

SUSTAINABILITY REPORT
2020

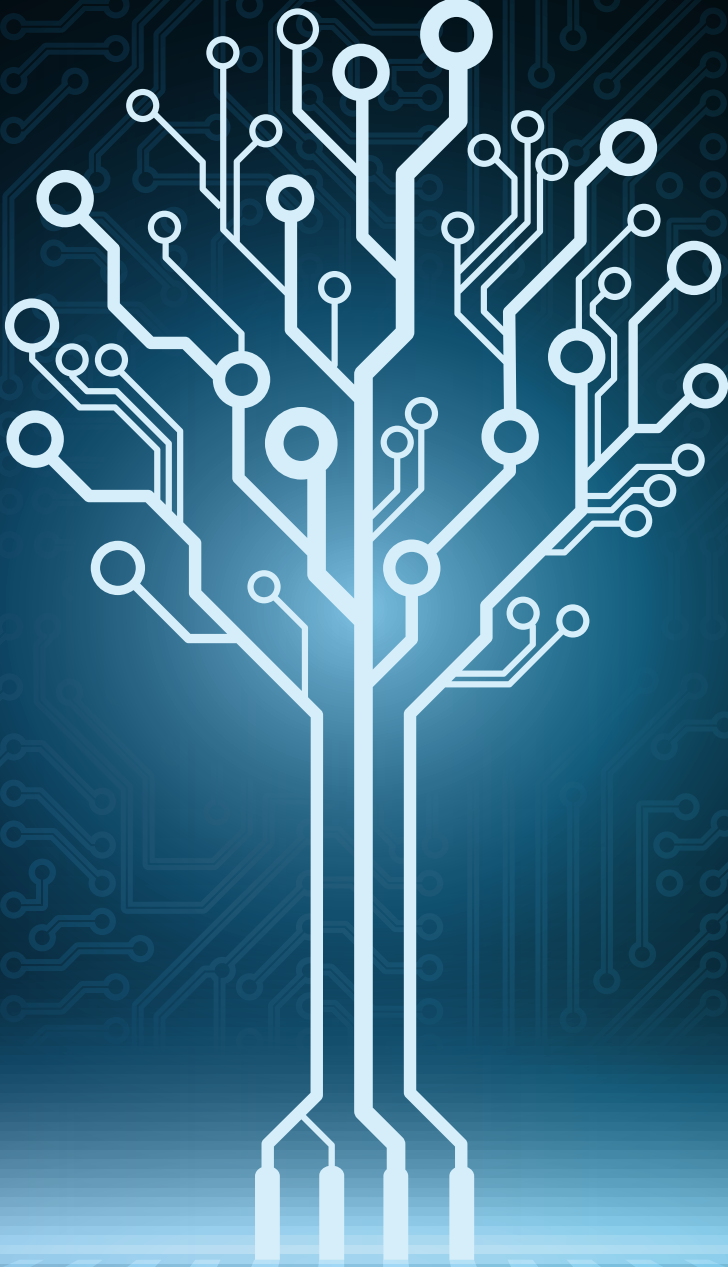


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SUSTAINABILITY REPORT



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 emphasis particularly 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 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. ESG topics and achieving the defined targets fall under the purview of CFO Richard Neuwirth, while CEO Hannes Niederhauser as well as the other members of the Executive Board and the heads of divisions promote and implement them.

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 recognise that for a group of our size, it is now time to focus our efforts on ESG issues at the group level. In 2020 we made use of our regular dialogue with customers, investors, local organisations and other stakeholders to define what is required of an ESG consolidation. The findings, for example with regard to ESG reporting, have been incorporated in a “step-by-step ESG plan” which aims to achieve gradual improvements in various areas over the coming years (see paragraph “Step-by-step ESG plan”). We will be presenting more details during financial year 2021.

In closing, and by way of introducing the following report, it is our privilege to cite some of the target reached in 2020:

- › As planned, travel was reduced, more opportunities for working from home were created, and digital methods of communication were used more frequently. Admittedly, this target was reached in part due to the prevailing global pandemic, since our customers also chose to use virtual forms of working more intensively. In future, we intend to keep our ecological footprint, a result of travel and commuting to work, as small as possible.
- › 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 therefore delighted that we are now using 100% renewable energy at S&T AG in Austria.
- › Since June 2020, Claudia Badstöber has been Chairwoman of the Supervisory Board, and further female members are planned for upcoming elections to the Supervisory Board. In addition, the members of all committees are now predominantly independent. We continue to work intensively to improve corporate governance and to increase the number of women in the Group and especially in management.

Thank you for your interest.

The Executive Board of S&T AG

Dipl.-Ing. Hannes Niederhauser






Michael Jeske

Dr. Peter Sturz

MMag. Richard Neuwirth

Carlos Manuel Nogueira Queiroz

KEY FIGURES

<p>IoT + Industry 4.0 </p> <p>Internationally-leading supplier of Industry 4.0- and Internet of Things technologies</p>	<p>1,255 million €</p> <p>Revenues 2020 EUR 1,255 million</p>	<p>Green solutions </p> <p>Supplier of products and solutions forming part of energy-efficient, sustainable and secure applications</p>
<p>184.1 million </p> <p>2020: EUR 184.1 million for engineering, research & development</p>	<p>6,000 </p> <p>More than 6,000 employees in 33 countries</p>	<p>3 business segments </p> <p>IT Services IoT Solutions Europe IoT Solutions America</p>

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 fourth Sustainability Report for the financial year 2020, 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) and – as a listed company on a stock exchange in Germany – 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, 2020. S&T's Sustainability Report 2020 will be published on March 25, 2021. To obtain in-depth information on the company's financial objectives and on the development of its business, please consult S&T's 2020 annual financial report and the 2020 annual report.

SHORT PROFILE

Technology group S&T AG (www.snt.ag, ISIN AT0000A0E9W5, WKN A0X9EJ, SANT) employs more than 6,000 people and has subsidiaries in 33 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, middleware 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 information on our corporation and technology portfolio, please consult the "Portfolio of products and services" chapter of our annual report.

