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challenging limits

Kapsch TrafficCom

Consolidated Non-Financial Report 2023/24.

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

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1 General information.

1.1 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. Kapsch TrafficCom prepares this statement in the form of this consolidated non-financial report ("Report"). Thereby, the company complies with the provisions of the Austrian Commercial Code and the disclosure requirements of the EU Taxonomy Regulation. In addition, Kapsch TrafficCom analyzes its impact on the Sustainable Development Goals (SDGs) of the United Nations. Other national, union-based or international frameworks (such as the GRI Standards of the Global Reporting Initiative) are not applied.

To avoid redundancies, the Report refers to the notes to the Consolidated Financial Statements 2023/24 ("Financial Statements"), the Consolidated Management Report 2023/24 ("Management Report"), the Consolidated Corporate Governance Report 2023/24 ("CG Report") and the Remuneration Report 2023/24 ("Remuneration 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 disclosed key figures were collected for the Kapsch TrafficCom Group ("Group"); any deviations are explained for the respective key figures. 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). Detailed information on the organization and role of the executive bodies of Kapsch TrafficCom can be found in the **» CG Report**, while information on non-financial criteria in the context of Executive Board remuneration can be found in the **» Remuneration Report**.

The (non-financial) sustainability initiatives of the Kapsch TrafficCom Group are coordinated and processed by an ESG task force. It consists of eight people from different divisions with global responsibility and is led by the Investor Relations Officer.

In the financial year 2023/24, Kapsch TrafficCom achieved significant progress in the continuous systematization and expansion of sustainability management. For example, a central data hub for non-financial information was implemented. This means that non-financial data can now be reported in a more efficient and structured manner and the database can thus be improved.

In addition, the company conducted a new materiality analysis in the reporting period, which was already based on the concept of double materiality. The results of this analysis served as the basis for the new reporting structure and – where the data was already available – new content.

With these and other measures to improve the internal reporting process, Kapsch TrafficCom is also preparing for future reporting in accordance with the Corporate Sustainability Reporting Directive (CSRD). Kapsch TrafficCom AG will publish its first sustainability report in accordance with the new requirements for the financial year 2024/25, which will also be audited externally. The following additional content is planned:

- Corporate carbon footprint (incl. emissions from upstream and downstream value chain)
- Further sustainability indicators and disclosures on ESG topics
- Climate and sustainability strategy
- ESG governance

1.3 Business model and strategy.

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"*.

1.3.1 Sustainable business model.

Kapsch TrafficCom addresses challenges in the field of transportation that go hand in hand 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
- increase road safety.

Internal and external studies quantify the effects as follows: Globally, road traffic causes 20% of all greenhouse gas emissions; in urban areas, road traffic is responsible for 25% of air pollution. Intelligent transportation systems are one of the key technologies for solving this problem. As a key player in the transportation sector, Kapsch TrafficCom supports its customers in reducing as many traffic emissions as possible.

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

- **Tolling technologies.** Distance-based pricing improves transport efficiency and can contribute to CO_2 savings of more than 10%. Well-maintained road surface, financed by toll revenues, leads to significant fuel reduction.
- **Traffic management.** Urban traffic management enables the reduction of stop-and-go traffic, which can reduce CO_2 emissions by 8% on average 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%.

Kapsch TrafficCom itself is not an energy-intensive Company. Nevertheless, climate protection is a core element of its corporate Strategy 2027, the Company's mission and vision. Kapsch TrafficCom's goal is to continuously reduce the use of resources and the emission of climate-relevant emissions associated with its business activities. Since 2021, Kapsch TrafficCom has been continuously developing its sustainability strategy, which ties its contribution to an environmentally friendly and healthier world to two ecological sustainability goals. In the 2023/24 financial year, these targets were additionally linked to further key figures.

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Sustainable portfolio.

Increase the proportion of taxonomy-compliant products to 50% by 2030

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Sustainable company.

Reduction of the CO_2 footprint of Kapsch TrafficCom by 42% by 2030 (according to ISO 14064-1:2018, Greenhouse Gas Protocol and in line with the 1.5 degree pathway)

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In particular, the use of materials with a high footprint and electricity consumption during operation is to be further reduced. In order to make this goal measurable, Kapsch TrafficCom is currently working on calculating the product carbon footprints of all relevant products in the portfolio. Kapsch TrafficCom also supports its customers in realizing the full savings potential of traffic emissions. This can only be realized together with the customer.

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This is to be achieved through savings in electricity consumption, increased use of energy from renewable sources for production and office locations (Scope 2) and the reduction of Scope 3 emissions. The measures focus primarily on emissions resulting from the purchase of materials and the use of solutions. Kapsch TrafficCom is currently working on the certification of the corporate carbon footprint for the base year and subsequent financial years.

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Details and the corresponding initiatives are explained in **>>** *section 2 "Environmental information"*.

Especially for implementation and operation projects in the tolling business, Kapsch TrafficCom often engages numerous suppliers and subcontractors from the country in which the order is placed. 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*.

1.3.2 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 mental well-being amongst the colleagues and maintaining a healthy and friendly work environment.

Quality education. Kapsch TrafficCom AG is an apprenticeship company and 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 five years ago. It is an initiative to enable persons with disabilities to provide value-adding services as part of a job training or employment in annotation at Kapsch.

Gender equality. Kapsch TrafficCom has set itself the goal of employing at least 30% women in key and management positions in all geographical regions 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 more than 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, numerous measures are being implemented to put the company on course for the 1.5 degree pathway by 2030. 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 24% compared to traditional toll booths. 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

1.3.3 Value chain.

It is important to consider the entire value chain of the Kapsch TrafficCom Group in order to present and analyze the business model of Kapsch TrafficCom. The impact on the environment and society arises not only from activities within the Company, but also in the upstream and downstream value chain and indirectly through the contribution of products and services to reducing emissions. Potential risks and opportunities also affect all parts of the value chain. Accordingly, the holistic view is relevant for Kapsch TrafficCom in both the inside-out and outside-in analysis.
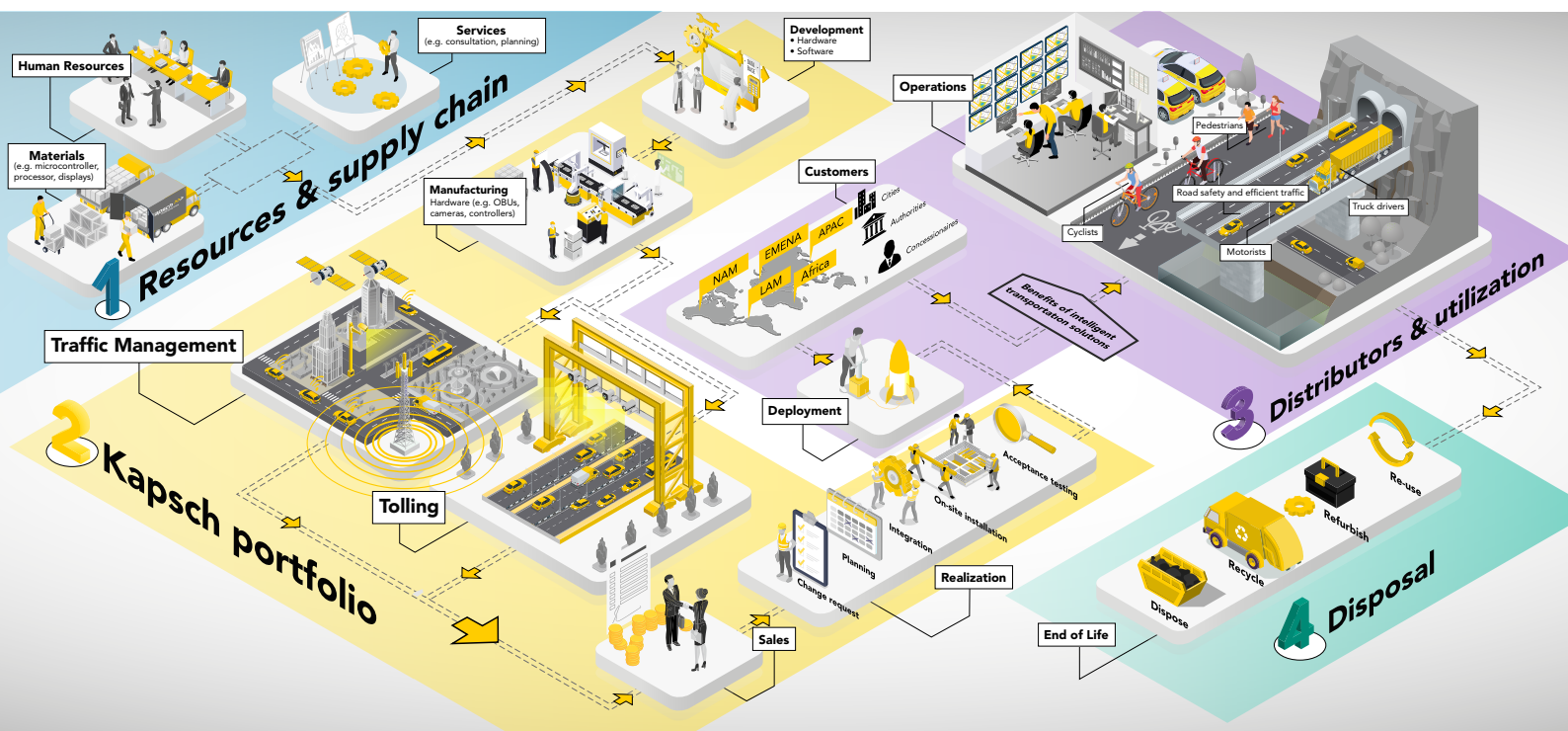
Value chain Kapsch TrafficCom Group

Kapsch TrafficCom develops software and hardware, carries out customer projects and offers operation services. The value chain can be broken down into

1. Resources and supply chain,
2. Kapsch portfolio,
3. Sales and utilization,
4. Disposal.

1. Resources and supply chain.

Key input factors are materials, employees and services.

Materials. Kapsch TrafficCom requires various materials for the manufacture of its products, such as raw materials, semi-finished products, electronic components, (electronic) assemblies, batteries and housings for the manufacture of on-board units, transceivers, scanners, cameras, etc. Rare earths, especially lithium, are key raw materials for electronic components such as capacitors and circuit boards, as well as batteries. Kapsch TrafficCom considers the procurement of rare earths to be a special responsibility with regard to environmental and social issues. The Company therefore works with verified manufacturers and distributors and regularly checks and audits them. The necessary materials also include all consumables and the necessary packaging materials. High quality, punctual delivery and compliance with standards and regulations are essential.

Employees. Kapsch TrafficCom needs qualified employees in various areas, such as development, system design, product management, but also production, marketing, sales and customer support. Vacancies are advertised internally and externally, primarily digitally. Kapsch TrafficCom strives to be an attractive employer that creates a motivating and safe working environment.

Services. Kapsch TrafficCom also uses services from external suppliers to fulfill certain functions or work in projects. These include, for example, logistics, transport, IT infrastructure, consulting, maintenance and other specialized services.

2. Kapsch portfolio: Tolling and traffic management.

Development of hardware and software. The development phase plays a decisive role for Kapsch TrafficCom in the creation of value. Kapsch TrafficCom's portfolio is specified on the basis of numerous criteria, requirements and analyses.

During hardware development, detailed designs are created to define the functionality, appearance and user-friendliness of the products. Prototypes are built and tested to ensure that they meet the requirements. On the software side, user interfaces are designed, data structures defined and codes developed to realize the desired functions and applications. Here too, prototypes are created and tested to ensure performance and functionality. Existing products and solutions are continuously improved and updated in order to remain competitive and meet changing requirements, as well as to eliminate errors and avoid them in the future.

