

SUSTAINABILITY REPORT
2019

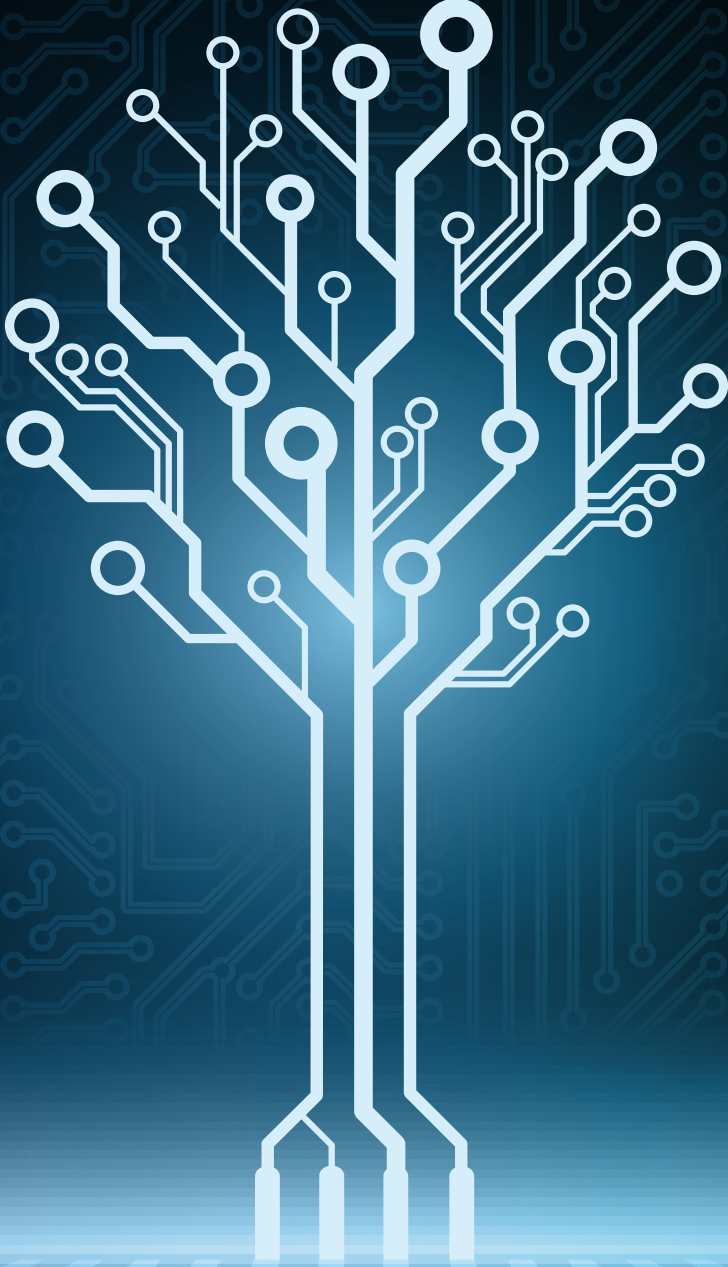


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SUSTAINABILITY REPORT



INTRODUCTION

FOREWORD

The S&T Group strives to always maintain a balance among the economic, societal and ecological challenges facing us. When realizing the short- and long-term objectives that we have set for our growth, our decision-making is future-oriented and sustainable at the same time. S&T has dedicated itself to conducting business in a sustainable way, to displaying respect towards its stakeholders in daily business life, and to diligently analyzing the impacts of its actions upon society and the environment.

The S&T Executive Board manages the Group with the objective of attaining a sustainable value added. The principles forming part of good corporate governance, corporate social responsibility and compliance are incorporated into the Board's decisions. Our corporate goal is to facilitate the further development and enforcement of international social and ecological standards.

We constantly and consistently strive to minimize the effects of our activities upon the environment and to develop innovative and energy-efficient products and solutions for our clients. We maintain longstanding partnerships with producers, suppliers and other stakeholders, which enable our success in this area. Our attainment of sustainable business is predicated upon our proactive environmental management. Entailed in this has been the S&T Group's securing of the ISO 14001 environmental management standard for primarily production-related facilities.

Our actions are designed to further the sustainable development of those markets, countries and the environment in which the company and its suppliers and customers do business. We have dedicated ourselves to observing the principles formulated in the United Nations' Global Compact. This is an alliance of companies and organizations that devote themselves voluntarily and around the world to the fostering of human rights, of fair work conditions and of the protection of the environment.

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>1,123 Mio </p> <p>Revenues 2019 EUR 1,123 million</p>	<p>Green Solutions </p> <p>Supplier of products and solutions forming part of energy-efficient, sustainable and secure applications</p>
<p>170.5 Mio </p> <p>2019: EUR 170.5 million for engineering, research & development</p>	<p>4,900 </p> <p>More than 4,900 employees in 32 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 third Sustainability Report for the financial year 2019, 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 of 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, 2019. S&T's Sustainability Report 2019 will be published on March 26, 2020. To obtain in-depth information on the company's financial objectives and on the development of its business, please consult S&T's 2019 annual report.

SHORT PROFILE

S&T AG (www.snt.at, ISIN AT0000A0E9W5, WKN A0X9EJ, SANT) is a technology corporation. It has some 4,900 employees, and offices and operations in 32 countries around the world. S&T is listed on the Frankfurt Stock Exchange, and forms part of its TecDAX® and SDAX® stock indexes.

S&T is an Austrian technology company headquartered in Linz. With its two „IoT Solutions“ segments, it is a leading international provider of services, products and proprietary technologies in the environment of Internet of Things (IoT) and Embedded Computing Technology (ECT). S&T AG is also a renowned provider of IT systems. Its „IT Services“ segment supplies a wide range of consulting, outsourcing and integration services. To get more information on our technology corporation, please consult the „Portfolio of products and services“ chapter of our annual report, found on page 11.

1.4. 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 realize and implement the ideas and suggestions proposed by our employees. Our objective is to achieve a work environment that shows a greater degree of sustainability. We are pleased that other companies in the S&T Group are pursuing many of the projects initiated.

LED LIGHTING

An energy audit conducted by Kontron Europe GmbH in August 2019 yielded further recommendations how to increase its energy efficiency further. One of the first steps in 2018 was to completely revamp the lighting of production facilities in Augsburg. The new illumination is LED-based. This initiative was pursued in 2019, in which the storage facility's lighting was upgraded to LED on a systematic basis.

The replacement with LED illumination is now being pursued throughout the S&T Group. Keep it up!



NEW WORK SCHEDULES

Kontron America Inc. has launched a 9/80 work schedule. It permits employees to add one hour of work a day, and to take off a Friday every two weeks. This in turn helps reducing the consumption of electricity and water, the incurring of wastes, and the distances covered by commuters in cars for 26 days a year.

Flexible work schedules and the opportunity to work at home are increasingly being offered in the entire S&T Group. That is great news for the environment, for our employees and for our company!



GREEN TRANSPORT

In accordance with S&T's ESG ("environmental, social and governance") objectives, it is promoting the utilization of trains and other forms of public transportation. As part of this, Kontron Transportation Belgium launched a "cash for car" program. It pays cash to those employees who give up their company cars, and who take public transportation instead.