STEP-BY-STEP ESG PLAN

The S&T Group's step-by-step ESG plan aims to achieve gradual improvements in various areas over the coming three 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. Initially, the intention is to make use of the ongoing dialogue with our stakeholders to create an updated materiality analysis in 2021. The results of the renewed stakeholder survey and materiality analysis are to be used to improve the ESG targets that have already been defined across the whole Group. The ESG risks that could impact on S&T are already being regularly assessed. Nevertheless, the analysis is seen as a chance to identify further risks. We also plan to expand ESG reporting in 2021 in preparation for the implementation of Scope I and II. For the ensuing years we are planning a raft of activities that will include evaluation of the ESG targets, continuation of stakeholder dialogue, constantly improving reporting in accordance with recognised ESG standards and joining initiatives with relevance to the S&T Group. We will be presenting more details of the step-by-step ESG plan in financial year 2021.



SUSTAINABILITY PROJECTS: “SETTING A GOOD EXAMPLE”

“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 initiated projects. As part of the Group’s ESG strategy we are increasingly defining superordinate objectives that are then successively implemented by our subsidiaries in their local context. In 2020, the focus was on reorganising our electricity supply and using more renewable energy sources.

S&T OPTS FOR GREEN ELECTRICITY

The electricity used at the S&T AG sites in Innsbruck, Linz, Graz and Vienna, around 475,000 kWh in the last reporting period, came exclusively from renewable energy sources. Our power supplier, Energie Steiermark AG, recently gave us written confirmation of this. In the next few years, S&T plans to increase the share of green electricity across the whole Group.

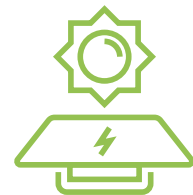
Our contribution to sustainable use of resources – keep it up!



PHOTOVOLTAICS

Quite a lot is happening with regard to generating our own power, too. In Austria, S&T is constructing several photovoltaic systems, initially at the sites in Ebbs, Engerwitzdorf and Linz. In Linz, for example, the Upper Austrian firm MSP Solarpower is installing an array with peak output of 116 kilowatts on the roof of the building on Industriezeile which will generate around a quarter of the annual power consumed at the site, approximately 400,000 kWh, using the power of the sun.

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



GREEN TRANSPORTATION

Apart from the aim of promoting more frequent use of public transport and reducing the number of company cars in use, the remaining necessary fleet of vehicles is to be successively converted to e-vehicles. Of the approximately 1,200 vehicles, around 1.5% were e-cars in 2020. 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!



SUSTAINABLE CORPORATE MANAGEMENT

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 6,000 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/Embedded Computer Technologies, the S&T Group develops solutions that are deployed by clients for many years. These extremely long service lives mean that these systems have far less of an impact on the environment than consumer electronics where product turnover is high. Furthermore, 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 clients and our engineers.

CORPORATE ETHICS

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

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 was rolled out throughout the Group. The Code's contents are regularly assessed, updated and staff trained in them. New employees currently receive training during the onboarding process, and regular "refresher" sessions are held. In 2021, the rollout of a Group-wide online training scheme is planned. Preparations for this were already made in 2020, such as deciding on suitable training methods and frequency.

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, behaviour towards third parties, handling of financial and business records, combating money laundering, compliance with export control and duty laws, principles of non-discrimination, data protection and security, conflicts of interest, dealing with gifts and invitations to events, and how to handle donations, sponsorship and advertising. The Code of Conduct has been updated to include the newly promulgated stipulations of the Second Shareholders' Rights Directive and those of Austria's Stock Corporation Act which is applicable to S&T AG as an Austrian company. The latest version of our Code of Conduct is available on S&T AG's compliance website at: <https://www.snt.ag/about/Compliance.en.html>.

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 laid down in the International Bill of Human Rights, the European Convention on Human Rights, and the principles of the United Nations' Global Compact. We do not tolerate forced labour in any form, including involuntary work performed in a prison or in servitude.