Once validation has been completed, the product can go into series production. Products are manufactured in whole or in part by Kapsch TrafficCom itself or completely by manufacturers. Hardware and software must fit together "seamlessly" in order to achieve the desired functions and performance. This requires close cooperation between the development and production teams.

Production of hardware. The production process begins with material procurement. Planning also includes warehousing systems to properly store materials and smoothly support the manufacturing process. Production plans increase efficiency, prevent bottlenecks and ensure that delivery times are met. Production control monitors and coordinates the processes. Quality controls and tests include visual inspections, functional tests, cold/heat tests and other tests, depending on the type of manufactured hardware. The products are then packaged and sent to customers or subsidiaries for further distribution. In some cases, internal logistics systems are used for this, but for the most part Kapsch TrafficCom works with freight forwarders and shipping companies.

Sales. The sales team plays a key role in identifying existing and new customer needs, presenting solutions and creating added value for customers. The aim is to find a solution that is profitable for both sides. Customer relationship management (CRM) helps to build long-term relationships with customers, continuously improve products and services with their feedback and convince customers of environmentally friendly solutions.

Kapsch TrafficCom also advises political decision-makers on new technologies or the creation of environmentally friendly solutions.

Realization. In the course of **project planning**, Kapsch TrafficCom analyzes the requirements of the customer or the tenders, allocates resources, draws up schedules and defines milestones. Project teams and, if necessary, sub-projects ensure that the project is carried out effectively. Any **change requests** during the course of the project are analyzed for their effects and only then implemented.

Solutions comprise hardware, software or service components that need to be integrated in order to achieve the desired functions and results. **Integration** and testing are therefore of great importance. After development, the **on site installation** takes place at the customer's premises: Delivery of hardware, configuration of software, integration into existing systems and other implementation activities. Finally, an **acceptance test** with the customer verifies that the customer requirements have been properly implemented and that the solution works.

To ensure consistent quality and the fulfillment of customer requirements, Kapsch TrafficCom has a global project management organization. Experts and specialists from other teams are involved for specific topics.

3. Sales and utilization.

Use. This includes the implementation of the solution at the customer's premises, the ongoing use and maintenance of these solutions.

Operation. Depending on the agreement, the realization of the project and implementation at the customer's site is followed by operation by Kapsch TrafficCom in accordance with customer requirements. This includes the responsibility for the operation of the system including monitoring, maintenance, servicing and potential improvements and can be contracted for three to 15 years or even longer. Possible operational services also include the provision of helpdesk support, technical support, end-user training, system monitoring and other support services.

4. Disposal.

When a product has reached its **end of life**, it is important to minimize its environmental impact and use resources efficiently.

For products that can no longer be used, either the customer or Kapsch TrafficCom is responsible for proper **disposal** in accordance with local regulations and environmental standards. Depending on the product, this includes electronic waste, batteries or display devices. In some cases, materials and components can be recovered and reused in the **recycling** process. One example is the on-board units, whose plastic housing is shredded and reused elsewhere. Other recyclable materials, such as metals, plastics or glass, are also collected separately and forwarded to specialized recycling companies when they are returned to Kapsch TrafficCom.

On-board units that can be reused are **refurbished** by Kapsch TrafficCom so that they can be brought back into service: The technical functionality is checked and any data from the previous user is deleted. Equipped with a new battery and a new housing, the devices are then delivered to a customer for **reuse**.

1.3.4 Key stakeholders of Kapsch TrafficCom.

The following 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	■ 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	■ Direct contact ■ Mailings ■ Periodic and situational events with space for questions and their answers via communication platforms ■ Intranet ■ Internal social media ■ Performance review conversation ■ Employee survey ■ Works council
Customers	■ Quality ■ Price ■ Reliability ■ Innovation ■ Sustainable business practices	■ Direct contact ■ Fairs and conferences ■ Customer survey ■ Social media ■ Company website
Suppliers	■ Timely payment ■ Plannability of the acceptances ■ Sustainable business practices	■ Supplier platform ■ Direct contact
Business partners	■ Reliability ■ Business opportunities ■ Compliance ■ Innovation ■ Strategy ■ Sustainable business practices	■ Direct contact ■ Company website ■ Social media
Associations	■ Regulatory and legal topics ■ Intelligent transportation systems ■ Sustainable business practices	■ Participation of experts from Kapsch TrafficCom in working groups and in committees ■ Membership in associations and participation in initiatives
Standardization agencies	■ Technical standards	■ Participation of experts from Kapsch TrafficCom in working groups and in committees ■ Membership in associations and participation in initiatives
Authorities and regulators	■ Compliance with laws, standards and regulations ■ Information on intelligent transportation systems as well as challenges for companies ■ Sustainable business practices	■ Direct contact ■ Associations/unions/platforms ■ Public affairs experts

Stakeholders	Their interests	Communication channels
Shareholders	■ Share price development ■ Dividend und dividend policy ■ Strategy ■ Transparency ■ Financial and non-financial development of the Company ■ Sustainable business practices ■ Outlook	■ Investor Relations ■ Company website ■ Road shows ■ Investor conferences ■ Releases, mailings ■ Annual General Meeting ■ Traditional media ■ Social media
Lenders	■ Fulfillment of financial obligations ■ Compliance with covenants ■ Strategy ■ Transparency ■ Financial and non-financial development of the Company ■ Sustainable business practices ■ Outlook	■ Direct contact ■ Company website ■ Releases, mailings ■ Traditional media ■ Social media
Financial analysts	■ Strategy ■ Dividend policy ■ Financial and non-financial development of the Company ■ Sustainable business practices ■ Transparency ■ Outlook	■ Investor Relations ■ Company website ■ Investor conferences ■ Releases, mailings ■ Traditional media ■ Social media
Local communities	■ Local business activities of Kapsch TrafficCom ■ Kapsch TrafficCom as an employer ■ Sustainable business practices	■ Direct contact ■ Events ■ Press releases ■ Social media
NGOs (Non-Governmental Organizations)	■ Sustainable business practices ■ Transparency ■ Compliance ■ Information security and privacy	■ Direct contact ■ Events ■ Press releases ■ Social media
Industry analysts	■ Research and development ■ Market data ■ Market developments ■ Innovation ■ Strategy	■ Direct contact ■ Conferences ■ Cooperations ■ Releases ■ Social media
Media	■ Transparency ■ Accessibility	■ Press office ■ Company website ■ Releases, mailings ■ Social media ■ Press conferences

1.3.5 Material impacts, risks and opportunities.

As part of the materiality analysis in the financial year 2023/24, Kapsch TrafficCom analyzed the impacts, risks and opportunities in the environmental, social and governance areas in conjunction with the strategy and business model for materiality for the Company. In accordance with the concept of double materiality, the impacts were identified and evaluated from two perspectives:

- Positive or negative impacts on people and the environment („inside-out").
- Risks and opportunities for financial success from the company's perspective („outside-in").

A total of 46 environmental and social impacts (inside-out) and 117 financial opportunities and risks (outside-in) were identified, of which 18 and 35 respectively were classified as material. The following table provides an overview of the impacts, risks and opportunities classified as material, their description and the measures taken by Kapsch TrafficCom:

Material topic	Material impacts, risks and opportunities	Description	Measures
Climate change	**Risk:** Transition risk from the implementation of new climate change mitigation and adaptation regulations.	**Outside-in:** Implementation requires personnel, operational and/or financial resources; late or inadequate action may result in penalties or even exclusion from the market.	Monitoring the evolving legal framework, taking the necessary preparatory measures at an early stage to ensure compliance, regular compliance checks on the existing legal framework, engagement in industry associations and in the EU, supplier evaluation, supplier audits
	Positive impact / opportunity: Intelligent transportation systems, such as those from Kapsch TrafficCom, have the potential to significantly reduce traffic-related greenhouse gas emissions.	**Inside-out:** Improving traffic flow in combination with reducing the demand for motorized individual transport can save up to 30% of traffic emissions. Tolling systems can improve road quality and thus reduce rolling resistance. This leads to considerable savings in fuel consumption. In addition, tolling can provide an incentive for newer, lower-emission vehicles. **Outside-in:** Focus on low-emission products offers business prospects for Kapsch TrafficCom, which is particularly relevant for customers in the public sector; a sustainable portfolio can positively influence reputation and thus sales opportunities and financing possibilities.	Demand management, traffic management, free-flow tolling solutions, infrastructure-free solutions, sustainability communication
	Negative impact / risk: Extreme weather conditions and environmental disasters can interrupt operations at relevant suppliers and thus cause disruption to the supply chain.	**Outside-in & inside-out:** Access to production-relevant materials could be disrupted if the procurement strategy is based on a small number of suppliers or regions. This can lead to a restriction or halt in the company's own business activities and prevent it from fulfilling its obligations to customers.	Diversification of the supply chain

Material topic	Material impacts, risks and opportunities	Description	Measures
Climate change	**Negative impact / risk:** Causing high emissions through own processes as well as upstream and downstream activities in the value chain – purchased goods and services in particular pose a significant risk.	**Inside-out:** Insufficient measures to reduce greenhouse gas emissions in the value chain promote climate change. **Outside-in:** Increased transparency requirements require the publication of emissions caused. High emissions or failure to meet reduction targets can result in considerable reputational damage, which can subsequently lead to a loss of customers or investors.	Supplier evaluation, supplier audits, green gantry, cloud solutions, transponder refurbishment, in-house repair service, reuse of plastic waste in production, infrastructure-free solutions, durable products, 2-in-1 camera (VDX2i), environmentally friendly packaging, sustainable product design (Sustainable Portfolio Guideline), remote maintenance and remote testing, home office regulation, reduction in business travel, Austrian mobility guideline, job ticket, photovoltaic system at Vienna headquarters, green facility requirements, ÖkoWin participation, CDP participation
	Positive impact / opportunity: High reduction in emissions through own processes as well as upstream and downstream activities in the value chain.	**Inside-out:** Amount of total greenhouse gas emissions can be significantly reduced through initiatives along the value chain, especially for purchased goods and services. **Outside-in:** Improvement of reputation through initiatives to reduce greenhouse gas emissions.	Supplier evaluation, supplier audits, Green Gantry, cloud solutions, transponder refurbishment, in-house repair service, reuse of plastic waste in production, infrastructure-free solutions, environmentally friendly packaging, sustainable product design (Sustainable Portfolio Guideline), remote maintenance and remote testing, home office regulation, reduction in business travel, durable products, Austrian Mobility Directive, job ticket, 2-in-1 camera (VDX2i), photovoltaic system at Vienna headquarters, green facility requirements
Pollution	**Risk:** Transition risk from the implementation of new environmental protection regulations.	**Outside-in:** Compliance increases personnel, operational and/or financial effort; late or inadequate action may result in penalties or even exclusion from the market.	Monitoring the evolving legal framework, taking the necessary preparatory measures at an early stage to ensure compliance, regular compliance checks on the existing legal framework, RoHS and REACH compliance, engagement in industry associations and in the EU, supplier evaluation, supplier audits
	Positive impact / opportunity: Intelligent transportation systems, such as those from Kapsch TrafficCom, have the potential to significantly reduce traffic-related air emissions (e.g. NO_x, PM10, PM2.5).	**Inside-out:** Intelligent steering of traffic demand and the resulting improvement in traffic flow can significantly reduce the emission of air pollutants. Tolling systems can improve road quality, which reduces fuel consumption and combustion-related air pollutants. Tolling can also provide an incentive for newer, lower-emission vehicles. **Outside-in:** Focus on environmentally friendly products offers business prospects for Kapsch TrafficCom; a sustainable portfolio can positively influence reputation and thus sales opportunities and financing options.	Demand management, infrastructure-free solutions, sustainability communication

