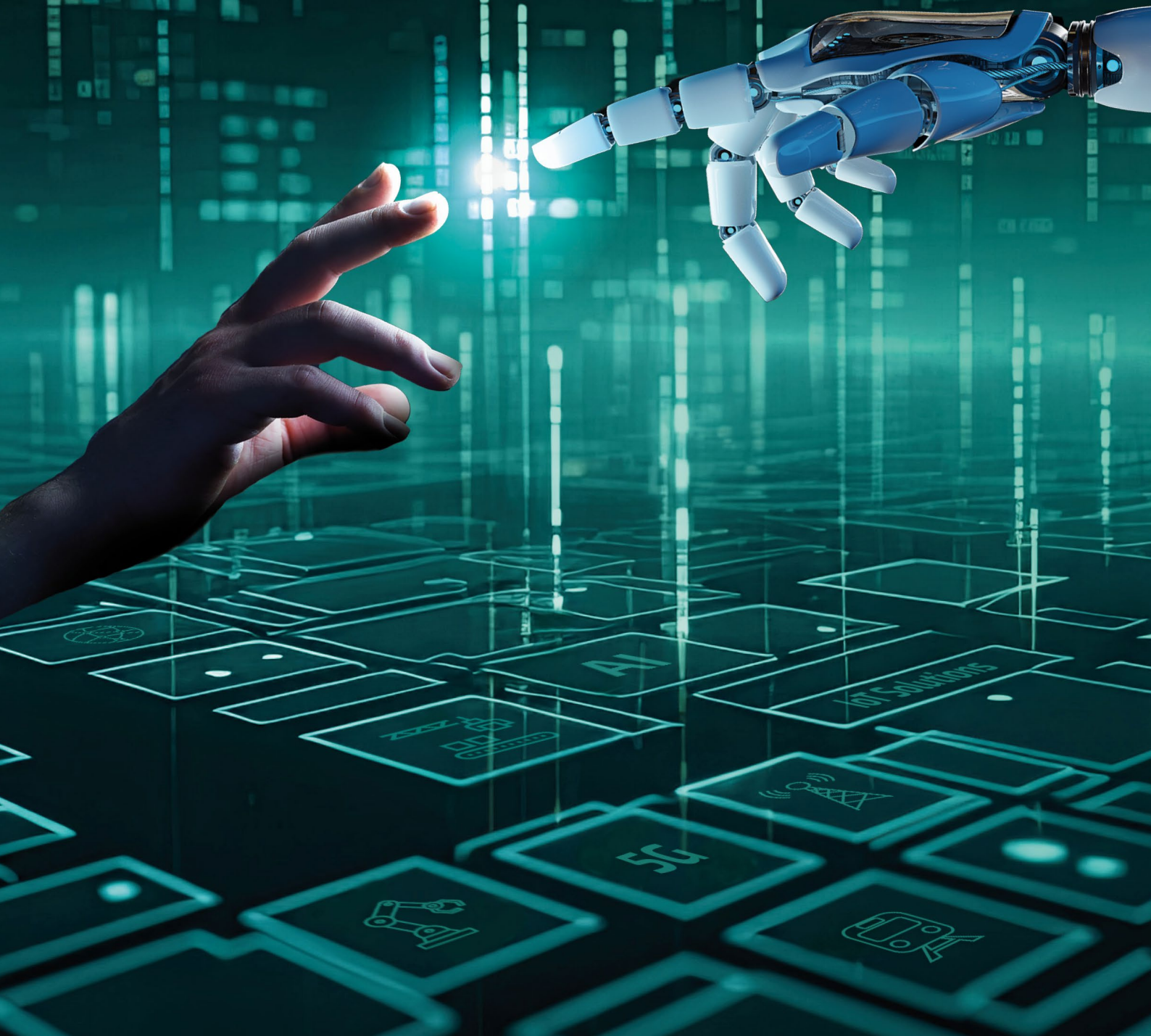


# kontron

## Sustainability Report 2023



<b>FOREWORD</b>	<b>4</b>
<b>SUSTAINABILITY MANAGEMENT AT KONTRON</b>	<b>5</b>
GROUP-WIDE COORDINATION OF SUSTAINABILITY.....	5
DOUBLE MATERIALITY ANALYSIS .....	5
ESG STEP-BY-STEP PLAN .....	8
STAKEHOLDERS.....	9
COMMITMENT TO THE TEN PRINCIPLES OF RESPONSIBLE ACTION.....	17
UN WOMEN'S EMPOWERMENT PRINCIPLES .....	18
CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS (SDGS).....	18
<b>EU TAXONOMY</b>	<b>19</b>
<b>ENVIRONMENT &amp; CLIMATE</b>	<b>33</b>
ENVIRONMENTAL PROTECTION AND ENVIRONMENTAL MANAGEMENT.....	33
PRODUCT-RELATED ENVIRONMENTAL PROTECTION.....	35
ENVIRONMENT INDICATORS.....	39
E-MOBILITY .....	41
PHOTOVOLTAICS .....	41
<b>SOCIAL TOPICS</b>	<b>43</b>
DIVERSITY, EQUITY, INCLUSION .....	43
EMPLOYEE INDICATORS.....	46
OTHER EMPLOYEE, HEALTH AND SOCIAL INDICATORS .....	51
MANAGEMENT PRINCIPLES.....	52
TRAINING AND EDUCATION.....	52
KONTRON SUSTAINABLE LEADERSHIP ACADEMY – EMPOWERING TOMORROW'S LEADERS .....	53
OCCUPATIONAL SAFETY AND HEALTH PROTECTION .....	54
SOCIETAL AND SOCIAL COMMITMENT .....	54
<b>GOVERNANCE</b>	<b>56</b>
CORPORATE ETHICS.....	56
CORRUPTION RISK ASSESSMENT .....	58
DATA PROTECTION AND DATA SECURITY .....	61
WHISTLEBLOWER SYSTEM .....	61
COMPLIANCE TRAININGS .....	63
QUALITY MANAGEMENT AND CERTIFICATIONS.....	64
<b>APPENDIX</b>	<b>67</b>
INFORMATION ON THE REPORT.....	67



## Company

Kontron Austria GmbH

## Solution

Sustainable energy generation through in-house production

## Industry

ODM/EMS

## Market

DACH



case study

## Commitment to sustainability through environmentally friendly measures

The company has been producing environmentally-friendly solar power on a total area of 550 square meters on the roofs of its sites in Ebbs and Engerwitzdorf since autumn 2021. With a total output of 120 kWp, this is a measure that makes a significant contribution to reducing the company's carbon footprint. In 2023, a notable 10,4% of Kontron Austria GmbH's total energy needs were met by solar power produced by their own systems.

Additionally, Kontron Austria GmbH procures all its remaining electricity needs from 100% green hydroelectric sources in Tirol, applied in both sites. The energy Kontron Austria GmbH generates is used in manufacturing and to charge the company's own electric vehicles, ensuring that sustainable energy is used in almost all areas of the company.

Taking sustainability a step further, the company has eliminated the use of fossil fuels at its facilities. In Ebbs, it employs an energy-efficient groundwater heat pump, a carbon-neutral heating solution. Moreover, Kontron Austria GmbH prioritises short delivery routes and local suppliers in its supply chain, aligning with its goal to minimise its carbon footprint and support local economies.

Looking ahead, Kontron Austria GmbH plans to increase its photovoltaic capacity significantly at both sites within the next year, aiming to double its output. This expansion not only affirms their commitment to sustainable power generation but also marks a substantial stride towards achieving energy independence.



# SUSTAINABILITY REPORT

## Foreword

It is with great pride and certainty that we present the Kontron AG Sustainability Report for the past financial year. It was a year marked by decisive progress and strategic breakthroughs that have brought us closer to the goal of a more sustainable future.

In a world that is permanently involved in the challenges of climate change and the consequent need for sustainable development, at Kontron we see not only a responsibility, but also a unique opportunity. As a leading company in the Internet of Things sector (IoT), we have the opportunity to play a key role in the energy revolution. This is underlined by our clear focus on GreenTec. In recognizing the significant future potential of clean energy, we focus on the development of innovative solutions that not only minimise our ecological footprint, but also support our customers and partner companies in their sustainability efforts.

The recent integration of Katek, a pioneer in the development of regenerative energy solutions, marks another strategic step and expands our portfolio of environmental technologies.

A further focus of our commitment is supporting women in the workplace. Signing the Women's Empowerment Principles is a significant step forward that underscores our commitment to equity and diversity. We are convinced that diversity at management level is not only a question of fairness, it also enriches the innovative strength and creativity of our company. Our Sustainable Leadership Academy 2024 sees us pursue the goal of increasing the proportion of women in management positions and as a result promoting sustainable leadership qualities that are essential for handling future challenges.

Preparing for the Corporate Sustainability Reporting Directive (CSRD), which takes effect starting in financial year 2024, has been another central task over the past year. To achieve our goals and ensure CSRD compliance, we have expanded our step-by-step ESG plan. It is important to us that as well as complying with legal requirements, we also ensure appropriate and transparent reporting.

This sustainability report is proof of our commitment, progress, and vision for a sustainable future. It reflects our certainty that technology and innovation are key components on the journey to a greener and more responsible economy. We invite you to join us on this journey, to see challenges as opportunities, and to actively participate in shaping a sustainable future.

The Executive Board of Kontron AG

Linz, March 26, 2024



Dipl.-Ing. Hannes Niederhauser



Dr. Clemens Billek



Dipl.-Ing. Michael Riegert

## Sustainability management at Kontron

### Group-wide coordination of sustainability

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

Traditionally, many of our sustainability initiatives are carried out by our subsidiaries in their local contexts. In recent years, numerous projects have already been successfully completed. We now recognise that concentrating all our efforts to reach ESG targets at Group level is both advantageous and appropriate under present circumstances. The position of “Group Sustainability Professional” was therefore created in 2021. The person in this position coordinates current and long-term ESG topics, sustainability reporting, ESG initiatives and long-term projects across the Group and networks with the sustainability officers at the subsidiaries. In addition, the position of an ESG trainee was created, as were personnel resources in Controlling, Accounting and Legal/Compliance, to continuously expand ESG reporting in the Group. An extended team of ESG and F&A managers from the individual companies reports ESG issues to headquarters. The employees responsible are in turn trained and guided by headquarters so that ESG goals, projects and topics can be worked on transparently and optimally implemented together with the decentralised departments (Human Resources, Sales, Procurement, etc.).

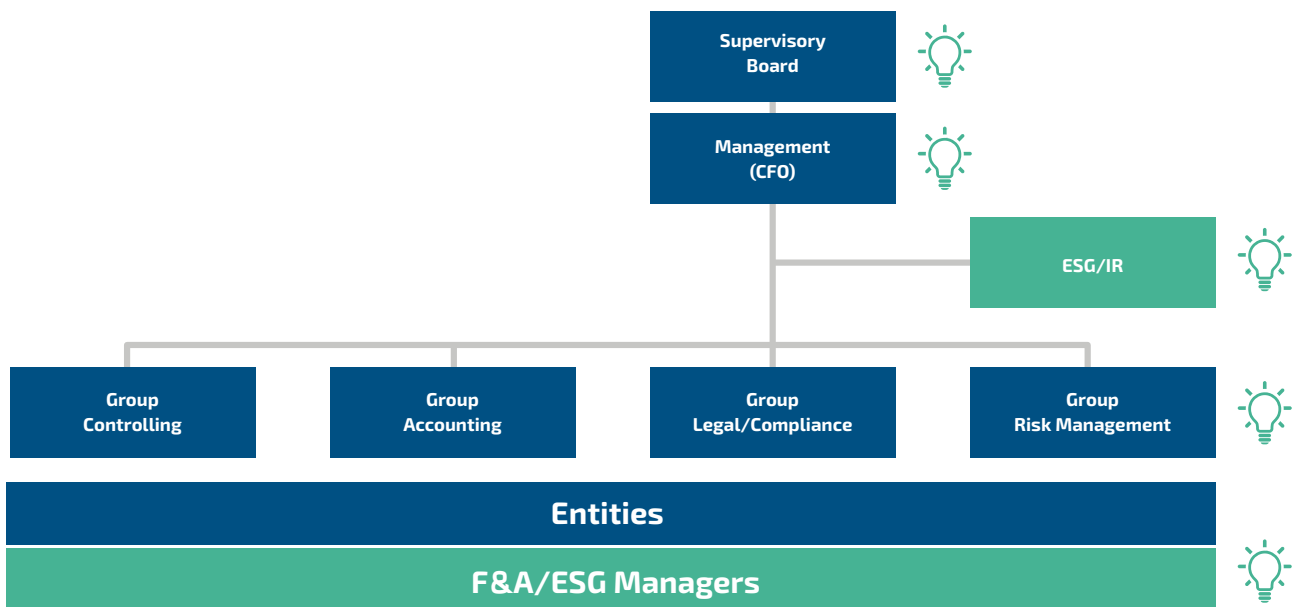


Fig. ESG Governance Organisation Chart

### Double materiality analysis

In the second half of 2023, the double materiality analysis (in accordance with ESRS 1, 3.3) was carried out with the support of the audit and consulting organisation Ernst & Young (EY) to identify the material matters for Kontron and to create the basis for the CSRD (Corporate Sustainability Reporting Directive) reporting requirement 2024. In the future, the continuing pertinence of the material matters will be regularly reviewed so that we can adapt them if necessary, e.g. in the event of changes in our business activities. The material matters were identified and assessed in five steps:



\* Impacts, Risks, Opportunities

Fig. Step-by-step plan for the double materiality matrix

### Steps of the double materiality analysis for Kontron

1. A longlist of all ESRS (European Sustainability Reporting Standards) topics and topics that go beyond ESRS (e.g. SASB standards, software and IT services, electronic manufacturing services & original design manufacturing, hardware) was drawn up. A workshop was held with key Kontron personnel, at which irrelevant topics were identified and removed from the list on the grounds of Kontron's value chain. The shortlisted topics were included in the following steps.
2. In a second step, the impacts, risks and opportunities (IRO) for the various ESRS topics were analysed and assessed by internal departments (ESG, Controlling, Compliance, Human Resources, Accounting, etc.). The impacts, risks and opportunities identified in this step were checked for plausibility by EY and formed the basis for the final assessment of impact and financial materiality.
3. In a stakeholder analysis (see Stakeholders section), nine stakeholder groups at Kontron AG – employees, customers, suppliers, investors, analysts, consultants, Supervisory Board, media, etc. – were asked which sustainability topics they considered highly relevant to the company. The involvement of stakeholders is a central part of sustainability assessments. When evaluating the results of the survey, the stakeholder groups were weighted to avoid distortions caused by disproportionately represented groups. The weighted average was used for further analysis. The relevance of the topics for stakeholders is reflected in the circle size (see Double Materiality Matrix) – a larger circle size indicates topics of greater relevance.
4. The results from steps 1 and 2 were evaluated in a materiality workshop with key personnel from Kontron AG. Based on the impacts, risks and opportunities identified in step 2, the impact and financial materiality of the various ESRS topics was assessed using a transparent evaluation scheme for final prioritisation of the material matters.
5. This prioritisation took the results of the preceding steps into account:
  - › Impact materiality score
  - › Financial materiality score
  - › Stakeholder engagement feedback: Stakeholder feedback was used to validate impact materiality scoring and the internal evaluation.

On the basis of these evaluations, management defined the materiality thresholds and material matters for the Kontron Group's Sustainability Statement 2024. The thresholds were determined on the basis of material matters that were clearly above the materiality threshold of 2.5 (on a scale from 1 to 5). The only exception to this is the topic of "Corruption and Bribery", which was grouped among the non-material matters but is also treated by Kontron as a material matter in order to satisfy stakeholder interest in it.

