



kontron

Sustainability Report
2022

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SUSTAINABILITY REPORT

Introduction

Foreword

Sustainable corporate governance is important to the Kontron Group. As we realise our short and long-term growth targets, we make decisions that are both future-oriented and sustainable. Here we pay particular attention to respectful interaction in our day-to-day operations, maintaining an ongoing dialogue with our stakeholders, and carefully considering the impact of our business activities on society and the environment in order to identify ESG opportunities early on and counter ESG risks in good time.

We manage the Kontron Group with the aim of creating sustainable value. Corporate governance, corporate social responsibility and compliance issues are an intrinsic part of all corporate considerations and decisions. We have underlined this commitment since January 2022 as a signatory to the UN Global Compact, with which we have undertaken to comply with the ten UN Global Compact principles in the areas of Human Rights, Labour, Environment and Anti-Corruption in our strategy and our actions. Our ambition is to integrate the principles as an integral part of Kontron's value system. Accordingly, Kontron has set itself concrete targets based on the key issues identified in a materiality analysis:

E – Environment: As an overarching environmental goal, we aim to halve the Kontron Group's CO₂ consumption by 2030; additional environmental goals are defined on a site-specific basis.

S – Social: In the social area, Kontron AG has set itself the target of increasing the proportion of female employees throughout the Group (currently 28.7%) by at least 20% by 2030 as part of "Vision 2030"; the proportion of women in management positions should rise to the same level by 2030. To attract, retain and train key staff for leadership positions, Kontron plans to enhance annual training and increase training hours by at least 20% (FY 2022: 18.4 hours/FTE).

G – Governance: All employees must complete annual training on compliance, security and data protection (security training currently takes place every two years), with a zero-tolerance policy.

As an introduction to this report, here are some of the ESG measures implemented in the financial year 2022:

- › The financial year 2022 was characterised by the strategic realignment of the Kontron Group. The structures were streamlined with the closing of the sale of the IT service companies.
- › Kontron has committed itself to comprehensive transparency. To this end, Dr. Clemens Billek, a proven expert in compliance and financial markets, was appointed to the Executive Board. In addition, the Group-internal Code of Conduct and the Code of Conduct for Suppliers were revised and expanded in the past financial year.
- › Kontron's long-held philosophy – "hire for attitude, train for skills" – remains in place unchanged and is promoted through programmes for the personal and professional development of our colleagues. In 2022, we congratulated the graduates of the first edition of the "Kontron Leadership Academy" on successfully completing their one-year training programme. Here junior managers, mostly women, get ready for their next career steps in a wide range of areas under the guidance of external trainers and Kontron managers.
- › To promote the use of renewable energy, we are increasingly purchasing green electricity. In 2022, we managed to put several more photovoltaic plants into operation.
- › Kontron is committed to the seven Women's Empowerment Principles (WEPs), which aim to promote gender equality without discrimination in the workplace, thereby supporting the achievement of SDG10. Kontron became a signatory in January 2023.

The Executive Board of Kontron AG



Dipl.-Ing. Hannes Niederhauser



Dr. Clemens Billek



Dr. Peter Sturz



Dipl.-Ing. Michael Riegert

Key figures

IoT + Industry 4.0



Internationally-leading supplier of Industry 4.0 and Internet of Things technologies

1,096 million €

Annual revenue 2022 in continuing companies

Green solutions



Supplier of products and solutions forming part of energy-efficient, sustainable and secure applications

176 million



2022: EUR 176.4 million for engineering as well as research & development

4,475



More than 4,400 employees in 24 countries

80,000 hours of training



More than 80,000 hours of training held successfully throughout the Group

The Kontron Group

Short profile

Kontron AG (until June 1, 2022 S&T AG) is a leading IoT technology company. Kontron is listed on Deutsche Börse's SDAX® and employs more than 4,400 people in 24 countries worldwide as of December 31, 2022. For more than 20 years, Kontron has been helping companies from a wide variety of industries to achieve economic goals using intelligent solutions. From more efficient industrial processes, smarter and safer transportation to advanced communication, medical and energy solutions, the company offers its customers value-added technologies. With a comprehensive solutions portfolio in its "IT services" segment Kontron AG was also one of the leading providers of IT services and solutions in Central and Eastern Europe until the end of 2022. Following the sale of its "conventional" IT service business on December 29, 2022, the Kontron Group is following its growth strategy in the Internet of Things (IoT) technology sector.

Kontron AG is a public limited company under Austrian law and its headquarters are in 4020 Linz, Industriezeile 35, Austria. It is registered at the commercial register court in Linz under FN 190.272 m. The company's shares are listed in the Prime Standard of the Frankfurt Stock Exchange (FWB) in Frankfurt am Main, Germany. For more information on the Kontron Group and the portfolio, please refer to the chapters "Management Report" and "Performance Portfolio" in the annual report.

Values and guidelines

Our corporate values inform our daily work, and guide and drive our company.



Business success



Respect and appreciation in dealing with each other



Our strength stems from common purpose



Partnership

The management of the Kontron Group places a high priority on living up to its responsibilities towards the company, its employees, the environment and society. The reputation of the Kontron Group and the trust placed in it by our customers, investors, employees and the general public are determined by the actions undertaken by each and every person working for the Kontron Group. We view our employees as being the drivers of the success achieved by our company.

We offer our more than 4,400 employees a progressive work environment which facilitates new ways of working with each other. We promote our employees' senses of responsibility, respectful dealings with each other, and paths of personal development. To do so, we place a high priority upon such key values as dialogue, participation and fairness. Our objective is to secure the company's success on a long-term basis. Achieving this requires high levels of performance and integrity by our employees. The latter plays an important role in our company and towards, especially, our external stakeholders – our partners, clients and suppliers as well as local organisations. Regular contacts with our stakeholders is important to us and we are convinced that our participation in networks and initiatives that transcend the borders imposed by organisations strengthen our company. To enable this participation, we operate in a culture marked by open and constructive feedback. We give and receive input, as this is the way to improve ourselves and others.

The Kontron Group always keeps an eye on ecological sustainability issues. As a supplier of IoT technologies, the Kontron Group develops solutions that are deployed by clients for many years. These extremely long service lives mean that these systems have far less of an impact on the environment than consumer electronics where product turnover is high. Moreover, our solutions help increase efficiency and therefore use energy and resources more effectively. Consequently, the long service life and resource efficiency of our hardware and solutions are very important to both our clients and our engineers.

Stakeholders

Kontron defines as stakeholders those individuals or groups of people who are influenced by the business activities of the Kontron Group or, conversely, have an influence on the Group. An ongoing transparent dialogue with stakeholders is important to us, as it ensures timely identification of risks and addresses stakeholders' interests and demands.

Customers

Kontron is an internationally renowned company that maintains long-term and trust-driven relationships with a large number of customers. Developing these relationships requires our constant efforts to provide our customers with sustainable, innovative and secure products and services. We have a thorough understanding of our customers' industries and needs and constantly work to expand it still further in order to sustain our ability to satisfy complex demands. Our expertise stems not only from excellently trained employees, but also from outstanding partnerships with international technology suppliers cooperating with Kontron.

Measures such as customer surveys, external audits within the framework of certification for norms, but also the use or provision of advanced communication and collaboration platforms foster mutual exchange and the transformation of business relationships into long-term partnerships. These activities enable us to successfully operate in an increasingly complex business world, to satisfy our customers' demands, and to set standards of quality.

The Kontron Group has a highly diversified customer structure comprising several thousand customers in a variety of vertical markets. In financial year 2022, no single customer accounted for a share of Kontron's revenue of more than 3%. In 2022, the share of revenue from customers working in the betting sector was once again below 0.5% (PY: below 0.5%) of the Group's total revenue.

Management of returns

The management of returns forms a key part of our relationships with customers. At our sites with product manufacturing, we have integrated returns management into our supply chain as part of returns logistics with structured processes. The system plans and manages the flows of goods, information and funds passing among the client returning items, the supplier and the respective facility. The objectives are the quickest possible settlement and delivery to our customers with efficient further use of products. This corresponds to the focus of our sustainability-oriented environmental management, which strives to conserve resources by effectively repairing items.

Measures ensuring the prevention of defects form a key part of achieving customer satisfaction and preventing, or at least minimising returns. The deployment of the lean approach greatly facilitates continuous improvement, for example through a well-formulated quality planning. The key measures undertaken to prevent returns comprise the regular evaluation of the reasons for returns, and the careful selection of our manufacturers and suppliers

Suppliers

A constant goal at Kontron is to ensure that our relationships with our suppliers have the form of partnerships. These efforts are based on engaging in fair operating and business practices and maintaining close working relationships with our suppliers over many years. This maintenance includes ongoing and intensive dialogues on the increasingly demanding requirements placed by markets on quality, performance of supply, innovation and costs. We place high quality demands on our proprietary processes and technological solutions. These standards also have to be met as a matter of course by our suppliers. When selecting our suppliers and developing relationships with them, their adherence to our requirements with regard to the environment and sustainability, human rights, occupational safety and compliance is extremely important.

Principles of procurement

Our principles of procurement are summarised in our "Supplier Code of Conduct", and express the expectations placed by the Kontron Group on the suppliers with which it does business. They are based on the internationally recognised directives set out in the UN Global Compact and on the principles codified in our internal Code of Conduct, and encompass all of the topics covered in the chart below.

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Below are our non-financial principles of procurement:

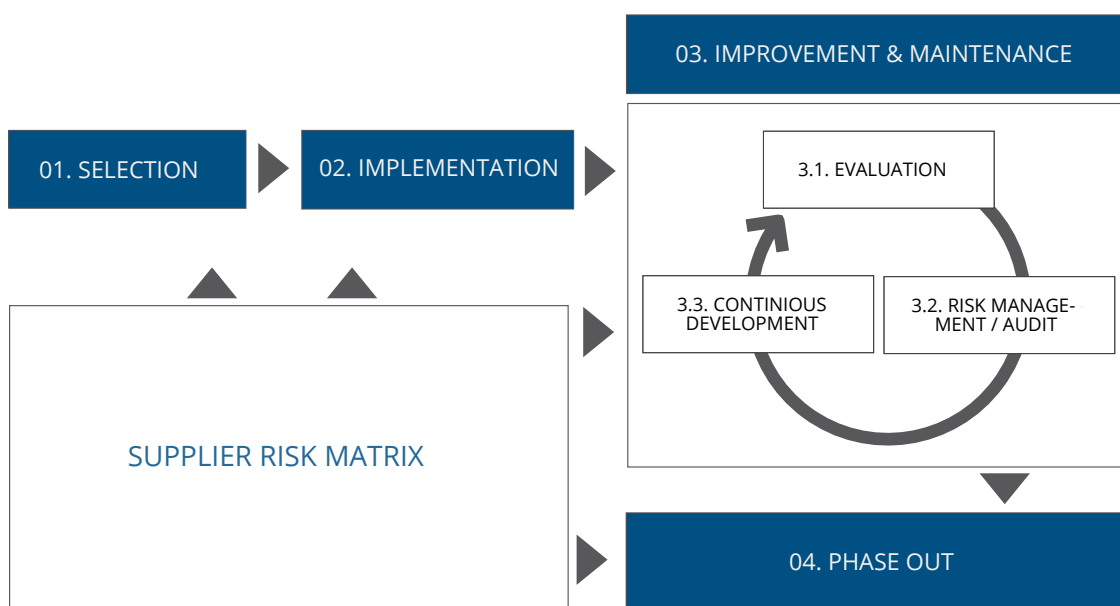


A central criterion when orders are placed by public authorities and industrial customers is that fundamental labour and social standards are observed in the production of goods. These are laid down by the International Labour Organisation (ILO), the United Nations' Global Compact, and by the respective national laws applicable in the country of production.

The Kontron Group has committed itself to the protection of human rights. It should be noted, however, that the end-to-end – i.e. in every link of the IT and IoT supply chain – adherence to and corresponding documentation of standards of labour and social issues constitutes a challenge. Consequently, this adherence and documentation cannot always be guaranteed. The Kontron Group therefore assumes responsibility for the protection of human rights within its sphere of influence.

The Kontron Group has many years of experience as the partner of the public sector. Therefore, the company has extensive experience regarding the requirements and expectations of public clients as well as the management and monitoring of suppliers.

More than ten years ago, as a central preventive measure, the Kontron Group introduced a differentiated supplier management system as part of its certified quality management system and has continuously developed it since that time. Supplier management comprises four main activities which form a matrix of responsibility covering the entire supplier management process: selection, implementation, ongoing improvement & maintenance, and phase out.



Before suppliers are commissioned, they must submit a self-evaluation or self-declaration, and comply with the Kontron Group's selection and qualification process. This forms the criterion determining whether the supplier will be commissioned. It is designed to ensure adherence to laws, principles of human rights, and labour and social standards. The Kontron Group does not award commissions to suppliers that have received a disqualifying ranking within the process of evaluation. This means that suppliers whose performance or business practices do not meet Kontron's high expectations and are thus disqualified will not be commissioned. This disqualification can also lead to the supplier losing all those orders that are subject to the initiatives of procurement.

Reasons for such a disqualification are, for instance, the failure to adhere to relevant environmental, health and security standards and laws, or to the conventions promulgated by the International Labour Organisation and the United Nations. Further causes of disqualification are lack of compatibility with the principles, values and rules of conduct that guide the decision, processes and systems of an organisation in ways leading to its actions benefiting its employees and other important stakeholders. The observation of human rights includes suppliers' enacting processes designed to preclude their use of conflict minerals. Consequently, suppliers' production processes must also preclude the incorporation of raw materials that originate from high-risk areas, or from regions that are experiencing conflicts. Any procurement is excluded that could lead to a contravention of human rights, to corruption, or to the financing of armed groups, terrorism or similar activities. Adherence is continually monitored by submitting database queries to specialised external partners. In cases of non-compliance, suppliers are required to adapt their supply chains. Suppliers are also required to ensure the observation of other product-related requirements such as those imposed by REACH and RoHS. On request, suppliers are obliged to disclose the contents and origins of the products supplied. Suppliers who promote corruption or engage in other practices contravening laws and principles of fair competition are also disqualified.

To monitor suppliers' compliance with the above standards, the Kontron Group also employs the project-related inspection of the test results provided by suppliers. These tests include audit evidence, inspection logs and sustainability reports. In addition to making use of generally available information, Kontron's activities in this area include inspections of facilities and audits of suppliers in order to examine production conditions in situ. Further measures include regular exchanges of information with representatives of the supply chain. These measures facilitate and optimise the Kontron Group's compliance with the aforementioned standards when manufacturing IT and IoT products.

Other stakeholders

Ongoing dialogue with the stakeholders cited, as well as with investors, employees, legislators and local organisations, proxy advisors, rating agencies, and other stakeholders is of great importance to us and help us to identify ESG opportunities and recognise ESG risks in good time. An excerpt from the discussions held in 2022 is presented in the "The Kontron Share" chapter of the annual report. We are happy to answer our stakeholders' questions and look forward to receiving feedback and suggestions at esg@kontron.com.