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

GOVERNMENT CONTRACTS AND COMBATING CORRUPTION

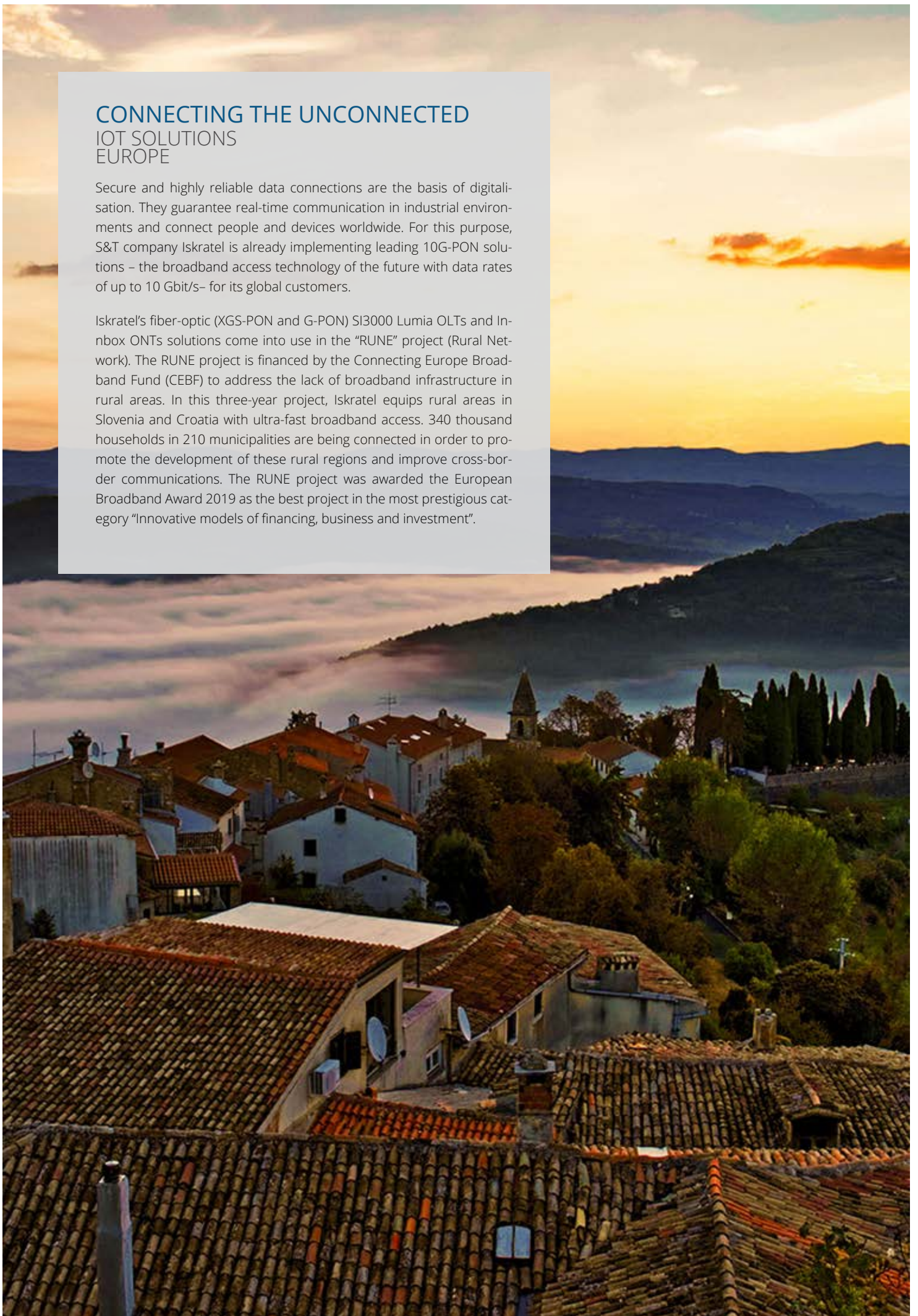
The S&T Group competes for contracts placed by government bodies and public sector corporations from around the world. For this reason, it is of key importance to the S&T Group that it observes all laws and stipulations pertaining to public-sector procurement including legislation designed to preclude 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.

CONNECTING THE UNCONNECTED

IOT SOLUTIONS EUROPE

Secure and highly reliable data connections are the basis of digitalisation. They guarantee real-time communication in industrial environments and connect people and devices worldwide. For this purpose, S&T company Iskratel is already implementing leading 10G-PON solutions – the broadband access technology of the future with data rates of up to 10 Gbit/s– for its global customers.

Iskratel's fiber-optic (XGS-PON and G-PON) SI3000 Lumia OLTs and In-box ONTs solutions come into use in the "RUNE" project (Rural Network). The RUNE project is financed by the Connecting Europe Broadband Fund (CEBF) to address the lack of broadband infrastructure in rural areas. In this three-year project, Iskratel equips rural areas in Slovenia and Croatia with ultra-fast broadband access. 340 thousand households in 210 municipalities are being connected in order to promote the development of these rural regions and improve cross-border communications. The RUNE project was awarded the European Broadband Award 2019 as the best project in the most prestigious category "Innovative models of financing, business and investment".



ADHERENCE TO LAWS

Adherence to and observance of all applicable laws is compulsory in the entire S&T Group. Every staff member is required to adhere to national and international codes of law. In order to 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 system can be found on S&T's 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, the Management, Human Resources or a member of the works council.

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. 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 responsible, value-based corporate management and control oriented 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.

STRATEGIC MANAGEMENT OF RISKS AND OPPORTUNITIES

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 represents a key component of our strategy. Our systematic management of risks and opportunities enables us to identify risks as well as opportunities and to exploit them.

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 monitors adherence to the risk management process and the reporting routines that have been established.

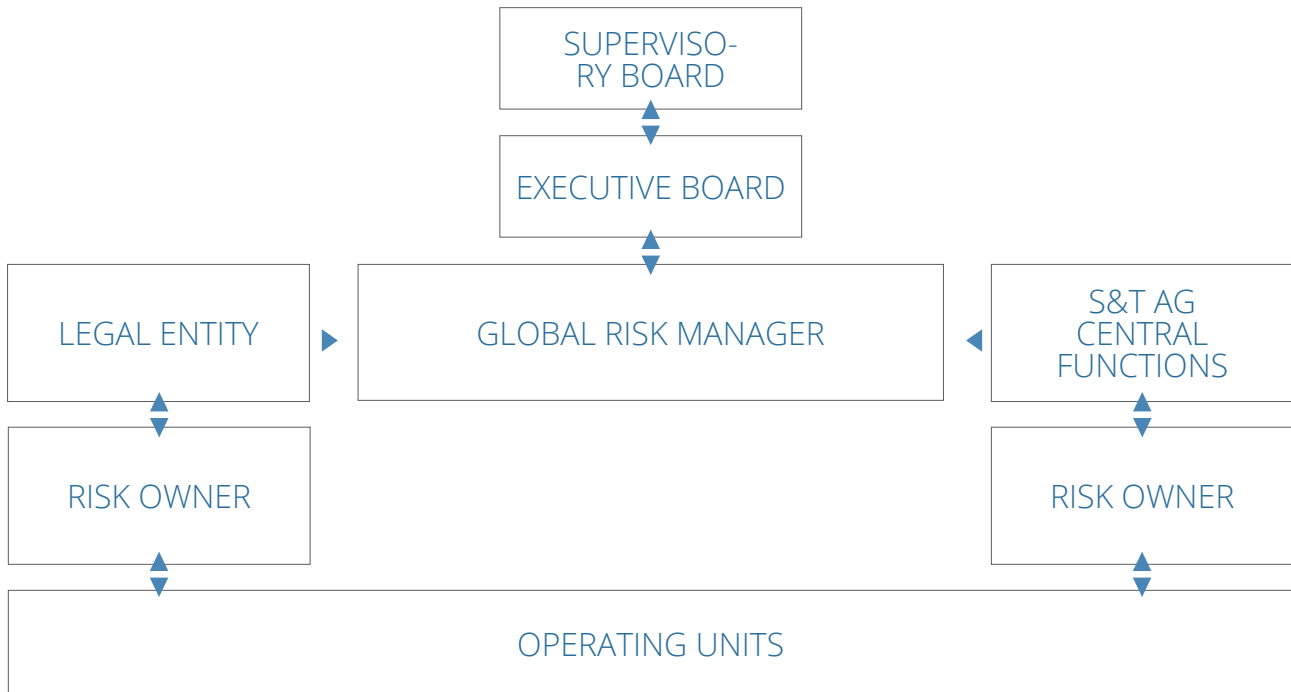
The Group-wide risk management process is presented and explained in a Group manual which describes in detail the individual steps in the risk management process, from risk identification to risk reporting:



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 compiling standard reports, Group companies must issue ad hoc reports when pre-set limits are exceeded or exceptional situations arise. A highly topical and pertinent example is the current spreading COVID-19-Pandemic around the world.

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” in the chapter “Management report” in the annual financial report and the annual report.

RESPONSIBLE MANAGEMENT

ENVIRONMENTAL PROTECTION AND MANAGEMENT

Our management is constantly aware of its responsibility for our 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 defined a dedicated environmental policy for our company 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 endanger 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 embodies our environmental policy, which permits the derivation of both generally and specifically applicable objectives. Furthermore, it constitutes the expression of our obligations towards protecting the environment, obligations fulfilled through the deployment of an environment management system.

The S&T Group currently has facilities maintained by 26 companies – located in Albania, Austria, Belarus, Belgium, Czech Republic, China, Croatia, France, Germany, Hungary, Malaysia, Montenegro, Romania, Serbia, Slovakia, Spain and the United Kingdom – that have been certified as meeting the environmental management standards codified in ISO 14001. The S&T Group continually takes steps to secure ISO 14001 certification for other Group facilities. Steps to secure certification according to ISO 14001 are continually assessed and refined. 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 of 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 evaluate 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 stakeholders on our actions to protect the environment – and to take up contact 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 efficiency 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 centres
- › 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 NEED FOR HEATING AND COOLING PER SQUAREMETER

- › 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 utilization of e-invoices

REDUCTION OF CO₂ EMISSIONS

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

PRODUCT-RELATED ENVIRONMENTAL PROTECTION

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

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

We supervise our waste disposal facilities based on 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.

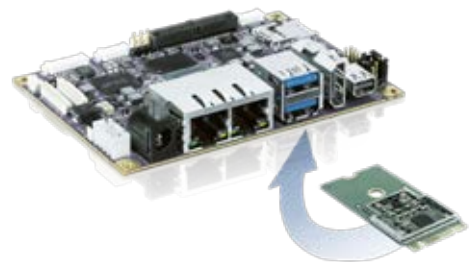
HARNESSING THE POWER OF ARTIFICIAL INTELLIGENCE

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, a 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" pITX single board computer with the NXP i.MX8M processor. With up to 4 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.



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 require-

ments imposed by applicable laws and regulations starts in product development phase. These regulations, and their implementation in each national context, include:

- › EU Directive 2012/19/EU on waste electrical and electronic equipment (WEEE Directive)
- › EU Directive 2011/65/EU on the restriction on the use of certain hazardous materials in electrical and electronic devices (RoHS Directive)
- › EU Regulation 1907/2006/EG on the registration, evaluation, 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)
- › 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 hardware 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.

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 that had been granted were classified as having expired as of January 2, 2013. As of January 2, 2013, the EU member states had to implement and publish the requisite legal and administrative regulations to meet the stipulations of the RoHS-2 Directive.

The Kontron companies are subsidiaries of S&T AG that are engaged in manufacturing. They fulfil the stipulations of the RoHS-2 Directive and ensure the availability of RoHS-compliant products for their customers.

The few exceptions still found in Kontron's RoHS-compliant products are regularly evaluated by the European Commission regarding renewal of their approval. Kontron and the S&T Group take the expiry of the active RoHS-2 exceptions very seriously.

The company commits to always providing its customers with the latest information available on the disposal of hazardous materials that stem from 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'S REGULATION ON CHEMICALS: REACH

The REACH Regulation ("Registration, Evaluation, Authorization of Chemicals") was decreed by the European Union to lessen the risks arising from chemicals to human and environmental health.

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

The companies of the 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 (ECHA) 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 REACH, Kontron and S&T inform their customers promptly about any amendments to the Candidates List and about these changes' relevance to our products. In addition, such queries may be submitted to our company at any time.

CONFLICT 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 neighbouring countries. These requirements have 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 neighbouring countries. Respecting human rights and thus adhering to the Dodd-Frank Wall Street Reform and Consumer Protection Act is of the highest priority for us. We have instituted measures to preclude our use of conflict minerals in our chain of supply. This represents one way in which we help to avoid or minimise human rights violations (see "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 dec-

laration on the utilization 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 new Conflict Minerals Regulation (“CMRT”) of the EU takes effect 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. We are already preparing measures to satisfy the stipulations of the new regulation.

BATTERY LAW

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

The law places certain obligations on companies that place batteries on the market: The number of batteries placed on the market in Germany every year is to be ascertained and a collection system of the appropriate dimensions established 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 expires on December 31, 2021. The battery types and battery trade names currently placed on the market by Kontron Europe GmbH can therefore be ascertained by consulting the battery register held at the German Environment Agency (Umweltbundesamt). This information will be available from Stiftung ear from 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 labelled containers: paper and cardboard, recyclables (polystyrene, plastics, foils etc.), scrap metal, electronic scrap (for instance: cables, boards, keyboards and monitors), 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 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.

