PIERER MOBILITY AG

Sustainability Report | 2022

CONSOLIDATED NON-FINANCIAL REPORT

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Key Sustainability Goals for 2023 and Beyond

Define and set CO_2 targets for 2030 (Scope 1-3).

Sustainability rating will be established as part of the overall supplier assessment.

Compile a whistleblowing policy and roll out the whistleblower system globally.

Implement HSE software.

Attract more women to technical professions and continuously increase the percentage of female employees, especially in production and production-related areas.

Further reduce the amount of packaging.

Be open to new technology for drive concepts.

From 2024, first use in production of the company's own traction batteries developed in-house.

Develop a joint platform strategy and cooperate on different battery solutions with Bajaj Auto.

By 2024, three electric platforms will be introduced for entry-level vehicles, some of which may even be ridden without a motorcycle license.

From 2024, MotoGP will operate using blended fuels. From 2027, 100 % of the fuels used in motorsport will be synthetic fuels.

By 2030, at least a third of group sales will be generated with electrified two-wheelers.

Sustainability Highlights

161 €M

INVESTED
in product development

79.59 G/KM

FLEET EMISSIONS[1)]

10.8

LOST **T**IME
FREQUENCY INJURY RATE[3)]

80%

PROCUREMENT VOLUME WITHIN EUROPE
for series production

98,1%

RENEWABLE ENERGY SHARE[4)]

-38,0%

RESIDUAL WASTE[5)]

1) Reduction in energy demand for products (motorcycles, excl. e-bicycles): Ø Emission in g/km;

2) Calculated from the units of motorcycles, e-bicycles and electric balance bikes sold (number of units).

19.1%
unit sales
ELECTRIFIED TWO-WHEELERS[2)]

2.8 €M
INVESTED IN FURTHER EDUCATION
of employees

23.2 €M
INVESTED in alternative drive technologies

0
COMPLIANCE CASES, INCIDENTS with fine or penalty **AFTER RECALLS**

25.4%
FEMALE SHARE

120,000
hours of **EDUCATION AND FURTHER TRAINING** for employees

3) Rate excl. temporary workers; The LTIFR is the number of lost-time injuries (of at least one workday) per million hours worked.

4) Electricity and district heating at the main company and production sites of KTM AG and PIERER Mobility AG.

5) Reduction compared to the reference year 2019, calculated with waste quantity from the KTM Group's manufacturing sites in Mattighofen and Munderfing (Austria).

Introduction by the Executive Board

Last year was marked by exceptional geopolitical and economic challenges both geopolitically and economically. As the result of higher energy prices and the lingering effects of the COVID-19 pandemic, particularly in terms of procurement and global supply chains, the already uncertain situation in the supply chains became even more strained during the first half of the year. This led to shortages of certain components from suppliers of the motorcycle and electric bike sector. Our high flexibility in production and sales planning enabled us to maintain continuous operations. This meant we were able to manage successfully the issues with component availability and achieve another record year in terms of both revenue and earnings. In the 2022 financial year, PIERER Mobility AG increased the group revenue by 19.4 % to EUR 2,437 million. Preliminary operating EBIT improved by around 22 % to EUR 235 million, equating to an EBIT margin of 9.7 %.

In our sixth sustainability report, we like to highlight further significant progress in areas of various business units have made in relation to sustainable measures and look back at the last financial year. In addition to the preparation of additional disclosures in relation to the EU taxonomy, key topics in 2022 included conducting a detailed and comprehensive materiality analysis. This resulted in the definition of further targets as well as the expansion of data collection processes. The data will continue to be a key issue for us in the years to come – for example for calculating our footprint (upstream and downstream CO_2 emissions) or with regard to the life cycle assessment.

There were a whole host of improvements in some areas in our sustainability performance in 2022. In the reporting year, for example, the volume of residual waste was reduced by around 38 % compared to the reference year of 2019, which was significantly more than the target of 10 % that was set. The proportion of reusable packaging for mass-produced items also increased faster than planned, which meant that the target set here was also exceeded. Thanks to the ESG platform for suppliers, which was established at the beginning of the year. We have now the opportunity to use the information provided to identify risks at an early stage and to initiate appropriate activities. Around 60 % of suppliers have already completed the questionnaire. In 2023, the aim is to increase the percentage of verified series suppliers to 80 %.

AMONG THE BEST IN THE INDUSTRY FOR ESG RISK RATING

In January 2023, PIERER Mobility AG received the update on its ESG risk rating from Sustainalytics. The company was rated as having a low risk of material financial impacts from ESG factors (value: 10.5). This ESG risk rating means that we came again 2nd [1] in the Sustainalytics ranking of the automotive sector. In addition, PIERER Mobility AG was recognized by Sustainalytics as an “ESG Regional Top Rated” and “ESG Industry Top Rated” company in 2023.

EMPLOYEES AS A PILLAR OF SUCCESS

The labor market is more challenging than ever, and not just because of demographic trends. Our employees are one of the four pillars of success of the PIERER Mobility. For this reason we are continuously taking measures to ensure that we remain an attractive employer. Our group takes the approach of enabling current employees to develop their career within the company and engage in lifelong learning by undertaking further training and education. Last year we invested around 2.8 million euros in the development of our employees. Furthermore, in September the new training center for apprentices was opened at our main site in Mattighofen. While other companies in the industry continue to suffer from a persistent shortage of skilled workers, we have recognized the opportunity that apprenticeships and dual training present and are keen to restore apprenticeships to the status they deserve as a training pathway. The best approach is to train the skilled workers of the future in-house.

INNOVATION – THE FUTURE OF PTWS

PIERER Mobility AG continues to pursue an intensive R&D strategy, as is demonstrated by our high research quota, and we aim to maintain this at a high level in the upcoming years. Our R&D strategy and continuous evolution of our product range are creating innovative and future-proof products that meet the high expectations our customers have in relation to technology as well as applications.

Another key pillar of our sustainability strategy is the decarbonization of transport. We endeavor to provide drive solutions for PTWs that champion this approach, independently of binding legal requirements and comparative figures. Embracing new technology is therefore a

1 https://www.sustainalytics.com/esg-ratings

basic principle within our research and development. The intention of the EU Council to test new technologies in 2026 is therefore vital. This will create further potential for decarbonization, for example using synthetic fuels. With the KTM Forschungs- und Entwicklungs GmbH, we are also a founding member of the eFuel Alliance Austria. It advocates the industrial production of synthetic liquid fuels from renewable energy sources. Together with partner companies, we share the goal of establishing and promoting e-fuels as a way of contribution to climate protection and helping e-fuels to become widely used around the world.

In addition, in 2022, we started an in-house development of a traction battery designed specifically for use in two-wheelers. This will enable us to create solutions that are designed for recycling. The batteries will be used in a variety of our group's motorcycle models. The first use in serial production of motorcycles is scheduled for 2024. This once again underlines our approach of attaching great importance to ensuring that resources are used efficiently and sustainably.

OUTLOOK

In the 2023 financial year, we also intend to address the social and environmental aspects of our activities in all four ESG activity areas, continue to pursue the sustainability targets we have set, evaluate the associated processes on an ongoing basis, and adapt them where necessary. One of the major challenges are the supply chains with have many levels. Therefore, further concepts for supplier audits are being developed. The sustainability rating will also be established in the future as part of the supplier assessment that has already been introduced within the group. In the next step of our decarbonization strategy, we are working on defining and setting CO_2 targets for 2030. By doing this, we as a motorcycle and vehicle manufacturer also want to contribute in achieving the EU target of climate neutrality by 2050, and we will outline the CO_2 targets in the upcoming reports. We see an opportunity to achieve significant reductions in particularly in the areas of procurement, manufacturing and logistics as well as in the use phase of our vehicles (Scope 1-3). Examples of measures planned in relation to energy consumption include the installation of new photovoltaic systems which will generate a high proportion of the energy we require for our own needs, and the installation of smart building control systems.

In the future, our focus will continue to be on issues such as technology transfer and qualification of materials, on processes and methods for optimizing the sustainability of products and components. The core competencies in lightweight construction and composites will be used in various cross-sector development projects on products for future mobility that meet the high expectations of users in all target groups. We have an open-minded approach regarding the green transformation within PIERER Mobility AG. Every technology needs to evolve and optimized further to suit its particular application. This is also the focus of the motorcycle industry's aspirations, which are based on the concept of "Right Vehicle, Right Place, Right Energy Carrier". Innovative power has been one of our strengths for years and is also our opportunity to embrace a sustainable (mobile) future.

Stefan Pierer
Chairman of the Executive Board

Stefan Pierer, CEO
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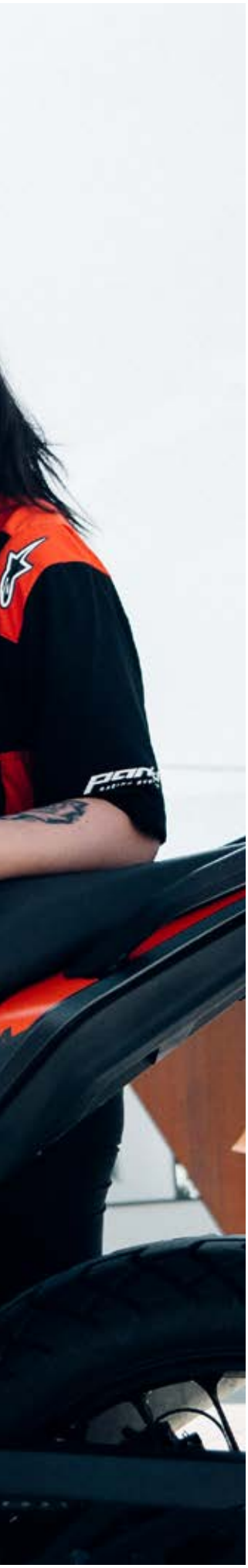


I. COMPANY & SUSTAINABILITY MANAGEMENT

About this Report

This sustainability report (non-financial report pursuant to Section 267a of the Austrian Commercial Code (UGB)) has been prepared in accordance with the GRI standards 2021. This has been published annually since 2017 and will be published at the same time as well as the annual financial report. The financial year of PIERER Mobility is based on the calendar year and ends on December 31. The GRI index, starting on page 112, contains a detailed list of the requirements in this regard as well as PIERER Mobility AG's compliance or reason for non-compliance.

This consolidated non-financial report, as it is known, essentially covers all fully consolidated subsidiaries of PIERER Mobility AG. In addition to KTM AG and its subsidiaries, this includes PIERER Innovation GmbH and Avocodo GmbH.

The key environmental figures generally reflect the key figures of the main company and production sites in Austria. In addition to PIERER Mobility AG in Wels, this includes KTM AG in Mattighofen and Munderfing, KTM Sportcar GmbH in Graz and the Electromobility Center in Anif. PIERER New Mobility GmbH (formerly PIERER E-Bikes GmbH)[1] is not included here. The key environmental figures and emissions associated with this company are not published in this report.

External Audit

The published information has been audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz/Austria. The aim of PIERER Mobility AG is to document the validation and trustworthiness of the information disclosed for the public in a comprehensible way by conducting this third voluntary external audit. The corresponding confirmation can be found in the independent audit report at the end of this sustainability report.

1 The (e-)bikes of PIERER New Mobility GmbH are sourced from two external, independent assembly sites. The assembly sites are in turn supplied directly by various component manufacturers. PIERER New Mobility GmbH therefore does not perform any assembly work itself. As a result of the partnership with the assembler Maxcom in Bulgaria, the joint plant is scheduled to start operating in 2023.

About PIERER Mobility

PIERER Mobility AG is the parent company of the PIERER Mobility Group. The PIERER Mobility Group is Europe's leading "Powered Two-Wheeler" manufacturer with a focus on highly innovative premium motorcycles and electric mobility for two-wheeled vehicles. The PIERER Mobility Group is divided into the strategic core divisions of (i) **Motorcycles** and (ii) **New mobility** with its equity holding in the KTM AG, (iii) **Design, Concept Development and Digitalization** with the equity holdings in PIERER Innovation GmbH, KISKA GmbH[1], Avocodo GmbH. See also simplified presentation of the Group structure by areas on page 13.

KTM AG is a global manufacturer of Offroad and Street vehicles. The products of the KTM AG are sold under the "KTM", "Husqvarna Motorcycles" and GASGAS brands. The KTM AG develops, manufactures and sells high-performance and competition-ready vehicles for the Offroad and Street segments. In addition, the product range also includes mini-motorcycles, the KTM X-BOW and brand accessories (spare parts, technical accessories and clothing).

The KTM Components GmbH develops, produces and sells under the brand "WP" the following high-performance chassis components for motorcycles and vehicles: (i) suspension components, (ii) frame construction and related welded-steel components, (iii) exhaust systems and (iv) cooling systems. The KTM Components GmbH is a comprehensive system provider in the international motorcycle and power sports sector. Due to the offered product groups, the KTM Components GmbH is able to develop, test and manufacture the entire chassis of a motorcycle.

