

Kapsch TrafficCom

Consolidated Non-Financial Report 2022/23.

*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 prepares the consolidated non-financial statement in the form of this consolidated non-financial report (the "Report"). In doing so, the Company follows the provisions of the Austrian Commercial Code and the disclosure requirements under the EU Taxonomy Regulation. In addition, Kapsch TrafficCom analyzes its impact on the Sustainable Development Goals (SDGs) of the United Nations. No other national, union-based or international frameworks (such as the GRI standards of the Global Reporting Initiative) were consulted.

To avoid redundancies, the Report refers to the notes to the Consolidated Financial Statements 2022/23 ("Financial Statements"), the Consolidated Management Report 2022/23 ("Management Report") and the Consolidated Corporate Governance Report 2022/23 ("CG Report") where necessary. 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 key figures indicated were generally collected for the Kapsch TrafficCom Group. Any limitations are explained directly with the key figures. 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, CEO of Kapsch TrafficCom, has the Executive Board responsibility for Environment, Social & Governance (ESG). The (non-financial) sustainability initiatives in the Kapsch TrafficCom Group are coordinated and addressed by an ESG task force. It consists of eight people from different business units and is led by Investor Relations.

In financial year 2022/23, Kapsch TrafficCom initiated the implementation of a central data hub for non-financial information. This is designed to improve the efficiency and structure of the reporting of non-financial data and improve the data basis from financial year 2023/24 onwards.

With this and other measures to improve the internal reporting process, Kapsch TrafficCom is at the same time preparing for future reporting in accordance with the "Corporate Sustainability Reporting Directive (CSRD)". The implementation of the GRI standards was not pursued further in this context. Instead, the initiatives are already based on the information currently available in accordance with the CSRD. Kapsch TrafficCom AG will publish a sustainability report in accordance with the new requirements for the first time for the financial year 2024/25, which will also be externally audited. Currently, the following supplementary contents are planned:

- Corporate carbon footprint (incl. emissions from upstream and downstream value creation)
- Further sustainability indicators and disclosures on ESG topics
- Climate and sustainability strategy
- ESG Governance
- Double materiality analysis incl. sustainability opportunities/risks

1.3 General review of the financial year 2022/23.

Kapsch TrafficCom recorded slight business growth in the financial year 2022/23, as expected, but EBIT was significantly below expectations. This was caused in particular by inflation-related rising personnel costs and negative margin adjustments in existing customer projects. The significantly reduced cost base in the past years could not compensate for these effects. Further information on the business performance can be found in the **>> Management Report, chapter 1.2 “Financial and non-financial performance indicators”**.

Despite the challenging economic environment, Kapsch TrafficCom also recorded numerous successes in the reporting period.

The sale of the Spanish public transport business was not only a significant strategic milestone, it also contributed substantially to the result achieved.

Project successes.

In the financial year 2022/23, several implementation projects were completed and entered the operational phase, including tolling systems in California and New York as well as a traffic management system in Mexico. In South Africa, the contract for the tolling system in Gauteng province was last extended until mid-December 2023.

Especially in urban areas, efficient traffic management is increasingly becoming a necessity. Kapsch TrafficCom was able to win several new urban projects in the reporting period: in Sweden, the United Arab Arab Emirates and in Spain.

New tolling projects are also increasingly incorporating sustainable aspects, such as tolling passenger cars based on vehicle emission status, distance traveled, and vehicle type in a pilot project in Norway, or systems in France and Norway that allow automatic payment of the toll fee without stopping.

Technological advancement.

Kapsch TrafficCom is considered a pioneer in the field of communication between vehicles and other information sources or receivers (“V2X communication”). In the reporting period, great progress was achieved in the “digitalization of the road”. Instead of the segmentation of the traffic system that is still common today, Kapsch TrafficCom is focusing on solutions for so-called corridor orchestration (Orchestrated Connected Corridors; OCC) with a singular technology service offering, both in urban areas and on highways. Initial projects in Austria, the USA and Australia are already pointing the way to this future.

With these developments, Kapsch TrafficCom also sees its Strategy 2027 confirmed, which focuses with new technologies and platforms on a sustainable portfolio and on a sustainable Kapsch TrafficCom Group.

Other relevant non-financial developments.

- Kapsch TrafficCom is committed to innovations that contribute among others to climate protection or road safety with its own developments and as part of research projects. In the course of the Austria’s Leading Companies Award 2022, Kapsch TrafficCom was selected as the winner in the Research & Development category. This prestigious business award is presented by the Austrian daily newspaper “Die Presse” together with the credit protection association KSV1870 and PwC Austria.
- In 2022, the Carbon Disclosure Project (CDP) confirmed the ecological efforts by improving the ranking.
- With the Green Gantry, Kapsch TrafficCom has developed a toll gantry in an alternative hybrid design based on wood instead of metal, thereby reducing metal consumption to a minimum. Kapsch TrafficCom is thus setting new standards for sustainable infrastructure. Details on this project can be found in **>> section 4 “Environment”**.
- The People Strategy (**>> section 5 “Employees”**.) elaborated in the previous year was further developed in the financial year 2022/23. Employees are significantly involved in the design of this strategy. In a series of workshops held digitally around the world, employee needs were identified, solutions developed and a global mission statement created. The Global HR organization has now been organized along the four core pillars of the People Strategy.
- The control mechanisms in the area of anti-corruption were extended in the financial year 2022/23, and the changes will be fully implemented before the end of 2023.

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 CO₂ savings of up to 20%.
- **Traffic management.** Urban traffic management enables the reduction of stop-and-go traffic, reducing CO₂ emissions by an average of 8% in developed cities and 15% in emerging cities.
- **Low-emission zones.** With defined zones that are only used by environmentally friendly vehicles (free of charge), greenhouse gas emissions can be reduced by around 20%.
- **Demand management.** Integrated solutions that combine tolling, traffic management and low-emission zones are referred to as demand management. This can reduce emissions by up to 30%.

Climate protection is a core element of the corporate Strategy 2027, the Company’s mission and vision. In 2021, Kapsch TrafficCom developed its “green vision”, which ties its contribution to a greener and healthier world to two environmental sustainability goals:

- **Green portfolio.** The products and services should have a positive eco-balance, i.e. contribute to reducing more CO₂ emissions than they cause.
- **Green company.** Kapsch TrafficCom has the goal to become CO₂ neutral as a company by 2027.

Details and the corresponding initiatives are described in **>> section 4 “Environment”**.

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 Kapsch TrafficCom corporate website at **>> <https://www.kapsch.net/en/download/code-of-conduct>**.

2.2 Contribution to the United Nations Sustainable Development Goals.

Kapsch TrafficCom wants to contribute to a healthy world. In addition to the environmental aspect, social sustainability is an equally important factor for this. An internal company analysis showed that Kapsch TrafficCom's business activities contribute to the following UN Sustainable Development Goals (SDGs):



Good health and well-being. Traffic management systems are used to manage and reduce traffic. This lowers emissions (especially exhaust gases, particulate matter and noise), which has a positive impact on air quality and quality of life. The use of intelligent transportation 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. Within the Company, a dedicated and independent care counselor is focusing on fostering wellbeing amongst the colleagues and maintaining a healthy and friendly work environment. In addition, Kapsch TrafficCom supports cultural and social activities, such as the Vienna Concert Hall.



Quality education. Kapsch TrafficCom AG is an apprenticeship company and, together with other companies in the Kapsch TrafficCom 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. In addition, the responsible annotation team has been launched several years ago. It is an initiative to enable young persons with disabilities to provide value-adding services as part of a job training in annotation at Kapsch.



Gender equality. Kapsch TrafficCom has set itself the goal of employing at least 30% female leaders by 2028. The program KTCwomen@Kapsch promotes the global networking of motivated female employees. The WomenMentoring 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 renewable 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. In addition, Kapsch TrafficCom experts are active in standardization work to contribute to global interoperability and backwards compatibility of upcoming technologies.



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 but 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. Accordingly, the production facility in Vienna has successfully participated in the ÖkoWin environmental program for ten years in order to continuously make production more efficient and environmentally friendly.



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. In addition, Kapsch also supports the environmental organization Global Nature Fund.



Peace justice and strong institutions. Kapsch TrafficCom is firmly committed to the rule of law and against corruption or bribery. A clear set of internal rules for dealing with politics, authorities and public officials helps to build and maintain effective, accountable and inclusive institutions. In those countries where Kapsch TrafficCom operates, this also contributes to improving the national corruption perception index, a recognized indicator of Transparency International based on the perception of corruption in the public sector.