Sustainability management at Kontron

Group-wide coordination of sustainability

As a responsibility of Chief Financial Officer Dr. Clemens Billek, ESG topics and the achievement of defined goals are promoted and implemented by the entire Executive Board, the country managers and the heads of divisions.

Traditionally, many of our sustainability initiatives are carried out by our subsidiaries in their local contexts. In recent years, numerous projects have already been successfully completed. We now recognise that concentrating all our efforts to reach ESG targets at Group level is both advantageous and appropriate under present circumstances. The position of “Group Sustainability Professional” was therefore created in 2021. The person in this position coordinates current and long-term ESG topics, sustainability reporting, sustainability initiatives and long-term projects across the Group and networks with the individual sustainability officers at the subsidiaries. In addition, personnel resources have been created in controlling and accounting to expand ESG reporting within the Group.

Key sustainability issues

In the second quarter of 2021, the external and internal stakeholders of the Kontron Group were invited to participate in a stakeholder survey. Invitations were emailed direct to close stakeholders, and a link to the survey was also placed on the Group website (www.kontron.com) for eight weeks. Social media channels (e.g. LinkedIn) were also used to draw attention to the survey and motivate stakeholders to participate. At the end of the survey the answers were evaluated with the help of an external consultant. Based on the survey results and the ESG risks cited, twelve key topics were identified that affect the Kontron Group in its various business areas. Group-wide, cross-divisional sustainability management will be implemented as a way of ensuring that the key sustainability issues are adequately addressed.

In financial year 2022, the key topics were reevaluated in collaboration with an external consultant and adjusted slightly as a result.



Commitment to the ten principles of responsible action

The UN Global Compact contains principles on human rights, labour standards, environmental protection and combating corruption. Companies that join the UN Global Compact voluntarily commit themselves to adhering to these principles and their core precepts. In a letter to the UN Secretary General, Kontron AG committed itself to compliance with the global ethical, ecological, and economic principles and applied for admission. Consequently, Kontron AG has been a UN Global Compact member since January 2022. Membership of UN Global Compact offers Kontron AG a platform to demonstrate its own corporate responsibility as well as a network that supports the development and implementation of sustainability strategies and the achievement of goals. Events such as workshops, seminars, peer learning groups or an online teaching platform provide the opportunity for continuing education on topics such as environmental protection, human rights and gender equality.

The 10 principles according to the UN Global Compact

Human rights

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2

make sure that they are not complicit in human rights abuses.

Labour

Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4

the elimination of all forms of forced and compulsory labour;

Principle 5

the effective abolition of child labour; and

Principle 6

the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7

Businesses should support a precautionary approach to environmental challenges;

Principle 8

undertake initiatives to promote greater environmental responsibility; and

Principle 9

encourage the development and diffusion of environmentally friendly technologies.

Combating corruption

Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery.

Contribution to global development goals (SDGs)

The 17 SDGs of the United Nations (Sustainable Development Goals, <https://www.un.org/sustainabledevelopment>) provide guidelines for sustainable development on an economic, ecological and social level. In the course of updating the key sustainability issues, Kontron also analysed the 17 development goals of the United Nations with regard to the company's business activities. The goals relevant for the Kontron Group and which the company can particularly influence are shown below. Kontron has identified nine goals that we help to achieve in various ways through our actions, products and solutions, and initiatives.



Step-by-step ESG plan

The Kontron Group's step-by-step ESG plan was drawn up at the beginning of 2021 and aims to achieve gradual improvements in various areas over the next few years. For Kontron, it is important to have an overall ESG concept embedded in the corporate strategy. The plan, developed on the basis of an external ESG analysis, takes this into account. The ongoing dialogue with our stakeholders was also used in 2022 to strengthen our ESG efforts.

ESG reporting was also expanded further in 2022. Groupwide, a new ESG reporting tool was implemented, which enables more comprehensive data collection and evaluation in accordance with recognised sustainability standards. In addition to collecting a greater number of key figures (based on the GRI standards), the tool has been used for reporting in accordance with the EU Taxonomy Regulation (see "EU Taxonomy" section of this report). Over the coming years, we expect an expansion of the EU taxonomy reporting requirements and have also decided to increase the level of detail when reporting Scope 1, 2 and 3.

Following the completion of the "Focus" project, the number of companies and therefore the key indicator base has changed significantly. The Sustainability Report 2022 evaluates activities in continuing operations accordingly. The data collected was subsequently used by the Executive Board in March 2023 to set (quantitative) goals.



Sustainability projects implemented

In the Kontron Group, we implement ideas and initiatives from our employees under the motto "Small actions, big effects", to create a more sustainable working environment. We are pleased that other companies in the Kontron Group are pursuing many of the projects initiated. As part of the ESG Group strategy, we are increasingly moving towards also defining overarching goals, which are gradually being implemented locally by the subsidiaries, as well as launching Group-wide programs. In 2022, the focus continued to be on the topics of "training" and on converting our power supply to increased use of renewable energies.

Further education & training

The new Security Awareness Program ensures that everyone in our organisation is sufficiently informed of security issues and has the requisite measure of responsibility for dealing with threats to data security and data protection.

With a new online compliance training system, courses and tests for Kontron staff at all levels can be conducted and documented.

The Kontron Leadership Academy is a one-year training course which focuses particularly on female junior executives in a wide variety of fields who are prepared for their next career steps within the Kontron Group by external trainers and Kontron managers. The first round was successfully completed in autumn 2022.

Group-wide training programs are constantly being expanded!



Kontron opts for green electricity

The electricity used at the Kontron AG sites in Innsbruck, Linz, Graz, and Vienna comes exclusively from renewable energy sources. Electricity from renewable energy sources is also increasingly being used at other sites – the share of renewable energy sources in the Kontron Group is to be significantly increased in the coming years.

Our contribution to sustainable use of resources – keep it up!



Photovoltaics

Quite a lot is happening with regard to generating our own power, too. Kontron has installed photovoltaic systems at several of its sites. For example, three photovoltaic systems are in operation on the roofs of IskraTel in Slovenia. At 1.3% of total electricity consumption, the proportion of self-generated electricity within the Kontron Group is still relatively low – Kontron is therefore planning to commission more photovoltaic systems in the future and increase this share.

In this way we as a company do our bit to generate clean electricity – sustainability in action!



Green Transportation

Apart from the aims of promoting more frequent use of public transport and, at several sites, company bicycles, and reducing the number of fuel-powered cars in use, the fleet of vehicles that are still necessary are to be successively converted to electric vehicles. Of the approximately 900 vehicles, around 7.9% were EVs in 2022 (2021: 6.0%). This figure should be significantly increased in the coming years.

More EVs have already been ordered and will help make journeys less carbon-intensive in future!



EU Taxonomy

As part of the EU action plan to finance sustainable growth (“EU Action Plan on Sustainable Finance”), redirecting capital flows into sustainable investments is a key objective. With this in mind, Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 about establishing a framework to facilitate sustainable investments and amending Regulation (EU) 2019/2088 (referred to below as the Taxonomy Regulation) came into force in mid-2020, which, as a uniform and legally binding classification system, defines which economic activities in the EU are considered “environmentally sustainable”. Company-specific reports on the results of this classification are to be presented annually.

Article 9 of the Taxonomy Regulation lists the following six environmental objectives:

- › 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
- › The protection and restoration of biodiversity and ecosystems

The Commission has adopted delegated acts to supplement the requirements for sustainable economic activities under the Taxonomy Regulation. The Delegated Regulation (EU) 2021/2139 of June 4, 2021 (Delegated Regulation TB) determines the technical evaluation criteria for the two environmental goals “climate change mitigation” and “climate change adaptation”, which are used to determine under which conditions it can be assumed that an economic activity makes a significant contribution to climate change mitigation or climate change adaptation, and on the basis of which it is determined whether this economic activity avoids significant adverse effects on one of the other environmental goals. The Delegated Regulation (EU) 2021/2178 on content and presentation of July 6, 2021 (Delegated Regulation I&D), on the other hand, determines the content and presentation of information to be disclosed in relation to environmentally sustainable economic activities and the method used to ensure compliance with the disclosure obligation.

Regarding the classification of an economic activity as “environmentally sustainable” as defined by the Taxonomy Regulation, a distinction must be made between taxonomy eligibility and taxonomy alignment. Only business activities described in the delegated acts relating to the technical evaluation criteria are considered taxonomy-eligible. Any of Kontron AG's business activities that are included in the EU catalogue are considered taxonomy-eligible. If an economic activity is classified as taxonomy-eligible in the first step, the next step is to check whether the economic activity makes a significant contribution to an environmental goal, does not significantly impact any other environmental goal (DNSH criteria – “Do No Significant Harm”) and is carried out in compliance with minimum protection in accordance with the OECD guidelines for multinational enterprises, the UN Guiding Principles on Business and Human Rights, the ILO Core Labour Standards and the International Charter of Human Rights.

Providing these criteria are met in full, the economic activity can be classified as taxonomy-aligned.

Under Art 8 (1) of the Regulation in conjunction with Section 243b or Section 267a of the Austrian Civil Code, Kontron AG is obliged to apply the regulations of the Taxonomy Regulation. In accordance with Section 245a (1) of the Austrian Civil Code, the consolidated financial statements of Kontron AG were prepared in accordance with IFRS as of the closing date. The amounts used to calculate the revenue, CapEx and OpEx indicators are based on the figures reported in the consolidated financial statements. In principle, all fully consolidated group companies are included in this calculation. Please note that these figures relate to the Kontron Group's continuing operations and, as a consequence, the discontinued operations (DCO – “Discontinued Operations”) in financial year 2022 are not part of the taxonomy figures.

In the reporting year 2021, mandatory reporting was limited to the taxonomy-eligible share of revenue, capital expenditure (CapEx) and operating expenditure (OpEx) in accordance with the two environmental goals of “climate change mitigation” and “climate change adaptation”. Based on this, Kontron AG is required to provide additional taxonomy alignment information for the reporting year 2022. Because the extension of the EU taxonomy to include delegated acts for the remaining four environmental goals planned for 2022 has been postponed, mandatory reporting continues to cover only the first two environmental goals.

Various steps have been taken to achieve a uniform understanding among the Group companies regarding the allocation of the Kontron Group's activities to the respective business activities and, in particular, with regard to the specific technical criteria for evaluating

taxonomy alignment. A general taxonomy guide explained the objectives and legal basis of the EU taxonomy as well as the process for determining conclusive taxonomy alignment. A further detailed taxonomy manual translated the general explanations into a “Kontron-specific” description with more practical relevance, including specific information on the technical evaluation criteria, which were obtained during numerous coordination meetings with external taxonomy experts. In addition, as part of the introduction of a group-wide ESG reporting tool, a taxonomy module for reporting at company level has also been implemented. Using this reporting tool, the respective figures on turnover, investment and operating expenditure were obtained, these values were assigned to the corresponding economic activities, and the significant contribution of these activities was assessed in relation to environmental goals and the DNSH criteria/minimum protection. The cross-departmental team at headquarters level was in continuous intensive contact with the various responsible colleagues within the individual Group companies, as well as with external taxonomy experts.

With regard to taxonomy alignment, the evaluation was carried out on the technical criteria of the identified economic activities. Due to the DNSH requirement of the environmental goal “Climate change adaptation,” which provides for a “Climate Risk Assessment” in accordance with certain requirements, information can only be provided on taxonomy eligibility for financial year 2022, as there is no such “Climate Risk Assessment” available for publication of the report and therefore this technical criterion is considered not fulfilled. In financial year 2023, comprehensive climate risk assessments are to be carried out at relevant locations in order to enable taxonomy-aligned revenues, CapEx and OpEx to be reported.

Based on a complete analysis of the company's activities, the share of taxonomy-eligible and taxonomy-aligned revenues/CapEx/OpEx is presented in the respective Group totals for financial year 2022.

Indicators in accordance with EU taxonomy

IN %	TAXONOMY-ALIGNED	TAXONOMY-ELIGIBLE	NOT TAXONOMY-ELIGIBLE
Revenue	0.0%	61.7%	38.3%
CapEx	0.0%	56.8%	43.2%
OpEx	0.0%	67.5%	32.5%

The tables showing the respective taxonomy figures with details of the allocation of revenue, CapEx and OpEx to the corresponding economic activities are presented at the end of this section of the sustainability report.

Revenue indicator

The revenue indicator results from the ratio of revenues from taxonomy-eligible and taxonomy-aligned economic activities in a financial year to the total revenues in that financial year. Revenue is based on net revenue resulting from goods or services, including intangible goods in accordance with IAS 1.82(a).

The total revenue for financial year 2022 of EUR 1,096.1 million (from continuing operations) is the denominator of the revenue indicator and is found in the Group's income statement (see Consolidated Financial Statements 2022, Consolidated Income Statement).

The Kontron Group's revenues of EUR 1,096.1 million as reported in the consolidated income statement (see Notes to the Consolidated Financial Statements Section C, note (1)) are examined across all Group companies to determine whether they were attained by taxonomy-eligible and taxonomy-aligned economic activities in accordance with Annex I (contributing substantially to climate change mitigation) and Annex II (contributing substantially to climate change adaptation) of the Delegated Regulation 2021/2139 of the taxonomy regulation.

The following relevant economic activities were identified for the Kontron Group, to which revenues can be attributed:

- › 3.1 Manufacture of renewable energy technologies
- › 3.5 Manufacture of energy-efficient building equipment
- › 6.14 Infrastructure for rail transport
- › 8.1 Data processing, hosting and related activities
- › 8.2 (1) Data-driven solutions for GHG emissions reductions

Smart charging of electric vehicles

IoT Solutions Europe

The combination of electromobility and electricity from renewable energy sources helps to reduce the use of fossil fuels and thus CO₂ emissions. The availability of charging points is an important prerequisite for switching from the combustion engine to the electric vehicle.

The dezony IQ charging station offers electric vehicle owners the possibility to charge with the surplus power from their own rooftop. The focus is a charging solution as a sound investment for single-family and two-family homes. Other available solutions are based on closed systems whereas an open solution approach is paramount for Dezony. The startup company from Gunzenhausen, Germany relied in particular on synergies from the partnership with Kontron. Kontron is a formidable partner with its industrial standards, competence and experience in the development department as well as with its modular development approach. Dezony has contributed its expertise for the specific challenges as well as the baseboard as a powerful platform.

With the help of Kontron's system-on-module (SoM) Linux support, the startup dezony is able to connect directly to power inverters to access the relevant data. Information is retrieved and processed quickly, securely and in real-time. The selected SoM SL STM32 MP157 is a complete computer with a pre-installed embedded Linux operating system and all drivers for communication and LCD/touch interfaces. The Dual Arm® Cortex® A7 computing core contains the Linux operating system as well as the drivers. It handles the CPU-intensive tasks and internet communications applications. Its main task is to implement „connectivity“. The integrated Arm® Cortex® M4 microcontroller ensures that control and regulation processes, such as the charging electronics, run in a structured manner in real-time. The use of the SoM module helps to simplify the dezony-specific complex board architecture.