Material topic	Material impacts, risks and opportunities	Description	Measures
Circular economy	**Risk:** Disruption of the supply chain through the introduction of new regulations on resource consumption.	**Outside-in:** New customs duties, import regulations or other resource-based laws can lead to increased costs, delivery delays or delivery failures.	Monitoring the evolving legal framework, taking the necessary preparatory measures at an early stage to ensure compliance, regular compliance checks on the existing legal framework, engagement in industry associations and in the EU, supplier evaluation, supplier audits
	Positive impact / opportunity: Resource savings through the introduction of circular economy principles in the portfolio management and innovation process.	**Inside-out:** Greater resource efficiency, e.g. through recycling, alternative energy sources, longer product life, etc., conserves resources. **Outside-in:** Resource efficiency can reduce costs and improve the Company's reputation.	Green Gantry, transponder refurbishment, reuse of plastic waste in production, in-house repair service, environmentally friendly packaging, sustainable product design (Sustainable Portfolio Guideline), durable products, 2-in-1 camera (VDX2i), infrastructure-free solutions
	Opportunity: Supporting customers in resource savings through environmentally friendly solutions.	**Outside-in:** Reduced fuel consumption through improved traffic flow and physical resource savings through specific free flow solutions, as well as cost savings for customers and improved reputation of Kapsch TrafficCom.	Demand management, traffic management, free-flow tolling solutions, infrastructure-free solutions, Green Gantry, transponder refurbishment, in-house repair service, environmentally friendly packaging, durable products, 2-in-1 camera (VDX2i)
Own workforce – Working conditions	**Opportunity:** Improving employee qualifications through training in new, emerging technologies.	**Outside-in:** Long-term growth and gains in productivity, innovation and competitiveness.	Continuous identification of training needs, cooperation with educational institutions and partners
	Opportunity: Promoting a cooperative and innovative work culture.	**Outside-in:** Increasing innovation, agility and alignment with business goals.	Supportive leadership, clear communication of expectations, regular feedback and recognition
	Negative impact: The working conditions for workers in production and operations are poor	**Inside-out:** Potential minor / moderate injuries.	Continuous monitoring by safety experts, health programs, no hazardous work materials, ergonomic workstations
	Negative impact: The working conditions for employees in the office locations are poor.	**Inside-out:** Potential minor / negligible injuries.	Continuous monitoring by safety experts, health programs, ergonomic workstations
	Negative impact: Employees experience a violation of privacy.	**Inside-out:** Violation of fundamental rights.	Strict data protection guidelines, continuous monitoring and training
Own workforce – Equal treatment and opportunities for all	**Opportunity:** Talent acquisition and retention through diversity initiatives.	**Outside-in:** Increased attraction and retention of diverse talent, positive impact on corporate culture and innovation.	Commitment to diversity and inclusion, regular feedback from employees, alignment with industry standards
	Positive impact: Focus on minority support and programs.	**Inside-out:** Better collaboration, more innovation, more team spirit, more attractive for employees.	High standards to promote diverse teams

Material topic	Material impacts, risks and opportunities	Description	Measures
Workers in the value chain	**Risk:** Disruption of the supply chain due to labor problems on part of the supplier.	**Outside-in:** Delays in production, increased procurement costs, potential loss of revenues.	Regular monitoring of suppliers, ethical procurement practices, diversification of the supply chain
	Negative impact: The working conditions for workers in the supply chain are poor.	**Inside-out:** High impact events / accidents are possible.	Supplier relationship management, supplier audits and review meetings, strict regulations for suppliers in developed countries
Affected communities	**Positive impact / opportunity:** Reduction of environmental pollution, particulate matter and noise through tolling and traffic management systems.	**Inside-out:** Improved air quality with positive effects on the health of people in the immediate vicinity. **Outside-in:** Higher revenues from sustainable products and services to reduce emissions.	Continuous ongoing development and innovation of products and services for emission reduction
	Opportunity: Access to local markets and talent through community integration.	**Outside-in:** Greater local market presence with a positive image, integration of local expertise.	Building cultural understanding of local communities, local staff recruitment and material procurement
	Opportunity: Traffic management, intelligent tolling options and tolling services for cell phones enable improved efficiency and accessibility as well as accessibility to local businesses.	**Outside-in:** Increased customer satisfaction, system acceptance and demand for Kapsch TrafficCom products and services.	Continuous improvement and adaptation of products and services to the needs of local communities and users, increased customer service, cooperation with local authorities
Consumers and end- users – Information-related impacts and personal safety	**Risk:** Loss of customer confidence due to a data leak.	**Outside-in:** Loss of customers, legal sanctions, costs for data recovery and PR management.	Implementation of robust cyber security measures, regular audits, communication with customers
	Risk: Legal challenges and fines due to non-compliance with data protection laws.	**Outside-in:** Legal costs, fines, potential reputational damage, operational disruption.	Regular compliance checks, legal advice, compliance with data protection laws and best practices
	Opportunity: Positive effects through the responsible use of AI and data analytics for traffic management.	**Outside-in:** Improved public perception, differentiation on the market, increased customer satisfaction.	Development of ethical guidelines for the use of AI, clear data usage guidelines, continuous monitoring of practices
	Positive impact: Traffic control increases road safety.	**Inside-out:** Traffic control leads to a lower number of serious accidents.	Identification of vulnerable road users
	Positive impact: Tolling enables financing of road infrastructure maintenance.	**Inside-out:** Tolls generate revenue that enables the maintenance of road infrastructure; this leads to greater safety for road users.	Offer solutions for authorities, demonstrations and training

Material topic	Material impacts, risks and opportunities	Description	Measures
Business conduct – Business principles	**Risk:** Stressful, misaligned or poorly communicated corporate culture.	**Outside-in:** High employee fluctuation and, as a result, high recruitment and training costs, loss of productivity, internal conflicts, project delays, potential damage to the Company's reputation.	Clear communication of corporate values, training for managers, regular employee feedback, mediation and conflict resolution mechanisms
	Positive impact / opportunity: Improvement of employee satisfaction and corporate image through industry-leading ethical corporate culture and business practices.	**Inside-out:** Corporate culture and business practices form a solid basis for successful, trusting and long-term relationships with employees, customers and suppliers. **Outside-in:** Improved productivity, attracting and retaining top talent, innovation through collaboration, positive reputation of the Company.	People Strategy with a strong focus on servant leadership, ethics, diversity and cooperation, clear communication of corporate values
	Positive impact: Political commitment and lobbying lead to interoperable technologies and industry standards.	**Inside-out:** Standardization, backwards compatibility and frequency management enable the integration of new technologies into existing structures and lead to a wider range of products and competitive prices for customers.	Experts for standardization activities and EU affairs
Business conduct – Corruption & bribery	**Negative impact / risk:** Exclusion from participation in public tenders due to corruption or bribery convictions.	**Inside-out:** Loss of citizens' trust in public authorities; impairment of competition. **Outside-in:** Loss of revenue sources, long-term impairment of business prospects.	Obligation to comply with the law, immediate corrective measures in the event of offenses committed, restoration of trust in authorities
	Opportunity: Industry-wide exemplary behavior in connection with corruption and bribery.	**Outside-in:** Positive image of the Company and, as a result, acquisition of ethical business partners as well as customer base development and retention.	Anti-corruption, transparent practices, public code of conduct for ethical business practices

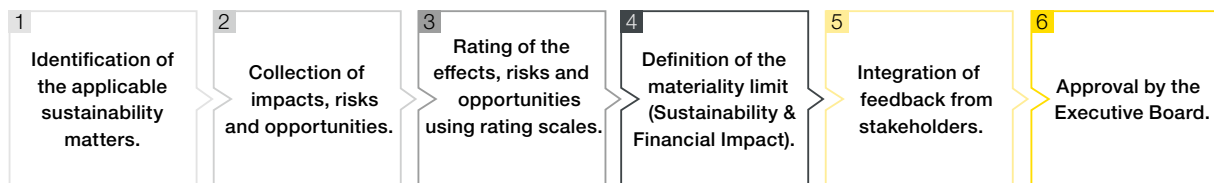## 1.4   Management of impacts, risks and opportunities.

1.4.1   Materiality analysis.

The material impacts, risks and opportunities were analyzed and selected as part of a materiality analysis, which always forms the basis of Kapsch TrafficCom's sustainability reporting. It also serves as the basis for strategic priorities, sustainability goals and measures.

In the financial year 2023/24, Kapsch TrafficCom carried out a new comprehensive materiality analysis, which already meets the future reporting requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), which will then be mandatory. This is a double materiality analysis that takes into account both the effects of Kapsch TrafficCom's activities on people and the environment ("inside-out"; sustainability impact) and the risks and opportunities for financial success from the Company's perspective ("outside-in"; financial impact).

The materiality analysis was carried out by the ESG task force, which is made up of eight people from different divisions with global responsibility. This ensured that locally relevant perspectives were also taken into account. Additional experts from other areas of the Company were consulted on a case-by-case basis.

In future, the ESG task force will review the key stakeholders, trends, impacts, risks and opportunities annually and update them if necessary. A complete update of the materiality analysis is planned every three years.

1	2	3	4	5	6
Identification of the applicable sustainability matters.	Collection of impacts, risks and opportunities.	Rating of the effects, risks and opportunities using rating scales.	Definition of the materiality limit (Sustainability & Financial Impact).	Integration of feedback from stakeholders.	Approval by the Executive Board.

Step 1: Identification of the applicable sustainability matters.
Based on the topic-related sustainability matters of the ESRS, a list of topics with sub-topics was first compiled that corresponds to the value chain of Kapsch TrafficCom.

Step 2: Collection of impacts, risks and opportunities.
In the next step, sustainability impacts as well as financial risks and opportunities were collected. These were compiled in full, regardless of whether they were initially assessed as material or immaterial. The lists were compiled by the relevant experts and reviewed by the cross-functional ESG task force to ensure that all impacts, risks and opportunities were taken into account.

Step 3: Rating of the effects, risks and opportunities using rating scales.
The rating was based on several criteria, for which existing scales were used or new ones defined as required:

- Time horizon (short-, medium- and long-term)
- Likelihood (five-point scale: very likely – very unlikely)
- Severity (financial impact: according to existing enterprise risk management scale; sustainability impact: based on scale, scope and remediability)

The reasoning and assumptions for the assessment of materiality were documented in each case.

Step 4: Definition of the materiality limit (Sustainability & Financial Impact).
The materiality limit for a matter was determined to be 6 out of 10, whereby even a single impact, risk or opportunity with a value of 6 or more led to the sustainability matter being classified as material. For verification purposes, the matters with a value of 5 were checked and confirmed as not material in all cases.

The results of the inside-out and outside-in materiality ratings were consistent, meaning that the material matters are material both for sustainability impacts and for financial risks and opportunities.

Step 5: Integration of feedback from stakeholders.
Parallel to these steps, a stakeholder survey was conducted in fall 2023. A questionnaire was created in three languages – German, English and Spanish – and the relevance of the matters for Kapsch TrafficCom was assessed. The questionnaire comprised closed questions with an answer scale of 0-5, as well as open questions that allowed for individual feedback, criticism and suggestions for improvement, and was sent to all key stakeholder groups. The evaluation was carried out per group, with no prioritization of stakeholder groups.

