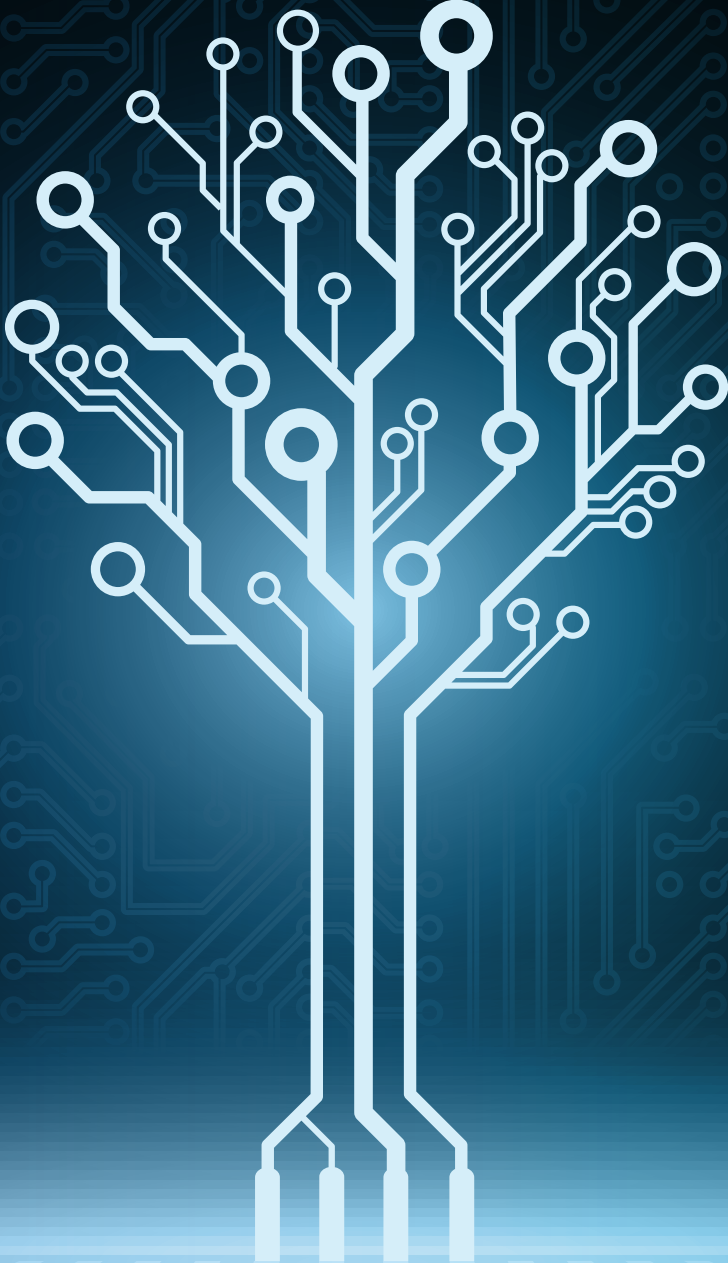


SUSTAINABILITY REPORT 2021



3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

TABLE OF CONTENTS



INTRODUCTION	194
FOREWORD	194
KEY FIGURES	195
S&T GROUP	196
SHORT PROFILE.....	196
VALUES AND GUIDELINES.....	196
STAKEHOLDERS.....	197
SUSTAINABILITY MANAGEMENT AT S&T.....	200
STEP-BY-STEP ESG PLAN	202
SUSTAINABILITY PROJECTS IMPLEMENTED	202
EDUCATION & TRAINING	203
S&T OPTS FOR GREEN ELECTRICITY	203
PHOTOVOLTAICS	203
GREEN TRANSPORTATION.....	203
EU TAXONOMY	204
INDICATORS	205
ENVIRONMENT & CLIMATE	208
ENVIRONMENTAL PROTECTION AND ENVIRONMENTAL MANAGEMENT.....	208
PRODUCT-RELATED ENVIRONMENTAL PROTECTION.....	210
ENVIRONMENT INDICATORS*	214
GREEN PRODUCTS	215
SOCIAL TOPICS	216
EMPLOYEE INDICATORS.....	216
DIVERSITY AND VARIETY.....	217
TRAINING AND EDUCATION.....	220
EMPLOYEE SATISFACTION.....	222
MANAGEMENT PRINCIPLES.....	224
OCCUPATIONAL SAFETY AND HEALTH PROTECTION	225
HEALTH AND SAFETY INDICATORS.....	227
SOCIETAL AND SOCIAL COMMITMENT	227
GOVERNANCE	230
CORPORATE ETHICS.....	230
RISK AND OPPORTUNITY MANAGEMENT	233
APPENDIX	236
INFORMATION ON THE REPORT	236

SUSTAINABILITY REPORT



INTRODUCTION

FOREWORD

A sustainable form of management has long been important to S&T Group. The decisions we take to achieve our short- and long-term targets are both forward-looking and committed to sustainability. We have always placed particular emphasis on creating an everyday working atmosphere characterised by mutual respect, on constant dialogue with our stakeholders and on careful consideration of the consequences of our business activities for society and the environment. In this way, we aim to identify ESG opportunities early and mitigate ESG risks.

We manage the S&T Group with the objective of attaining sustainable value creation. All our ideas and decisions relating to our business operations have at their heart and as their benchmark topics relating to corporate governance, corporate social responsibility and compliance. We underline this commitment through our participation in the UN Global Compact with which we pledge that our strategy and our actions will comply with the ten UN Global Compact principles relating to human rights, work, the environment, and anti-corruption. Our aim is to make the principles an integral part of the S&T value system. Accordingly, relevant additions will be made to our Code of Conduct.

We are particularly pleased with the MSCI ESG rating, which improved by two levels in 2021. The renowned rating agency MSCI currently gives the S&T Group a "Triple B" (BBB) rating. This significant improvement is a clear and important indication of S&T AG's ongoing efforts towards sustainability.

In closing, and by way of introducing the following report, it is our privilege to cite some of the targets reached in 2021:

- › The long-standing philosophy of the S&T Group – "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 2021, we started the "S&T Leadership Academy", a one-year training course which focuses particularly on female junior executives in a wide variety of fields who are to be prepared for their next career steps within the S&T Group by external trainers and S&T managers.
- › In Ms. Yolanda Wu, another woman was appointed to the Supervisory Board, joining that Board's chair, Ms. Claudia Badstöber. This means that 40% of Supervisory Board mandates are held by female members. We are continuing to make every effort to increase the proportion of women in the Group, and in particular at management level.
- › The use of renewable forms of energy is progressing. Apart from using photovoltaics to generate our own electricity, we are also increasingly choosing green electricity from our power suppliers. We are pleased that we were able to put additional photovoltaic systems into operation in 2021 and increase the share of electricity from renewable energy sources.
- › In the fourth quarter the first Group-wide employee survey was successfully completed. The positive results confirm that the S&T Group is a good employer that offers its workforce an exciting working environment with sufficient development opportunities.
- › A new online compliance training tool and training program was launched, with focus on anti-corruption, antitrust law and fair competition, as well as capital market compliance.
- › Significant improvements were realised in the area of data security, such as endpoint protection, 2-factor authentication, as well as a training program for data protection and data security.

For 2022, we plan continue our step-by-step ESG plan. Besides implementing further reporting improvements, we aim to set concrete quantitative targets by the summer.

