengesellschaft as of March 31, 2020. He shall be delegated by this company to various management positions within the Kapsch Group. Mr. Kapsch is since:

- > July 1989: Member of the Executive Board of Kapsch Aktiengesellschaft, and elected CEO in October 2001
- > October 2000: CEO of KAPSCH-Group Beteiligungs GmbH (core shareholder of Kapsch TrafficCom AG)
- > November 2000: Managing director of DATAX HandelsgmbH (sole parent company of KAPSCH-Group Beteiligungs GmbH)
- > December 2002: CEO of Kapsch TrafficCom AG where he has a separate Executive Board contract since April 1, 2020

Mr. Kapsch studied business administration at the Vienna University of Economics and Business and graduated in 1981. In the following year he joined Kapsch Aktiengesellschaft, where he was active in the various areas of the company. In stock companies outside of Kapsch TrafficCom Group, he exercises the following Supervisory Board positions:

- > Deputy Chairman of the Supervisory Board of Kapsch BusinessCom AG
- > Member of the Supervisory Board of Teufelberger Holding AG

Georg Kapsch is also a member of the Executive Board of the Private Foundation Wunderer, the Mitterbauer Private Foundation (until March 2020) and the Tabor Private Foundation, and has been President of the Federation of Austrian Industries since June 2012.

Dipl.-Betriebsw. André Laux has been working for Kapsch TrafficCom Group since December 2007 and has been a member of the Executive Board of Kapsch TrafficCom AG since April 1, 2010. In November 2014 he was appointed COO.

Mr. Laux began his professional career following his studies in business management in Germany and England in various sales and management positions (1988–1997) both at home and abroad. In 1997 he was Managing Director of the German chip card manufacturer ODS Landis & Gyr in Munich. In 2000 André Laux moved within the group of companies to Salzburg as Chairman of the Executive Board at Skidata AG. In 2004 he took over the position of Chairman of the Executive Board of Winter AG in Munich. Outside of Kapsch TrafficCom Group, André Laux is member of the Supervisory Board of Kapsch BusinessCom AG.

Alfredo Escribá Gallego, MSc, MBA, has been working for Kapsch TrafficCom Group since its acquisition of Schneider Electric's transportation business in April 2016. Since May 1, 2019 he is member of the Executive Board and CTO of Kapsch TrafficCom AG.

After finishing his studies and gaining first professional experience, Mr. Escribá joined Sainco Tráfico in Spain in 1995. Starting as an engineer, he moved to Brazil and climbed the career ladder: Mr. Escribá became a project manager in Argentina and later area manager in Latin America for South Cone and Brazil. In 2002, he returned to Spain as part of Telvent Transportation. Acting out of Spain and, later, the USA, he held various senior management positions. At Kapsch TrafficCom, Mr. Escribá was Executive Vice President responsible for the Solution Center "Urban Traffic & Mobility Management" until being appointed CTO. Outside of Kapsch TrafficCom Group, Mr. Escribá is member of the Board of Directors at Traffic Technology Services, USA.

"In meetings of the Executive Board there are open discussions between the members of the Executive Board."

Dr. Alexander Lewald was a member of the Executive Board and CTO of Kapsch TrafficCom AG from November 2015 until April 2019. In the reporting period, he did not have any appointment to Supervisory Boards outside of Kapsch TrafficCom Group.

**Georg Kapsch
André Laux
Alfredo Escribá Gallego**

Supervisory Board.

In financial year 2019/20, besides the constituting meeting the Supervisory Board held another four meetings. The Executive Board also took part in the latter. No member of the Supervisory Board took part in less than half of the meetings.

Composition.

In accordance with the articles of association, the Supervisory Board is made up of three to six members elected by the Annual General Meeting, as well as representatives delegated by the works council in accordance with the Austrian "Arbeitsverfassungsgesetz" (Labor Constitutional Act). As of March 31, 2020, the members of the Supervisory Board were:

Name	Position	Year of birth	Year first appointed	Year current term expires
Franz Semmernegg	Chairman	1968	2002	2023
Kari Kapsch	Deputy Chairman	1964	2002	2023
Sabine Kauper	Member	1968	2011	2022
Harald Sommerer	Member	1967	2013	2023
Christian Windisch	Member ¹⁾	1963	2002	–
Claudia Rudolf-Misch	Member ¹⁾	1967	2018	–

¹⁾ Delegated by the works council which may recall a member it has delegated at any time.