# SUSTAINABILITY REPORT

Based on the finalised materiality matrix, the ESG strategy is being developed further and work is being conducted on CSRD compliance for the 2024 Sustainability Statement:

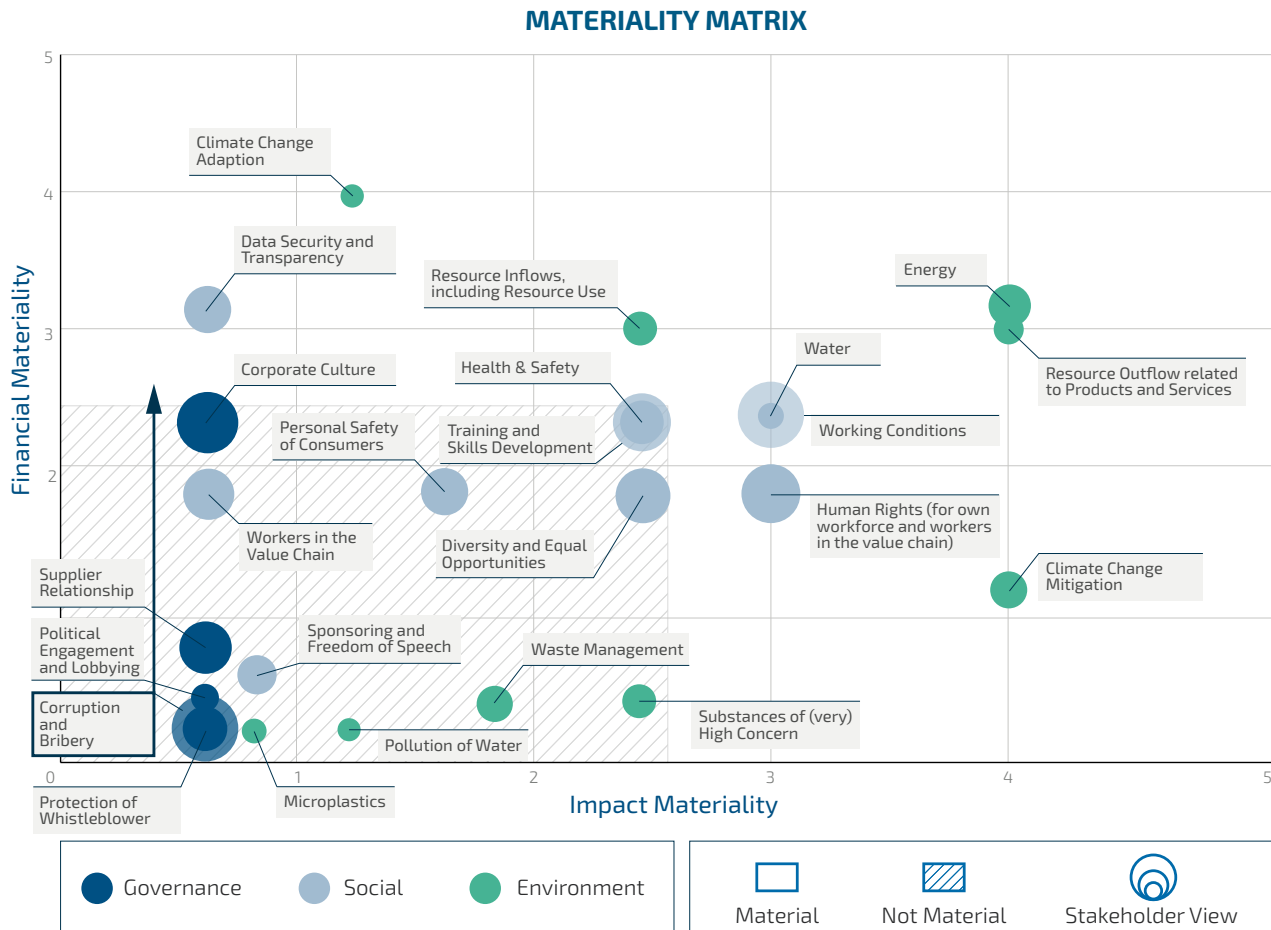


Fig. Double Materiality Matrix

The material matters for Kontron are listed below:

- › Climate Change Adaptation
- › Climate Change Mitigation
- › Data Security and Transparency
- › Water
- › Energy
- › Resource Inflows including Resource Use
- › Resource Outflows related to Products and Services
- › Human Rights (for own workforce and workers in value chain)
- › Working Conditions
- › Corruption and Bribery

## ESG step-by-step plan

The Kontron Group's step-by-step ESG plan was drawn up at the beginning of 2021 and aims to achieve gradual improvements in various areas over the coming years. For the Kontron Group, it is important to have an overall ESG concept embedded in the corporate strategy. The plan, developed based on an external ESG analysis, takes this into account. The ongoing dialogue with our stakeholders was also used in 2023 to strengthen our ESG efforts.

ESG reporting was also expanded in 2023. Groupwide, a new ESG reporting tool was implemented in 2022, which enables more comprehensive data collection and evaluation in accordance with recognised sustainability standards. In 2023, more key figures were gathered across the Group to meet the CSRD requirements fully in 2024. In addition to collecting a higher number of key figures (based on the GRI standards), the tool has been used for reporting in accordance with the EU Taxonomy Regulation (see "EU Taxonomy" section). Over the coming years, we aim to present the Kontron Group's corporate carbon footprint in full – in all three scopes – and to report our material matters transparently and completely.

To achieve this ambitious goal, we carried out a double materiality analysis for the first time in 2023 (see "Double Materiality Analysis" section) in accordance with CSRD in order to communicate the key sustainability issues for the Kontron Group in 2024 and to gradually improve the quality of the report. The results of the analysis will be used to develop the ESG strategy further in 2024 and expand the ESG step-by-step plan as follows:



Fig. ESG step-by-step plan



# SUSTAINABILITY REPORT

## Stakeholders

Kontron defines as stakeholders those individuals or groups of people who are influenced by the business activities of the Kontron Group or, conversely, influence the Group. Kontron actively works and cooperates with a wide range of stakeholders. The ongoing dialogue with stakeholders detailed on the following pages as well as with investors, employees, local organisations, proxy advisors, rating agencies, etc. is of great importance to us and helps us to identify ESG opportunities and recognise ESG risks in good time. In 2023, another stakeholder analysis was carried out in consultation with the specialist departments. The feedback on ESG topics from a stakeholder survey conducted in December 2023 has been incorporated into the current Double Materiality Analysis (see “Double Materiality Analysis” section) in accordance with CSRD and provides us with important impulses for the ESG strategy.

The number of discussions held with investors in 2023 is given in the “Share” section of the Annual Report. We are happy to answer our stakeholders' ESG questions and look forward to receiving feedback and suggestions at [esg@kontron.com](mailto:esg@kontron.com).

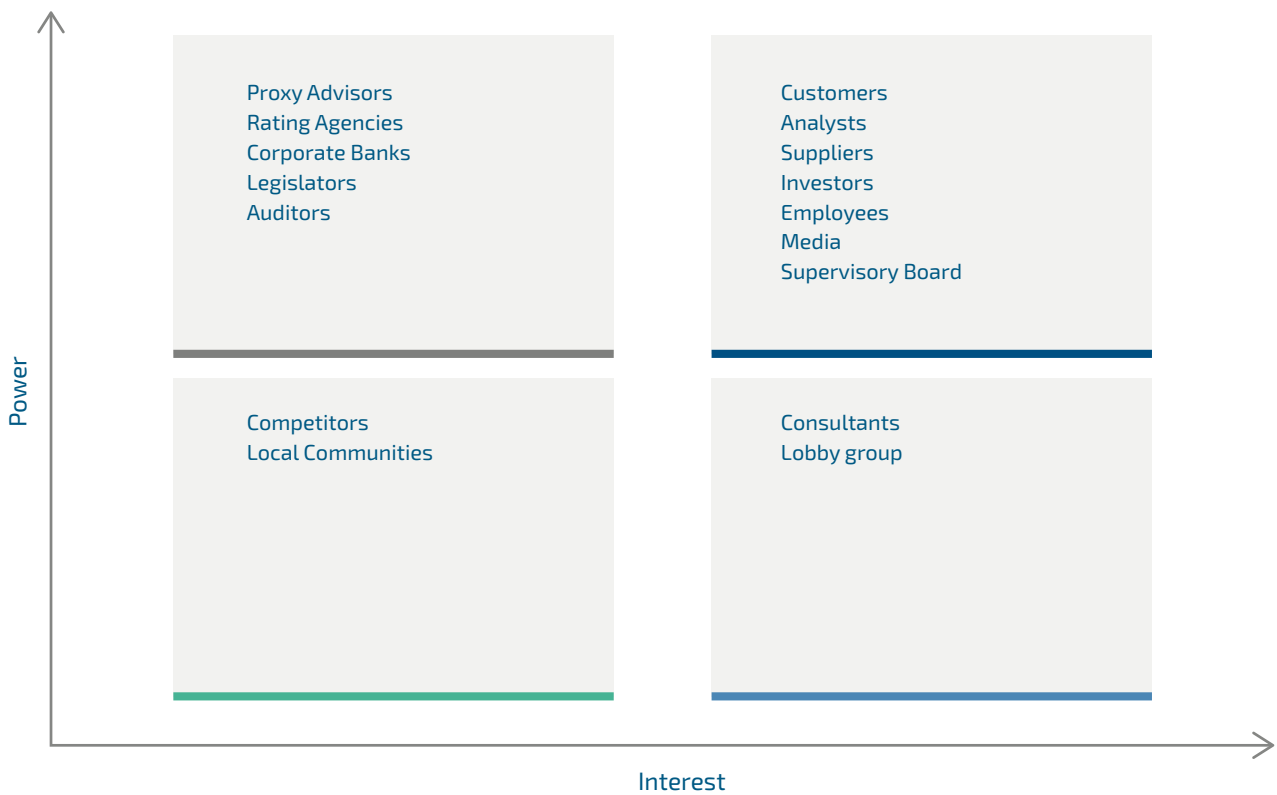


Fig. Kontron Stakeholder Analysis

## Stakeholder engagement

The channels through which Kontron communicates with its stakeholder groups, and the interests in and expectations of Kontron that the individual stakeholder groups have, are listed below.

STAKEHOLDER GROUP	CHANNELS	INTEREST AND EXPECTATIONS
Employees	Email	Respectful treatment
	Social media	Appreciation
	Internal information channels	Equity
	Employee survey	Compliance
	Employee reviews	Flexible working
	Trainings and e-learnings	Safe workplace
	Policies	Fair compensation
	Corporate publications	Work-life balance
	Events	Health and safety at work
	Whistleblower portal	Involvement in planning
		Professional training and development
	Customers	Email
Phone calls		Complaint management
Personal contact		Return option
Website		Commitment
Corporate publications		Compliance
Audits		Supply chain transparency
Whistleblower portal		Environmental protection
Professional events		Human Rights
		Data Privacy
Suppliers	Email	Liquidity
	Phone calls	Compliance
	Personal contact	Transparency
	Corporate publications	
	Website	
	Audits	
	Whistleblower portal	
	Professional events	
Media	Email	Information
	Phone calls and conferences	Transparency
	Interviews/press releases	Compliance
	Corporate publications	Responsibility
	Website	
	Whistleblower portal	

# SUSTAINABILITY REPORT

STAKEHOLDER GROUP	CHANNELS	INTEREST AND EXPECTATIONS
Investors	Email	Information
	Phone calls and conferences	Transparency
	Legal capital market information and ad-hoc statements	Compliance
	Press releases	Responsibility
	Roadshows	Profitability
	Personal contact	Dividends
	Corporate publications	Share price increase
	Website	
	Whistleblower portal	
	Interest groups, NGOs	Email
Phone calls		Transparency
Press releases		Compliance
Corporate publications		Collaboration
Website		Responsibility
Whistleblower portal		

Table: Kontron Stakeholder Dialogue

## Customers

Kontron is an internationally renowned company that maintains long-term and trust-driven relationships with many 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 to sustain our ability to satisfy complex demands. Our expertise stems not only from our superbly qualified personnel, but also from outstanding partnerships with the international technology suppliers that Kontron works with.

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

The Kontron Group has a highly diversified customer structure, comprising several thousand customers in various vertical markets. In financial year 2023, no single customer accounted for a share of Kontron's revenue of more than 3%. In 2023, customers operating in the gambling sector again accounted for around 0.5% (PY: less than 0.5%) of the Group's total revenue.

## Management of returns

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

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

## Suppliers

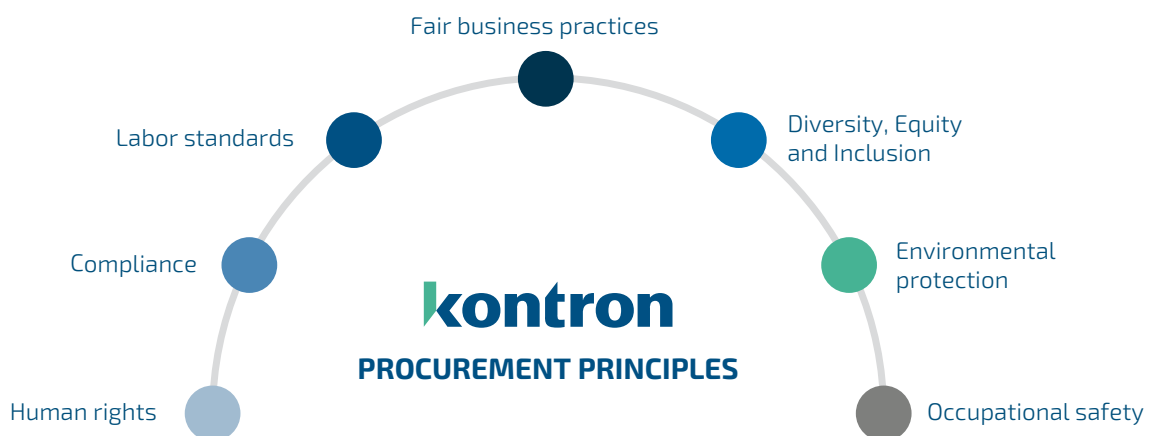
A constant goal at Kontron is to ensure that our relationships with our suppliers have the form of partnerships. These efforts are based on our engaging in fair operating and business practices and maintaining close working relationships with our suppliers over many years. This maintenance includes ongoing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

### Principles of procurement

Our principles of procurement are summarised in our Supplier Code of Conduct, and express the expectations placed by the Kontron Group on all the suppliers with which it does business. The Supplier Code of Conduct comprises all minimum requirements that Kontron places on its suppliers in terms of responsible conduct, most recently with a particular emphasis on the environment, social concerns and governance, including respect for human rights and other requirements emerging from the ten principles of the UN Global Compact. Kontron is also preparing for new legal requirements in connection with the Corporate Sustainability Due Diligence Directive (CSDDD). In 2023, for example, a comprehensive revision and update of the Supplier Code of Conduct was carried out as a preparatory measure. Relevant topics were addressed to strengthen and promote ethical standards, safety measures and sustainable practices across the supply chain. In doing so, Kontron obliges its suppliers to comply with labour standards, respect human rights, practise environmental protection, fight corruption, adopt fair business practices, and promote diversity, equity and inclusion.

Suppliers are required to sign and comply with the Supplier Code of Conduct in every respect. The guidelines cover all topics included in the chart below and are based on internationally recognised guidelines of the UN Global Compact, the UN Guiding Principles for Business and Human Rights as well as the OECD Guidelines for Multinational Companies, the relevant Conventions of the International Labour Organisation (ILO), the Universal Declaration of Human Rights and the principles of our internal Code of Conduct. Due diligence is becoming increasingly important, particularly as a result of the EU Supply Chain Act (CSDDD) and the minimum safeguards of the EU Taxonomy. Against this background, Kontron will adapt the requirements in 2024 that its suppliers are obliged to meet in order to satisfy the new directives and developments, particularly regarding human rights and environmental protection, with the aim of guaranteeing sustainable and responsible action along the entire value chain, particularly about the new general regulations.

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, or by the respective national laws applicable in the producing country.

Kontron 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 IoT supply chain – adherence to and corresponding documentation of standards of labour and social issues constitutes a challenge.



# SUSTAINABILITY REPORT

Consequently, this adherence and documentation cannot always be guaranteed. The Kontron Group therefore assumes responsibility for the protection of human rights within its sphere of influence.

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

More than ten years ago, as a central preventive measure, the Kontron Group introduced a differentiated supplier management system as part of its certified quality management system and has continuously developed it since that time. Supplier management comprises four main activities which form a matrix of responsibility covering the entire supplier management process: selection, implementation, ongoing improvement & maintenance, and phase out. When selecting suppliers, environmental, social and governance (ESG) standards are considered, as are economic criteria.

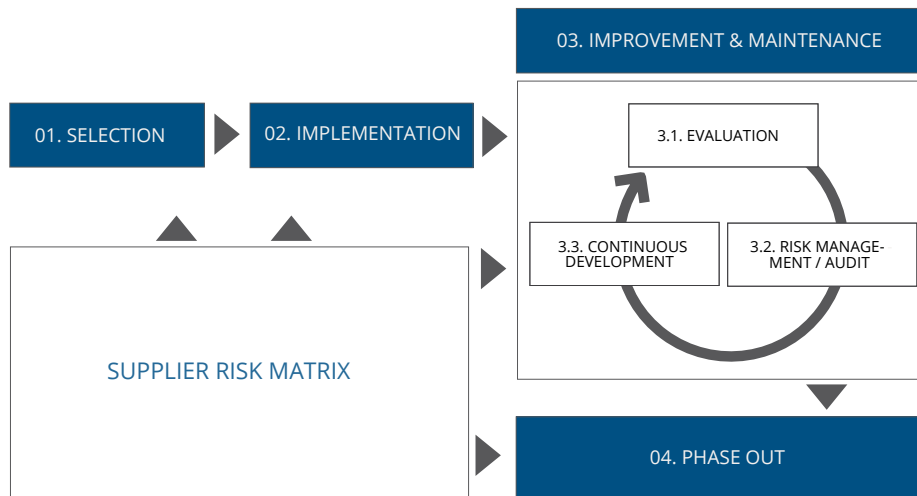


Fig. Kontron Supplier Risk Matrix

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

Reasons for such a disqualification are, for instance, the failure to adhere to relevant environmental, health and security standards and laws, or to the conventions promulgated by the International Labour Organisation and the United Nations. Further causes of disqualification are lack of compatibility with the principles, values and rules of conduct that guide the decision, processes and systems of an organisation in ways leading to its actions benefiting its employees and other important stakeholders. The observation of human rights includes suppliers' enacting processes designed to preclude their use of conflict minerals.

Consequently, suppliers' production processes must also preclude the incorporation of raw materials that originate from high-risk areas, or from regions that are experiencing conflicts. Any procurement is excluded that could lead to a contravention of human rights, to corruption, or to the financing of armed groups, terrorism or similar activities. Particular care must be taken in the event of conflicts, political instability, failure of the rule of law and lack of civil rights. Adherence is continually monitored by submitting database queries to specialised external partners. In cases of non-compliance, suppliers are required to adapt their supply chains. In addition, suppliers must ensure that other applicable product-related requirements, such as the EU guidelines REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) and RoHS (Restriction of Hazardous Substances) are met, and must disclose the content and origin of the products supplied upon request. Suppliers who promote corruption or engage in other practices contravening laws and principles of fair competition are also disqualified.

To monitor suppliers' compliance with the above standards, the Kontron Group also employs the project-related inspection of the test results provided by suppliers. These tests include audit evidence, inspection logs and sustainability reports. In addition to making use of generally available information, Kontron's activities in this area include inspections of facilities and audits of suppliers to examine production conditions on site. Further measures include regular exchanges of information with representatives of the supply chain. Furthermore, particular attention is paid to regularly updating and developing this documentation to ensure that suppliers continuously meet the required standards and that potential improvements can be identified. As part of ongoing business relationships and during order processing, Kontron regularly carries out audits with a particular focus on HSSE (health, safety, security & environment) aspects, including topics such as forced labour, slavery and human trafficking. These measures help Kontron to make the best possible effort to comply with the above standards when manufacturing IoT products.

## Employees

Kontron's employees form the backbone of the entire Group. It is thanks to them that the Kontron Group enjoys such great business success. The opinions of our colleagues and dialogue with them are essential for our day-to-day operations in order to improve processes and do what is needed to increase employee satisfaction.