The Executive Board of S&T AG

Dipl.-Ing. Hannes Niederhauser






Michael Jeske

Dr. Peter Sturz

MMag. Richard Neuwirth

Dipl.-Ing. Michael Riegert

KEY FIGURES

<p>IoT + Industry 4.0 </p> <p>Internationally-leading supplier of Industry 4.0 and Internet of Things technologies</p>	<p>1,342 million €</p> <p>Revenues 2021 EUR 1,342 million</p>	<p>Greens solutions </p> <p>Supplier of products and solutions forming part of energy-efficient, sustainable and secure applications</p>
<p>211.3 million </p> <p>2021: EUR 211.3 million for engineering, research & development</p>	<p>6,206 </p> <p>More than 6,200 employees in 32 countries</p>	<p>3 business segments </p> <p>IT Services IoT Solutions Europe IoT Solutions America</p>

S&T GROUP

SHORT PROFILE

Technology group S&T AG (ISIN AT0000A0E9W5, WKN A0X9EJ, SANT), based in Austria, employs more than 6,200 people and has subsidiaries in 32 countries around the world. The company is listed on the TecDAX® and SDAX® of the German Stock Exchange and is one of the leading providers of IoT technologies. In this sector S&T focuses on the development of secure and networked solutions with a combined portfolio of hardware, software and services. S&T's own technologies in the fields of smart factory, railway communication systems, medical technology, communication solutions, and smart energy, as well as a broad portfolio of IT services, make S&T an in-demand partner for customers in a wide range of industries. For more information on the S&T Group and the portfolio, please refer to the chapters "Management Report" and "Portfolio of products and services" 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 S&T Group places a high priority on living up to its responsibilities towards the company, its employees, the environment and society. The reputation of the S&T 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 S&T Group. We view our employees as being the drivers of the successes achieved by our company.

We offer our approximately 6,200 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 key values such 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 staff members. 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 S&T Group always keeps an eye on ecological sustainability issues. As a supplier of IoT technologies, the S&T Group develops solutions that are deployed by customers 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. Additionally, our solutions help increase efficiency and therefore use energy and resources more effectively. Consequently, the hardware's long service life and efficient use of resources are very important to both our customers and our engineers.

STAKEHOLDERS

S&T defines as stakeholders those individuals or groups of people who are influenced by the business activities of the S&T 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 the interests and demands of the stakeholders.

CUSTOMERS

S&T 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 S&T.

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 S&T Group has a highly diversified customer structure comprising several thousand customers in a variety of vertical markets. In 2021, no single customer accounted for a share of S&T's revenue of more than 3%. In 2021, the revenue share from the betting sector was 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 painstaking selection of our manufacturers and suppliers.

SUPPLIERS

A constant goal at S&T is to ensure that our relationships with our suppliers have the form of partnerships. These efforts are based on our engaging in fair operating and business practices and our 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 S&T 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.

Below are our non-financial principles of procurement:

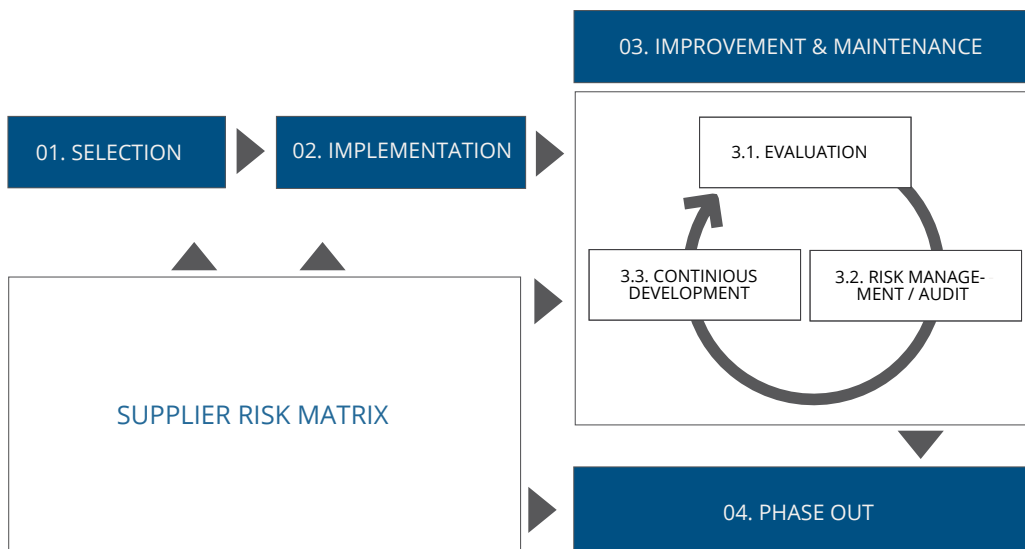


A central criterion when orders are placed by public authorities and industrial customers is that fundamental labor and social standards are observed in the production of goods. These are laid down by the International Labour Organization (ILO), the United Nations Global Compact, and by the respective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

The S&T 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 labor and social issues constitutes a challenge. Consequently, this adherence and documentation cannot always be guaranteed. The S&T Group therefore assumes responsibility for the protection of human rights within its sphere of influence.

The S&T 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 S&T 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 S&T 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 labor and social standards. The S&T 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 S&T'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 Organization 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 that suppliers enact processes designed to preclude their use of conflict minerals. Consequently, the production processes of suppliers 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 are also disqualified whose actions promote corruption, or who engage in other practices contravening laws and principles of fair competition.

To monitor suppliers' compliance with the above standards, the S&T 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, S&T's activities in this area include inspections of facilities and audits of suppliers in order to examine production conditions on site. Further measures include regular exchanges of information with representatives of the supply chain. These measures facilitate and optimise the S&T 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 2021 is presented in the "The Share" chapter of the annual report. We are happy to answer our stakeholders' questions and look forward to receiving feedback and suggestions at esg@snt.at.

SUSTAINABILITY MANAGEMENT AT S&T

GROUP-WIDE COORDINATION OF SUSTAINABILITY

ESG topics and achieving the defined targets fall under the purview of CFO Richard Neuwirth and 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. To this end, the position of “Group Sustainability Manager” was created in 2021 to coordinate ESG topics and reporting on them across the Group.

KEY SUSTAINABILITY ISSUES

In the second quarter of 2021, the external and internal stakeholders of the S&T 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.snt.at) 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 S&T 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.



COMMITMENT TO THE TEN PRINCIPLES OF RESPONSIBLE ACTION

The UN Global Compact contains principles on human rights, labor standards, environmental protection and the fight against 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, S&T AG committed itself to compliance with the global ethical, ecological, and economic principles and applied for admission. Consequently, S&T AG has been a UN Global Compact member since January 2022.

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.

LABOR

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 labor;

Principle 5

the effective abolition of child labor; 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.

FIGHT AGAINST 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, S&T also analysed the 17 development goals of the United Nations with regard to the company's business activities. The goals relevant for the S&T Group and which the company can particularly influence are shown below. S&T 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 S&T 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 S&T, 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 used in 2021 to update the materiality analysis and then reassess ESG risks.

ESG reporting was also expanded in 2021. In addition to collecting a greater number of key figures (based on the GRI standards), we have reacted to the EU Taxonomy Regulation adopted in mid-2021 and present the taxonomy key figures for the first time in the "EU Taxonomy" section of this report. In the following years, we expect more detailed EU taxonomy reporting requirements and have therefore expanded the reporting goal in our phased plan to meet the EU taxonomy requirements.

Evaluation of the quantitative ESG targets has started. Here, the development of the "Focus" project, which examines the stronger focus on the IoT business and the sale of the IT service segments, will have an impact on the quantitative objectives.



SUSTAINABILITY PROJECTS IMPLEMENTED

"Small-scale measures with big effects" is the S&T Group's motto. It refers to our approach to realising and implementing the ideas and suggestions put forward by our employees. We are pleased that other companies in the S&T 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 2021, the focus continued to be on the topics of "training" and on converting our power supply to increased use of renewable energies.

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 S&T staff at all levels can be conducted and documented.

The “S&T 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 S&T Group by external trainers and S&T managers.