The results of the survey on the importance of the matters were compared with and confirmed by the materiality analysis. The topics defined as immaterial were also rated lower in importance by the stakeholders. The answers to the open questions contained various suggestions and ideas, which were analyzed by the ESG task force's team of experts and compared with the list of impacts, risks and opportunities.

Step 6: Approval by the Executive Board.
The process and the results were discussed with Georg Kapsch as the Executive Board member responsible for ESG matters and approved by him.

The following diagram provides an overview of the materiality analysis and the ten material matters:

Category		Sustainability matter	Sustainability Materiality	Financial Materiality	Importance for Stakeholders	
✓	🟨	Climate change	Yes	Yes	4.11	
✓	🟨	Pollution	Yes	Yes	4.08	
	🟨	Water and Marine Resources	No	No	3.36	
	🟨	Biodiversity and Ecosystems	No	No	3.35	
✓	🟨	Resource Use and Circular Economy	Yes	Yes	3.88	
✓	🟨	Own Workforce – Working conditions	Yes	Yes	4.10	
✓	🟨	Own Workforce – Equal treatment and opportunities for all	Yes	Yes	4.20	
✓	🟨	Workers in the value chain	Yes	Yes	not evaluable	
✓	🟨	Affected communities	Yes	Yes	3.68	
✓	🟨	Consumers and end-users – Information-related impacts and personal safety	Yes	Yes	3.91	
	🟨	Consumers and end-users – Social inclusion	No	No	3.64	
✓	⬛	Business conduct – Business principles	Yes	Yes	4.16	
✓	⬛	Business conduct – Corruption and bribery	Yes	Yes	4.00	

✓ Material   🟨 Environmental   🟨 Social   ⬛ Governance   (1) Not important at all – (5) Extremely important

This report has already been structured on the basis of these material matters. Details on the material impacts, risks and opportunities of the ten relevant matters are described in *>> section 1.3.5 "Material impacts, risks and opportunities"*. The content is not yet fully included, as the relevant disclosures and data points were still in preparation at the end of the financial year.

1.4.2 Sustainability program.

The material impacts, risks and opportunities are addressed with a wide range of measures. The following overview takes up the measures listed in **>> *section 1.3.5 "Significant impacts, risks and opportunities"*** and describes their implementation and status. It also indicates the contribution to the corresponding Sustainable Development Goals (SGDs).

| Measure	Description	Status	SDGs
Monitoring the evolving legal framework	The EU affairs expert regularly reviews new legislation relating to sustainability in the EU and informs affected stakeholders and the sustainability team. Local managing directors regularly check local legislation for applicable changes.	↻	7, 8, 11, 12, 13, 15, 16, 17
Taking the necessary preparatory measures at an early stage to ensure compliance	The affected stakeholders are informed and prepare for new requirements in good time. The sustainability team provides support with expert knowledge and in the preparation of reports.	↻	7, 8, 11, 12, 13, 15, 16, 17
Regular compliance checks on the existing legal framework	Depending on the type of law, different people are responsible for checking compliance with the existing legal framework. Legal compliance of products, for example, is checked and ensured by the respective product manager. The local managing directors are responsible for the legal compliance of the local companies.	↻	7, 8, 11, 12, 13, 15, 16, 17
Engagement in industry associations and in the EU	The EU affairs expert is involved in various industry associations (Ertico, Asecap, etc.), which are also in close contact with various political institutions of the European Union. The aim is to communicate the environmental benefits of intelligent transportation systems and, where possible, to ensure that they are positively reflected in legislation.	↻	7, 8, 11, 12, 13, 15, 16, 17
Supplier evaluation	An impact assessment is carried out for every new supplier. As part of the onboarding process, every supplier that does not have a qualified environmental management system (ISO 14001 or similar) is required to complete a questionnaire that includes environmental, social and governance aspects. This self-assessment must be repeated every three years at the latest. In addition, each supplier is assessed according to its relative importance, which depends on its ability to contribute to the Company's strategic competitive advantage through a long-term business relationship or the provision of products that are difficult to replace. For the most important group (Tier A suppliers), the supplier acceptance process includes a comprehensive review of aspects such as health and safety, information security, quality and the environment due to their high impact, which are verified by an evaluation audit. Where economically feasible, preference is given to suppliers with a qualified environmental management system (ISO 14001 or similar). Such a system is mandatory for Tier A suppliers.	↻	7, 8, 9, 12, 13, 15, 17
Supplier audits	To ensure continuous compliance with the above-mentioned requirements for suppliers, all suppliers in the highest category (Tier A) and suppliers in the second-highest category (Tier B) with a high impact rating in areas such as health and safety, information security, quality or the environment must undergo a re-evaluation audit at least every three years. Conformity with the self-assessment is also checked. Re-evaluation meetings are held with suppliers in the middle category (Tier B) at intervals of no more than three years. This involves checking the self-assessment information for plausibility.	↻	7, 8, 9, 12, 13, 15, 17
Demand management	Demand management is a sustainable innovation solution from Kapsch TrafficCom that combines the functionalities of tolling and traffic management to improve traffic flow and proactively manage traffic demand in urban areas.	◧	3, 9, 11, 12, 13, 15
Traffic management	Traffic management solutions are part of Kapsch TrafficCom's core business. Their main purpose is to improve the traffic flow.	◼	3, 9, 11, 12, 13, 15
Free-flow tolling solutions	Free-flow tolling solutions are part of Kapsch TrafficCom's core business. Their main purpose is the financing of road infrastructure in good quality.	◼	3, 9, 11, 12, 13, 15

☐ In planning   ◧ In implementation   ◼ Implemented   ↻ Recurring measure

Measure	Description	Status	SDGs
Green Gantry	Due to their resource consumption, gantries account for a significant proportion of the environmental impact of a tolling solution. Conventional solutions are mainly made of steel or aluminum. In order to reduce the environmental impact of these products, a solution has been developed in which these materials are replaced by renewable wood: the Green Gantry. In order to analyze the long-term properties of the Green Gantry in operation, a research project funded by the FFG is currently carried out in this context.	■	9, 12, 13
Diversification of the supply chain	The diversification of the supply chain follows a risk-based approach. All purchasing items that are critical for the Company's solutions are analyzed to determine whether a second manufacturer is available. In addition, each item is assigned to a product category that corresponds to the criticality for the Company and the associated risk (combination of impact and likelihood of occurrence). Items that are manufactured according to a specific design by a single manufacturer are also categorized and their risk is assessed. If the risk of a single-source item is low enough, it is accepted. For critical items, mitigation plans are used to evaluate how long it would take to onboard an alternative supplier and when the alternative item would be available. If possible, the typical or planned demand for this item is held in stock for this period.	⟳	7, 8, 9, 12, 13, 15, 17
Cloud solutions	For many of its products, Kapsch TrafficCom offers the option of choosing a Software-as-a-Service (SaaS) solution that is hosted in the cloud. Cloud implementations significantly reduce the carbon footprint of a solution compared to on-premise solutions by optimizing the use of hardware and power consumption. A study by Microsoft has shown that between 72% and 98% of CO_2 emissions can be saved by opting for a cloud solution. As Kapsch TrafficCom uses the Microsoft Cloud Service, this amount of emissions is further reduced as their energy is sourced from low greenhouse gas sources. The range of cloud solutions is constantly being expanded within the company.	■	12, 13
RoHS and REACH compliance	The RoHS Directive and the REACH Regulation were introduced in the European Union to regulate the handling of hazardous substances. While the RoHS Directive restricts the use of ten substances that are frequently used in electronic devices, the REACH Regulation requires the disclosure of the hazardous substances used and the management measures for the risks they pose. Supply chain management checks compliance with these guidelines for all purchased materials.	⟳	3, 15
Transponder refurbishment	The electronic components in the TRP-4010 transponder generally last much longer than the usual lifetime of a TRP-4010. After often more than seven years of operation, the limiting factor is usually the battery. This is why the products are given a second life with the transponder refurbishment initiative. When TRPs are refurbished, the electronics are reused and the housing and battery are replaced. The refurbished products undergo a rigorous quality check before being returned to the customer.	■	12, 13
Reuse of plastic waste in production	A very high-quality plastic is used for the electronic components produced by Kapsch TrafficCom in order to ensure the durability of the products in road traffic. This means that the plastic waste generated in the manufacture of the housings can be reused without any loss of quality. The manufacturer mixes this waste with the new plastic in housing production. This significantly increases resource efficiency and reduces the associated emissions.	■	12, 13
In-house repair service	All electronic components produced by Kapsch TrafficCom can be returned to the Company in the event of a defect. They are repaired by in-house experts at the production site. This significantly increases the lifetime of the products. Internal handling also makes this process uncomplicated and time-efficient for customers.	■	12, 13
Renewable energy at office and production sites	Gradually, the possibility of switching to renewable energy sources for the Company's office and production sites is being examined. If organizationally and financially feasible, this switch should take place immediately.	◨	7, 13
Standardisierungsarbeit im Telekommunikationsbereich	The experts at Kapsch TrafficCom are active in standardization work for telecommunications technologies in order to contribute to the global interoperability and backward compatibility of new technologies.	⟳	9, 16
ÖkoWin participation	The Kapsch TrafficCom headquarters in Vienna and Kapsch Components, the production facility in Vienna, are taking part in the ÖkoBusiness initiative of the City of Vienna. The goal of ÖkoBusiness Vienna is to help companies generate "green and clean" profits through environmental management practices that benefit both the environment and the companies, ensuring financial benefits and high quality for every company. This program helps Kapsch TrafficCom to improve its sustainability competence step by step. Kapsch Components joined the program in 2011, the Vienna headquarters in 2020.	⟳	7, 9, 12, 13, 15