### Employee surveys

Regular employee surveys are conducted to find out the prevailing mood in the individual Group companies and identify areas where improvements can be made. The surveys have so far been carried out locally in the companies by an external service provider who ensures that the replies are anonymised. In the fourth quarter of 2023, the second Group-wide employee survey was carried out, and an external service partner was appointed in accordance with all necessary requirements. Around 4,700 Kontron Group employees worldwide were invited to participate in the survey on a voluntary basis. In approximately 50 questions, they were asked about their daily work, how they found their work with colleagues and managers, sustainability, diversity and employer attractiveness.

The anonymised results of the employee survey were made available to management at the beginning of 2024. The results were analysed and, where appropriate, measures were defined together with local management in the subsidiaries to respond to the recommendations and wishes of employees. The aim is to continuously improve employee satisfaction and the attractiveness of the Kontron Group as an employer.

Our employees said they felt 10% better informed about sustainability and related activities, which underscores the effectiveness of our communication and initiatives in this important area. In addition, the importance of sustainability within our corporate culture has increased by 4%, which is in line with our commitment to environmental responsibility. Awareness of their personal contribution to sustainability in the workplace has also improved: 5% more employees recognise how their role influences sustainable practices.

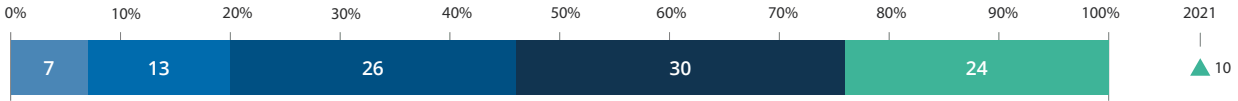
With regard to diversity, we are pleased that 7% more employees feel informed about our diversity efforts. This underlines our commitment to an inclusive and respectful work environment. Our global activities have also become more transparent, as reflected in an increase of 6% in the number of employees who feel informed about our global activities. And finally, we are proud that 4% more employees describe the Kontron Group as a very good employer. In our opinion, this reflects our overall efforts for employee satisfaction and corporate responsibility.

The charts on the next pages show some of the results for the Kontron Group (all employees) in 2023 and compared to the survey results from 2021.

# SUSTAINABILITY REPORT

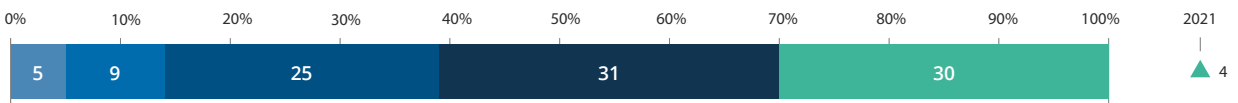
## Kontron and Sustainability

I feel sufficiently informed about the subject sustainability and existing sustainability related activities in the company.



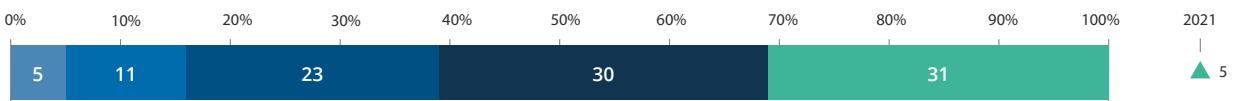
## Kontron and Sustainability

I experience sustainability as a subject that is of high importance to the company.



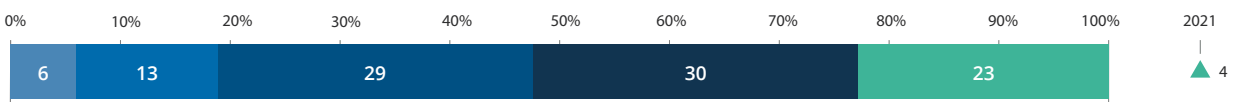
## Kontron and Sustainability

I am aware of how I can contribute to sustainability at the company in my job.



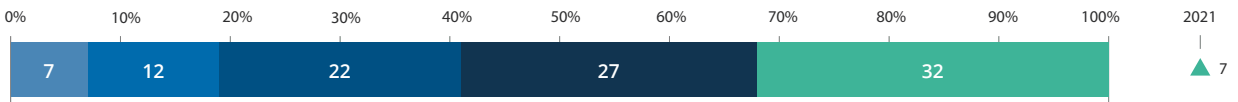
## Kontron and Sustainability

From my point of view, sustainability is being lived seriously in everyday work.



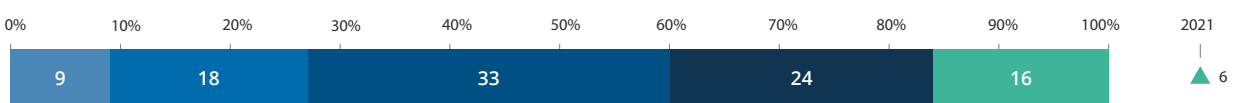
## Kontron and Diversity

I feel sufficiently informed about the subject diversity in the company.



## Kontron as a Corporate Group

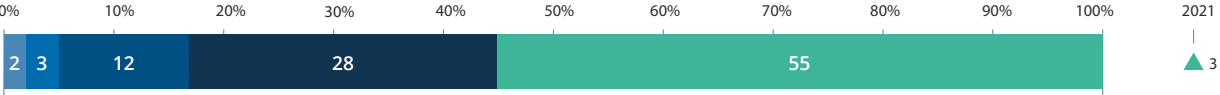
I feel sufficiently informed about the global activities and markets of the Kontron Group.



■ Does not apply  
 ■ Tends not to apply  
 ■ Partly applies / partly does not apply  
 ■ Tends to apply  
 ■ Does apply

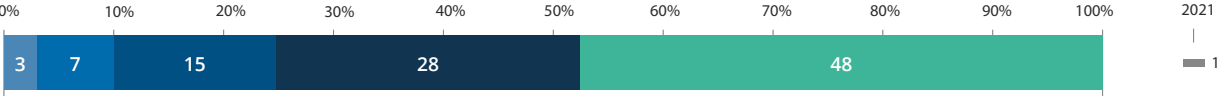
### You and your job

I feel motivated to do my best at work.



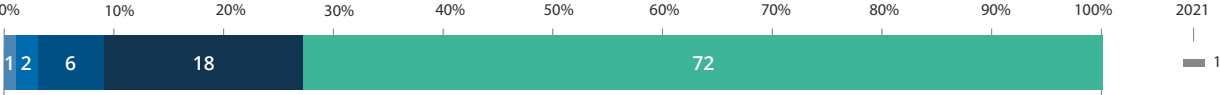
### You and your manager

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



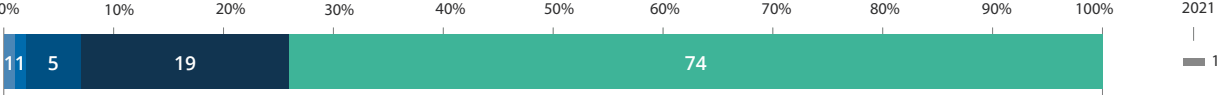
### You and your manager

I can talk openly and directly with my direct manager – even in difficult situations, conflicts or on unpleasant topics.



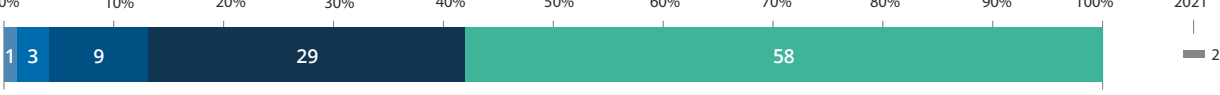
### You and your team

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



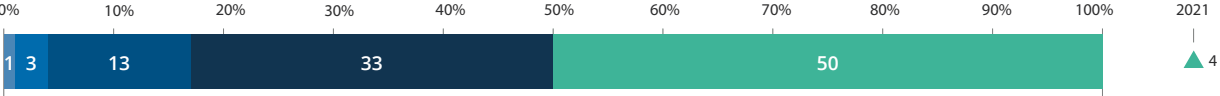
### In conclusion

Overall, I really enjoy working in the company.



### In conclusion

Overall, the company is a very good employer for me.



■ Does not apply  
 ■ Tends not to apply  
 ■ Partly applies / partly does not apply  
 ■ Tends to apply  
 ■ Does apply



# SUSTAINABILITY REPORT

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## Commitment to the ten principles of responsible action

The UN Global Compact contains principles on human rights, labour standards, environmental protection and combating corruption. Companies that join the UN Global Compact voluntarily commit themselves to adhering to these principles and their core precepts. In a letter to the UN Secretary General, Kontron AG committed itself to compliance with the global ethical, ecological, and economic principles and applied for admission. Consequently, Kontron AG has been a UN Global Compact member since January 2022. Membership of the UN Global Compact offers Kontron AG a platform to demonstrate its own corporate responsibility as well as a network that supports the development and implementation of sustainability strategies and the achievement of goals. Events such as workshops, seminars, peer learning groups or an online learning platform provide the opportunity for continuing education on topics such as environmental protection, human rights and gender equality. Kontron confirmed its continuous support by submitting the Communication on Progress (CoP) questionnaire to UNGC at the end of 2023 and renewing the “CEO Statement of Committed Support” of the ten UN Global Compact Principles.

### The 10 principles according to the UN Global Compact

#### Human rights

##### Principle 1

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

##### Principle 2

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

#### Labour

##### Principle 3

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

##### Principle 4

the elimination of all forms of forced and compulsory labour;

##### Principle 5

the effective abolition of child labour; and

##### Principle 6

the elimination of discrimination in respect of employment and occupation.

#### Environment

##### Principle 7

Businesses should support a precautionary approach to environmental challenges;

##### Principle 8

undertake initiatives to promote greater environmental responsibility; and

##### Principle 9

encourage the development and diffusion of environmentally friendly technologies.

#### Anti-corruption

##### Principle 10

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

## UN Women's Empowerment Principles

Signing the CEO statement supporting the Women's Empowerment Principles (WEPs) is a significant step for our company towards reaffirming our commitment to gender equality and the empowerment of women. This statement, an initiative of UN Women and the UN Global Compact, serves as a public commitment by our management team to actively support and implement the seven Women's Empowerment Principles. This commitment includes measures to promote an equality-friendly management culture, to ensure equal treatment of women and men in the workplace, to protect the health and wellbeing of our employees, to promote women's professional development, to empower women in our supply chain and in marketing activities, and to promote equality through community initiatives and active advocacy.

With the signature of CEO Hannes Niederhauser, Kontron demonstrates its commitment to play a leading role in promoting gender equality both within our Group and in the wider business community. We are committed to monitoring and publicly reporting our progress in this area, as well as to ensuring transparency and accountability. We see this as an important opportunity to positively shape both our internal corporate culture and our external business relationships and influences with the aim of ultimately creating an inclusive, fair and sustainable future for all.

## Contribution to sustainable development goals (SDGs)

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



## EU Taxonomy

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

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

- › Climate change mitigation
- › Climate change adaptation
- › Sustainable use and protection of water and marine resources
- › Transition to a circular economy
- › Pollution prevention and control
- › Protection and restoration of biodiversity and ecosystems

The EU-Commission has adopted delegated acts to supplement the requirements for sustainable economic activities under the Taxonomy Regulation. The Delegated Regulation (EU) 2021/2139 of June 4, 2021 (referred to below as Delegated Regulation TB) determines the technical screening criteria for the two environmental objectives “climate change mitigation” and “climate change adaptation”, which are used to determine under which conditions it can be assumed that an economic activity makes a significant contribution to climate change mitigation or climate change adaptation, and on the basis of which it is determined whether this economic activity causes no significant harm to any of the other environmental objectives („Do no significant harm” – DNSH criteria). The Delegated Regulation (EU) 2021/2178 on content and presentation of July 6, 2021 (referred to below as Delegated Regulation I&D), on the other hand, determines the content and presentation of information to be disclosed in relation to environmentally sustainable economic activities and the method used to ensure compliance with the disclosure obligation.

In 2023, the EU taxonomy was expanded with regard to the remaining four environmental objectives – in addition, Delegated Regulation (EU) 2023/2486 of June 27, 2023 established the technical screening criteria for the environmental objectives “Protection of Water and Marine Resources”, “Transition to a Circular Economy”, “Preventing and Reducing Environmental Pollution”, and “Protecting and Restoring Biodiversity and Ecosystems”. In addition, on June 27, 2023, the Delegated Regulation (EU) 2023/2485, an extension of the economic activities and the technical screening criteria of Delegated Regulation (EU) 2021/2139 was published.

Regarding the classification of an economic activity as “environmentally sustainable” as defined by the Taxonomy Regulation, a distinction must be made between taxonomy eligibility and taxonomy alignment. Only economic activities described in the delegated acts relating to the technical evaluation criteria are considered taxonomy-eligible. Any of Kontron AG’s economic activities that are included in the EU catalogue are considered taxonomy-eligible. If an economic activity is classified as taxonomy-eligible in the first step, the next step is to check whether the economic activity makes a significant contribution to an environmental objective, does no significant harm to any of the other environmental objectives and is carried out in compliance with minimum safeguards in accordance with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights..

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

Under Art 8 (1) of the Taxonomy Regulation in conjunction with Section 243b or Section 267a of the Austrian Civil Code, Kontron AG is obliged to apply the regulations of the Taxonomy Regulation. In accordance with Section 245a (1) of the Austrian Civil Code, the consolidated financial statements of Kontron AG were prepared in accordance with IFRS as of the closing date. The amounts used to calculate the revenue, CapEx and OpEx key figures are based on the figures reported in the consolidated financial statements. In principle, all fully consolidated group companies are included in this calculation. Please note that these figures relate to the Kontron Group’s continuing operations and, as a consequence, the discontinued operations (DCO) in financial year 2022 and financial year 2023 are not part of the taxonomy figures.

In reporting year 2021, mandatory reporting was limited to the taxonomy-eligible share of turnover, capital expenditure (CapEx) and operating expenditure (OpEx) in accordance with the two environmental objectives of “climate change mitigation” and “climate change adaptation”. Based on this, Kontron AG was required to provide additional taxonomy alignment information for the reporting year 2022. In the reporting year 2023, mandatory reporting of the remaining four environmental objectives (water protection, circular economy, environmental pollution and biodiversity) is limited only to the taxonomy-eligible share of turnover, CapEx and OpEx. Taxonomy alignment with these four environmental objectives must be reported starting with reporting year 2024.

Various steps have been taken to achieve a uniform understanding among the Group companies regarding the allocation of the Kontron Group's activities to the respective economic activities and, in particular, with regard to the specific technical criteria for evaluating taxonomy alignment. A general taxonomy guide explained the objectives and legal basis of the EU taxonomy as well as the process for determining conclusive taxonomy alignment. A further detailed taxonomy manual translated the general explanations into a “Kontron-specific” description with more practical relevance, including specific information on the technical screening criteria, which were obtained during numerous coordination meetings with external taxonomy experts. In addition, as part of the introduction of a group-wide ESG reporting tool, a taxonomy module for reporting at company level has also been implemented and expanded with regard to new economic activities in the reporting year 2023. Using this reporting tool, the respective figures on turnover, capital and operating expenditure were obtained, these values were assigned to the corresponding economic activities, and the significant contribution of these activities was assessed in relation to environmental objectives and the DNSH criteria and minimum safeguards. The cross-departmental team at headquarters level is in continuous intensive contact with the various managers within the individual Group companies, as well as with external taxonomy experts.

With regard to the expansion of the EU taxonomy in 2023, the newly published economic activities were scanned and assessed as to whether they are relevant to Kontron's business activities. As part of this evaluation, it was found that the newly published economic activities of the “circular economy” environmental objective in particular appear more appropriate for part of the Kontron Group's business activities. Accordingly, when allocating the Group's business activities to economic activities according to the EU taxonomy, there were partial reclassifications of revenue, CapEx and OpEx compared to the previous year. In a second step, the Kontron Taxonomy Handbook was amended accordingly and the taxonomy managers at the Group's companies were trained on new economic activities and changes compared to the previous year's reporting.

With regard to taxonomy alignment, the evaluation was carried out on the technical criteria of the identified economic activities within the two climate objectives “climate change mitigation” and “adaptation to climate change”. This evaluation showed that the subsidiaries and their taxonomy areas could not be considered to have met individual technical criteria, as in some cases the necessary external assessments were not available until the report was published. For the reporting year 2023, it should be noted that a large part of the Kontron Group's revenue (as well as CapEx and OpEx) was allocated to newly published economic activities within the four remaining environmental objectives. In accordance with legal requirements, information on the taxonomy alignment of these revenues / CapEx / OpEx will only be presented in the following financial year 2024.

Based on a complete analysis of the company's activities, the share of taxonomy-eligible and taxonomy-aligned revenues / CapEx / OpEx is presented in the respective Group totals for financial year 2023.

## KPIs in accordance with the EU taxonomy for financial year 2023

IN %	TAXONOMY-ALIGNED	TAXONOMY-ELIGIBLE	NOT TAXONOMY-ELIGIBLE
Turnover	0.0%	64.9%	35.1%
CapEx	0.0%	53.3%	46.7%
OpEx	0.0%	73.7%	26.3%

The tables showing the respective taxonomy key performance indicators (KPIs) with details of the allocation of turnover, CapEx and OpEx to the corresponding economic activities are presented at the end of this section of the sustainability report. As the activities in the areas of nuclear energy and fossil gas do not apply to the Kontron Group's business activities, only Template 1 is declared in accordance with Delegated Regulation 2022/1214.



# SUSTAINABILITY REPORT

## Turnover Indicator

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

The total revenue for financial year 2023 of EUR 1,225.9 million (PY adjusted<sup>1</sup>: EUR 1,063.7 million, from continuing operations) form the denominator of the turnover ratio and can be seen in the Group's statement of profit or loss (see Consolidated Financial Statements 2023, Consolidated Statement of Profit and Loss).