In 2021, three group-wide training programs were restructured and started.

S&T OPTS FOR GREEN ELECTRICITY



The electricity used at the S&T 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 S&T 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. S&T has installed photovoltaic systems at several of its sites. For example, three photovoltaic systems are in operation on the roofs of Iskratel in Slovenia. The total output is 1.07 MWp and the plants produce an average of over 1.1 GWh of electricity per year, enough to meet the needs of 330 average households. At 0.5% of total electricity consumption, the proportion of self-generated electricity is still relatively low — S&T 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 e-vehicles. Of the approximately 1,500 vehicles, around 6% were e-cars in 2021 (2020: 4%). This figure should be significantly increased in the coming years.

More e-cars have already been ordered and will help make journeys less CO2-intensive in future!

EU TAXONOMY

Within the framework of the EU action plan on financing sustainable growth, redirecting capital flows into sustainable investments is a key objective. The EU Taxonomy Regulation, which came into force in mid-2020 with this objective in mind, serves as a uniform and legally binding classification system for defining economic activity in the EU that is 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 EU has currently published guidelines for sustainable economic activity in accordance with the EU taxonomy for two environmental objectives (climate change mitigation and climate change adaptation). The description of the economic activity in the delegated acts determines which economic activities can be considered in principle.

In order to classify an economic activity as “environmentally sustainable” as defined by the EU taxonomy, a distinction must be made between taxonomy eligibility and taxonomy compliance. First of all, it is necessary to check whether an economic activity is described in the delegated act and is therefore taxonomy-eligible. Only taxonomy-eligible economic activities that meet certain criteria can be considered “environmentally sustainable”. For classification as taxonomy-compliant, evaluation is then necessary to determine whether the technical evaluation criteria named have been met.

For the first EU taxonomy reporting year 2021, disclosure is required of the share of revenue, investment, and operating expenses accrued by taxonomy-eligible and non-taxonomy-eligible economic activities. This analysis must include the revenues, capital expenditure and operating expenses of all Group companies, whether fully consolidated or consolidated pro rata.

These revenues are determined on the basis of the amounts reported under these items in the income statement.

The base figure for capital expenditure is the sum of additions to property, plant and equipment, and intangible assets during the financial year before depreciation and amortisation and possible revaluations for the financial year in question and without changes in fair value. Additions to property, plant and equipment, and intangible assets resulting from business combinations are also included (application of IFRS (IAS 16, 38, 40, 41, IFRS 16)). Acquired goodwill is not included. Investments in non-current assets that are classified as for sale or for distribution are only taken into account until the first date of the corresponding classification

Operating expenses are based on the direct, non-capitalised costs for research and development, building renovation measures, short-term leasing, maintenance and repair as well as all other direct expenses for the ongoing maintenance of property, plant and equipment necessary to ensure their continuous and effective functioning that is performed by the company or by third parties.

Under Art 8 (1) of the Regulation in conjunction with Section 243b or Section 267a of the Austrian Civil Code (UGB), S&T AG is obliged to apply the regulations of the Taxonomy Regulation. In compliance with Section 245a (1) of the Austrian Civil Code, S&T AG's consolidated financial statements as of December 31, 2021, were prepared in accordance with IFRS. The amounts used to calculate the revenue, CAPEX and OPEX key figures are based on the figures reported in the consolidated financial statements.

Any of S&T AG's economic activities that are included in the EU catalog are considered taxonomy-eligible. In the case of S&T AG, for example, the following economic activities are to be considered: 6.14. “Infrastructure for rail transport”, 8.1. “Data processing, hosting and related activities”, 8.2 “Data-based solutions to reduce GHG emissions” and 9.2. “Close to market research, development and innovation”. Revenues, investments and operating expenses related to this economic activity can be classified as taxonomy-eligible.

Based on an analysis of all economic activities, the share of taxonomy-eligible revenues / investments (CAPEX) / operating expenses (OPEX) of the respective totals of S&T AG is reported in accordance with the EU Taxonomy for the 2021 financial year.

The EU Taxonomy Regulation and the delegated acts adopted for it contain wordings and terms that are still subject to considerable interpretative uncertainty and for which clarifications have not yet been published in every case. S&T AG's interpretation of these terms is set out below.

INDICATORS

REVENUE INDICATOR

The revenue indicator results from the ratio of revenues from taxonomy-eligible economic activities in a financial year to the total revenues in that financial year.

	SHARE OF REVENUE AS %
Revenue taxonomy-eligible	71.4%
Revenue non-taxonomy-eligible	28.6%
Total	100.0%

The total revenue of EUR 1,342 million for financial year 2021 is the denominator of the revenue indicator and can be found in the consolidated income statement (please refer to Notes Section C, Note (1)). S&T AG's revenues of EUR 1,342.0 million are examined across all Group companies to determine whether they were attained by taxonomy-eligible 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 (EU) 2020/852. Through a detailed analysis of the items included in the revenues, each revenue is assigned to the taxonomy-eligible economic activities. The sum of all revenues from taxonomy-eligible economic activities for the 2021 financial year is the numerator.

S&T AG's economic activities are defined as taxonomy-eligible by the economic activities described in the Delegated Regulation (Annex I/Annex II) 3.6 "Manufacture of other low carbon technologies (Annex I/Annex II)", 6.14. "Infrastructure for rail transport (Annex I/Annex II)", 8.1. "Data processing, hosting and related activities (Annex I/Annex II)", 8.2 "Data-based solutions to reduce greenhouse gas emissions (Annex I/Annex II)" and 9.2. "Close to market research, development and innovation" (Annex I/Annex II).

For the financial year 2021, revenue from goods and services generated by these economic activities will be classified as taxonomy-eligible if they were produced or rendered internally. By contrast, revenue from the trade of purchased goods and services is classified as non-taxonomy-eligible.

CAPEX INDICATOR

The CAPEX indicator shows the share of capital expenditure (CAPEX) that is either associated with a taxonomy-eligible economic activity, with a credible plan to increase such expenditure (if such a plan exists) or achievement of environmentally sustainable economic activity, or refers to the purchase of products and services from taxonomy-eligible economic activity.

	CAPEX SHARE AS %
CAPEX taxonomy-eligible	76.3%
CAPEX non-taxonomy-eligible	23.7%
Total	100.0%



MODERNISATION OF THE RAIL INFRASTRUCTURE IN BELGIUM

IOT SOLUTIONS EUROPE

With its customer I-ICT INFRABEL, operating the telecommunication networks of the Belgian railway infrastructure manager, Kontron Transportation has been engaged since 2019 in the migration of their NSS R99 GSM-R (Global System for Mobile Communication-Railway) Core Network system to the NSS R4 GSM-R standard. After a first major step in 2020 concerning the whole current mobile traffic (circuit switching domain), this project was successfully completed in 2021 with the migration of the GPRS system.

This final step, covering the packet switching domain, is an essential achievement in INFRABEL's vast program to modernise its infrastructures and systems, driven by its ambition to make the Belgian rail network one of the safest in Europe: until today, GPRS (General Packet Radio Service) has been only used for some marginal applications like the protection of trackside works, but it will soon become the central building block of the updated railway signalling systems, which is required to safely operate high speed lines with short intervals between trains.

Alex Raviart, Head of INFRABEL Telecommunication Networks and newly designated President of Kontron Transportation's User Group, acknowledged the high professionalism level of the involved teams at Kontron Transportation, as well as their solid experience and strong methodology.

The whole migration project was executed without impact on the regular railway operation, in full compliance with contractual requirements and strictly within assigned calendar objectives.

For the financial year 2021, the CAPEX are allocated to the economic activities for the production of which the assets are used. At the level of the economic activities, the assets are then weighted according to their respective share of taxonomy eligibility. Assets that are not directly attributable to an economic activity, e.g. vehicle fleet, are classified individually according to their taxonomy eligibility.