Dr. Franz Semmernegg has been a member since June 2002 and has been Chairman of the Supervisory Board since 2005. He has occupied the following positions within the Kapsch Group since:

- > October 2001: CFO of Kapsch Aktiengesellschaft
- > March 2003: CFO of Kapsch BusinessCom AG, since April 2010 also CEO
- > April 2005: CFO of KAPSCH-Group Beteiligungs GmbH

In addition, Franz Semmernegg exercises other functions in direct and indirect shareholdings of Kapsch BusinessCom AG and Kapsch Aktiengesellschaft. In 1992 Franz Semmernegg concluded his studies in business administration at the Karl-Franzens University in Graz, where he also wrote his doctoral thesis in 1997. From 1993 to 1996 Mr. Semmernegg worked in a firm of chartered accountants and tax consultants and in 1996 moved to Schrack Seconet AG, where he rose to become the Manager and Authorized Representative for Finance and Controlling after a stopover at Ericsson Austria. Together with a partner, in January 1999 Franz Semmernegg executed a management buy-out and founded Schrack BusinessCom AG. At the start of 2001, Kapsch Aktiengesellschaft acquired a majority share in the company, which was renamed Kapsch BusinessCom AG in 2002.

Dr. Kari Kapsch, brother of Georg Kapsch (CEO), has been a member of the Supervisory Board since June 2002 and has been its Deputy Chairman since June 2005. He has occupied the following positions within the Kapsch Group since:

- > March 2001: COO of Kapsch Aktiengesellschaft
- > December 2005: COO of KAPSCH-Group Beteiligungs GmbH
- > June 2010: Chairman of the Supervisory Board of Kapsch BusinessCom AG
- > October 2016: Managing Director of Kapsch PublicTransportCom GmbH

In addition, Kari Kapsch exercises other functions in direct and indirect shareholdings of Kapsch BusinessCom AG and Kapsch Aktiengesellschaft as well as outside of the Kapsch Group. He completed his studies in physics at the University of Vienna (1988), where he also wrote his thesis in 1992. In terms of his career, following his experiences at Kapsch he had a stay abroad at ANT, a member of the Bosch Group. In 1990, Mr. Kapsch returned as Head of the Road Telematics Solutions division and developed the road tolling business segment. During the following then years, Kari Kapsch managed several business units within the Kapsch Group.

Dipl.-Betriebsw. Sabine Kauper is a financial expert for organizations in challenging phases from growth to restructuring and supports companies in various industries as a consultant. She spent around eight years on the Executive Boards of globally active stock corporations listed in Germany. After studying business administration in Munich with a focus on taxes and auditing, Ms. Kauper worked for an auditing company for four years. Since 2009, she has held Supervisory Board mandates and completed training as a qualified Supervisory Board member with certification by Deutsche Börse AG. She is a member of the Advisory Board at Cidron Olopa Investment B.V.

Dr. Harald Sommerer has been self-employed since December 2013 and is working on establishing an investment portfolio. Before that he was CEO and Chairman of the Executive Board of Zumtobel AG from May 2010 to September 2013. From 1997 to 2010, Harald Sommerer was a member of the Executive Board of AT & S Austria Technologie & Systemtechnik AG, CFO between 1998 and 2005 and CEO from 2005 to January 2010. He is a doctor of social and economic sciences from the Vienna University for Economics and Business and Master of Management from the J. L. Kellogg Graduate School of Management, Northwestern University.

Ing. Christian Windisch has been working for the Kapsch Group since September 1984 and is currently employed in the area of quality assurance. He graduated from a polytechnic in Vienna with a degree in telecommunications and electrical engineering.

Claudia Rudolf-Misch, MBA, has been working for Kapsch TrafficCom since June 2004. She started as Quality Manager in Austria and is currently responsible for the global HSSQ management system of Kapsch TrafficCom Group. Ms. Rudolf-Misch holds a Master of Business Administration.

None of the persons mentioned above is a member of the Executive Board of a publicly listed company and simultaneously fulfils more than four appointments to Supervisory Boards in stock companies outside of the Group or occupies a position in one of the bodies of companies which are in competition with Kapsch TrafficCom AG. Harald Sommerer is Deputy Chairman of the Supervisory Board of the publicly listed VARTA AG. No other appointment to a Supervisory Board or comparable position in other publicly listed companies is exercised by one of the persons mentioned above.