The Kontron Group's revenue shown in the Group's statement of profit or loss (see Notes to the Consolidated Financial Statements Section B, Note (1)) is examined across all Group companies to determine whether they were achieved with taxonomy-eligible or taxonomy-aligned economic activities in accordance with the delegated regulations on the technical screening criteria of all six environmental objectives.

In the reporting year 2023, the Kontron Group identified the following relevant economic activities within the individual environmental objectives to which revenues can be allocated:

Environmental objective "climate change mitigation":

- › 6.14 Infrastructure for rail transport
- › 8.1 Data processing, hosting and related activities

Environmental objective "circular economy":

- › 1.2 Manufacture of electrical and electronic equipment
- › 4.1 Provision of IT/OT data-driven solutions
- › 5.1 Repair, refurbishment and remanufacturing
- › 5.2 Sale of spare parts
- › 5.5 Product-as-a-service and other circular use- and result-oriented service models

In view of the current regulatory status, as significant economic activities of the Kontron Group 1.2 "Manufacture of electrical and electronic equipment" within the meaning of Delegated Regulation 2023/2486 Annex II, 6.14 "Infrastructure for rail transport" and 8.1 "Data processing, hosting and related activities" within the meaning of Delegated Regulation 2021/2139 Annex I have been classified as taxonomy-eligible:

- › 1.2 "Manufacture of electrical and electronic equipment"

Economic activity 1.2 within the "Circular Economy" environmental objective includes the manufacturing of electrical and electronic equipment for industrial, professional and consumer use. In the reporting year 2023, revenue from the sale of Kontron Group products developed and manufactured in-house (especially in the hardware sector) for the industrial automation and communication solutions markets from the "Europe" and "Global" business segments was primarily attributed to this economic activity.

- › 6.14 "Infrastructure for rail transport"

Economic activity 6.14 within the environmental objective "climate change mitigation" as defined by the Taxonomy Regulation, includes the construction, modernisation, operation and maintenance of railways and subways, bridges and tunnels, stations, terminals, rail service facilities and safety and traffic management systems, including architectural services, engineering services, drafting services, building inspection, surveying and mapping services, etc. as well as carrying out physical, chemical and other analytical tests of all types of materials and products. In 2023, the description of this economic activity was extended to specifically address the relevant rail constituents (including train control/signalling, operations management and traffic control, telematics applications). Revenues in the "Transportation" sector were primarily attributed to this economic activity. In this respect, Kontron Transportation (KTR) imple-

<sup>1</sup>) Adjustment due to changed assessment of principal/agent status (see explanation in Section B, Note (1) in the Notes to the Consolidated Financial Statements)

ments projects in the rail infrastructure sector and carries out deliveries, commissioning and service along routes (access networks) and in communication centres (core network and software), although rolling stock (including trains, wagons) is not the focus. Kontron Transportation delivers in various constellations: Consortia are often formed with construction companies (infrastructure) or signalling companies (other communication technology along the route), or KTR delivers directly when the focus is on the technology part.

› 8.1 “Data processing, hosting and related activities”

Economic activity 8.1 within the environmental objective “climate change mitigation” as defined by the Taxonomy Regulation includes the storage, manipulation, management, movement, control, display, switching, interchange, transmission or processing of data through data centres, including edge computing. In the reporting year 2023, primarily services and services related to data processing using data centres were assigned to this economic activity.

Revenues were also allocated to the other economic activities listed above 4.1 “Provision of IT/OT data-driven solutions”, 5.1 “Repair, refurbishment and remanufacturing”, 5.2 “Sale of spare parts” and 5.5 “Product-as-a-service and other circular use- and result-oriented service models” – but these only account for a small proportion of Group revenue in relation to the three main economic activities listed above.

Through a detailed analysis of the items included in the revenues, each revenue is assigned to taxonomy-eligible and taxonomy-aligned economic activities. The numerator of the taxonomy-eligible turnover figure is therefore EUR 795.6 million (PY: EUR 676.5 million). This results in a taxonomy-eligible revenue figure of 64.9% in financial year 2023. The taxonomy-aligned revenue figure is 0%. As mentioned above, the taxonomy alignment of those revenues allocated to economic activities within the four newly published environmental objectives will only be presented in the reporting year 2024.

The following table provides an overview of the taxonomy-eligibility and taxonomy-alignment of revenue per environmental objective – more details are provided in the revenue indicator table at the end of this section.

	SHARE OF TURNOVER/TOTAL TURNOVER	
	TAXONOMY ALIGNMENT PER OBJECTIVE	TAXONOMY ELIGIBILITY PER OBJECTIVE
CCM	0.0%	17.3%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.0%	47.6%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

### CapEx Indicator

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

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

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

# SUSTAINABILITY REPORT

The company identified total capital expenditure in accordance with the EU Taxonomy Regulation (including assets from business combinations) at EUR 88.3 million for the reporting year (see Notes to the Consolidated Financial Statements Section C, Note (12) and Note (13); PY: EUR 56.9 million).

These form the denominator of the CapEx indicators. In detail, total capital expenditure is as follows:

	IN EUR MIO.
IAS 16 Property, plant and equipment	20.1
IAS 38 Intangible assets	46.4
IAS 40 Investment property	0.0
IFRS 16 Leases (> 12 months)	21.8
<b>Total</b>	<b>88.3</b>
thereof as a result of changes in the group of consolidated companies	23.8

Based on the description of the additions, an analysis of taxonomy eligibility and taxonomy alignment is carried out as well as a comparison with Annex I (Significant contribution to climate change mitigation) and Annex II (Significant contribution to climate change adaptation) of the Delegated Regulation TB. In addition, taxonomy eligibility was also reviewed with regard to the four other environmental objectives published in 2023.

The following relevant economic activities were identified for the Kontron Group within the individual environmental objectives, to which capital expenditure can be allocated:

Environmental objective "climate change mitigation":

- › 6.5 Transport by motorbikes, passenger cars and light commercial vehicles
- › 6.14 Infrastructure for rail transport
- › 7.2 Renovation of existing buildings
- › 7.3 Installation, maintenance and repair of energy efficiency equipment
- › 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
- › 7.6 Installation, maintenance and repair of renewable energy technologies
- › 8.1 Data processing, hosting and related activities

Environmental objective "climate change adaptation":

- › 8.2 Computer programming, consultancy and related activities

Environmental objective "circular economy":

- › 1.2 Manufacture of electrical and electronic equipment
- › 5.1 Repair, refurbishment and remanufacturing
- › 5.2 Sale of spare parts

Capital expenditure that has been allocated to economic activities 6.14 "Infrastructure for rail transport", 8.1 "Data processing, hosting and related activities", as well as all listed economic activities within the "Climate change adaptation" and "Circular economy" environmental objectives, relates to assets or processes associated with the respective taxonomy economic activities within the framework of generating revenue. With regard to economic activity 8.2 "Computer programming, consultancy and related activities", please note that,

according to the EU taxonomy, this economic activity is not one of the so-called “enabling” activities and is therefore not included in the calculation of the revenue indicator, but only in the CapEx or OpEx figure.

Capital expenditure that has been allocated to the other listed economic activities, relates to the purchase of products or services from the respective taxonomy-eligible economic activities. These include in particular investments in the vehicle fleet (economic activity 6.5) and investments in connection with buildings and production facilities (economic activities 7.2, 7.3, 7.4, 7.6).

The sum of additions, which reflect a taxonomy-eligible investment with regard to the economic activities mentioned in accordance with the Taxonomy Regulation, is the numerator of the taxonomy-eligible CapEx figure in the amount of EUR 47.0 million (PY: EUR 32.3 million). This results in a taxonomy-eligible CapEx figure of 53.3%, while the taxonomy-aligned CapEx figure is 0%. The following table provides an overview of the taxonomy eligibility and taxonomy alignment of CapEx per environmental objective – more details are provided in the CapEx indicator table at the end of this section.

	SHARE OF CAPEX/TOTAL CAPEX	
	TAXONOMY ALIGNMENT PER OBJECTIVE	TAXONOMY ELIGIBILITY PER OBJECTIVE
CCM	0.0%	18.9%
CCA	0.0%	23.4%
WTR	0.0%	0.0%
CE	0.0%	29.9%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

## OpEx Indicator

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

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

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

To determine the denominator, the sum of the above costs was calculated based on a detailed analysis of accounts and cost centres. The total operating expenses in accordance with Taxonomy Regulation Art. 8 Annex I Subsection 1.1.3.1 of Annex I of the delegated regulation I&D amount to EUR 67.2 million (PY: EUR 30.1 million). These form the denominator of the OpEx indicator.

The numerator of the OpEx indicator in accordance with subsection 1.1.3.2 of Annex I of the delegated regulation I&D corresponds to the part of the operating expenditure included in the denominator that relates to assets or processes that are associated with taxonomy economic activities according to Annex I (Significant contribution to climate change mitigation) and Annex II (Significant contribution to climate change adaptation) of delegated regulation 2021/2139 and according to Annex I (Significant contribution to the sustainable use and protection of water and marine resources), Annex II (Significant contribution to the transition to a circular economy), Annex III (Significant contribution to preventing and reducing environmental pollution) and Annex IV (Significant contribution to protecting and restoring biodiversity and ecosystems) of delegated regulation 2023/2486.

The following relevant economic activities were identified for the Kontron Group within the individual environmental objectives, to which operating expenditure can be allocated:

# SUSTAINABILITY REPORT

Environmental objective “climate change mitigation”:

- › 6.5 Transport by motorbikes, passenger cars and light commercial vehicles
- › 6.6 Freight transport services by road
- › 6.14 Infrastructure for rail transport
- › 7.2 Renovation of existing buildings
- › 7.3 Installation, maintenance and repair of energy efficiency equipment
- › 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
- › 8.1 Data processing, hosting and related activities

Environmental objective “climate change adaptation”:

- › 8.2 Computer programming, consultancy and related activities

Environmental objective “circular economy”:

- › 1.2 Manufacture of electrical and electronic equipment
- › 5.1 Repair, refurbishment and remanufacturing
- › 5.2 Sale of spare parts

Taxonomy-eligible operating expenditure of EUR 49.5 million consists primarily of non-capitalised costs for research and development. In this respect, analysing the taxonomy eligibility or taxonomy alignment of research and development costs is essential when determining OpEx figures. To the extent that these costs for research and development are related to an economic activity that was already identified as taxonomy-relevant in the revenue analysis, the associated R&D expenses have also been allocated to this economic activity. Together with taxonomy-eligible expenses in the areas of maintenance and repair, leasing, buildings and building renovation, the share of taxonomy-eligible OpEx is 73.7%. The taxonomy-aligned OpEx figure is 0%. The following table provides an overview of the taxonomy eligibility and taxonomy alignment of OpEx per environmental objective – more details are provided in the OpEx indicator table at the end of this section.

	SHARE OF OPEX/TOTAL OPEX	
	TAXONOMY ALIGNMENT PER OBJECTIVE	TAXONOMY ELIGIBILITY PER OBJECTIVE
CCM	0.0%	15.1%
CCA	0.0%	20.7%
WTR	0.0%	0.0%
CE	0.0%	53.0%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

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

## Template 1 – Nuclear and fossil gas related activities

ROW	NUCLEAR ENERGY RELATED ACTIVITIES
1	<p>The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.</p> <p style="text-align: right;">NO</p>
2	<p>The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.</p> <p style="text-align: right;">NO</p>
3	<p>The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.</p> <p style="text-align: right;">NO</p>
ROW	FOSSIL GAS RELATED ACTIVITIES
4	<p>The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.</p> <p style="text-align: right;">NO</p>
5	<p>The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.</p> <p style="text-align: right;">NO</p>
6	<p>The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.</p> <p style="text-align: right;">NO</p>

# SUSTAINABILITY REPORT

FINANCIAL YEAR 2023	YEAR 2023			SUBSTANTIAL CONTRIBUTION CRITERIA						
	ECONOMIC ACTIVITIES (1)	CODE (2)	TURNOVER (3)	PROPORTION OF TURNOVER 2023 (4)	CLIMATE CHANGE MITIGATION (5)	CLIMATE CHANGE ADAPTATION (6)	WATER (7)	POLLUTION (8)	CIRCULAR ECONOMY (9)	BIODIVERSITY (10)
		IN TEUR	IN %	Y; N; N/EL <sup>1)</sup>	Y; N; N/EL <sup>1)</sup>	Y; N; N/EL <sup>1)</sup>	Y; N; N/EL <sup>1)</sup>	Y; N; N/EL <sup>1)</sup>	Y; N; N/EL <sup>1)</sup>	Y; N; N/EL <sup>1)</sup>
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>										
<b>A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)</b>										
<b>Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>			<b>0</b>	<b>0.0%</b>						
Of which Enabling			0	0.0%						
Of which Transitional			0	0.0%						
<b>A.2 TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES)</b>										
					EL; N/EL <sup>2)</sup>	EL; N/EL <sup>2)</sup>	EL; N/EL <sup>2)</sup>	EL; N/EL <sup>2)</sup>	EL; N/EL <sup>2)</sup>	EL; N/EL <sup>2)</sup>
Infrastructure for rail transport	CCM 6.14	166,741	13.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL
Data processing, hosting and related activities	CCM 8.1	45,100	3.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of electrical and electronic equipment	CE 1.2	570,903	46.6%	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL
Provision of IT/OT data-driven solutions	CE 4.1	6,189	0.5%	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL
Repair, refurbishment and remanufacturing	CE 5.1	1,325	0.1%	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL
Sale of spare parts	CE 5.2	869	0.1%	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	4,460	0.4%	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL
<b>Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>			<b>795,587</b>	<b>64.9%</b>						
<b>A. Turnover of Taxonomy eligible activities (A.1+A.2)</b>			<b>795,587</b>	<b>64.9%</b>						
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>										
Turnover of Taxonomy-non-eligible activities			430,361	35.1%						
<b>Total</b>			<b>1,225,947</b>	<b>100.0%</b>						

These footnotes refer to data from this and the two following double-page tables:

- 1) Y - Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective  
N - No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective  
N/EL - not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.
- 2) EL - Taxonomy-eligible activity for the relevant environmental objective  
N/EL - Taxonomy-non-eligible activity for the relevant environmental objective



**DNSH CRITERIA ("DOES NOT SIGNIFICANTLY HARM")**

CLIMATE CHANGE MITIGATION (11)	CLIMATE CHANGE ADAPTATION (12)	WATER (13)	POLLUTION (14)	CIRCULAR ECONOMY (15)	BIODIVERSITY (16)	MINIMUM SAFEGUARDS (17)	PROPORTION OF TAXONOMY ALIGNED (A.1.) OR ELIGIBLE (A.2.) TURNOVER 2022 (18)	CATEGORY ENABLING ACTIVITY (19)	CATEGORY TRANSITIONAL ACTIVITY (20)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	IN %	E	T
							0.0%		
							0.0%		
							0.0%		
							9.8%		
							53.0% <sup>3)</sup>		
							n/a		
							n/a		
							n/a		
							n/a		
							n/a		
							<b>63.6%<sup>4)</sup></b>		
							<b>63.6%<sup>4)</sup></b>		

3) Revenues that were allocated to economic activity 8.1 (CCM) in financial year 2022 were partially reclassified to economic activity 1.2 (CE) in financial year 2023

4) Change in the share of taxonomy-eligible revenues in relation to consolidated revenues due to a reclassification of the previous year's revenues (see explanations in Section B, Note (1) in the Notes to the Consolidated Financial Statements)

# SUSTAINABILITY REPORT

FINANCIAL YEAR 2023		YEAR 2023		SUBSTANTIAL CONTRIBUTION CRITERIA					
ECONOMIC ACTIVITIES (1)	CODE (2)	CAPEX (3)	PROPORTION OF CAPEX 2023 (4)	CLIMATE CHANGE MITIGATION (5)	CLIMATE CHANGE ADAPTATION (6)	WATER (7)	POLLUTION (8)	CIRCULAR ECONOMY (9)	BIODIVERSITY (10)
		IN TEUR	IN %	Y; N; N/EL <sup>1)</sup>	Y; N; N/EL <sup>1)</sup>	Y; N; N/EL <sup>1)</sup>	Y; N; N/EL <sup>1)</sup>	Y; N; N/EL <sup>1)</sup>	Y; N; N/EL <sup>1)</sup>
<b>TAXONOMY-ELIGIBLE ACTIVITIES</b>									
<b>ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)</b>									
<b>CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>0</b>	<b>0.0%</b>						
Of which Enabling		0	0.0%						
Of which Transitional		0	0.0%						
<b>TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES)</b>									
				EL; N/EL <sup>2)</sup>	EL; N/EL <sup>2)</sup>	EL; N/EL <sup>2)</sup>	EL; N/EL <sup>2)</sup>	EL; N/EL <sup>2)</sup>	EL; N/EL <sup>2)</sup>
Infrastructure for rail transport	CCM 6.14	11,255	12.7%	EL	EL	N/EL	N/EL	N/EL	N/EL
Data processing, hosting and related activities	CCM 8.1	665	0.8%	EL	EL	N/EL	N/EL	N/EL	N/EL
Repair, refurbishment and remanufacturing	CE 5.1	8	0.0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Sale of spare parts	CE 5.2	17	0.0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Manufacture of electrical and electronic equipment	CE 1.2	26,355	29.9%	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Computer programming, consultancy and related activities	CCA 8.2	3,940	4.5%	N/EL	EL	N/EL	N/EL	N/EL	N/EL
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	3,892	4.4%	EL	EL	N/EL	N/EL	N/EL	N/EL
Renovation of existing buildings	CCM 7.2	785	0.9%	EL	EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	49	0.1%	EL	EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	28	0.0%	EL	EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	40	0.0%	EL	EL	N/EL	N/EL	N/EL	N/EL
<b>CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>47,034</b>	<b>53.3%</b>						
<b>CapEx of Taxonomy eligible activities (A.1+A.2)</b>		<b>47,034</b>	<b>53.3%</b>						
<b>TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>									
CapEx of Taxonomy-non-eligible activities		41,249	46.7%						
<b>Total</b>		<b>88,283</b>	<b>100.0%</b>						