□ In planning   ◨ In implementation   ■ Implemented   ⟳ Recurring measure

Measure	Description	Status	SDGs
CDP participation	Kapsch TrafficCom publishes its environmental impact related to climate change through CDP, a global non-profit organization that operates a world-leading environmental disclosure platform. For this year's response, Kapsch TrafficCom received a B scoring, which is above the global average for the industry.	↻	13
EcoVadis	For Brazil, Kapsch TrafficCom also underwent an assessment by EcoVadis, a leading company in supplier assessment for environmental protection, labor practices, ethics and sustainability management.	■	13
Infrastructure-free solutions	Kapsch TrafficCom is constantly working on innovations in tolling and traffic management that reduce the need for physical infrastructure. For example, solutions with smartphone applications and satellite-based solutions are being developed. In addition, research is being conducted into the use of alternative energy sources to supply the tolling infrastructure, which reduces the need to build additional infrastructure on site, e.g. power lines. As the physical infrastructure accounts for a large proportion of the carbon footprint, these innovations have great leverage in reducing the greenhouse gas emissions caused by the solutions. Where possible, existing infrastructure is also reused (existing road bridges) and toll mast solutions are preferred.	◧	7, 12, 13, 15
Environmentally friendly packaging	The Company is currently analyzing options to switch to packaging that has a lower carbon footprint and is easier to recycle or compost.	□	12, 13, 15
Sustainable product design (Sustainable Portfolio Guideline)	A globally applicable guideline ("Sustainable Portfolio Guideline") was created to ensure that environmental aspects are taken into account in the best possible and most structured way 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 and is continuously updated.	■	9, 12, 13, 15
ISO 14001	Kapsch TrafficCom has held the ISO14001 certificate since 2005. It confirms that the Company has a comprehensive management system in place to protect the environment and respond to changing environmental conditions. The headquarters in Austria, the Kapsch Components production facility and Kapsch TrafficCom Spain are currently certified.	↻	9, 12, 13, 15
Remote maintenance and remote testing	Kapsch TrafficCom solutions enable remote maintenance and remote testing. This can significantly reduce the number of business trips required to implement and maintain a new solution.	■	12, 13
Environmental tips for employees	Since 2019, practical environmental tips for employees have been published on the intranet at regular intervals. These not only include tips for everyday office life, but also for leisure time. The aim is to raise employees' awareness of environmental protection.	↻	3, 9, 12, 13, 15
Home office regulation	The option for employees to work from home has been significantly expanded to up to 60%. This not only increases employee flexibility and satisfaction, but also helps to significantly reduce CO_2 emissions caused by commuter traffic. reduced. In addition, the rented office space can be reduced, which contributes to a reduction in Scope 2 emissions.	■	3, 12, 13
Reduction in business travel	Emissions in connection with business air travel are monitored closely. The aim is to reduce the number of flight tickets used by at least 50% compared to the 2019 financial year (before the travel restrictions due to COVID-19).	■	3, 12, 13
Durable transponders	Kapsch TrafficCom is currently working on internal innovation initiatives to extend the product life of the transponders by using alternative energy sources; various prototypes are being tested in field trials.	◧	12, 13
Durable Kapsch TrafficCom products	Products manufactured by Kapsch TrafficCom (without transponders) have a typical lifetime of 10 to 15 years.	■	12, 13
Austrian mobility guideline	In 2021, a new mobility guideline was developed for Austria. This replaced the previous company car policy and aims to reduce the number of company cars. A mobility budget is offered as an alternative to the benefit car (climate ticket, car-sharing program, rental bike, etc.).	■	12, 13
Job ticket	Employees in Austria can purchase an annual ticket for public transport at a reduced price.	■	12, 13
2-in-1 cameras (VDX2i)	A new type of camera was developed in the financial year 2023/24. This camera type has a lower carbon footprint, as the new design means that one camera replaces two. This also conserves resources.	■	9, 12, 13
Investments in sustainable innovations	Due to identified climate-related opportunities, a special focus will be placed on investments in sustainable innovations and new sustainable solutions in the coming years. Investments in Research and Development are seen as a major opportunity and therefore have an impact on Kapsch TrafficCom's strategy. In the financial year 2023/24, R&D expenditure for green innovations amounted to EUR 80.0 million.	↻	9, 11, 12, 13, 15

□ In planning   ◧ In implementation   ■ Implemented   ↻ Recurring measure

Measure	Description	Status	SDGs
Photovoltaic system at Vienna head-quarters	The office building's photovoltaic system was commissioned in November 2023. It will generate a yield of 414,000 kWh per year, which corresponds to the average energy consumption of around 100 households per year. In Austria, CO_2 emissions of approx. 230 g are calculated per conventionally generated kWh. This means that the new photovoltaic system saves approx. 95,220 kg of CO_2 per year.	■ Implemented	7, 12, 13
Environmentally friendly transport	When making logistics decisions, road and sea transport is prioritized wherever possible. Transportation by air is only selected if there is no other option due to time constraints.	■ Implemented	13
Green facility requirements	Kapsch TrafficCom is currently developing environmental criteria for the site selection of new office and production facilities. These are intended to help reduce CO_2 emissions and the environmental impact of business activities (e.g. through proximity to public transportation, low-energy construction, etc.).	☐ In planning	7, 13, 15
Reduction of energy consumption of the solutions	The components produced by Kapsch TrafficCom are continuously improved. Each new generation has a reduced energy consumption.	↻ Recurring measure	7, 13, 15
Sustainability communication	In terms of communication, a particular focus is placed on informing customers and other stakeholders about the opportunities for reducing emissions through traffic management and tolling. The aim is to increase the implementation rate of these systems in order to reduce traffic emissions globally.	↻ Recurring measure	9, 11, 12, 13, 15
Trainings (own workforce)	Training needs are continuously identified as part of employee appraisals and growth reviews. Kapsch TrafficCom works together with educational institutions and partners and offers e-learning and expert communities.	↻ Recurring measure	4
Collaboration & servant leadership (own workforce)	Employees receive supportive leadership, clear communication of expectations, regular feedback and recognition.	↻ Recurring measure	8
Diversity & inclusion (own workforce)	Kapsch TrafficCom is committed to diversity and inclusion and offers regular employee feedback and alignment with industry standards. Existing initiatives include KTCwomen@kapsch, Responsible Annotation and relocation programs.	↻ Recurring measure	5, 10
Healthy workplaces	Health and safety in the workplace are monitored and improved through regular safety checks, ergonomic workstations, additional health services and programs, medical examinations, etc.	↻ Recurring measure	3, 8
Data protection by design	Appropriate data protection measures have been implemented and are regularly reviewed in audits. Employees also receive training.	↻ Recurring measure	9
Supplier relationship management	In the interests of sustainable partnerships, Kapsch TrafficCom promotes good cooperation through regular supplier meetings and also offers supplier improvement programs if required.	↻ Recurring measure	8
Security of products & data (consumers and end users)	Robust cyber security measures are continuously implemented and expanded. Regular audits and communication with customers ensure their effectiveness.	↻ Recurring measure	9
Data protection (consumers and end users)	Regular compliance checks, legal advice, compliance with data protection laws and best practices are organized at group, company and team level to ensure comprehensive GDPR compliance.	↻ Recurring measure	–
Use of AI (consumers and end users)	Kapsch TrafficCom plans to develop ethical guidelines for the use of AI, clear guidelines on the use of data, and continuous monitoring of these practices.	☐ In planning	9
Code of Conduct	The Code of Conduct contains principles, values and codes of conduct according to which business should be conducted at Kapsch. Supplementary mandatory guidelines and other regulations exist at global, regional or country level for various areas of the Code of Conduct.	■ Implemented	16
Whistleblowing platform	An electronic whistleblower platform has already been implemented in North America, Austria and Spain. This is to be rolled out across Europe from the second quarter of the 2024/25 financial year.	◧ In implementation	16
Internal guidelines	There are guidelines on - Anti-corruption incl. gifts and invitations - Lobbying incl. sales activities in the public sector - Donations, sponsoring and advertising	■ Implemented	16
Compliance trainings	Current global online training courses on anti-corruption are to be completed in the first quarter of 2024/25.	↻ Recurring measure	16

☐ In planning   ◧ In implementation   ■ Implemented   ↻ Recurring measure

2 Environmental information.

2.1 EU Taxonomy Regulation.

2.1.1 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:

- the criteria for climate change mitigation and climate change adaptation in the delegated regulations 2021/2139 and 2023/2485;
- the criteria for sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and protection and restoration of biodiversity and ecosystems in the delegated regulation 2023/2486.

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.

2.1.2 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, 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 regulations only identify changes in the vehicle fleet, not in mobility behavior. They also do not take into account the reduction of pollution through tolling and traffic management systems.

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.

2.1.3 Identification of taxonomy-eligible economic activities.

In this Report on the financial year 2023/24, the required disclosures include all environmental objectives of the Taxonomy Regulation in the economic activities already defined, while in the previous year only the two environmental objectives that were already specified at that time were included.

On October 20, 2023, the European Commission published the Commission Notice C/2023/267 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 adaption in the Official Journal of the European Commission. 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 Commission Notice C/2023/267 of the European Commission, 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". These services integrate or use products of Kapsch TrafficCom.

Furthermore, the services also contribute to the environmental objective circular economy and are taxonomy-eligible under economic activity 4.1 "Provision of IT/OT data-driven solutions".

Solutions, taxonomy-eligible (environmental objectives climate change mitigation, 6.15; circular economy, 4.1)	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.

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 Commission Notice C/2023/267 of the European Commission, 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". Furthermore, the products also contribute to the environmental objective circular economy and are taxonomy-eligible under the economic activities 1.2 "Manufacture of electrical and electronic equipment" and 4.1 "Provision of IT/OT data-driven solutions". 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 objectives climate change mitigation, 3.6; circular economy, 1.2 and 4.1)	eligible	aligned under climate change mitigation, 3.6
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 Units	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	

In order to avoid double counting in the classification across economic activities, all products and services were counted under the environmental objective climate change mitigation. The taxonomy-eligible services and products under the environmental objective circular economy are therefore included in those of the environmental objective of climate change mitigation.

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

2.1.4 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" nor do they meet the criteria for a significant contribution to circular economy as set out under 4.1 "Provision of IT/OT data-driven solutions". They are therefore not considered taxonomy-aligned.

The same applies to the components business and the products of Kapsch TrafficCom with regard to the environmental objective circular economy under 1.2 "Manufacture of electrical and electronic equipment" and 4.1 "Provision of IT/OT data-driven solutions". Furthermore, Kapsch TrafficCom analyzed its components business for alignment with the technical screening criteria listed 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 2.3 "Pollution"*. Finally, compliance with the minimum requirements specified in Article 18 of the Taxonomy Regulation 2020/852 was verified.

The analysis and preparation were 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.

As in the previous year, 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 facility in Austria and from an external producer in 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

As only the environmental goal climate change mitigation is addressed for the time being, any double counting in the allocation was excluded.

2.1.5   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 Taxonomy Regulation 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 the taxonomy-aligned revenues.

OpEx (operating expenditures).

In accordance with the Taxonomy Regulation, operating expenditures in the denominator include direct, non-capitalized costs incurred to maintain the functionality of fixed assets (mainly maintenance expenses, see *>> 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.
in EUR million (in %)

600 — **EUR 538.8 million.** (100%)
500 — **EUR 536.7 million.** (99.6%)
400
300
200
100
EUR 31.4 million. (5.8%)
0

CapEx.
in EUR million (in %)

15
12,5 — **EUR 13.3 million.** (100%)
10 — **EUR 10.1 million.** (75.9%)
7,5
5
2,5
EUR 0.8 million. (5.7%)
0

OpEx.
in EUR million (in %)

90
75 — **EUR 83.9 million.** (100%)
60
45
30
15 — **EUR 2.6 million.** (3.1%)
EUR 0.2 million. (0.3%)
0

- Total
- Taxonomy-eligible
- Taxonomy-aligned
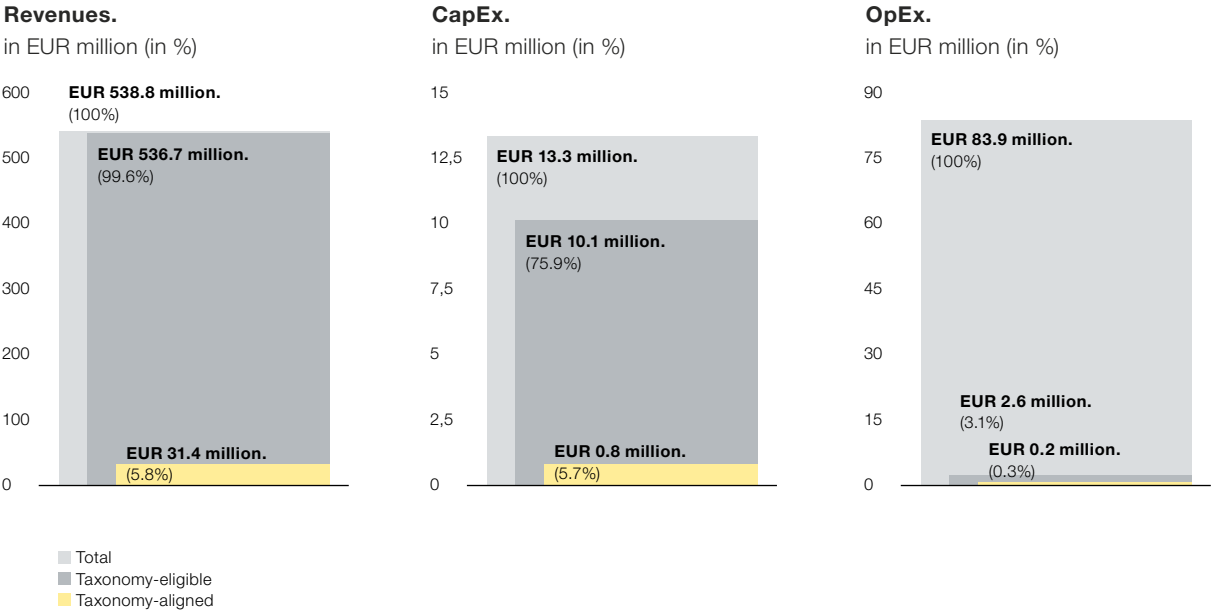
Revenues.