Committees of the Supervisory Board.

Audit Committee. It has the duties listed in Section 92 (4) AktG and Regulation (EU) No 537/2014, and is competent to make decisions to this extent. This includes auditing and preparing the approval of the annual Financial Statements and annual Consolidated Financial Statements, auditing the consolidated Corporate Governance Report and consolidated Non-Financial Report, handling the report on risk management pursuant to C-rule 83 of the ACCG, the review of the audit (Group audit) process and the independence of the auditor (including the evaluation and approval of non-audit services), the preparation of a proposal for the distribution of profit as well as the preparation of the report to the Annual General Meeting. Moreover, the Audit Committee prepares the proposal of the Supervisory Board for the selection of the annual auditor (consolidated accounts auditor), reviews the accounting process as well as the effectiveness of the internal control system and the risk management system. A member of the Audit Committee must be a so-called financial expert. Persons who were formerly members of the Executive Board, managing director or annual auditor, as well as persons who certified the annual Financial Statements or annual Consolidated Statements in the last three years, cannot act as financial experts or as chairperson of the Audit Committee.

Committees of the Supervisory Board:

- > *Audit Committee*
- > *Committee for Executive Board Matters (Remuneration Committee)*

This committee is made up of Franz Semmernegg (Chairman and financial expert), Harald Sommerer (financial expert) and Christian Windisch. The auditor is to be included in the meetings of the Audit Committee which concern the preparation of the approval of the annual Financial Statements (Consolidated Financial Statements) and their auditing. The Audit Committee held a total of four meetings in financial year 2019/20. The auditor was present at two meetings; there was no need for a joint meeting without the presence of the Executive Board. No member of the Audit Committee took part in less than half of the meetings.

Committee for Executive Board Matters (Remuneration Committee). It deals with the content of the Executive Board members' employment contracts (including remuneration) and is authorized to make decisions to this extent. This excludes the appointment and recall of members of the Executive Board, however (responsibility of the full Supervisory Board). The committee is composed of two members of the Supervisory Board who are selected by the Annual General Meeting, including the Chairman of the Supervisory Board.

This committee is made up of Franz Semmernegg (Chairman) and Harald Sommerer. Both men possess knowledge and experience in the area of remuneration policy. Mr. Semmernegg is CEO and is the director responsible for personnel agenda at Kapsch BusinessCom. Mr. Sommerer was CEO and also the director responsible for personnel agenda at Zumtobel AG, as well as previously at AT & S Austria Technologie & Systemtechnik Aktiengesellschaft. The committee for Executive Board matters (remuneration committee) held two meetings in financial year 2019/20.

Independence of the members of the Supervisory Board.

A member of the Supervisory Board shall be deemed as independent according to C-rule 53 ACCG if said member does not have any business or personal relations with the company or its Executive Board that constitute a material conflict of interests and is therefore suited to influence the behavior of the member.

Kapsch TrafficCom AG is part of the Kapsch Group. All members of the management of the parent company (KAPSCH-Group Beteiligungs GmbH) are equal and exercise various positions in companies of the Kapsch Group. No significant conflict of interests is to be assumed here. DATAX HandelsgmbH acts purely as an investment company and has no influence on the business activity of its 100% subsidiary KAPSCH-Group Beteiligungs GmbH. For these reasons, any Supervisory Boards of Kapsch TrafficCom AG, which are at the same time members of the management of KAPSCH-Group Beteiligungs GmbH (and therefore representatives of shareholders with an entrepreneurial stake) are to be declared independent of Kapsch TrafficCom AG, even if they do not formally satisfy points 1, 5 or 7 of the following catalogue:

1. The Supervisory Board member shall not have served as member of the Executive Board or as a management-level staff of the company or one of its subsidiaries in the past five years.
2. The Supervisory Board member shall not maintain or have maintained in the past year any business relations with the company or one of its subsidiaries to an extent of significance for the member of the Supervisory Board. This shall also apply to relationships with companies in which a member of the Supervisory Board has a considerable economic interest, but not for exercising functions in the bodies of the group.
3. The approval of individual transactions by the Supervisory Board pursuant to L-rule 48 does not automatically mean the person is qualified as not independent.
4. The Supervisory Board member shall not have acted as auditor of the company or have owned a share in the auditing company or have worked there as an employee in the past three years.
5. The Supervisory Board member shall not be a member of the Executive Board of another company in which a member of the Executive Board of the company is a Supervisory Board member.
6. A Supervisory Board member may not remain on the Supervisory Board for more than 15 years. This shall not apply to Supervisory Board members who are shareholders with an entrepreneurial stake in the company or who represent the interests of such a shareholder.
7. The Supervisory Board member shall not be a closely related (direct offspring, spouses, life partners, parents, uncles, aunts, sisters, nieces, nephews) of a member of the Executive Board or of persons having one of the aforementioned relations.