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

“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

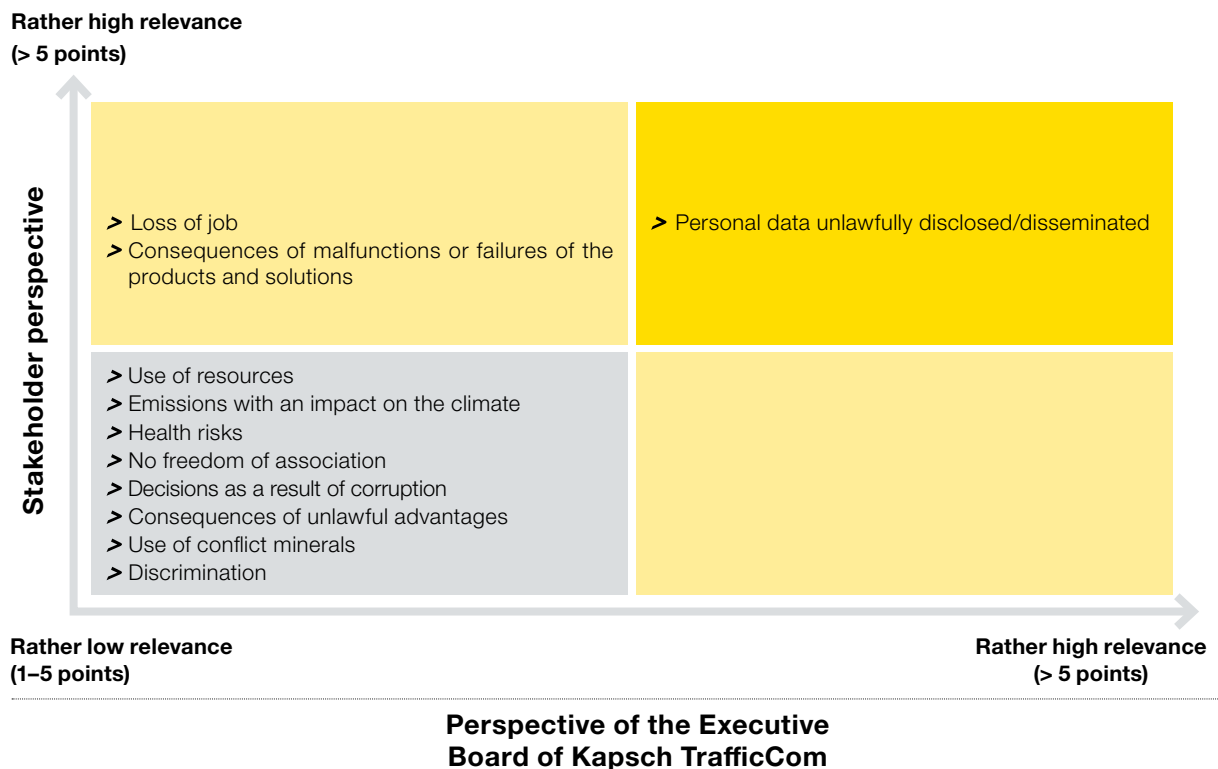
3 Materiality analysis.

This Report is based on an analysis from financial year 2018/19, which was reviewed and updated in financial year 2022/23. It examined 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, and
- 7 customers from all regions.

A new materiality analysis is in preparation for financial year 2023/24. It will therefore take place later than planned so that it can already include all requirements according to the “Corporate Sustainability Reporting Directive (CSRD)”. As a basis for the upcoming revision, Kapsch TrafficCom analyzed the relevant stakeholders and the communication channels with them in financial year 2022/23.

Materiality analysis results.



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 of unauthorized disclosure and/or unlawful dissemination of personal data due to 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 into account the refurbishment possibilities and recyclability of mass products (on-board units) in its product design, see also >> section 4 “Environment“. However, Kapsch TrafficCom generally has no influence on

actual recycling. The products belong to the customers who are responsible for their proper disposal. In this context, the significant restrictions on the cross-border transport of waste should be mentioned.

3.1 Key stakeholders of Kapsch TrafficCom.

The following updated overview lists the relevant stakeholders of Kapsch TrafficCom, their interests and the channels through which the Company mainly communicates with them. The term “Direct contact” in this context includes personal conversations, emails, phone calls and digital communication platforms, such as Microsoft Teams.

Stakeholders	Their interests	Communication channels
Staff	<ul style="list-style-type: none"> ■ Remuneration ■ Safety of the workplace ■ Health and safety at the workplace ■ Diversity and inclusion ■ Education and training ■ Development opportunities ■ Workplace flexibility ■ Sustainable business practices ■ Innovation ■ Strategy 	<ul style="list-style-type: none"> ■ Direct contact ■ Mailings ■ Periodic and situational events with extensive space for questions and their answers via communication platforms ■ Intranet ■ Internal social media ■ Performance review conversation ■ Employee survey ■ Works council
Customers	<ul style="list-style-type: none"> ■ Quality ■ Price ■ Reliability ■ Innovation ■ Sustainable business practices 	<ul style="list-style-type: none"> ■ Direct contact ■ Fairs and conferences ■ Customer survey ■ Social media ■ Company website
Suppliers	<ul style="list-style-type: none"> ■ Timely payment ■ Plannability of the acceptances ■ Sustainable business practices 	<ul style="list-style-type: none"> ■ Supplier platform ■ Direct contact
Business partners	<ul style="list-style-type: none"> ■ Reliability ■ Business opportunities ■ Compliance ■ Innovation ■ Strategy ■ Sustainable business practices 	<ul style="list-style-type: none"> ■ Direct contact ■ Company website ■ Social media
Associations	<ul style="list-style-type: none"> ■ Regulatory and legal topics ■ Intelligent transportation systems ■ Sustainable business practices 	<ul style="list-style-type: none"> ■ Participation of experts from Kapsch TrafficCom in working groups and in committees ■ Membership in associations and participation in initiatives
Standardization agencies	<ul style="list-style-type: none"> ■ Technical standards 	<ul style="list-style-type: none"> ■ Participation of experts from Kapsch TrafficCom in working groups and in committees ■ Membership in associations and participation in initiatives

Authorities and regulators	<ul style="list-style-type: none"> Compliance with laws, standards and regulations Information on intelligent transportation systems as well as challenges for companies Sustainable business practices 	<ul style="list-style-type: none"> Direct contact Associations/unions/platforms Public affairs experts
Shareholders	<ul style="list-style-type: none"> Share price development Dividend und dividend policy Strategy Transparency Financial and non-financial development of the Company Sustainable business practices Outlook 	<ul style="list-style-type: none"> Investor Relations Company website Road shows Investor conferences Releases, mailings Annual General Meeting Traditional media Social media
Lenders	<ul style="list-style-type: none"> Fulfillment of financial obligations Compliance with covenants Strategy Transparency Financial and non-financial development of the Company Sustainable business practices Outlook 	<ul style="list-style-type: none"> Direct contact Company website Releases, mailings Traditional media Social media
Financial analysts	<ul style="list-style-type: none"> Strategy Dividend policy Financial and non-financial development of the Company Sustainable business practices Transparency Outlook 	<ul style="list-style-type: none"> Investor Relations Company website Investor conferences Releases, mailings Traditional media Social media
Local communities	<ul style="list-style-type: none"> Local business activities of Kapsch TrafficCom Kapsch TrafficCom as an employer Sustainable business practices 	<ul style="list-style-type: none"> Direct contact Events Press releases Social media
NGOs (Non-Governmental Organizations)	<ul style="list-style-type: none"> Sustainable business practices Transparency Compliance Information security and privacy 	<ul style="list-style-type: none"> Direct contact Events Press releases Social media
Industry analysts	<ul style="list-style-type: none"> Research and development Market data Market developments Innovation Strategy 	<ul style="list-style-type: none"> Direct contact Conferences Cooperations Releases Social media
Media	<ul style="list-style-type: none"> Transparency Accessibility 	<ul style="list-style-type: none"> Press office Company website Releases, mailings Social media Press conferences

4 Environment.

Air pollution has significant effects on human health, harms ecosystems, contributes to climate change, and damages materials and structures. Road traffic plays a significant role in this regard. According to the European Environment Agency, it is the largest emitter of nitrogen oxides in the EU with a share of 39%. For carbon monoxide, its share is 19%, for soot 28% and for particulate matter 11%. Globally, 25% of urban air pollution (PM2.5) and 20% of greenhouse gas emissions come from road traffic. Road transport is responsible for a significant portion of total greenhouse gases. 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 solutions consisting of hardware, software and services that make road traffic more efficient, safer, more reliable and more convenient, as well as reducing environmental pollution. The 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 within its own sphere of influence, especially at its production sites, to minimize the consumption of resources and any impact on the environment.

4.1 Significant risks.

In the financial year 2022/23, Kapsch TrafficCom conducted an analysis of climate change-related opportunities and risks. Acute and chronic physical risks, transitory risks in the areas of politics, law, technology, market and reputation as well as climate change-related opportunities in the areas of resource efficiency, energy sources, products and services, markets and resilience were considered. The significant risks identified relate to:

- Increasingly stringent legislation
- Supply chain
- Production and office locations
- Employees working in open air
- Products in the open air
- Climate-relevant emissions
- Customer waste

As Kapsch TrafficCom has taken precautions to limit these risks as described below, they have not been classified as significant.

Increasingly stringent legislation. Throughout the EU, but also globally, legislation in the area of climate change is becoming stricter. Kapsch TrafficCom is closely monitoring developments to be able to prepare for them in time.

