

Kapsch TrafficCom

Consolidated Corporate Governance Report 2023/24.

*Report pursuant to Secs 243c and 267b
Austrian Commercial Code (UGB).*

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Consolidated Corporate Governance Report.

1 Principles.

1.1 Austrian Code of Corporate Governance (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 on its website (www.corporate-governance.at).

*Kapsch TrafficCom declares its
voluntary commitment to the ACCG in
the version of January 2023.*

The rules of the ACCG are divided into three categories:

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

In the financial year 2023/24 ended March 31, 2024, Kapsch TrafficCom AG complied with all L-rules and C-rules of the Code in the version of January 2023, with the exception of C-rule 39. The Remuneration Committee has two members, of which only one member, and thus half and not the majority, is independent. However, decisions are taken unanimously and it is intended to reorganize the composition of the Remuneration Committee.

1.2 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 bodies: the Executive Board, the Supervisory Board, and the Shareholders’ Meeting. These are set up according to the principle of the separation of powers.

Under its own responsibility, the Executive Board manages the company in such a way as is in the best interests of the company, taking into consideration the interests of the shareholders and the employees as well as the public interest. Members of the Executive Board are 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 Shareholders’ 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 the joint adoption of resolutions by the shareholders, primarily in those matters of the company that are assigned to it by law and the Articles of Association or that are submitted to it for decision by the Executive Board and/or Supervisory Board.

1.3 Kapsch TrafficCom in the Kapsch Group.

63.3% of the shares in Kapsch TrafficCom AG are held by KAPSCH-Group Beteiligungs GmbH. Furthermore, as of March 31, 2024, KAPSCH-Group Beteiligungs GmbH also held, among others, 100% in Kapsch Aktiengesellschaft.

2 Statement of compliance.

In the financial year 2023/24 which ended on March 31, 2024, Kapsch TrafficCom complied with the required provisions of the ACCG as amended in January 2023 with the aforementioned exception.

3 Executive Board.

Name and function	Areas of responsibility	Born	Year first appointed	Year current term expires
Georg Kapsch Chairman Chief Executive Officer	Sales, Production, Finance, Legal, People Management, Marketing & Communications, Corporate Development, Investor Relations, "Environment, Social & Governance", Demand Management, Tolling Services	1959	2002	2025 ¹⁾
Alfredo Escribá Gallego Member Chief Technology Officer	Technology & Platforms, Global Services, Software Excellence, Product Management, Application Centers Tolling and Traffic, Corporate Information & Management Systems, Supply Chain Management	1969	2019	2024 ¹⁾
Andreas Hämmerle ²⁾ Member (until 11/2023) Chief Financial Officer	Finance, Supply Chain Management, Production (Austria), Revision and Risk Management	1970	2021	2024

¹⁾ The appointment was extended after the balance sheet date.

²⁾ Andreas Hämmerle left the Executive Board on November 6, 2023; his employment contract will end by agreement in the next financial year. The areas of responsibility Finance and Production (Austria) were transferred to Georg Kapsch on this date, Supply Chain Management to Alfredo Escribá. The responsibility areas Revision and Risk Management were integrated into Finance.

Mag. Georg Kapsch, Chief Executive Officer (CEO)

Georg Kapsch joined the Kapsch Group in 1982 and has since worked in various areas of the Group. Mr. Kapsch graduated in business administration from the Vienna University of Economics and Business.

Within the Kapsch Group, Georg Kapsch has been since

- July 1989: Member of the Executive Board and since October 2001 CEO of Kapsch Aktiengesellschaft (today a sister company of Kapsch TrafficCom AG)
- October 2000: CEO of KAPSCH-Group Beteiligungs GmbH (core shareholder of Kapsch TrafficCom AG)
- November 2000: Managing Director of DATAX HandelsgmbH (parent company of KAPSCH-Group Beteiligungs GmbH)

In addition, Mr. Kapsch is a member of the Supervisory Board of Teufelberger Holding AG as well as a member of the Executive Boards of the Private Foundation Wunderer and the Tabor Private Foundation.