Other S&T facilities have introduced measures leading to the reducing of carbon dioxide incurred through travel!



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 some 4,900 employees a progressive environment of work, 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 such, we place a high priority upon such key values as dialogue, participation and fairness. Our objective is to secure the company's success on a long-term basis. Achieving this requires high levels of performance and integrity by our staff members. The latter plays an important role in our company and towards, especially, our external stakeholders – our partners, clients and suppliers. We are convinced that our participation in networks and initiatives that transcend the borders imposed by organizations strengthen our company. To enable this participation, we operate in a culture marked by open and constructive feedback. We give and get input, as these are the ways of improving ourselves and others.

The S&T Group always keeps an eye on ecological sustainability issues. As a supplier of IoT/embedded computer technologies, the Kontron S&T group develops solutions that are deployed by clients for many years. These extremely long times of utilization cause these systems to evince ecological effects that are substantially less than those resulting from the devices forming part of consumer electronics, which have a relatively short duration of use. Our solutions, in addition, foster increases in efficiencies of energy and resource employment. Long terms and durability of hardware employment are highly 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 was implemented in the whole Group. Its directives were revised in financial year 2019 and the updated version rolled out throughout the Group. The Code's contents are assessed, updated and imparted on regular bases. In 2019, the focus was upon precautionary training in the S&T facilities in Eastern Europe.

The entire S&T Group is required to adhere to and to observe the laws and legal codes in force in the countries in which we do business. Each staff member is obliged to comply with national and international legal codes – and to act in corresponding ways. We also demand of our employees that their behavior is in conformance with these codes, that they meet their personal commitments, and that they refrain from undertaking actions that could damage the reputation of the S&T Group. The Code of Conduct describes and governs such issues as the observance of laws in force, the combating of corruption, the adherence to fair-trade and anti-trust laws, behavior towards third parties, handling of financial and business records, combating money laundering, observation of export control and duty laws, principles of equal treatment, data protection and security, conflicts of interest, and the dealing with gifts, invitations to events, donations, sponsoring and advertisements. We have recently adapted our Code of Conduct to satisfy the newly-promulgated stipulations of the Second Shareholders' Rights Directive and those of Austria's Stock Corporation Act, which implements the Directive on the local level, and which is applicable to S&T AG as an Austrian company. The latest version of our Code of Conduct is on our Website at: https://ir.snt.at/SnT_CodeofConduct_EN.pdf

HUMAN RIGHTS

The adherence to internationally valid standards of human rights and of labor is a matter of course for us. Our standards correspond to those laid down in the International Bill of Human Rights, in the European Convention on Human Rights, and in the principles of the United Nations' Global Compact. We tolerate no form of forced labor, be it also in a prison or due to subjugation. Each person working for the S&T Group does so according to her or his own free will and volition. Any employee can terminate this relationship of employment, provided that she or he observes the agreed-upon terms of such. Also not tolerated in the S&T Group is child labor. We require of our suppliers the adherence to all laws in force, with these including the laws applying to human rights and fair business practices (please see the chapter on "Suppliers" on page 207 and S&T Suppliers' Code of Conduct at https://ir.snt.at/SnT_Supplier_CodeofConduct_EN.pdf).

GOVERNMENT CONTRACTS AND THE COMBATING OF CORRUPTION

The S&T Group competes for contracts placed by governmental 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 on and stipulations applying to public-sector procurement, with this including legislation designed to preclude the impermissible influencing of civil servants. A large number of countries have promulgated anti-corruption laws that accord to internationally applicable standards. These laws forbid bribery committed by companies. Several of these laws – such as the UK's Bribery Act and the USA's Foreign Corrupt Practices Act – are recognized around the world, and are robustly applied in the S&T Group.



ENERGY MANAGEMENT MADE EASY

IOT SOLUTIONS GERMANY

Solar-Log™ is a pioneer in monitoring photovoltaic systems. With the “Solar-Log Base”, a new energy management system was successfully launched on the market in 2019. Solar-Log™ relies, among other things, on the SL i.MX6ULL SoM module from the S&T subsidiary Kontron. Solar-Log Base is a flexible, open system, easy-to-install overall package for greater efficiency in the control, regulation and monitoring of photovoltaic plants. The base-series offers all the desired functionalities for the respective plant operators for every size of plant, from private homes to large industrial plants. With the add-on module MOD I/O, all requirements in the field of power supply management can be easily covered.

ADHERENCE TO LAWS

Compulsory in the entire S&T Group is the adherence to and observation of all applicable laws. Each staff member is required to adhere to national and international codes of law, and to operate in ways expressing such. We also require of our staff members personal behavior that is in accordance with the law. We insist upon their meeting personal obligations, and upon their refraining from actions that could damage the reputation enjoyed by the S&T Group. In order to provide employees and third parties with a way of alerting the Compliance department to possible breaches of law committed in the company, S&T AG set up an electronic whistleblower system. It also enables anonymous reporting. This system is to 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, Human Resources and a works council.

CORPORATE GOVERNANCE

"Corporate governance" denotes the legal and factual parameters created to govern the management and supervision of a company. Corporate governance's objective is the enhancement of the transparency and capability of control of management and of its actions, as doing such causes management to live up to its responsibilities when pursuing its duties. This, in turn, represents a key component of sustainable value added.

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. In accordance with Germany's Stock Act (§ 161 AktG), S&T AG – since it is a publicly listed company – is required to disclose the extent to which it has satisfied the recommendations of the Code. Each divergence from its recommendations is to be explained – in accordance with the principle of "comply or explain". This is to be done in the "Corporate Governance Report", which forms part of the financial year's annual report, and which is also maintained on the company's website at: https://ir.snt.at/Corporate_Governance.en.html.

At S&T AG, the term "corporate governance" stands for a way of managing and controlling a company that is responsible, value-based and sustainability-oriented in nature, and that thus yields sustainable value added. Key components of good corporate governance are efficient working relationships between the Executive and the Supervisory Board; openness-based channels of communication within the company; respect for shareholder interests; the achievement of transparency and accountability when making decisions for the company; an appropriate dealing with risks; and the furthering of equal treatment and opportunity and of 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 the observing of national and international laws, 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.

It is for that reason that S&T AG's divergences from the Corporate Government Code encompass only a few points. These divergences are elucidated in depth in the declaration of compliance rendered annually and in the Corporate Governance Report found on page 20 of the 2019 annual report, and on the website of S&T's Investor Relations department at https://ir.snt.at/Corporate_Governance.en.html.

STRATEGIC MANAGEMENT OF RISKS AND OPPORTUNITIES

Risk and opportunity management constitutes an important component of S&T's handling of its business. The objective of S&T's executives is to employ the intra-Group system of risks and opportunities management in ways enabling their recognition, evaluation and proactive influencing whenever they arise on markets and as a consequence of corporate actions. Covered in this are opportunities and risks that are both internal and external in nature.

S&T generally avoids risks that imperil its corporate existence. Notwithstanding this, S&T's business does expose it to risks that directly ensue 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. It also supports us in achieving our corporate goals. The risk management system fosters an awareness of risk, and, as well, the trust that our stakeholders place in our company. It also improves the bases of our planning and of decision-making.

The close intermeshing with financial processes and the ongoing development of methods of assessing and managing risks and of their reporting is ensuring that the Executive Board and Supervisory Board are informed promptly and comprehensively on the risks to which the company is exposed.