As key economic activities of the Kontron Group and in view of the current state of regulation, economic activities 8.1 “Data processing, hosting and related activities” and 6.14 “Infrastructure for rail transport” have been classified taxonomy-eligible in relation to delegated acts (Annex I/Annex II):

› 8.1 “Data processing, hosting and related activities”

Economic activity 8.1, as defined by the Taxonomy Regulation, includes the storage, manipulation, administration, movement, control, display, communication, exchange, transmission or processing of data by data centres, including edge computing. This activity was primarily attributed to revenues from various vertical end markets within the two segments “IoT Solutions Europe” and “IoT Solutions America” – in particular in the area of “industrial automation”. Kontron is one of the world’s leading providers of edge computers. Our systems equip production machines with intelligence to perform their tasks more efficiently. The edge computers are connected to edge servers using various communication systems. As a result, entire factories can be connected and as a result become safer and more efficient. Our systems include edge computers, edge servers, communication gateways, and the software to run these grids.

› 6.14 “Infrastructure for rail transport”

Economic activity 6.14, as defined by the Taxonomy Regulation, includes the construction, modernisation, operation and maintenance of rail and underground railway lines, bridges and tunnels, stations, terminals, service facilities and safety and traffic management systems, including architectural services, engineering services, technical drawing services, building inspection, surveying and mapping services, etc. as well as carrying out physical, chemical and other analytical tests of all types of materials and products. Revenues in the “Transportation” sector were primarily attributed to this activity. In this respect, Kontron Transportation (KTR) implements projects in the rail infrastructure sector and carries out deliveries, commissioning and services along routes (access networks) and in communication centres (core network and software), although rolling stock (including trains, wagons) is not the focus. Kontron Transportation delivers in various constellations: Consortia are often formed with construction companies (infrastructure) or signalling companies (other communication technology along the route), or KTR delivers directly when the focus is on the technology part.

Revenues were also attributed to the other economic activities listed above 3.1 “Manufacture of renewable energy technologies”, 3.5 “Manufacture of energy-efficient building equipment”, 8.2 “Data-based solutions to reduce greenhouse gas emissions” (as part of the “climate change mitigation” environmental goal) – these represent only a small proportion of Group revenue in relation to the two activities listed above. Compared to the previous year, there have been reclassifications in some places within economic activities due to a detailed analysis in accordance with the current Group structure. However, this analysis has once again shown that most of the taxonomy-eligible revenue can be attributed to economic activity 8.1.

Through a detailed analysis of the items included in the revenues, each revenue is assigned to taxonomy-eligible and taxonomy-aligned economic activities. The numerator for taxonomy-eligible revenue is therefore EUR 676.5 million, resulting in a taxonomy-eligible revenue of 61.7% in financial year 2022. The taxonomy-aligned revenue figure is 0% due to the “Climate Risk Assessment” not being available at the time of publication of the report. Details are provided in the revenue figure table at the end of this section.

CapEx Indicator

The CapEx indicators (Capital Expenditures) provide in accordance with subsection 1.1.2.2 of Annex I of the delegated regulation I&D the share of capital expenditure that

- › refers either to assets or processes associated with taxonomy-eligible and taxonomy-aligned economic activity, or
- › refers to the purchase of products and services resulting from a taxonomy-eligible and taxonomy-aligned economic activity.

Capital expenditure (CapEx) is based on additions to property, plant and equipment and intangible assets during the financial year in question before depreciation and amortisation and any revaluations for the relevant financial year. They also include additions to property, plant and equipment and intangible assets resulting from business combinations (application of IFRS [IAS 16, 38, 40, 41, IFRS 16]; as well as national accounting methods). Acquired goodwill is not included.

The company identified total capital expenditure in accordance with the EU Taxonomy Regulation for the reporting year at EUR 56.9 million (see Notes to the Consolidated Financial Statements Section D, note (12) and note (13)). These form the denominator of the CapEx indicators.

Based on the description of the additions, an analysis of taxonomy eligibility and taxonomy alignment is carried out as well as a comparison with Annex I (Significant contribution to climate change mitigation) and Annex II (Significant contribution to climate change adaptation) of the Taxonomy Regulation.

The following relevant economic activities were identified for the Kontron Group, to which capital expenditure can be attributed:

- › 3.1 Manufacture of renewable energy technologies
- › 3.5 Manufacture of energy-efficient building equipment
- › 6.5 Transport by motorbikes, passenger cars and light commercial vehicles
- › 6.6 Freight transport services by road
- › 6.14 Infrastructure for rail transport
- › 7.2 Renovation of existing buildings
- › 7.6 Installation, maintenance and repair of renewable energy technologies
- › 7.7 Acquisition and ownership of buildings
- › 8.1 Data processing, hosting and related activities
- › 8.2 (2) Computer programming, consultancy and related activities

Capital expenditure that has been allocated to economic activities 3.1 “Manufacture of renewable energy technologies”, 3.5 “Manufacture of energy-efficient building equipment”, 6.14 “Infrastructure for rail transport”, 8.1 “Data processing, hosting and related activities” and 8.2 “Computer programming, consultancy and related activities” (as part of the environmental goal “Climate Adaptation”), relates to assets or processes associated with the respective taxonomy-eligible economic activities as part of revenue generation. With regard to economic activity 8.2 “Computer programming, consultancy and related activities”, please note that, according to the EU taxonomy, this economic activity is not one of the so-called “enabling” activities and is therefore not included in the calculation of the revenue indicator, but only in the CapEx or OpEx indicator.

Capital expenditure that has been allocated to the other listed economic activities, relates to the purchase of products or services from the respective taxonomy-eligible economic activities. These include in particular investments in the vehicle fleet (economic activities 6.5 “Transport with motorcycles, passenger cars and light commercial vehicles”, 6.6 “Freight transport by road”) and investments related to buildings and production facilities (economic activities 7.2 “Renovation of existing buildings”, 7.6 “Installation, maintenance and repair of renewable energy technologies”, 7.7 “Acquisition and ownership of buildings”).

The sum of additions, which reflect a taxonomy-eligible investment with regard to the listed economic activities in accordance with the Taxonomy Regulation, is the numerator of the taxonomy-eligible CapEx figure in the amount of EUR 32.3 million. This results in a taxonomy-eligible CapEx figure of 56.8%, while the taxonomy-aligned CapEx figure is 0%. Details are provided in the CapEx figure table at the end of this section.

OpEx indicator

The OpEx indicators (Operating Expenditures) provide in accordance with subsection 1.1.3.2 of Annex I of the delegated regulation I&D the share of operating expenditure that

- › refers either to assets or processes associated with taxonomy-eligible and taxonomy-aligned economic activity, or
- › refers to the purchase of products and services resulting from a taxonomy-eligible and taxonomy-aligned economic activity.

The basis for operating expenses (OpEx) is the direct, non-capitalised costs for research and development, building renovation measures, short-term leasing or low-value asset leases, maintenance and repair as well as for all other direct expenses for the ongoing maintenance of tangible assets by the company or by third parties that are necessary to ensure the continued and effective functioning of these systems.

To determine the denominator, the sum of the above costs was calculated based on a detailed analysis of accounts and cost centres. The total operating expenses in accordance with Taxonomy Regulation Art. 8 Annex I Subsection 1.1.3.1 of Annex I of the delegated regulation I&D amount to EUR 30.1 million. These form the denominator of the OpEx indicator.

The numerator of the OpEx indicator in accordance with subsection 1.1.3.2 of Annex I of the delegated regulation I&D corresponds to the part of the operating expenses included in the denominator that relates to assets or processes that, according to Annex I (Significant contribution to climate change mitigation) and Annex II (Significant contribution to climate change adaptation) of the Taxonomy Regulation, are connected to taxonomy-eligible economic activities.

The following relevant economic activities were identified for the Kontron Group, to which operating expenses can be attributed:

- › 3.1 Manufacture of renewable energy technologies
- › 3.5 Manufacture of energy-efficient building equipment
- › 6.5 Transport by motorbikes, passenger cars and light commercial vehicles
- › 6.6 Freight transport services by road
- › 6.14 Infrastructure for rail transport
- › 7.2 Renovation of existing buildings
- › 8.1 Data processing, hosting and related activities
- › 8.2 (2) Computer programming, consultancy and related activities

The taxonomy-eligible operating expenditure of EUR 20.3 million consists primarily of non-capitalised research and development expenses. In this respect, analysing the taxonomy eligibility or taxonomy alignment of research and development expenditure is essential when determining OpEx indicators. To the extent that these expenses for research and development are related to an economic activity that was already identified as taxonomy-relevant in the revenue analysis, the associated R&D expenses have also been allocated to this economic activity. Together with taxonomy-eligible expenses in the areas of maintenance and repair, leasing, buildings and building renovation, the share of taxonomy-eligible OpEx is 67.5%. The taxonomy-aligned OpEx indicator is 0%. Details are provided in the OpEx indicators table at the end of this section.

When determining the above indicators, various audit steps, including documenting data generation and ensuring consistency with other financial information, prevented any double counting of economic activities.

SUBSTANTIAL CONTRIBUTION CRITERIA

ECONOMIC ACTIVITIES	CODE	ABSOLUTE TURNOVER	PROPOR- TION OF TURNO- VER	SUBSTANTIAL CONTRIBUTION CRITERIA					
				CLIMATE CHANGE MITIGA- TION	CLIMATE CHANGE AD- APTATION	WATER AND MARINE RE- SOURCES	CIRCULAR ECONOMY	POLLUTION	BIO- DIVERSITY AND ECOSYS- TEMS
		IN TEUR	%	%	%	%	%	%	%
A. Taxonomy-aligned activities									
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)									
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0.0%	0.0%	0.0%	n.a	n.a	n.a	n.a
A.2 TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES)									
Data processing, hosting and related activities	8.1.	563,893	51.4%						
Infrastructure for rail transport	6.14.	104,130	9.5%						
Manufacture of energy efficiency equipment for buildings	3.5.	3,481	0.3%						
Data-driven solutions for GHG emissions reductions	8.2.	3,300	0.3%						
Manufacture of renewable energy technologies	3.1.	1,680	0.2%						
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		676,484	61.7%						
Total (A.1 + A.2)		676,484	61.7%						
B. Taxonomy-non-eligible activities									
Turnover of Taxonomy-non-eligible activities (B)		419,611	38.3%						
Total (A + B)		1,096,095	100.0%						

DNSH CRITERIA

CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER AND MARINE RESOURCES	CIRCULAR ECONOMY	POLLUTION	BIO-DIVERSITY AND ECOSYSTEMS	MINIMUM SAFE-GUARDS	TAXONOMY-ALIGNED PRO-PORTION OF TURNOVER, YEAR 2022	TAXONOMY-ALIGNED PRO-PORTION OF TURNOVER, YEAR 2021	CATEGORY (ENABLING ACTIVITY)	CATEGORY (TRANSITION-AL ACTIVITY)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
							0.0%	-	-	-
							0.0%	-	-	-

SUBSTANTIAL CONTRIBUTION CRITERIA

ECONOMIC ACTIVITIES	CODE	ABSOLUTE CAPEX	PROPORTION OF CAPEX	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER AND MARINE RESOURCES	CIRCULAR ECONOMY	POLLUTION	BIO-DIVERSITY AND ECOSYSTEMS
A. Taxonomy-aligned activities									
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)									
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0.0%	0.0%	0.0%	n/a	n/a	n/a	n/a
A.2 TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES)									
Data processing, hosting and related activities	8.1.	17,513	30.8%						
Infrastructure for rail transport	6.14.	7,018	12.3%						
Computer programming, consultancy and related activities	8.2.	3,094	5.4%						
Transport by motorbikes, passenger cars and light commercial vehicles	6.5.	2,551	4.5%						
Acquisition and ownership of buildings	7.7.	1,742	3.1%						
Installation, maintenance and repair of renewable energy technologies	7.6.	339	0.6%						
Freight transport services by road	6.6.	34	0.1%						
Manufacture of energy efficiency equipment for buildings	3.5.	19	0.0%						
Renovation of existing buildings	7.2.	12	0.0%						
Manufacture of renewable energy technologies	3.1.	9	0.0%						
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		32,332	56.8%						
Total (A.1 + A.2)		32,332	56.8%						
B. Taxonomy-non-eligible activities									
CapEx of Taxonomy-non-eligible activities (B)		24,549	43.2%						
Total (A + B)		56,881	100.0%						

CapEx key figure includes capital expenditures of continued operations (CO) from Jan. 1, 2022 – Dec. 31, 2022 and capital expenditures of discontinued operations (DCO) from Jan. 1, 2022 – July 31, 2022 (until reclassification to DCO)

DNSH CRITERIA

CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER AND MARINE RESOURCES	CIRCULAR ECONOMY	POLLUTION	BIO-DIVERSITY AND ECOSYSTEMS	MINIMUM SAFE-GUARDS	TAXONOMY-ALIGNED PROPORTION OF CAPEX, YEAR 2022	TAXONOMY-ALIGNED PROPORTION OF CAPEX, YEAR 2021	CATEGORY (ENABLING ACTIVITY)	CATEGORY (TRANSITIONAL ACTIVITY)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T

0.0%

-

-

-

0.0%

-

-

-

SUBSTANTIAL CONTRIBUTION CRITERIA

ECONOMIC ACTIVITIES	CODE	ABSOLUTE OPEX	PROPORTION OF OPEX	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER AND MARINE RESOURCES	CIRCULAR ECONOMY	POLLUTION	BIO-DIVERSITY AND ECOSYSTEMS
				%	%	%	%	%	%
		IN TEUR	%	%	%	%	%	%	%
A. Taxonomy-aligned activities									
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)									
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0.0%	0.0%	0.0%	n/a	n/a	n/a	n/a
A.2 TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES)									
Data processing, hosting and related activities	8.1.	13,540	45.0%						
Infrastructure for rail transport	6.14.	4,626	15.4%						
Computer programming, consultancy and related activities	8.2.	981	3.3%						
Transport by motorbikes, passenger cars and light commercial vehicles	6.5.	636	2.1%						
Renovation of existing buildings	7.2.	378	1.3%						
Freight transport services by road	6.6.	98	0.3%						
Manufacture of energy efficiency equipment for buildings	3.5.	32	0.1%						
Manufacture of renewable energy technologies	3.1.	15	0.1%						
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		20,306	67.5%						
Total (A.1 + A.2)		20,306	67.5%						
B. Taxonomy-non-eligible activities									
OpEx of Taxonomy-non-eligible activities (B)		9,788	32.5%						
Total (A + B)		30,094	100.0%						

DNSH CRITERIA

CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER AND MARINE RESOURCES	CIRCULAR ECONOMY	POLLUTION	BIO-DIVERSITY AND ECOSYSTEMS	MINIMUM SAFE-GUARDS	TAXONOMY-ALIGNED PROPORTION OF OPEX, YEAR 2022	TAXONOMY-ALIGNED PROPORTION OF OPEX, YEAR 2021	CATEGORY (ENABLING ACTIVITY)	CATEGORY (TRANSITIONAL ACTIVITY)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T

0.0%

- - -

0.0%

- - -

Environment & climate



Environmental protection and environmental management

Our management and employees are always aware of their responsibility to the environment. A responsible approach to the environment and climate change mitigation are two of our important corporate objectives – and thus key components of our corporate strategy. Our company's management has established a detailed set of environmental policies and promotes employees' awareness of environmental issues in their daily work. A further focus of these policies is the creation of solutions effectively protecting natural resources, the environment, our staff members, and the people working with our products. One way in which this is achieved is by using materials that do not damage people or the environment.