Supply chain. Climate change as well as geopolitical changes can negatively influence the supply chain. This risk is limited by Kapsch TrafficCom having at least two suppliers from different source countries for critical materials, as far as this is economically justifiable.

Production and office locations. Climate change-related physical risks may have a negative impact on the Company's production and office locations. All locations are rented and – apart from the two production sites and the location of the hardware development department – can be quickly replaced by home office workplaces or renting new facilities. The production sites in Vienna and Mississauga (Canada) are actively preparing for climate change and increasing their resilience to climate change-related risks.

Employees working in the open air. Employees with tasks involving maintenance, installation or equipment testing are exposed to the elements. With increasing extreme weather events, the number of possible working days outdoors is limited in order not to endanger the safety and health of employees. In addition, the structural infrastructure is equipped with weather protection (e.g. sunshades in extreme heat).

Products in the open air. Products mounted on the roadside are exposed to the elements. With increasing extreme weather events, weather-related damage to products will increase. This risk is mitigated by high product requirements in the area of temperature and moisture resistance. In addition, weather protection is added to the structural infrastructure.

Climate-relevant emissions. Kapsch TrafficCom's business activities cause the consumption of resources and the emission of climate-relevant emissions only to a small extent.

Customer waste. Kapsch TrafficCom manufactures roadside radio products and products used in vehicles (e.g. on-board units) in large quantities for customers. All roadside products are repairable. Still functional, personalized products intended for use in vehicles can be returned to Kapsch TrafficCom and issued refurbished for new end users. This minimizes the amount of waste generated by the customer. The customer is responsible for proper disposal.

4.2 Concepts.

Kapsch TrafficCom aims to continuously reduce both the consumption of resources and climate-relevant emissions associated with its business activities. The "green vision", developed in 2021, describes Kapsch TrafficCom's contribution to a greener and healthier world in two dimensions:

- **Green portfolio.** The aim is to achieve a positive eco-balance by minimizing the carbon footprint of the Company's own solutions. To achieve this, the use of materials with a high footprint and electricity consumption during operation are to be reduced. However, the entire savings potential, including the avoided traffic emissions, can only be realized together with the customers. As outlined in **>> section 2.1 "Sustainable business model"**, Kapsch TrafficCom's solutions help to reduce emissions in the transportation sector and thus protect the environment.
- **Green company.** Kapsch TrafficCom has the goal to become CO₂ neutral as a company by 2027. This is to be achieved through savings in fuel consumption in the vehicle fleet (scope 1), increased use of energy from renewable sources for production and office locations (scope 2) and reductions in scope 3. These reductions focus primarily on emissions resulting from the purchase of materials, the use of solutions, and business travel by employees.

Some of the initiatives that contribute to this "green vision" are described below:

Guide to sustainable product design.

A globally applicable guideline ("Green Portfolio Guideline") ensures that environmental aspects are already taken into account in the best possible way and in a structured manner during the design and development of products. 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 entire Kapsch TrafficCom Group. These requirements are mandatory for the full Kapsch TrafficCom portfolio. The employee responsible for the Green Portfolio Guideline periodically monitors compliance and reports to the HSSEQ (Health, Safety, Security, Environment & Quality) department and the Executive Board.

Solutions with reduced CO₂ footprint.

Kapsch TrafficCom strives to ensure that the operation of its products and solutions requires as little electricity as possible. In addition, efforts are being made to use renewable resources wherever possible. Concrete examples of this are:

- **Green Gantry.** The Green Gantry made of wood is an environmentally friendly alternative to conventional steel toll gantries. The carbon footprint of wood is up to twenty times lower than that of steel.
- **On-Board Units.** The TRP-4010 and OBU5310 on-board units currently have the lowest carbon footprint of all comparable devices available on the market. Further information on this can be found in **>> section 9.4 „Identification of taxonomy-aligned economic activities“**.
- **Deep Learning Versatile Platform.** The Deep Learning Versatile Platform can translate visual input into digital data. This enables complex traffic monitoring to improve traffic safety and optimize traffic flow. By choosing a cloud solution, up to 25% CO₂e emissions can be avoided.
- **Geo Location Platform.** The Geo Location Platform enables satellite-based toll collection and location-based business applications for public authorities and toll or fleet service providers. It is likewise available as a cloud solution. According to a Microsoft study, an Azure cloud-based deployment can avoid 72% to 98% of CO₂e emissions compared to an on-premise solution.
- **Refurbishment Service.** Kapsch TrafficCom offers its customers a refurbishment service for certain products, such as on-board units. The return of used on-board units allows electronic components to be reused up to four times, reducing the overall carbon footprint of the product by up to 59%.

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 renewable sources in production. No process water is required for production. Water is only needed for kitchens and sanitary facilities.
- **Packaging.** For packaging, Kapsch TrafficCom uses recyclable packaging wherever possible or materials that are as environmentally friendly as possible and have a low carbon 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, environmental effects must also be taken into account 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 as well as the carbon footprint.
- **Handling hazardous or harmful substances.** As far as possible, the use of substances that are hazardous to health or the environment and of products containing such substances is avoided. 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.** An impact assessment is carried out for each new supplier, which also covers environmental issues. In the process of on-boarding, each supplier must complete a questionnaire containing, among other things, extensive questions on environmental aspects. This self-assessment must be repeated every two years at the latest. 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 intervals of no more than three years. The self-assessment information is checked for plausibility at these meetings. As far as 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 or 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. 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. In addition, Kapsch TrafficCom has licensed access to a comprehensive REACH database and can verify REACH compliance for a large portion of the newly acquired and stocked components.

Reduction of business travel.

There is no substitute for face-to-face meetings. Nevertheless, in many cases the possibilities 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 worldwide. In the past two financial years 2020/21 and 2021/22, travel decreased significantly due to restrictions associated with COVID-19. A goal of the Company has been to reduce the number of airline tickets used annually to less than half of the number of tickets purchased in the financial year 2018/19 (i.e., prior to the COVID-19 related travel restrictions). The target was over-achieved in the financial year 2022/23, with a figure of around 35%. It is now important to maintain this for the coming years.

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.

Research in the field of climate protection.

- **Fewer carbon emissions and noise from cars.** Cars cause about 12% of EU-wide carbon dioxide (CO₂) emissions, the most relevant greenhouse gas. This is why monitoring CO₂ emissions from passenger cars is a top priority for the European Union. In the EU project NEMO (Noise and Emissions Monitoring), Kapsch TrafficCom and partners are developing solutions to measure emissions (exhaust gases and noise) from vehicles at full speed and thus detect any exceedance of the registration values. Such a system could be an essential building block in the decarbonization of traffic
- **Toll gantries made of wood (Green Gantry).** Toll gantries for stationary toll systems on highways were and are currently made of steel or aluminum. Kapsch TrafficCom has developed the Green Gantry, an environmentally and climate-friendly alternative hybrid construction form based on wood. Quality and costs are comparable to a conventional toll gantry, the Green Gantry meets all relevant European norms and standards and has a lifetime of over 20 years. Even the disassembly and disposal of the toll gantry does not pollute the environment, as no harmful chemical substances are used to treat the wood. The Green Gantry was realized as part of a research project with partners, and the specifications and properties will now be tested for two years at the Kapsch TrafficCom testing facility in Teesdorf, Austria. The sale of the Green Gantry is also linked to an Executive Board target as part of the variable remuneration.

Research in the field of traffic safety.

- **Preventing collisions with cyclists through vehicle-to-x communication.** The European Commission aims to reduce the number of people killed or seriously injured in road traffic by 50% by 2030. However, the number of accidents is only falling slightly, and the 2020 target has not been reached. 83% of fatal cyclist accidents were caused by a collision with a motorized vehicle. At the same time, more and more people are switching to bicycles. Networking and automation of vehicles offer the opportunity to increase their safety. Previous efforts focused primarily on the detection of pedestrians. Kapsch TrafficCom is participating in the Bike2CAV (Bicycle to Connected Automated Vehicle) research project, which focuses on cyclists. The research is aimed at possibilities for cooperative detection of collision risks as well as non-distracting warning concepts. Kapsch TrafficCom has been investing in vehicle-to-x communication since 2008 and is considered a pioneer in this field.

5 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 on the external labor market when necessary.

Kapsch TrafficCom combines an international orientation with the roots of a modern family business. Entrepreneurship, market-oriented and timely decisions and above-average commitment and dedication characterize the corporate culture. The Company works with an understanding that is characterized in particular by mutual respect and a strong sense of “us”. Performance orientation and mutual appreciation lead to a close bond between the Company and its employees.

In line with the corporate strategy “Strategy 2027”, Kapsch TrafficCom developed a new “People Strategy” in 2021. In view of highly dynamic employee markets and changing working environments, it aims to create an attractive employer identity and involves employees directly in its design.