The research and development area of the PIERER Mobility Group, bundled in KTM Forschungs & Entwicklungs GmbH, is organized globally with decentralized locations in Europe (Austria, Spain) and the United States. The development programs are centrally managed at the R&D headquarters in Mattighofen and Munderfing (Austria), where pioneering products for the PTW segment are designed, developed and tested using the latest methods and equipment. In the financial year 2022, KTM Technologies GmbH was integrated into KTM Forschungs & Entwicklungs GmbH. KTM Technologies GmbH is a development service provider for the Group and for third-party customers with a focus on the automotive, aviation and mechanical engineering industries. Its services focus on concept and product development, as well as technology development based on its distinctive expertise in complete vehicles, lightweight construction and materials.

The new mobility division of the PIERER Mobility Group with the brands Husqvarna E-Bicycles and R Raymon, GASGAS Bicycles and FELT Bicycles is bundled in PIERER New Mobility GmbH (formerly PIERER E-Bikes GmbH).

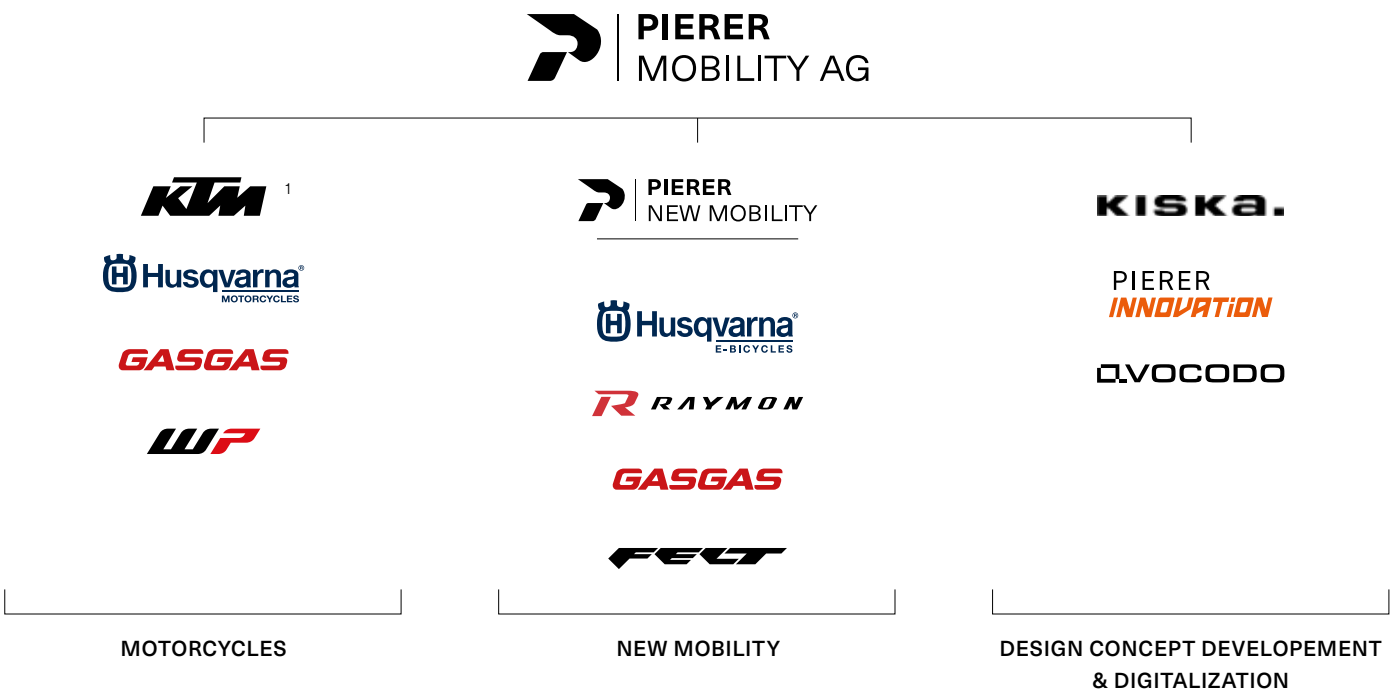
PIERER Innovation GmbH manages sustainable digital transformation and develops digital innovations for the two-wheeler market. Many of today's innovations are based on a broad digital evolution. For example, connectivity is not just something for smart homes, but affects everyday objects and also vehicles become more and more widely networked. Together with Avocodo GmbH, PIERER Innovation is a center of expertise for the digital user experience (artificial intelligence, e-commerce, internet of things), software development, business modeling and data science as well as the evaluation of new digital technologies, thus shaping the digital future of PIERER Mobility AG.

Avocodo GmbH is a software and IT provider specializing in digital strategy, mobile applications, web applications and business solutions.

1 Not fully consolidated company, therefore not included in this report.

Group Structure

SIMPLIFIED PRESENTATION BY AREAS, DECEMBER 31, 2022



100% shareholdings: KTM AG, Husqvarna Motorcycles GmbH, GASGAS Motorcycles GmbH, WP Suspension GmbH;
PIERER New Mobility GmbH (with the brands Husqvarna E-Bicycles, R Raymon, GASGAS and FELT);
PIERER Innovation GmbH, Avocodo GmbH; 50% shareholding: KISKA GmbH
Other shareholdings: ACstyria Mobilitätscluster GmbH 12.3%; Platin 1483. GmbH 100%, Pierer E-Commerce GmbH 100%

1 In this presentation, KTM stands for KTM AG, which, as the owner of the KTM brand, manufactures and/or distributes motorbikes and motorbike accessories under this brand. To be distinguished from this is KTM Fahrrad GmbH, which, as the exclusive licensee, manufactures and/or sells bicycles and bicycle accessories under the KTM brand. KTM AG and KTM Fahrrad GmbH are neither affiliated with each other under corporate law nor intertwined with each other in terms of capital or otherwise. Consequently, PIERER Mobility Group, does not produce or distribute bicycles and bicycle accessories under the KTM brand but under brands such as Husqvarna, GASGAS, R Raymon or FELT..

Corporate Governance

The Executive Board of the PIERER Mobility Group ensures proper corporate governance, taking account of aspects of sustainability (for example, sustainability strategy, sustainability goals) to ensure the future viability of the business model. This is the only way to ensure that the company's continued existence is secured at a time of geopolitical, economic and social changes.

The rules for proper corporate governance are set out in, among other things, the Austrian Corporate Governance Code (ÖCGK), to which PIERER Mobility AG is committed. As an Austrian company listed in Switzerland, PIERER Mobility AG is also subject to the rules of the Swiss Directive on Information Relating to Corporate Governance of the SIX Swiss Exchange ("Swiss Directive on Corporate Governance").

The Executive Board of the PIERER Mobility Group is structured according to functional and business responsibilities. Just as they were in 2022, the business-related divisions are led by four members of the Executive Board. The following areas of responsibility focus on the group functions and business-related responsibilities:

- Chairman of the Executive Board/Strategic Overall Management, Product and Quality Management, Supply Chain, Strategic Projects, Sustainability;
- Finance/Controlling, Compliance, Tax Affairs, Risk Management;
- Sales, Marketing, Customer Service, Joint Ventures;
- Human Resources, Organization, IT.

More information about the members of the Executive Board and their areas of responsibility can be found from page 76 of the 2022 Annual Report.

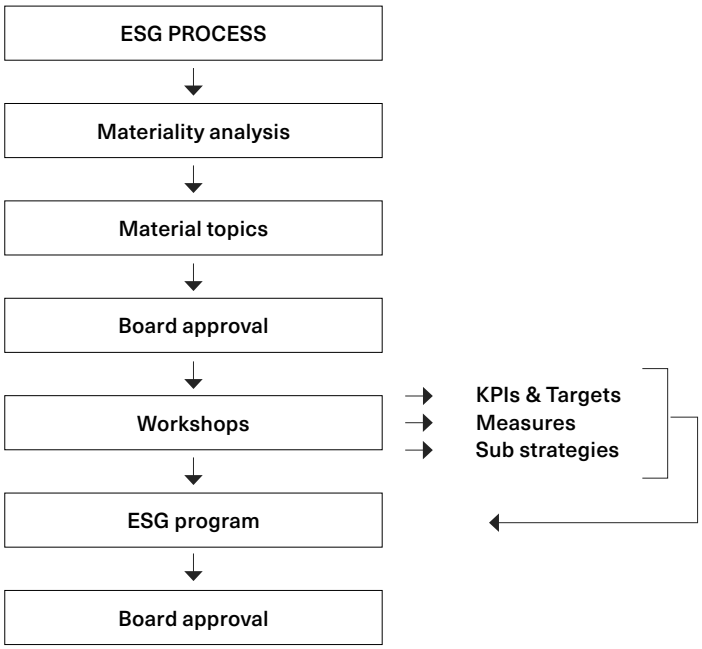
ESG team

In response to increasing stakeholder interest in environmental, sustainability and governance issues, ESG management has been expanded further. The ESG team, comprising employees from Risk Management, Quality Management, Environmental Management, and Investor Relations, consults regularly with ESG officers/ responsible persons from all specialist departments. The general managers/divisional heads of the respective business units/divisions are responsible for implementing the ESG process and for creating and achieving the ESG targets. The targets are regularly monitored and approved by the Executive Board. Overall responsibility rests with the CEO.

New Supervisory Board committee for ESG issues

The Compliance, IR and ESG Committee was established by circular resolution of the Supervisory Board of PIERER Mobility AG dated May 11, 2022. The committee held its inaugural meeting in the 2022 financial year and, among other things, examines the issues from the sustainability and TCFD reports and regularly reviews whether the compliance, IR and ESG objectives pursued by PIERER Mobility AG are being met. For this purpose, the committee monitors the measures being taken to achieve these objectives and examines whether the ESG information that is disclosed meets stakeholder expectations.

ESG Process



ESG PROCESS

- The **material topics** are determined by conducting a **materiality analysis** (stakeholder survey and impact assessment every 2 to 3 years, updates in the meantime).
- The results are presented to the executive **board** for **approval**.
- The material topics are discussed in **workshops** with all respective departments and respective measures and goals are defined or updated.
  - **Workshops**: ollowing a new materiality analysis
  - Update discussions ESG program: following an update of the materiality analysis
- These measures and goals result in an **ESG program** also presented in the sustainability report.
- The ESG program is presented to the executive **board** for **approval**

Figure: ESG process of the PIERER Mobility Group

Value Chain

As a manufacturer of motorcycles for off-road and street use and as a developer of products and designs for (e-)bikes, the PIERER Mobility Group integrates an extensive part of the value chain. This starts with creating products in the area of research and development and extends from purchasing, through production - which in some cases is also done internally - to sales and distribution.

- Logistics & sales
- Motorcycle production & assembly
- Purchasing
- Research & development
- (Product use & recycling)

Facility KTM Components GmbH
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Sustainability Management

1. MANAGEMENT SYSTEM & SCOPE OF CERTIFICATION

The whole process of creating a product in motorcycle manufacturing – from market analysis, the idea for the product, design studies, construction and development, cooperation with suppliers, the procurement of components for series production, parts production, assembly of the engine and vehicle, through to packing and dispatch – is mapped by an integrated management system according to ISO 9001:2015 and ISO 14001:2015 and controlled using the KTM process management system.

Audits during production

In order to counteract the risk of a faulty product and of associated potential adverse effects for our customers as much as possible, we perform detailed audits on engines and vehicles during production on a daily basis. To improve the production and assembly processes, monthly process audits are also carried out in accordance with VDA 6.3. (VDA - German Association of the Automotive Industry, VDA 6.3 = guidelines for process audits). As most of the vehicles produced are designed and homologated for use on public roads, we attach great importance to complying with the legal requirements of the relevant end markets.

Measurement and testing laboratory

A measurement and testing laboratory is available within KTM Forschungs & Entwicklungs GmbH. This is where newly developed or advanced materials destined to be fitted on motorcycles are analyzed or tested to ascertain their impacts on health and safety in order to ensure they comply with the specification requirements of components/products. If necessary, tests can also be carried out on clothing and accessories (protective equipment, etc.) in the in-house laboratory. Moreover, R&D operates an operational stability test facility for testing individual components, assemblies and complete vehicles (e.g. a shaker test bench, servo-hydraulics test bench, endurance roller dynamometers, and an acoustic roller dynamometer). In addition, in the quality management testing laboratory, as well as conducting various tests such as hardness tests, tensile/compression tests, chemical analyses, etc., the specialist departments can also ask for analyses of damaged parts to be carried out.

Product testing & process FMEA

The development results are tested throughout the product development process by test teams set up specially for both on-road and off-road vehicles, from the early prototype phase through to the production product. The riders are specially trained vis-à-vis other R&D staff in handling such vehicles and pushing them to the limit. Around 2.5 million kilometers are now covered each year during testing – and this figure is set to increase. In order to avoid risks, failure mode and effects analyses (design & process FMEA) are also carried out selectively.