We developed an environment management system for deployment in our production-related premises in Europe and North America. This system assesses the sites' environmental performance and thus delivers indications on how to improve it on an ongoing basis. The system is based on our environmental policy, from which overarching and specific environmental goals are derived and which ensures that our environmental protection obligations are met within the framework of the environmental management system.

Within the Kontron Group, several companies in Belgium, China, Germany, Great Britain, France, Malaysia, Austria, Romania, Spain, and Hungary are certified in accordance with the international environmental management standard ISO 14001. The Kontron Group also plans further certification of other locations within the Group according to ISO 14001: The ISO 14001 certification measures are continuously reviewed and taken further. An important part of our environmental management system is the identification and analysis at each facility of relevant and significant environmental issues. Each of these issues is then evaluated and subsequently classified. This enables the effective implementation improvement measures. As stipulated by the standard, we have extended our assessment to include evaluation of the opportunities and risks arising from our respective environment-impacting activities. This enables their effective management. The assessment is appraised and updated at least once a year.

We are pursuing the achievement of our environmental goals and the continuous development and improvement of our environmental management system in several areas:



Our environmental management system has been structured in such a way that it helps us to identify and monitor all requirements imposed by the needs of the environment and by the laws of the respective country or location. This in turn guarantees that the require-

ments comply with applicable legislation. To achieve this, we use an online register of laws that automatically notifies us of changes to laws and directives relating to recycling, the treatment of chemicals, climate protection and conservation of bodies of water. This also encompasses rules on product-related environmental protection. We use internal audits to determine the strengths and weaknesses of the environmental management system in place at each facility.

We also expect our suppliers to adhere to ecological and social standards. This adherence is checked by means of the audits of our suppliers that we conduct. We systematically acknowledge and analyse the expectations of all those parties that are interested in our environmental performance. This enables us to proactively fulfil the requirements placed by our respective sets of stakeholders on our actions to protect the environment – and to forge ties with them depending on their particular areas of interest.

Our goal is to improve our environmental performance continually. We take our corporate environmental policies as the basis for setting annual environmental targets at each facility. By doing so, we ensure the efficacy of the program. If necessary, we implement improvement measures and establish appropriate new objectives. We work to identify indicators that can be used to quantify all environmental objectives and make them more transparent and even more measurable. Examples of such indicators are electricity consumed per employee, heating requirement per unit of surface area, and CO₂ emissions resulting from business trips per employee.

Environmental objectives of the Kontron Group



Reduction of consumption of electricity and the utilisation of renewable energy

- › Installation of photovoltaic facilities at a variety of locations
- › Electricity-conserving IT equipment at places of work and at our data centres
- › Systematic upgrading of the lighting at our facilities by switching to LED-based illumination
- › Enhancing employee awareness of the need to preclude unnecessary consumption of electricity

Reduction of heating and cooling requirements per square metre

- › Sensible use of office heating and air conditioning – only when needed
- › Turn off heating in empty individual offices
- › Close windows and doors when heating or air conditioning are on (ventilating in bursts)

Reduction of paper consumption

- › Focus on paperless processes within the Kontron Group
- › Print only what is necessary, preferably archive PDF printouts, and implement Follow-Me Printing solutions to reduce uncollected printouts
- › Reduction through deployment of electronic, integrated HR systems (for example: on-site systems of managing working hours and absences from work), and utilisation of e-invoices

Reduction of CO₂

- › Cutting the number of business trips to the absolute minimum through the use of advanced communication technologies such as telephone-based and video conferencing
- › Conversion of the vehicle fleet to e-vehicles
- › Promote the use of public transport

Product-related environmental protection

We provide our customers with reliable, integrated and holistic products that constitute unique solutions. Our key objective is to develop innovative products and solutions that are characterised by low energy consumption and enable efficient and resource-conserving manufacture.

Energy-conserving IoT and embedded solutions are already well represented in our portfolio, and their share will continue to grow due to steadily increasing customer demand. In addition, the ecological aspect is of ever-greater importance in our innovative developments and our business-related considerations and decisions. That is why we always take care to conserve natural resources by avoiding waste and using efficient recycling solutions, for example.

We supervise our waste disposal facilities on the basis of the comprehensive catalogue of types of waste contained in the decree on the list of waste and the industrial waste regulation and require documented evidence of sorting and recycling quotas as well as the final shipment of our waste.

Environmental protection regulations

Our objectives are the avoidance of the use of hazardous materials in our components and the attainment of environmentally aware product design. To achieve these goals, we always ask our suppliers for information on the composition of the components that we obtain from them and incorporate in our proprietary products. This enables us to inform our customers at any time about the components installed in their products. At the same time, we pursue our goal of accomplishing an environmentally conscious product design. We meet customers' specific requirements in accordance with legal requirements. The Kontron Group's adherence to environmental requirements imposed by applicable laws and regulations starts in product development phase. These regulations, and their implementation in each national context, include:

- › EU Directive 2012/19/EU on waste electrical and electronic equipment (WEEE Directive)
- › EU Directive 2011/65/EU on the restriction on the use of certain hazardous materials in electrical and electronic devices (RoHS Directive)
- › EU Regulation 1907/2006/EG on the registration, evaluation, authorisation and restriction of chemicals (REACH Regulation)
- › EU Regulation (EU) 2017/821 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas in conjunction with the "Dodd-Frank Wall Street Reform and Consumer Protection Act" (conflict minerals regulation)
- › Battery directive pertaining to placement of batteries on the market, collection and environmentally compatible disposal of batteries and accumulators

WEEE directive: avoidance of electrical and electronic waste

On January 27, 2003, the EU passed an environment protection directive entitled "WEEE Directive 2002/96/EC" (the abbreviation stands for "waste electrical and electronic equipment"). Its objective was to bring about the reduction of the increasing quantity of electronic waste that stems from electrical and electronic devices that are no longer used. The Directive was replaced by the WEEE Directive 2012/19/EU of July 4, 2012. This directive's objective is to remind the parties concerned of their responsibilities towards electrical and electronic devices that are no longer being used, and to promote the prevention, reduction, and environmentally compatible disposal of the increasing quantities of electronic waste through extended producer responsibility. All EU member states are required to implement the WEEE Directive in national laws.

The Kontron Group has committed itself to undertaking actions to promote a safe and healthy environment. The Group is thus working conscientiously to adhere to all requirements imposed by the WEEE Directive. The products sold by Kontron and its subsidiaries that are affected by the WEEE Directive meet its requirements by

- › bearing in mind their future disassembly and recovery as well as recycling requirements when developing the devices,
- › marking the device with the symbol stipulated by the WEEE Directive (a cross-out wheelee bin), and
- › providing our customers with the relevant information.

Most of our products are classified as "embedded computers" (integrated computers). As such, they do not belong to any of the cate-

gories of products defined in the WEEE Directive. Our “embedded computers” are not standalone electrical and electronic systems, and are not sold under our corporate name to end-users. Instead, they are incorporated into customer systems. The WEEE Directive assigns the main responsibility for handling the obligatory registration and reporting and management of the recycling process required by the Directive to the final manufacturer of the product, and thus to our customers, who sell their products under their own company names to end-users.

To help our customers to comply with all the stipulations of the WEEE Directive, we provide them with all the data that has to be reported (product weight, instructions on disassembly, etc.). This data is found in the product’s technical specifications, product overview and/or installation and maintenance manuals. Customers affected by the WEEE Directive can conclude an agreement for the obligatory return of the components concerned.

In addition to embedded computers, we also produce complete systems such as rackmount servers, which are considered to be standalone systems. We satisfy the obligations imposed by the WEEE to register such systems in the EU member countries bound by it.

RoHS compliance: restriction of hazardous substances

On July 1, 2006 EU Directive 2002/95/EU on the restriction on the use of certain hazardous materials in electrical and electronic devices (RoHS Directive) The directive is abbreviated as RoHS (“Restriction of Hazardous Substances”).

Since this promulgation of the Directive, the member states of the European Union have been required to ensure that electric and electronic devices introduced onto markets do not contain – in accordance with the RoHS Directive – lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls (PBB), or polybrominated diphenyl ethers (PBDE). The Directive provides for exceptions to this prohibition only under certain conditions.

The updated RoHS Directive (2011/65/EU, RoHS 2), categorised as a CE directive of designation, was issued by the EU on June 8, 2011. The exemptions defined at that time ceased to be effective from January 2, 2013. From January 2, 2013, the EU member states had to implement and publish the requisite legal and administrative regulations to meet the stipulations of the RoHS-2 Directive.

The Kontron companies, as manufacturing subsidiaries of Kontron AG, fulfil the stipulations of the RoHS-2 Directive and ensure the availability of RoHS-compliant products for their customers.

The few exceptions still found in Kontron’s RoHS-compliant products are regularly evaluated by the European Commission regarding renewal of their approval. Kontron and the Kontron Group take the expiry of the active RoHS-2 exceptions very seriously.

In its cooperation with our partners, Kontron AG also sees it as its duty and a matter of course to provide the latest information on the disposal of hazardous materials that stem from the components used. The Kontron Group offers a broad range of electronic and mechanical components, modules and processes. This broad range enables Kontron to recognise trends at an early stage and thus to implement unique solutions. These in turn enable manufacturers of components to avoid using hazardous materials.

EU directive on chemicals: REACH

The REACH Directive (“Registration, Evaluation, Authorisation and Restriction of Chemicals”) was adopted by the European Union to lessen the risks arising from chemicals to human and environmental health.

Since June 1, 2008, manufacturers and importers of chemicals in and into the European Economic Area (EEA) have been required to register with the European Chemicals Agency those materials subject to mandatory registration if such chemicals are being produced or imported in quantities of at least one ton a year. An exception to this rule are so-called “phase-in materials” and those listed in EINECS (European Inventory of Existing Commercial chemical Substances).

The companies of the Kontron Group issue the reports required of them by REACH. This is because our products form part of the scope of application of this EU directive on chemicals. However, Kontron’s products are manufactured products (not chemicals), that do not release substances under normal and foreseeable conditions. Our electronic components, small-sized parts, and small-sized computers are manufactured products as defined by Article 3 Number 3 of the Regulation (EC) No. 1907/2006 (REACH). This is because the products’ specific forms – and the design in general – play a much more important role in determining how they work than their chemical compositions do. These products are not subject to mandatory registration under REACH.

The Kontron Group commits to managing its products and processes in ways that minimise the risks they pose to the health and safety of humans and the environment. The Candidates List of the European Chemicals Agency lists “Substances of Very High Concern” (SVHCs). Kontron regularly monitors this list for new additions. Our authorised manufacturers are obliged to disclose the existence of SVHCs on request. In accordance with Article 33 of the REACH Directive, Kontron informs its customers promptly about any amend-

ments to the Candidates List and about these changes' relevance to our products. In addition, such queries may be submitted to our company at any time.

Conflict materials

The USA's "Dodd-Frank Wall Street Reform and Consumer Protection Act" contains disclosure and reporting requirements relating to so-called "conflict minerals" originating from the Democratic Republic of the Congo (DRC) and its neighbouring countries. This legislation has been binding for companies listed on the US stock exchanges since July 2010. Term "conflict minerals" applies to such raw materials as tantalum, tin, gold and tungsten in cases where their mining and trading form part of the financing or other kinds of support for armed groups in the DRC and its neighbouring countries. Respecting human rights and thus adhering to the Dodd-Frank Wall Street Reform and Consumer Protection Act is of the highest priority for us. We have instituted measures to preclude our use of conflict minerals in our chain of supply. This represents one way in which we help to avoid or minimise human rights violations (see "Kontron Supplier Code of Conduct").

We assist our customers with their comprehensive declaration on the use of conflict minerals in accordance with the stipulations imposed by USA's Securities and Exchange Commission (SEC). Our customers are required to furnish the corresponding information on their chains of supply. This in turn requires that they adhere to disclosure obligations and the conduct diligence-based verification. Kontron AG's subsidiaries are in a position to assess and track the components and suppliers covered by the reporting and by the declaration on the utilisation of conflict minerals. To determine the origins of the metals used, we call upon and work closely with external providers of services and with the manufacturers. This is because we do not directly procure these metals from mines or smelters.

In June, 2016, the European Commission, the European Parliament and its member states agreed for the first time on guidelines for a directive to govern the trading in so-called conflict minerals. The EU's new CMRT Directive came into force on January 1, 2021. It aims to reduce trading in tin, tantalum, tungsten, and gold from conflict regions. This new EU regulation is therefore relevant to the corporate obligation to render diligence in the raw materials sector. This, in turn, will cause the company to assume greater responsibility for the supply chain of raw materials and to take measures to prevent the financing of conflicts and human rights violations. The new EU regulation affects the Kontron Group only indirectly. Despite this, we meet our obligations towards our suppliers and customers with great diligence. We are already preparing measures to satisfy the stipulations of the new regulation.

Battery law

Since 2009, the battery law (BattG) has regulated placement of batteries on the market, collection and environmentally compatible disposal of batteries and accumulators in Germany. The objective of the law is to call companies in Germany that place batteries and accumulators on the market to account for their products. The battery law also applies to batteries installed in other products or added to other products.

The companies that place batteries on the market therefore have to fulfil certain obligations: Records must be kept of the quantities of batteries placed on the market in Germany every year. A collection system of the appropriate dimensions must be organised and funded. To this end, the companies concerned are obliged to classify their batteries as one of three types (for devices, for industry or for vehicles) and enter them in the so-called battery register under the respective trade name indicating the collection system used.

Exceptions are made only for batteries used for the following areas: security, military equipment and equipment for use in space.

On January 1, 2021, BattG2 came into effect. This new law increases the minimum share of collection via the collection systems of batteries placed on the market from 45% to 50%. Further, the battery register is now administered by the German registry "Stiftung Elektro-Altgeräte Register (Stiftung ear)". Registration and all changes are therefore subject to the corresponding fees regulation.