All members of the Supervisory Board independent pursuant to C-rule 53 ACCG; Kauper and Sommerer also pursuant to C-rule 54 ACCG.

Declaration of independence. All members of the Supervisory Board have declared themselves to be independent of Kapsch TrafficCom AG pursuant to C-rule 53 ACCG. Sabine Kauper and Harald Sommerer are also independent pursuant to C-rule 54 ACCG.

Transactions which require approval.

Besides those transactions requiring approval listed alongside the "Related parties" in the group notes, in 2019/20 there were no transactions requiring approval pursuant to Section 95 (5) no. 12 AktG.

Operation of the Executive Board and
"In meetings of the Supervisory Board there are open discussions between the members of the Executive Board and the Supervisory Board."

Georg Kapsch
(for the Executive Board)
Franz Semmernegg
(for the Supervisory Board)

Supervisory Board.

The areas of responsibility of the individual members of the Executive Board, the procedures (such as resolution requirements and procedures) as well as the transactions which require authorization from the Supervisory Board are determined in the articles of association as well as in the rules of procedure for the Executive Board. The Executive Board holds regular meetings with open discussions and mutual exchange of information and passes resolutions in all matters which fall within the responsibility of the full Executive Board.

The Supervisory Board monitors the management of the Executive Board regularly and comprehensively and provides consultation. The Chairman of the Supervisory Board was in regular contact with the Chairman of the Executive Board in order to discuss the company development, strategy and state of implementation of the strategy, as

well as the risk management of the company. The Supervisory Board has provided itself with rules of procedure, in which, inter alia, the composition and the chairmanship, the terms for being called and votes, the area of activity, duties to provide information, transactions between the company and Executive Board members as well as the committees are governed.

Members of the Executive Board generally take part in meetings of the Supervisory Board. Together, the points on the agenda, in particular the position and the development of the company as well as its strategic orientation are openly discussed. The Executive Board also informs the Supervisory Board about relevant developments between the periodically set meetings.

Remuneration for the Executive Board and the Supervisory Board.

General information.

Kapsch TrafficCom AG does not have a stock option plan. The members of the Executive Board and the Supervisory Board as well as management staff of Kapsch TrafficCom Group are insured against financial losses within the framework of directors and officers liability insurance (D&O insurance). Because a total premium is paid, it is not possible to allocate to individual members of the Executive Board.

The remuneration policy described here is being revised at the present time. It is expected that the new remuneration policy will be adopted by the Supervisory Board in June 2020 and presented to the Annual General Meeting in September 2020.

Executive Board.

Principles of the remuneration policy for members of the Executive Board employed by Kapsch TrafficCom AG.

General information. The remuneration takes into consideration the size, international orientation, the business model and the financial situation of the company, as well as the scope of tasks and qualifications of the individual persons. In doing so, the payment to the directors should offer an incentive on the one hand, and on the other should not promote the taking of excessive risk. External benchmarks shall be drawn upon in order to ensure a payment which corresponds with the level on the market.

Fixed remuneration. The amount of fixed remuneration is agreed individually. In addition to pecuniary benefits, it may also include benefits in kind, for example, for company cars and living arrangements. Since Executive Board salaries are not subject to the provisions of a collective agreement, fixed remuneration can be secured in value.

Variable remuneration I: Profit-dependent. This is determined by earnings before interest and taxes (EBIT). The percentage to be applied for the calculation shall be agreed individually upon conclusion of the contract. The profit-related remuneration must be limited to the amount of the fixed remuneration. As a prerequisite for the payment of such a performance bonus, EBIT must reach at least EUR 20 million in the financial year. If this is not the case, profit-related remuneration for this financial year shall be forfeited without replacement.