LET'S MOVE TOGETHER – FUNDRAISING FOR “BONSURPRISE”



KONTRON TRANSPORTATION

2020 posed great challenges to everyone and required a great deal of flexibility and rapid responses to new situations: changes of working location (to a home office or other office), home schooling, restrictions on freedom of movement and much more. To maintain the existing good cooperation even in these difficult times, to keep moving and to recharge our batteries, Kontron Transportation launched a campaign for moving in Austria: “Let’s Move together!” From November 20, 2020 to December 20, 2020 employees were encouraged to move as much as they could. For every kilometre covered, either running or walking, Kontron Transportation donated EUR 1, and for every kilometre cycled EUR 0.50 to “BONSURPRISE”, a non-profit organisation that provides families with seriously ill children with accommodation that suits their care requirements.

To motivate our employees even more, special T-shirts and vouchers for the We Move running store in Vienna were distributed.

The whole campaign was a huge success – at its conclusion, the Kontron Transportation team had covered a total of 8,492.53 kilometres and raised EUR 4,680 for a good cause!

GREEN DATA CENTRES

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 centre operation. Criteria used to assess adherence to “green IT” include the efficiency of the air conditioning used to cool the data centres. 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.

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 centres 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 2020 included donations of money and physical items; the forging of partnerships with sports associations, schools and universities; and the support of numerous charitable projects. Donations were made in 2020 to organisations that help children, to institutions sheltering women who are victims of domestic violence, and to medical facilities (such as the Red Cross in Germany and the Dr. Clown Foundation in Canada). 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. As a company operating in the IT sector, we sponsor the equipping of schools and children’s homes with IT equipment. We also provide support to IT projects undertaken by educational institutions.

EMPLOYEES

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 highly motivated 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.

In the financial year 2020, the S&T Group invested some EUR 1.1 million in staff training. Owing to the restrictions imposed during the Corona-Pandemic, training was held more often online. This meant that travel expenses fell, and the overall cost of our training was lower than in the previous year (2020: EUR 1.7 million). Training and courses were held in a wide variety of fields. Many of them covered technical aspects and certifications or dealt with management, coaching, trainings relating to work safety and project management. Numerous language courses were also held. In addition, internal and external training takes place continually to bring our employees up to date with the latest technological advances and to enable them to ready themselves for their next step up the career ladder.

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.

At S&T we are convinced that sustaining the success enjoyed by our company depends on creating a working atmosphere with a high degree of personal responsibility. Achieving this climate entails fostering corporate values and principles of management, attuning them to each other, and creating flat hierarchies characterised by team spirit and a participatory approach. Regular employee surveys are conducted in a local context to find out the prevailing mood in the individual Group companies. The findings are seen as proposals for improvements. To date, the institutes carrying out the survey have always been chosen locally with one of the crucial criteria being they have no connection with the S&T Group and that the survey is anonymous. The APL employee survey held at Kontron Transportation Austria in 2020, for example, was carried out by the company Business Pool.

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SUSTAINABILITY REPORT

MANAGEMENT PRINCIPLES AT THE S&T GROUP

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 behaviour.

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

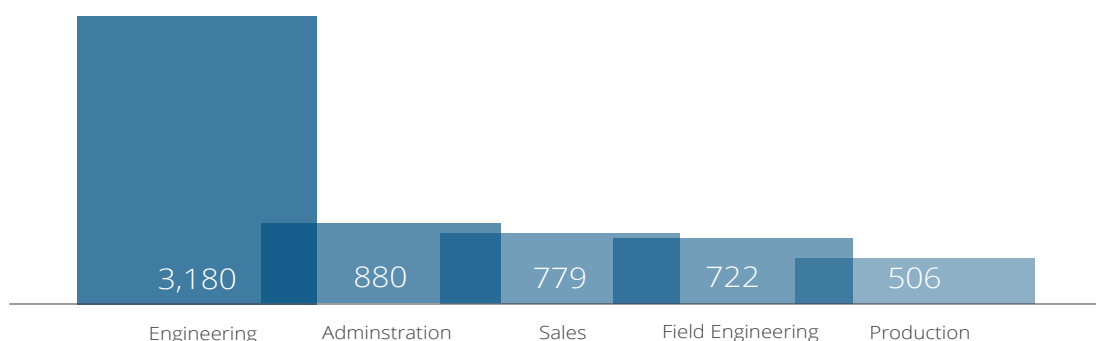


Our six principles of management are also the yardstick used in the assessment of manager quality. The wording of the principles is deliberately open-ended. This is because each manager's style is individual and personal. To instil and embody this approach in an authentic and credible way, we have to take personal and frequent looks at what constitutes leadership. To do this, we at S&T encourage our managers to participate in leadership training programs held on and outside S&T premises.

EMPLOYEE INDICATORS

S&T is a company that operates around the world, maintaining subsidiaries and offices in 33 countries. Its headquarters are in Austria. As of December 31, 2020, the S&T Group had 6,067 employees. This figure does not include trainees and staff on parental leave. The following figures on employees express full-time equivalents as of the balance sheet date.

Broken down by S&T's business areas and as of December 31, 2020, some 779 employees worked in sales and marketing, 722 were engaged in the field engineering (hardware-related IT services); 506 worked in production and logistics; and 880 in management and administration. The number of employees working in the area of development (research & development and engineering) has now reached 3,180.



Broken down by business segment, as of December 31, 2020, some 2,469 employees worked in the segment “IT Services”, 3,298 in the “IoT Solutions Europe” segment, and 300 in the “IoT Solutions America” segment. Broken down by region, approximately 91.6% of all employees are based in Europe, some 4.9% are in North America, and around 3.5% in Asia. The number of employees in Austria, the Group’s home country, was 588 as of December 31, 2020.