5.1 Overview.

As of March 31, 2023 the Kapsch TrafficCom Group employed a total of 4,039 people, which is 181 or 4% less than at the balance sheet date of the previous year. The reduction in personnel was both the consequence of transformation and restructuring measures as well as the sale of the Spanish public transport business, bundled in the Group company "Arce Mobility Solutions" with 124 employees. Nevertheless, personnel expenses increased by 9% to EUR 248 million in the financial year 2022/23 due to unfavorable currency developments, inflation-related salary indexation and changes in the variable compensation configuration. The personnel ratio (ratio of personnel expenses to revenues) was 45% (previous year: 44%). The proportion of women in the total workforce remained constant at 36%.

Employment contracts.

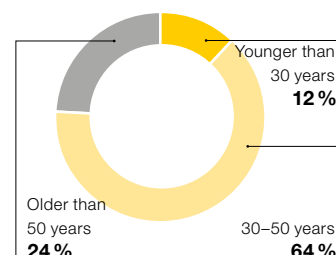
As of the balance sheet date 84.6% of the employees of Kapsch TrafficCom were white-collar workers and 12.6% blue-collar workers. The proportion of persons in training was 1.2% and approximately 1.6% were inactive.

	March 31, 2022	March 31, 2023	+/-
Employees	3,546	3,417	-129
Workers	581	508	-73
In training/education	24	48	24
Inactive (parental leave, military service, etc.)	69	66	-3
Total	4,220	4,039	-181
thereof part-time	135	147	12

Age structure.

Around 12% (previous year: 16%) of all employees were under 30 years of age, 64% (previous year: 64%) were between 30 and 50 years of age, and 24% (previous year: 20%) were older than 50 years.

Age structure of Kapsch TrafficCom's workforce.



Headcount by region.

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

- In EMEA, the Group employed 2,620 people (previous year: 2,722) the highest headcount. The countries with the highest number of employees were: South Africa (1,214), Austria (589), Spain (454) and Belarus (163).
- Of the total of 1,343 employees (previous year: 1,429) in the Americas region, 626 worked in the USA, 219 in Argentina, 134 in Mexico, 128 in Canada and 120 in Chile.
- Australia accounted for 70 of the 76 employees (previous year: 69) in the APAC region.

The number of employees in the Group companies or branches in the individual countries changes continuously in line with the activities it performs. When major projects, such as the operation of a nationwide tolling system, are terminated, Kapsch TrafficCom seeks to minimize adverse effects on the workforce and to find new employment opportunities with the customer or another operator. However, a loss of employment cannot be ruled out. In this case, the affected persons will be supported by initiatives for training and further education so that they can be retrained internally and continue to be employed or can more easily find new employment on the labor market.

5.2 Significant risks.

The important personnel risks are also described in the **>> Management Report, chapter 2.2 "Risk report"**:

- Lack of availability of qualified employees.
- Loss of experienced key personnel, especially in the technical area.
- Lack of successors in management positions.

5.3 Concepts.

The People Strategy was jointly shaped in virtual workshops held around the world, in which employee needs were identified, solutions developed and a global mission statement created. The strategy is based on four core pillars, the implementation of which was continued intensively in the financial year 2022/23. The global HR organization was also organized along these four pillars:

- **Career Mobility.** The core concern in this regard is to increase the mobility of employees within the organization, remove obstacles, and give employees the tools they need to advance their careers within the Group independently. A digital career marketplace was created for this purpose. A career path for experts and the HR service “Career Coaching” were also newly established.
- **Flexible Working.** Within the scope of this discipline, concepts for flexible forms of work are developed, tested and implemented. Examples include the 40% office time concept, Fridays without internal meetings (Focus Friday) or the four-day week in a summer month (Condensed Working Week).
- **Attractive Rewards.** The aim here is to establish compensation and target systems that promote self-directed and collaborative work. In this context, the previous variable compensation systems (with the exception of the top management level) were abolished and “OKR” (Objectives & Key Results) was introduced as a team target model instead. In addition, all salaries are recorded as part of a classification process and compared with the salary structure on the market to ensure that they are in line with benchmarking.
- **Learning Experience.** This area takes into account the need of employees to continuously learn and develop. To this end, content is digitally curated and made available globally via a platform, and managers are also trained in the Group’s new leadership philosophy (Servant Leadership).

Following are some of the concepts and initiatives that contribute to the successful recruitment, motivation and retention of employees.

Apprenticeship. Kapsch TrafficCom, as an apprenticeship company, offers vocational training to young people in Austria. As of the balance sheet date, 16 people were undertaking apprenticeships in the areas of “Information Technology – Systems Engineering”, “Mechatronics Manufacturing Technology” or as “Industrial Clerk”. In November 2022, Kapsch was awarded the quality seal “TOP-Lehrbetrieb” by the City of Vienna and the Vienna Chamber of Commerce for the high quality of training for apprentices.

Trainee program. This program has been offering graduates of a business or technical master’s degree a broad, cross-divisional insight into the entire Kapsch TrafficCom Group for 30 years. Over a period of two years, the trainees pass through three to four different divisions or subsidiaries, working as full team members in the departments or implementing their own projects. The program also offers the opportunity to gain experience abroad. As of the balance sheet date, four trainees were working at Kapsch TrafficCom.

Management development. Due to their essential function in team leadership, attention is already paid to the personality of applicants when selecting managers. Measures are currently taking place globally to train the servant-leadership approach.

Performance review. The annual performance review was modernized in the financial year 2022/23 and replaced by two new, much more focused conversations: The “Growth Conversation,” which focuses on the development and learning of the individual, and the “Performance Talk,” in which performance and the manner in which the performance was accomplished are discussed. Another new feature of this approach is that the conversations not only include feedback from the manager, but also take into account feedback from the rest of the organization. This is intended to eliminate imbalanced control structures, promote collaboration, and support each employee in learning and development.

Employee survey. Employee surveys are conducted on an anonymous basis at intervals of several years. It is important to the management to find out what employees think about their company, their job, 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 Executive Board members based on the results of the employee survey. In addition, there is an “OpenLine2CEO” to Georg Kapsch, a regular video meeting with employees that is open for questions and exchanges about current concerns, worries and wishes as well as the general mood.

Participation in the success of the Company. Kapsch TrafficCom is aware of the contribution of its employees to the success of the Company and rewards them with a profit participation in the total amount of a maximum of 5% of profit before tax. Country-specific upper limits are designed to ensure that the distribution is based on purchasing power parity. The distribution is made per capita, is not dependent on income and is limited to EUR 1,500 per employee. Due to the low operating result in the financial year 2022/23, there is no profit sharing for 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, preventive 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 also of critical importance. Since spring 2021, Kapsch TrafficCom has introduced the global and autonomous role of Resilience and Care Counselor. This function has no reporting line and is therefore 100% autonomous. A specially trained and experienced colleague is available for confidential discussions, life counseling in crisis situations, expert supervision and individual coaching, for both professional and private challenges. 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 also has to do with the fact that the proportion of women in technical fields remains comparatively low overall. From Kapsch TrafficCom's perspective, a broader base of female technicians should be available. Talented female colleagues are valued and can obtain leadership positions within the organization. Long-term initiatives are needed to achieve this to a greater extent than today. 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 are explained in **>> CG Report, chapter 7, "Diversity"**. The development of the proportion of women in executive positions is continuously monitored by the Executive Board and the relevant department heads in the form of gender and diversity dashboards. The goal is to achieve a quota of at least 30% by 2028. The achievement of this goal by the end of 2023 is linked to a target for the variable remuneration of the Executive Board and is intended to ensure a focus on the increase.

KTCwomen@kapsch. A group of committed female employees has founded the global initiative "KTCwomen@kapsch". This initiative aims to support global cooperation, stimulate regional initiatives for the advancement of women to leadership positions, and share experiences. The aim is to encourage women and make their potential visible. Increasing the number of female leaders 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 nurtured. The initiative therefore has strong support from management.

KTCwomen@kapsch's numerous measures include various formats for personal exchange and webinars. In addition, a WomenMentoring program has been in place for several years: As part of the eight-month program, 15 mentors share their professional know-how and leadership experience with 15 selected mentees. The aim is to encourage them to use skills more actively and to develop potential in a sustainable and visible way. The feedback from the participants is very positive. Both mentors and mentees appreciate the valuable experience and the opportunity to learn, grow and build valuable relationships. In 2021, this initiative was awarded the EqualitA seal of approval for the promotion of women within companies by the Federal Ministry for Digitalization and the Austrian business platform "Wirtschaftsstandort Österreich". Also in 2021, Kapsch TrafficCom Chile received the "Gender equality and work-life balance" certificate.

6 Human rights and anti-corruption measures.

For Kapsch TrafficCom, respect for human rights is a matter of course, and the Company does not tolerate any form of corruption. Misconduct in both areas is seen as ethically unacceptable and can also have serious consequences for the Company and its employees: Loss of contracts and exclusion from future tenders, fines, damage to the Company's reputation, and criminal proceedings against the Company and employees involved.