OPEX INDICATOR

The OPEX indicator specifies the share of operating expenses in accordance with the EU taxonomy which is associated with taxonomy-eligible economic activities, with a CAPEX plan as mentioned above, or the acquisition of products from a taxonomy-eligible economic activity.

	OPEX SHARE AS %
OPEX taxonomy-eligible	56.0%
OPEX non-taxonomy-eligible	44.0%
Total	100.0%

To determine the denominator, the accounts showing the direct, non-capitalised costs for research and development expenses, building renovation measures, short-term leasing, maintenance and repair expenses (explanation of key components) were examined.

The numerator is calculated by analysing the assets associated with the expenses recorded in the above-mentioned accounts with regard to their taxonomy-eligibility on the basis of Annex I (contributing substantially to climate change mitigation) and Annex II (contributing substantially to climate change adaptation) of the Delegated Regulation of the (EU) 2020/852.

The OPEX substantially consist of uncapitalised expenses for research and development. In this respect, the analysis of the taxonomy-eligibility of research and development costs is of great importance when determining the OPEX indicator.

The OPEX included were classified as taxonomy-eligible for the 2021 disclosure to the extent that they were related to taxonomy-eligible revenues or CAPEX. If a connection could not be determined, the OPEX were classified as non-taxonomy-eligible in case of doubt. Essentially, OPEX for maintenance and repair and leasing of vehicle fleet are thus included in the numerator for 2021.

For the determination of the indicators for the financial year 2021, the data was only partially available in sufficient quality due to the fact that the publication of the Taxonomy Regulation was during the current financial year, as a result of which revenues, CAPEX and included operating expenses were classified as not taxonomy-eligible in case of doubt. A project is planned for 2022 to refine the level of detail of the data collected in the Group and thereby increase the data quality for determining the indicators.

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 protection 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 S&T Group, companies in Albania, Belgium, China, Germany, Great Britain, France, Croatia, Malaysia, Montenegro, Austria, Romania, Serbia, Slovakia, Spain, the Czech Republic, Hungary and Belarus are certified in accordance with the international environmental management standard ISO 14001. The S&T 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 new 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 PURSUE OUR ENVIRONMENTAL OBJECTIVES WITH:



Communication-based and constructive working relationships with internal and external stakeholders



Adherence to requirements imposed by local and national laws



Monitoring, verification and evaluation of our environmental performance



Educating, training and motivating our staff to be protectors of the environment

... AND THE CONTINUOUS DEVELOPMENT AND IMPROVEMENT OF OUR ENVIRONMENTAL MANAGEMENT SYSTEM

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 requirements 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 S&T 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 centers
- › Systematic upgrading of the lighting at our facilities by switching to LED-based illumination
- › Enhancing staff member awareness of the need to preclude unnecessary consumption of electricity

REDUCTION OF HEATING AND COOLING REQUIREMENTS PER SQUARE METER

- › 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 S&T 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 manufacturing.

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 S&T 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 of the use of certain hazardous substances in electrical and electronic equipment (RoHS-Directive).
- › EU Regulation 1907/2006/EG on the registration, evaluation, authorization 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 S&T 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 S&T 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 categories 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) came into effect. 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 this date, 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 S&T AG, fulfill 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 S&T Group take the expiry of the active RoHS-2 exceptions very seriously.

In its cooperation with our partners, S&T 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 S&T Group – and specifically its subsidiary Kontron, which is active in the product area – offers a broad range of electronic and mechanical components, modules and processes. This broad range enables S&T 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 REGULATION 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 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 1 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 S&T 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 and S&T’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 S&T 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 and S&T inform their customers promptly about any amendments to the Candidates List and about the relevance of these changes to our products. In addition, such queries may be submitted to our company at any time.

CONFLICT MINERALS

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 neighboring countries. This legislation has been binding for companies listed on the US stock exchanges since July 2010. The 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 neighboring 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 “S&T 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. S&T AG’s Kontron 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 S&T Group only indirectly. Despite this, we meet our obligations towards our suppliers and customers with great diligence.

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 fulfill 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 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 until this day by Kontron Europe GmbH could therefore be ascertained by consulting the battery register held at the German Environment Agency (Umweltbundesamt). This information is available from Stiftung ear starting with 2022.

Kontron Europe GmbH, as a manufacturing subsidiary of S&T 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 labeled 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.

The S&T 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.

GREEN DATA CENTERS

Sustainability plays a crucial role in IT services. Our commitment to conducting “green business” is shown by the S&T Group’s selection of our partners for data center operation. Criteria used to assess adherence to “green IT” include the efficiency of the air conditioning used to cool the data centers. When choosing server and storage systems, we focus on their procurement, operation and disposal. In addition, we use advanced ITSM (“IT system management”) to control the deployment of our systems and employees. This ensures the use of IT resources where they are actually needed, and assignment of our employees in a manner that optimises their routes.

ENVIRONMENT INDICATORS*

INDICATOR	GRI	UNIT	2021	2020
Total heating and process energy	302-1	kWh	12,174,414.0	10,163,971.9
Total fuel	302-1	Liters	2,065,952.5	1,755,253.1
Total electricity consumption		kWh	23,833,872.8	21,939,134.4
Air travel				
Short flights		Flights	450	595
Long-haul flights		Flights	344	336
Vehicle fleet				
Number of company cars			1,622	1,589
Proportion of e-cars	%		6.0%	4.0%
Ø kilometers traveled per car	km		18,171.1	17,819.8

*extrapolated to 100% based on data from 80% of Group companies and FTEs per location

PRODUCTION OF OWN RENEWABLE ELECTRICITY



S&T 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 S&T's headquarter in Linz, where photovoltaic systems have already been installed.

GREEN PRODUCTS

The various software solutions and products of the S&T 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 contributes to efficient energy use and promotes the use of renewable energies, and Kontron is researching and working towards resource-saving smart factory solutions. For more information, see the “Portfolio of products and services” chapter 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, our S&T subsidiary, has developed a robust AI platform that facilitates entry into Google’s TensorFlow world in the factory.

The compact AI device platform consists of an M.2 module with the Google Coral accelerator for the TensorFlow Lite software ecosystem on a 2,5” plTX single board computer with the NXP i.MX8M processor. With up to four TOPS (trillion operations per second), it provides high-speed processing of image and video data. The TPU accelerates to a speed of 30 images per second — five times faster than applications with simpler USB cameras without a TPU.

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.

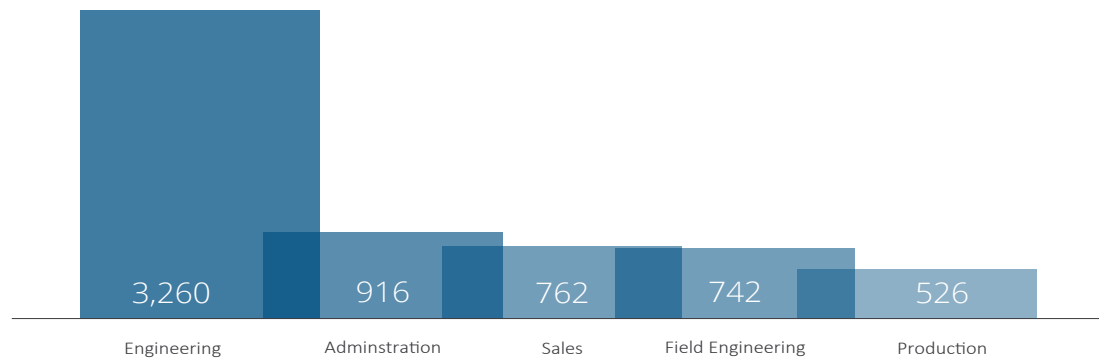


SOCIAL

EMPLOYEE INDICATORS

As of December 31, 2021, the S&T Group had 6,206 employees. This figure does not include trainees and staff on parental leave. Unless otherwise stated, the following employee figures express full-time equivalents as of the balance sheet date.