Variable remuneration II: Sustainable, non-financial criteria. Satisfied employees are an essential component for the success of Kapsch TrafficCom Group. There is therefore an additional variable compensation component. It is linked to the sustainable achievement of non-financial criteria – specifically to certain results of the employee survey. This survey takes place at intervals that are several years apart. Once the results are available and all defined criteria have been met, an amount of EUR 10,000 per Executive Board member will be paid out for each year since the last such survey. The prerequisite for this is an Executive Board mandate that has been in effect for at least two years.

Retirement fund. Due to the increasing importance of company pension plans in addition to state pension insurance, Kapsch TrafficCom AG makes contributions to an external pension fund for the members of its Executive Board who it employs. The amount of these payments shall be agreed individually upon conclusion of a contract. After termination of the mandate by the passage of time, an Executive Board member has no further pension claims against the company.

Special Bonuses. The Supervisory Board has the right to award these at its own discretion.

Duration of an Executive Board mandate. According to Austrian stock corporation law, Executive Board mandates and Executive Board contracts must be limited to a maximum of five years. The company does not limit this period by a shorter number of years.

Non-competition clause. In the event of resignation from the Executive Board, a non-competition clause applies for a period of one year (except in the event of resignation for good cause).

Remuneration of Georg Kapsch.

Mr. Kapsch was exclusively employed by Kapsch Aktiengesellschaft until March 31, 2020. His services were part of the management and consulting services provided by Kapsch Aktiengesellschaft and invoiced to Kapsch TrafficCom AG. These are disclosed in the notes to the Consolidated Financial Statements under "Related parties". Since April 1, 2020, Mr. Kapsch has had a separate Executive Board contract with Kapsch TrafficCom AG. The new remuneration policy was not available in its final form at the time the contract with Mr. Kapsch was drafted. However, it had already reached a very advanced stage and served as a reference for the Executive Board contract.

Remuneration of the individual members of the Executive Board for their work on the Executive Board.

In EUR thousand	Total 2018/19	Total 2019/20	Fixed 2019/20 (and in % of total remuneration)		Variable 2019/20 (and in % of total remuneration)	
Georg Kapsch	1,021	1,107	766	69%	342	31%
André Laux	571	637	519	81%	117	18%
Alfredo Escribá Gallego ¹⁾ (since 01.05.2019)	n/a	392	392	100%	n/a	0%
Alexander Lewald (until 30.04.2019)	513	386	229	59%	157	41%
Total	2,104	2,522	1,906	76%	616	24%

¹⁾ Mr. Escribá Gallego was already an executive in the group of companies before he accepted the Executive Board mandate.

Georg Kapsch. The remuneration on the level of Kapsch Aktiengesellschaft comprised a fixed and a variable element, which depended on the consolidated earnings before tax of KAPSCH-Group Beteiligungs GmbH. His Executive Board contract also included „variable compensation II“ in order to take into account the sustainable, non-economic objectives of Kapsch TrafficCom. The Executive Board contract with Kapsch TrafficCom AG valid in April 2020 lays out a fixed remuneration of EUR 784 k and variable remuneration in the amount of 0.75% of the EBIT. This is paid out in three annual tranches. In addition to variable remuneration II, Mr. Kapsch receives annual variable remuneration of up to EUR 40 k based on non-financial key performance indicators still to be specified.

André Laux. He receives a profit-based remuneration of 0.45% of the EBIT. Kapsch TrafficCom pays an annual EUR 25 k into an external pension fund. Mr. Laux is entitled to a severance payment after the end of the current Executive Board mandate as follows: 75% of an annual income (average over the last 12 months or – if better – 36 months) less account balance according to the pension fund; in addition, a further half year's salary (average over the last 36 months), if the existing Executive Board contract is not be renewed at Mr. Laux's request, and he also does not retire, or an average annual salary upon retirement.

Alfredo Escribá. He receives a profit-related remuneration amounting to 0.35% of EBIT. Kapsch TrafficCom makes an annual contribution of EUR 20 k for Mr. Escribá to an external pension fund.

Alexander Lewald. The profit-related remuneration component amounted to 0.25% of EBIT. Kapsch TrafficCom paid an annual amount of EUR 30 k into an external pension fund. Mr. Lewald left the Executive Board on April 30, 2019. His employment contract ended on October 31, 2019.

Remuneration for the Supervisory Board.