6.1 Significant risks.

- Corruption can tempt representatives of public authorities or companies to make decisions that are not in the best interests of the general public or their organization.
- Unlawful advantages from or to employees of Kapsch TrafficCom may have consequences for them under employment law, civil law and (financial) criminal law. The Company itself may also be held liable under (financial) criminal law.
- Around 44.1% of the workforce is covered by a collective agreement. Hence, there is a risk that not all employees are granted the right to freedom of association (collective agreement).

6.2 Concepts.

Corporate culture and code of conduct.

In the course of 130 years of corporate activity, Kapsch has developed a strong corporate culture that has evolved over time in line with growth, internationalization and changing framework conditions. At the same time, this culture provides a framework for action that ensures a common understanding in the interests of the Company.

The Kapsch Group Code of Conduct ([-> https://www.kapsch.net/download/code-of-conduct](https://www.kapsch.net/download/code-of-conduct)) contains the principles, values and codes of conduct according to which Kapsch should act. For various topics of the Code of Conduct, there are supplementary binding guidelines and other regulations at the global, regional or country level. Key principles mentioned in the Code of Conduct are:

- 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.

Through its global responsibility, the human resources department in Austria ensures compliance with high standards and values, particularly with regard to human rights.

Internal guidelines.

There are internal guidelines on the various aspects of corruption prevention, which are regularly checked to ensure they are up to date and adapted as 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. In this regard, the Executive Board is supported by the Compliance Officer. This officer, in turn, has recourse to various departments or managers in the organization and is also available to all employees in the event of questions and uncertainties in the area of corruption prevention. The Executive Board submits an annual Anti-Corruption report to the Supervisory Board.

The Compliance Officer is authorized to review all compliance matters in accordance with the Executive Board as well as autonomously and to issue instructions to employees in order to ensure compliance with the relevant regulations.

An electronic whistleblowing platform already supports internal whistleblowing processes in North America. In the financial year 2022/23, Kapsch TrafficCom started the implementation of a comprehensive system in Europe, which is expected to be completed in 2023.

Using the ERP (Enterprise Resource Planning) system introduced throughout the Group, automated comparisons of business partners with embargo and sanctions lists are carried out on a daily basis. These lists contain, among other things, persons and companies associated with corruption as well as human rights violations. In addition, an electronic compliance tool is available that enables a review of the integrity of potential business partners. In the financial year 2022/23, Kapsch TrafficCom developed further control mechanisms. From 2024, the self-assessment of new suppliers will also include compliance information. Furthermore, corresponding clauses will be included in supply contracts and the general terms and conditions of supply.

Upon assignment by the Executive Board, the internal audit may, among other matters, audit the processes of the internal control system and their compliance as well as with regard to the occurrence of fraud and corruption.

7 *Social responsibility.*

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

Products and solutions of Kapsch TrafficCom. These 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 portfolio of services directly addresses the social aspects of safety, environmental and climate protection, and quality of life.

Commitment to the community. Kapsch TrafficCom sees itself as a part of society and regularly questions the social acceptance of its business model as well as that of the Company, and what role it plays in society. In the interest of the general public, Kapsch TrafficCom does not pursue strategies to reduce its tax base or to shift profits. The Kapsch TrafficCom Group also does not use "tax havens" to avoid or reduce its tax payments.

7.1 Significant 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.

7.2 Concepts.

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

The Company also assumes social responsibility beyond its operational areas of activity. In Austria, this commitment to society focuses on promoting health and development and supporting educational and cultural institutions.

The activities of international subsidiaries correspond to the respective local conditions and may also include, for example, support for sports activities. Kapsch TrafficCom also operates in emerging and developing countries. There, in particular, it is important to be seen as an equal partner. This includes, among other things, complying with local social requirements for companies and not exploiting any position of strength.

Innovative and high-quality product and solution portfolio.

Kapsch TrafficCom is actively facing the challenges of its dynamic target markets and continuously expanding its product portfolio with further innovative solutions. In line with its strategy, the Company pursues the goal of global quality and innovation leadership.

Patents protect the intellectual property rights of Kapsch TrafficCom. By including patent analysis in the development process, the risk of patent infringements is minimized. The patent monitoring system analyzes patent applications of competitors as well as in other 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. This enables Kapsch TrafficCom to identify trends at an early stage, to counteract undesirable developments and to take timely risk-minimizing measures in the event of damage. Customer proximity is physically ensured by subsidiaries, 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 the exchange with customers. Kapsch TrafficCom also conducts periodic customer satisfaction surveys. Based on the results, measures for continuous improvement are defined and implemented.

Procurement: Handling conflict minerals.

From Kapsch TrafficCom’s perspective, a company’s social responsibility includes vetting the suppliers it buys from, see **>> section 4 “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 (see **>> section 3.1 “Key stakeholders of Kapsch TrafficCom”**).

Information security.

Kapsch TrafficCom’s solutions process customer and user data, which is why the topic of information security is deeply embedded in the organization. The Company is aware of its responsibility in handling this information and is also careful 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.

In line with the zero-trust security model, Kapsch TrafficCom is focusing in particular on optimizing and modernizing the existing IT and security infrastructure in order to create the basis for its comprehensive and effective implementation. Furthermore, the Security Analytics Center is being further expanded as a global service in order to provide the best possible security support for Kapsch TrafficCom’s 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.

Kapsch TrafficCom has operated and developed a certified information security management system (ISMS) in accordance with ISO/IEC 27001 since 2007, which provides the general framework for information security measures and activities. The application of international recommendations, standards and best practices for security at the organizational, operational and technological levels ensures that the ISMS meets its objectives in support of the business.

Product security.

In addition to corporate information security, product security is a key element of the information security system. Inherent product security must be ensured to protect customers’ business as well as to fulfill contractual and legal obligations. Kapsch TrafficCom has integrated the industry-wide best practice model “OWASP SAMM” into the process for secure software development.

The product security team is a service unit for all product development units. Among other things, it provides review services with a focus on secure architecture and design as well as security tests (including penetration tests). It also advises on product-related security risks. In addition, a Project Information Security Manager is the central point of contact for project-specific security services to ensure that customer-specific security requirements are met.

Risk management. As the core process of ISO7IEC 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 ISO7IEC 27001 certified or not.

Security monitoring and vulnerability management. In cooperation with an external IT service provider, Kapsch TrafficCom regularly monitors and evaluates internal and external systems for vulnerabilities using various automated mechanisms and sources. Based on the results, risk-based measures are taken to monitor and reduce the target area. In addition to project-specific security reviews, Kapsch TrafficCom works with an external SOC (Security Operations Center) provider to systematically analyze and review its own IT infrastructure and services. In this process, a so-called “Blue Team” analyzes incoming security messages from various sources and determines whether they are acute threats – if so, the security incident process is activated.

Management of security incidents. A centrally organized process with communication chains and escalation structures exists for security incidents. This ensures that such incidents can be responded to professionally and promptly.

Business Continuity Management. Kapsch TrafficCom has established a business continuity management policy and organization to maintain critical business functions even in challenging times. The objective of business continuity activities within the Company includes the identification and implementation of preventive and reactive measures in relation to relevant scenarios. The measures include technical (e.g., use of cloud services, establishment of geo-redundant IT systems), procedural as well as organizational aspects (e.g., policies).

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 purpose, which is supplemented by periodic mailings and intranet messages on current topics. The training focus in the reporting period was on general security basics for employees, in their daily use of the Internet and the associated threats. Another pillar is the regular simulation of phishing e-mails, which is a practical exercise integrated into everyday business.

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 ascertain 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. Managers have received comprehensive training and the specialist departments have received specific training for their areas of responsibility in order to ensure that data protection tasks are broadly anchored in the Group. A mandatory annual basic training course 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.

8 Non-financial key figures.

8.1 Environment.

In previous years, Kapsch TrafficCom determined the CO₂ emissions from electricity consumption, heating and cooling at all locations with approximately or more than 5,000 m². As part of the improvement of reporting, all locations with at least five employees and/or a minimum area of 200 m² were included in the reporting starting in the financial year 2021/22. In the present Report, this expanded key figure is included for the first time with the comparative values from the previous year. As the absolute value is only of limited significance, it is also compared, as before, with revenues. The increase in the key figures is mainly attributed to the fact that offices were again used more frequently after the end of the COVID restrictions.

Another relevant source of emissions for the Company is its vehicle fleet. Its CO₂ emissions have been reported since the 2021/22 financial year. As the absolute value is not very meaningful here either, the average emissions per vehicle are cited as a key figure. This allows to measure the emission efficiency of the vehicle fleet. In the financial year 2022/23, the number of vehicles was reduced and emissions efficiency improved.

On the other hand, the key figures on the recyclability rate are no longer reported as they do not reflect real circumstances. Kapsch TrafficCom does not have any information on whether and to what extent the products are recycled by customers at the end of their use.

	2021/22	2022/23	2023/24 goals
Electricity consumption at all locations with at least 5 employees or more than 200 m ² (incl production) in MWh	15,133	17,272	n.a.
CO ₂ emissions at all locations with at least 5 employees or more than 200 m ² (in metric tons of CO ₂ equivalents) due to electricity consumption as well as heating and cooling	10,069	11,966	Increase percentage of electricity from renewable sources
Emissions from electricity consumption, heating and cooling relative to revenues (in grams of CO ₂ equivalent per euro of revenue) ¹⁾	19.37	21.62	Reduce continuously
Average emission per vehicle (in metric tons of CO ₂ equivalents) ²⁾	4.91	4.71	Reduce continuously

¹⁾ Calculation: Emissions (in metric tons CO₂ equivalents) / Group revenues (in EUR million).