| Economic activities | Code(s) | Absolute Revenues | Proportion of Reve-nues | Substantial contribution criteria | | | | | |
				Climate change mitiga-tion	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Bio-diversity and eco-systems
		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	31.36	5.8%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
A.2 **Taxonomy-eligible but not environmentally sustaina-ble activities (not taxono-my-aligned activities)**									
3.6 Manufacture of other low-carbon technologies	C 26.30, C 26.51	53.99	10.0%						
6.15 Infrastructure enabling low-carbon road transport and public transport	M 71.12, H 52.21	451.30	83.8%						
Total (A.1 + A.2)		**536.65**	**99.6%**						
B **Taxonomy-non-eligible activities**									
Revenues of Taxonomy-non-eligible activities		**2.19**	**0.4%**						
Total (A + B)		**538.84**	**100.0%**						

[1] E= Enabling Activity
[2] T = Transitional Activity

DNSH criteria (Does Not Significantly Harm)							Taxonomy-aligned proportion of revenues, year 2023/24	Taxonomy-aligned proportion of revenues, year 2022/23	Category (enabling activity)	Category (transitional activity)
Climate change mitiga-tion	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Bio-diversity and eco-systems	Minimum safe-guards				
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	5.8%	4.4%	E[2]	

CapEx.

Economic activities	Code(s)	Absolute CapEx	Proportion of CapEx	Substantial contribution criteria					
				Climate change mitiga-tion	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Bio-diversity and eco-systems
		in EUR million	%	%	%	%	%	%	%
A **Taxonomy-eligible activities**									
A.1 **Environmentally sustainable activities (taxonomy-aligned)**									
6.5 Transport by motorbikes, passenger cars and commer-cial vehicles	H 52.21	0.10	0.8%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
7.7 Acquisition and owner-ship of buildings	L 68.20	0.66	5.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
A.2 **Taxonomy-eligible but not environmentally sustaina-ble activities (not taxono-my-aligned activities)**									
6.5 Transport by motorbikes, passenger cars and commer-cial vehicles	H 52.21	1.47	11.1%						
7.7 Acquisition and owner-ship of buildings	L 68.20	7.82	59.0%						
Total (A.1 + A.2)		**10.05**	**75.9%**						
B **Taxonomy-non-eligible activities**									
CapEx of Taxonomy-non-eligible activities		**3.20**	**24.1%**						
Total (A + B)		**13.25**	**100.0%**						

1)   E= Enabling Activity
2)   T = Transitional Activity

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 safe-guards	Taxonomy-aligned proportion of CapEx, year 2023/24	Taxonomy-aligned proportion of CapEx, year 2022/23	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	0.8%	0.4%	E[2]	
Yes	Yes	Yes	Yes	Yes	Yes	Yes	5.0%	10.2%	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 eco-systems
		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	0.00	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
7.7 Acquisition and ownership of buildings	L 68.20	0.22	0.3%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
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	0.67	0,8%						
7.7 Acquisition and ownership of buildings	L 68.20	1.69	2.0%						
Total (A.1 + A.2)		**2.58**	**3.1%**						
B Taxonomy-non-eligible activities									
OpEx of Taxonomy-non-eligible activities		**81.28**	**96.9%**						
Total (A + B)		**83.86**	**100.0%**						

[1]   E= Enabling Activity
[2]   T = Transitional Activity

DNSH criteria (Does Not Significantly Harm)										
Climate change mitiga-tion	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Bio-diversity and eco-systems	Minimum safe-guards	Taxonomy-aligned proportion of OpEx, year 2023/24	Taxonomy-aligned proportion of OpEx, year 2022/23	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	0.0%	0.1%	E[2]	
Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.3%	0.2%	E[2]	

2.2 Climate change.

2.2.1 Organization and strategy.

As mentioned above, around 20% of global greenhouse gas emissions are caused by road traffic. Kapsch Traffic-Com offers solutions consisting of hardware, software and services that make road traffic more efficient, safer, more reliable and more comfortable as well as reduce environmental pollution. The focus of the European Green Deal on reducing greenhouse gas emissions therefore offers growth opportunities for Kapsch TrafficCom.

In addition to reducing traffic emissions, Kapsch TrafficCom strives to ensure that the production and operation of its products and solutions require as little material and electricity as possible. At the same time, the Company is working to use renewable resources wherever possible. Details on this are described in *>> section 1.3.1 "Sustainable business model"*.

2.2.2 Management of impacts, risks and opportunities.

A complete overview of the material matters and the corresponding concepts of Kapsch TrafficCom can be found in *>> section 1.3.5 "Material impacts, risks and opportunities"*. Many of these concepts and measures are cross-thematic, which is why they are described collectively in *>> section 1.4.2 "Sustainability program"*. Some initiatives are highlighted here as examples:

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 2.1.4 „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 traffic flow. By choosing a cloud solution, up to 25% CO_2e 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 in the cloud as a Software-as-a-Service (SaaS) solution. According to a Microsoft study, an Azure cloud-based deployment can avoid 72% to 98% of CO_2e emissions compared to an on-premise solution.

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; an innovation project is currently supporting this approach.

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 two financial years 2020/21 and 2021/22, travel decreased significantly due to restrictions associated with COVID-19.

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.

Transport. In general, transportation by ship and truck is preferred to air 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.

2.2.3   Key figures and targets.

The calculation of the corporate carbon footprint for Kapsch TrafficCom in accordance with ISO 14064:2018 is currently in preparation. Data already available is shown in the following table. Unless otherwise stated, the base year is financial year 2019/20 as the last financial year unaffected by the COVID-19 pandemic. Key categories not yet included in this report (category 1 "Purchased goods and services" and category 11 "Use of sold products") will be reported from the next financial year.

	Values base year	2022/23	2023/24	Reduction compared to the base year in percent	Targets
Scope 1: Direct emissions [t CO_2e]	3,509	2,731	2,765	-21%	Do not increase
Scope 2: Purchased energy [t CO_2e]	12,040	11,635	12,749	6%	Actively reduce
Energy consumption [MWh]	18,878	18,169	19,017	1%	Actively reduce
Scope 3: Category 2 – Capital goods [t CO_2e]	19,042	12,923	5,196	-73%	Do not increase
Scope 3: Category 3 – Fuel- and energy-related activities [t CO_2e]	2,889	2,765	2,995	4%	Do not increase
Scope 3: Category 5 – Waste generated in operations [t CO_2e]	157	76	134	-15%	Actively reduce
Scope 3: Category 6 – Business travel [t CO_2e]	2,856	1,064	1,633	-43%	Actively reduce
Number of airline tickets [in % of base year]	100%	34%	51%	-49%	Maintain below 50% of the base year
Scope 3: Category 7 – Employee commuting [t CO_2e]	5,293	2,515	2,469	-53%	Actively reduce

Scope 1. The Company's most relevant source of emissions for Scope 1 is the vehicle fleet. Since the financial year 2021/22, its CO_2 emissions have been recorded and reported at all sites with at least 5 employees or more than 200 m² of space. This year is therefore used as the base year.

The target for 2030 is not to increase Scope 1 emissions. Compared to the base year, 21% of Scope 1 emissions have been saved to date.

Scope 2. Since the financial year 2021/22, CO_2 emissions from energy consumption, heating and cooling have been recorded and reported at all sites with at least 5 employees or more than 200 m² of space (including production), so this year is used as the base year. The sites comprise 99.4% of the total workforce. The data quality of the data collected to date has fluctuated greatly in the past; the Company is working to continuously improve data quality. The increase in emissions and consumption is also attributed to the fact that offices were used more frequently again after the end of the COVID restrictions. Due to a change in the methodology for data collection, there was an increase of 6% compared to the base year.

The target for 2030 remains to actively reduce Scope 2 emissions.

Scope 3. All other indirect emissions are recorded in Scope 3 and reported separately by category. In addition to categories 1 "Purchased goods and services" and 11 "Use of sold products", which are not yet reported, categories 6 "Business travel" and 7 "Employee commuting" have significant emission values. For CO_2 emissions in categories 3 and 5, the first data collection year 2021/22 is the base year. One target is to keep the number of flights in category 6 below 50% of the base year. The target was met in the financial year 2022/23 with a value of 34% and slightly exceeded in the financial year 2023/24 with 51%.

The following results were achieved in comparison to the respective base year:

- Category 2 – Capital goods recorded a reduction of 73% due to office reconfigurations.
- Category 3 – Fuel and energy-related activities increased slightly together with Scope 2 emissions.
- Category 5 – Waste was reduced by 15% compared to the base year.
- Category 6 – Business travel was reduced by 43% compared to the base year.
- Category 7 – Employee commuting was reduced by 53% compared to the base year due to increased home office work.

The target is to actively reduce the sum of all Scope 3 emissions by 2030.

Kapsch TrafficCom has set itself the overarching target of reducing its corporate carbon footprint by 42% compared to 2020 by 2030.

2.3 Pollution.

2.3.1   Strategy.

Air pollution has a significant impact on people's health, burdens ecosystems, contributes to climate change and damages materials and buildings. Road traffic plays an important role here. According to the European Environment Agency, it is the largest emitter of nitrogen oxide in the EU with a share of 39%. It accounts for 19% of carbon monoxide, 28% of soot and 11% of particulate matter. Globally, traffic causes 25% of air pollution (PM2.5) in cities. In addition, noise pollution is a significant health problem for humans and animals in Europe. It is most frequently caused by traffic. Kapsch TrafficCom's products help to reduce air pollution. Details on this are described in ➤➤ *section 1.3.1 "Sustainable business model"*.

2.3.2   Management of impacts, risks and opportunities.

A complete overview of the material matters and the corresponding concepts of Kapsch TrafficCom can be found in ➤➤ *section 1.3.5 "Material impacts, risks and opportunities"*. Many of these concepts and measures are cross-thematic, which is why they are described collectively in ➤➤ *section 1.4.2 "Sustainability program"*. Environmentally friendly procurement is highlighted here as an example.

Handling hazardous or harmful substances. As far as possible, Kapsch TrafficCom avoids the use of substances that are hazardous to health or the environment and products containing such substances. Safety data sheets are used to assess the hazard potential. The procurement of products and raw materials that would have to be disposed of as hazardous substances after processing or use is avoided wherever possible.

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.

Supplier evaluation. Kapsch TrafficCom is increasingly centralizing procurement via the Supply Chain Management department. An impact assessment is carried out for each new supplier, which also covers environmental issues. As part of the onboarding process, every supplier that does not have a qualified environmental management system must complete a questionnaire that includes extensive questions on environmental aspects. Depending on the supplier category, the information is checked at regular intervals in a standardized manner.