Structure & process of the environmental management system

An environmental management system (EMS) presents energy and material flows and identifies potential for improvement. The EMS is integrated into the management system and certified according to ISO 14001:2015. Particular attention is paid here to the following aspects:

- Life cycle assessment from development through to disposal: Certain aspects of the product life cycle, such as electrifying smaller performance classes and reducing CO_2 emissions (e.g., using e-fuels), are currently being promoted. In addition, a process is currently being developed to calculate the carbon footprint for individual components of vehicles.
- Ensuring operational safety: Every employee receives a safety and fire protection briefing when they join the company. Furthermore, regular audits focusing on safety, order and cleanliness are carried out at the certified sites to ensure that environmental protection, safety and fire protection specifications are met at all times. Emergency plans, which contain instructions on the correct conduct in emergency situations, are in place for each site.
- Audits: Internal audits are conducted at regular intervals to continuously monitor whether the processes, requirements and guidelines of ISO 14001:2015 are being met. If there are any discrepancies, appropriate corrective measures are taken. In addition, the environmental management system is audited by TÜV once a year.
- Annually updated environmental targets: Workshops for updating the environmental targets are held once a year with the relevant departments. The environmental targets are disclosed in the reporting in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). This report has been published since 2021, is revised annually and published on the group's website[1].
- Annual assessment of environmental aspects: To allow us to align the environmental targets in the best way possible, the key environmental aspects are assessed before the environmental targets are updated. A workshop is also held once a year for this purpose.
- Enshrining and raising environmental awareness: To achieve a consistent level of environmental awareness within the company,

1 https://www.pierermobility.com/wp-content/uploads/2022/12/PIERER-Mobility-AG_TCFD-Report-2022_en.pdf

CG-KTM-Tech-Test
© KTM

employee training courses on the environmental management system, such as an e-learning course on the correct way to handle waste, are offered. The range of training will continue to be expanded in 2023.
- Legal compliance: see the "Fair Business Practices" chapter.

Representatives for the purpose of the environmental management system

- Waste management representative
- Disabled people's representative
- Fire safety officer
- Hazardous goods officer
- Safety expert
- Environmental management representative

Safety standards

The current trend in the motorcycle market is for ever increasing electrification of drivetrains and other vehicle systems. This will require an expansion of development capacities for electrics/electronics. Furthermore, new areas of activity in relation to e-mobility are generating additional expertise on how to comply with current safety standards.
High battery capacity combined with low weight is very important, especially for applications in the two-wheeler segment. Being able to guarantee that these systems can operate safely in both high-voltage and low-voltage ranges is particularly important.

Another area of focus that still requires continuous improvement and adaptation of processes applied is integrating complex electronic control systems and increasing networking with other road users. Constant expansion and adaptation of the strict development and quality assurance processes which are based on the ISO 26262 standard for functional safety and which reflect the change in vehicle functions, is the basis on which we are able to guarantee user safety.

As part of continuous process improvement, new specifications such as providing security for vehicles and the associated infrastructure to prevent cyber attacks in accordance with ISO 21434 are also being integrated into the product development processes. By building up expertise in this specialist area, the safety standards are also being improved in the area of data protection (GDPR).

End-to-end documentation of requirements and safeguarding through to actual test results remains an important point. This is where improvements in the cooperation with suppliers are implemented on an ongoing basis, and the internal testing processes and test capacities are also constantly being expanded.

Exhaust and noise emissions

Homologation of the vehicles in the respective end markets serves as proof of our compliance with the legal requirements. If vehicles do not meet the homologation requirements, they will not be available in the respective market. It is the responsibility of the technical service performing (or supervising) the type approval tests to ensure that the tests are performed on suitable test benches. Some of the test benches for exhaust and evaporative emissions are recognized by the technical service ("TÜV Rheinland Kraftfahrt GmbH") as a "third party laboratory".

KTM also operates several other emission test benches (for complete vehicles and for engines). Although these test benches are not recognized as "third party laboratories", they still have the same quality and accuracy as the recognized "third party laboratories". These test benches are used for evaluating and developing emissions for vehicles that are in the development phase. In addition,

KTM has a noise test track certified to ISO 10844. Under the supervision of an accredited technical service, UNECE R41 approval tests are carried out on this test track. The test track is also used for noise emission assessment of vehicles in development as well as for CoP (Conformity of Production) tests.

KTM also has a special acoustic laboratory room where almost no sound is reflected, making it a suitable place to carry out simulated pass-by noise emission tests (simulating the UNECE R41 test procedure). However, simulated pass-by noise tests are not yet provided for in the EU type-approval regulation or in the UNECE R41 regulation for noise emissions from motorcycles. Nevertheless, noise emission tests are performed in this anechoic chamber to support the continuous noise emission assessment of whole vehicles and vehicle subsystems under development (e.g. a braking system or isolated analysis of secondary transmission noise emissions).

Assembly process & end-of-line test

KTM AG in Mattighofen assembles an average of 954 motorcycles per day (annual production volume in 2022: around 222,000 vehicles). Each vehicle component is inspected according to a test plan by experienced employees trained in the relevant test criteria. At the conclusion of vehicle assembly, 100 % of all motorcycles are subjected to an end-of-line test (test bench run). This process step is secured by systems engineering so that no vehicle can leave production without passing the test. If an error is detected in the assembly process, it is recorded in SAP ME (MES) by the post-assembly personnel. Each error that is entered is automatically transferred to the ERP system and created there as a quality notification. The data is evaluated daily and made available to the relevant employees via a dashboard. Furthermore, in the course of delivery to the end customer, a pre-delivery inspection is carried out for each motorcycle by the trained KTM/Husqvarna/GASGAS dealer. A clearly defined inspection list with all safety-relevant components and systems is worked through and electronically stored in the vehicle history for each motorcycle in the KTM/Husqvarna/GASGAS Dealer.Net.

We achieve the high quality of product in particular through production-oriented design, the use of analytical and statistical methods of calculation, comprehensive checking and testing, a focus on the process quality and by using targeted communications, as well as by implementing training measures at all companies in the PIERER Mobility Group and at the suppliers. The global assembly sites are professionally supported by a team of highly skilled QM employees. They make sure that the manufacturing know-how is passed on to these sites and safeguard the quality of the vehicles produced there by implementing a KTM-compliant management system.

SCOPE OF CERTIFICATION

Quality management system

The scope of certification of ISO 9001:2015 covers the production sites in Mattighofen, Munderfing and Graz, KTM Forschungs & Entwicklungs GmbH, the logistics sites in Munderfing as well as the sales companies located in Mattighofen and Graz. The ISO 9001 certification in 2022 thus covered 70.2 %* of the employees.

Environmental management system

In addition to the divisions at KTM AG's Austrian production and logistics sites in Munderfing and Mattighofen, KTM Components GmbH and KTM Forschungs und Entwicklungs GmbH are also certified to ISO 14001. 69.6 %5 of employees were thus covered in 2022.

The relevant certificates are available to view on the company website at any time.

* This calculation was based on the number of KTM AG employees on the reporting date of December 31, 2022 (5,684).

2. KEY SUSTAINABILITY TOPICS AND ESG PROGRAM (MATERIALITY ANALYSIS)

Following initial materiality analyses in 2017 and 2020, a completely new analysis was completed in the 2022 reporting year. Part of this also involved recompiling the list of topics, as well as devising a new methodology.

In addition to comparing the three dimensions of sustainability – the environment, society/social issues and the economy – against the group's value chain, a comparison was also made with relevant standards (including GRI standards, SASB) and laws (Sustainability and Diversity Improvement Act, drafts of the Corporate Sustainability Reporting Directive of the European Union). This established 22 sustainability-related topics that are relevant to the company and its activities and at the same time can depict the content that is required by standards and laws. The 22 ESG topics were classified according to the logic of the four ESG areas established last year.

Part of the materiality analysis based on these 22 topics was to conduct a comprehensive stakeholder survey using an online form. As well as assessing the current ESG activities, the survey asked the participants in particular how important each of the 22 topics was for their subjective assessment of the PIERER Mobility Group. The survey also established what expectations the stakeholders have for the further evolution of ESG in the group. Opinions were collected from a total of 16 internal and external stakeholder groups. The survey was also conducted worldwide, divided up into six regions.

Regions	Stakeholder groups
Africa & Middle East	Internal
Asia	Executive Board
Australia & New Zealand	Supervisory Board
Europe	Works Council
Latin America	Employees: white-collar employees & production*
North America	Employees: Apprentices and trainees*
	External
	Users
	Dealers
	Suppliers
	Business partners
	Lenders
	Investors, analysts and shareholders
	Inspectors and auditors
	Industry associations
	Local authorities
	Universities and scientific partners
	ESG professionals

* The two stakeholder groups were surveyed separately to allow the information to be used more precisely internally. For the overall evaluation, both stakeholder groups were combined equally to create the "Employees in total" group.

In addition, an impact assessment was carried out using a new methodology. For this purpose, the impact of business activities on the three sustainability dimensions was assessed (inside-out), and a risk-based approach was chosen to assess the impact of aspects related to the 22 topics on the group and its business activities (outside-in). These assessments were also made in collaboration with representatives from the relevant divisions of the company and by the ESG officers.

In light of the change to the definition of materiality in connection with the CSRD and the fundamental overhaul of the list of topics, it was decided that this report would initially address all 22 topics, as none of them could be assessed to be completely immaterial. The topics "ESG stakeholder dialog", "future viability of the business model" and "proper and sustainable corporate governance" are not assigned to any of the four areas because they are seen as tasks for ESG management. The topic of future viability should also be regarded as a combination of several ESG topics. These three topics mentioned are seen as overarching management approaches for all four ESG areas. For this reason, they are not linked to any specific indicator.

Stakeholders will be informed about measures and their results in this Sustainability Report. Similarly, certain ESG topics will be also presented at various events (such as roadshows/investor conferences, specialist events, etc.).

The 22 topics are divided up as follows:

Reliable employer
- Employer attractiveness
- Employee rights and working conditions
- Occupational safety and employee health
- Training and further education
- Diversity and equal opportunities

Sustainable mobility
- Innovations from in-house research and development
- Impacts of the product design/end of life on the climate and environment
- Impacts of using the product on the climate and environment
- Product quality and user safety

Environmentally conscious production
- Waste management
- Impacts of procurement and logistics on the climate and environment
- Impacts of production on the climate and environment
- Other climate and environmental impacts

Fair business practices
- Impacts of procurement on people and human rights
- Business & legal compliance
- Data protection and cyber security
- Fair and responsible product marketing
- Impacts of business decisions and processes on people and human rights
- Supply chain resilience

ESG management
- ESG stakeholder dialog
- Future viability of the business model
- Proper and sustainable corporate governance

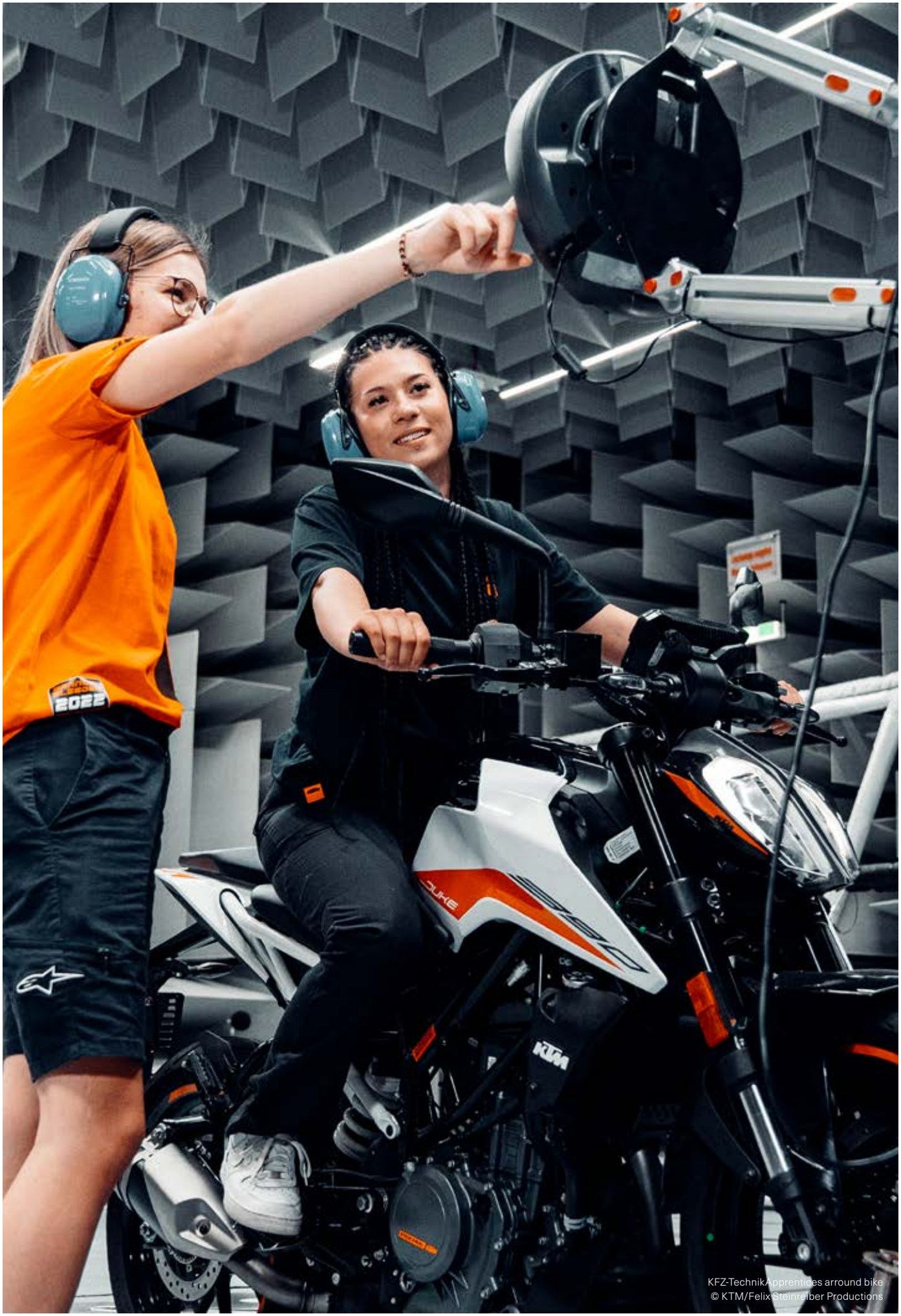
These topics will be described in the chapters below, with reference to the concepts, risks, due diligence processes and measures, along with results and performance indicators.