A further component of good entrepreneurship is the recognition and exploitation of opportunities. Doing such ensures the company's viability by strengthening its ability to compete. This represents a key component of our strategy. Our system of management of risks and opportunities enables us to assess both of them properly.

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 organizational chart makes the system part of our internal audit team, which is the institution reporting to the Executive Board as a collegial body. The Group's Risk Manager consults on a regular basis with the Executive Board, which serves as the collegial body. The Risk Manager also supervises the adherence to the risk management process and to the reporting routines that have been set up.

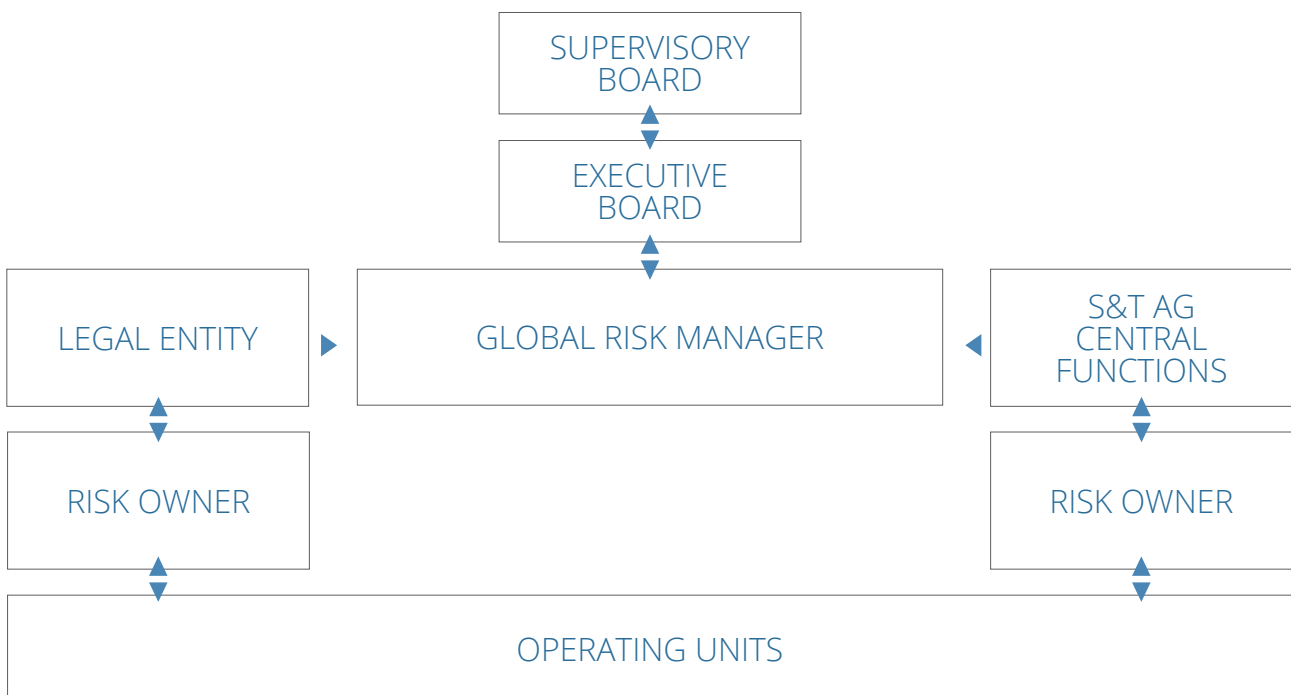
The group-wide process of risk management is depicted and elucidated in the Group's Risk Manual. It describes in-depth the steps comprising the process of managing risk, with these starting with the identification of risks and extending to its reporting:



The Group Risk manual determines the responsibilities and procedures comprised in the risk management system. It lays down clearly stipulated directives – such as on the principles of risk management – whose adherence is compulsory for all responsible 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. This report is then supplied to the Executive Board and to the Supervisory Board. As of the end of the year, the smaller-sized 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 have to issue ad hoc reports upon exceeding of preset limits or upon the occurrence of exceptional situations. A highly topical and pertinent example is the current spreading of the Covid-19 pandemic around the world.

RISK MANAGEMENT ORGANIZATION



The assessment of the probability of occurrence and the possible financial impact are assessed based on pre-formulated criteria. A rating system has been implemented which enables the comprehensive depiction of the relevance of the risks.

Each risk is assigned to a “risk owner”, whose responsibility is the monitoring of the risk and of the measures enacted to manage it. The updating of assessments and the tracking of risks take the form of the reporting rendered on a regular basis to the Group’s risk manager, whose job is to aggregate these reports and to report them to the Executive Board. The Executive Board informs the Supervisory Board of the main risks on a regular basis.

This system ensures the group-wide transparency and the effective handling of the risks facing the company. Further information is provided in our “Report on Opportunities and Risks”, which is to be found on page 46 of this annual report.

RESPONSIBLE MANAGEMENT

ENVIRONMENTAL PROTECTION AND MANAGEMENT

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

We developed an environment management system for deployment in our production-related premises in Europe and North America. This system assesses the premises' environmental performance and thus delivers indications on how to improve it on an ongoing basis. The system embodies our environmental policies, which permit the derivation of both generally and specifically applicable objectives. The compilation of these policies constitutes the expression of our obligations towards the protection of 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's plans to secure ISO 14001 certification for further facilities took steps forward in financial year 2019. The measures comprising the certification according to ISO 14001 are assessed and further developed on ongoing bases. 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 individually evaluated and subsequently classified. This enables the effective implementation of measures of improvement. As stipulated by the new standard, we have extended our assessment to comprise the evaluation of the opportunities and risks arising from our respective environment-impacting activities. This enables their effective management. The assessment is checked and updated at least once a year.

WE ARE PURSUING OUR ENVIRONMENTAL OBJECTIVES THROUGH:



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 ways enabling it to facilitate our identification and monitoring of 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 are according to the applicable legal codes. To achieve this, we employ an online register of laws that automatically briefs us on alterations in laws and directives applying 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 the respective facility.

We also expect our suppliers to adhere to ecological and societal standards. This adherence is verified through the audits that we conduct and that encompass our suppliers. We systematically take in the expectations of all those parties that are interested in our environmental performance. We then evaluate these. This enables us to proactively fulfill the requirements placed by our respective sets of stakeholders upon our protection of the environment – and to forge ties with them, with this depending on their levels of interest.

Our goal is to improve our environmental performance continually. We employ our corporate environmental policies to the annual compilation of the environmental objectives established for the respective facility. By doing such, we ensure the efficacy of the program. We institute – should such be needed – measures of improvement. We establish appropriate new objectives. While doing such, we work to identify indicators capable of quantifying all environmental objectives, to enhance their capability of being calculated and measured. Examples of indicators are electricity consumed per employee, need for heating per unit of surface area, and emissions of CO₂ from business trips on a per employee basis.

ENVIRONMENTAL OBJECTIVES OF THE S&T GROUP



REDUCTION OF CONSUMPTION OF ELECTRICITY AND THE UTILIZATION OF RENEWABLE ENERGY

- › Installation of photovoltaic facilities at a variety of locations
- › Electricity-conserving IT equipment at places of work and at our datacenters
- › 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/M²

- › Sensible use of office heating and air conditioning – only when needed
- › Turning off heat in empty individual offices
- › Closing 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 EMISSIONS OF CO₂

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

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 characterized by low consumption of energy and that enable efficient and resource-conserving manufacturing.