Emissions amounting to 11,966 metric tons are taken from sites with more than five employees or more than 200 m² of space; this covers 93.4% of the total workforce.

Group revenues in financial year 2022/23 amounted to EUR 553.4 million.

²⁾ Calculation: Emissions from the vehicle fleet / average number of vehicles.

In financial year 2022/23 emissions amounted to 3,256 metric tons of CO₂ equivalents.

The average number of vehicles was 692. 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, 2023, the fleet consisted of 664 (previous year: 719) vehicles. The service costs for vehicles amounted to EUR 4.6 million in financial year 2022/23.

8.2 Employees.

Kapsch TrafficCom's investments in employee training in the financial year 2022/23 remained at the previous year's level. The strong increase in the key figure "Consumption of training budget" compared to the previous year is explained by the reduction of the training budget: After the designated budget was underutilized by far in previous years (2020/21: 23%; after budget reduction 2021/22: 67%), this budget was again reduced for the financial year 2022/23, also in connection with the economic situation. As costs were at the previous year's level, the budget was exceeded by 78% in the financial year 2022/23.

As the concept of performance reviews was revised as part of the new People Strategy, the implementation rate is no longer reported as an indicator.

The proportion of women in leadership positions increased by 3% to 26% in the reporting period. This increase was also attributable to the broader positioning and transparency in career development.

The employee turnover rate was reduced again compared to the previous year and is approaching the target value of 10%. Following a tragic accident in the previous year, there are no serious injuries or fatalities to report for the financial year 2022/23.

	2021/22	2022/23	2023/24 goals
Consumption of training budget ¹⁾	67%	178%	100%
Conducting performance reviews ²⁾	About 73.4%	n.a.	n.a.
Proportion of women in leadership positions ³⁾	23.0%	26.0%	≥ 30%
Employee turnover rate ⁴⁾	13.5%	10.5%	< 10%
Number of fatalities as a result of work-related injury ⁵⁾	1	0	0
Rate of fatalities as a result of work-related injury ⁶⁾	0.1	0.0	0.0
Number of high-consequence work-related injuries (excluding fatalities) ^{5) 7)}	0	0	0
Rate of high-consequence work-related injuries ⁸⁾	0.0	0.0	0.0
Number of recordable work-related injuries ⁵⁾	29	33	0
Rate of recordable work-related injuries ⁹⁾	4.0	4.8	0.0

¹⁾ In financial year 2022/23, the training budget amounted to about EUR 0.5 million (previous year: about EUR 1.4 million).

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

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

⁴⁾ 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) und Kapsch TrafficCom (Italy).

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

⁶⁾ 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 2022/23 amounted to 6,853,788 (previous year: 7,025,486), this covers 93.4% of the total workforce.

⁷⁾ 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.

⁸⁾ 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 2022/23 amounted to 6,853,788 (previous year: 7,025,486), this covers 93.4% of the total workforce.

⁹⁾ 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 2022/23 amounted to 6,853,788 (previous year: 7,025,486), this covers 93.4% of the total workforce.

8.3 Human rights and anti-corruption measures.

In the reporting period, there were no convictions, sanctions or fines for companies of the Kapsch TrafficCom Group, thus the target of the Executive Board for the financial year 2022/23 was achieved.

	2021/22	2022/23	2023/24 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

8.4 Social responsibility.

The research ratio of 14% in the reporting period was slightly below the previous year's figure of 16%.

Since the financial year 2021/22, the Net Promoter Score has been surveyed, which is based on customer surveys. This indicator provides insight into customer satisfaction, which is a key indicator for functional internal processes and other challenges related to the operating business. Kapsch TrafficCom sees two possible explanations for the decline in the financial year 2022/23: On the one hand, the survey design was changed, as a result of which more customers were recently surveyed; on the other hand, it can be assumed that the delivery difficulties in connection with the demanding environmental conditions of the past two years are reflected in the assessment. The aim is continuous improvement, namely to increase the value.

The number of people who have completed the annual data privacy training has been at a very high level since the 2021/22 financial year. The aim is to maintain this level.

	2021/22	2022/23	2023/24 goals
Research ratio ¹⁾	16%	14%	Approx. 10% or higher
Net Promoter Score ²⁾	28	21	Improvement
Proportion of employees who have finished the training regarding the general data protection regulation	> 98%	97%	≥ 97%

¹⁾ 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").

²⁾ 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").

9 EU Taxonomy Regulation.

9.1 Ecologically sustainable activities in accordance with EU Taxonomy Regulation.

The Taxonomy Regulation 2020/852 is intended as a framework to enable a uniform EU-wide definition of environmentally sustainable economic activities. The aim is to steer capital flows towards sustainable investments in line with the EU sustainability goals.

Accordingly, Kapsch TrafficCom has to include in its non-financial report "how and to what extent the undertaking's activities are associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of this Regulation". The following environmental objectives are stated:

- climate change mitigation,
- climate change adaptation,
- the sustainable use and protection of water and marine resources,
- the transition to a circular economy,
- pollution prevention and control, and
- the protection and restoration of biodiversity and ecosystems.

An economic activity shall be considered sustainable if it

- a) contributes significantly to at least one of the six environmental objectives listed,
- b) does not significantly harm the other environmental objectives listed,
- c) is carried out in compliance with minimum social and governance criteria, and
- d) meets the technical screening criteria.

The technical screening criteria are published in delegated regulations of the European Commission. At the beginning of 2023, only the criteria for the first two targets, climate change protection and climate change adaptation, had been published; for the other four environmental targets, the corresponding delegated regulation had not yet been adopted.

Kapsch TrafficCom is obliged to disclose the share of revenues, capital expenditures (CapEx) and operational expenditures (OpEx) that is taxonomy-eligible or taxonomy-aligned:

The taxonomy-eligible share includes all potentially environmentally sustainable economic activities covered by the taxonomy.

The taxonomy-aligned share includes only those economic activities that also meet the technical screening criteria and thus qualify as an indeed environmentally sustainable share in accordance with the EU Taxonomy Regulation.

9.2 Goals of the taxonomy and Kapsch TrafficCom.

Kapsch TrafficCom implements and operates traffic solutions for sustainable mobility. The innovative solutions in the application areas of tolling, toll services, traffic management and demand management contribute to sustainable mobility, a healthier world without congestion.

Therefore, Kapsch TrafficCom believes that its tolling and traffic management business segments serve the objectives of the Taxonomy Regulation 2020/852, in particular climate change mitigation through the promotion of clean or climate-neutral mobility, as well as prevention and mitigation of pollution through the reduction of pollutant emissions from road traffic into the air.

Tolling and traffic management are necessary tools to address a particularly large and complex source of greenhouse gas emissions and pollution: mobility. However, the delegated regulation 2021/2139 on the first two climate targets only identifies changes in the vehicle fleet, not in mobility behavior. Kapsch TrafficCom expects that the upcoming issuance of the delegated regulation on the further four environmental objectives of the Taxonomy Regulation 2020/852, the further elaboration of the economic activities as well as a possible subsequent extension of the taxonomy to social objectives will strengthen the evidence of its sustainability. The technical screening criteria published to date for the first two environmental objectives do not include pollution reduction and road safety.

Kapsch TrafficCom participates directly and through industry associations in the political dialogue with the aim that the technical screening criteria in the area of road transport are more clearly specified.

9.3 Identification of taxonomy-eligible economic activities.

In this Report on the financial year 2022/23, the required disclosures include only the two environmental objectives, climate change mitigation and adaptation, in the economic activities already defined.

In December 2022, the European Commission published a clarification with answers on the interpretation and application of certain provisions (FAQ; Frequently Asked Questions) of the delegated regulation 2021/2139 on the contribution to climate change mitigation and adaptation. In this clarification, the European Commission states under which activities of the delegated regulation tolling and traffic management systems fall in its view: namely under 3.6 "Manufacture of other low-carbon technologies" and 6.15 "Infrastructure enabling low-carbon road transport and public transport".

Accordingly, Kapsch TrafficCom analyzed its business activities with respect to taxonomy eligibility. The following explanations provide an overview of the business activities, products and services as well as their classification based on this analysis:

Kapsch TrafficCom services.

In classifying a service, Kapsch TrafficCom follows the definition in ISO 9000: “output of an organization with at least one activity necessarily performed between the organization and the customer; the dominant elements of a service are generally intangible”. Kapsch TrafficCom’s services include implementation and operation of tolling systems, traffic management, demand management and public transportation.