**DNSH CRITERIA ("DOES NOT SIGNIFICANTLY HARM")**

CLIMATE CHANGE MITIGATION (11)	CLIMATE CHANGE ADAPTATION (12)	WATER (13)	POLLUTION (14)	CIRCULAR ECONOMY (15)	BIODIVERSITY (16)	MINIMUM SAFEGUARDS (17)	PROPORTION OF TAXONOMY ALIGNED (A.1.) OR ELIGIBLE (A.2.) CAPEX 2022 (18)	CATEGORY ENABLING ACTIVITY (19)	CATEGORY TRANSITIONAL ACTIVITY (20)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	IN %	E	T
							0.0%		
							0.0%		
							0.0%		
							12.3%		
							30.8% <sup>3)</sup>		
							n/a		
							n/a		
							n/a		
							5.4%		
							4.5%		
							0.0%		
							n/a		
							n/a		
							0.6%		
							<b>56.8%</b>		
							<b>56.8%</b>		

3) CapEx that were allocated to economic activity 8.1 (CCM) in financial year 2022 were partially reclassified to economic activity 1.2 (CE) in financial year 2023

# SUSTAINABILITY REPORT

FINANCIAL YEAR 2023	YEAR 2023			SUBSTANTIAL CONTRIBUTION CRITERIA						
	ECONOMIC ACTIVITIES (1)	CODE (2)	OPEX (3)	PROPORTION OF OPEX 2023 (4)	CLIMATE CHANGE MITIGATION (5)	CLIMATE CHANGE ADAPTATION (6)	WATER (7)	POLLUTION (8)	CIRCULAR ECONOMY (9)	BIODIVERSITY (10)
		IN TEUR	IN %	Y; N; N/EL <sup>1)</sup>	Y; N; N/EL <sup>1)</sup>	Y; N; N/EL <sup>1)</sup>	Y; N; N/EL <sup>1)</sup>	Y; N; N/EL <sup>1)</sup>	Y; N; N/EL <sup>1)</sup>	Y; N; N/EL <sup>1)</sup>
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>										
<b>A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)</b>										
<b>OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>0</b>	<b>0.0%</b>							
Of which Enabling		0	0.0%							
Of which Transitional		0	0.0%							
<b>A.2 TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES)</b>										
					EL; N/EL <sup>2)</sup>	EL; N/EL <sup>2)</sup>	EL; N/EL <sup>2)</sup>	EL; N/EL <sup>2)</sup>	EL; N/EL <sup>2)</sup>	EL; N/EL <sup>2)</sup>
Infrastructure for rail transport	CCM 6.14	8,902	13.3%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Data processing, hosting and related activities	CCM 8.1	336	0.5%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Repair, refurbishment and remanufacturing	CE 5.1	304	0.5%	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL
Sale of spare parts	CE 5.2	37	0.1%	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL
Manufacture of electrical and electronic equipment	CE 1.2	35,252	52.5%	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL
Computer programming, consultancy and related activities	CCA 8.2	3,799	5.7%	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	519	0.8%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Freight transport services by road	CCM 6.6	80	0.1%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Renovation of existing buildings	CCM 7.2	12	0.0%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	260	0.4%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	1	0.0%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL
<b>OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>49,502</b>	<b>73.7%</b>							
<b>A. OpEx of Taxonomy eligible activities (A.1+A.2)</b>		<b>49,502</b>	<b>73.7%</b>							
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>										
OpEx of Taxonomy-non-eligible activities		17,652	26.3%							
<b>Total</b>		<b>67,154</b>	<b>100.0%</b>							

DNSH CRITERIA ("DOES NOT SIGNIFICANTLY HARM")

CLIMATE CHANGE MITIGATION (11)	CLIMATE CHANGE ADAPTATION (12)	WATER (13)	POLLUTION (14)	CIRCULAR ECONOMY (15)	BIODIVERSITY (16)	MINIMUM SAFE-GUARDS (17)	PROPORTION OF TAXONOMY ALIGNED (A.1.) OR ELIGIBLE (A.2.) OPEX 2022 (18)	CATEGORY ENABLING ACTIVITY (19)	CATEGORY TRANSITIONAL ACTIVITY (20)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	IN %	E	T
							0.0%		
							0.0%		
							0.0%		
							15.4%		
							45.0% <sup>3)</sup>		
							n/a		
							n/a		
							n/a		
							3.3%		
							2.1%		
							0.3%		
							1.3%		
							n/a		
							n/a		
							<b>67.5%</b>		
							<b>67.5%</b>		

3) OpEx that were allocated to economic activity 8.1 (CCM) in financial year 2022 were partially reclassified to economic activity 1.2 (CE) in financial year 2023

## Environment & Climate



### Environmental protection and environmental management

The Group's responsible treatment of the environment is important to our management, employees, and stakeholders and is therefore part of our overall strategy. Our company's management has established a detailed set of environmental policies and promotes employees' awareness of environmental issues in their daily work. A further focus of these policies is the creation of solutions to effectively protect natural resources, the environment, our employees, and people who work in our value chain.

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

Within the Kontron Group, several companies are already certified in accordance with the international environmental management standard ISO 14001, and certification of further Group locations according to this standard is planned. 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 standard, we have extended our assessment to include evaluation of the opportunities and risks arising from our respective environment-impacting activities. This enables their effective management. The assessment is appraised and updated at least once a year.

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



Our environmental management system has been structured in such a way that it helps us to identify and monitor all requirements imposed by the needs of the environment and by the laws of the respective country or location. This in turn guarantees that the 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 regulations 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 comply with ecological and social standards, which are set out in our Supplier Code of Conduct. This compliance is checked by means of the audits of our suppliers that we conduct. We systematically acknowledge and analyse the expectations of all those stakeholders who are interested in our environmental performance. This enables us to proactively fulfil the requirements placed by our respective sets of stakeholders on our actions to protect the environment – and to forge ties with them depending on their particular areas of interest.

## Environmental objectives of the Kontron Group

### Reduction of the 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
- › Switching to LED lighting at our facilities
- › Enhancing employee awareness of the need to preclude unnecessary consumption of electricity
- › Increasing the number of e-charging stations at our facilities
- › Encouraging the switch to renewable energy – raising its share to 50% by 2030

### Reduction of heating and cooling requirements per square metre

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

### Reduction of paper consumption

- › Focus on paperless processes within the Kontron Group
- › Implement Follow-Me Printing solutions to reduce uncollected printouts
- › Reduction through deployment of electronic, integrated HR systems (e.g. on-site systems of managing working hours and absences from work), and utilisation of e-invoices

### Reduction of greenhouse gas emissions

- › Reducing business trips to the absolute minimum, replacing them with greater use of modern communication technologies such as telephone or video conferences
- › Conversion of the vehicle fleet to e-vehicles by 2030
- › Promote the use of public transport and company bicycles
- › Halving our own greenhouse gas emissions by 2030 (Scope 1 and 2)



# SUSTAINABILITY REPORT

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Our aim is constant improvement of our environmental performance. We take our corporate environmental policies as the basis for setting annual environmental targets at each facility. By doing so, we ensure the efficacy of the program. If necessary, we implement improvement measures and establish appropriate new objectives. We work to identify indicators that can be used to quantify all environmental objectives and make them more transparent and even more measurable. Examples of such indicators are energy intensity (calculated in terms of turnover), heating requirement per m<sup>2</sup> and CO<sub>2</sub>e emissions per employee resulting from business trips.

## Product-related environmental protection

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

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

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

## Environmental protection regulations

Our objectives are the avoidance of the use of hazardous materials in our components and the attainment of environmentally aware product design. To achieve these goals, we always ask our suppliers for information on the composition of the components that we obtain from them and incorporate in our proprietary products. This enables us to inform our customers at any time about the components installed in their products. At the same time, we pursue our goal of accomplishing an environmentally conscious product design. We meet customers' specific requirements in accordance with legal stipulations. The Kontron Group's adherence to environmental requirements imposed by applicable laws and regulations starts in the 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 94/62/EC on Packaging and Packaging Waste (Packaging Directive)
- › EU Directive 2006/66/EC on batteries and accumulators and waste batteries and accumulators (Battery Directive)
- › EU Directive 2011/65/EU on the restriction on the use of certain hazardous materials in electrical and electronic devices (RoHS Directive)
- › EU Regulation 1907/2006/EG on the registration, evaluation, authorisation, and restriction of chemicals (REACH Regulation)
- › EU Regulation (EU) 2017/821 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas in conjunction with the "Dodd-Frank Wall Street Reform and Consumer Protection Act" (conflict minerals regulation)

## 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 responsibility for electrical and electronic devices that are no longer being used, and to promote the prevention, reduction, and environmentally compatible disposal of the increasing quantities of electronic waste through extended producer responsibility. All EU member states are required to implement the WEEE Directive in national laws.

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

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

Most of our products are classified as “embedded computers” (integrated computers). As such, they do not belong to any of the categories of products defined in the WEEE Directive. Our “embedded computers” are not standalone electrical and electronic systems, and are not sold under our corporate name to end-users. Instead, they are incorporated into customer systems. The WEEE Directive assigns the main responsibility for handling the obligatory registration, 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 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 Directive to register such systems in the EU member countries bound by it.

### RoHS compliance: restriction of hazardous substances

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

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

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

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

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

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

# SUSTAINABILITY REPORT

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## EU directive on chemicals: REACH

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

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

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

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

The USA's "Dodd-Frank Wall Street Reform and Consumer Protection Act" contains disclosure and reporting requirements relating to so-called "conflict minerals" originating from the Democratic Republic of the Congo (DRC) and its neighbouring countries. This legislation has been binding for companies listed on the US stock exchanges since July 2010. 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 supply chain. This represents one way in which we help to avoid or minimize human rights violations (see "Kontron Supplier Code of Conduct" under <https://ir.kontron.com/Compliance.en.html>).

We assist our customers with their comprehensive declaration on the use of conflict minerals in accordance with the stipulations imposed by the USA's Securities and Exchange Commission (SEC). Our customers are required to provide appropriate information when meeting their reporting obligations and conducting due diligence within their supply chains. Kontron AG's subsidiaries are in a position to assess and track the components and suppliers covered by the reporting and by the declaration on the utilisation of conflict minerals. To determine the origins of the metals used, we call upon and work closely with external service providers and the manufacturers. This is because we do not directly procure these metals from mines or smelters.

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

## Disposal and recycling

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

The Kontron Group also tries 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 materials such as plastic alternatives made from cornmeal, algae and hemp, and recyclable items such as paper and cardboard.

# SUSTAINABILITY REPORT

## Environment indicators

INDICATOR	GRI	UNIT	2023	2022	2021 <sup>1)</sup>
Consumption of electricity from non-renewable sources	302-1	MWh	14,757	14,876	23,834 <sup>2)</sup>
Consumption of electricity from renewable sources	302-1	MWh	4,929	5,299	n/a
Heating energy consumption	302-1	MWh	7,476	9,540	12,174
Cooling energy consumption	302-1	MWh	460	n/a	n/a
<b>Total energy consumption</b>	<b>302-1</b>	<b>MWh</b>	<b>27,623</b>	<b>29,715</b>	<b>36,008</b>
Self-generated electricity	302-1	MWh	511	256	n/a
Share of self-generated electricity <sup>3)</sup>		%	2.6%	1.3%	n/a
Electricity sold (PV)	302-1	MWh	58	16	n/a
Energy intensity <sup>4)</sup>	302-3	Wh/EUR	23	28	27
EV charging stations		number	27	n/a	n/a
Facilities with PV modules		number	5	n/a	n/a

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

2) 2021 total electricity consumption was recorded independently of renewable or non-renewable energy sources

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

4) Total energy consumption in relation to Group's revenues

INDICATOR	GRI	UNIT	2023 <sup>3)</sup>	2022 <sup>2)</sup>	2021 <sup>1)</sup>
Water withdrawal	303-3	m <sup>3</sup>	161,136	137,875	n/a
Water discharge	303-4	m <sup>3</sup>	125,637	137,233	n/a
Water consumption	303-5	m <sup>3</sup>	35,499	642	n/a
Hazardous waste generated	306-3	kg	100,042	32,747 <sup>4)</sup>	n/a
Non-hazardous waste generated	306-3	kg	1,000,313	145,428 <sup>4)</sup>	n/a
<b>Total waste</b>			<b>1,100,355</b>	<b>178,175</b>	<b>n/a</b>

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

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

3) The data for the 2023 financial year relates to all companies

4) Correction: kg values were incorrectly shown as tons in 2022

INDICATOR	GRI	UNIT	2023	2022	2021 <sup>1)</sup>
Total number of company vehicles	305-1	Vehicles	910	887	1,622
Number of EVs (including hybrid)	305-1	Vehicles	138	70	97
Share of EVs (including hybrid)	305-1	%	15.2%	7.9%	6.0%
Number of kilometres driven	305-1	km	16,291,720	16,521,360	29,473,524
<b>Total fuel consumption within the organisation from non-renewable sources</b>	<b>302-1</b>	<b>MJ</b>	<b>37,042,344</b>	<b>38,866,815</b>	<b>n/a</b>
Total diesel consumption	302-1	MJ	24,012,506	28,121,875	n/a
Total petrol consumption	302-1	MJ	12,715,814	10,601,020	n/a
Total gas consumption	302-1	MJ	3,950	22,978	n/a
Electricity from non-renewable sources	302-1	MJ	310,074	120,942	n/a
<b>Total fuel consumption within the organisation from renewable sources</b>	<b>302-1</b>	<b>MJ</b>	<b>67,878</b>	<b>237,213</b>	<b>n/a</b>
Total biodiesel consumption	302-1	MJ	0	106,767	n/a
Total bioethanol consumption	302-1	MJ	0	0	n/a
Electricity from renewable sources	302-1	MJ	67,878	130,446	n/a
Business travel by aeroplane	305-3	pkm	8,421,021	3,531,880	n/a

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

INDICATOR <sup>2)</sup>	DESCRIPTION	GRI	UNIT	2023	2022	2021 <sup>1)</sup>
Scope 1	Direct emissions in accordance with Scope 1 of the GHG protocol standard: fuels in passenger transport of company-owned and controlled vehicles, energy production from own photovoltaic systems and heating energy	305-1	t CO <sub>2</sub> e	3,773 <sup>3)</sup>	3,126	n/a
Scope 2	Indirect emissions in accordance with Scope 2 of the GHG protocol standard: Purchase of electricity, district heating and district cooling	305-2	t CO <sub>2</sub> e	9,878 <sup>4)</sup>	9,702	n/a
Scope 3	Indirect emissions in accordance with Scope 3 of the GHG protocol standard: Business travel by aeroplane	305-3	t CO <sub>2</sub> e	3,590	1,505	n/a

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

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

3) Aggregated assessment for heating energy has been improved, which explains the increase in emissions in Scope 1

4) In 2023, district cooling was included in the emissions calculation

# SUSTAINABILITY REPORT

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## E-mobility

To reduce Kontron's direct emissions, the Executive Board passed a resolution for the entire Group as a strong signal in favour of promoting electromobility. This resolution stipulates that from 2024 only electric cars may be purchased as company vehicles. In addition, charging stations are being installed at all Kontron facilities to increase the availability of charging facilities across the Kontron Group and, ideally, operate them with electricity generated at the sites themselves. The purchase of hybrid cars will still be permitted in exceptional cases. However, there will be a transition period until 2030, and this should be used to phase out combustion engines within the Group so that by 2030 over 90% of the cars used are electric. The Executive Board resolution was incorporated into the Kontron AG Car Policy. An additional target is to increase the number of photovoltaic systems within the Group so that companies can generate their own electricity for their vehicle fleet and offices. This goal promotes the Kontron Group's electromobility strategy.

## Photovoltaics

The Kontron Group continuously installing photovoltaic systems at its facilities in turn to meet its own energy requirements with renewable resources. In addition, existing systems are being upgraded or expanded. With a share of 2.6% of total electricity consumption, the Kontron Group's self-produced electricity share is still relatively low, but could be doubled compared to 2022 – Kontron is therefore planning to commission further photovoltaic systems in the future.



## Company

Kontron Slovenia

## Solution

Broadband solutions

## Industry

Communications

## Market

Global

case study



## Energy efficient broadband equipment

Kontron's compact OLT (optical line termination), the Iskratel Lumia C16 features the lowest power consumption in the industry, lowers carbon footprint of telecom operators, cuts energy bills significantly and shortens payback time on account of energy savings alone. The Iskratel Lumia C16 is a 16-port, compact, energy-saving Combo OLT for 10-gigabit broadband access that connects residential and business users via PON and P2P fibre simultaneously.

The product's record-low energy consumption sets it apart from the competition. Its 155 W power consumption – as little as one and a half 100 W lightbulbs – is 30% lower than the best competitor (based on publicly available/disclosed data). This results in direct savings of 570 kWh each year per single OLT device. In a specific case of an operator in the UK, these savings alone allow the payback time of only 3–5 years.

Fully compliant with the EU Code of Conduct on Energy Consumption of Broadband Equipment, the Iskratel Lumia C16 consumes less than 60% of the power consumption allowed by the Code. It is a fine example of Kontron's continuous endeavours to reduce the carbon footprint during the entire product lifetime, efficiently helping operators implement their sustainability strategies, reduce the impact on the environment and cut energy bills.



## Social topics



### Diversity, Equity, Inclusion

#### Kontron's Commitment to Diversity, Equity, and Inclusion (DEI)

Kontron believes that diverse and inclusive teams have a positive impact on the work environment, its products and services and that many of the greatest ideas and discoveries come from a diverse mix of minds, backgrounds and experiences. The individuality of employees, in conjunction with equal opportunities and respect for origin, age, religion, gender and other characteristics, is integral to Kontron's corporate philosophy and forms Kontron's Corporate Culture. By signing the CEO Declaration, Kontron has underlined its commitment to the Women's Empowerment Principles (WEPs) and is actively implementing measures to promote gender equality in its corporate culture, workplace practices, supply chain and community initiatives. As a signatory of the WEPs, Kontron is committed to seven principles for the empowerment of women, which aim to promote gender equality in the workplace without discrimination and contribute to the achievement of SDG 10.