“In meetings of the Executive Board, there are open discussions between the Executive Board members.”

Georg Kapsch
Alfredo Escribá Gallego

Alfredo Escribá Gallego, MSc, MBA, Member of the Executive Board (CTO)

Mr. Escribá is a Spanish citizen and lives in the USA. Prior to his appointment to the Executive Board in 2019, Mr. Escribá was Executive Vice President responsible for the Urban Traffic & Mobility Management Solution Center.

He joined Kapsch TrafficCom in the course of the acquisition of Schneider Electric's transportation business in April 2016 and already had international experience in Spain, South America and North America as well as global responsibilities. Mr. Escribá holds university degrees (Master) from Universidad Politécnica de Madrid and Texas A&M University as well as an MBA from Instituto Argentino de la Empresa in Buenos Aires.

4 Supervisory Board.

In addition to the constituent meeting, the Supervisory Board held five further meetings in the 2023/24 financial year. The Executive Board also took part in the latter. All members of the Supervisory Board attended all board meetings in the 2023/24 financial year.

All members of the Supervisory Board attended all meetings of the Supervisory Board.

4.1 Composition.

In accordance with the Articles of Association, the Supervisory Board consists of three to six members elected by the Shareholders' Meeting as well as representatives delegated by the works council in accordance with the Austrian "Arbeitsverfassungsgesetz" (Labor Constitutional Act). The members of the Supervisory Board in financial year 2023/24 were:

	Position	Born	Year first appointed	Year current term expires
Franz Semmernegg	Chairman	1968	2002	2024
Harald Sommerer	Deputy Chairman	1967	2013	2024
Monika Brodey	Member ¹⁾	1966	2023	2027
Sonja Hammerschmid	Member	1968	2021	2025
Sabine Kauper	Member ²⁾	1968	2011	2023
Christian Windisch	Member ³⁾	1963	2002	-
Robert Kutschera	Member ^{3/4)}	1976	2023	-
Claudia Rudolf-Misch	Member ^{3/4)}	1976	2018	2023

¹⁾ Monika Brodey was elected to the Supervisory Board at the Annual General Meeting on September 6, 2023.

²⁾ Sabine Kauper left the Supervisory Board at the end of her appointed term upon the conclusion of the Annual General Meeting on September 6, 2023.

³⁾ Delegated by the works council, which may recall a member it has delegated at any time.

⁴⁾ As of November 21, 2023, the works council delegated Robert Kutschera to the Supervisory Board, succeeding Claudia Rudolf-Misch.

Dr. Franz Semmernegg has been a member since June 2002 and has been Chairman of the Supervisory Board since 2005. In 1992, he 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 left to join Schrack Seconet AG in 1996, where he rose to become the Manager and Authorized Representative for Finance and Controlling after a stopover at Ericsson Austria. Together with a partner, Franz Semmernegg completed a management buy-out in January 1999 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. In 2021, Kapsch BusinessCom (since January 2024: CANCOM Austria AG) was separated from the Kapsch Group and is now no longer an affiliated company of Kapsch TrafficCom.

Dr. Harald Sommerer has been a member of the Supervisory Board since September 2013 and became its Deputy Chairman in September 2020. Since December 2013, he has been self-employed 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.

Mag. Monika Brodey graduated in law from the University of Vienna followed by completing a tax and finance education including a service examination and fiscal audit training. She worked for a long period of time in the federal financial administration in various management positions as well as in the Association of Insurance Companies and in the Lower Austrian Insurance Company (Niederösterreichische Versicherung). As founder and managing director of businessguidance e.U., Ms Brodey has also been active as an entrepreneur since 2011. In addition, she has been involved in setting up the platform "Initiative Aufsichtsräte Austria" and completed the Governance Excellence Program for Supervisory Boards at the WU Executive Academy. Since 2012, Monika Brodey has also been a lecturer at Vienna University of Economics and Business in the department "Management for strategic generation management in practice".