The transition period for implementing BattG2 expired on December 31, 2021. The battery types and battery trade names placed on the market by Kontron Europe GmbH could therefore be ascertained by consulting the battery register held at the German Environment Agency (Umweltbundesamt). This information will also be available from Stiftung ear from 2022.

Kontron Europe GmbH, as a manufacturing subsidiary of Kontron AG, meets the requirements of BattG2 and also assumes responsibility as the first market placement agent for selected suppliers.

Disposal and recycling

We take measures to ensure proper disposal of the waste generated at our production facilities and offices. This disposal is subject to clearly formulated and binding regulations. Waste materials generated from production operations are assigned to the following categories and then disposed of in the corresponding marked and labelled containers: paper and cardboard, recyclable materials (styrofoam, plastics, films, etc.), metal scrap, electronic waste (e.g. cables, boards, keyboards, monitors, etc.), and rechargeable and other batteries. Special rules have been established for ESD (electrostatic discharge) areas. Such items are disposed of in dedicated containers. Waste generated in offices is also separated. The offices have special bins for paper and cardboard and for the other kinds of waste, whose separation is handled by providers of disposal services. Additionally, locked bins are used for the disposal of confidential documents. Hazardous waste generated at production sites is handed over to certified waste disposal companies.

The Kontron Group also makes an effort to avoid waste by manufacturing our proprietary products and those procured from others with a minimum of packaging. This also applies to items ordered. Working with our suppliers, we increasingly use environmentally friendly packaging, including biodegradable and compostable materials such as plastics made from cornmeal, algae and hemp, and recyclable items such as paper and cardboard.

PRODUCTION OF OWN RENEWABLE ELECTRICITY



Kontron Group is in the process of equipping all of its company buildings gradually with plants for the production of renewable electricity such as own solar power. Role models are the sites of Kontron AIS, Iskratel, and Kontron's headquarter in Linz, where photovoltaic systems have already been installed.

Environment indicators

INDICATOR ¹⁾	GRI	UNIT	2022	2021
Consumption of electricity from non-renewable energies	302-1	MWh	14,876	23,834 ²⁾
Consumption of electricity from renewable energies	302-1	MWh	5,299	n/a
Heating energy consumption	302-1	MWh	9,540	12,174
Total energy consumption	302-1	MWh	29,715	36,008
Self-generated electricity	302-1	MWh	256	n/a
Self-generated electricity % ³⁾		%	1.3%	n/a
Electricity sold (solar)	302-1	MWh	16	n/a

1) n/a – data was not collected until financial year 2022

2) In the previous year, total electricity consumption was recorded independently of renewable or non-renewable energy sources

3) Self-generated electricity in relation to total electricity consumption (from renewable and non-renewable energies)

INDICATOR ^{1) 2)}	GRI	UNIT	2022	2021
Water withdrawal	303-3	m ³	137,875	n/a
Water discharge	303-4	m ³	137,233	n/a
Water consumption	303-5	m ³	642	n/a
Hazardous waste	306-3	t	32,747	n/a
Non-hazardous waste	306-3	t	145,428	n/a
Total waste			178,175	n/a

1) n/a – data was not collected until financial year 2022

2) The data was collected for Kontron Group companies with their own production facilities (six companies in financial year 2022)

INDICATOR ¹⁾	GRI	UNIT	2022	2021
Total number of company vehicles	305-1	Vehicles	887	1,622
Number of EVs (including hybrid)	305-1	Vehicles	70	97
Number of EVs (including hybrid) in %		%	7.9%	6.0%
Number of kilometres driven	305-1	km	16,521,360	29,473,524
Total fuel consumption within the organisation from non-renewable sources	302-1	MJ	38,866,815	n/a
Total diesel consumption	302-1	MJ	28,121,875	n/a
Total petrol consumption	302-1	MJ	10,601,020	n/a
Total natural gas consumption	302-1	MJ	22,978	n/a
Non-renewable electricity	302-1	MJ	120,942	n/a
Total fuel consumption within the organisation from renewable sources	302-1	MJ	237,213	n/a
Total biodiesel consumption	302-1	MJ	106,767	n/a
Total bioethanol consumption	302-1	MJ	0	n/a
Renewable electricity	302-1	MJ	130,446	n/a
Business travel by aeroplane	305-3	pkm	3,531,880	n/a

1) n/a – data was not collected until financial year 2022

INDICATOR ¹⁾²⁾	DESCRIPTION	GRI	UNIT	2022	2021
Scope 1	Direct emissions in accordance with Scope 1 of the GHG protocol standard: fuels in passenger transport of company-owned and controlled vehicles, energy production from own photovoltaic systems and heating energy	305-1	t CO2e	3,126	n/a
Scope 2	Indirect emissions in accordance with Scope 2 of the GHG protocol standard: Purchase of electricity and district heating	305-2	t CO2e	9,702	n/a
Scope 3	Indirect emissions in accordance with Scope 3 of the GHG protocol standard: Business travel by aeroplane	305-3	t CO2e	1,505	n/a

1) Extrapolation of the specified values based on the available information on the energy sources used

2) n/a – data was not collected until financial year 2022

Green products

The various software solutions and products of the Kontron Group can contribute in many different ways to conserving resources, using energy sustainably and achieving environmental goals in general. Kontron Transportation solutions, for example, support environmentally friendly rail transport, our Smart Energy business sector contributes to efficient energy use and promotes the use of renewable energies. Furthermore, Kontron is researching and working towards resource-saving smart factory solutions. For more information, see the chapter “Portfolio of products and services” of the annual report.

Harnessing the power of artificial intelligence

Machine vision, machine learning and deep learning based on neural networks are becoming increasingly widespread in manufacturing facilities. They can help to scale manufacturing solutions and to rapidly analyse unused data, enabling fast and extremely precise decision-making. Kontron has developed a robust AI platform that facilitates entry into Google’s TensorFlow world in the factory.

Suitability for industry and robustness were key considerations during the development stage. The result: the NXP-based AI platform can be used in operating conditions within a wide temperature range from -40 °C to +85 °C. In addition, it has been designed to withstand high mechanical loads and, as a low-performance-loss solution, contributes to sustainability.

The platform is highly suitable for AI machine vision applications such as predictive maintenance. With it, tool wear and the machinery output trends can be monitored over a long period of time. Additionally, efficiency can be increased by means of quality inspection including detection of missing components and flaws as well as through an improved system management and detection of obstacles in the production line. With the platform, manufacturing and production use fewer resources since times needed to respond to faults are reduced by the visual inspection and real-time analysis of the manufacturing data. Less waste is generated, fewer parts have to be scrapped, and environmental stress is reduced.



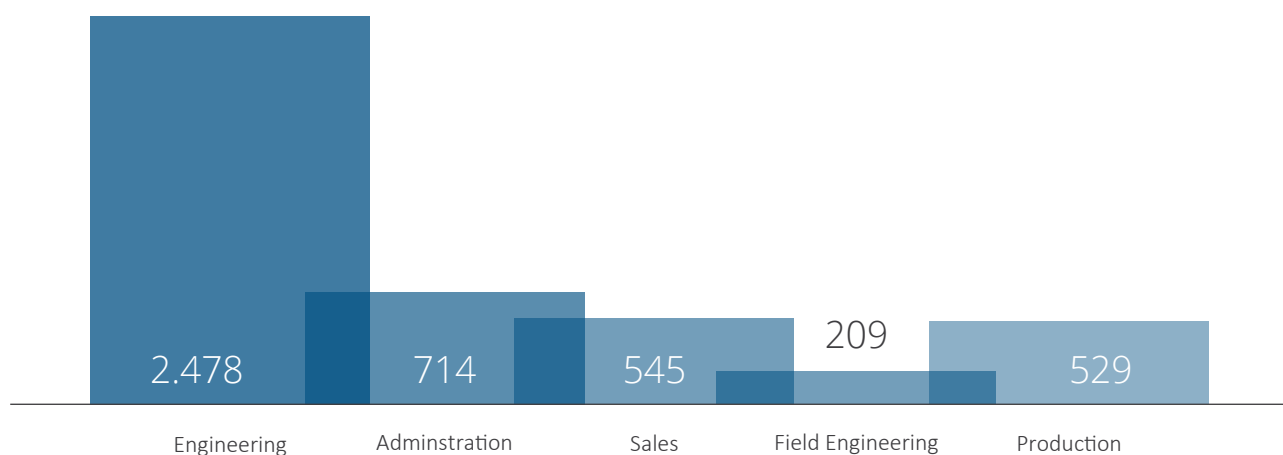


Social topics

Employee indicators

As of December 31, 2022, the Kontron Group employed 4,475 people worldwide (PY: 6,206), although employees on training contracts or maternity leave are not included. The decline is primarily due to the completion of the “Focus” project and the associated transfer of 1,787 employees to the Vinci Group as of December 29, 2022. Unless otherwise stated, the following employee figures express full-time equivalents as of the balance sheet date.

Broken down by business areas and as of December 31, 2022, 545 people worked in sales and marketing, 209 were engaged in the field of engineering (hardware-related IT services); 529 worked in production and logistics; and 714 in management and administration (excl. DCO). The number of people working in the area of development (research & development and engineering) has now reached 2,478.



Distributed across the business segments, based on the yearly average (including Discontinued Operations), 42.2% (PY: 38.9%) of employees were in the “IT Services” segment, 53.5% (PY: 56.6%) of employees in the “IoT Solutions Europe” segment and 4.3% (PY: 4.5%) of employees in the “IoT Solutions America” segment. Broken down by region, approximately 89.4% of all employees are based in Europe, some 5.9% are in North America, and around 4.7% in Asia. The number of employees in Austria, the Group’s home territory, was 625 as of December 31, 2022.

EMPLOYEES BY REGION*:

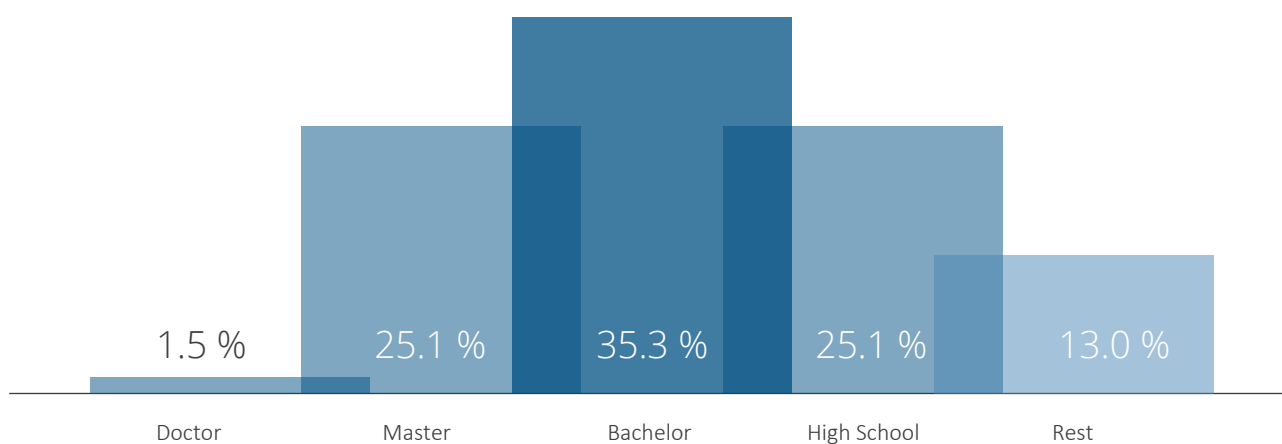
	2022	2021
Europe	4,003	5,729
of which Eastern Europe	2,163	3,477
of which Austria	625	617
of which Germany	732	1,253
of which rest of Europe	483	382
Asia	210	212
North America	262	265
Total	4,475	6,206

* Employee numbers on full time equivalent basis without employees on parental leave, interns, apprentices and contingent workers

As of December 31, 2022, the number of our employees fell by around 27.9% compared to the previous year, primarily due to the sale of businesses, to a total of 4,475 employees. Many of the Kontron Group locations serve as centres of vocational education where young persons are trained for technical and business professions. These educational activities are evidence of the Kontron Group's years of commitment to training young people, a commitment enabling it to cover part of its need for highly qualified young employees. The Kontron Group also maintains working relationships with many of universities of applied sciences and other institutions of higher education and provides support to students undertaking dual majors in a variety of technical and scientific disciplines. Kontron also offers internships and the chance for students to work on Group projects. Overall, the Kontron Group employed 76 trainees and students in the reporting year (PY: 115) on combined work-study programs. A survey was carried out again to ascertain the number of Kontron employees with technical qualifications. In 2022, this was 52.7% (PY: 52.8%) of employees.

In the past financial year, a survey was carried out again to find out the highest academic qualifications of our employees. Currently 1.5% of them have a Ph.D (PY: 0.9%), 25.1% a master's degree (PY: 29.6%), 35.3% a bachelor's degree (PY: 30.2%), and 25.1% (PY: 27.5%) have graduated from high school (with entitlement to pursue higher education).

Distribution of highest academic qualifications of employees of the Kontron Group as of December 31, 2022:



Diversity and variety

Our Group's international orientation fosters diversity among our staff. This is important to us because the individuality of our employees, in conjunction with equal opportunities and respect for origin, age, religion, gender and other characteristics, forms our corporate culture. In 2021, the principles for diversity and equal opportunities were laid down in the "Kontron Diversity" policy which, along with the Code of Conduct, is binding for all employees.

When filling any position in the Group, Kontron follows the principle of promoting women and non-discrimination. Promoting women's interests forms part of Kontron's process of adapting its operations to account for changes in the worlds of work and in daily life. This process extends to Kontron AG's management for which the Group is striving to increase the share of women in order to achieve equal levels of participation in responsibility and decision-making. Kontron has therefore set itself the goal of increasing the proportion of women in senior and middle management positions from 22.6% (PY: 22.1%) to at least 28.7% (PY: 26.3%), which corresponds to the current gender distribution in the Group, by conclusion of the third stage of the step-by-step ESG plan.

Women are still less strongly represented in technical professions than men. To change this, we have launched programs intended to get young women interested in technical professions as early as possible. For example, Kontron AG always participates in the annual "daughters' days" in Austria which gives girls aged 11 to 16 the opportunity to discover the technical professions at local companies.

Bernd Eder

CEO, Kontron Transportation

Bernd Eder has been working in the Railway and supplying industry for more than 15 years, from 2019 to 2022 as Chief Operating Officer of Kontron Transportation GmbH and from 2023 as Chief Executive Officer of the same. He is a member of the Extended Management Board of Kontron AG as well as a lecturer for Business Development and Management at Carinthia University of Applied Sciences.

Kontron Transportation is a growing technology group, offering customised end-to-end communication solutions for mission critical networks, such as railways and other verticals. As supplier to a low emission industry, the group aims to lower the carbon footprint of its products and solutions.