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

PRODUCTS FEATURING THE MOST ADVANCED INTEL® PROCESSORS AND USED IN ENERGY-EFFICIENT COMMUNICATION, VISUALIZATION AND CONTROL OPERATIONS

Kontron products have been updated with the electricity-conserving Intel® systems-on-chip processors of the eighth generation. As compared to previous models, these have twice as many cores, and provide about 25% more performance with identical power dissipation. The employment of these chips gives rise to new ways to communicate and visualize. These processors are capable of being directly employed in heavy-duty production processes. These highly robust, fan-less control systems do not have to be installed in stand-alone, air conditioned computer rooms. This obviates the need for air conditioning, thus reducing the energy consumed by the applications.



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 consistently secure briefings by our suppliers on the compositions of the components that we procure from them and which are incorporated into our proprietary products. This enables us at any time to provide our customers with information about the components installed in their products. At the same time, we pursue our goal of accomplishing an environmentally conscious product design. We fulfill customers' specific requirements, in ways according to the stipulations imposed by legal codes. The S&T Group's adherence to environmental requirements imposed by applicable laws and regulations starts in the phase of the development of products. These regulations and their national-level implementations 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)

WEEE DIRECTIVE: AVOIDANCE OF ELECTRICAL AND ELECTRONIC WASTES

The EU promulgated on January 27, 2003, an environment protection directive entitled "WEEE Directive 2002/96/EC" (abbreviation is of "Waste Electrical and Electronic Equipment"). Its objective was to bring about the reduction of the increasing quantity of electronic wastes that stems from no longer used electrical and electronic devices. It 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 countries are required to implement the WEEE Directive in national codes of laws.

The S&T Group has committed itself to undertaking actions fostering the security and health of the 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 fulfill its requirements by

- › taking into account their future disassembly and reclamation, and, as well, by bearing in mind the requirements of recycling when developing the devices,
- › marking of the device with the symbol stipulated by the WEEE Directive: a wheeled waste bin that has been crossed out, as well as
- › providing our customers with the relevant information.

Most of our products are classified as “embedded computers” (integrated computers). As such, they do not belong to any of the categories of products established in accordance with the WEEE Directive. Our “embedded computers” are not stand-alone 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 the handling of 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, which sell their products under their own company names to end-users.

To facilitate our customers’ satisfaction of all 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 are able to enter into an agreement foreseeing the obligatory returning of the components involved.

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

ROHS-COMPLIANCE: RESTRICTION OF HAZARDOUS SUBSTANCES

On July 1, 2006, the EU promulgated its RoHS (“Restriction of Hazardous Substances”) Directive 2002/95/EG on the restriction of the use of certain hazardous materials in electric and electronic equipment.

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

Published on June 8, 2011 by the EU was its updated RoHS Directive (2011/65/EU, RoHS 2), categorized as a CE directive of designation. 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 fulfill the stipulations of the RoHS-2 Directive, and maintain the availability of RoHS-conforming products for their customers.

There are a few exceptions to Kontron’s using RoHS-conforming products. The European Commission evaluate these products regularly regarding their extension. Kontron and the S&T Group take the expiry of the active RoHS-2 exceptions very seriously.

The company commits to always relaying to its customers 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 – has a broad base of offerings of electronic and mechanical components, modules and processes. This spectrum of availability enables S&T to recognize trends at an early stage, and to thus 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 those materials obliged to be registered with the European Chemicals Agency, if such chemicals are being produced or imported in quantities of at least one ton a year. Excepted from this rule are so-called "phase-in materials" and those listed in EINECS directory of extant materials.

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 defined to be 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. REACH considers such manufactured products to inherently not be obliged to be registered.

The S&T Group commits to managing its products and processes in ways minimizing the risks ensuing from to the health and security of humans and the environment. The Candidates List of the European Chemicals Agency (ECHA) comprises those "Substances of Very High Concern" (SVHCs). Kontron monitors this list on a regular basis, to ascertain the incorporation of new substances. The disclosure of the existence of SVHCs is obligatory for inquiries to our authorized manufacturers. In accordance with Article 33 of REACH, Kontron and S&T brief their clients on prompt bases on alterations in the Candidates List and upon 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 involving so-called "conflict minerals" stemming from the Democratic Republic of the Congo (DRC) and its neighboring countries. Since July 2010, companies listed on securities exchanges in the USA have been obliged to adhere to these requirements. Comprised in the term "conflict minerals" are such raw materials as tantalum, tin, gold and tungsten in cases in which their mining and trading form part of the financing or other kinds of support provided to armed groups in the DRC and its neighboring countries. We accord the highest priority to respecting human rights and to thus adhering to the Dodd-Frank Wall Street Reform and Consumer Protection Act. We have instituted measures to preclude our use of conflict minerals in our chain of supply. This represents one way in which we help avoiding or minimizing violations of human rights (Please see "S&T Supplier Code of Conduct").

We assist our customers in the comprehensive declaration on the utilization of conflict minerals that accords to the stipulations imposed by USA's Securities and Exchange Commission (SEC). Such suppliers are required to furnish the corresponding information on their chains of supply. This in turn requires their meeting of disclosure obligations and their conducting diligence-based verification. S&T AG's Kontron subsidiaries have the capabilities requisite to assess and track the components and suppliers covered by the reporting and by the declaration 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, in a first, upon guidelines of a directive to govern the trading in so-called "conflict minerals". The new Conflict Minerals Regulation ("CMRT") of the EU will take effect on January 1, 2021. It is supposed to further the constraining of trading in tin, tantalum, tungsten and gold stemming from conflict regions. This new EU regulation thus avails itself of the corporate obligation to render diligence in the raw materials sector. This, in turn, will enhance the taking of responsibility for the supply chain of raw materials, with this entailing the undertaking of the appropriate measures. All this is done to preclude the financing of conflicts or of contraventions of human rights. The new EU regulation affects the S&T Group only indirectly. Despite this, we show a great degree of diligence in meeting our obligations towards our suppliers and customers. This obliges us to undertake the preparations required to satisfy the stipulations of the new regulation already today.

DISPOSAL AND RECYCLING

We properly handle the disposal of the wastes ensuing from our production facilities and from our offices. This disposal has been structured in an easily understood and binding way. Waste materials engendered in our production operations are assigned to the following categories, and then disposed of in the containers that have been correspondingly marked and labeled: paper and cardboard, recyclables (Styrofoam, plastics, foils etc.), metal wastes, electronic wastes (for instance: cables, boards, keyboards and monitors), and rechargeable and other batteries. Special rules have been established for the ESD (electrostatic discharge) area. Such items are disposed of in dedicated containers. Wastes generated in offices are also separated. The offices have special bins for paper and cardboard and for the other kinds of wastes, whose separation is handled by providers of disposal services. Additionally, locked bins are used for the disposal of confidential documents.

Other ways in which the S&T Group avoids wastes are that we produce our proprietary products and those procured from others in ways minimizing their amount of packaging. This also applies to items ordered. Working with our suppliers, we are increasingly employing environmentally friendly packaging, with these including decomposition-possible materials such as plastics made from cornmeal, algae and hemp, and recyclable items such as paper and cardboard. The objective of this is to avoid using conventional plastics.