Dr. Sonja Hammerschmid is Head of Research and Development at GROPYUS AG and member of the Executive Board of the Leopold Museum Private Foundation (Privatstiftung). After an academic career, she took over leader-

ship roles in the Innovation Agency and the Austria Promotional Bank (Austria Wirtschaftsservice, aws). From 2010 to 2016, Ms. Hammerschmid was the President of the University of Veterinary Medicine Vienna and, in 2016, also President of Universities Austria. In the same year, she entered politics as Federal Minister of Education. As a result of the parliamentary elections in 2017, Sonja Hammerschmid became a member of the opposition in the Austrian Parliament, from which she resigned in April 2021. Ms. Hammerschmid is a doctor of natural sciences from the University of Vienna. During her career, she was on the Supervisory Boards of Innovacell AG and “Kunsthalle Wien”.

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 Institute in Vienna with a degree in telecommunications and electrical engineering.

Robert Kutschera, DI-FH has been working for Kapsch Group since July 2000 and for Kapsch TrafficCom since 2013. After graduating at the Polytechnic Institute in Mödling and studying at the University of Applied Sciences Wiener Neustadt, he began his professional career at Kapsch CarrierCom AG (formerly AT – Austria Telecommunication). He gained several years of experience in setting up nationwide toll projects after changing to the (formerly called) Commercial Operations department. He currently works as Service Delivery Manager in the Operations department.

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.

4.2 Committees of the Supervisory Board.

The Supervisory Board has established an Audit Committee and a Remuneration Committee. All committee members attended all meetings of their respective committees in the financial year 2023/24.

The Audit Committee held four meetings in 2023/24, the Remuneration Committee two meetings.

Audit Committee.

The Audit Committee has the duties listed in Section 92 (4a) 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 directors or annual auditors, as well as persons who certified the annual Financial Statements or annual Consolidated Statements in the last three years, may not act as financial experts or as chairpersons of the Audit Committee.

This committee is made up of Harald Sommerer (Chairman and financial expert), Monika Brodey and Christian Windisch. The auditor is to be included in the meetings of the Audit Committee that 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 the 2023/24 financial year. The auditor was present at two meetings; there was no need for a joint meeting without the presence of the Executive Board.

Remuneration Committee.

The Remuneration Committee deals, among other matters, with the content of the Executive Board members' employment contracts and is authorized to make decisions to this extent. However, this does not apply to the appointment and recall of members of the Executive Board (which is the responsibility of the full Supervisory Board). The committee is composed of two members of the Supervisory Board who are elected by the Shareholders' Meeting, including the Chairman of the Supervisory Board.

The committee is composed of Franz Semmernegg (Chairman) and, since September 2023, Sonja Hammerschmid (previously: Sabine Kauper). Both committee members have knowledge and experience in the area of compensation policy. Mr. Semmernegg is the CEO and the Executive Board member responsible for personnel agendas at CAN-COM Austria AG. Ms. Hammerschmid was responsible for personnel agendas both in her role as Rector (managers and professors) and as Federal Minister (for management level and the top management of downstream institutions).

In the financial year 2023/24, the Remuneration Committee held two meetings on the following topics:

- Annual review of the compensation policy,
- Executive Board compensation: adjustment of targets,
- Executive Board compensation: target achievement and new targets,
- Termination of the Executive Board mandate of Andreas Hämmerle,
- Extension of the Executive Board mandate of Alfredo Escribá.

4.3 Independence of the members of the Supervisory Board.

A member of the Supervisory Board shall be deemed 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 likely to influence the behavior of the member.

The 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, Supervisory Board members 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 catalog:

1. The Supervisory Board member shall not have served as a member of the Executive Board or as 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.

Declaration of independence. With the exception of Franz Semmernegg, all members of the Supervisory Board declared themselves to be independent pursuant to C-rule 53 ACCG. Monika Brodey, Sonja Hammerschmid, and Harald Sommerer are furthermore independent pursuant to C-rule 54 ACCG.

Three from four capital representatives on the Supervisory Board are independent pursuant to C-rules 53 and 54 ACCG.