Significant risks arising from the group's business activities and business relationships which relate to the impact on the issues in focus are identified in the respective divisions and avoided wherever possible using the measures described. Non-financial risks are systematically recorded and evaluated (see the "Sustainability and Climate Risks" chapter). Significant risks that are likely to have a negative impact on the interests of the company are included in the reporting in accordance with Section 267a of the Austrian Commercial Code (UGB).

ESG program

The ESG program, which was introduced in 2021, is an overview of all ESG measures used to address or achieve the key ESG topics and associated targets. The process envisages that the measures and targets in this ESG program will be reviewed, updated or redefined in annual workshops with the divisions focusing on the ESG topics which are identified as being material. The ESG program will then be submitted to the Executive Board for approval. Following a project that was launched in 2022 to create a fact-based foundation for expanding the ESG strategy, the ESG program was also drawn up for the 2022 reporting year based on this process. Once the baseline project has been completed and the findings obtained have been applied further, the ESG process will be implemented as planned in the 2023 financial year.

The preliminary version of the ESG program from 2021 was updated for 2022 and attached to the notes in detailed form.



KFZ-TechnikApprentices arround bike
© KTM/Felix Steinreiber Productions

3. SUSTAINABILITY AND CLIMATE RISKS

Non-financial or sustainability-related risks (ESG risks) were identified in 2022 as part of the impact assessment (focus: inside-out) and another project (focus: outside-in). A handling approach that is integrated into enterprise risk management will continue to be promoted and expanded. A qualitative summary of the gross risks can be found in the table below. Links to topically associated climate-related risks (outside-in) in line with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) are also shown. More details about the TCFD risks can be found in the TCFD Report 2022 of PIERER Mobility AG[1].

NON-FINANCIAL RISKS (ESG RISKS) – LINKED TCFD RISKS

Relevance to Sustainability and Diversity Improvement Act issues	ESG topics	Description of the main gross risks	Measures (reference to chapter in the report and ESG program)
Environment			
	Impacts of using the product on the climate and environment	**Outside-In:** The main gross risk arises from various sustainability-related reasons for stricter regulations on two-wheelers with combustion engines. In addition to a tighter EURO emissions standard, there are also increasing noise regulations that could restrict areas of use, particularly for offroad motorcycles. The consequences of regulatory pressure could be a reduction in demand and sales opportunities for certain model series in certain markets. This could also entail losses of market share. **Inside-Out:** CO_2 emissions from the phase of using motorcycles with a combustion engine account for the largest share of CO_2 emissions associated with the company and contribute to ongoing climate change. Consequences arising from this should be considered on a pro rata basis, but could have severe health and environmental impacts. Furthermore, noise emissions from motorcycles with a combustion engine have a significant impact. Noise that exceeds specified limits is produced predominantly from an individual person's riding style and the use of non-homologated or poorly maintained components. Traffic noise as a whole is considered to be a significant health and environmental problem which would be exacerbated if appropriate improvement initiatives are not implemented. **Linked TCFD risks** *Politics & law:* Climate-related regulations/driving bans Climate-related product lawsuits	See Chapter 8. under "Sustainable Mobility" and measures in the 2022 ESG program

1 https://www.pierermobility.com/wp-content/uploads/2022/12/PIERER-Mobility-AG_TCFD-Report-2022_en.pdf

Relevance to Sustainability and Diversity Improvement Act issues	ESG topics	Description of the main gross risks	Measures (reference to chapter in the report and ESG program)
	Impacts of the product design/end of life on the climate and environment	**Outside-In:** Increasing focus on the circular economy and using more sustainable materials could result in higher costs and outlay. An increase in the cost of important materials such as aluminum and steel could be caused both by CO_2-related levies and by a shortage of them owing to rapidly increasing demand for secondary materials. At the same time, regulations on returning traction batteries and a possible extension of the manufacturer's responsibility could result in a high level of expenditure and investment costs for developing and putting in place the organizational and technical conditions needed to ensure that the requirements can be met. **Inside-Out:** The use of primary materials, especially aluminum, and the high CO_2 emissions associated with this may contribute to climate change and to the depletion of existing resources in general. The lack of end-of-life initiatives in relation to taking back products or the 6R strategies (even during the product development stage) encourages linear life cycles to persist. These cycles culminate in reusable products, components or materials being destroyed or simply wasted. **Linked TCFD risks** *Politics & law:* Climate-related product lawsuits EU Battery Disposal Regulation *Market:* Resource scarcity/raw material price increases	See Chapter 7. under "Sustainable Mobility" and measures in the 2022 ESG program
	Impacts of procurement and logistics on the climate and environment and supply chain resilience	**Outside-In:** As a globally active company, our supply chains are widely spread and international. Different political and geographical frameworks, as well as regulations and crises, exert great pressure on supply chains. Causes related to climate change (CO_2 pricing, material shortages or increased demand for recycled materials or transitorily vital materials, increasingly extreme weather events) could also lead to price rises and suppliers being temporarily unavailable. **Inside-Out:** Transport-related CO_2 emissions contribute to climate change and vary depending on the mode of transport chosen. Failure to take heed of this may produce avoidable CO_2 emissions from excessive use of air freight, for example. Furthermore, in an interconnected and complex global supply chain, suppliers or sub-suppliers could also be responsible for causing environmental damage owing to a lack of environmental management on their part. Insufficient oversight on the performance of companies in the supply chain can mean that the company continues to do business with such enterprises.	See Chapter 10. "Environmentally Conscious Production", Chapter 19. Under "Fair Business Practices" and measures in the 2022 ESG program

Relevance to Sustainability and Diversity Improvement Act issues	ESG topics	Description of the main gross risks	Measures (reference to chapter in the report and ESG program)
		Linked TCFD risks *Market:* Resource scarcity/raw material price increases *Acute:* Extreme weather events (severe weather/storms with hail, flooding)	
	Impacts of production on the climate and environment	**Outside-In:** Rising energy prices are caused by various factors and may in turn have an impact on the company's earnings. Without appropriate efficiency measures, energy costs could therefore rise sharply and reduce earnings. As the climate continues to change, the frequency, magnitude, and regional distribution of extreme weather events are also increasing and may temporarily interfere with or cause the shutdown of production sites. **Inside-Out:** In addition to climate-change-related impacts (especially CO_2 emissions from fossil fuels used in production), environmental pollution could be generated from the storage and processing of the materials and substances that are required. **Linked TCFD risks** *Acute:* Extreme weather events (severe weather/storms with hail, flooding) *Chronic:* Increasing demand for cooling due to warming	See Chapter 11. under "Environmentally Conscious Production" and measures in the 2022 ESG program
	Other climate and environmental impacts	**Outside-In:** Significant gross risks are predominantly related to the potential for compensation payment for CO_2 emissions to increase. Costs that may increase include building-related energy costs and costs related to business travel. **Inside-Out:** In addition to emissions of CO_2 and other pollutants from business travel and building-related energy requirements (electricity, heat) and their possible contribution to climate change, light emissions and land sealing could have an impact on the environment.	See Chapter 13. under "Environmentally Conscious Production" and measures in the 2022 ESG program
	Waste management	**Inside-Out:** Waste can enter environmental systems and cause damage if not handled properly. High volumes of unsorted waste materials contribute to a shortage of usable resources because they cannot be recovered and are therefore destroyed at great expense or lost. Efforts to create a circular economy may be curtailed as a result.	See Chapter 12. under "Environmentally Conscious Production" and measures in the 2022 ESG program

Relevance to Sustainability and Diversity Improvement Act issues	ESG topics	Description of the main gross risks	Measures (reference to chapter in the report and ESG program)
Employees			
	Occupational safety and employee health	**Inside-Out:** Employees have a right to health and safety at the workplace. Failure to comply would endanger the health of employees. Employee performance would also suffer.	See Chapter 2. under "Reliable Employer" and measures in the 2022 ESG program
	Training and further education	**Outside-In:** The technical skills of the employees are an essential foundation of the group's success. Recruiting, training and retaining employees are important tasks. Without appropriate training and development activities, there is a risk of not being able to fulfill these very tasks to a satisfactory level. Possible consequences of this would be more mistakes or a decline in the quality of work and operations being compromised both in production and in strategic and support roles. **Inside-Out:** Without programs for training and further education, there will be fewer opportunities for development and career progression in the region for both employees and future generations, which could contribute to a level of dissatisfaction and a perceived lack of good prospects.	See Chapter 3. under "Reliable Employer" and measures in the 2022 ESG program
	Employer attractiveness	**Inside-Out:** As one of the largest employers in Upper Austria, PIERER Mobility AG contributes significantly to the level of employment and associated prosperity. Insufficiently attractive jobs could contribute to unemployment, skilled workers leaving the Upper Austria region or Austria as a whole, and a lower level of local economic activity. **Outside-In:** As the expectations of employers and jobs change, a failure to address this issue properly could make it difficult to recruit skilled personnel to key roles. A lack of (qualified) personnel could contribute to production stoppages, a lack of progress on innovation and therefore also to lost revenue.	See Chapter 1. under "Reliable Employer" and measures in the 2022 ESG program
	Employee rights and working conditions	**Inside-Out:** Outdated or poor working conditions could cause mental and physical health problems for employees. A lack of focus on maintaining employee rights could be a factor in breaches of employees' rights occurring. **Outside-In:** Poor or outdated working conditions could lead to difficulties in recruiting key skilled workers and workers with great potential, as well as an increased turnover rate among existing employees. Incidents related to maintaining employee rights and working conditions could lead to lawsuits and sanctions as well as reputational damage.	See Chapter 5. under "Reliable Employer" and measures in the 2022 ESG program

Relevance to Sustainability and Diversity Improvement Act issues	ESG topics	Description of the main gross risks	Measures (reference to chapter in the report and ESG program)
	Diversity and equal opportunities	**Outside-In:** In modern society, different lifestyles, worldviews and cultural backgrounds play an increasingly important role. These principles are also important for the assessment of many of the company's stakeholders. Future and existing employees are also increasingly keen to see a socially just structure in the company. Risks for the company in this area can be summarized as driving away various stakeholders with the accompanying loss of reputation. Also, the proven potential of having diverse teams in terms of innovations and finding solutions would not be exploited. **Inside-Out:** As a large employer and global company, there is a responsibility to create a fair society and a fair corporate culture spanning the range of individuals in the company. Ignoring these issues could exacerbate existing social injustices in society instead of solving them and limit people's individual freedom.	See Chapter 4. under "Reliable Employer"
Social concerns			
	Product quality and user safety	**Outside-In:** If the increasing demand for safety from users and regulations is not met, the attractiveness of motorized two-wheelers could decline in certain segments, leading to declines in sales in some places. Product quality issues could lead to product recalls and reputational damage, which may have a negative impact on the company's bottom line. High demands placed on product quality by regulations and other requirements may lead to high expenses and increasing product complexity. This should also be viewed in the context of increasing intentions to use or not to use certain materials on the basis of sustainability-related criteria. **Inside-Out:** As a manufacturer of mobility solutions, you also have a responsibility to provide users with a high-quality product that does not have any production or safety defects that could cause or contribute to accidents or health implications. Inadequate testing processes and insufficient focus on safety features could bring about quality and safety defects. **Linked TCFD risks** *Chronic* Weather-dependent mobility behavior	See Chapter 9. under "Reliable Employer" and measures in the 2022 ESG program