In EUR thousand	2018/19	2019/20
Franz Semmernegg	50	50
Kari Kapsch	30	30
Sabine Kauper	16	16
Harald Sommerer	24	24
Total	120	120

With the resolution of the Annual General Meeting of September 9, 2015, the total remuneration of the selected members of the Supervisory Board was determined to be EUR 120 k per year, whereby the Chairman is responsible for distributing this amount. This shall apply until a future Annual General Meeting decides on another remuneration. In addition, the members of the Supervisory Board are entitled to expenses. In financial year 2019/20, travel costs amounting to about EUR 2 k were compensated.

Shares owned by members of the Executive Board and Supervisory Board.

Supervisory Board members Franz Semmernegg and Claudia Rudolf-Misch each held 228 shares on the balance sheet date. The other members of the Supervisory Board and the members of the Executive Board held no shares.

Diversity.

Globally, Kapsch TrafficCom employs people of different gender, age groups as well as with diverse views and beliefs. The employees are of different origin and ethnicity, have different cultural and religious backgrounds, different sexual orientations as well as mental and physical abilities. The promotion of diversity is therefore a strategically relevant topic for Kapsch TrafficCom, to which great importance is also attached in in-house training programs. Kapsch TrafficCom expects its employees and managers to deal with this issue in order to develop an understanding of the resultant diversity. This creates the basis for cross cultural and motivating cooperation.

One of the focal points in the area of diversity is cooperation between men and women. Various measures to promote women within the corporation (explained in the Kapsch TrafficCom's consolidated Non-Financial Report) should lead to an increasing number of women in management positions. By 2023, 30% of all managers should be female.

In general, the selection of candidates for a position on the Executive Board, Supervisory Board or in a managerial position is made with a view to the best possible filling of vacancies. The company attaches great importance to professional and social competence, experience, as well as the ability to work on a team. Kapsch TrafficCom AG does not have a detailed plan for the advancement of women in the Executive Board, Supervisory Board and executive functions in the company and its subsidiaries. A person may be appointed/reappointed to the Executive Board of Kapsch TrafficCom as long as they have not completed their 65th year of life at the time of their appointment/reappointment. For the Supervisory Board, this age limit is 75. Religion, gender, sexual orientation, pregnancy, origin, ethnicity, color, age, disability or genetic information are not appointment criteria.

The statutory quota for women on the Supervisory Board does not apply to Kapsch TrafficCom AG (it has fewer than six shareholder representatives on the Supervisory Board). In financial year 2019/20, the Supervisory Board was composed of two female and four male members.

In 2019/20, there was no woman on the Executive Board of Kapsch TrafficCom AG. Women hold various leadership positions within Kapsch TrafficCom AG (such as Head of Finance, Head of Legal and Head of Marketing & Communication) and its subsidiaries (such as Head of Production at Kapsch Components GmbH & Co KG as well as Head of Finance in the APAC and the Africa region). At Kapsch TrafficCom AG, 13 persons have power of procuration (Prokura), three of them are women.

External evaluation.

Kapsch TrafficCom has the consolidated Corporate Governance Report externally audited in three-year intervals. The 2019/20 Corporate Governance Report was externally evaluated by PwC Wirtschaftsprüfung GmbH, Vienna. No objections were raised.

Vienna, June 15, 2020

The Executive Board



Georg Kapsch
Chief Executive Officer



André Laux
Executive Board member



Alfredo Escribá Gallego
Executive Board member

Kapsch TrafficCom

Kapsch TrafficCom is a provider of intelligent transportation systems in the fields of tolling, traffic management, smart urban mobility, traffic safety and security, and connected vehicles. As a one-stop solution provider, Kapsch TrafficCom offers end-to-end solutions covering the entire value creation chain of its customers, from components and design to the implementation and operation of systems. The mobility solutions supplied by Kapsch TrafficCom help to make road traffic safer and more reliable, efficient, and comfortable in urban areas and on highways while helping to reduce pollution.

Kapsch TrafficCom is an internationally renowned provider of intelligent transportation systems thanks to the many projects it has brought to successful fruition in more than 50 countries around the globe. As part of the Kapsch Group, Kapsch TrafficCom has subsidiaries and branches in more than 30 countries. It has been listed in the Prime Market of the Vienna Stock Exchange since 2007 (ticker symbol: KTCG). In financial year 2019/20, the about 5,100 employees of Kapsch TrafficCom generated revenues of EUR 731 million.

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