All Kontron Group companies are committed to workforce diversity, creating equity across their systems, and fostering and advancing a culture of inclusion. In line with this, Kontron is committed to providing equal opportunities to all employees, regardless of their gender, sexual orientation, ethnic background, or any other factors outlined above. Kontron is also dedicated to creating an inclusive environment where all employees are heard and encouraged to reach their full potential. In support of this, individual differences are valued and respected.

As part of its corporate culture, Kontron is committed to:

- › Fostering a work environment free of discrimination and harassment;
- › Valuing work and worth of each individual, irrespective of gender, age, disability, marital status, sexual orientation, skin colour, religious or political affiliation, ethnic background, nationality or any other aspect unrelated to their employment;
- › Providing fair treatment and equal opportunities particularly in terms of recruitment and transparent and objective recruitment processes to create a workforce broadly reflective of the larger community;
- › Guiding and supporting growth with career development, promotions, and merit increase to all employees, regardless of their gender, sexual orientation, ethnic background or any other diversity factors;
- › Granting fair remuneration of all employees regardless of gender, origin, religion, age, disability, sexual orientation or other status;
- › Women's advancement;
- › Recognising the unique characteristics, skills, and experiences which each employee brings.

#### Executive Board

The Executive Board plays a crucial role in creating and constantly improving a diverse and inclusive environment. Kontron expects all members of the Executive Board and the local management boards of the Group companies to be role modelling, inclusive and to foster a respectful behaviour around DEI principles and practices. The Executive Board of Kontron AG ensures compliance with legal requirements and the implementation of the company's guidelines on DEI together with the central functions.

#### Supervisory Board

In its role as a supervisory and advisory body, the Supervisory Board pays particular attention to addressing DEI issues and encourages the Executive Board to take these into account in corporate objectives. To this end, the Supervisory Board supports a diversity scheme which also takes account of recommendations in the Corporate Governance Code.

## Proportion of women in management positions

In general, the proportion of women at management level in the Kontron Group is as follows, including all business units, interim positions, management positions and team leads:

	2023	2022
Executive Board	0.0%	0.0%
Supervisory Board	40.0%	40.0%
Upper management	21.1%	19.7%
Middle and lower management	22.1%	23.2%

## Kontrons DEI Principles

### Women's advancement

Kontron is committed to the advancement of women's interests as an important element in the ongoing process of gender equality and increasing the proportion of women in management. To achieve a sustainable increase in the proportion of women on all levels, and in particular in technical professions, Kontron continuously works on the further integration of diversity and gender equality into Human Resources processes. When filling any position, Kontron follows the principle of promoting women, by giving preference to female candidates when candidates have equal qualifications. Kontron is implementing a number of measures to increase the number of women in management positions: These include initiatives to support a healthy work-life balance through parental leave policies and flexible working hours. Kontron is actively addressing and promoting female talent through cooperative activities and events, with a focus on filling more management positions with qualified women. Another initiative is the implementation of clear promotion criteria to promote equal opportunities and ensure that promotion decisions are based on unbiased and gender-neutral assessments.

In addition, the consistent implementation of a gender-inclusive language standard is an important measure to promote equal opportunities for employees of all genders and at all levels. In the area of women's empowerment, Kontron places equal pay as one of its strategic focuses and continuously works on ensuring performance-based pay, regardless of gender, and supports its female employees in their career planning and in further education. Kontron has committed itself to supporting the advancement of women, especially in management positions. For 2024, Kontron has developed the Sustainable Leadership Academy, an ambitious one-year training program to develop a new generation of leaders who embody the values of diversity, inclusion, and sustainability. The program is designed to foster the personal and professional development of participants. It is a strategic step by Kontron to increase the number of women in management positions.

As a sign of its commitment to DEI, Kontron participates in the annual "Daughters Days" in Austria, the location of the Headquarter of Kontron, that gives girls aged between 11–16 the opportunity to discover the technical professions at local companies.

### LGBTQ+ inclusion

Kontron strives to create a working environment that is open to all people, regardless of their sexual orientation or gender identity. Kontron facilitates a safe environment that respects all sexual orientations: Lesbian, Gay, Bisexual, Queer and more along with their allies.

### Ethical recruitment and career development

Kontron promotes transparent and objective recruiting and hiring processes that are aligned with the organisation's values and its commitment to DEI. Employees are hired lawfully and fairly that respects and protects their rights. The principle of equal opportunity and non-discrimination is strictly observed in recruitment and throughout the entire employee cycle – recruitment, onboarding, learning and development. Employees and job applicants will not be discriminated against on grounds of gender, age, faith or religion, skin colour, nationality, ethnic origin, political or other beliefs, sexual orientation, disability, or family status.

# SUSTAINABILITY REPORT

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## People with disability

At Kontron, inclusion of people with disability is key to achieving our mission. Kontron strives to minimise physical or digital barriers within its business model, giving high priority to equity criteria in addition to economic considerations. Kontron continues to integrate people with disability into the workplace through the use of special tools (e.g. technical aids) so that they can participate in an environment with equal working conditions. Kontron AG cooperates with AFB, an inclusive IT recycling company, to offer its customers the opportunity to combine professional IT services with social and ecological added value by reusing and recycling used hardware and creating jobs for people with disability.

## Remuneration

Kontron always strives for fair remuneration of all employees regardless of gender, origin, religion, age, disability, sexual orientation or other status. To deliver on that commitment, Kontron benchmarks and sets pay ranges based on relevant market data and considers factors such as an employee's role, experience, and performance. To close the gender-pay-gap, Kontron encourages equal pay at all career stages, for example by setting standardised entry-level salaries that are reviewed each year in line with the local market situation.

## Working environment & language

Kontron supports equal opportunities for the employment and has zero tolerance for discrimination, harassment or any other offensive behaviour, such as intimidation, insults, threats, bullying, unfair accusations or any other acts that aim to diminish or devalue a person's worth based on their hierarchical status, gender, sexual orientation or any other characteristic. The requirement to respect others also applies to any form of sexual harassment, for instance, obvious advances, demeaning comments, jokes, vulgar language, obscene gestures, or the display of offensive graphic material in the Group's business and production facilities. By using gender-neutral and non-discriminatory language in Kontron's job advertisements and publishing all job advertisements internally, together with the constant monitoring of equality with regard to gender, age, employee background, seniority and salary, Kontron is ensuring fair treatment and contributing to equal opportunities among men and women at all career stages. In addition, the company's website and social media platforms are also gender-neutral and non-discriminatory.

## Work-Life-Balance

Kontron acknowledges employee's need for flexibility and a more symbiotic work-life-balance. By combining mobile and office work and by offering a high degree of flexibility for individual needs, Kontron is laying the foundation for the productive work environment of the future – for all employees alike. To protect and reconcile work commitments with family needs, Kontron has put in place a number of measures. These include access to extensive resources and referral services, free of charge advisory, involvement of employees on leave and easing of re-entry after parental leave.

In the fourth quarter of 2023, Kontron conducted its second Group-wide employee survey, in which around 4,700 employees worldwide were invited to participate. The results show encouraging developments, including a 10% increase in the number of employees who feel well informed about sustainability, a 7% increase in awareness of diversity efforts and a 4% improvement in the perception of Kontron as a very good employer. These results underline the company's clear commitment to communication, sustainability, diversity, and overall employee satisfaction and encourage continued efforts to foster a positive working environment.

## Training

Kontron plans to enhance a number of trainings, activities, and awareness campaigns to raise awareness and enhance gender diversity, age/generation mix and mental/physical ability in the workplace. To strive for more gender diversity, Kontron will further accelerate its programs and measures in all phases of employment. These include ethical recruitment and talent attraction, intensive upskilling on DEI, unconscious bias trainings and inclusion programs as well as global diversity networking initiatives.

## Kontron Group's goals for its own workforce

### Diversity, equity, inclusion

- › Increasing the proportion of female employees to 50% by 2030
- › Increasing the proportion of women in management positions by 20% (compared to 2022) by 2030
- › Expansion of funding programs for female managers
- › Increasing employee satisfaction

### Training and education

- › Training hours will be increased by 20% (compared to 2022) by 2030
- › Access to training courses in compliance and data security for all Kontron employees by 2025

### Safety at work

- › Complete prevention of accidents at work

## Employee indicators

As of December 31, 2023, the Kontron Group employed 4,838 people worldwide (PY: 4,475), although employees on training contracts or parental leave are not included. The decline from 2021 to 2022 is primarily due to the completion of the “Focus” project (sale of companies in the IT Services segment) and the associated transfer of 1,787 employees to the Vinci Group as of December 29, 2022. Unless otherwise stated, the following employee figures express full-time equivalents as of the balance sheet date.

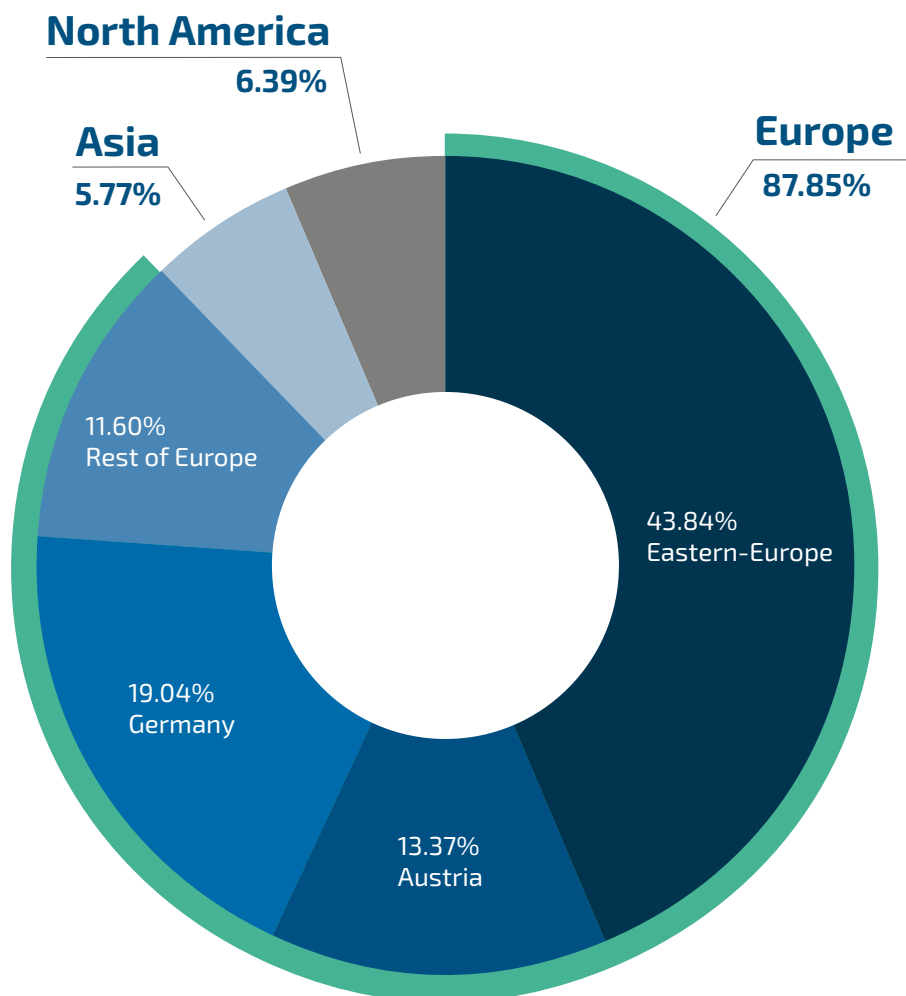
DISTRIBUTION OF EMPLOYEES ACROSS BUSINESS DIVISIONS *	UNIT	2023	2022	2021
Research & Development	FTE	2,658	2,478	3,260
Administration	FTE	772	714	916
Sales	FTE	622	545	762
Field Engineering	FTE	207	209	742
Production	FTE	579	529	526
<b>Total</b>	<b>FTE</b>	<b>4,838</b>	<b>4,475</b>	<b>6,206</b>

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

# SUSTAINABILITY REPORT

EMPLOYEES BY REGION*	UNIT	2023	2022	2021
Europe	FTE	4,250	4,003	5,729
of which Eastern Europe	FTE	2,121	2,163	3,477
of which Austria	FTE	647	625	617
of which Germany	FTE	921	732	1,253
of which rest of Europe	FTE	561	483	382
Asia	FTE	279	210	212
North America	FTE	309	262	265
<b>Total</b>	<b>FTE</b>	<b>4,838</b>	<b>4,475</b>	<b>6,206</b>

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



AGE STRUCTURE OF EMPLOYEES AND GENDER DISTRIBUTION*	GRI	2023	2022	2021
<b>Women</b>				
< 30 years	405-1	4.4%	3.8%	3.5%
30–50 years	405-1	16.0%	16.5%	15.1%
> 50 years	405-1	8.7%	8.4%	7.7%
<b>Total</b>	<b>405-1</b>	<b>29.0%</b>	<b>28.7%</b>	<b>26.3%</b>
<b>Men</b>				
< 30 years	405-1	9.2%	9.2%	10.2%
30–50 years	405-1	36.3%	38.0%	41.0%
> 50 years	405-1	25.4%	24.1%	22.6%
<b>Total</b>	<b>405-1</b>	<b>71.0%</b>	<b>71.3%</b>	<b>73.7%</b>
<b>Employees total</b>				
< 30 years	405-1	13.6%	13.0%	13.7%
30–50 years	405-1	52.3%	54.5%	56.1%
> 50 years	405-1	34.1%	32.4%	30.2%
<b>Average age</b>		<b>44.3</b>	<b>43.9</b>	<b>42.9</b>

\*incl. trainees

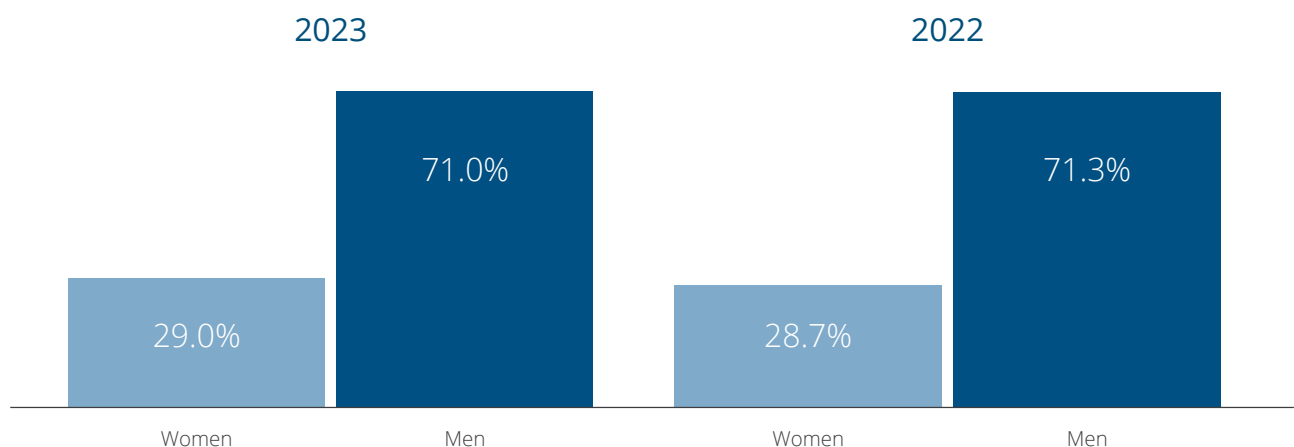


Fig. Gender Distribution of Kontron Group



# SUSTAINABILITY REPORT

NEW HIRES AND EMPLOYEE TURNOVER*	GRI	UNIT	< 30 YEARS	30-50 YEARS	> 50 YEARS	TOTAL
<b>Women</b>						
New Hires	401-1	FTE	99	147	46	<b>291</b>
Employee departures	401-1	FTE	51	102	41	<b>193</b>
Turnover	401-1	%	19.2%	11.4%	8.7%	<b>11.9%</b>
<b>Men</b>						
New Hires	401-1	FTE	181	265	108	<b>554</b>
Employee departures	401-1	FTE	100	194	95	<b>388</b>
Turnover	401-1	%	18.1%	9.8%	7.0%	<b>10.0%</b>
<b>Employees total</b>						
New Hires	401-1	FTE	280	412	154	<b>845</b>
Employee departures	401-1	FTE	151	295	135	<b>581</b>
Turnover	401-1	%	18.5%	10.3%	7.4%	<b>10.6%</b>

\* incl. trainees

Many of the Kontron Group locations serve as centres of vocational education where young people are trained for technical and business professions. These educational activities are evidence of the Kontron Group's years of commitment to training young people, a commitment enabling it to cover part of its need for highly qualified young employees. The Kontron Group also maintains working relationships with many universities of applied sciences and other higher education institutions and provides support to students undertaking dual majors in a variety of technical and scientific disciplines. Kontron also offers internships and the chance for students to work on Group projects.