GREEN DATACENTERS

Sustainability plays a crucial role in IT services. Our commitment to conducting “green business” is expressed in the S&T Group’s selection of our partners for datacenter operation. Criteria used to assess adherence to “green IT” include the efficiency of the air conditioning used to cool the datacenters. 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 employment of IT resources in ways actually meeting needs, and the assignment of our employees in a manner optimizing their routes.

SOCIETAL AND SOCIAL ENGAGEMENT

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, athletics and public welfare. Targets of this support are a large number of regional projects in a variety of countries. We set up and invest in working relationships between our centers of operation and schools, universities, non-profit organizations and foundations.

As had been the case in previous years, the support provided by the S&T Group in 2019 included donations of money and physical items; the forging of partnerships with athletic associations, schools and universities; and the facilitation of a large number of charitable projects. Donations made in 2019 included those going to organizations helping children, to facilities sheltering women who are victims of domestic violence, and to medical facilities (for instance: the Red Cross in Germany and the Marie Pagé Foundation in Canada). S&T also raised money for research into cancer and for cancer patient assistance. A large number of local athletic organizations also received support from S&T. We are an IT company – as such, we sponsor the equipping of schools and children’s homes with IT. We also provide support to the IT projects undertaken by educational facilities. A further example is the large-scale campaign undertaken to provide gifts for Christmas. The role of Amanox Solutions AG – S&T’s subsidiary in Switzerland – in this comprised its support for a project undertaken by the Brändi foundation. It fosters the integration of handicapped people in labor markets.

COLLECTING DONATIONS FOR THE DR. CLOWN FOUNDATION

**KONTRON CANADA INC.**

In 2019, staff members of Kontron Canada collected donations for the Dr. Clown Foundation. The objective of this innovative organization is to improve the quality of life of hospitalized children, of senior citizens living in facilities providing long-term care, and of handicapped citizens. This objective is realized by the visits made by the clowns to these people. At these visits, the clowns play games and tell stories to them, thus bringing joy to them. On May 16, 2019, staff members of Kontron Canada took part in a "Friendship Olympics", and in a tour of a local school for those with special needs. Its pupils are between 12 and 21 years old and have physical or mental handicaps. The funds raised are being used to finance the visits made on regular bases by the clowns to the school during the year.



EMPLOYEES

Our employees are the driver of the successes achieved by the S&T Group. Therefore, S&T relies on the motivation and proficiencies of its staff. To foster these, we invest in a large number of professional education and training programs. We also offer our staff ways of developing further within our company.

In financial year 2019, the S&T Group invested some EUR 1.7 million in the further occupational education of its personnel. That represented – once more – a rise over 20% in expenditure compared to 2018's EUR 1.4 million. This investment went to realize training and educational sessions on the greatest possible variety of topics, especially technical training and certification in a large number of fields; manager training and coaching; schooling in compliance and operating security; project management; and language courses. In addition, internal and external training courses are held on an ongoing basis to ensure that our employees are always up to date with the latest technology and can additionally position themselves for further career steps.

We in S&T are convinced that sustaining the success enjoyed by our company depends on creating a working atmosphere with a high degree of personal responsibility. The attainment of this climate entails fostering corporate values and principles of management, attuning them to each other, and creating flat hierarchies. This is to be accompanied by team spirit and the attainment of participatory decision-making.

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 staff members 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 parameters of positive behavior.

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



Our six principles of management are also the yardstick used in the assessment of manager quality. To be noted is that we used an open-ended language when formulating our principles. This is due to each manager's style being individual and personal. To instill and embody this approach in an authentic and credible way, we have to take personal and frequent looks at the subject of what constitutes

management. To enable this, we at S&T encourage our managers to participate in leadership training programs held on and outside corporate premises.

EMPLOYEE INDICATORS

S&T is a company that operates around the world, maintaining subsidiaries and offices in 32 countries. Its headquarters are in Austria. As of December 31, 2019, the S&T Group had 4,934 employees. Not included in this figure are vocational trainees and staff on parental leave. The following figures on employees express full-time equivalents as of the balance sheet date.

Broken down among S&T's business areas and as of December 31, 2019, some 383 employees worked in production and logistics; 485 people in hardware-related IT services; some 740 in management and administration; 677 people in sales and marketing; and some 2,649 in development (comprising research and development and engineering).

Broken down among S&T business segments and as of December 31, 2019, some 2,159 people worked for "IT Services"; 2,456 for "IoT Solutions Europe"; and 320 for "IoT Solutions America". Broken down among regions: some 89.5% of all S&T employees worked in Europe, some 6.5% in North America, and some 4.1% in Asia. The number of employees in Austria, the Group's home base of operation, was some 597 as of December 31, 2019.

The number of our staff members had risen y-on-y by some 16.1% to 4,934 as of December 31, 2019. This rise is attributable to the acquisitions performed during the year and to the increasing of the staff size in the "IoT Solutions Europe" business segment, which was undertaken to enhance software capabilities. A large number of facilities of the S&T Group serve as centers of vocational education, at which young persons are trained for technical and business professions. The center's educational activities express S&T Group's years of commitment to educating young persons, a commitment enabling it to cover part of its need for highly qualified young employees. The Group also maintains working relationships with a large number of universities of applied sciences and other institutions of higher education. The Group also provides support to students undertaking dual majors in a variety of technical and scientific areas. S&T also offers internships and permit students to work on projects with it. As a whole, the S&T Group employed in 2019 97 (2018: 87) vocational trainees and students on combined work-study programs.

EMPLOYEES ACCORDING TO REGIONS*:	2019	2018
Europe	4,414	3,712
Thereof Eastern Europe	2,655	2,381
Thereof Austria	597	494
Thereof Germany	773	653
Thereof rest of Europe	389	184
Asia	200	218
North America	320	318
Total	4,934	4,248

* Employees on parental leave or on senior semi-retirement and trainees are not included in these figures (previous year adjusted)

DIVERSITY AND VARIETY

Our group's international scope of business fosters diversity among our staff. This is important to us – because the individuality of our employees joins with equality of opportunity and respect for origin, age, religion, gender and other characteristics in forming our corporate culture.

When filling any position in the Group, S&T follows the principle of promoting women and equal treatment. The fostering of women's interests forms part of S&T adapting its operations to account for alterations in the worlds of work and in daily life. This fostering extends to S&T's management, for which the Group is striving to increase the share accounted for by women, to attain an equality 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 18% to at least 26% by the end of 2021, which corresponds to the current gender distribution in the Group. 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.

To this end, we are stepping up our participation in local initiatives leading to high school students getting acquainted with our company and its professions. In financial year 2019, our facility in Augsburg, Germany, provided – in cooperation with locally based institutions of occupational education such as Germany’s DAA (Deutsche Angestellten-Akademie) and BIB Augsburg GmbH – internships to high school students. As had been the case in 2018, our site in Vienna participated in “Daughters’ Day” in April 2019. This initiative gives young women between the ages of 11 and 16 the opportunity to get to know technical professions at local companies. 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.

FEMALE EXECUTIVES AT S&T



HELENA HOROVCAKOVA

MANAGING DIRECTOR
S&T SLOVAKIA S.R.O.