In his role as COO Bernd Eder is engaging his team to work on different projects to promote the use of renewable energy, for example the building of photovoltaic panels to supply GSM-R radio stations. Further-more the principles of green IT, namely to reduce energy demand gradually while meeting the high demands on availability of its services, are applied in many elements of the Kontron Transportation Group solutions portfolio with even more to come.

Bernd Eder personally follows an environmentally-friendly lifestyle. Using bike and public transport for short distances and carefully evaluating his travel plans also against environmental aspects is as normal to him as motivating colleagues to follow this model. A corporate benefit program built on environmental principles including elements such as company bikes, joined sport activities, subsidies to public transport tickets and free fair trade beverages for all employees have been implemented.

Supporting young people in their career paths is also prior in Kontron Transportation. Young talents are recruited in person, via social media channels or from colleagues through recommendation with job offers focusing on the involvement in innovative and forward looking projects. New employees get very well onboarded, trained directly in the job, get soon integrated in teams and involved in projects. For example they get invited to a welcome breakfast, where they get insights directly from the board.

Practice-oriented education and getting students excited about management topics is also what motivates Bernd Eder to teach at the Applied University Carinthia. Kontron Transportation will further grow its team by hiring school and university graduates as well as IT experts. Job related training and further education is supported and offered to all employees.

When asked for future plans, Kontron Transportation strives for carbon neutrality through establishing a framework for the Corporate Carbon Footprint for all the entities and defining reasonable goals and emission reduction actions.

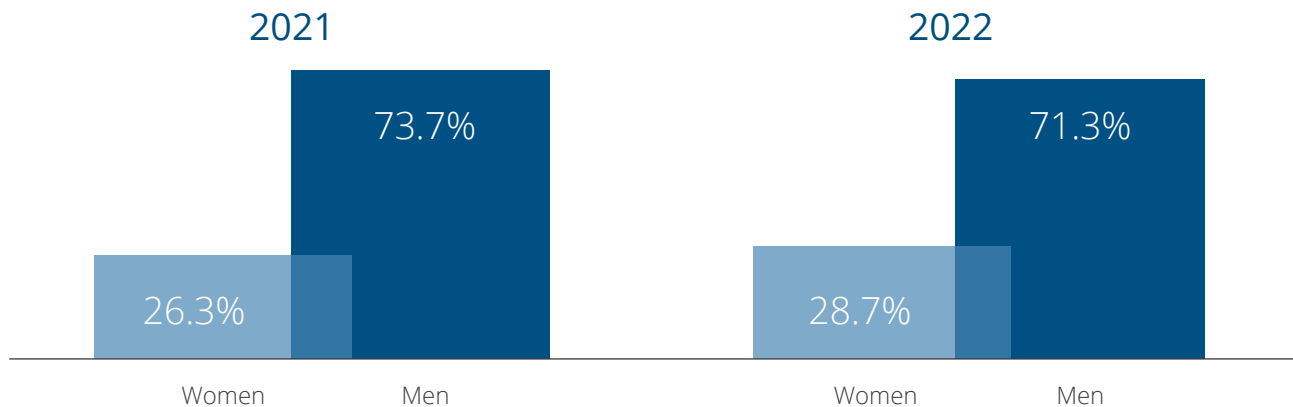


"I much appreciate to lead a business where we have the possibility to contribute to the European Green Deal with meaningful and sustainable solutions. It makes me proud to see how highly involved and motivated our employees are on our common mission, to support our customers making their business successful, while always also having environmental aspects in mind."

Bernd Eder

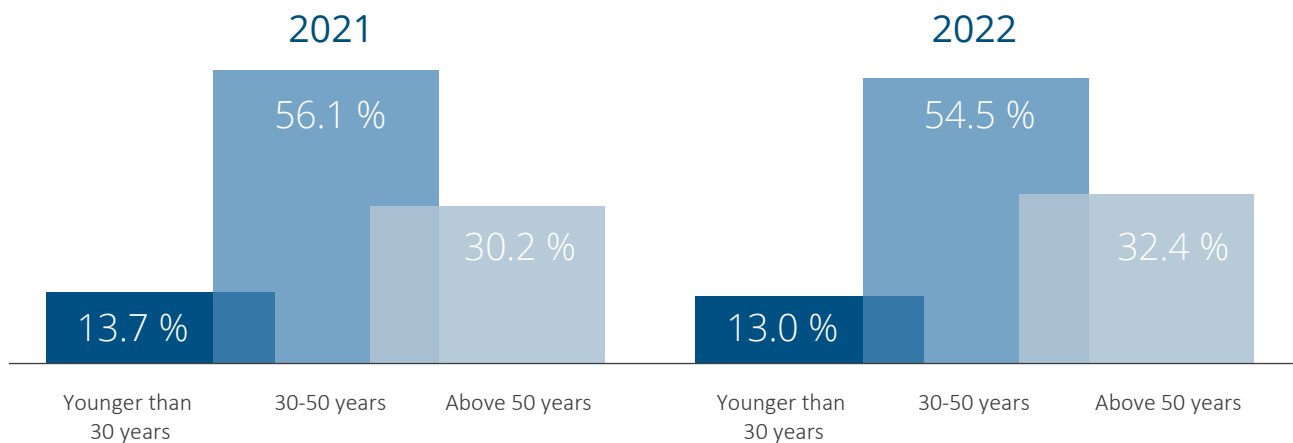
”

As of December 31, 2022, the workforce had the following gender distribution:



Of our 4,475 employees as of December 31, 2022, the following age distribution was observed: some 13.0% (PY: 13.7%) were less than 30 years old; 54.5% (PY: 56.1%) were in the middle group (between 30 and 50 years), and 32.4% (PY: 30.2%) were older than 50 years. Our objective is to make use of the diversity of age shown by our employees to optimally support and deploy each employee in the Kontron Group. To achieve this, we promote the securing and transferring of knowledge through the exchange of information and ideas among all employees in the Group.

The age structure in the Kontron Group as of December 31, 2022:



The distribution of employees at the levels of “managers”, “professionals” and “trainees” as of December 31, 2022:

INDICATOR	GRI	WOMEN	MEN
Trainees	405-1	23.3%	76.7%
Professionals	405-1	30.1%	69.9%
Management level	405-1	22.6%	77.4%
Total	405-1	28.7%	71.3%

The average length of service in financial year 2022 was 11.4 years (PY: 10.2), the fluctuation rate was 13.0% (PY: 14.8%), although changes due to the sale of companies were not taken into account when calculating the fluctuation rate.

At our facilities, we strive to enable and encourage the employment of people with health restrictions. According to the annual ESG survey, 1.6% of Group employees count as disabled.

Other employee, health and social indicators

INDICATOR ¹⁾	GRI	UNIT	2022	2021
Total number of employees		FTE	4,475	6,206
Hours of training for trainees	404-1	Hours/FTE	129.79	n/a
Hours of training for professionals	404-1	Hours/FTE	16.04	n/a
Hours of training for management	404-1	Hours/FTE	16.25	n/a
Hours of training for women	404-1	Hours/FTE	17.11	n/a
Hours of training for men	404-1	Hours/FTE	18.88	n/a
Average hours of training whole Group	404-1	Hours/FTE	18.37	n/a
Fluctuation		%	13.0	14.8
Average length of service		years	11.4	10.2
Work-related injuries	403-9	Accidents	19	23
Serious work-related injuries	403-9	Accidents	2	n/a
Fatal work-related injuries	403-9	Accidents	0	0
Female employees with disabilities	405-1	FTE	52	n/a
Male employees with disabilities	405-1	FTE	21	n/a
Total	405-1	FTE	73	89
Employees with collective agreements	2-30	FTE	2,674	n/a

1) n/a – data was not collected until financial year 2022

INDICATOR	GRI	< 30 YEARS	30-50 YEARS	> 50 YEARS	TOTAL
Female trainees	405-1	0.4%	0.0%	0.0%	0.5%
Female specialists	405-1	3.1%	14.0%	7.2%	24.3%
Female managers	405-1	0.2%	2.5%	1.2%	3.9%
Women total	405-1	3.8%	16.5%	8.4%	28.7%
Male trainees	405-1	1.5%	0.1%	0.0%	1.5%
Male specialists	405-1	7.5%	30.9%	18.1%	56.5%
Male managers	405-1	0.3%	7.1%	5.9%	13.3%
Men total	405-1	9.2%	38.0%	24.1%	71.3%
Trainees total	405-1	1.9%	0.1%	0.0%	2.0%
Specialists total	405-1	10.6%	44.9%	25.3%	80.8%
Managers total	405-1	0.5%	9.6%	7.1%	17.2%
Employees total	405-1	13.0%	54.5%	32.4%	100.0%

INDICATOR	YES/NO
Is the company located in a country where there is no right to collective bargaining, works councils and freedom of association?	no
Are there strict prohibitions regarding collective bargaining and freedom of association?	no
Are there any operating sites with a significant risk of incidents of child labour?	no
Are there any operating sites with a significant risk of incidents of forced or compulsory labour?	no



Kontron Group Leadership Academy

The first round of the new Kontron leadership training, the Kontron Group Leadership Academy, started in November 2021. The one-year program focuses particularly on female junior executives in a wide variety of fields who will be prepared for their next career steps within the Kontron Group by external trainers and Kontron managers. The aim of the academy is to enable participants to develop comprehensive leadership skills for their continuing professional development within the Group. Participants will receive professional, well-founded and practical management training in, among other things, all the important areas of Group business, from finance to legal to our solutions. In addition to professional qualifications, the course also includes modules on soft skills. 21 Kontron Group employees, approximately 70 percent of whom are women and 30 percent men, successfully completed the first round of the Academy in November 2022.



The Kontron Leadership Academy gave me many advantages in terms of experience exchange with colleagues from different entities. I appreciated the sessions with heads of Kontron entities and divisions like U.S., Asia, IoT and M&A sharing information on their business and responsibility. The sessions with the coach Ulrich Schubert were extremely agile and left lots of aspects for daily personal and professional life in mind to remember subsequently.

Doris Winter, Project Manager, Kontron Europe GmbH



The Kontron Leadership Academy was a transformative experience for me. It helped me to develop critical leadership skills, build confidence, and network with like-minded professionals. The participation in the leadership academy was therefore a valuable investment into my personal and professional growth.

Denisa Kelly, Procurement Specialist NPI EMEA, Kontron Europe GmbH



Thanks to the Kontron Management Team for letting me take part in the first edition of the Leadership Academy. It was a great opportunity to learn more about the company and get to know high-ranking managers and colleagues from the different entities. Hoping to keep in touch and meet some of the presenters and participants in person in the future again!

Julia Hecht, Senior Training Coordinator, SharePoint Prime/Manager (HR Admin), Kontron Transportation Deutschland GmbH



Bridging the knowledge of our leaders with the people in the organisation with the Leadership Academy at Kontron has been extremely valuable. Kontron's Leadership Academy has given me an understanding of the important areas of our business, such as M&A, financial, legal, operative, and strategy. As Head of Corporate Marketing, I can now better understand the business of Kontron and can help better support it "within and beyond" marketing communications. The value the employer gets from such programs is therefore a better understanding and a stronger engagement of the employees, as well as more qualified employees for future leadership positions within the organisation.

Nika Mohar, Head of Corporate Marketing, Kontron AG



Training and education

Our employees are the drivers of the successes achieved by the Kontron Group. That is why Kontron makes sure it has employees who are dedicated and qualified. To this end we invest in a large number of specialist courses and training programs. We also offer our staff ways of continuing their development within our company.

Kontron's long-held philosophy

— “HIRE FOR ATTITUDE, TRAIN FOR SKILLS” —

remains unchanged and is driven forward by internal programs for the personal and professional development of our colleagues. In financial year 2022, the Kontron Group invested around EUR 1.1 million (2021: EUR 1.5 million) in training and education for their employees, although investment in training has fallen compared to the previous year due to the sale of several companies. Training and further education took place in a wide variety of subjects and fields. Above all, many technical training courses were held to maintain or expand certifications with individual manufacturers such as AWS, SAP, Microsoft, HP, VMware, Cisco, etc. Leadership training and coaching, occupational safety training, project management seminars, and languages were also strongly represented.

Apart from the various training schemes, training on the job is also a key component of the Kontron Group's staff development strategy. Employees from the various divisions are given the opportunity for job rotation; contacts with colleagues at other locations facilitate the transfer of specialist knowledge within the Group and bring new ideas into the departments. Alongside “job enlargement”, in which employees can take on additional tasks in the area of work they are familiar with, they are also being increasingly encouraged to embrace “job enrichment” and take on new duties that carry more responsibility. This helps them to gain the skills necessary to take on management positions in future. On the established management trainee program, for instance, they can gain experience of interim management with the aid of an experienced executive manager as a mentor and so obtain the qualifications needed for a higher level of management. When filling vacant management positions, priority is given to candidates from within the Group. If the responsibilities require it, candidates from outside the Group are also considered.

Employee satisfaction

Fair remuneration

Within the Kontron Group, the same remuneration principles apply to all employees. We always strive for fair remuneration of all employees regardless of gender, origin, religion, age, disability, or sexual orientation. The total remuneration packages are based on the average of the relevant labour market in each case to ensure that each employee receives a remuneration appropriate to the labour market that is applicable to her or him. These packages are comprised of a monthly fixed salary. Depending on the position held and the area of responsibility, a performance-based variable component and of a variety of supplemental benefits may also make up the package. Our objective is to provide our employees with the remuneration that they deserve and which motivates them to continuing performing well.

Stock option programs have been in place for several years which allow allocation of stock options to managers and members of the Executive Board of Kontron AG or of a company connected to it as variable remuneration. In 2020, warrants were made available for purchase on reasonable terms to a large section of the workforce for the first time, giving them the chance to participate in the company's future success. The warrants for 2020 are listed on the regulated market of the Vienna Stock Exchange. Further information (including the stock exchange prospectus) is available at https://ir.kontron.com/Warrants_2020.en.html. The stock options issued in the past, and the warrants purchased in 2020, can only be redeemed after a vesting period and once defined barriers have been reached. This contributes to a strong commitment on the part of management and the employees as well as to sustainable corporate management.

Flexible work

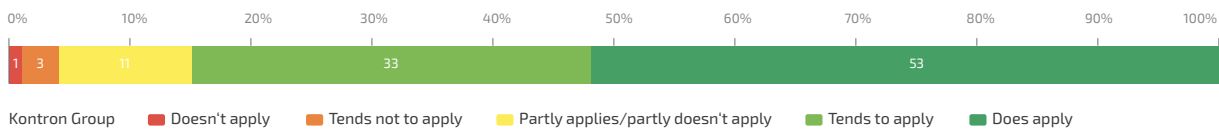
As a basic rule, our employees have a say in the organisation of their working hours. This opportunity is even open to them where legal provisions for working hours such as part-time work or parental or care time are in place, as they are in some countries. Flexitime and a wide variety of part-time models, as well as shift swaps or time reductions, are established practice and are possible by individual arrangement. It is important to us that we meet and further develop the need for flexible working time models in order to create the best possible working conditions for our employees, especially for those with childcare obligations. This also includes the realisation of partial and/or full-time mobile work. A high proportion of working from home continued to be maintained in 2022.