Broken down by S&T's business areas and as of December 31, 2021, 762 people worked in sales and marketing; 742 employees were engaged in the field of engineering (hardware-related IT services); 526 employees worked in production and logistics; and 916 people in management and administration. The number of people working in the area of development (research & development and engineering) has now reached 3,260.



Broken down by business segment and as of December 31, 2021, 2,459 people worked in the segment "IT Services", 3,482 employees worked in the segment "IoT Solutions Europe", and 265 employees in the segment "IoT Solutions America". Broken down by region, approximately 92.3% of all employees are based in Europe, some 4.3% are in North America, and around 3.4% in Asia. The number of employees in Austria, the Group's home country, was 617 people as of December 31, 2021.

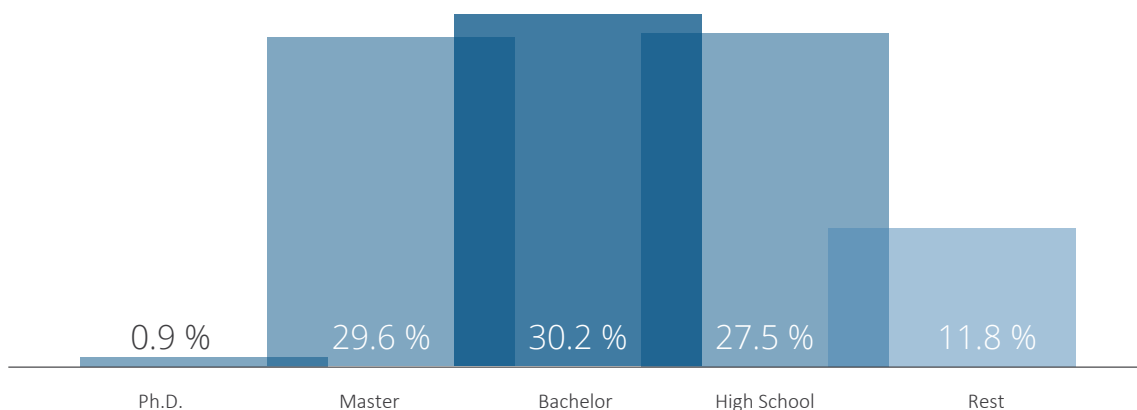
EMPLOYEES BY REGION*:	2021	2020
Europe	5,729	5,553
of which Eastern Europe	3,477	3,468
of which Austria	617	588
of which Germany	1,253	1,119
of which rest of Europe	382	378
Asia	212	214
North America	265	300
Total	6,206	6,067

* Number of full-time-equivalent employees without employees on parental leave, interns, apprentices and contingent workers

Compared to the previous year, the number of employees has risen by around 2.29% to 6,206 employees as of December 31, 2021. Many of the S&T Group locations serve as centers of vocational education where young persons are trained for technical and business professions. These educational activities are evidence of the S&T 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 Group also maintains working relationships with many 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. S&T also offers internships and the chance for students to work on projects within the Group. Overall, the S&T Group employed 115 trainees and students in 2021 (PY: 107) on combined work-study programs. For the first time, the number of S&T employees with technical qualifications was surveyed. In 2021, this was 52.8% of employees.

In financial year 2021, a survey was again carried out to find out the highest academic qualifications of our employees. Currently 0.9% of them have a Ph.D. (PY: 0.8%), 29.6% a master's degree (PY: 30.5%), 30.2% a bachelor's degree (PY: 31.7%), and 27.5% (PY: 28.1%) have graduated from high school (with entitlement to pursue higher education).

Distribution of highest academic qualifications of employees of the S&T Group as of December 31, 2021:



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 “S&T Diversity” policy which, along with the Code of Conduct, is binding for all employees.

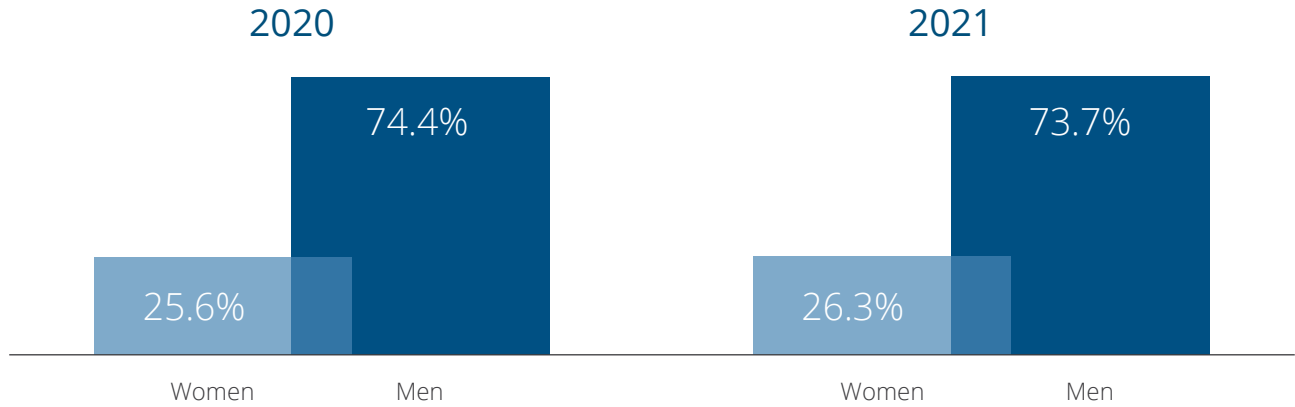
When filling any position in the Group, S&T follows the principle of promoting women and non-discrimination. Promoting women's interests forms part of S&T's process of adapting its operations to account for changes in the worlds of work and in daily life. This process extends to S&T's management for which the Group is striving to increase the share of women in order to achieve equal levels of participation in responsibility and decision-making. S&T has therefore set itself the goal of increasing the proportion of women in senior and middle management positions from 22.1% (PY: 21.6%) to at least 26.3% (PY: 25.6%), 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, S&T 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.

13

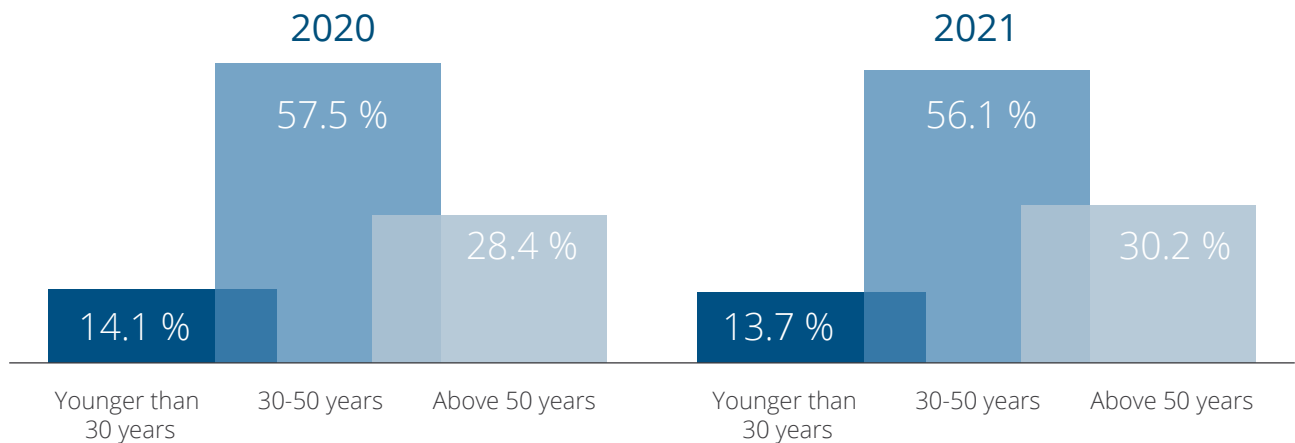
SUSTAINABILITY REPORT

As of December 31, 2021, S&T's workforce had the following gender distribution:



Of our 6,206 employees as of December 31, 2021, the following age distribution was observed: some 13.7% (PY: 14.1%) were less than 30 years old; 56.1% (PY: 57.5%) were in the middle group (between 30 years and 50 years), and 30.2% (PY: 28.4%) 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 our 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.