Relevance to Sustainability and Diversity Improvement Act issues	ESG topics	Description of the main gross risks	Measures (reference to chapter in the report and ESG program)
	Data protection and cyber security	**Inside-Out:** Unless there is sufficient focus on data protection and cyber security, sensitive data (e.g., from customers, business partners, employees) could end up in the hands of unauthorized third parties where it could be misused for unlawful purposes. Responsibility for handling data and digital systems in accordance with regulatory and technological standards is therefore very important. **Outside-In:** In a world in which there are increasing cyber attacks and ever more complex digital systems and applications, as well as a general trend toward increasing data volumes and traffic, the risk of incidents causing damage to the company is also increasing. Whereas data mishaps are increasingly leading to tougher penalties, leaks of the company's own sensitive data to third parties could also lead to competitive disadvantages, loss of data and costly damage as a result.	See Chapter 16. under "Fair Business Practices" and measures in the 2022 ESG program
	Impacts of procurement on people and human rights and supply chain resilience	**Outside-In:** In a global, complex supply chain, there could be subcontractors or sub-suppliers whose operations have an impact on people and their rights. Increasing regulations and attention paid to the issue are creating more complex due diligence obligations for companies and greater responsibility to match. As well as reputational damage, there could also be high costs for implementing these obligations and responsibility. **Inside-Out:** The existence or continuation of business relationships with enterprises that have poor social standards could also perpetuate or exacerbate the severe impacts of poor working conditions and human rights violations for the people who work there.	See Chapter 14. under "Fair Business Practices" and measures in the 2022 ESG program
	Impacts of business decisions and processes on people and human	**Outside-In:** Increasing requirements for companies to carry out strategic human rights due diligence may demand a great deal of effort and outlay and come at great cost. Increased checks and tighter definitions also increase the risk of compliance incidents.	See Chapter 18. under "Fair Business Practices" and measures in the 2022 ESG program
Preventing corruption & bribery			
	Business & legal compliance	In principle, collaboration with partners along the value creation chain involves risks of unfair competition, including unfair influencing of suppliers, customers or decision makers. The risk exists mainly in initiating contracts with customers and business partners, in sponsorship, and in all projects involving public officials.	See Chapter 15. under "Fair Business Practices" and measures in the 2022 ESG program

Relevance to Sustainability and Diversity Improvement Act issues	ESG topics	Description of the main gross risks	Measures (reference to chapter in the report and ESG program)
		Inside-Out: Without appropriate countermeasures, competition-distorting practices can be carried out unhindered, causing damage to the market economy system. **Outside-In:** In addition to reputational damage from competition-distorting practices, there is a risk in particular of large fines and other sanctions. Furthermore, additional costs might arise from uneconomical contracts resulting from bribery. In view of increasing regulations in the area of ESG in particular, the risk of incidents occurring could increase.	
Human rights			
	Impacts of procurement on people and human rights	See social concerns	
	Occupational safety and employee health	See employee concerns	
	Diversity and equal opportunities	See employee concerns	
	Data protection and cyber security	See social concerns	
	Impacts of business decisions and processes on people and human rights	See social concerns	
Other concerns			
	Innovations from in-house research and development	**Inside-Out:** Manufacturers and providers of mobility solutions play a major role in enabling users to achieve safe and sustainable mobility. A lack of innovation or research and development to achieve improvements in the safety, efficiency, and environmental performance of products and to meet customer expectations could contribute to a detrimental impact on the environment and health or perpetuate unsustainable behaviors. **Outside-In:** In the context of the technological departure from the combustion engine already under way and increasingly demanded by politicians, it is still not certain which of the possible alternatives will become established, when this will happen, to what extent or in which applications. R&D activities and investments in this important area could prove to be misguided, with little or no return owing to the high development costs associated with complex projects. This incorrect approach along with a delay in embracing R&D trends could contribute to declining competitiveness and an inferior position in the market.	See Chapter 6. under “Sustainable Mobility” and measures in the 2022 ESG program

Relevance to Sustainability and Diversity Improvement Act issues	ESG topics	Description of the main gross risks	Measures (reference to chapter in the report and ESG program)
		Linked TCFD risks *Politics & law:* Climate-related regulations/driving bans. Climate-related product lawsuits EU Battery Disposal Regulation *Technology:* Loss of market position and technology/innovation position Incorrectly targeted R&D activities and investments *Market:* Changes to customer behavior Resource scarcity/raw material price increases	
	Fair and responsible product marketing	**Inside-out:** The gross risk is that certain depictions of riding styles in marketing materials could encourage a riskier style of riding out on the open road, which could contribute to a higher number of accidents.	See Chapter 17. under "Fair Business Practices"

4. OUR CONTRIBUTION TO THE UN SDGS

The PIERER Mobility Group wants to help to achieve the global Sustainable Development Goals (focus SDGs) with its operating activities and ensure that its operating activities do not have any adverse effects on the issues and objectives (further SDGs). Out of all seventeen SDGs, a total of eleven SDGs are deemed to be relevant for the PIERER Mobility Group. A link between the measures which are currently implemented and planned in the group and the SDGs (Sustainable Development Goals), including the sub-goals, can be found in the ESG Program in the appendix on pages 105-111.


Good health and well-being (focus SDG)


Quality education


Gender equality


Clean water and sanitation


Affordable and clean energy


Decent work and economic growth (focus SDG)


Industry, innovation and infrastructure (focus SDG)


Sustainable cities and communities (focus SDG)


Responsible consumption and production (focus SDG)


Climate action (focus SDG)


Peace, justice and strong institutions

5. ESG STAKEHOLDER DIALOG

The increasing presence of the products from the company's various divisions – especially those under the KTM, Husqvarna Motorcycles and GASGAS motorcycle brands and under the Husqvarna E-Bicycles, R Raymon, GASGAS Bicycles and FELT Bicycles (e-)bicycle brands – means that PIERER Mobility engages with various stakeholders in the global market. Their individual interests and approaches are balanced as fairly as possible. The group always strives to maintain a continuous, intensive dialog with its stakeholders. The views and experiences of others have a crucial bearing on how the group acts in addressing and discussing both relevant and controversial issues. This is the only way it can satisfy the requirements and expectations of both sides and develop sustainable solutions.

To this end, it has established defined communication channels and forms of dialog that enable ongoing interaction with the key stakeholders. Communicating proactively and integrating relevant stakeholders are crucial for the PIERER Mobility Group as this allows it to maintain its leading position in the market and respond as promptly as possible to the volatile market environment for its products and services. Treating each other with respect and the transparent flow of information help over the long term to build up mutual trust and prevent misunderstandings – this is the only way to reduce any tension that may exist and prevent new conflicts from arising. In addition to personal discussions, the group's stakeholder dialog also focuses particularly on joint product development with various specialist groups and strong regional cooperation between its sites and suppliers. The group is aware of its social responsibility and therefore strives constantly to provide future-proof jobs and create new jobs in a sustainable way. Through dialog with its neighbors, communities and associations, it develops concepts for solutions to meet local challenges and promotes balanced educational work. Regular engagement with the capital market, for example at roadshows, investor conferences and on conference calls (since 2022 also via a live webcast as part of the presentation of the key preliminary figures and the half-year results) is very important for the PIERER Mobility Group. In addition, its stakeholder management also involves tech talks, themed workshops, training courses, surveys, web platforms, media contacts and interviews as well as trade fairs and career days.

The stakeholder groups were first identified in 2018 as part of an internal analysis of the key stakeholder groups that regularly contact various divisions of the company or with which a very large amount of information is already exchanged. Since then, and on the basis of ongoing activities with stakeholders during the year, the forms of dialog have been reviewed at least once a year to ensure they are current and updated if necessary. An overview of the **stakeholder groups** and the **forms of dialog** can be found below.

Employees: annual performance appraisal, career talks, intranet, employee app, specialist workshops, training courses, ideas workshop, information events and works meetings, tours of production areas, welcome days for new employees and apprentices, KTM Riders Academy, KTM_academy, Production Academy, apprentice workshop, networking events (#LeadershipNextLevel, #LeadersNET).

Capital market (shareholders, investors, analysts, banks and rating agencies) and ESG professionals: Bilateral exchange on environmental, social and governance (ESG) issues with investors and ESG analysts.

Universities and scientific partners: Delta Academy of Montanuni Leoben (Stefan Pierer is a member of the management board), round table in small groups on technological topics of the future, joint R&D projects, visits to educational institutes (universities of applied science, universities), preparation of studies, cooperation with technical universities within the framework of sponsored projects, cooperation with LIMAK as well as with universities and technical colleges, sponsor of/cooperation with Formula Student Teams, member of the automobile cluster.

Suppliers and dealers: Trade fairs, product presentations and test drives, joint events, training courses, lectures, regular dealer meetings on delivery and quality assurance agreements, daily exchange of information via Dealer.Net.

Users: Customer experience camps, youth support programs (E-MINI ACADEMY, YOUNG and MINI FIGHTERZ, Austria Junior Cup).

Business partners: Knowledge sharing at specialist conferences and expert workshops.

Racers and factory riders, rider teams: Test rides, face-to-face feedback discussions and exchange of experiences in relation to safety.

Media: Interviews, press releases, close contact with business journalists, test rides, trade fairs, product presentations.

Politicians, networks and associations: European Association of Motorcycle Manufacturers (ACEM, Stefan Pierer is Vice-President); Presidency (Stefan Pierer) of the Federation of Upper Austrian Industry; at the PIERER Mobility Group locations, the management is in regular contact with relevant local/regional government officials and authorities (provision of company data, annual report and sustainability report). Participation in the association z.l.ö. - zukunft.lehre.österreich, cooperation with Hotspot (Lebensraum)

Innviertel and Innovations- und Technologietransfer Salzburg; part of the regional advisory board at the **Arbeitsmarktservice (AMS) in Braunau**; cooperation with Arbeitsmedizinischer Dienst. The ESG activities are reinforced by membership of "**respACT-austrian business council for sustainable development**".

KEY ACTIVITIES

ACEM

The European Association of Motorcycle Manufactures (ACEM) represents the manufacturers of mopeds, motorcycles, tricycles and quadricycles (L-category vehicles) in Europe. ACEM members include 18 manufacturing companies and 18 national industry associations [1]. Around 400,000 jobs depend on the motorcycle sector in Europe and the United Kingdom. This is why the association works closely with the EU institutions and with many stakeholders from different policy areas. The topics range from the European approval of L-category vehicles in relation to environmental legislation, road safety and transport policy through to international trade relations. In addition to road safety and mobility, ACEM is also heavily involved with the environmental performance of L-category vehicles and promotes the shift toward more sustainable transport in Europe. For this reason, it makes a significant contribution to driving forward regulatory activities and lobbying for the introduction of new environmental standards, such as recently with the implementation of the Euro 5 exhaust gas regulation.

PIERER Mobility CEO Stefan Pierer has been supporting ACEM as Vice-President since June 2022 [2]. Prior to that, he spent five years as President of the organization. During his term in office, the mobility and industrial ecosystem in Europe was undergoing a period of rapid and significant change. To ensure that motorcycle manufacturers could also adapt to the new challenges, key activities were championed during his presidency and a decarbonization strategy for Powered Two-Wheelers (PTWs) by 2050 was devised. The annual conference in November 2021 saw the presentation of the "ACEM Vision 2030+" [3], which outlines the framework for a sustainable motorcycle industry in the years ahead. Among other things, the following activities were promoted during his presidency and they still represent key issues for the sustainability of the sector in the most recent reporting period and beyond:

Type approval

With a primary focus on further developing test methods, test cycles and limits for exhaust and noise emissions.

Life cycle I waste I risk materials

With a particular focus on new drive technologies and the environmentally relevant requirements associated with them, for example in the area of traction batteries for electric motorcycles.

REACH Regulation

Ongoing monitoring of current and future restrictions on the use of certain chemicals.

Research and development policy

KTM is also involved as a member in the activities of EGVIA (European Green Vehicles Initiative Association), an association involved in the "European Green Vehicles Initiative PPP" [4] together with the European Commission to represent the private sector side of the partnership. The aim of this initiative is to provide environmentally friendly vehicles and mobility system solutions for the future to meet the social, ecological and economic challenges of future mobility. With its product developments, the PIERER Mobility Group makes an important contribution to the development of roadmaps in the fields of safety, automation, decarbonization and electric mobility. Furthermore, the PIERER Mobility Group participates in and supports various EU research projects.

Connected Motorcycle Consortium

KTM AG is a member of the Connected Motorcycle Consortium whose primary mission is to promote the timely and widespread use of C-ITS through collaboration between the leading companies in the motorcycle industry.

1 https://acem.eu/acem/members
2 Further information can be found at https://www.acem.eu/the-european-association-of-motorcycle-manufacturers-elects-new-senior-management-team
3 Further information can be found at https://acem.eu/vision2030
4 EGVIAfor2Zero - Promoting green vehicles and mobility system solutions in Europe: https://www.2zeroemission.eu/

E-Call – "sAFE" project

Promoting participation in transnational standardization activities to define the minimum requirements for the integration of the automated emergency call system E-Call, which is already established in the automotive segment. In the past reporting year, the European Committee for Standardization, CEN, laid the foundation for upgrading the technical specification TS17249-5 (specifies the minimum functional requirements for a motorcycle-specific e-call system) to a fully fledged European standard (EN standard).