In accordance with the FAQ of the European Commission dated December 19, 2022, Kapsch TrafficCom’s services contribute to the environmental objective of climate change mitigation and are taxonomy-eligible under the economic activity 6.15 “Infrastructure enabling low-carbon road transport and public transport” of the delegated regulation 2021/2139 on the contribution to climate change mitigation and adaptation. These services integrate or use products of Kapsch TrafficCom.

Solutions, taxonomy-eligible (environmental objective climate change mitigation; 6.15)	eligible	aligned
Tolling	X	
Traffic management	X	
Demand management	X	
Public transportation	X	

Tolling includes the development of tolling systems of all types, including software and hardware products listed under products, and may include urban access systems, various types of highway tolling systems, or parts thereof, offered in a B2C or B2B context.

Traffic management includes the development of traffic management systems for various environments, from roads and highways to urban areas or individual infrastructure facilities such as bridges and tunnels, and may include Orchestrated Connected Corridors (OCC) and traffic data analysis.

Demand management optimizes both traffic volume and traffic flow and includes both traffic management-related demand management and tolling-related demand management.

Public transport refers to a public transportation app, including ticketing.

Kapsch TrafficCom products.

In classifying a product, Kapsch TrafficCom follows the definition in ISO 9000: “output of an organization that can be produced without any transaction taking place between the organization and the customer”. One of the key criteria of products is that they are tangible. Kapsch TrafficCom’s products are hardware, e.g. on-board units or transceivers. Software is considered an intangible product.

In accordance with the FAQ of the European Commission of December 19, 2022, hardware of Kapsch TrafficCom contributes to the environmental objective climate change mitigation and is taxonomy-eligible under the economic activity 3.6 “Manufacture of other low-carbon technologies” of the delegated regulation 2021/2139 on the contribution to climate change mitigation and adaptation. For the sake of clarity, only product groups are listed in the table below; those products that are also taxonomy-aligned are highlighted within these groups.

Product groups, taxonomy-eligible (environmental objective climate change mitigation; 3.6)	eligible	aligned
5.8GHz CEN DSRC Transceivers	X	
5.8GHz CEN DSRC On-board Units	X	
TRP-4010 5.8GHz DSRC Transponder	X	X
5.8GHz CEN DSRC Handheld and Desktop Readers	X	
GNSS & 5.8GHz CEN DSRC On-board Units	X	
OBU-5310 GNSS/5.8 CEN/UNI DSRC On-Board Unit	X	X
915MHz Multi-Protocol Readers (North America)	X	
915MHz Transponders - TDM, TDMA (North America) (Transportation Demand Management)	X	
TDMA	X	
TDM/TDMA	X	
915MHz Handheld Readers - TDM (North America)	X	
ISO 63/6C RFID Readers	X	
ISO 63/6C RFID Tags	X	
ISO 63/6C RFID Handheld and Desktop Readers	X	
5.9GHz Connected Vehicle Roadside Units	X	
5.9GHz Connected Vehicle Legacy Products	X	
5.9GHz Connected Vehicle Onboard Units	X	
ANPR Cameras	X	
Classification Products	X	
Video Analytics Products	X	
Traffic - Traffic Management Platforms	X	
Traffic - Mobility Data Platform	X	
Traffic - Traffic Insights	X	
Traffic - Connected Vehicle Software (CMCC)	X	
Tolling - Geo-Location Platform (GLP)	X	
Tolling - Commercial Backoffice	X	
Tolling - Operational Backoffice	X	
Tolling - Enforcement Backoffice	X	
Tolling - Roadside	X	

Taxonomy-non-eligible activities.

Kapsch TrafficCom manufactures equipment for road safety monitoring and commercial vehicle enforcement. As road safety is not yet covered by the delegated regulations, these devices are not taxonomy-eligible.

Capital and operating expenditures: Corporate logistics.

Kapsch TrafficCom's vehicle fleet consists of Company-owned and leased vehicles.

Economic activities, taxonomy-eligible (environmental objective climate change mitigation; 6.5 Transport by motorbikes, passenger cars and commercial vehicles)	eligible	aligned
Vehicle fleet	X	X

Kapsch TrafficCom has leased the buildings and land in which it operates.

Economic activities, taxonomy-eligible (environmental objective climate change mitigation; 7.7 Acquisition and ownership of buildings)	eligible	aligned
Buildings (rent)	X	X

9.4 Identification of taxonomy-aligned economic activities.

Although almost all of Kapsch TrafficCom's business is taxonomy-eligible, as described above, the tolling and traffic management systems (services or solutions) in their current form do not meet the criteria for a significant contribution to climate change mitigation as set out under 6.15 "Infrastructure enabling low-carbon road transport and public transport" and are therefore not considered taxonomy-aligned, nor do they meet the environmental objective of climate change adaptation.

Furthermore, Kapsch TrafficCom analyzed its components business and products, respectively, for alignment with the technical screening criteria mentioned under 3.6 “Manufacture of other low-carbon technologies”.

To meet the screening criteria, the product was required to demonstrate significant life cycle GHG savings compared to its best performing alternative on the market. In addition, physical climate risks, compliance with the REACH Regulation 1907/2006, RoHS Directive 2011/65/EU and screening for other hazardous substances, as well as environmental impact assessments were analyzed to verify any potential impact on other environmental objectives, details of which can be found in **>> section 4 “Environment”**. Finally, compliance with the minimum requirements specified in Article 18 of the Taxonomy Regulation 2020/852 was verified.

The analysis and preparation was carried out in close cooperation between Product Management, Supply Chain Management, the HSSEQ (Health, Safety, Security, Environment & Quality) and Environmental Sustainability departments, and the Corporate Expert EU Affairs. The Human Resources department, the Compliance Officer, the Data Protection Officer, the Chief Security Advisor and the Head of Taxes and Transfer Pricing were also involved, in particular to review the minimum protection. External experts were further consulted to review the reasoning and analysis.

Ultimately, the required information was provided for two components: the TRP-4010 and OBU-5310 on-board units, for both of which carbon footprints and detailed financial data were available and which are used in markets clearly defined by the EU.

The TRP-4010 on-board unit is used for toll collection for passenger vehicles and on some road networks for heavy-goods vehicles, it uses Dedicated Short-Range Communication (DSRC) – radio communication via “microwave” (in accordance with CEN DSRC, 5.8GHz). The OBU-5310 on-board unit uses Global Navigation Satellite Systems (GNSS) to locate vehicles via satellite.

The carbon footprint of both on-board units was determined in accordance with ISO 14067:2018 (Carbon footprint of products – requirements and guidelines for quantification). They are manufactured in Kapsch TrafficCom’s production facilities in Austria and Sweden, which are certified in accordance with ISO 14001. At the facility in Austria, the carbon footprint is also analyzed and reduced annually in accordance with the OekoWin program. Both are, according to the analysis – and confirmed by the independent TÜV Austria – the best performing on-board units for their respective markets in terms of greenhouse gas emission savings over the entire life cycle. In this way, the two on-board units make a significant contribution to climate change mitigation, and they do not compromise any of the other environmental objectives set out in the Taxonomy Regulation. Including by complying with the REACH Regulation 1907/2006 and the RoHS Directive 2011/65/EU.

Regarding the minimum protection in terms of social and governance criteria, Kapsch TrafficCom, as described in detail in this Report, complies with the required OECD guidelines and basic principles through compliance with local legislation as well as through its own initiatives.

Thus, the business with the two on-board units TRP-4010 and OBU-5310 complies with the criteria for the environmental goal climate change mitigation specified in section 3.6 “Manufacture of other low-carbon technologies” and is taxonomy-aligned in accordance with the Taxonomy Regulation 2020/852.

As only the environmental goal climate change mitigation is addressed for the time being, any double counting in the allocation was excluded. Kapsch TrafficCom assumes that the publication of further information will further change the activities to be reported in accordance with the Taxonomy Regulation.

9.5 Key figures

Revenues.

The revenues in the denominator correspond to total revenues in accordance with IFRS as reported in the **>> Financial Statements, “Consolidated statement of comprehensive income”** and described in the **>> Management Report, chapter 1.2 “Financial and non-financial performance indicators”**.

The taxonomy-eligible part of revenues includes all revenues with the exception of revenues from the sale of equipment used to monitor road safety and enforce commercial vehicles, as road safety is not yet covered by the delegated regulation 2021/2139.

Revenues in the numerator include revenues from the components business with the two on-board units TRP-4010 and OBU-5310. This activity is included in the definition area 3.6 “Manufacture of other low-carbon technologies”.

CapEx (capital expenditure).

Capital expenditures within the scope of the delegated regulation 2021/2178 comprise all additions to intangible assets (excluding goodwill) and additions to property, plant and equipment including rights of use from leases as well as additions from acquisitions (>> *Financial Statements, note 12 “Property, plant and equipment” and Note 13 “Intangible assets”*) and thus form the capital expenditures in the denominator.

The taxonomy-eligible portion of capital expenditures includes all additions to “land and buildings” in which Kapsch TrafficCom Group operates (activity 7.7) and the vehicle fleet, which includes both Company-owned and leased vehicles (activity 6.5).

The capital expenditures in the numerator (taxonomy-aligned CapEx) were determined using a revenue key based on of the taxonomy-aligned revenues.