2.3.3 Key figures and targets.

In financial year 2024/25, Kapsch TrafficCom will evaluate for which sub-areas relevant key figures and targets will be defined. These will gradually be collected and reported in the coming financial years.

2.4 Circular economy.

2.4.1 Strategy.

The use of materials contributes significantly to the corporate carbon footprint. Kapsch TrafficCom has set itself the goal of reducing its corporate carbon footprint by 42% by 2030. Details are described in **>> *section 1.3.1 "Sustainable business model"***. In order to achieve this goal, Kapsch TrafficCom is focusing on the circular economy, as aspects such as longer lifetime and reparability significantly reduce the consumption of resources and their impact on the environment.

2.4.2 Management of impacts, risks and opportunities.

A complete overview of the material matters and the corresponding concepts of Kapsch TrafficCom can be found in **>> *section 1.3.5 "Material impacts, risks and opportunities"***. Many of these concepts and measures are cross-thematic, which is why they are described collectively in **>> *section 1.4.2 "Sustainability program"***. Some initiatives are highlighted here as examples:

Repair service. Kapsch TrafficCom has been offering its customers an in-house repair service for its products for many years. Since 2005, the scope of services has been extended to the entire Kapsch portfolio and now also includes the refurbishment service for smaller products such as on-board units and transponders. The return of used on-board units enables electronic components to be reused up to four times, reducing the overall CO_2 footprint of the product by up to 31%.

Reuse of plastic waste. By analyzing the production process, Kapsch TrafficCom found that the plastic waste generated in the course of housing production meets the quality requirements for reuse in the production process. For this reason, this waste has been added to the new plastic granulate since the 2023/24 financial year.

Guideline for sustainable product design. A globally applicable guideline ("Sustainable Portfolio Guideline") ensures that environmental aspects are taken into account in the best possible and most structured way 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. Compliance with these requirements is mandatory for the entire Kapsch TrafficCom portfolio.

2.4.3 Key figures and targets.

In financial year 2024/25, Kapsch TrafficCom will evaluate for which sub-areas relevant key figures and targets will be defined. These will gradually be collected and reported in the coming financial years.

3 Social information.

3.1 Own workforce.

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.

3.1.1   Overview.

As of March 31, 2024 the Kapsch TrafficCom Group employed a total of 4,054 people, which is 15 or 0.4% more than at the balance sheet date of the previous year. After the balance sheet date, the Group company TMT Services and Supplies Proprietary Limited, South Africa, which had 284 employees and was indirectly held by Kapsch TrafficCom at 82.9%, was sold.

Personnel expenses decreased by 3% to EUR 242 million in the financial year 2023/24 due to favorable currency developments and, in some cases, lower inflation-related salary indexation. As in the previous year, the personnel ratio (ratio of personnel expenses to revenues) was 45%. The proportion of women in the total workforce remained constant at 36%.

Employment contracts.
As of the balance sheet date 85.4% of the employees of Kapsch TrafficCom were white-collar workers and 11.9% blue-collar workers. The proportion of persons in training was 1.2% and approximately 1.4% were inactive.

	March 31, 2023	March 31, 2024	+/-
Employees	3,417	3,463	46
Workers	508	484	-24
In training/education	48	50	2
Inactive (parental leave, military service, etc.)	66	57	-9
Total	**4,039**	**4,054**	**15**
thereof part-time	147	190	43

Age structure.
Around 12% (previous year: 12%) 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: 24%) were older than 50 years.

Age structure of Kapsch TrafficCom's workforce.

Younger than 30 years **12%**

30–50 years **64%**

Older than 50 years **24%**
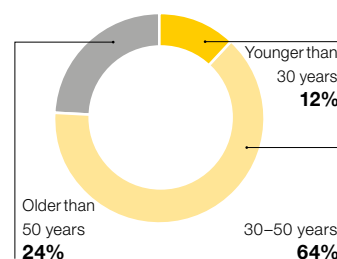
Headcount by region.
Kapsch TrafficCom is a global Company with a large part of its workforce outside Austria:

- In EMEA, the Group employed 2,659 people (previous year: 2,620) the highest headcount. The countries with the highest number of employees were: South Africa (1,186), Austria (650), Spain (457) and Belarus (161).
- Of the total of 1,313 employees (previous year: 1,343) in the Americas region, 615 worked in the USA, 220 in Argentina, 139 in Mexico, 129 in Chile and 106 in Canada.
- Australia accounted for 77 of the 82 employees (previous year: 76) 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.

3.1.2 Working conditions.

Strategy.
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 completed in the financial year 2023/24. 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).

Management of impacts, risks and opportunities.
A complete overview of the material matters and the corresponding concepts of Kapsch TrafficCom can be found in *>> section 1.3.5 "Material impacts, risks and opportunities"*. Many of these concepts and measures are cross-thematic, which is why they are described collectively in *>> section 1.4.2 "Sustainability program"*. Some of the concepts and initiatives that contribute to the successful recruitment, motivation and retention of employees are explained below.

Apprenticeship. Kapsch TrafficCom, as an apprenticeship company, offers vocational training to young people in Austria. As of the balance sheet date, 13 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", valid for four years, 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 more than 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. Since the financial year 2022/23, instead of a "traditional" employee appraisal, two much more focused appraisals are held: 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. Kapsch TrafficCom has been conducting employee surveys on an anonymous basis for many years. In the reporting period, an interval of six months has now been defined for these surveys. 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 based on the results of the employee survey is in place for all Executive Board members. 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.

Health and safety in the workplace. Kapsch TrafficCom is committed to employee protection and continuously implements measures to ensure a safe and healthy working environment.

A crucial element is the close cooperation with qualified safety experts who advise employees on safety standards and best practices. This allows preventative measures to be identified and implemented to minimize potential risks. There is also a robust emergency organization designed to respond quickly and effectively in the event of incidents.

Another focus is on creating ergonomic workplaces to minimize physical and mental stress and promote the well-being of employees. Health promotion programs and prevention programs directly at the workplace help to promote the holistic health of employees; they are also supplemented by outsourced services.

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.

Key figures and targets.
Kapsch TrafficCom's investments in employee training increased significantly in the financial year 2023/24. The training budget was already significantly exceeded in the previous year after it had been cut in line with demand in previous years and also in connection with the economic situation. Although the budget was significantly increased again in the reporting period, it was nevertheless exceeded again by 14%.

The employee turnover rate was again reduced compared to the previous year and is below the target value of 10%; this level should now be maintained. As in the previous year, there were no fatalities to report in the financial year 2023/24, but there were three incidents of work-related injuries with serious consequences.

	2022/23	2023/24	2024/25 goals
Consumption of training budget[1]	178%	114%	100%
Employee turnover rate[2]	10.5%	8.5%	< 10%
Number of fatalities as a result of work-related injury[3]	0	0	0
Rate of fatalities as a result of work-related injury[4]	0.0	0.0	0.0
Number of high-consequence work-related injuries (excluding fatalities)[3] [5]	0	3	0
Rate of high-consequence work-related injuries[6]	0.0	0.0	0.0
Number of recordable work-related injuries[3]	33	24	0
Rate of recordable work-related injuries[7]	4.7	0.3	0.0

[1] In financial year 2023/24, the training budget amounted to about EUR 1.2 million (previous year: about EUR 0.5 million).
[2] Calculation: Employee-initiated departures / average number of employees excluding sold/shutdown business units.
[3] Injuries or fatalities as a result of commuting incidents are only included if the transport has been organized by Kapsch TrafficCom.
[4] 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 2023/24 amounted to 7,003,389 (previous year: 6,853,788), this covers 100.0% (previous year: 93.4%) of the total workforce.
[5] 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.
[6] 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 2023/24 amounted to 7,003,389 (previous year: 6,853,788), this covers 100.0% (previous year: 93.4%) of the total workforce.
[7] 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 2023/24 amounted to 7,003,389 (previous year: 6,853,788), this covers 93.4% of the total workforce.

3.1.3. Equal treatment and opportunities for all.

Strategy.
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% in all geographical regions by 2028.

Management of impacts, risks and opportunities.
A complete overview of the material matters and the corresponding concepts of Kapsch TrafficCom can be found in *>> section 1.3.5 "Material impacts, risks and opportunities"*. Many of these concepts and measures are cross-thematic, which is why they are described collectively in *>> section 1.4.2 "Sustainability program"*. Some initiatives are highlighted here as examples.

KTCwomen@kapsch. A group of committed female employees has founded the international 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. 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".

In March 2024, the new initiative "Women in Mobility: Speed Networking" was launched, which aims to connect women in the mobility sector and ideally also lead to more women working at Kapsch TrafficCom. This program is intended to facilitate one-on-one conversations between Kapsch employees and other women who are enthusiastic about the mobility sector and/or are considering a career at Kapsch.

Responsible Annotation. Since 2019, the Responsible Annotation Team has been in place at Kapsch TrafficCom in Vienna. This is an initiative that enables people with disabilities to provide value-adding services as part of a work training or employment relationship in annotation at Kapsch TrafficCom. Annotation is the attachment of information and labels to data and is one of the basic requirements for modern artificial intelligence. For Kapsch TrafficCom, this is particularly essential for applications in the areas of automated license plate recognition and vehicle classification. Since April 2019, more than 100 people have completed work training and 14 people have found employment. In September 2022, the Responsible Annotation non-profit association was founded following the pilot project with the aim of promoting inclusive jobs in the AI environment. There is intensive cooperation with this association for the development of a training station and in the form of annotation service management. In October 2023, Kapsch TrafficCom received an award for inclusion for this initiative as part of the Austria's Leading Companies Awards, as well as the eAward in the field of education and social affairs for the "Training Station" project. Another inclusive annotation team is currently being set up in Latin America.

The various initiatives in the Kapsch TrafficCom Group to promote diversity and inclusion are bundled under the overall concept Diversity@KTC in order to address several dimensions of diversity jointly.

Key figures and targets.
The proportion of women in leadership positions is an important key figure for Kapsch TrafficCom for the empowerment of women, which has been reported since the 2018/19 financial year. The calculation of leadership positions was revised in financial year 2023/24: In addition to cost center managers, all people leads are now counted as leaders. According to the previous method of calculation, the proportion of women in leadership positions decreased by 0.6% to 25.4% at the end of the financial year 2023/24. According to the new calculation method, the proportion of female leaders has increased by 1.3% to 33.7%. From a regional perspective, however, the target of at least 30% of women in leadership positions is only met in the region of Africa with 45.3%. The target has therefore been refined by aiming to achieve the 30% share in all geographical regions.

	2022/23	2023/24	Targets 2024/25
Proportion of women in leadership positions according to former calculation[1]	26.0%	25.4%	
Proportion of women in leadership positions according to revised calculation[2]	32.4%	33.7%	≥ 30% in all geographical regions

[1] Concerns all cost center managers up to team leaders. Calculation: total number of female leaders / total number of leaders.
[2] Concerns all leadership levels up to team leaders. Calculation: total number of female leaders / total number of leaders.

3.2 Workers in the value chain.

3.2.1 Strategy.

Kapsch TrafficCom's commitment to sustainability encompasses not only its own company, but the entire value chain. Therefore, the workforce in the upstream and downstream value chain is also an essential part of the commitment. Kapsch TrafficCom is committed to fair working conditions and promotes diversity and inclusion – because committed and motivated employees are also crucial outside the company to ensure that Kapsch TrafficCom achieves its sustainability goals and secures long-term success.