European Motorcycle Training Quality Label

The European Motorcycle Training Quality Label[1] was launched in 2016. The program is championed by the European Association of Motorcycle Manufacturers (ACEM), the German Road Safety Council (DVR), and the International Motorcycling Federation (FIM). It is a voluntary certification system for motorcycle safety training programs after a rider has acquired a license that is available to all training centers. The main aim of this program is to enable motorcyclists to find the best post-license training facilities in Europe. In 2019, the Quality Label received the European Road Safety Charter Award from the European Commission in the "Voluntary Commitments" category. This award recognizes those initiatives that help to improve road safety and save lives on Europe's roads. Since its launch, a total of 36 training programs in eleven countries[2] have been certified with the European Quality Label, including five motorcycle training courses at the KTM Riders Academy. So far, about 200 group training sessions have been conducted by the KTM Riders Academy. There were around 350 training participants in the actual year under review. At the end of 2022, a working group was launched to push the development of standardized training for certified training programs.

Environment

Continuation of activities within the United Nations Economic Commission for Europe (UNECE[3]) in the field of Environmental and Propulsion Performance Requirements for Internal Combustion Engine PTWs (EPPR).

Further information can be found in the following ACEM documents:

- Transport Sustainability and Noise Emissions[4];
- The Motorcycle Industry's Commitments to the Environment[5];
- Strategy for Decarbonization of Transport – Powered Two-Wheelers (PTWs) in 2050[6].

Safety

Continuation of activities within the UNECE regarding safety regulations in the PTW segment, such as brakes, lighting, etc. In addition, in the area of safety, manufacturers are focusing in particular on rider assistance systems:

Rider assistance systems for motorcycles can help to prevent accidents. They help to reduce collisions by supporting the rider in critical situations. At the same time, they also make the ride more fun and comfortable. Relevant examples are: Traction Control Systems (TCS), Tire Pressure Monitoring Systems (TPMS), electronically adjustable suspension, electronic cruise control, shift assist, fuel-saving assist, proximity activation systems (i.e. keyless driving systems), in-vehicle navigation systems, adjustable ride mode, side view assist, automatic stability control, etc. Many advanced rider assistance systems were originally developed for cars. However, they can potentially be dangerous if they are used on motorcycles without being appropriately adjusted. For this reason, ACEM members are working on specific technical solutions for rider assistance technologies.

Systems have already been developed by KTM AG and installed in production motorcycles since 2021, offering adaptive cruise control, forward collision warning and even blind spot detection, all of which can help to increase the level of safety for motorcyclists. The technology on which these systems are based is a combination of radar sensor, brake system, engine management system and HMI (Human Machine Interface). Examples of safety-related assistance systems that were further developed in 2022 include:

- Blind spot detection including lane-change warning
- New Bluetooth Low Energy based sensors to detect tire pressure
- Riding modes will also be individually configurable in the future
- Smartphone apps will enable vehicle settings to be made for the chassis and engine
- The in-house navigation app will now also take users on winding routes that are ideal for motorcycles
- Keyless access systems utilize the latest security technology

1 European Motorcycle Training Quality Label: https://motorcycle-training-label.eu/;
ACEM Road Safety Strategy: https://roadsafetystrategy.acem.eu/home/the-european-motorcycle-training-quality-label/
2 https://motorcycle-training-label.eu/motorcyclists/
3 UNECE: United Nations Economic Commission for Europe
4 https://acem.eu/policy-areas/environment/acem-position-paper-transport-sustainability-sound-emissions-and-noise-a-collective-response-for-a-shared-responsibility
5 https://acem.eu/policy-areas/environment/riding-in-a-21st-century-environment-the-motorcycle-industry-s-commitment-to-the-environment
6 https://acem.eu/policy-areas/environment/acem-position-paper-decarbonisation-of-transport-powered-two-wheelers-ptws-on-the-road-to-2050

E-FUEL ALLIANCE AUSTRIA

KTM Forschungs und Entwicklungs GmbH is a founding member[1] of eFuel Alliance Austria[2]. The alliance, which was formed at the end of 2021, is a cross-industry interest group that advocates the industrial production of synthetic liquid fuels from renewable energy sources. It began its work in the 2022 reporting year. It is open to all organizations and interested parties that share the goal of establishing and promoting e-fuels as a way of contributing to climate protection and helping them to become widely used around the world[3]. In January 2022, the committee members were elected. The PIERER Mobility Group is actively involved in the work of the alliance through Helfried Sorger, Managing Director of KTM F&E, who is Deputy Chairman of the Executive Board (appointed until November 2024), and Pit Beirer, KTM Motorsport Director, who is an expert adviser (appointed for an unlimited period).

The eFuel Alliance Austria has set itself the goal of promoting and stepping up the production of synthetic liquid fuels. It therefore actively promotes the advantages and benefits of e-fuels to politicians and authorities, to industry and wider public, the scientific community and the media, and proactively contributes to decision-making processes and debates. As a representative body with a wealth of expertise, it brings together and reinforces the common interests of its members in all matters relating to this subject, which is so important for the future. In its first year of operation in 2022, the focus of its activities was primarily promoting public discourse and actively engaging in public relations surrounding this issue. In addition, the alliance presented a study on e-fuels together with the Austrian Economic Chamber and the Energy Institute for Business[4], and pointed out that the hydrogen economy in Europe urgently needs aregulatory framework to facilitate the rapid pace of innovations in this field.

Another highlight for the alliance in the year under review was eKKon, the eFuels climate contribution conference which was organized in cooperation with the Austrian Ministry of the Environment and the Chamber of Commerce in October 2022. Around 250 international experts from the worlds of science, business, and politics discussed the opportunities and limits of e-fuels and synthetic liquid fuels.

The eFuels Alliance now has around 100 members and cooperation partners in Austria. In 2023, the alliance will continue to actively pursue its goal of consolidating political acceptance and regulatory consideration of e-fuels as making a significant contribution to sustainable climate protection in the public discourse.

ACEM also joined the eFuel Alliance in September 2022[5] and represents more than 170 members (companies, associations and consumer organizations) that are part of the e-fuel production value chain at a European level.

EUROPEAN E-MOBILITY EXPERTISE FOR SWAPPABLE BATTERY SYSTEM

The Swappable Batteries Motorcycle Consortium (SBMC), which was founded in September 2021 by four motorcycle manufacturers (KTM F&E, Honda, Piaggio, and Yamaha), has already grown to 21 members. Its goal is to ensure that swappable batteries are fully interoperable so that they can be used easily around the world, thus promoting sustainable mobility.

The consortium's vision, strategy and approach have been defined by its members, committees and working groups. A series of relevant technical specifications was agreed, and the SBMC's workflows for prototyping and international standardization (e.g., CEN, ISO) were launched. Strategic positions were also adopted, including SBMC formally joining CEN-CENELEC and becoming a member of CEN-TC301 and CEN-CENELEC JTC-13.

The SBMC is well on track to achieve its goals as planned, and can draw upon expertise that is available globally and will enable it to overcome the technical challenges of developing systems that are interconnected and compatible.

1 Other founding members: Tank Roth GmbH, Adamol Mineralölhandelsgesellschaft m.b.H., Gutmann GesmbH, Raiffeisen Ware AG, Julius Stiglechner GmbH, Doppler BeteiligungsGmbH, Flughafen Wien AG
2 https://www.efuel-alliance.at/initiative/
3 https://www.efuel-alliance.at/innovation/
4 https://www.efuel-alliance.at/studien/
5 https://www.acem.eu/acem-joins-the-efuel-alliance-joint-online-event-to-be-hosted-on-28-september

The experts from KTM F&E expect that the international standardization envisaged in the scope of the project will create a market for this battery system which will allow it to meet the expectations of customers regarding range, “charging time” (limited to the time needed to swap the batteries), and costs, and in which positive business cases can be presented for each of the manufacturers (vehicle, battery, charging/swap stations). The consortium members are thus making a significant contribution to the wider spread of electric propulsion in light 2-, 3- and 4-wheeled vehicles with a focus on applications over shorter distances (e.g., daily distances of <100km).

FEDERATION OF UPPER AUSTRIAN INDUSTRY

During the course of the 2022 Ordinary General Meeting, the Executive Board and the executive committee of the Federation of Upper Austrian Industry (“Industriellenvereinigung Oberösterreich”) were reappointed for the 2022 - 2025 term of office. Stefan Pierer was chosen as the new President. The Federation of Upper Austrian Industry is a voluntary, politically impartial interest group whose officials are volunteers. It encompasses approximately 450 companies with around 150,000 employees. They are some of the leading businesses in the Upper Austrian economy. Together with the Federation of Austrian Industry, a strategy paper entitled “Performance needs to pay 'again'” was drawn up in 2022. People are facing the current crises and challenges with a great willingness to work hard. At the same time, the labor market is undergoing profound change and the demands placed on a modern workplace are changing. At a time when skilled workers are in short supply, it is becoming very clear what a valuable asset a committed workforce is. With this in mind, in this strategy paper the federation and industry in general proposes a set of ten measures[1] that can be implemented in the short term and may help to alleviate the situation.

ARGE2RAD

Arge2Rad is the association of the Austrian two-wheeler industry. Its activities focus on shifting perceptions in order to make motorcycling even more attractive by making access to powered two-wheelers easier and also safer. In cooperation with several partners – among them the Austrian mobility clubs, the driving schools, the Chamber of Commerce, the media, the police and various ministries – Arge2Rad has already managed to achieve a great deal.

Hubert Trunkenpolz, a member of the Executive Board of KTM AG, acts as President of Arge2Rad which focuses on the following key priorities:

- Stable market development of powered two-wheelers,
- Reducing CO_2 and noise emissions,
- Traffic regulations and road safety initiatives,
- Organization of test days and trade fairs.

Electric mobility bonus for single-track vehicles

When it comes to electric mobility, two-wheelers provide a vital ecological impetus. One measure which Arge2Rad strongly advocates is the electric mobility bonus. The continuation of the new support system for mopeds, scooters and motorcycles was agreed again in 2022 between the importers of Arge2Rad and the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology. Compared to other European countries, Austria is right at the top with more than 25 % of all mopeds being electric. Around ten new models are added every year.

ZIV

PIERER New Mobility GmbH is a member of the Bicycle Industry Association (ZIV) in Germany. By actively participating in various Austrian working groups, the members of the association are able to exert significant influence on standards and the legal framework in the two-wheeler sector. ZIV represents the interests of its members in national and international bodies and, as a member of the European umbrella organization CONEBI, also champions their cause at EU level.

1 https://leistung-muss-sich-lohnen.at/

6. SOCIAL COMMITMENTS

Our actions have an impact on society and the environment – and this is where we as the PIERER Mobility Group want to help create a positive future and do our bit beyond our activities as a business. As a company that operates internationally and as a manufacturer of renowned two-wheeler brands for individual transport and motorsport, the PIERER Mobility Group is committed to a wide range of different causes. It supports and promotes a variety of initiatives and projects – and is always on the lookout for new, meaningful partnerships. In doing this, it pursues a strong regional approach. At its production sites and other company sites, it is also a part of the local community and is involved in various areas such as education, employment, youth work, social affairs and, in particular, health, which accounts for the biggest share. Responsibility rests with the respective local general managers/divisional heads who represent the group in the region.

Below you will find an excerpt of the projects and initiatives supported by the PIERER Mobility Group (an extended overview of important memberships can be found on our website under "Memberships and Cooperations" [1]:

Running for research and our own health

For many years now, KTM AG has been supporting the organization **"Wings for Life"**, a non-profit, state-recognized foundation for spinal cord research, which has set itself the goal of finding a cure for paraplegia. With the help of donations, promising research projects and clinical studies to heal the injured spinal cord are supported around the world (in 2022 with a contribution of around EUR 131,000). The organization is also close to the hearts of many employees and so many respond to the call to participate in the "KTM Global Run 4 Wings for Life". The initiative continued after an enforced one-year break due to the pandemic. In 2022, more than 350 employees from six nations entered and spent a week collecting kilometers by either running or walking in order to benefit their health but also for a good cause. Each of the 13,329 kilometers covered in total represents one euro and was subsequently donated to KTM's Wings for Life Foundation (EUR 13,329). In the fall of 2022, another sporting highlight was seeing 330 employees participate in the Salzburg Business Run. With 110 teams of three, KTM was the employer with the most entrants.

Networking to tackle the shortage of skilled workers and support new areas of action

In an ongoing cooperation, the company works together with universities (Johannes Kepler University Linz, ...) and universities of applied sciences (HTL Leonding, ...) on topics such as sustainability and the shortage of skilled workers. The aim is to establish an open network to exchange experiences and get to know potential future employees. At the same time, the people responsible in the personnel affairs department identify the areas where action is needed and how measures can be implemented by working together. Specific examples of projects include cooperation with universities and colleges at job fairs, assignments to perform technical tasks and the awarding of internships and diploma theses. In addition, KTM AG also maintains various cooperative arrangements with Formula Student teams in the form of technical support and/or sponsorship in order to recruit the skilled workers of the future. The primary focus for supporting sustainability in the region is on working with the neighboring communities of Mattighofen, Munderfing, and Schalchen, for example by utilizing facilities for training courses and sessions or also our company's own toddler groups in Mattighofen and Munderfing.