Employee surveys

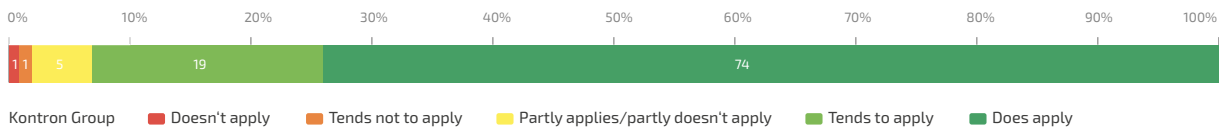
Regular employee surveys are conducted to find out the prevailing mood in the individual Group companies and identify areas where improvements can be made. The surveys have so far been carried out locally in the companies by an external service provider who ensures that the replies are anonymised. In the fourth quarter of 2021, a first Group-wide employee survey was carried out and an external service partner was appointed in accordance with the aforementioned requirements. Over 80% of Kontron employees were invited to participate in the survey voluntarily. In approximately 50 questions they were asked about their daily work, how they found their work with colleagues and managers, sustainability, diversity, and employer attractiveness.

The anonymised results of the employee survey were made available to management at the beginning of 2022. After analysing the results, measures were defined together with local management in the subsidiaries which should be suitable for exploiting the identified potential for improvement. The aim is to further or continuously improve employee satisfaction and the attractiveness of the Kontron Group as an employer.

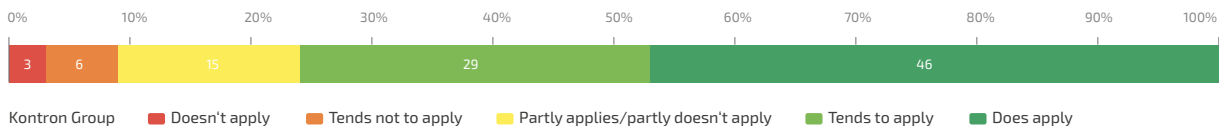
Overall, I really enjoy working in the company



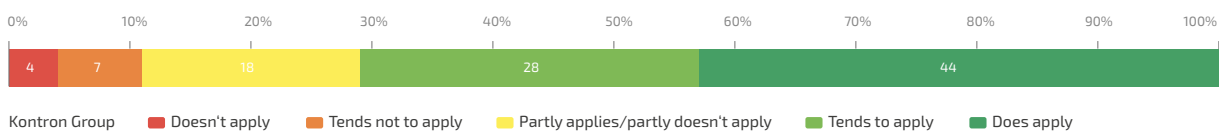
We treat each other with respect and appreciation - regardless of age, gender or cultural background.



My direct manager provides sufficient support for employees training and development.



I personally can recommend the company as an employer to friends and acquaintances



Source: vieconsult GmbH, Kontron employee survey results report

The background image shows the interior of a modern train carriage. Two passengers, a woman and a man, are standing and looking at a digital display mounted on the wall. The woman is pointing at the screen. The man is wearing a dark suit and a backpack. The carriage has large windows, blue seats, and a clean, modern design. The ceiling is white with recessed lighting. The overall atmosphere is bright and professional.

Computing power for smart trains

IoT Solutions Europe

The demands on communication systems in rail transport have increased considerably in recent years. Today, passengers expect to be able to use their smartphones, tablets or laptops online throughout their rail journey. In addition, there are now a variety of other communication tasks related to IoT (Internet of Things) on the train. These include, for example, travel information systems or passenger counting systems. Furthermore, tracking, real-time diagnostics for train systems and video security are part of it.

With Colibri, Deutsche Bahn AG offers a modular solution for transport companies that covers all communication tasks, including support. At the heart of Colibri is an intelligent high-performance PC from Kontron, acting as the central computer in the vehicle and controlling all diagnostic, communication and monitoring functions in all areas of public transport.

The safety requirements for hardware in rail vehicles are particularly high, especially with regard to fire protection and robustness. This is why all Kontron central computers comply with the EN 50155 standard. These intelligent high-performance PCs offer communication options such as WiFi, Gigabit Ethernet, 4G/5G LTE or GPS and up to four 5G modems for external communication, as well as an eSIM option for a quick and easy provider change. The central computer manages the entire network and ensures that the connection remains permanently stable.

The Colibri system can also be used in other transport systems such as buses as well as in ticket vending machines and electric charging stations – the goal is in supporting continuous mobility beyond the train.

Management principles

In addition to capital and know-how, professional leadership is our most important driver of corporate success.

Our management principles form the foundation for dealing with our employees and are compulsory for all those in management positions. These principles are guidelines designed to provide managers with consistent points of orientation. To ensure that these principles are vital and productive components of our Group's corporate culture, all of Kontron's managers are called upon to make them part of their daily actions and thoughts, and to deploy them in their personal styles of leadership, for which they serve as examples of positive behaviour.

The formulation of our six principles of management is an expression of our conviction that our company's most important capital is our satisfied, professionally led, well-educated and effectively assigned personnel. Our objective is to maintain this capital on both the professional and personal levels.



Our six principles of management are also the yardstick used in the assessment of manager quality. The wording of the principles is deliberately open-ended. This is because each manager's style is individual and personal. To instill and embody this approach in an authentic and credible way, we have to take personal and frequent looks at what constitutes management. To do this, we encourage our managers to participate in leadership training programs held locally and on external premises.

Occupational safety and health protection

The safety and health of Kontron Group employees is important to us. The planning and implementation of occupational health and safety measures, ensuring suitable organisation and providing the necessary resources is part of our occupational health and safety management. Equally, employee surveys are carried out at regular intervals with a view to providing management with indications for potential improvements. These surveys are conducted locally and are often related to a particular set of circumstances, e.g. in the context of larger acquisitions or in exceptional situations such as the coronavirus pandemic in 2020.

Our experts – occupational safety specialists and company doctors – advise us on all aspects of occupational safety, including the ergonomic design of workstations and psychological aspects of work. This enables us to prevent physical impairment through, for instance, monotonous work at computers; and of psychological stress that may result from increased work demands. These objectives are achieved by fitting offices with ergonomic equipment, for example. In addition to the configuration of workplaces, other activities include assessment of sources of danger. These assessments are performed to effectively minimise hazards and risks. This is complemented by the establishment of rules governing emergency medical care at work, precautionary medical examinations, the establishment of rules on the handling of hazardous materials, and other safety-relevant procedures. Our occupational safety officers are responsible for facilitating the protection of health, for implementing occupational protection and accident-prevention measures, and for ensuring the safety-conscious behaviour of all employees. We also inform our employees through training and professional instruction about how to ensure their own safety and health at work.

In the 2022 financial year, 19 accidents at work were recorded at the Kontron Group (PY: 23). In order to create a working environment that is as accident-free as possible, employees – especially employees working in production environments – take part in internal and external training courses held on an ongoing basis to raise awareness of safety issues and ensure occupational safety. Our objective is to create an accident-free working environment together with our employees.

Societal and social commitment

The Kontron Group strives to foster improvements in societal conditions. Therefore, Kontron provides support in a variety of countries to a wide range of initiatives and projects in the areas of education, sciences, arts, sport and public welfare. That is why Kontron promotes regional projects in various countries and invests in local working relationships with schools, universities, non-profit organisations and foundations. No donations or contributions of any kind are made to political parties or political organisations.

As in previous years, the support provided by the Kontron Group in financial year 2022 included donations of money and physical items; the forging of partnerships with sports associations, schools and universities; and the support of numerous charitable projects. Donations were made in 2020 to organisations that help children, to institutions sheltering women who are victims of domestic violence, and to medical facilities (such as the Red Cross in Germany and the Dr. Clown Foundation in Canada). Kontron also raised money for cancer research and cancer patient assistance. A large number of local sports clubs also received support from Kontron. We are an IT company. As such, we sponsor the equipping of schools and children's homes with IT. We also provide support to IT projects undertaken by educational institutions.

Cooperation with schools and universities

In order to secure the services of young employees around the world – especially IoT engineers – the Kontron Group maintains partnerships and cooperation with schools and universities in many different locations. We also support students by supervising undergraduate, postgraduate and research projects and offer internships as well as trainee and training programs. In 2022, for example, Kontron supported TU Hamburg on the “Formula Student” design competition.

We are stepping up our participation in local initiatives to acquaint high school students with the job opportunities available in technical fields at our company. At our facility in Augsburg, Germany, we organise internships for high school students in cooperation with institutions of vocational training such as Germany's DAA (Deutsche Angestellten-Akademie) and BIB Augsburg GmbH. We also present the company to students at trade fairs, such as the “HTL Career Days” in Vienna.

The longstanding close cooperation with HTL Spenglergasse, a polytechnic based in Vienna, was successfully continued in 2022. As an Austrian company, Kontron cooperates closely with the University of Applied Sciences in Salzburg and the University of Applied Sciences in Hagenberg, and is also heavily involved in a great variety of research projects in collaboration with the Fraunhofer Institute in Austria. Outside Austria, the Kontron Group cooperates with the following universities and institutions of higher education: in Swit-

zerland – the University of Applied Sciences in Northwest Switzerland and the University of Lucerne; in Germany – the Universities of Technical Application in Kirchheim/Teck and in Reutlingen, the Promotion of Professions Agency (Berufsförderungswerk) Schömberg and the Academy of Professions, with the University for Technologies and Business in Dresden; in the UK – the University of Chichester; in France – Versailles-Saint Quentin University, and École d'Ingénieur généraliste en informatique et technologies du numérique, Paris; in Portugal – ISEL (Instituto Superior Engenharia Lisboa); in Serbia – School of Electrical Engineering and University of Belgrade; in the Czech Republic – West Bohemia University and CVUT (Czech Technical University Prague); in Moldova – Universitatea Tehnica; and in Romania – Polytechnical University in Bucharest.

Governance

Cooperation with AfB – Providing work for people with disabilities



As part of a cooperation with AfB – “Providing Work for People with Disabilities” (<https://www.afb-group.at>) – Kontron AG offers its customers the opportunity to combine professional IT services with social and environmental added value. Specialising in IT recycling and remarketing, AfB acquires used hardware from customers, which is then refurbished for remarketing and reuse in Austria after certified data deletion. Equipment that is no longer marketable is professionally recycled by approved refiners in Europe. As a recognised inclusion company, AfB also creates jobs for people with disabilities.

Through this partnership, Kontron is making a valuable contribution to social and sustainable development: Reuse and recycling extends the product life cycle of devices, protects the environment and natural resources, and reduces emissions. The collaboration also enables Kontron to support people with disabilities and give them career prospects.

Corporate ethics

Corporate Governance

“Corporate governance” denotes the legal and factual parameters created to govern the management and supervision of a company. Corporate governance has the aim of enhancing the transparency and capability of control of management and its actions, enabling management to reach decisions responsibly and base them on sustainable value creation.

As a company listed on a stock exchange in Germany, Kontron AG, which is headquartered in Austria, has committed itself to observing Germany’s Corporate Governance Code (DCGK). Kontron AG deviates from some Principles of the German Corporate Governance Code of April 28, 2022. In accordance with the “comply or explain” principle, the reasons for these deviations from recommendations are explained in the annual financial report and the annual report in the chapter, “Corporate Governance Report”. The report is also published on the Kontron AG website at https://ir.kontron.com/Corporate_Governance.en.html.

At Kontron AG, the term “corporate governance” stands for a way of managing and controlling a company that is responsible, value-based geared towards sustainable value creation. Key components of good corporate governance are efficient working relationships between the Executive Board and the Supervisory Board; channels of communication within the company that are based on openness; respect for shareholder interests; the achievement of transparency and accountability when making decisions for the company; dealing with risks appropriately; and promoting equal opportunities and diversity. Kontron’s Executive Board and Supervisory Board are convinced that good corporate governance – one that takes into account the specifics of the company’s business and of its sector – forms an important basis for the achievement of success. A central responsibility of management is observance of national and international laws including tax laws and refraining from tax evasion, of rules and directives; and of the principles codified in Germany’s Corporate Governance Code. This compliance is a matter of course for Kontron and a component of its culture of management.

Compliance in the Kontron Group

Kontron operates according to a simple and very clear approach to business: We expect integrity-driven performance. Kontron AG’s Code of Conduct contains the requirements to be observed by all our employees and our partners. The Group Compliance Office supports the implementation of group-wide and local compliance measures and performs a group-wide monitoring function.

Code of conduct & Compliance training

The Code of Conduct of Kontron has been implemented in the whole Group. Its directives were revised in financial year 2022 and the updated version rolled out throughout the Group. The Code’s contents are regularly assessed, updated and staff trained in them. The Code of Conduct obliges our employees to behave in accordance with the law, to fulfil their personal commitments and to refrain from any activities likely to damage the reputation of the Kontron Group. The Code of Conduct describes and governs such issues as the observance of currently applicable laws, combating corruption, adherence to fair-trade and anti-trust laws, behaviour towards third parties, handling of financial and business records, combating money laundering, compliance with export control and duty laws, principles of non-discrimination, data protection and security, conflicts of interest, dealing with gifts and invitations to events, and how to handle donations, sponsorship and advertising. The Code of Conduct has been updated to include the newly promulgated stipulations of the Second Shareholders’ Rights Directive and those of Austria’s Stock Corporation Act which is applicable to Kontron AG as an Austrian company. Our current code of conduct is available on the Kontron AG compliance website: <https://ir.kontron.com/Compliance.en.html>.

New employees receive compliance training as part of the onboarding process and commit to compliance with the Kontron Code of Conduct. Regular “refresh” sessions are subsequently held throughout the Group. In 2022, a new Group-wide online training scheme was introduced that makes it easier to coordinate and maintain training cycles throughout the Group and quickly roll out new content across the Group if necessary. In addition, the new tool enables better tracking of test results which are then used for continuous adjustment of the training scheme.

Combating corruption

The Kontron Group competes for contracts placed by government bodies and public sector corporations from around the world. For this reason, it is of key importance to the company that it observes all laws and stipulations pertaining to public-sector procurement including legislation designed to preclude the exertion of undue influence on civil servants. Many countries have passed anti-corruption legislation forbidding bribery by commercial enterprises in accordance with internationally applicable standards. Several of these laws – such as the UK's Bribery Act and the USA's Foreign Corrupt Practices Act – are recognised around the world, and are robustly applied in the Kontron Group. Our Code of Conduct obliges us to comply with applicable laws and measures for combating corruption. It should be stressed in this connection that we make no donations to political parties or political organisations.