After Helena had worked successfully at S&T’s headquarters in Vienna, and demonstrated her outstanding management skills, she was offered in 2013 the position of managing director of S&T’s subsidiary in Slovakia, which was experiencing difficulties. Helena turned it around, and made it a flourishing company. This success is not only the result of hard work, but also of several insights she had gained during her career.

After gaining an MBA from the City University of Seattle, Helena, 22 years old in those days, launched her career in IT and consulting. Her age (or lack of it) seemed to be one challenge. The other, perhaps more serious, her gender. As she remembers:

It is difficult enough to be taken seriously when you have just graduated. And being a woman in a sector that is dominated by men? As Helena puts it: “I handled these challenges by employing a direct style of management and communication. I worked more purposefully than did most of my male colleagues. And that approach was successful. I started out as a project manager and consultant. I then worked for several managers and directors, spending five years in the process at S&T’s headquarters in Austria.” Helena learned something important and valuable during this time – valuable also for the S&T Group. Being a woman is not necessarily a disadvantage in IT. It can even be an advantage. Helena’s recognition of this fact has enabled her to deploy all her female traits – to the benefit of the company and of its clients.

”

Such female qualities as conscientiousness and intuitiveness and as openness and empathy are always useful. They can be employed when recruiting a reliable team and when reaching business decisions. I am successful because I am true to myself, to my being a woman. And this is what I have to say to all women who are thinking about becoming managers: Being a woman is your advantage. Put it to good use.

Helena Horovcakova

”

NICOLETA MACOVEI

MANAGING DIRECTOR
S&T ROMANIA S.R.L.

Nicoleta Macovei has more than 25 years of experience in the IT sector. In March 2018, Nicoleta Macovei was appointed head of the Romanian subsidiary of the S&T Group. Nicoleta studied at the Faculty of Business IT at Bucharest's Academy of Economic Studies. After earning her doctorate in the same field, she began her career at the Institute of Computer Sciences in Bucharest. Her next position was in banking, in which she worked for a decade. Nicoleta rose to become one of the leading managers in the local IT&C community. She occupied leading positions at several companies. Nicoleta loves mastering challenges by overcoming difficulties – and by motivating those around her to come up with the best possible solutions. Her position at S&T Romania has provided Nicoleta with the opportunity to put together a management team. As of this writing, they are all women. Nicoleta's leadership is enabling S&T Romania to enhance its position of being a high-capability IT-integrator on the Romanian market.



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I was one of the first women to get a position of leadership in Romania's IT sector. The initial period was difficult. It required tenacity and persistence. I believe that women make good managers. We are clever and creative. Here is my advice for women that are considering going into technical professions: Don't hesitate to do such. Have the courage to embark upon this path. Your doing such will be supported and furthered by the S&T Group.

Nicoleta Macovei

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OKSANA KUNZ

MANAGING DIRECTOR
S&T BELARUS

Oksana Kunz was appointed managing director of S&T's subsidiary in Belarus in 2018. Oksana Kunz studied automation at the National Technical University in Donetsk, Ukraine. She then pursued her studies at the International Institute for Management in Minsk, Belarus. Her major was in international business.

Oksana's career took her to internationally renowned companies, at which she occupied a variety of positions. Oksana launched a new and successful sales strategy on the market in Belarus. She also developed and maintained relationships with clients, partners and vendors. Oksana is also known for her financial skills. These manifest in her ability to keep costs within the bounds of budgets, and in her delivery of precisely formulated forecasts that accord to her business objectives.

Oksana's years of experience have given her a large stock of experience in dealing with a variety of clients – companies, the public sectors, banks, operators of mobile communication networks, to name a few. Her scope of responsibility comprised Belarus, Moldova, Armenia and Georgia. In the fast-growing S&T Group, Oksana has found the right environment to successfully deploy her various skills and the experience she had gained over the years.



”

I handle challenges successfully. I am results- and customer-oriented. I strive to maximize sales and earnings, to achieve my personal goals, and to help improve total profitability. I enjoy my work. It is multifaceted. My advice for women – all of them – is to launch their careers in IT...

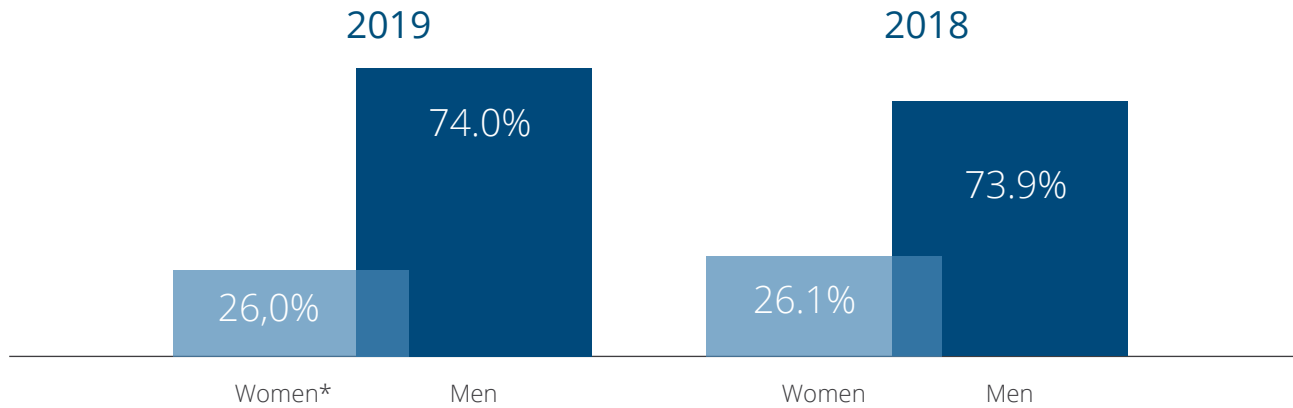
Oksana Kunz

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SUSTAINABILITY REPORT

As of December 31, 2019, S&T's work force had the following distribution of gender:

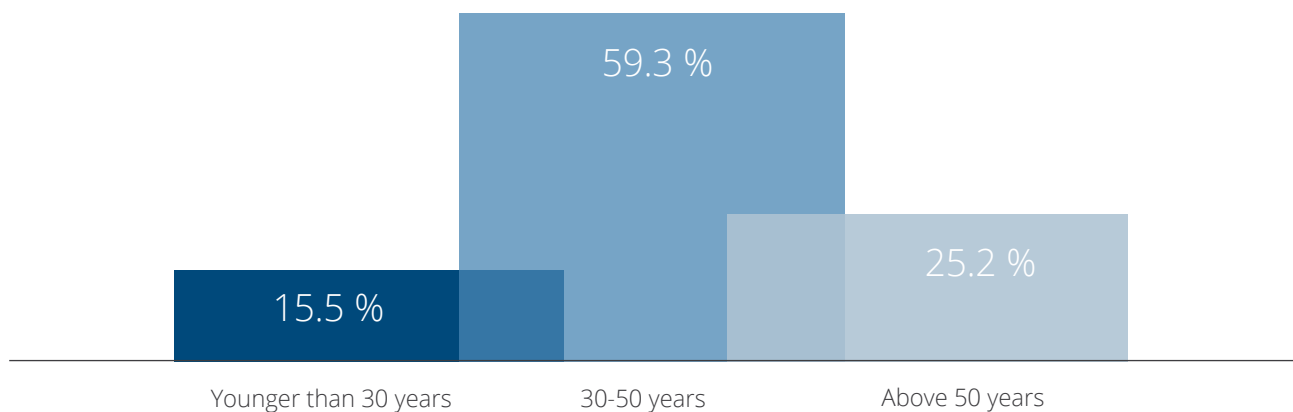


*Share of women from 2018 to 2019 – decline due to effects of first-time consolidations

At our facilities, we strive to enable and foster the employment of people whose health impairs their capability to work. To provide an example of this commitment: we expanded the number of barrier-free accesses at our production facility in Augsburg, Germany.