DISTRIBUTION OF EMPLOYEES BY CATEGORY	GRI	2023	2022	2021
Female trainees	405-1	25.5%	23.3%	20.5%
Male trainees	405-1	74.5%	76.7%	79.5%
Female specialists	405-1	30.6%	30.1%	27.1%
Male specialists	405-1	69.4%	69.9%	72.9%
Female managers	405-1	22.0%	22.6%	22.1%
Male managers	405-1	78.0%	77.4%	77.9%

DISTRIBUTION OF EMPLOYEES BY CATEGORY	GRI	2023	2022	2021
<b>Trainees total</b>	<b>405-1</b>	<b>2.5%</b>	<b>2.6%</b>	<b>1.8%</b>
<b>Specialists total</b>	<b>405-1</b>	<b>81.3%</b>	<b>81.5%</b>	<b>83.0%</b>
<b>Managers total</b>	<b>405-1</b>	<b>16.2%</b>	<b>16.0%</b>	<b>15.2%</b>

EMPLOYEE CATEGORY BY AGE STRUCTURE	GRI	< 30 YEARS	30-50 YEARS	> 50 YEARS	TOTAL
Female trainees	405-1	0.6%	0.1%	0.0%	0.6%
Female specialists	405-1	3.8%	13.4%	7.6%	24.9%
Female managers	405-1	0.0%	2.5%	1.1%	3.6%
<b>Women total</b>	<b>405-1</b>	<b>4.4%</b>	<b>16.0%</b>	<b>8.7%</b>	<b>29.0%</b>
Male trainees	405-1	1.8%	0.0%	0.0%	1.8%
Male specialists	405-1	7.2%	29.6%	19.7%	56.5%
Male managers	405-1	0.1%	6.7%	5.8%	12.6%
<b>Men total</b>	<b>405-1</b>	<b>9.2%</b>	<b>36.3%</b>	<b>25.4%</b>	<b>71.0%</b>
Trainees total	405-1	2.4%	0.1%	0.0%	2.5%
Specialists total	405-1	11.0%	43.0%	27.3%	81.3%
Managers total	405-1	0.2%	9.2%	6.8%	16.2%
<b>Employees total</b>	<b>405-1</b>	<b>13.6%</b>	<b>52.3%</b>	<b>34.1%</b>	<b>100.0%</b>

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

## Other employee, health and social indicators

INDICATOR	GRI	UNIT	2023	2022	2021 <sup>1)</sup>
Employees total <sup>5)</sup>		FTE	4,838	4,475	6,206
Hours of training for trainees	404-1	Hours/FTE	133	130	n/a
Hours of training for specialists	404-1	Hours/FTE	11	16	n/a
Hours of training for management	404-1	Hours/FTE	9	16	n/a
Hours of training for women <sup>4)</sup>	404-1	Hours/FTE	12	17	n/a
Hours of training for men <sup>4)</sup>	404-1	Hours/FTE	14	19	n/a
Average hours of training whole Group	404-1	Hours/FTE	14	18	n/a
Apprentice performance appraisal	404-3	Head count	131	n/a	n/a
Specialist performance appraisal	404-3	Head count	2,680	n/a	n/a
Management performance appraisal	404-3	Head count	563	n/a	n/a
Employee turnover <sup>4)</sup>		%	10.6%	13.0%	14.8%
Average length of service		years	10.8	11.4	10.2
Work-related injuries	403-9	Accidents	32	19	23
Serious work-related injuries	403-9	Accidents	0	2	n/a
Fatal work-related injuries	403-9	Accidents	0	0	0
Total number of hours worked <sup>3)</sup>		Hours	8,127,000	7,518,000	10,426,080
Overall rate of reportable work-related injuries <sup>6)</sup>		Accidents/ working hours	0.79	0.56	0.44
Female employees with disability	405-1	FTE	21	21 <sup>2)</sup>	n/a
Males employees with disability	405-1	FTE	41	52 <sup>2)</sup>	n/a
Total people with disability	405-1	FTE	62	73	89
Employees with collective agreements <sup>4)</sup>	2-30	FTE	2,794	2,674	n/a
Employees with a doctorate <sup>5)</sup>		%	1.0%	1.5%	0.9%
Employees with a master's degree <sup>5)</sup>		%	27.8%	25.1%	29.6%
Employees with a bachelor's degree <sup>5)</sup>		%	28.7%	35.3%	30.2%
Employees with a high school diploma <sup>5)</sup>		%	26.6%	25.1%	27.5%
Employees with other qualifications <sup>5)</sup>		%	15.9%	13.0%	11.8%

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

2) Figures have been corrected

3) Statistically calculated value

4) Including trainees

5) Excluding trainees

6) Multiplication factor 200,000

## Management principles

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

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

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



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

## Training and education

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

Kontron's long-held philosophy

**“HIRE FOR ATTITUDE, TRAIN FOR SKILLS”**

remains unchanged and is driven forward by internal programs for the personal and professional development of our colleagues. In financial year 2023, the Kontron Group invested around EUR 1.2 million (PY: EUR 1.1 million) in training and education for their employees. Training and further education courses were held in a wide range of areas, above many of technical training courses to maintain or expand certifications at individual IoT suppliers. In addition management training and coaching, occupational safety training, project management seminars and various language courses were offered.

# SUSTAINABILITY REPORT

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Apart from the various training schemes, training on the job is also a key component of the Kontron Group's staff development strategy. Employees from the various divisions are provided 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 the 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.

## Kontron Sustainable Leadership Academy – Empowering tomorrow's leaders

### Our vision

Following the successful implementation of our first Leadership Academy in 2022, the Sustainable Leadership Academy 2024 was initiated in 2023. With this initiative, we continue our strategy of developing a new generation of leaders who internalize values such as diversity, inclusion and sustainability. The Academy not only benefits the participants, but is also a strategic measure for increasing the proportion of women and diversity in management positions across the Kontron Group. We believe in the power of diversity among leaders who embody and drive innovation and responsible corporate governance.

### Topics

The one-year program will cover a comprehensive range of topics that are important for tomorrow's leaders. These include exploring diversity and inclusion, addressing unconscious biases and promoting a culture of diversity. Emphasis is placed on leadership and management skills, with a focus on improving strategic decision-making. Business acumen is heightened through insights into finances, strategy, and business processes. A deeper understanding of environmental, social and governance (ESG) principles is promoted so that their impact on business is better understood. Cooperation skills, which we consider particularly important, are improved to enable successful cross-functional teamwork, while the mystery is taken out of navigating the jungle of regulations. Inspiration and innovation should be at the heart of the program in order to promote creativity and future-oriented thinking. Another focus of the program will be self-reflection, a key component for personal and professional development.

### Lecturers and program structure

The program will feature a mix of internal and external lecturers, including industry leaders and specialists. This ensures that participants receive different perspectives and practical insights. A cornerstone of the Academy is the mentors' program, which is designed to support participants with personal advice from experienced managers.

### Objectives of the Academy

The Academy sets itself ambitious goals in order to promote comprehensive personal and professional development. Progress and effects are regularly evaluated. The program is integrated into participants' career planning and serves as a springboard for future promotions. The focus is on supporting participants with their personal development and equipping them with skills that are essential both for outstanding performance in their current position and for advancement to higher management roles. There will also be numerous networking opportunities that encourage participants to build high-quality relationships.

### Candidates

In an application process, 20–30 committed employees wishing to develop both in their current position and in the company as a whole will be selected for the upcoming program. To illustrate our commitment to increasing the proportion of women in management positions, precedence will be given to female candidates.

## Occupational safety and health protection

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

Our experts – occupational safety specialists and company doctors – advise us on all aspects of occupational safety, including the ergonomic design of workstations and psychological aspects of work. This enables us to prevent both physical impairment through, for instance, monotonous work at computers and 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 minimise hazards and risks effectively. 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. Our objective is to create an accident-free working environment together with our employees.

In 2024, the Kontron Group plans to introduce a Facility Management Policy to document our occupational safety and health protection guidelines. This initiative underscores our commitment to a safe and healthy work environment by defining clear roles and processes in facility management, including specific responsibilities for facility managers, fire safety officers and first responders.

A central aspect of the new policy will be the improvement of building security through a detailed access concept and the implementation of regular safety instructions and training for all employees. The policy will also include comprehensive regulations on safety and protective equipment, maintenance of security systems, clear visitor regulations and building aspects to maximize safety at our sites. Implementation is planned for the first quarter of 2024.

## Societal and social commitment

The Kontron Group companies support a wide range of initiatives and projects in the fields of education, science, art, sport and public welfare in order to contribute to the local community. Funds are provided to regional projects and collaborations with schools, universities, non-profit organisations and foundations, for example. No donations or contributions of any kind are made to political parties or political organisations.

As in previous years, the support provided by the Kontron Group in financial year 2023 included donations of money and physical items; the forging of partnerships with sports associations, schools, and universities; and the support of numerous charitable projects.

### Cooperation with schools and universities

In order to secure the services of young employees around the world – especially IoT engineers – the Kontron Group maintains partnerships and cooperation with schools and universities in many different locations. We also support students with their undergraduate, postgraduate and research assignments and offer internships, trainee programs and training opportunities.

We are also active at local level in offering early career guidance to high-school students by acquainting them with the career opportunities available in technical fields at Kontron. In Augsburg, Germany, for example, we organise internships for high-school students in cooperation with vocational training institutions such as BIB Augsburg GmbH. Since 2019, Deggendorf Institute of Technology has given us the opportunity to integrate outstanding students of technical disciplines into our company, both during and after their studies. We also present the company to students at trade fairs such as the “HTL Career Days” in Vienna where interested students have the chance to meet us face to face.

# SUSTAINABILITY REPORT

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Our partnership with HTL Spengergasse in Vienna, a leading vocational technical school, has been continuously expanded since 2018 and was once again a great success this year. In addition, Kontron maintains close ties with the Salzburg University of Applied Sciences and the Hagenberg University of Applied Sciences and is actively involved in various research projects with the Fraunhofer Institute in Austria. The Kontron Group is also expanding its network around the world in the form of partnerships with leading colleges and universities. In Switzerland, these include the University of Applied Sciences in Northwest Switzerland and the University of Lucerne. In Germany, we cooperate with the technical schools in Kirchheim/Teck and Reutlingen, the Schömburg Vocational Rehabilitation Centre and the University of Applied Sciences in Dresden. Other international education partners include the University of Chichester in England; Versailles-Saint Quentin University and the École d'ingénieur généraliste en informatique et technologies du numérique in Paris; the ISEL in Portugal; the University of Belgrade in Serbia; West Bohemia University and CVUT (Czech Technical University Prague) in the Czech Republic; the Technical University in Moldova; and the Polytechnic University in Bucharest.

## Governance

### Corporate ethics

#### Corporate governance

The aim of corporate governance at Kontron is to enable transparent decision-making and responsible, sustainable value creation which are made transparent for stakeholders.

As a company listed on a stock exchange in Germany, Kontron AG, which is headquartered in Austria, has committed itself to observing Germany's Corporate Governance Code (DCGK). Kontron AG deviates from some Principles of the current version of this Code. In accordance with the "comply or explain" principle, the reasons for these deviations from recommendations are explained in the annual financial report and the annual report in the chapter, "Corporate Governance Report". The report is also published on the Kontron AG website at [https://ir.kontron.com/Corporate\\_Governance.en.html](https://ir.kontron.com/Corporate_Governance.en.html). At Kontron AG, the term "corporate governance" stands for a way of managing and controlling a company that is responsible, value-based, and geared towards sustainable value creation. Key components of good corporate governance are efficient working relationships between the Executive Board and the Supervisory Board; channels of communication within the company that are based on openness; respect for shareholder interests; the achievement of transparency and accountability when making decisions for the company; dealing with risks appropriately; and promoting equal opportunities and diversity. Kontron's Executive Board and Supervisory Board are convinced that good corporate governance – one that considers the specifics of the company's business and of its sector – forms an important basis for achieving success. A central responsibility of management is observance of national and international laws including tax laws, and refraining from tax evasion; of rules and directives; and of the Principles codified in Germany's Corporate Governance Code. This compliance is a matter of course for Kontron and a component of its culture of management.

#### Compliance

For Kontron, the compliance culture is an essential cornerstone of corporate governance based on integrity and respect. This commitment is firmly embedded in Kontron's corporate guidelines, Code of Conduct and Supplier Code of Conduct. We expect integrity from all employees and business partners. The Group Compliance Office supports the implementation of Group-wide and local compliance measures and performs a Group-wide monitoring function.

#### Code of conduct & compliance training

The Code of Conduct obliges our employees to behave in accordance with the law, to fulfil their personal commitments and to refrain from any activities likely to damage the reputation of the Kontron Group. The Code of Conduct describes and governs such issues as the observance of currently applicable laws, combating corruption, adherence to fair-trade and anti-trust laws, behaviour towards third parties, handling of financial and business records, combating money laundering, compliance with export control and duty laws, principles of non-discrimination, data protection and security, conflicts of interest, dealing with gifts and invitations to events, and how to handle donations, sponsorship and advertising. In 2023, the Code of Conduct was comprehensively revised and updated in line with international best practices and standards. This revision included integration of key ESG aspects related to human rights and labour practices, health and safety, the environment, and the handling of information, intellectual property and trade secrets. Our current Code of Conduct is available on the Kontron AG compliance website: <https://ir.kontron.com/Compliance.en.html>

As part of the onboarding process, new employees receive training in various compliance topics. Participation is mandatory. Regular "refresher" sessions are subsequently held throughout the Group. In financial year 2023, Kontron focused in particular on courses in the Code of Conduct, combating corruption, competition, money laundering and capital market law (see the "Compliance Training" chapter for more information).



# SUSTAINABILITY REPORT

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## Policies

By implementing Group-wide policies, Kontron creates a common understanding of corporate standards and values. These policies serve as guidance for employees to promote consistent behaviour and consistent business practices. The overarching goal of these Group-wide policies is to make business practices more standardised, minimise risks and promote a sustainable, ethically oriented corporate culture.

Among the most important of these policies are:

- › Capital market compliance guideline

The aim of the capital market compliance guideline is to raise awareness of the issue throughout the company and to establish effective systems for handling confidential information. Particular attention is paid to compliance with stock exchange and capital market laws in order to prevent misuse of insider information and to increase the confidence of investors, customers and business partners in the integrity of the company with lasting effect. Insider lists play a crucial role in the effective implementation of this guideline, as they ensure that insider information is handled judiciously and in accordance with the law. Kontron maintains insider lists and updates the relevant data in strict accordance with the requirements of the Federal Financial Supervisory Authority (BaFin) and the Financial Market Authority (FMA). The persons included on the insider lists are provided with full information on the legal obligations arising from access to the respective insider information. The primary aim of this information is to sensitise these persons – regardless of whether they are permanently or temporarily (on a project-related basis) engaged in activities that give them access to confidential information – to the need to handle insider information particularly carefully. This is intended to avoid potential conflicts of interest, prevent insider trading and ensure transparency in Kontron's handling of insider information.

- › DEI policy (Diversity, Equity and Inclusion)

The individuality of employees, combined with the principle of equal opportunities and respect for origin, age, religion, gender and other characteristics, is an integral part of Kontron's corporate philosophy and informs the entire corporate culture. The principles of diversity, inclusion and non-discrimination are not only firmly embedded in Kontron's Code of Conduct, but are also given a clear orientation and unequivocal support in the Group-wide DEI (Diversity, Equity and Inclusion) policy. This corporate policy sets out Kontron's obligations and responsibilities and defines the Group's attitudes, roles and responsibilities in this regard. For more information, see the "Diversity, Equity, Inclusion" chapter.

- › M&A policy (mergers & acquisitions)

This policy sets out the rules and procedures intended to ensure the proper execution of Kontron's merger and acquisition ("M&A") processes and defines the roles and responsibilities of M&A team members involved in merger and acquisition activities. The primary objective is not only to ensure an effectively structured due diligence process, but also to consolidate existing internal knowledge and competencies. This makes it possible to manage the due diligence process in-house and to reduce the need for redundant hiring of external consultants.

- › Supply chain sustainability and compliance policy

Kontron is also committed to promoting best practices in supply chain management. In line with this commitment, this policy was drawn up to establish binding standards for the sustainable optimisation of the global and local supply chain within the group of companies. The policy governs supplier assessment, the selection process, documentation and regular audits of external suppliers with clearly defined consequences in the event of poor results and violations of supplier standards. The aim is to promote sustainable business practices and ensure that ethical standards are met throughout the supply chain. For more information, see the "Principles of Procurement" section.

- › Whistleblower policy

The aim of the Kontron corporate whistleblower policy is to encourage all employees to report potential violations of laws, the Code of Conduct or Kontron's internal guidelines with good intentions. To this end, the Group-wide whistleblower policy clearly sets out how to deal with suspicious reports internally, who should be part of the necessary investigations and which disciplinary measures and measures under (labour) law are initiated in the event of proven violations. For more information, see the "Whistleblower System" chapter.

› Policy on the processing of personal data in the EU

The personal data processing policy sets out the principles, procedures, and standards that Kontron follows when collecting, processing, storing and sharing personal data. The aim of this policy is to ensure that processing is carried out in accordance with applicable data protection laws and regulations, in particular the GDPR, to protect the privacy and rights of data subjects.

Other corporate policies on data protection and data security, such as the information security policy, incorporate key Group principles that are important for information security and data protection. These guidelines ensure an appropriate and consistent level of security throughout the Group, and thus make a significant contribution to standardising and increasing the level of data protection.

### Anti-corruption

Kontron has a strict zero-tolerance policy with regard to all forms of corruption and bribery. The Kontron Group competes for contracts placed by government bodies and public sector corporations from around the world. For this reason, it is of key importance to the company that it observes all laws and stipulations pertaining to public-sector procurement, including legislation designed to preclude the exertion of undue influence on civil servants. Many countries have passed anti-corruption legislation forbidding bribery by commercial enterprises in accordance with internationally applicable standards. Several of these laws – such as the UK's Bribery Act and the USA's Foreign Corrupt Practices Act – are recognised around the world, and are robustly applied in the Kontron Group. In its Code of Conduct, Kontron undertakes to comply with all relevant anti-corruption legislation and obliges all employees across the Group to do the same. It should be stressed in this connection that Kontron makes no monetary or material donations to individuals, private accounts, political parties or political organisations. For more information, see the "Corruption Risk Assessment" section.

### Adherence to laws

Adherence to and observance of all applicable laws are compulsory in the entire Kontron Group. Every staff member is required to adhere to national and international codes of law. To enable employees and third parties to alert the Compliance Department to possible breaches of law committed in the company, the Kontron Group set up an electronic whistleblower system that also makes anonymous reports possible. This is available on the Kontron website at <https://ir.kontron.com/Compliance.en.html>. Potential contraventions can also be reported directly and at any time to the Compliance Officer, the Legal Affairs department, Human Resources or a member of the works council. Details of the internal audit can be found in the management report.

### Human rights

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

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

### Corruption risk assessment

Kontron is committed to the principles of responsible corporate governance and integrity. Kontron's relationships with its business partners are informed by honesty, trust and fairness, which are an essential part of corporate governance. Accordingly, Kontron pursues a strict zero-tolerance policy with regard to all forms of corruption and bribery.