Age distribution in the S&T Group as of December 31, 2021:



SANDRA GRÜN WALD

HEAD OF EXECUTIVE BOARD OFFICE
S&T AG

Sandra Grünwald has worked for the S&T Group for more than 15 years. In her role as head of the Executive Board administrative office she has contributed to the company's transformation from an IT services provider to an internationally leading supplier of IoT technologies. The rapid growth in recent years has not only led to higher revenues, but also higher demands and additional tasks for Sandra's team.

In addition to various organisational agendas, the Executive Board office acts as a hub for all S&T Group subsidiaries, putting them in touch with the right contacts and so assisting the flow of information within the Group. Corporate governance and compliance issues are successfully managed through the work of the Executive Board office of the S&T Group.

When asked about her own career path, Sandra believes that it is important to remain open to new things, to see the positive aspects of a changing environment and to see new tasks as an opportunity for personal development. It is for that reason that Sandra supports the training schemes in the S&T Group. The training of apprentices is particularly important to her and she is proud to have already accompanied many colleagues on their way to passing their final apprenticeship examination.

In addition to its everyday activities, the Executive Board office also coordinates special projects. One such was the reductions in office space and the move to a new location in 2021. This presented an opportunity to expand the waste separation system at the site.



”

“I would like to take this opportunity to thank the entire S&T team for the many years of good cooperation – especially Alexandra and Jelena for supporting the ESG projects completed in 2021!”

Sandra Grünwald

The distribution of employees as of December 31, 2021, among “management” and “specialists” was as follows:

	2021	♀ F	♂ M
Management	15.5%	22.1%	77.9%
Specialists	84.5%	27.1%	72.9%
Total	100.0%	26.3%	73.7%

The average seniority in the financial year 2021 was 10.2 years, and staff turnover was 14.8% (PY: 10.3%). Due to the realisation of synergies, for example in the IT Services segment in Germany and in North America, staff reductions were necessary in 2021, which led to an increase in staff turnover.

At our facilities, we strive to enable and encourage the employment of people whose health impairs their ability to work. For example, we increased the number of barrier-free accesses at our production facility in Augsburg, Germany. According to the annual CSR survey, 1.4% of Group employees count as employees with disabilities.

ADDITIONAL EMPLOYEE AND SOCIAL INDICATORS

INDICATOR	GRI	UNIT	2021	2020
Employees total	102-8	FTE	6,206	6,607
Women	102-8	in %	26.3	25.6
Men	102-8	in %	73.7	74.4
Share of trainees of employees total	102-8	in %	1.7	1.8
Share of female trainees of trainees total	102-8	in %	20.3	29.0
Employees with disabilities	405-1	Headcount	89	57
Fluctuation	405-1	in %	14.8	10.3
Ø Company seniority		in years	10.2	11.0

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 labor?	no
Are there any operating sites with a significant risk of incidents of forced or compulsory labor?	no

TRAINING AND EDUCATION

Our employees are the drivers of the successes achieved by the S&T Group. That is why S&T 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.

S&T'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 2021, the S&T Group invested around EUR 1.5 million (2020: EUR 1.1 million) in employee training. Due to the restrictions made necessary by the COVID-19 pandemic, training courses were increasingly conducted in online teaching formats, as they were in the 2020 financial year. 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 S&T 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.

S&T GROUP LEADERSHIP ACADEMY



S&T GROUP LEADERSHIP ACADEMY

The first round of the new S&T leadership training, the S&T 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 S&T Group by external trainers and S&T 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 S&T Group employees are taking part in the first round of the academy, of whom about 70 percent are women and 30 percent are men. Female applicants were prioritised for acceptance on the course, in keeping with the S&T Group's goal of increasing the proportion of female executives in the future.

EMPLOYEE SATISFACTION

FAIR REMUNERATION

A single set of principles of remuneration applies to all employees of the S&T Group. 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 labor market in each case to ensure that each employee receives a remuneration appropriate to the labor 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 continue performing well.

Stock option schemes have been in place for several years which allow allocation of stock options to executives and members of the Executive Board of S&T 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.snt.at/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

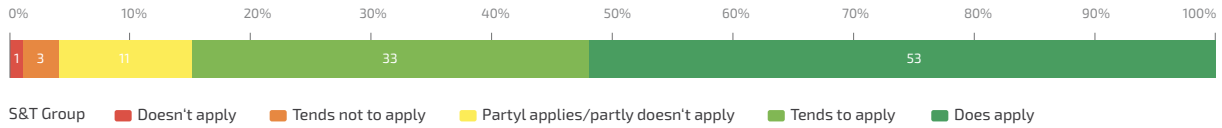
As a basic rule, our employees have a say in the organisation of their working hours. This opportunity is even open to them where legal provisions for working hours such as part-time work or parental or care time are in place, as they are in some countries. Flexitime and a wide variety of part-time models, 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. In 2021, the large number of people working from home was continued, also to protect employees.

EMPLOYEE SURVEYS

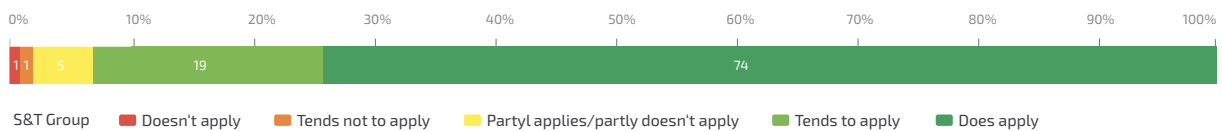
Regular employee surveys are conducted to find out the prevailing mood in the individual Group companies and identify areas where improvements can be made. The surveys have so far been carried out locally in the companies by an external service provider who ensures that the replies are anonymised. In 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 S&T 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 and will now be analysed until the second quarter of 2022. Together with management at the local sites, measures are then defined in the subsidiaries to exploit the potential for improvement that has emerged. The aim is to further or continuously improve employee satisfaction and the attractiveness of the S&T Group as an employer.

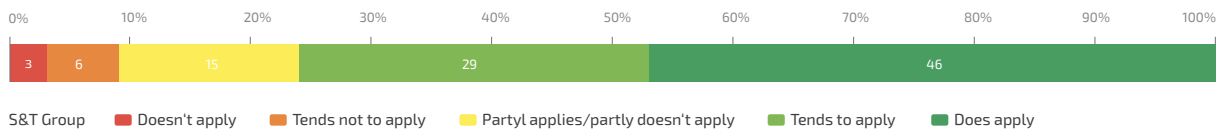
Overall, I really enjoy working in the company



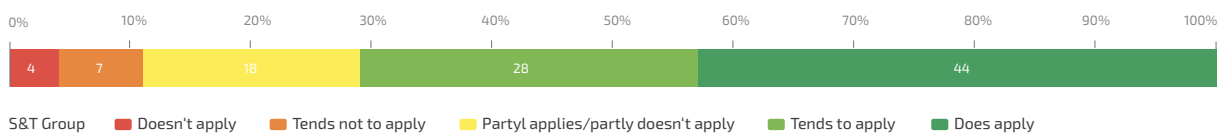
We treat each other with respect and appreciation - regardless of age, gender or cultural background.