Transactions which require approval. Apart from the transactions listed in the notes to the Consolidated Financial Statements under “Related parties”, there were no transactions requiring approval pursuant to Section 95 (5) no. 12 of the Austrian Stock Corporation Act (AktG) in the 2023/24 financial year.

5 Working procedures of the Executive Board and Supervisory Board.

The areas of responsibility of the individual members of the Executive Board, the procedures (such as resolution requirements and procedures) and the transactions which require the approval of the Supervisory Board are set out in the Articles of Association and the rules of procedure for the Executive Board.

“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)

The Executive Board holds regular meetings with open discussions and mutual exchange of information and passes resolutions in all matters that fall within the responsibility of the full Executive Board.

In the development and implementation of the corporate strategy, the Executive Board takes into account aspects of sustainability and the associated opportunities and risks in relation to the environment, social issues and corporate governance.

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 convening and voting, the area of activity, duties to provide information, legal transactions between the company and members of the Executive Board or Supervisory Board as well as the committees are governed.

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

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

As of the balance sheet date, the Supervisory Board member Franz Semmernegg held 228 shares in Kapsch TrafficCom. The other members of the Supervisory Board and the members of the Executive Board did not hold any shares in the Company.

7 Diversity regarding Executive Board, Supervisory Board and executive employees.

Globally, Kapsch TrafficCom employs people of different gender, age groups and people 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 diverse mental and physical abilities. The promotion of diversity is therefore a strategically relevant topic for Kapsch TrafficCom, which is also emphasized 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 resulting 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 2028, at least 30% of managers in all geographical regions should be female.

In general, the selection of candidates for a position on the Executive Board, Supervisory Board or in a management function is made with a view to filling the vacancy in the best possible way. Emphasis is placed on professional and social competence, experience as well as the ability to work in a team. Other factors, such as religion, gender, sexual orientation, pregnancy if applicable, origin, ethnicity, skin color, age, disabilities or genetic information are not criteria. Kapsch TrafficCom does not have a formulated 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 if, at the time of such appointment/reappointment, such person has reached a maximum age of 65. For the Supervisory Board, this age limit is 75 years.

At the end of the 2023/24 financial year, the Supervisory Board was composed of two women and four men. Kapsch TrafficCom thus complies with the statutory quota for women on the Supervisory Board, although this is not applicable to the Company, because the Supervisory Board consists of less than six capital representatives.

There were no women on the Executive Board in the 2023/24 financial year. A number of female executives held management positions at Kapsch TrafficCom AG, such as Head of Legal as well as Head of Marketing & Communications and simultaneously Head of Sales Region EMENA (Europe, Middle East, North Africa). Women also held management positions at subsidiaries, for example the President/CEO of Kapsch TrafficCom USA and simultaneously Head of Sales Region North America as well as the Head of Manufacturing at Kapsch Components GmbH & Co KG. The KTCwomen@kapsch initiative analyzes gender-specific indicators annually and defines new and appropriate measures to increase the proportion of women in a global strategy workshop. The percentage of female managers was increased on average across all regions from 32% in the previous year to 34% in financial year 2023/24, based on a revised calculation in the 2023/24 financial year. As of 31 March 2024, a total of eleven persons at Kapsch TrafficCom AG had power of attorney, two of whom were women.

8 External evaluation.

Kapsch TrafficCom has the consolidated Corporate Governance Report externally audited in three-year intervals. With the exception of Rules 77-83 of the Austrian Corporate Governance Code, which were audited internally, the Corporate Governance Report 2022/23 was evaluated externally by PwC Wirtschaftsprüfung GmbH, Vienna. No objections were raised.

Vienna, June 18, 2024

The Executive Board



Georg Kapsch
Chief Executive Officer



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 may 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 is under no obligation to update forward-looking statements made herein, unless required by applicable law.

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.

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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: KTOG). In its 2023/24 financial year, about 4,000 employees generated revenues of EUR 539 Mio.

>>> www.kapsch.net