3.2.2 Management of impacts, risks and opportunities.

A complete overview of the material matters and the corresponding concepts of Kapsch TrafficCom can be found in ≫ *section 1.3.5 "Material impacts, risks and opportunities"*. Many of these concepts and measures are cross-thematic, which is why they are described collectively in ≫ *section 1.4.2 "Sustainability program"*. Some initiatives are highlighted here as examples:

Supplier assessment. An impact assessment is carried out for each new supplier, in which environmental, social and governance aspects are relevant in addition to price and quality. Accordingly, compliance with criteria such as human rights and working conditions, decent work, exclusion of modern slavery, anti-corruption and corporate integrity is also ascertained.

Contracts are only concluded with suppliers who confirm that they strictly comply with all laws relating to these obligations. In addition, Kapsch TrafficCom conducts regular supplier audits and review meetings to monitor compliance with obligations and identify opportunities for continuous improvement. The Company is also in regular contact with its main suppliers on sustainability issues.

In the event of a breach of environmental or social legislation, the issue is discussed immediately. In the event of gross violations or failure to take remedial action, the supplier relationship is terminated. However, this has not yet happened.

3.2.3 Key figures and targets.

In financial year 2024/25, Kapsch TrafficCom will evaluate for which sub-areas relevant key figures and targets will be defined. These will gradually be collected and reported in the coming financial years.

3.3 Affected communities.

Tolling and traffic management systems are instruments for implementing political transport objectives. They are designed to contribute to changing user behavior and generate revenue to finance sustainable mobility. They are purchased and operated by public authorities or agencies acting on their behalf. Their operation has the specific purpose to affect communities. As described in ≫ *section 2.2 "Climate change"* and ≫ *section 2.3 "Pollution"*, these systems enable the reduction of greenhouse gases, air pollution and noise. However, the extent to which these opportunities are utilized is dependent on the customer as the decision maker on transport policy.

The communities affected by a tolling or traffic management system are:

- **Motorists.** Their mobility behavior is influenced by tolling systems and traffic management. Toll collection can serve this purpose to
  - ☐ maintain the road infrastructure, which directly benefits the motorist, or
  - ☐ encourage behavioral change through financial incentives, which can increase the cost of driving. In certain cases, it could also be argued that this reduces the value of the vehicle as it may not provide the mobility that the driver had hoped for at the time of purchase. Traffic management can assist drivers by saving time or ensuring a smooth traffic flow, on the other hand it can increase journey times as it steers drivers away from sensitive areas (e.g. residential areas, schools).

- **Pedestrians and cyclists.** They are exposed to air pollution that directly affects their health. In the case of urban road charges or traffic management to reduce road traffic, they benefit from the public health benefits of cleaner air and increased well-being. In the case of traffic management, they benefit as vulnerable road users from increased road safety.
- **General population along roads.** The general population along roads is generally exposed to road noise, which affects public health. They benefit from a reduced volume of traffic and thus from toll collection and traffic management.
- **Real estate owners in the vicinity of roads.** Air pollution endangers the substance of buildings. Owners or managers of buildings are exposed as they bear the maintenance costs for buildings. This is particularly relevant for historic buildings.
- **Population of a low-emission zone or an area where road tolls are charged.** Depending on the tolling system, the cost of vehicle use in these areas may increase. No direct correlation could be established to the development of real estate prices.
- **Business community in an affected area.** Depending on the tolling system, customer access may be affected by changes in mobility patterns, as may access for deliveries.

3.3.1   Strategy.

Road tolling systems and traffic management systems are designed to impact communities in pursuit of the public good. The definition of how the public good is best pursued and achieved is part of public policy and lies with public authorities, who are responsible for an open transparent and inclusive assessment of their measures. It therefore lies outside the competence of economic operators. For this reason, there are no measures on the part of Kapsch TrafficCom that are aimed at affected communities, however the Company does approach politicians with proposals and concepts.

3.3.2   Management of impacts, risks and opportunities.

The impacts of tolling systems on affected communities are typically assessed prior to their introduction and are the responsibility of the authorities. Traffic management systems are used to fulfill a public task, namely traffic management. The link between the affected communities and the operator of the system lies outside the realm of the economic actors.

Risks relating to the operation of tolling or traffic management devices are addressed by the applicable legislation on the material properties of the devices or possible negative impacts of the radio signals they emit.

3.3.3   Key figures and targets.

In financial year 2024/25, Kapsch TrafficCom will evaluate for which sub-areas relevant key figures and targets will be defined. These will gradually be collected and reported in the coming financial years.

3.4 Consumers and end-users.

Tolling and traffic management systems are instruments for implementing political transport objectives. The equipment for road tolling is distributed by road operators or toll service providers to the end user, who is contractually obliged to use it. The end user operates a so-called on-board unit, which is installed in the vehicle to report the distance traveled to the toll operator and enable the calculation of the applicable toll. Other equipment for road tolling or traffic management systems are not used directly by the end user. Kapsch TrafficCom therefore has no typical "consumers" who use the products. They are not intended for personal use.

The end users of the equipment for road tolling are motorists, either private or professional. They or their transport company bear the cost of the toll collected by the toll operator.

A road tolling system is designed to allow motorists to either pay for the infrastructure wear and tear they cause or to contribute to the public good by covering the external costs they cause, such as air pollution, noise and congestion.

Tolling parameters or the objectives of traffic management are part of public policy and are in the competence of public authorities who are accountable to the citizens they serve. It is their responsibility to organize consultations and dialogues with stakeholders or trials to explore and mitigate potential impacts on end users if they are undesirable.

The On-board unit is a piece of radio equipment and complies with applicable laws to protect the end user from damage caused by radio signals. The end user is also protected by safety regulations against possible harmful substances in the housing or fire hazards.

3.4.1   Information-related impacts and personal safety.

Strategy.
Road tolling systems process personal data on the basis of a contractual obligation with the purpose of enabling the processing of toll payments and possible infringements. Where applicable, the person concerned has the option of contacting the data controller, usually the toll service provider or the toll operator. The on-board unit provides tolling transactions that later lead to payments. The security is therefore high, the device is sealed and protected against manipulation in order to protect the interests of the end user and the toll service provider or toll operator.

Management of impacts, risks and opportunities.
A complete overview of the material matters and the corresponding concepts of Kapsch TrafficCom can be found in ≫ *section 1.3.5 "Material impacts, risks and opportunities"*. Many of these concepts and measures are cross-thematic, which is why they are described collectively in ≫ *section 1.4.2 "Sustainability program"*. Some initiatives are highlighted here as examples:

Information security. Kapsch TrafficCom is aware of its responsibility in handling customer and user data and is also careful to protect this and 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.

Kapsch TrafficCom has operated and developed a certified information security management system (ISMS) in accordance with ISO/IEC 27001, 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.

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 these 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 and training employees. Another pillar is the regular simulation of phishing e-mails, which is a practical exercise integrated into everyday 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. He/she ensures that customer-specific security requirements are met.

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. In financial year 2023/24, no training courses were held as these were restructured from a compliance month at the end of the financial year to a compliance quarter in the first quarter of the financial year.

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.

Key figures and targets
In financial year 2024/25, Kapsch TrafficCom will evaluate for which sub-areas relevant key figures and targets will be defined. These will gradually be collected and reported in the coming financial years.

4 Governance information.

4.1. Business conduct.

4.1.1 Strategy.

For Kapsch TrafficCom, it is not only important that business goals are achieved, but also how they are achieved. The Company's history shows that it acts sustainably and with long-term vision. To achieve this, it is important to understand the needs of the relevant interest groups and to take the right decisions on this basis.

Respect for human rights is a matter of principle for Kapsch TrafficCom, 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.

Information on the organization of sustainability at Kapsch TrafficCom and current developments can be found in the corresponding >> section 1.2 "Organization of sustainability" and in the >> CG Report.

4.1.2 Management of impacts, risks and opportunities.

A complete overview of the material matters and the corresponding concepts of Kapsch TrafficCom can be found in >> section 1.3.5 "Material impacts, risks and opportunities". Many of these concepts and measures are cross-thematic, which is why they are described collectively in >> section 1.4.2 "Sustainability program". Some initiatives for the key sub-topics are highlighted below as examples.

4.1.3 Business principles.

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 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 as well as country level. Key principles mentioned in the Code of Conduct are:

- Kapsch respects and protects the dignity of people.
- 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 the right of employees to freedom of association and collective bargaining within the applicable legal provisions.
- Unfair business practices such as corruption and bribery are prohibited.
- Conflicts between the interests of the Company and those of the employees' actions are to be avoided.

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

Protection of whistleblowers. Whistleblowers who report suspected legal violations and breaches of internal compliance guidelines are protected by Kapsch TrafficCom if they had reasonable grounds to believe that the information reported was true at the time of the report.

In addition to the existing system in North America, Kapsch TrafficCom implemented a new electronic whistleblower system in Austria and Spain in financial year 2023/24 to report suspected legal violations. In these two countries, Kapsch TrafficCom is subject to the respective whistleblower protection laws. In the future, this system is also planned to be available in other European countries. Kapsch TrafficCom takes an impartial and unbiased approach to the receipt and handling of incoming reports and ensures that they are processed independent of instructions. Kapsch TrafficCom's internal compliance guidelines also provide for other reporting channels in addition to an electronic whistleblower system.

4.1.4   Corruption and bribery.

Internal guidelines. Kapsch TrafficCom has internal guidelines on the various aspects of corruption prevention (e.g. gifts & invitations, donations & sponsoring or lobbying), 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 for the comprehensive prevention, investigation and treatment of compliance violations has been established at Kapsch TrafficCom In this regard, the Executive Board is supported by the Group Compliance Officer. This officer, in turn, has recourse to various departments or managers in the organization and is also available to all employees in an advisory capacity. The Executive Board submits an annual Anti-Corruption report to the Supervisory Board. The Group Compliance Officer reports regularly to the Audit Committee and, if necessary, directly to the Executive Board or 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 accordance with the internal guidelines in order to ensure compliance with the relevant regulations. Internal Audit can, among others, audit the processes of the internal control system and their compliance as well as the occurrence of corruption and bribery as instructed by the Executive Board.

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. Furthermore, additional compliance information was included in the self-assessment of new suppliers in the 2023/24 financial year.

Training. In the first quarter of financial year 2024/25, a new Group-wide online training course on anti-corruption will be rolled out and specific content will be added to existing training courses.

4.1.5   Key figures and targets

Confirmed cases. In the reporting period, there were no convictions, sanctions or fines for companies of the Kapsch TrafficCom Group in connection with corruption, bribery or human rights violations.

	2022/23	2023/24	2024/25 goals
Proven significant claims or proceedings, sanctions or fines against Kapsch TrafficCom Group companies in connection with corruption, bribery or human rights violations.	0	0	0

Vienna, June 18, 2024

Der Executive Board

Georg Kapsch
Chief Executive Officer

Alfredo Escribá Gallego
Executive Board member

Disclaimer.

Certain statements in this report are forward-looking statements. They contain the words "believe", "intend," "expect," "plan," "assume," and terms of a similar meaning. Forward-looking statements reflect the beliefs and expectations of the Company. Actual events may deviate significantly from the expected developments, due to a range of factors. As a result, readers are cautioned not to place undue reliance on such forward-looking statements. Kapsch TrafficCom AG is under no obligation to update forward-looking statements made herein, unless required by applicable law.

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

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

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

Imprint.

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 2023/24 financial year, about 4,000 employees generated revenues of EUR 539 million.

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