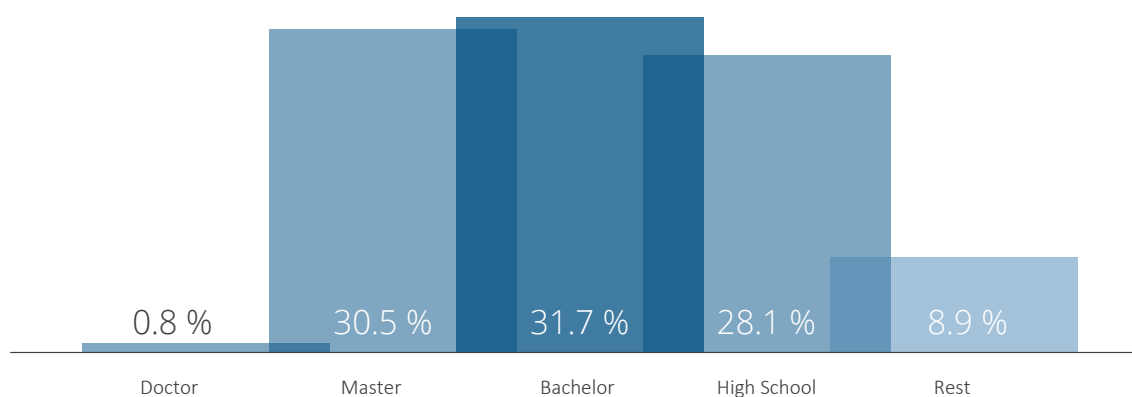
The number of employees has risen year-on-year by around 22.9% to 6,067 employees as of December 31, 2020. This rise is chiefly attributable to the acquisitions concluded during the year and to additional recruitment in the “IoT Solutions Europe” business segment, which was undertaken to enhance software capabilities. Many of the S&T Group locations serve as centres of vocational education where young persons are trained for technical and business professions. These educational activities are evidence of the 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 Group projects. Overall, the S&T Group employed 107 trainees and students in 2020 (PY: 97) on combined work-study programs.

EMPLOYEES BY REGION*:	2020	2019
Europe	5,553	4,414
of which Eastern Europe	3,468	2,655
of which Austria	588	597
of which Germany	1,119	773
of which rest of Europe	378	389
Asia	214	200
North America	300	320
Total	6,067	4,934

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

In the financial year 2020, a survey was carried out for the first time to find out the highest academic qualifications of our employees. Currently 0.8% of them have a Ph.D., 30.5% a master’s degree, 31.7% a bachelor’s degree, and 28.1% have graduated from secondary school (with entitlement to pursue higher education).

Distribution of highest academic qualifications of employees of the S&T Group as of December 31, 2020:



ANGELA ROIGER

PRODUCT MANAGER
KONTRON TRANSPORTATION AUSTRIA AG

Angela Roiger works as a product manager for the Packet Core portfolio and Next Gen OAM at Kontron Transportation Austria in Vienna. She has had a passion for technology ever since she was a child and has never lost her fascination for the world of technology and complex topics. After graduating from Vienna University of Technology with a degree in information technology, she worked in Vienna and Jönköping (Sweden) before joining Kontron Transportation (at that time Kapsch CarrierCom) in 2010 and stepping into the world of telecommunications. She was quickly involved in projects that carried a great deal of responsibility, such as introduction of new software in the course of a merger. During the time she spent as a R&D team leader, she gained thorough knowledge of the products. Angela was able to prove her skills as a coordinator when she and her team worked with a development partner on the introduction of new products in Russia.

What Angela appreciates most about the company is the many opportunities she has to continually expand her area of responsibility and to take on entirely new challenges.

She feels it is important to encourage more women to embark on careers in technological fields and this is why she also lectures at the University of Applied Sciences Technikum Wien under the "FIT" program that aims to inspire more women to work in manual and technological disciplines.



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Working in technology as a woman is probably similar to being a man in the same field except that you mustn't let yourself be put off by the fact that there are far fewer women in it than men. The work is very varied and there are many interesting projects that we carry out as a team. My tip to women interested in technology: "Do it".

Angela Roiger

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DIVERSITY AND VARIETY

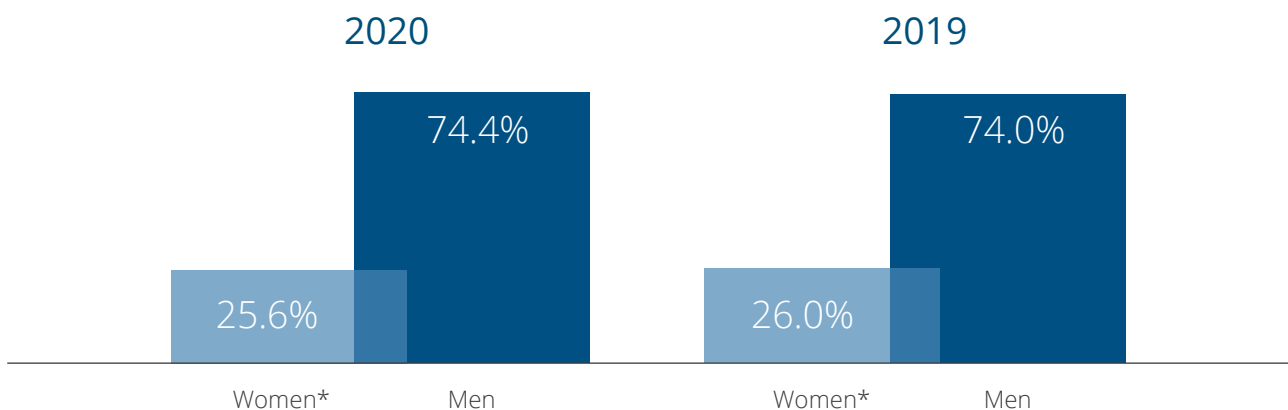
Our group's international orientation fosters diversity among our staff. This is important to us – because the individuality of our employees, in conjunction with equal opportunities and respect for origin, age, religion, gender and other characteristics, forms our corporate culture.

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 21.6% to at least 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.

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 locally based institutions of vocational training such as Germany's DAA (Deutsche Angestellten-Akademie) and BIB Augsburg GmbH. Unfortunately, very few of these could be held in 2020. Additionally, we participate in job fairs for high school students such as Vienna's "HTL-Karrieretage" ("HTL Career Days"). At these job fairs, we present our company and, in cooperation with HTL Spenglergasse, offer internships and supervised degree theses.