Of our 4,934 employees as of December 31, 2019, the following age distribution was observed: some 15.5% were less than 30 years old; 59.3% were in the middle group (between 30 and 50), and 25.2% were older than 50. Our objective is to make use of the diversity of age shown by our staff, to optimally develop and deploy each employee in our Group. To achieve this, we foster the securing and transferring of know-how, with this occurring through the exchange of information and ideas among all staff members of the Group.

Age distribution in the S&T Group as of December 31, 2019:



Figures in percentage of staff of December 31, 2019

The distribution of employees as of December 31, 2019, among the levels of “middle and top management”, “lower management” and “specialists” was as follows:

	2019	♀ F	♂ M	2018
Number of employees in middle and top management	3.2%	17.7%	82.3%	3.9%
Number of employees in lower management	14.7%	20.1%	79.9%	18.7%
Specialists	82.1%	25.2%	74.8%	77.4%
Total	100%	26,0%	74,0%	100%

Comprised in middle and top management are the Executive Board and those reporting directly to it, and, as well, managers with authorization of signature and working for S&T AG and for its subsidiaries. “Lower management” encompasses those responsible for managing staff members and those whose leadership functions are a result of their technical expertise. “Specialists” includes the employees not forming part of the other two categories. In comparison with financial year 2018, the lower management level increased in size in 2019. These minor realignments were caused by the acquisitions of companies undertaken in financial year 2019, and by the growth registered by the S&T Group. Personnel turnover at S&T AG came to 17.4% in financial year 2019 (PY: 18.9%).

FAIR REMUNERATION AND FLEXIBLE WORK

A single set of principles of remuneration applies to all staff of the S&T Group. It thus does not take into account gender, origin, religion, age, physical capabilities or sexual orientation. The total remuneration packages are based on the average of the respectively relevant labor market, to ensure that each staff member receives a remuneration appropriate to the labor market that is applicable to her or him. These packages are comprised of a monthly fixed salary, and, with this depending upon position held and area of responsibility, of a performance-based varying component, and of a variety of supplemental benefits. Our objective is to provide our employees with the remuneration that they deserve, remuneration motivating them to continuing to deliver so well.

As a basic rule, our staff members are able to participate in the organization of their working hours. This is distinct from the legally stipulated regulations on such, with these including rules on part-time work, parental and dependent caring leave, in force in a number of countries. In wide use at the S&T Group are flexible working hours, a wide variety of part-time models, as well as shift changes or time reductions, possible by individual arrangement. It is our concern to 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 realization of partial and/or full-time mobile work. Within the S&T Group, this mobile work stands for a culture of trust and constructive dialogue.

OCCUPATIONAL SAFETY AND HEALTH PROTECTION

We place a great importance on maintaining the safety and health of the S&T Group’s employees. The planning and implementation of occupational health and safety measures, ensuring suitable organization and providing the necessary resources is part of our occupational health and safety management.

To do that, we consult with our experts – occupational safety specialists and physicians – on all aspects of occupational safety, with these comprising humane working conditions. This enables us to prevent physical impairment through, for instance, monotonous work at computers; and of psychological stress, with this resulting from increased work demands. These objectives are realized through, to provide an example, offices being outfitted with ergonomic equipment. In addition to the configuration of workplaces, other activities are the assessment of sources of endangerment. These assessments are performed to effectively minimize dangers 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-impacting procedures. Our occupational safety officers are responsible for facilitating the protection of health, for the conducting of occupational protection and accident-prevention measures, and for the ensuring of safety-conscious behavior of all employees. We also educate our employees through training and specialization-appropriate instructions how to ensure their own safety and health at work.

In financial year 2019, 16 accidents (2018: 14) were registered on premises maintained by the S&T Group – fortunately, none of them serious, let alone fatal. The accidents reported were traffic-caused accidents arising on ways to work and minor accidents taking place during working hours on company premises. In order to create a working environment that is as completely 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.

COOPERATIONS WITH SCHOOLS AND UNIVERSITIES

In order to secure the services of young staff members on the international scale, the S&T Group maintains – via its local operations – partnerships and cooperations with schools and universities around the world. We also support students by supervising final theses and diploma theses, internships and traineeships, and education programs.

The longstanding cooperation with HTL Spenglergasse, a polytechnic based in Vienna, was successfully pursued in 2019. 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. S&T also takes part – along with the Fraunhofer Institute in Austria – in a great variety of research projects. Outside of Austria, the 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 constantly striving to provide our customers with sustainable, innovative and secure products and services. We possess deep expertise on our customers' sectors and of our customers' needs. We work to constantly expand and extend these, 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.

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-added 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 reliability-characterized business relationships featuring predictable behavior with customers, suppliers and other stakeholders
- › Establishing and sustaining a high level of service provision ensuring product quality, which includes communication, strong customer orientation and customer satisfaction

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

Worldwide operating and accredited certification companies assess and certify our quality management system according to the stand-

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 scope and efficiency of our quality management system.

	NUMBER OF CERTIFICATES 2019	NUMBER OF CERTIFICATES 2018
ISO 9001 (Quality Management Systems)	41	12
ISO 14001 (Environmental Management Standard)	22	11
ISO 27001 (Information technology – Security techniques – Information security management systems)	16	5
ISO 80079-34 (Quality Management Systems for Product manufacturing)	2	1
ISO 13485 (Medical devices – Quality Management Systems)	3	3
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)	2	1
AS 9100 (Quality Management System – Requirements for Aviation, Space and Defense Organizations)	2	2
OHSAS 18001 (Standard for management of labor and health protection)	5	
ISO 2000 (IT Service Management (ITSM))	6	

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. 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 deficiencies form a key part of the attainment of customer satisfaction and the prevention – or at least minimizing – of returns. The deployment of the lean approach greatly facilitates continuous improvement, for example through a well-formulated quality planning. The key measures undertaken to prevent returns comprise the regular evaluation of the reasons for returns, and the painstaking selection of our manufacturers and suppliers.

DATA PROTECTION AND SECURITY

As a technology supplier and IT service provider, responsible handling of personal data is essential for us. Entailed in this are the mutually reinforcing protection and security of data. We always handle personal data confidentially.

We apply and adhere to all pertinent legal stipulations when collecting and processing personal data. To that end, we follow all national regulations and the EU's General Data Protection Regulation (GDPR), which took effect in May 2018, and, as well, the local acts implementing it. Implementation activities included, for example, the adaptation of Group policies and processes regarding 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 organizational measures we use in our company. This successful implementation enables us to guarantee a very high degree of data protection and security.