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, result report S&T employee survey

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 S&T'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 behavior.

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 at S&T encourage our managers to participate in leadership training programs held on and outside S&T premises.

OCCUPATIONAL SAFETY AND HEALTH PROTECTION

The health and safety of S&T Group employees is an important matter 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 behavior 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 2021 financial year, 23 accidents at work were recorded in the S&T Group (PY:16), although fortunately none was serious or fatal. 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.

INCREASED EMPLOYEE COMMUNICATION

In 2021, the COVID-19 pandemic again presented the S&T Group with the challenge of having to contact the larger number of employees who were working from home. In 2021, the established communication format, the “state of the nation” which informs employees about strategic and commercial issues every quarter, was again joined by regular update calls on the COVID situation and the changes it entailed. This ensured that all employees were fully informed of all the measures, such as short-time models, hygiene and distance rules at the various locations, and safety schemes, at all times. As a complementary service, a separate “S&T Corona Info Hub” was set up on the intranet, where the latest information can be retrieved. In addition, anonymous coaching was offered to any employees wishing to talk to someone about the current situation and the stress it was causing.



FORMULA STUDENT – AUTONOMOUS DRIVING WITH RACING FEELING

IOT SOLUTIONS EUROPE

Electric and autonomous driving are the essential buzzwords for innovation in the automotive world. In Formula Student, the international design competition with 40,000 participants from around 500 teams, they come to life by students. The goal is to design, build and test a racing car within one year.

About 60 students of the TU Hamburg have been building a new electric racing car every year since 2011 under the name “e-gnition Hamburg”. Kontron takes part in this largest engineering competition in the world with its COM Express® modules as a partner to e-gnition Hamburg. The COMe-bCL6 module with a Core i7-9850HE from Intel® offers the needed computing power and reduces the external effort with the soldered-on flash memory. External sensor technology is connected via USB and Ethernet. A direct Ethernet connection between the COMe module and the microcontroller allows fast and flexible data exchange between the two units, while the COMe module's connection to the CAN bus in the vehicle enables easy communication with all other boards.

“The COMe module enables us to develop an extremely powerful individual computing solution. Due to the excellent products and the extensive expertise, Kontron is exactly the right partner for us”, says Felix Scheikowski, e-gnition Hamburg e.V.

Kontron is proud to work on one of the main future projects closely with the TU Hamburg and to develop powerful concepts and technology in autonomous driving.

HEALTH AND SAFETY INDICATORS

INDICATOR	GRI	UNIT	2021	2020
Total employees (headcounts, as of 31.12., excluding apprentices, interns and contingent workers)	102-8	Headcounts	6,482	6,326
Is there someone responsible for occupational safety at the site?	403-1	Yes as %*	81.1	81.8
		No as %*	18.9	18.2
Accidents at work (all accidents occurring while performing work at the place of work and during work-related activities except accidents occurring on the way to or from work)				
Accidents at work entailing up to 3 days of sick leave	403-2	Accidents	7	6
Work accidents entailing over 3 days of sick leave	403-2	Accidents	16	10
Total number of accidents	403-2	Accidents	23	16
Accident rate	403-2	Accidents per 1,000 HC	3.5	2.5
Fatal accidents at work	403-2	Accidents	0	0
Sick leave				
Women on sick leave	403-2	Days	17,687	17,485
Men on sick leave	403-2	Days	24,131	25,859
Total sick leave	403-2	Tage	41,818	43,344
Total sick leave per employee	403-2	Tage	6.5	6.8

*as % of all Group companies

SOCIETAL AND SOCIAL COMMITMENT

The S&T Group strives to foster improvements in societal conditions. Therefore, S&T 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. This support benefits a large number of regional projects in a variety of countries. We set up and invest in working relationships between our centers of operation and 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 S&T Group in 2021 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 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). S&T also raised money for cancer research and cancer patient assistance. A large number of local sports clubs also received support from S&T. We are an IT company and 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.

CHRISTMAS CAMPAIGN — ESCHENAU CHILDREN'S FARM



KONTRON TRANSPORTATION

Employees of Kontron Transportation in Austria collected donations for Eschenau children's farm as part of this year's Christmas campaign. Together, they managed to fill an impressive 13 packing cases with food, toiletries, batteries, money, and other useful items. On top of that, our management made a monetary donation.

At Eschenau children's farm, the donations were personally handed over by Kontron Transportation employees to Dagmar Gratz, head of the organisation "Verein Chance für das Kind – Chance für alle" ("Opportunity for the Child — Opportunity for All"). A guided tour of the farm gave our colleagues an idea of how wonderful it is for the children and young people there and how well they can recover and gather renewed courage and strength. The large house is bright and decorated with lots of color and attention to detail. There is also a big garden with a trampoline, seating area, bicycles, a playground and many animals, such as pot-bellied pigs, Haflinger horses, a cat, Dagmar's dog, a couple of goats, chickens, and a rooster. Dagmar told us that the children particularly appreciate the idyllic location in the countryside and that they can romp around here and be loud to their heart's content, can play with the animals and, above all, spend a carefree time.

Since 1981, children and young people from a hostel for homeless families in Vienna have found a safe haven at Eschenau children's farm. Through regular activities in the countryside, group excursions, discussions, games, and contact with the animals on the farm, the children acquire new, positive experiences. They learn that there are safe and caring ways of being together, free of violence. The children take this realisation back with them to their everyday environment where it gives them strength and support. More details: Kinderbauernhof Eschenau – Verein Chance für das Kind, Chance für Alle.

COOPERATION WITH SCHOOLS AND UNIVERSITIES

In order to secure the services of young employees around the world – especially IT and IoT engineers – the S&T 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 2021, 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 2021. As an Austrian company, S&T 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 S&T Group cooperates with the following universities and institutions of higher education: in Switzerland – 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) Schömburg 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 Russia – Bauman Moscow State Technical University and National Research University; 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

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, S&T AG, which is headquartered in Austria, has committed itself to observing Germany's Corporate Governance Code (DCGK). S&T AG deviates from some Principles of the German Corporate Governance Code of December 16, 2019. 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 S&T AG website at https://ir.snt.at/Corporate_Governance.en.html.

At S&T 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. S&T'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 S&T and a component of its culture of management.

COMPLIANCE IN THE S&T GROUP

S&T operates according to a simple and very clear approach to business: We expect integrity-driven performance. S&T AG's Code of Conduct contains the requirements to be observed by all our employees and our partners.

CODE OF CONDUCT & COMPLIANCE TRAINING

The Code of Conduct of S&T has been implemented in the whole Group. Its directives were revised in financial year 2020 and the updated version rolled out throughout the Group. The Code's contents are regularly assessed, updated and staff trained in them. The next code update is scheduled for the first half of 2022 and will include additions arising from the S&T Group's participation in the UN Global Compact.

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 S&T 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, behavior 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 S&T AG as an Austrian company. Our current code of conduct is available on the S&T AG compliance website: <https://ir.snt.at/Compliance.en.html>.

New employees receive compliance training as part of the onboarding process and commit to compliance with the S&T Code of Conduct. Regular “refresher” sessions are subsequently held throughout the Group. In 2021, 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 S&T 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 S&T Group 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 S&T 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 S&T 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, S&T AG set up an electronic whistleblower system that also makes anonymous reports possible. This is available on the S&T website at <https://compliance.snt.at>.

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 S&T 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 labor in any form, including involuntary work performed in a prison or in servitude.

Every person working for the S&T 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 labor is not tolerated. We require our suppliers to adhere to all currently applicable laws including laws relating to human rights and fair business practices (please refer to chapter "Suppliers" as well as the section "Supplier Code of Conduct" on the S&T AG compliance website: <https://ir.snt.at/Compliance.en.html>).