Although Kontron generates a large part of its revenue in countries where the risk of corruption is rated as low by Transparency International's Corruption Perception Index (CPI), the company's global operations mean it is also active in countries where it is exposed to a higher risk of corruption.

As part of risk monitoring, regular risk assessments are carried out. Kontron takes into account both internal aspects, such as the business model of a unit, and external factors, such as the Corruption Perception Index. The findings obtained from this risk analysis

# SUSTAINABILITY REPORT

serve as a basis for the systematic implementation of our anti-corruption measures, which aim to prevent any form of corruption in all business activities.

As a potential risk owner, all areas of Kontron AG and all consolidated subsidiaries in all countries are involved in risk monitoring and risk assessment.

The countries in which Kontron is represented with a share of > 50% are shown below by risk category:

RISK CATEGORY	COUNTRY	NUMBER OF EMPLOYEES*
Low risk	Austria	722
	Belgium	32
	Canada	157
	France	269
	Germany	1,089
	Great Britain	59
	Portugal	18
	Spain	137
	Switzerland	80
	Taiwan	51
Medium risk	USA	153
	Bulgaria	44
	China	153
	Czech Republic	20
	Hungary	757
	North Macedonia	64
	Malaysia	57
	Poland	3
	Romania	305
	Slovenia	633
High risk	Kazakhstan	14
	Uzbekistan	7

\* Head Count incl. trainees

In recent years, Kontron has paid particular attention to activities in regions with political instability and uncertain legal situations. Subsidiaries in high-risk countries with a CPI of under 50, such as Uzbekistan and Kazakhstan, are subject to exhaustive corruption risk assessments (Corruption Perceptions Index: overall scale of 0–100; 0–19 very high risk; 20–39 high risk).

In its Code of Conduct, Kontron undertakes to comply with all relevant anti-corruption legislation and obliges all employees across the Group and all over the world to do the same. To ensure that the principles are implemented in daily business procedures and practices, Kontron has set clear guidelines and minimum standards in the respective corporate policies for the following areas:

› Bribery

Kontron expressly states its firm commitment to rejecting and preventing all forms of corruption. Employees and managers are expressly prohibited from offering, promising or granting financial or other benefits to business partners, customers, suppliers, authorities or public officials with a view to inciting behaviour that constitutes a breach of duty.

› Corruptibility

Employees must not allow themselves to be influenced in business decisions by unfair advantages offered by suppliers or business partners or accept such advantages. They are also forbidden to request unfair advantages from business partners.

› Conflicts of interest

A private or personal interest compromises the objective performance of obligations on behalf of the company. Employees and managers are required to prevent potential conflicts of interest by avoiding situations in which personal, family, political or financial interests could conflict with those of Kontron. Should circumstances exist that create even the impression of a conflict of interest, they must be reported within the company.

› Gifts and invitations to events

Gifts and invitations must always be appropriate and be given and accepted without concealment and with no expectation of a quid pro quo. It is important to Kontron to ensure that giving or accepting gifts or invitations never results in any financial advantage, disadvantage or damage to the reputation of employees, management or subsidiaries.

› Sponsorship, donations, and advertising

Kontron makes no monetary or material donations to individuals, private accounts, political parties or political organisations. This also includes organisations that could damage Kontron's interests or reputation. In addition, Kontron sponsors no events organized by political parties or authorities as a matter of principle.

All suspected cases are carefully reviewed and, where necessary, sanctioned by disciplinary measures. Verified violations of anti-corruption guidelines are punished without exception with appropriate disciplinary measures, including dismissal. In the year 2023, the company was not aware of any cases of corruption.

Combating corruption includes the development and implementation of mandatory training courses. Kontron offers regular training in corruption prevention to raise awareness of the issue among the participants. The selection is based on risk-specific criteria. In addition, third-party screening of all relevant business partners is performed, not only before contracts are concluded, but also continuously to detect any changes in their circumstances. No significant risks of corruption were identified in the period under review.

In addition, everyone has the opportunity to use the Group-wide whistleblower platform for confidential and, if desired, anonymous reporting of possible misconduct such as corruption, bribery, conflicts of interest, antitrust law violations or violations of capital market law. Our telephone hotline, which is available around the clock, offers a further anonymous option for reporting potential misconduct.

As far as the Executive Board is aware, there were no incidents of corruption or violations in the reporting period 2023 that may have repercussions for the Group.

# SUSTAINABILITY REPORT

## Data protection and data security

As a technology company, responsible handling of data, especially personal data, is essential for Kontron. Ensuring data security is part of our product portfolio and it has top priority when implementing and maintaining customers' systems or our own systems. Here, data protection and data security go hand in hand. Kontron treats data with the highest level of confidentiality and collects and processes it in accordance with applicable legal requirements.

In addition to national requirements, Kontron also meets the requirements of the General Data Protection Regulation (GDPR), which has been in force throughout Europe since May 2018, and the local laws enacted for 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 used in the company. This enables Kontron to guarantee a very high level of data protection and data security.

As a fast-moving multinational technology leader, Kontron is constantly challenged by cyber criminals. For this reason, particular importance is placed on IT and cybersecurity. The Group's IT department has introduced several security checks and technologies that enable an appropriate response to cyberattacks. The data security plans and measures in place are continually adapted to meet the latest requirements. Kontron is in a position to respond rapidly to changing challenges and implement new controls and procedures to meet threats. In accordance with the ISO 27000 series standards, 24% of the subsidiaries have an ISO 27001 certificate (information security) and the applications run on ISO 27001-certified systems. Kontron aims to increase the proportion of certified business processes, particularly those relating to ISO 27001, ISO 27018 compliance (data protection in cloud storage) and ISO 22301 compliance (business continuity management). More and more automated systems and processes are being deployed with the requisite external services, such as regular penetration tests and independent architecture analysis. All services accessible via the internet are secured using multifactor authentication.

In addition to implementing security technologies, our employees are also an important part of the line of defence. To ensure that our employees are aware of IT security, potential attack methods, etc., the Kontron Group's IT department has started implementing an extensive training program to raise awareness of security issues among all users. In 2023, 3,600 employees received cybersecurity trainings. In addition, employees also receive additional local training in the area of IT and cybersecurity. As a Group initiative, the employee Security Awareness Program – covering simulations – can strengthen the overall security level in the Group. The Security Awareness Program ensures that everyone in our organisation is sufficiently informed of security issues and has the requisite measure of responsibility for dealing with threats to data security and data protection.

The Group data protection officer and the data protection officers appointed locally by our subsidiaries are working to ensure that personal data is handled in accordance with the law throughout the Kontron Group. Their responsibilities include the further development of company-specific data protection measures, and regular consultation with their respective senior managements and with the specialist departments of the Kontron Group. In particular, the proper and prompt observance of the rights of affected persons to information, correction, deletion and data transfer was assured. All queries from people and supervisory authorities relating to data protection are duly documented, checked and processed. Treating data in a responsible way is of the greatest importance for us. In financial year 2023, there were only a few queries on data maintenance or deletion. No complaints or procedures involving data protection laws have been lodged against Kontron AG or its subsidiaries. No information security incident was recorded in the reporting year 2023.

## Whistleblower system

Kontron has a zero-tolerance policy with regard to all forms of illegal and unethical conduct and promotes a culture of openness and fairness in which employees can freely express their concerns about corporate misconduct without being exposed to any form of pressure. For this purpose, Kontron has set up various reporting channels that can be used to report suspected illegal or unethical misconduct by individuals or violations of Kontron's Code of Conduct or other Kontron policies within the group of companies.

The Group has a corporate whistleblower policy which sets out how to deal with suspicious reports internally, who should be part of the necessary investigations and which disciplinary measures and measures under (labour) law are initiated in the event of proven violations.

Kontron offers a two-way channel via an electronic whistleblower platform and a 24/7 telephone hotline which is available worldwide. In addition, employees are encouraged to report suspected cases directly to the Compliance Department, in person or anonymously using the email address [compliance@kontron.com](mailto:compliance@kontron.com).

The multilingual whistleblower platform, which is accessible to employees and external people, allows confidential and anonymous reporting of violations in the following areas:

- › Harassment and discrimination
- › Privacy and personal data
- › Theft
- › Diversity and inclusion
- › ESG – environmental, social and governance
- › Money laundering
- › Conflicts of interest
- › IT and cybersecurity
- › Capital markets and insider trading
- › Corruption
- › Supplier and customer relationship
- › Human rights and corporate social responsibility
- › Product safety and consumer protection
- › Sexual harassment
- › Violations of occupational health and safety regulations
- › Violations of sanctions and terrorist financing
- › Competition and antitrust law
- › White-collar crime

Regardless of the chosen reporting channel, all reports are treated confidentially, independently and objectively in accordance with the technical requirements of the EU Whistleblower Directive (2019/1937) and the General Data Protection Regulation (GDPR) to ensure that anonymity and confidentiality are unfailingly maintained.

The central investigative body is primarily the Compliance Department at headquarters, which performs, coordinates and monitors the processing of reports. In addition, many of the subsidiaries have their own central investigative body. Cases are dealt with in cooperation with other offices and departments as well as management or the Executive Board.

An IT system, internal controls and the multi-assessor principle support the Compliance Department in its task of processing reports of suspected misconduct.

During the reporting period, one anonymous report was submitted on the whistleblower platform. The report was investigated with the utmost diligence and confidentiality in compliance with the process set out in the whistleblower policy. The report concerned sexual harassment. Before the case could finally be closed, it was thoroughly investigated and rigorously followed up until the facts had been firmly established and exhaustive interviews had been conducted with the parties concerned and with witnesses. Work on this case took two months before it was closed. The report was made in connection with misconduct in an international subsidiary.

## Compliance trainings

To raise awareness of compliance issues, Kontron offers continual training using tailor-made e-learning modules. These modules are specifically tailored to the needs of employees who are exposed to certain compliance risks due to the areas they work in, their roles and their responsibilities and who therefore need special training in the respective fields. The modules focus particularly on the following key areas:

- › Code of Conduct
- › Fair competition
- › Capital market compliance
- › Protection against corruption
- › Preventing money laundering

As part of the onboarding process, new employees are asked to attend the compulsory training courses. Every two years, course participants, i.e. those in business areas exposed to compliance risks, are invited to attend regular training sessions. Organisational and personnel changes within a training cycle are constantly taken into account. Kontron also underlines its commitment to diversity and inclusion by integrating various language options.

In 2023, the compliance training courses were extremely successful, which indicates a commitment to increasing knowledge and effective implementation of ethical standards. The number of participants who successfully completed these courses provides impressive evidence of this positive development:

2023	COMPLETION RATE
Code of Conduct	93%
Fair competition	88%
Capital market compliance	95%
Protection against corruption	86%
Preventing money laundering	92%

In 2023, particular importance was placed on the Code of Conduct training courses, which play a central role in Kontron's commitment to a sustainable and ethically responsible corporate culture. With the Code of Conduct and its internal guidelines, Kontron sets clear and practical guidelines. These provide clear principles of conduct for all employees, executives and management worldwide.

The e-learning module "Capital Market Compliance" was also concluded, with a very good completion rate of 95%. The figures not only illustrate the participants' willingness to play an active part, but also the strong commitment of employees to the company's ethical standards and standards of conduct. Kontron has set itself the target of achieving a 100% completion rate by 2024. In order to increase the willingness to participate, Kontron is planning targeted incentive systems for 2024, improved communication strategies and flexible training times for the training program, as well as a Leadership Academy for management.

Kontron is actively committed to continuously developing the methodology and has targeted increased transparency in the presentation of the key figures for compliance training in the Sustainability Statement 2024. To this end, additional key figures, such as the number of participants in compliance training courses across the Group, are to be integrated. Kontron's goal is to continuously improve the quality of sustainability reporting and significantly increase the transparency of published information.

In this connection, particular emphasis is being placed on increasing the number of training courses in corruption prevention, particularly for employees in high-risk countries. With these initiatives, Kontron reaffirms its clear commitment to continuous improvement and responsible action within the company.

## Quality management and certifications

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

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

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

All our products comply with legal requirements, relevant standards and specifications such as UL, CSA, CQC, VDE and TÜV-tested safety. We ensure the effectiveness and efficiency of the quality management system through internal audits and assessments by external certification bodies.

Our existing certificates from 2023 are listed in the table below:

CERTIFICATES	2023	2022*	2021*
ISO 9001 (Quality Management Systems)	36	35	48
ISO 14001 (Environmental Management Standard)	18	15	19
ISO 45001 (Occupational Health and Safety, before "OHSAS 18001")	12	8	14
ISO 27001 (Information Security)	11	10	24
AS 9100 (Quality Management System – standard for aviation, space and defence product suppliers)	6	4	2
ISO 13485 (Medical devices – Quality Management Systems)	5	5	5
ISO 20000 (IT Service Management (ITSM))	3	4	11
EASA 145 (European Aviation Safety Agency Certificate)	2	2	1
FAA REPAIR STATION (Air Agency Certificate)	1	1	1
ITAR (International Traffic in Arms Regulations)	1	1	1
IRIS (Railway Industry Standard)	1	1	1
RISQS (Railway Industry Supplier Qualification Scheme)	1	1	2
ISO 31000:2018 (Risk management)	1	n/a	n/a
ISO/IEC 17067 (Fundamentals of product certification and guidelines for product certification schemes)	1	n/a	n/a
ISO37001:2016 (Anti-bribery Management Systems)	1	n/a	n/a
ISAE 3402 Type II (Service Organisation Control Reports)	1	n/a	n/a



# SUSTAINABILITY REPORT

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CERTIFICATES	2023	2022*	2021*
IECQ-H DNVTW (Hazardous Substance Process Management)	1	n/a	n/a
ISO 14064-1:2018 (Greenhouse Gases)	1	n/a	n/a
ISO 39001:2012 (Road Traffic Safety Certification)	1	n/a	n/a
ISO 50001:2018 (Energy Management System)	1	n/a	n/a

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

## Company

Kontron Slovenia

## Solution

Broadband solutions

## Industry

Communications

## Market

Global

case study



## Energy-efficiency labelling

Kontron Slovenia is the first vendor in the telecommunications industry to publicly disclose the energy efficiency of its broadband products. The energy-efficiency labels and declarations help operators make informed decisions to reduce their environmental impact throughout the equipment lifecycle, implement sustainability strategies, and cut energy bills.

Easy to read and understand, the labels and declarations state a product's power consumption, test methodology and the level of compliance with the EU Code of Conduct on Energy Consumption of Broadband Equipment.

Kontron introduced energy-efficiency labels and declarations in 2022 and 2023, respectively. Leading by example in open and transparent communication, Kontron's initiatives help put an end to the confusion caused by the inconsistency of reporting power consumption.

The declarations and labels – which are similar in design to those used for energy classes of domestic appliances – are part of the company's continuous efforts. Ensuring that its broadband equipment complies with the limits set in the Code of Conduct, Kontron is continuously reducing its overall carbon footprint and taking positive steps towards a greener Europe.



## Appendix

### Information on the report

Since financial year 2017, Kontron AG has published a separate Sustainability Report at the same time as the annual report. With this Sustainability Report for the financial year 2023, we inform our customers, investors, business partners, employees and the interested general public about how the Kontron Group handles ESG issues. This report was written with reference to the Universal Standards of the Global Reporting Initiative (GRI). GRI standards were selectively applied, as were those of the BDI (Federation of German Industries) owing to the company's listing on the stock exchange in Germany.

The principle of materiality to the Kontron Group guided the selection of contents for this report. As a basis, topics were arranged in a materiality matrix, depending on their significance for the Kontron Group and its stakeholders. The topics were classified as having great, medium and low importance to the Kontron Group. These classifications express the Group's view of its operations. Topics of great and medium importance were then examined and included in this report. However, omission of topics of low significance from our report does not mean that they are not addressed.

This report covers the period from January 1 to December 31, 2023.

For in-depth information on the company's financial objectives, the development of its business, the product portfolio and ESG risk management, please consult Kontron's 2023 annual financial report and the 2023 annual report.

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#### ESG contact

Amani Abdalla  
Kontron AG  
Lehrbachgasse 11  
A-1120 Vienna  
esg@kontron.com

## Company

Kontron Transportation

## Customer

C.F.R. (Căile Ferate Române)

## Solution

GSM-R (Global System for Mobile Communication – Railway)

## Industry

Transport

## Market

Romania



# Kontron and Thales GTS România S.R.L. signed new contracts on implementing a new GSM-R (Global System for Mobile Communication – Railway) system

A milestone in the further development of railways in Romania has been set. With this project the rail communications will be expanded.

The safety of the commercial traffic will increase on the Rail lines “Lugoj – Timisora East” and “Cluj Napoca–Oradea–Episcopia Bihor”.

The implementation work has already started, and the planned duration is 3 years. Kontron provides its long-term GSM-R experience and reliability, enriched by more than 15 years of lifecycle management in supply and maintenance.

This milestone project will bring lot of benefits to railways and rail passengers in Romania.





Please visit <https://ir.kontron.com/reports/Reports.en.html> for access to our annual and quarterly reports, and to our press releases, each of which is placed online on the day of its publication. Any changes to schedules and dates are also announced on our website in good time. This annual report was published on March 28, 2024, in German and in English. The English version is provided for convenience only. The German version is binding. No liability is assumed for any typographical or printing errors. This document has been carefully prepared and all information have been checked carefully. Nevertheless, the possibility of layout and printing errors cannot be excluded. The use of automated calculation systems may result in rounding differences.

This annual report contains statements that refer to future developments. These are based on assumptions and assessments made by the Executive Board. Although we are of the opinion that the assumptions and estimates are realistic and correct, they are subject to certain risks and uncertainties that may cause actual future results to diverge materially from the assumptions and estimates. Factors that may result in a discrepancy include changes in the overall economic, business, financial and competitive situation, exchange and interest rate fluctuations as well as changes to the business strategy. We accept no warranty for the developments and events actually taking place in the future according to the assumptions and assessments articulated in this annual report. The assumptions and estimates made in this report are not updated.

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