DIGITAL RAIL PROGRAM

IOT SOLUTIONS EUROPE

The Kontron Transportation GSM-R was gradually put into operation throughout the British rail network between 2007 and 2014 and is a major achievement. The system is constantly being expanded & developed. Future enhancements include a software upgrade to support the introduction of the European Rail Traffic Management System (ERTMS). The delivery of such improvements and the continuation of the success depends on the cooperation of all users of the system. Kontron Transportation UK with support from France, Austria and Germany are all working in collaboration with Network Rail on the implementation of the Digital Rail program to promote the introduction of modern digital technology for signaling and train control systems in order to increase capacity, reduce delays, improve safety, and lower costs and environmental damage throughout the rail network.

We have appointed a data protection officer for the Group as a whole, and data protection heads for each of our locally operated subsidiaries. Their jobs are to ensure that personal data is handled in accordance with the law throughout the S&T Group. Furthermore, the officers' responsibilities include the further development of company-specific data protection measures, and the regular consulting with their respective senior managements and with the specialized department of the S&T Group. Thanks to this system, we have ensured that the rights of affected persons to information, correction, deletion, and data transfer can be fulfilled in proper and prompt ways. All queries placed by persons and by supervisory authorities and involving the protection of data are documented, checked and processed in proper and orderly ways. Treating data in a responsible way is of the greatest importance for us. In financial year 2019, there were a few queries on data maintenance or deletion. Complaints or procedures involving data protection laws have not been lodged against S&T AG or its subsidiaries.

SUPPLIERS

We consistently strive to configure our relationships with our suppliers to be partnerships. The bases of these efforts are 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, adherence with our requirements in the areas of environment and sustainability, human rights and occupational safety as well as compliance is therefore highly relevant for us.

PRINCIPLES OF PROCUREMENT

Our principles of procurement are summarized 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 recognized directives comprised 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:

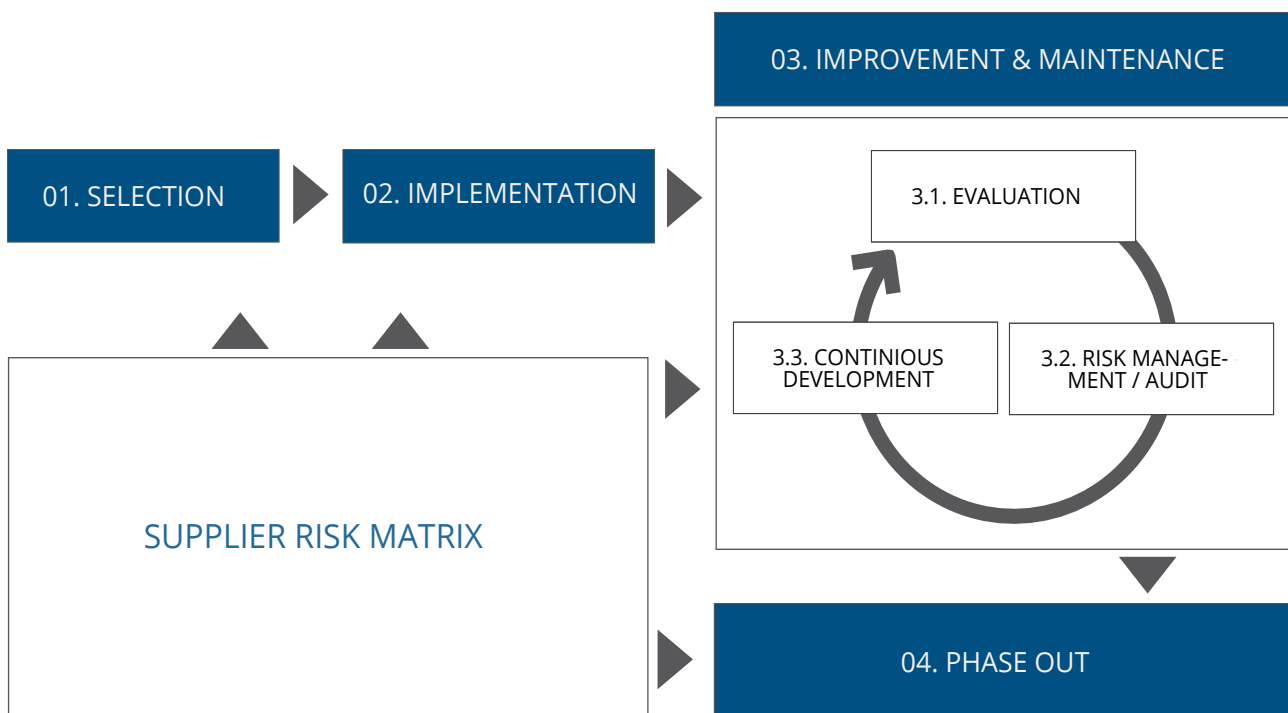


A central criterion in the placing of orders by public authorities and industrial customers is that basic labor and social standards are observed in the production of goods, which are specified by the International Labour Organisation (ILO), by the United Nations' Global Compact, and by the respective national laws applicable in the country of production.

The S&T Group has committed itself to the protection of human rights. To be noted, however, is that the end-to-end – in every link in the chain of IT and IoT supply – adherence to and corresponding documentation of standards of labor and social matters constitutes a challenge. This adherence and documentation cannot for that reason always be guaranteed. The S&T Group assumes the responsibility for the protection of human rights within its sphere of influence.

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

More than ten years ago, as a central preventive measure, the S&T Group introduced a differentiated supplier management system as part of its certified quality management system and has continuously developed it further. It is comprised of four main processes. Depicting 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.



Prior the commissioning of suppliers, 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 the adherence to laws, to principles of human rights, and to standards of labor and social matters. 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 and are thus disqualified will not be commissioned. This disqualification can also lead to the supplier's losing all those orders that are subject to 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 by the United Nations. Further causes of disqualification are lack of alignment with the principles, values and rules of conduct that guide the decision, processes and systems

of an organization in ways leading to its actions benefiting its employees and other important stakeholders. The observation of human rights comprises suppliers enacting processes designed to preclude their use of conflict minerals. The suppliers' production processes also have to obviate the incorporation of raw materials that stem from high-risk areas, or from areas that are experiencing conflicts. To be excluded is any procurement that could lead to a contravention of human rights, to corruption, or to the financing of armed groups, terrorism or similar activities. Specialized external partners, who employ queries placed with databases, are monitoring the adherence. Cases of non-compliance cause demands to be lodged with suppliers regarding the adaption of their chains and supply. Suppliers are also required to ensure the observation of other products-related requirements such as those imposed by REACH and RoHS. Upon request, the suppliers have to disclose the contents and origins of the products supplied. Also disqualified are suppliers whose actions foster corruption, or which engage in other practices contravening laws and principles of fair competition.

To monitor suppliers' compliance with the above standards, the S&T Group also employs the project-related inspection of the test results provided by suppliers. These tests include audits, inspection logs and sustainability reports. In addition to making use of generally available information, S&T's activities in this area comprise the conducting of inspections of facilities and audits of suppliers, to get a first-hand look at productions conditions. Further measures include staging exchanges of information with representatives of the chain of supply on regular basis. These measures facilitate and optimize the S&T Group's compliance with these standards when manufacturing IT and IoT products.