There is close cooperation with the University of Leoben and in particular with its **Delta Academy**. This is additional business training for students at the University of Leoben in cooperation with the University of St. Gallen – in 2022 the program received 20,000 euros of support from KTM AG as well as funding from other renowned partner companies. Stefan Pierer was one of the co-founders of this program. Up to 24 students are selected for it each year in a steering committee. The program lasts for 15 months and is entirely part-time. The students work in small groups and oversee a company project over a longer period of time. Once a year, they take part in the "KTM Day" in Mattighofen, where they can tour the company and attend a series of specialist presentations given by the members of the Executive Board and general managers. This is followed by open panel discussions and talks with the Executive Board (with 49 participants in 2022). Project work is also already being planned at KTM AG for 2023.

1 https://www.pierermobility.com/wp-content/uploads/2022/12/Memberships-PMAG_11-2022.pdf

Avocodo GmbH is also the main sponsor of the support association for the technical college courses in **Hagenberg – University of Applied Sciences Upper Austria**. The students can expand their technical know-how in a practical way and implement this with specific project outcomes. Thanks to its long-standing cooperation with the University of Applied Sciences, the company also has close ties with the Hagenberg campus. Every year, Avocodo hires numerous graduates and interns. The cooperation with Hagenberg University of Applied Sciences was expanded further in 2022 with an agreement to sponsor a laboratory (for five years starting in March 2023).

Vocational promotion – positively supporting the labor market

KTM AG is part of the regional advisory board at the Austrian AMS labor market service in Braunau, the public service company for job seekers. This is referred to as the AMS administrative body and consists of representatives of employees and employers as well as of the AMS. The aim of the advisory board is to decide on principles of labor market policy and to adopt measures to meet the current needs of the labor market. A key area is to implement actions to counter the shortage of skilled workers, which was particularly acute in the reporting year. With this advisory board role, KTM AG or the group has the opportunity to impact positively on the difficult situation with skilled workers.

Innovation Lab – workshops for children and youngsters

At KTM AG, technology and innovation are always paramount. It is important to provide the young target audience with an understanding of the technical areas the company is engaged in. Learning the basics of electrical engineering and digital design in a playful way are the focus of the workshops that children and youngsters can attend in the 'Innovation Lab' in the KTM Motohall. A solid educational concept serves as a basis and acts as a guide for the workshop supervisors. In 2022, around 360 bookings were made in the Innovation Lab at the KTM Motohall. The motto is “Learning by doing”. All the attendees need to bring along is their creativity – they learn the rest in a playful way, e.g., by soldering or doodling. In design workshops, the youngsters are taught how 3D scanners and 3D printers work, they design their own motorcycles on the design board and then cut them out on the laser cutter.

Youth development program – supporting young talent in sport

The past four YOUNG FIGHTERZ seasons have already demonstrated that KTM is committed to promoting young talent. The promotion of young motorsport talent remains an important topic. Austria’s young riders in the 85cc class are referred to as YOUNG FIGHTERZ. All riders, regardless of which make, whether a license holder or amateur rider, are eligible to participate. Following the great success of the 85cc training camps in previous years, the YOUNG FIGHTERZ training series was extended last year to include two camps for riders in the 65cc class, the MINI FIGHTERZ. The training camps take place at venues offering the best training and development opportunities. Local Enduro greats help the youngsters to develop their cross-country skills. This gives young talented riders the opportunity to share their experiences with heroes and role models from the national motorsport scene and to get tips from the pros. Since the 2022 season, there has also been the E-MINI ACADEMY, which offers free camps for children to ride E-Mini motocross motorcycles from KTM. This allows children to learn to ride motocross in a fun way at a young age.

Austrian Junior Cup – giving young people sporting opportunities

Together with the ÖAMTC, the Austrian Automobile, Motorcycle and Touring Club, KTM AG supported the AJC Austrian Junior Cup 2022. In the reporting year, 20 young people took part in this competition to promote young talent with the aim of becoming the best world championship riders. With this initiative, KTM AG is very keen to support talented Austrian youngsters and to give them a good foundation and opportunity in this sport.

Charity auction for flood victims

KTM AG auctioned off a KTM 890 DUKE R – personally signed by top MotoGP™ rider Miguel Oliviera – on the “United Charity” auction platform[1]. The motorcycle was purchased in the auction by a German company for EUR 14,800. All the proceeds from this purchase went to “Aktion Deutschland Hilft” and were used to support the victims of the catastrophic flood that occurred in Germany's Ahr Valley in July 2021.

1 Further information about the initiative itself and about the charity auction portal can be found at https://www.unitedcharity.de/Auktionen/KTM-Motorrad and https://www.unitedcharity.de/

Learning Café

In March 2022, the first Caritas Learning Café in Mattighofen started work. It is supported financially by KTM AG along with other partner companies – and in 2022 received EUR 20,000. The Caritas Learning Cafés offer children and young people aged between 6 and 15 from socially disadvantaged families free support with learning and afternoon childcare. They help them to prepare for school exams or studying. In a very encouraging atmosphere and in the community, the staff at the Caritas Learning Cafés manage to get the children to take real delight in learning new things, even though their own personal situations may be challenging. Supporting children and young people and giving them a good start in life and in the world of work really matters to KTM. The company regards itself as having a responsibility to do this.

School and club sponsorship – creating a positive local impact

The group is well aware that schools, colleges, clubs and associations help to support our society and are also essential for people's social life. This is why in the past financial year it once again supported various projects and activities with donations in kind and monetary donations amounting to around EUR 86,000.

KTM Components Facility, Production
© KTM

II. KEY SUSTAINABILITY TOPICS

Reliable Employer

Employees are on the four pillars of PIERER Mobility's success. As one of the largest employers in the central region of Upper Austria, the group has a special responsibility to look after them.

Our aim is to provide fair and employee-friendly working conditions for our workforce, support humane work, offer training and learning opportunities, nurture potential and guarantee health and safety. In the ESG action area "Reliable Employer", the measures and goals focus on the key topics as follows:

- Employer attractiveness
- Occupational safety and employee health
- Training and further education
- Diversity and equal opportunities
- Employee rights and working conditions

The head of the Human Resources division is responsible for drawing up the measures and achieving the targets in this ESG area of action. The overview of the measures can be found in the "ESG Program" table starting on page 105. More detailed information about our contribution to achieving the global Sustainable Development Goals (SDGs) is summarized on page 105-106.

1. EMPLOYER ATTRACTIVENESS

CONCEPT AND OBJECTIVE

As a modern employer, PIERER Mobility is continuously adopting measures to make its environment as attractive as possible for its employees. This allows it to recruit key skilled workers and workers with great potential and to retain existing employees in the company. At the same time, the group creates and secures jobs in the region through its business operations, helping to boost the economic strength of the region. PIERER Mobility pitches itself as an attractive employer that offers exciting career opportunities as well as flexible working time models.

Finding qualified employees and retaining them in the company over a long period of time poses a significant challenge, particularly for rural sites. In personnel development, the company relies on the expertise and potential of its employees. This also ties in with its approach of giving preference to internal candidates over external ones in order to promote internal careers. The "Employees Recruit Employees" initiative in production supports the targeted recruitment of employees to the company and was once again a great success in 2022. The employee app has advanced the process and made it easier to use. Thanks to this initiative, the referral recruitment rate thus increased to 43.5 % in the reporting year.

In the region and especially in the immediate vicinity of the company's production sites in Austria, the PIERER Mobility Group is a major employer that accounts for a high proportion of local employment. 2,159 employees of PIERER Mobility AG live directly in Mattighofen and neighboring communities, within a radius of 10 km as the crow flies [1].

MEASURES AND FURTHER EXPLANATIONS

Internal and external measures to increase employer attractiveness are an essential element in conveying the predominant spirit of the PIERER Mobility Group to potential new employees. For example, a virtual reality tour of the buildings at the Austrian sites in Mattighofen, Munderfing, Anif and Wels as well as a sporty ride in a KTM X-BOW through the surrounding area give a deeper insight into everyday life at the company and enable interested parties to gather a wide range of information about the potential new employer.

Active sourcing ensures that vacancies reach the entire candidate market – not just people who are actively looking for work. This enables recruiters to respond more quickly to shortages and guarantee employee recruitment in the long term. For this reason, LinkedIn has become an even more important partner. At the same time, the company also uses internal databases which, in the year under review, received 10,404 new candidate profiles and 16,442 applications. In the year under review, the HR team placed a stronger focus on strategic cooperation with selected schools and universities, and continued to expand the number of partner schools. In 2022, it was again possible to be present as an employer at careers fairs and engage directly with school pupils and university students. Together with its partners, the company was able to organize specialist talks as well as events and visits to KTM AG and would like to continue to focus on getting to know people in person at exclusive events in 2023.

1 Including employees of KTM AG and PIERER Innovation GmbH.

Taking on employees from external companies

The integration of non-group companies goes hand in hand with the dynamic growth of the PIERER Mobility Group. In order to meet employee needs efficiently and for the long term, a special focus was placed on retaining these employees, and integration and organizational development were continuously monitored. In addition to the welcome day for white-collar employees, there has been a welcome day for production employees each month since October 2022. On this day, new colleagues are given all the key information they need to know about the company. The aim is to retain more employees by making them identify more with the company and providing transparent prospects for career development. In 2022, 347 temporary workers were taken on (concerns employees for the production sites in Mattighofen and Munderfing/Austria).

Since October 2022, the production team has also been bolstered by 48 refugees who are currently in the process of applying for asylum or are entitled to asylum and subsidiary protection. Refugees need to have been in the process of applying for asylum for three months in order to obtain a work permit. People who are entitled to asylum and subsidiary protection can be employed just like nationals of the country without any legal restrictions.

Company catering

In August 2022, the company catering was reorganized at the Austrian sites. As a first step, the focus was on the production areas and production-related areas. Specifically, the opening hours of the snack stations were extended to include additional shifts, one site was fully renovated, and a new one was added. This ensures that all employees have access to fresh, low-cost refreshments. The implementation of a cloud-based payment system has also made it possible for all production employees and those who work shifts, as well as all temporary employees, to be given a subsidy of EUR 2.00 per working day. As part of the full renovation of all break-time and social areas in vehicle assembly to upgrade them to modern standards, care was taken in the design to ensure short distances from the workplace.

New app for employees

To ensure that all employees of PIERER Mobility AG, including non-desk workers, receive important company information directly and at the same time, an employee app was launched in October 2022: The PITBOARD app can be downloaded free of charge to a company or private mobile device from the usual app stores. In addition, the app is also available as a web app without downloading it. Using PITBOARD includes registering with personal login details which enable each employee to receive personally customized information. With extra security thanks to the need to request a security code, non-desk workers now also have the option to access their remuneration and time statements digitally at any time and to view their history. For employees who do not have access to digital devices in their personal lives, the company provides PCs to allow them to access PITBOARD with their personal login details. The PITBOARD app therefore also makes internal communications more targeted and efficient. Examples of this include booking the plant bus and registering employee recommendations for production. In this case processes for non-desk workers and for entering the required data have been simplified with great success.

KTM once again managed to achieve the golden seal of the **Best Recruiter Award** for the automotive sector in 2021/2022. Study results will also be incorporated as a basis for further developments and improvements throughout the recruitment process this year.

New flexible working hours in production

After making working hours flexible for white-collar employees (where Fridays can be incorporated), a new shift model, the four-day week, was introduced for employees in vehicle assembly as a trial from October 2022 to February 2023. Over these four months, operations on Line 2 and in participating departments have been carried out using this progressive working model. The working hours were in blocks (ten hours per day), which resulted in longer periods of leisure time for the employees. The switch to the new working model was voluntary – which meant that two different shift models could run side by side. This offers employees and the company more flexibility, but is not a permanent shift model and will be used in the future to achieve additional capacity when necessary.

“KTM Performance Talk” employee appraisal

The KTM Performance Talk is one of the most important parts of performance management and leadership. With a view to continuous performance management, the focus is primarily on constructive feedback as well as a discussion that focuses on goals and development. This means it is essential for both parties to be properly prepared for the talk – special training courses are offered in the KTM_academy for this very purpose. Equally relevant is the “Mid-Term Review”. This was introduced in 2022 and is a review during the year that focuses on ascertaining the level of target achievement and defining constructive measures for the second half of the year in order to stay “on track” in these fast-moving times. For roles in which a high level of task complexity and volatility among employees is required, there will also be even more opportunities for talks in the future so that the company can work toward achieving the

jointly defined goals in a structured manner (also through team talks). In 2022, the associated process was digitalized in order to reduce the amount of administration for managers, employees, and HR management. This means that the focus can always be on the quality of what is talked about in the discussions.

Career Talks

The aim of HR development is to further increase employee loyalty and satisfaction. To do this, the “Career Talk” was established in the summer of 2022 to support medium to long-term career planning and ensure that everyone can make the best possible use of their potential and pursue their interests. The “Career Talk” can be initiated by the employee and is an individual consultation. The content focuses on development prospects, opportunities for a change of career and individual personnel development measures.

New location at Hagenberg Software Park

In July 2022, Avocodo GmbH opened another location at Hagenberg Software Park to complement its sites in Linz and Wels. A modern working environment for 22 additional employees was created over approx. 185 m^2. The workstations are equipped with the very latest office equipment and deliver maximum flexibility for the workforce. The proximity to Austria's IT talent hub as well as to students offers benefits for both parties. With this work space, the employer Avocodo is located right next to where the students are, and this makes it easier for them to combine their studies with work.