As of December 31, 2020, S&T's workforce had the following distribution of gender:



*Share of women from 2019 to 2020 – decline due to effects of acquisitions concluded in 2020

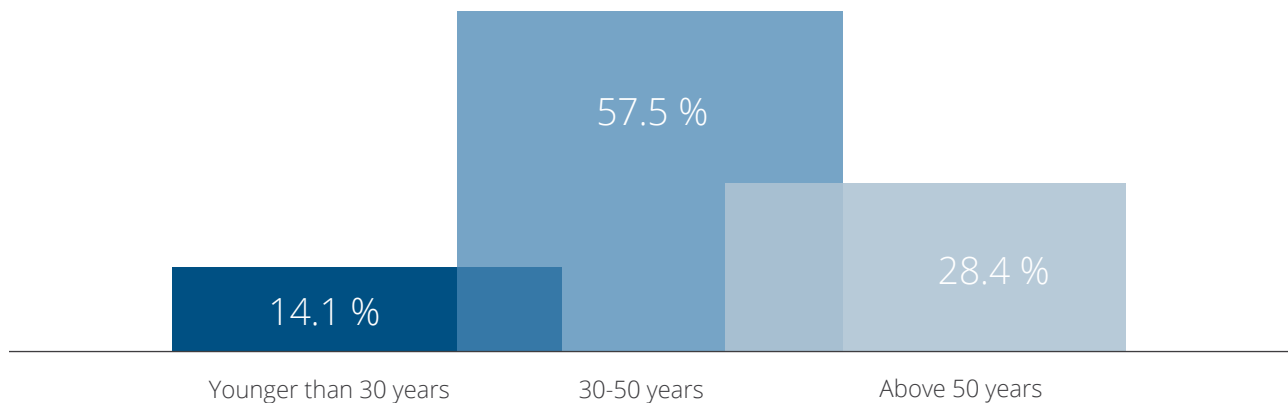
At our facilities, we strive to enable and encourage the employment of people whose health impairs their ability to work. For example, we increased the number of barrier-free accesses at our production facility in Augsburg, Germany. According to the CSR survey conducted annually, 57 employees of the Group had a disability.

Of our 6,067 employees as of December 31, 2020, the following age distribution was observed: some 14.1% were less than 30 years old; 57.5% were in the middle group (between 30 and 50 years), and 28.4% were older than 50 years. Our objective is to make use of the diversity of age shown by our employees to optimally develop 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.

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SUSTAINABILITY REPORT

Age distribution in the S&T Group as of December 31, 2020:



The distribution of employees as of December 31, 2020 among the levels “senior management”, “middle and lower management” and “specialists” was as follows:

	2020	♀ F	♂ M	2019
Senior management	2.4%	16.9%	83.1%	3.2%
Middle and lower management	11.9%	22.6%	77.4%	14.7%
Specialists	85.6%	26.3%	73.7%	82.1%
Total	100%	25.6%	74.4%	100%

Middle and top management consist of the Executive Board and those reporting directly to it as well as managers with authority to sign who work for S&T AG and for its subsidiaries. “Lower management” encompasses those responsible for managing employees and those whose leadership functions are a result of their technical expertise. “Specialists” include all employees who are not part of the other two categories. In comparison with the financial year 2019, the lower management level expanded in 2020. These minor realignments were caused by the acquisitions of companies in financial year 2020, and by the growth registered by the S&T Group. Personnel turnover at S&T AG was 10.3% in financial year 2020 (PY: 17.4%). The average length of service at the Group was 11 years.

FAIR REMUNERATION

A single set of principles of remuneration applies to all employees of the S&T Group. These principles pay no regard to gender, origin, religion, age, physical capabilities or sexual orientation. The total remuneration packages are based on the average of the relevant labour market in each case to ensure that each employee receives a remuneration appropriate to the labour market that is applicable to her or him. These packages are comprised of a monthly fixed salary. Depending on the position held and the area of responsibility, a performance-based variable component and of a variety of supplemental benefits may also make up the package. Our objective is to provide our employees with the remuneration they deserve, and which motivates them to continuing performing well.

Stock options programs 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 is distinct from the legally stipulated regulations on such, including rules on part-time work, parental and dependent caring leave, in force in a number of countries. Flexitime and a wide variety of part-time models, as well as shift exchange 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 2020, the number of people working from home was further increased in order to protect the employees.

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 Corona-Pandemic in 2020.

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

In the financial year 2020, 21 accidents (2019: 16) were registered on premises maintained by the S&T Group – fortunately, none of them serious, let alone fatal. The accidents reported were traffic accidents occurring on the way to work and minor accidents during working hours on company premises. 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.

PSYCHOLOGICAL HEALTH CARE IN THE CRISIS YEAR

The psychological health of employees is also very important to the S&T Group. Apart from physical safety and employee protection, particular attention was paid to the mental health of employees during the coronavirus crisis of 2020. Information sessions on resilience and workshops on mental and physical health were held. Additionally, S&T AG gathered information on both negative and positive psychological stress in the workplace. The aim of the project was to establish working conditions that keep stress to a minimum. In their responses to the survey, employees cited an improved culture of information and feedback as well as tolerance of a certain level of error as potential improvements. As a result, in-house communication was intensified and a project launched to reinforce the feedback culture.

INCREASED EMPLOYEE COMMUNICATION

The COVID-19 pandemic presented the S&T Group with the challenge of having to contact the larger number of employees who were working from home. From March 2020, the established communication format, the “state of the nation” which informs employees about strategic and commercial issues every quarter, was 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. In addition, anonymous coaching was offered to any employees who felt the need to talk to someone about the current situation and the stress it was causing.

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 graduation theses and diploma theses, internships and traineeships, and education programs.

The longstanding close cooperation with HTL Spenglergasse, a polytechnic based in Vienna, was successfully continued in 2020. As an Austrian company, S&T cooperates closely with the University of Applied Sciences in Salzburg and with the University of Applied Sciences in Hagenberg and also takes part, along with the Fraunhofer Institute in Austria, in a great variety of research projects. Outside Austria, S&T 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.

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 2020, no single customer accounted for a share of S&T's revenues of more than 3%. The revenue share from the betting sector was under 0.5% in 2020 (previous year: 0.7%) of the Group's total turnover.