DATA PROTECTION AND DATA SECURITY

As a technology supplier and IT service provider, responsible handling of data, especially personal data, is essential for us. 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. S&T 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 defense. To ensure that our employees are aware of IT security, potential attack methods, etc., the S&T 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 S&T 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 S&T 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 2021, there were only a few queries on data maintenance or deletion. No complaints or procedures involving data protection laws have been lodged against S&T AG or its subsidiaries.

RISK AND OPPORTUNITY MANAGEMENT

Risk and opportunity management constitutes an important component of S&T'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.

S&T generally avoids risks that endanger its corporate existence. Nevertheless, S&T'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. In 2020 the internal control system was updated on the basis of the COSO-reference model. Furthermore, due to the changed framework conditions caused by the COVID-19 pandemic, Group-wide guidelines and local requirements were revised and redesigned, for example to protect employees from possible infections, to maintain S&T Group's ability to deliver and to take into account the changed working conditions due to the lockdowns. At the beginning of 2021, the accompanying manual was distributed to all Group companies. The Group's risk manager regularly briefs the Executive Board as a collegial body and the Supervisory Board and monitors adherence to the risk management process and the reporting routines that have been established.

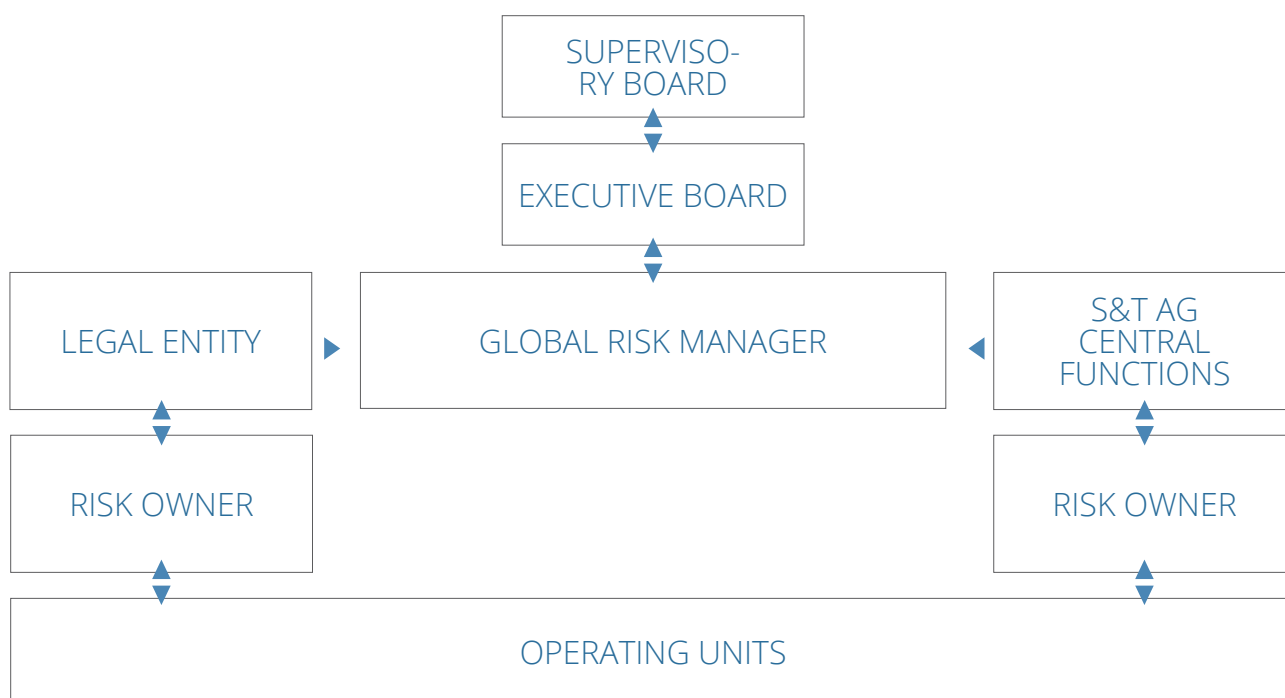
The Group-wide risk management process is presented and explained in a Group manual which describes in detail the individual steps in the risk management process, from risk identification to risk reporting:



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.

Every six months, all key operating areas and companies in the S&T 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 S&T Group which is then supplied to the Executive Board and the Supervisory Board. Once a year, the smaller companies report their risks. These are then aggregated, yielding a comprehensive overview of the risks facing the S&T Group. In addition to regular standard reporting, companies are required to report risks on an ad-hoc basis if they exceed predefined limits or if exceptional situations arise, such as the global spread of COVID-19 infections or the shortage of components in 2021, or the war in Ukraine at the beginning of 2022.

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 behavior 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 S&T 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 management), 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 2021*	NUMBER OF CERTIFICATES 2020*
ISO 9001 (Quality Management Systems)	48	49
ISO 14001 (Environmental Management Standard)	19	25
ISO 27001 (Information Security)	24	28
ISO 80079-34 (Quality Management Systems for Product manufacturing)	0	5
ISO 13485 (Medical devices – Quality Management Systems)	5	5
ISO 45001 (Occupational health and safety, before „OHSAS 18001“)	14	14
ISO 2000 (IT Service Management (ITSM))	11	11
FAA REPAIR STATION (Air Agency Certificate)	1	1
EASA 145 (European Aviation Safety Agency Certificate)	1	1
ITAR (International Traffic in Arms Regulations)	1	1
IRIS (Railway Industry Standard)	1	2
RISQS (Railway Industry Supplier Qualification Scheme)	2	2
AS 9100 (Quality Management System – Requirements for Aviation, Space and Defense Organizations)	2	2

*Changes in number are due to new certifications, acquisitions or reduction of certifications after company mergers.

APPENDIX

INFORMATION ON THE REPORT

Since financial year 2017, S&T AG has published a separate Sustainability Report at the same time as the annual report. With this fifth Sustainability Report for the financial year 2021, we inform our customers, investors, business partners, employees and the interested general public about how the S&T 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 S&T 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 S&T Group. The topics were classified as having great, medium and low importance to the S&T 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, 2021. S&T's Sustainability Report 2021 will be published on March 21, 2022. To obtain in-depth information on the company's financial objectives and on the development of its business, please consult S&T's 2021 annual financial report and the 2021 annual report.



SAP S/4HANA AND SAP C/4 SERVICE CLOUD FOR A HUNGARIAN UTILITY COMPANY IT SERVICES

As part of a two-year project, SAP S/4HANA and SAP C/4 Service Cloud re-implementation project was completed in 2021 by S&T Hungary. The aim was to implement a SAP system for Főtvár (Budapest District Heating Company) and its subsidiaries.

The main goal of the project was to abandon the old developments of the previous SAP R/3 system and to replace these developments and the outdated business processes with new SAP standards. The new system will ensure a more efficient business operation and risk-free maintenance for Főtvár.

Another goal of the project was to build a forward-looking, stable, and scalable SAP system environment that provides a solid base for the establishment of a unified utility company in Budapest. The new utility company was established in September 2021 in Budapest, with the implementation of the proven European Stadtwerke-model, and uniformly uses the SAP S/4HANA system for its financial systems (divisions of the established Budapest Public Utilities Ltd.: Waste Management, Public Utility, Public Cleaning, District Heating, Gardening, Funeral, Chimney Sweeping). The functional expansion of the new company concerning the SAP system has not yet been completed, the S&T Hungary project will therefore be continued in 2022.

The merge of public companies has led to significant organizational and process optimisation resulting in central professional management with utility approach, combined with forward-looking sustainability and significant operational cost-effectiveness. After the merger, annual savings are expected in the medium term, resulting from synergies exploited.