Adherence to laws

Adherence to and observance of all applicable laws are compulsory in the entire Kontron Group. Every staff member is required to adhere to national and international codes of law. In order enable employees and third parties to alert the Compliance department to possible breaches of law committed in the company, the Kontron Group set up an electronic whistleblower system that also makes anonymous reports possible. This is available on the Kontron website at <https://compliance.kontron.com>.

Potential contraventions can also be reported directly and at any time to the Compliance Officer, the Legal Affairs department, Human Resources or a member of the works council.

Human rights

Adherence to internationally valid standards of human rights and working standards is a matter of course for the Kontron Group. Our standards correspond to those of the International Bill of Human Rights, the European Convention on Human Rights and the principles in the United Nations Global Compact. We do not tolerate forced labour in any form, including involuntary work performed in a prison or in servitude.

Every person working for the Kontron Group does so of her or his own free will. Any employee can terminate her or his employment contract after having given reasonable notice. Child labour is not tolerated. We require our suppliers to adhere to all currently applicable laws including laws relating to human rights and fair business practices as well as the section "Supplier Code of Conduct" on the Kontron AG compliance website: <https://ir.kontron.com/Compliance.en.html>.

Data protection and security

As a technology company, responsible handling of data, especially personal data, is essential for Kontron. Ensuring data security is part of our product portfolio and it has top priority when implementing and maintaining customer or own systems. Here, data protection and data security go hand in hand. We always treat data as confidential and always collect and process data in compliance with all relevant legal requirements.

In addition to national requirements, we have also met the requirements of the General Data Protection Regulation (GDPR), which has been in force throughout Europe since May 2018, and the local laws enacted in its implementation. Implementation activities included, for example, the adaptation of Group policies and processes relating to the handling of personal data, the further development of process documentation, the creation and revision of document templates, and the regular review and ongoing development of the technical and organisational measures we use in the company. This enables us to guarantee a very high level of data protection and data security.

As a fast-moving multinational technology leader, we are constantly challenged by cyber criminals. The Group's IT department has implemented several security checks and technologies to prevent or respond to this. The data security plans and measures in place are continually adapted to meet the latest requirements. Kontron has the power to rapidly answer to the new challenges and implement new controls and procedures to answer threats. Several of our companies are certified to ISO 27001 (information security) and all our applications run on ISO 27001-certified systems. The Group is in the process of achieving global ISO 27001 and ISO 27018 (cloud privacy) with ISO 22301 (business continuity management) compliance: more and more automated systems and processes are being deployed with the requisite external services, such as regular penetration tests and independent architecture analysis. Penetration tests were carried out on all internal systems in 2021, for example. In addition, the EMOTET threat was addressed with mandatory multi-factor authentication and we are continuing the transition to the passwordless era with tokens. We can protect ourselves well against attacks on Microsoft Exchange vulnerabilities, for example, by switching off the local infrastructure in an emergency. This is possible thanks to the advanced status of cloud adaptation and advanced security tools available to us for the Cloud infrastructure which cover all services and terminals.

However, implementing security technologies alone is not enough; our employees are also an important part of the line of defence. To ensure that our employees are aware of IT security, potential attack methods, etc., the Kontron Group's IT department has started implementing a security awareness program for all users. As a Group initiative, the employee Security Awareness Program – covering simulations – can strengthen the overall security level in the Group. The Security Awareness Program ensures that everyone in our organisation is sufficiently informed of security issues and has the requisite measure of responsibility for dealing with threats to data security and data protection.

Our Group data protection officer and the data protection officers appointed locally by our subsidiaries are working to ensure that personal data is handled in accordance with the law throughout the Kontron Group and in the long term. Their responsibilities include the further development of company-specific data protection measures, and regular consultation with their respective senior managements and with the specialist departments of the Kontron Group. In particular we have ensured that the rights of affected persons to information, correction, deletion, and data transfer are fulfilled properly and promptly. All queries from persons and supervisory authorities relating to data protection are duly documented, checked and processed. Treating data in a responsible way is of the greatest importance for us. In financial year 2022, there were only a few queries on data maintenance or deletion. No complaints or procedures involving data protection laws have been lodged against Kontron AG or its subsidiaries.

Risk and opportunity management

Risk and opportunity management constitutes an important component of Kontron's handling of its business. The management's goal is to identify, evaluate and actively influence the risks and opportunities of the market and entrepreneurial activities within the framework of the Group's internal risk and opportunity management. This applies to both internal and external opportunities and risks.

Kontron generally avoids risks that endanger its corporate existence. Nevertheless, Kontron's business activities do expose it to risks that directly result from corporate actions. In order to identify risks at an early stage, to assess them appropriately and to limit them through taking suitable measures, we have set up a Group-wide risk management system which also supports us with achieving our corporate goals. The risk management system fosters an awareness of risk and increases the trust that our stakeholders place in our company. It also improves the bases of our planning and decision-making.

The close connections with financial processes and the ongoing development of methods of assessing and managing risks and of reporting them ensures that the Executive Board and Supervisory Board are informed promptly and fully about the risks to which the company is exposed.

A further component of good entrepreneurship is recognising and exploiting opportunities. This ensures the company's viability by strengthening its ability to compete and is represents a key component of our strategy. Our systematic management of risks and opportunities enables us to identify and exploit both.

Risk management system

Our internal system of risk management complies with the guidelines agreed upon with our Supervisory Board and Executive Board and covers the handling of risks facing the company. Our organisational chart makes the system part of our internal audit team, which reports to the Executive Board as a collegial body. The Group's risk manager regularly briefs the Executive Board and the Supervisory Board and monitors adherence to the risk management process and the reporting routines that have been established.

The Group-wide risk management process is presented and explained in a Group manual which describes in detail the individual steps in the risk management process, from risk identification to risk reporting:



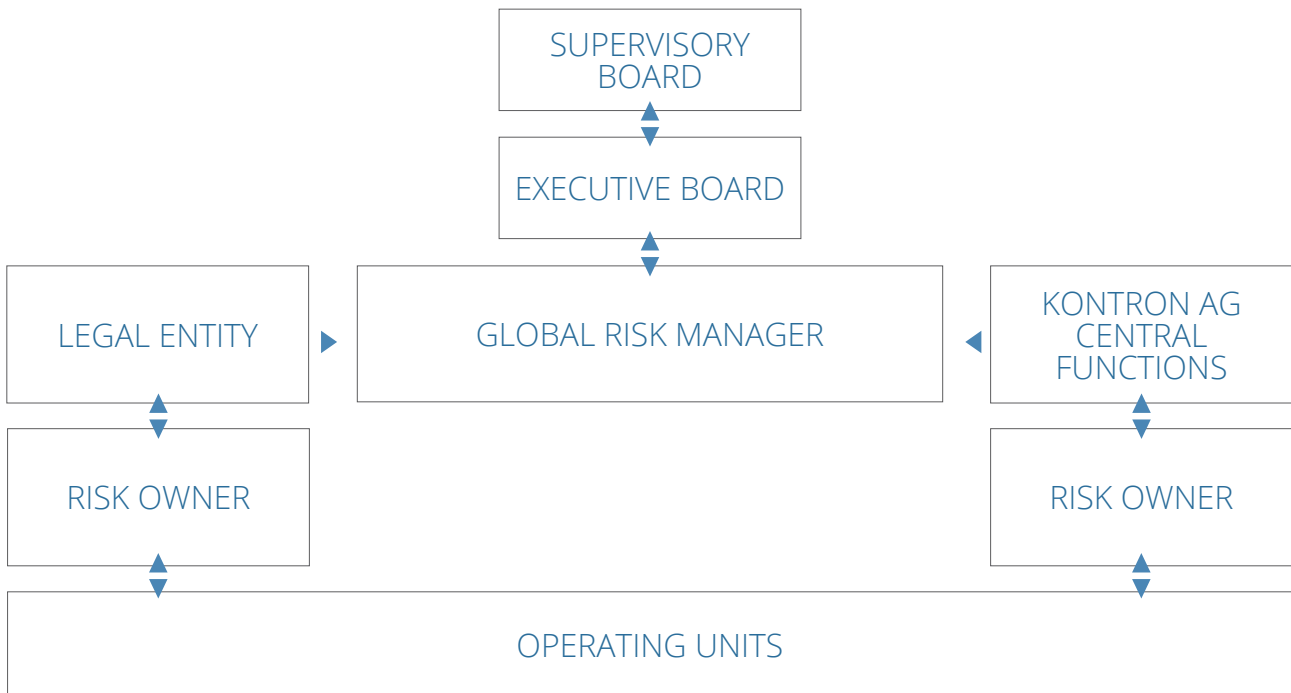
The Group Risk Manual determines the responsibilities and procedures comprised in the risk management system. It lays down clearly defined directives, such as the definition of the principles of risk management, which are binding for all parties.

The risk management manual has been sent to all Group companies for use and can be viewed by all companies at any time in Kontron AG's central filing system. Newly acquired companies are introduced to risk methodology by the Group Risk Manager, including training in the risk management process.

Every six months, all key operating areas and companies in the Kontron Group report on their risks and name a “risk owner” who is responsible for each of these risks. This results in the compilation of a risk report covering the entire Kontron Group which is then supplied to the Executive Board. The previous procedure of very small companies reporting their risks to the group risk manager once a year has been amended to the twice a year approach starting with the second risk report for the calendar year 2022.

In addition to regular standard reporting, the companies are required to report risks ad-hoc if they exceed predefined limits.

Risk management organisation



The probability of occurrence and the possible financial impact are assessed according to predefined criteria. A rating system has been introduced which enables the comprehensive depiction of the relevance of the risks.

Each risk is assigned to a “risk owner”, whose responsibility it is to monitor the risk and the measures taken to manage it. Risk assessment updates and risk tracking takes place in the regular reports to the Group’s risk manager, who aggregates these reports and forwards them to the Executive Board. The Executive Board regularly briefs the Supervisory Board on the main risks.

This system ensures the Group-wide transparency and the effective handling of the risks facing the company. Further information is provided in the “Report on Opportunities and Risks” section of the management report in the annual financial report and the annual report.

Quality management and certifications

We know about the great importance and priority placed by our customers on receiving highest quality products. We therefore strive on a 24/7/365 basis to achieve flawless, lasting and robust quality for all of the items in our portfolio. To attain this, we test and improve the quality of our products, solutions and services at every stage of the value chain. This quality assurance mission has several key components:

- › Activating and assigning heads of process responsibility to specific products, and enlisting the participation of employees
- › Entering into and maintaining business relationships that are characterised by reliability and predictable behaviour with customers, suppliers and other stakeholders
- › Establishing and sustaining a high level of service provision ensuring product quality, which includes communication, strong customer orientation and customer satisfaction

Across the Kontron Group, we have established a quality management system that encompasses our major facilities. The system is comprised of a single set of standards and processes that cover the topics of quality, security and environmental protection. This quality management system governs our operative processes, and ensures that we consistently deliver the highest possible quality to our customers.

Worldwide operating and accredited certification companies assess and certify our quality management system according to the standards such as ISO 9001 (quality), ISO 14001 (environmental management) and ISO 27001 (information security).

All our products satisfy legal regulations and applicable standards and specifications such as UL, CSA, CQC, VDE and TÜV-verified safety. Internal audits and evaluations by external certification companies ensure the efficacy and efficiency of our quality management system.

	NUMBER OF CERTIFICATES 2022*	NUMBER OF CERTIFICATES 2021*
ISO 9001 (Quality Management Systems)	35	48
ISO 14001 (Environmental Management Standard)	15	19
ISO 27001 (Information Security)	10	24
ISO 13485 (Medical devices – Quality Management Systems)	5	5
ISO 45001 (Occupational health and safety, before “OHSAS 18001”)	8	14
ISO 20000 (IT Service Management (ITSM))	4	11
FAA REPAIR STATION (Air Agency Certificate)	1	1
EASA 145 (European Aviation Safety Agency Certificate)	2	1
ITAR (International Traffic in Arms Regulations)	1	1
IRIS (Railway Industry Standard)	1	1
RISQS (Railway Industry Supplier Qualification Scheme)	1	2
AS 9100 (Quality Management System – Requirements for Aviation, Space and Defence Organisations)	4	2

*Changes in number are due to new certifications, acquisitions or reduction of certifications after company mergers and the sale of companies

Appendix

Information on the report

Since financial year 2017, Kontron AG has published a separate Sustainability Report at the same time as the annual report. With this sixth Sustainability Report for the financial year 2022, we inform our customers, investors, business partners, employees and the interested general public about how the Kontron Group handles sustainability-related issues.

This report follows well-established guidelines such as those laid down by the Global Reporting Initiative (GRI) whose standards are used selectively here, and – as a listed company on the German stock exchange – those formulated by BDI (Bundesverband der Deutschen Industrie e.V.), which is the Association of Germany's Manufacturers.

The principle of significance to the Kontron Group guided the selection of contents for this report. To make this selection, a base was formed in which topics were arrayed in a matrix of significance. This displayed their importance to the Kontron Group. The topics were classified as having great, medium and low importance to the Kontron Group. These classifications express the Group's view of its operations. Topics of great and medium importance were then examined and included in this report.

This report covers the period from January 1 to December 31, 2022. Kontron's Sustainability Report 2022 will be published on March 29, 2023. To obtain in-depth information on the company's financial objectives and on the development of its business, please consult Kontron's 2022 annual financial report and the 2022 annual report.

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With Top Processes to Top Service: Service Solutions for the Healthcare Sector

IT Services

As an innovative technology company, "IT-Services der Sozialversicherung GmbH" (ITSV) manages and coordinates the IT activities of the Austrian social insurance system. As the central point of contact for end users from the various organizations of the Austrian social insurance system, ITSV operates a service desk with a ticket volume of approximately 100,000 tickets per year.

In order to continue providing high-quality services, ITSV needed a flexible Enterprise Service Management (ESM) solution that would integrate existing systems, link interfaces, digitize manual business processes and optimize existing IT service operations. With Kontron, „USU Service Management“ was introduced as the new platform; an established tool that can be used to manage complex automation tasks and digitize all enterprise service processes.

The USU solution provides ITSV with information on the current equipment landscape on a daily basis. The service desk thus receives the best possible support in assigning an IT ticket to a workstation and can analyze tickets much faster and process them more efficiently. This ensures satisfied users through a significant increase in the quality of service as well as a reduction in costs. The „USU Analytics“ reporting solution used by Kontron, which is based on BI cubes, also enables ITSV to respond more flexibly and quickly to reporting requirements and to provide the relevant information in a targeted manner for specific people or areas as a report or integrated dashboard in the USU interface.

The product is now used as a comprehensive enterprise service management solution and is used for a growing number of business processes in a wide range of specialist areas. Kontron supports this not only with accompanying consulting, but also with proprietary developments designed for the solution, such as „Ticket Flow“ as a simple „no code“ extension to model any number of complex incident, problem, change, request processes, and much more.