QUALITY MANAGEMENT

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

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

Across the 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 ISO 9001 (quality) and ISO 14001 (environmental management).

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 2020	NUMBER OF CERTIFICATES 2019
ISO 9001 (Quality Management Systems)	49	41
ISO 14001 (Environmental Management Standard)	25	22
ISO 27001 (Information security)	28	16
ISO 80079-34 (Quality Management Systems for Product manufacturing)	5	2
ISO 13485 (Medical devices – Quality Management Systems)	5	3
ISO 45001 (Occupational health and safety, before “OHSAS 18001”)	14	5
ISO 2000 (IT Service Management (ITSM))	11	6
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)	3	2
RISQS (Railway Industry Supplier Qualification Scheme)	2	
AS 9100 (Quality Management System – Requirements for Aviation, Space and Defense Organizations)	2	2

RELIABLE EVEN IN EMERGENCIES

IOT SOLUTIONS EUROPE

There is no such thing as absolute safety – which is why emergency facilities in the Gotthard Base Tunnel must also ensure that, in case of an emergency, train passengers get out of the 57-kilometre-long tube unharmed. This is a task for the Swiss company Telematix AG, based in Bern, which specialises in communication solutions in the transport sector, for infrastructure operators and blue-light organisations.

The reliable and durable heart of Telematix' communication systems are the KISS 19" industrial PCs from Kontron. They are part of the NIS-R product platform, the All-IP operational telecommunication system for mission-critical communication, which is specially designed to meet the needs of railway and other infrastructure operators as well as emergency call centres.

The architecture meets the high security and availability requirements placed on communication systems in these areas. Thanks to the modular NIS system structure, this solution scales from local systems to nationwide communication solutions and can thus flexibly adapt to the respective customer needs.



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 efficiently repairing items.

Measures ensuring the prevention of defects form a key part of achieving customer satisfaction and preventing – or at least minimizing – 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 diligent selection of our manufacturers and suppliers

DATA PROTECTION AND DATA SECURITY

As a technology supplier and IT service provider, the 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 systems or our 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 implemented 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.

The data security plans and measures in place are adapted on a regular basis 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 transforming to achieve global ISO 27001 and ISO 27018 (Cloud Privacy) with ISO 22301 (Business continuity management) compliance: more and more automated systems and processes are deployed with the required external services, such as regular penetration tests and independent architecture analysis. In recent months, the EMOTET threat was addressed with mandatory multifactor-authentication and we are continuing the transition to the passwordless era with tokens. We were able to protect ourselves against the most recent attacks on Microsoft Exchange vulnerabilities by switching off the local infrastructure due to the advanced status of cloud adaptation and advanced security tools available to us for the Cloud infrastructure which cover all services and terminals. As a Group initiative, the employee awareness program – covering simulations – can strengthen the overall security level in the Group.

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 department of the S&T Group. In particular, we have ensured that the rights of affected persons to information, correction, deletion, and data transfer can be 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 the financial year 2020, 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.

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:

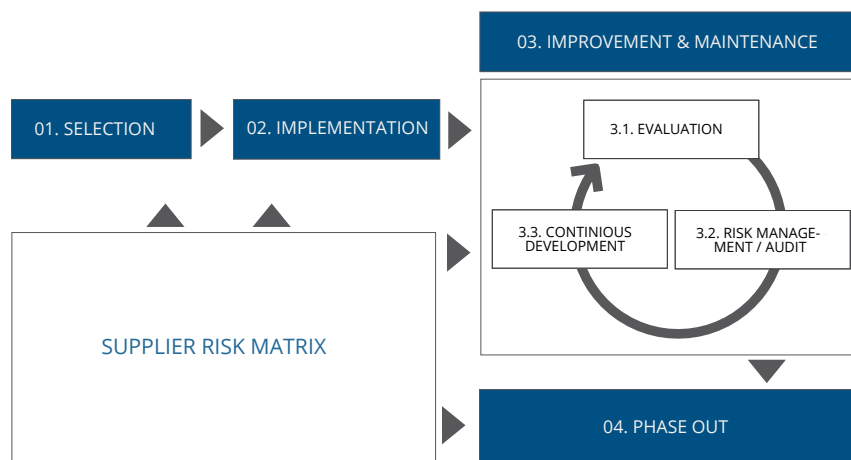


A central criterion when orders are placed by public authorities and industrial customers is that fundamental labour and social standards are observed in the production of goods. These are laid down by the International Labour Organisation (ILO), the United Nations' Global Compact, and by the respective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

The 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 labour 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' 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. It comprises four main processes which present the entire matrix of responsibilities entailed in the end-to-end management of suppliers. The processes' activities cover the fields of 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 labour 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 expectations will not be commissioned and are thus disqualified. This disqualification can also lead to the supplier's loss of all those orders that are subject to the initiatives of procurement.

Reasons for such a disqualification are, for instance, the failure to adhere to relevant environmental, health and security standards and laws, or to the conventions promulgated by the International Labour Organisation and the United Nations. Further causes of disqualification are lack of compatibility with the principles, values and rules of conduct that guide the decision, processes and systems of an organisation in ways leading to its actions benefiting its employees and other important stakeholders. The observation of human rights includes suppliers' enacting processes designed to preclude their use of conflict minerals. The suppliers' production processes must also preclude the incorporation of raw materials that originate from high-risk areas, or from areas 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 specialized 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 whose actions promote corruption, or who engage in other practices contravening laws and principles of fair competition are also disqualified.

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 audits, 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 these standards when manufacturing IT and IoT products.

OTHER STAKEHOLDERS

Ongoing dialogue with the stakeholders cited, as well as with investors, customers, proxy advisors, rating agencies, local organisations and other stakeholders is of great importance to us and helps us to identify ESG opportunities and recognise ESG risks in good time. An extract from the conversations held in 2020 is reproduced in the capital "The S&T Share" in the annual financial report and annual report. We would be happy to answer any questions you may have and look forward to receiving your feedback and suggestions at csr@snt.at.