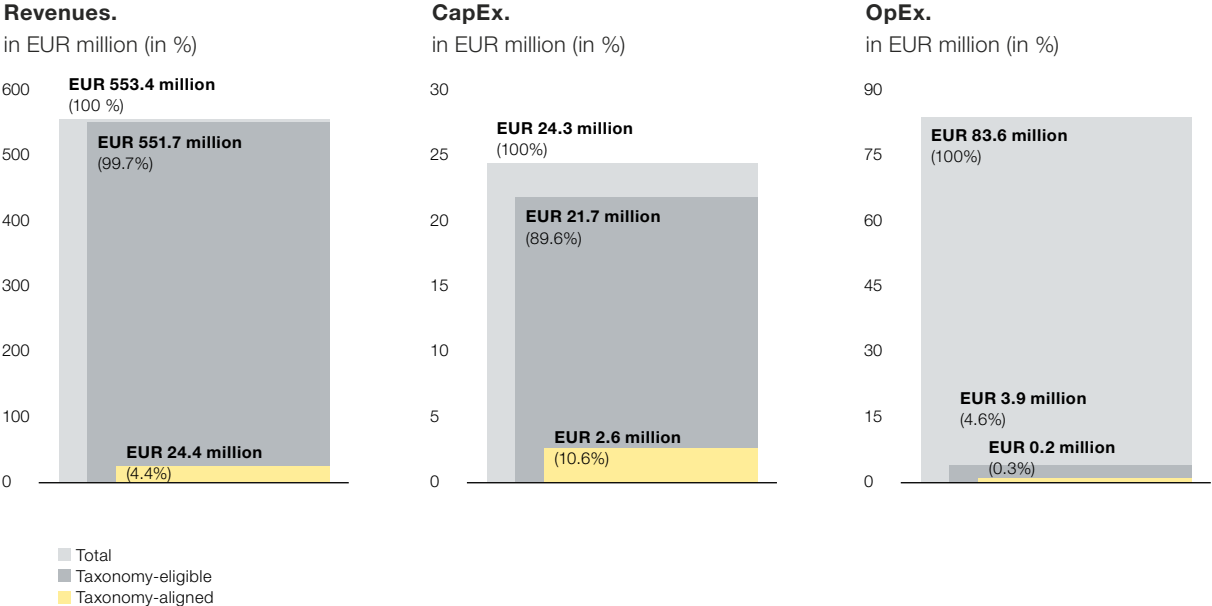
OpEx (operating expenditures).

In accordance with the delegated regulation 2021/2178, operating expenditures in the denominator include direct, non-capitalized costs incurred to maintain the functionality of fixed assets, mainly maintenance expenses (>> *Financial Statements, note 7 “Other operating expenses”*) and research and development costs that are not capitalized and are therefore recognized as an expense (>> *Financial Statements, note 13.3 “Capitalized development costs”*).

The taxonomy-eligible portion of OpEx includes operating expenses that ensure the functionality of fixed assets and mainly comprise maintenance expenses (>> *Financial Statements, note 7 “Other operating expenses”*).

The operating expenditures in the numerator (taxonomy-aligned OpEx) were determined using a revenue key based on the taxonomy-aligned revenues.

The following breakdown results from the calculations (based on the values of the Kapsch TrafficCom Consolidated Financial Statements in accordance with IFRS):



Revenues.

Economic activities	Code(s)	Absolute Revenues	Proportion of Revenues	Substantial contribution criteria					
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Bio-diversity and ecosystems
		in EUR million	%	%	%	%	%	%	%
A Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (taxonomy-aligned)									
3.6 Manufacture of other low-carbon technologies	C 26.30, C 26.51	24.36	4.4%	100.0%	0.0%	n/a ³⁾	n/a ³⁾	n/a ³⁾	n/a ³⁾
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)									
3.6 Manufacture of other low-carbon technologies	C 26.30, C 26.51	62.78	11.3%						
6.15 Infrastructure enabling low-carbon road transport and public transport	M 71.12, H 52.21	464.60	84.0%						
Total (A.1 + A.2)		551.73	99.7%						
B Taxonomy-non-eligible activities									
Revenues of Taxonomy-non-eligible activities		1.68	0.3%						
Total (A + B)		553.42	100.0%						

¹⁾ E= Enabling Activity

²⁾ T = Transitional Activity

³⁾ n/a in the columns "Substantial contribution criteria" for all objectives to which technical screening criteria have not yet been elaborated (water and marine resources, circular economy, pollution, and biodiversity and ecosystems.)
The corresponding delegated regulation of the EU is still outstanding. Assessment therefore cannot be performed at this stage.

DNSH criteria (Does Not Significantly Harm)

Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Bio-diversity and eco-systems	Minimum safeguards	Taxonomy-aligned proportion of revenues, year 2022/23	Taxonomy-aligned proportion of revenues, year 2021/22	Category (enabling activity)	Category (transitional activity)
Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	%	E ²⁾	T ³⁾
Yes	Yes	Yes	Yes	Yes	Yes	Yes	4.4%	n/a	E ²⁾	

CapEx.

Economic activities	Code(s)	Absolute CapEx	Proportion of CapEx	Substantial contribution criteria					
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Bio-diversity and eco-sy
		in EUR million	%	%	%	%	%	%	%
A Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (taxonomy-aligned)									
6.5 Transport by motorbikes, passenger cars and commercial vehicles	H 52.21	0.09	0.4%	100.0%	0%	n/a ³⁾	n/a ³⁾	n/a ³⁾	n/a ³⁾
7.7 Acquisition and ownership of buildings	L 68.20	2.48	10.2%	100.0%	0%	n/a ³⁾	n/a ³⁾	n/a ³⁾	n/a ³⁾
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)									
6.5 Transport by motorbikes, passenger cars and commercial vehicles	H 52.21	1.79	7.4%						
7.7 Acquisition and ownership of buildings	L 68.20	17.37	71.6%						
Total (A.1 + A.2)		21.72	89.6%						
B Taxonomy-non-eligible activities									
CapEx of Taxonomy-non-eligible activities		2.53	10.4%						
Total (A + B)		24.25	100.0%						

¹⁾ E= Enabling Activity

²⁾ T = Transitional Activity

³⁾ n/a in the columns "Substantial contribution criteria" for all objectives to which technical screening criteria have not yet been elaborated (water and marine resources, circular economy, pollution, and biodiversity and ecosystems.)
The corresponding delegated regulation of the EU is still outstanding. Assessment therefore cannot be performed at this stage.

DNSH criteria (Does Not Significantly Harm)							Taxonomy-aligned proportion of CapEx, year 2022/23	Taxonomy-aligned proportion of CapEx, year 2021/22	Category (enabling activity)	Category (transitional activity)
Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Bio-diversity and ecosystems	Minimum safeguards				
Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	%	E ²⁾	T ³⁾
Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.4%	n/a	E ²⁾	
Yes	Yes	Yes	Yes	Yes	Yes	Yes	10.2%	n/a	E ²⁾	

OpEx.

Economic activities	Code(s)	Absolute OpEx	Proportion of OpEx	Substantial contribution criteria					
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Bio-diversity and ecosystems
		in EUR million	%	%	%	%	%	%	%
A Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (taxonomy-aligned)									
6.5 Transport by motorbikes, passenger cars and commercial vehicles	H 52.21	0.04	0.1%	100.0%	0%	n/a ³⁾	n/a ³⁾	n/a ³⁾	n/a ³⁾
7.7 Acquisition and ownership of buildings	L 68.20	0.19	0.2%	100.0%	0%	n/a ³⁾	n/a ³⁾	n/a ³⁾	n/a ³⁾
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)									
6.5 Transport by motorbikes, passenger cars and commercial vehicles	H 52.21	1.69	2.0%						
7.7 Acquisition and ownership of buildings	L 68.20	1.96	2.3%						
Total (A.1 + A.2)		3.88	4.6%						
B Taxonomy-non-eligible activities									
OpEx of Taxonomy-non-eligible activities		79.69	95.4%						
Total (A + B)		83.57	100.0%						

¹⁾ E= Enabling Activity

²⁾ T = Transitional Activity

³⁾ n/a in the columns "Substantial contribution criteria" for all objectives to which technical screening criteria have not yet been elaborated (water and marine resources, circular economy, pollution, and biodiversity and ecosystems.)

The corresponding delegated regulation of the EU is still outstanding. Assessment therefore cannot be performed at this stage.

DNSH criteria (Does Not Significantly Harm)							Taxonomy-aligned proportion of OpEx, year 2022/23	Taxonomy-aligned proportion of OpEx, year 2021/22	Category (enabling activity)	Category (transitional activity)
Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Bio-diversity and eco-systems	Minimum safeguards	%	%	E ²⁾	T ³⁾
Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No				
Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.1%	n/a	E ²⁾	
Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.2%	n/a	E ²⁾	

Vienna, June 13, 2023

Der 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 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.

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: KTCG). In its 2022/23 financial year, about 4,000 employees generated revenues of EUR 553 million.

>>> www.kapsch.net