Shared desks, a flexible working model with shared or a free choice of desks, are already an established feature at Avocodo GmbH and throughout the Pierer Group. Using a digital booking system, white-collar employees can reserve a desk to work at in all locations and can do so easily and flexibly via an app on their cellphone.

Substantial expansion of workforce by 839 people

The PIERER Mobility Group employed 6,088 people worldwide as of December 31, 2022 (previous year: 5,249). Of these, 5,050 were in Austria (around 83.0 %). 19.4 % of the total workforce work in research & development. In 2022, the proportion of female employees was around 25.4 %. With its Mattighofen, Munderfing, Thalheim and Schalchen sites, KTM AG is one of the largest employers in the Upper Austria region. In the 2022 reporting year, 4,622 people were employed here.

In 2022, the staff turnover rate[1] at the Austrian companies in the PIERER Mobility Group was below 10 % (previous year: <10 %). This includes all departures (excluding external workers, fixed-term service contracts, freelancers, natural turnover due to retirement or death) in relation to the total number of employees (excluding part-time employees during parental leave, freelancers (test riders), interns/graduates, holiday interns, temporary workers). An extended list of the most important employee indicators can be found in the appendix.

1 Due to missing employee data and the difference in the country-specific approach for calculating the turnover rate, a global evaluation is currently not possible.

2. OCCUPATIONAL SAFETY AND EMPLOYEE HEALTH

CONCEPT AND OBJECTIVE

The PIERER Mobility Group places a priority on employee health and safety. For this reason, in addition to technical expertise, it also seeks to maintain and strengthen the physical and mental health of its employees. Its approach is to create a working environment in which employees are protected against health risks and risk of injury at work by means of suitable measures and processes. This is the prerequisite for being able to perform at work and deal with physical and mental stresses and strains. PIERER Mobility's occupational health and safety policy summarizes the key principles for protecting the health of its employees and the measures it takes to achieve this.[1]

As a company which manufactures and assembles street and off-road motorcycles, there are significant health and safety risks for our employees in the workshops and during test rides. The group adopts a strategic approach to minimize hazards based on the "STOP principle", and it implements precautionary measures and special training, especially in those areas of work that are potentially very hazardous. Great attention is paid to following the safety measures that are necessary and have been put in place, and to ensuring that every employee follows the instructions given to them. Everyone is required to wear the personal protective equipment that has been specified and provided free of charge. Health and safety instruction is given to each employee before he or she starts work. An accident management system is in place to identify where improvements can be made where appropriate.

The introduction of HSE software across the company is intended as another step on the path to achieving systematic improvement and central control in this area. Implementation is scheduled for the 2023 financial year in order to manage occupational health and safety digitally and ensure legal compliance in the future.

The Health & Safety Team, which was established at the end of 2021, is responsible for the targeted evolution of occupational health and safety for the company's employees. Under the leadership of this team, the safety experts continue to be responsible for occupational safety and health protection. They are supported by occupational medicine and occupational psychology specialists. In the 2022 year under review, the first important analytical steps were taken for expanding and developing sport and promoting good health within the company.

MEASURES AND FURTHER EXPLANATIONS

In order to achieve continuous improvement in the area of health protection and safety, preventive measures are taken to safeguard general safety in the workplace and the health of employees.

Rider training for test riders

For a number of years now, an area it is focused on in particular is how best to avoid accidents occurring during test rides involving prototype and series motorcycles that the company needs to carry out. Employees who are responsible for functional testing and test rides are trained at the **KTM Riders Academy**, which also provides the trainers: special rider training ensures that KTM employees receive rider training that is commensurate with their role. The training courses developed with R&D are structured in stages with three qualification levels, depending on the occupational requirement.

In the 2022 reporting year, a total of 211 employees attended the motorcycle training courses offered by the KTM Riders Academy on 34 separate dates. Courses ranged from basic beginner courses to special street training, advanced and refresher courses. In total, there were 1,683 hours of training.

In order to continuously prevent occupational accidents and minimize hazards, the following measures are adopted on an annual cycle, following the "STOP principle":

- **S**ubstitution: e.g., robot systems for welding processes
- **T**echnical protective measures: e.g., screening off equipment with protective grilles
- **O**rganizational measures: e.g., job rotation
- **P**ersonal protective measures: e.g., training, personal protective equipment

Analysis of occupational accidents to avoid risks

To avoid risks in the future, occupational accidents are analyzed on a regular basis. This analysis begins with an on-site inspection and a personal meeting with all those involved in the accident. The accident is then recorded in the company's own risk matrix and analyzed. Clusters of the same accidents will result in targeted measures being developed and implemented. In addition, care is taken during the actual construction of production facilities to ensure that ergonomic considerations are also incorporated and all safety regulations are complied with. In 2022, 109 work-related accidents occurred in the PIERER Mobility Group (of which 75 involved

1 See current version at https://www.pierermobility.com/wp-content/uploads/2022/11/Occupational-Health-and-Safety-Policy_2022_PIERER-Mobility-AG.pdf

employees and 34 involved temporary workers). The total number of accidents leading to at least one day of absence from work was 96 accidents (66 employees and 30 temporary workers). All work-related accidents occurred at the KTM sites in Mattighofen, Munderfing, Schalchen and Anif and at the respective test tracks, but also during an endurance test out on the road. The accidents were primarily attributable to a lack of attention, tripping and twisting, handling work equipment and mechanical operating equipment as well as vehicles and other means of transport. The injury rate among employees is 13.3 work-related accidents per million hours worked. The Lost Time Injury Frequency Rate (LTIFR) was 10.8 for employees and 35.1 for temporary workers in 2022[1].

In 2022, the following measures were implemented specifically to improve occupational safety and employee health:

- Continuation of the successful adaptation of the production processes and the technical equipment on the production lines to reduce accidents in the workplace.
- "Eye tracking"-based training on how to handle industrial trucks in internal transport (in cooperation with the Austrian Workers' Compensation Board (AUVA).
- Ongoing development of safety and fire safety briefings for new production employees who join the company in close cooperation with the company's own "Production Academy".
- Continuous expansion of extraction systems for machines with dust or aerosol formation (lathe, finisher).
- Improvements to the traffic routes surrounding the company premises, for example: new road markings, widening of sidewalks. In particular, adaptation of the traffic routes to the new circumstances after rebuilding work.
- Optimization of work processes and organizational changes in the warehouse area to prevent accidents.
- Tightening of safety guidelines for visitors in the production and logistics areas.
- Development of new concepts to raise awareness in relation to occupational safety (e.g., Safety Days).
- Implementation of a hazardous substances database and optimization of the hazardous substances management process.

Health promotion & sports

By bringing these topics together under the remit of the Health & Safety Team, further resources were created to develop targeted concepts and measures for promoting good health and sports. In the 2022 reporting year, fundamental strategic pillars were established for the future direction of this area and the specific topics. Planning for the launch was done in the Steering Committee (with the Occupational Health Service, Works Council and Human Resources) in which priorities and measures are regularly discussed and adopted. The rollout is set to continue in 2023. In addition, in the past financial year KTM continued work to prevent skeletal muscle diseases by implementing specific projects related to workplace ergonomics in production and offices. Alongside visits to inspect the workplaces, ergonomic consultations were carried out and appropriate information was prepared for employees. The starting gun was also fired on the further development of ergonomic training. This was implemented in cooperation with ergonomists from the Occupational Health Service.

Work for preventing and providing support with mental stress was also continued in collaboration with the occupational psychologist (76 KTM counseling sessions p.a.) and the human resources department. As well as the opportunities for individual counseling in relation to mental health (conflict resolution at the workplace in difficult work situations, burn-out, etc.), other training that took place included mental health awareness training for managers. Individual cases received in-depth support from the human resources department and appropriate measures were taken in the working environment, or there was a change of role internally. A reduction in psychologically stressful working conditions was achieved. The occupational psychology help on offer was also very useful in alleviating the increased stress on certain individuals as a result of the ongoing pandemic or the challenging economic situation at the present time. Moreover, great importance continued to be attached to reintegration into part-time work or integration of employees with a disability.

With the objective of encouraging employees to exercise, the KTM Global Run 4 Wings for Life was initiated for the second time in May 2022. This was followed in September by the company participating in the Salzburg Business Run 2022.

1 Number of hours worked in 2022: 6,122,869, incl. temporary workers 6,977,525. Since 2021, the Lost Time Injury Frequency Rate (LTIFR) has also been evaluated. The LTIFR describes the number of accidents involving lost time of at least one working day per 1 million hours worked. Underlying formula: LTIFR=accidents/hours worked*1,000,000. See table in the appendix.

As part of the provision of healthcare for the apprentices, a medical examination was carried out at the start of the apprenticeship in addition to the mandatory eyesight and hearing tests. A workshop to raise awareness among first-year apprentices of the importance of health and exercise for their own personal performance was conducted in cooperation with external experts. It served as a pilot project and was used as the basis for developing more initiatives for the future.

The fact that the health of employees is also supported on an ongoing basis at Avocodo GmbH is confirmed by the seal of approval for workplace health promotion (BGF) from the Austrian Health Insurance Fund (ÖGK). The award of the seal of approval was extended again until 2024 (it was first awarded in 2013). Reduced membership fees at the nearby gym, regular team events, an annual health day and the organization of vaccinations always form part of the package on offer. In the year under review, the focus was on team-building activities and sporting competitions. At the request of the workforce, a blood donation campaign was organized by the Red Cross along with a four-hour first aid refresher course at the company's own offices. Since June 2022, Avocodo has had its own safety expert to advise on all aspects of occupational safety. Occupational healthcare is provided by the occupational health center, which performs the eyesight tests and ergonomic consultations, for example.

COVID-19

The coronavirus pandemic was still a major issue, particularly in the first two quarters of 2022. To protect the employees and maintain the operation of the business, KTM's internal COVID team developed appropriate measures and continuously adapted the internal guidelines to reflect the circumstances at the time. All facilities and services within the company (COVID hotline, in-house testing station, etc.) were available to employees without any restriction throughout the year under review. This enabled suspected cases to be identified quickly, waiting times for test results to be greatly reduced, and possible chains of infection to be broken sooner.

Thanks to this forward-looking approach and constant engagement with the authorities, it was possible to implement the measures as well as government regulations comprehensively and quickly. This prevented an extensive spread of the disease in the company, and the risk of becoming infected with COVID-19 in the company was assessed as being low.

Consultation and communication

The safety officers and occupational physicians are the primary employee representatives. In addition, employees can also consult the safety expert or the Works Council to obtain information. Important information is regularly communicated on the intranet, via managers and via the information boards in the respective areas. In order to ensure, for example, that safety-related topics can be communicated quickly to the workforce in the production areas, digital screens were installed right by the entrances and an employee app was launched to deliver information in real time. Another important tool for passing on information is the health and safety committee[1], in which the safety officers and Works Council representatives receive an update every year. The committee also provides a forum for discussion on occupational safety and health protection.

STATUS QUO

The key relevant figures on occupational safety and health for employees are continuously tracked and, if necessary, appropriate measures are identified, or processes are adapted or implemented.

1 Healthy work - Occupational Safety Committee (ASA): https://www.gesundearbeit.at/cms/V02/V02_1.8.a/1342537038055/arbeitnehmerinnenschutz/zustaendige-personen/arbeitsschutzausschuss-asa

3. TRAINING AND FURTHER EDUCATION

CONCEPT AND OBJECTIVE

The PIERER Mobility Group takes the approach of enabling current employees to develop their career within the company and engage in lifelong learning by undertaking further training and education. This makes employees more satisfied and more likely to remain loyal to the company, while at the same time they are ensuring the company's success as valuable knowledge holders and experts.

Structured personnel management along with the constant pursuit of personnel development programs are designed to prevent the unwanted departure of employees from the company. A shortage of skilled workers in the group is also being addressed with a comprehensive apprentice training program in our own apprentice workshop. In production will be used a qualification matrix to map employees' capability for work. In addition, this matrix is used to continuously determine the employees' qualification requirements and to plan further training accordingly.

Apprentice training is a key aspect of the human resources strategy for ensuring the next generation of skilled workers. This is because employees who have been trained in a targeted way with a focus on specific skills make a significant contribution to the success of the company. This has laid the foundation for increasing the number of apprentices even more in the future and offering new apprenticeships. Effective management is another vital factor for achieving the corporate objectives successfully. This is why the company offers special training courses for new managers when they join the company or take up a management role. The course priorities are continuously adapted to suit the annual needs assessment. With future-proof training models, this will safeguard the next generation of skilled workers and managers and contribute to the education on offer locally.

In particular, the PIERER Mobility Group increasingly relies on online training to deliver education and training for its employees that is flexible in terms of when and where it is provided. In 2022, 88 different courses were offered online. The courses on offer, which are continuously being adapted and expanded, can be found on the "KTM_academy training portal". The aim is to link all parts of the group around the world to the learning management system in 2023. In addition to the desktop system, the mobile app makes the training and education opportunities that are on offer even more accessible to employees – here too the intention is to gradually expand access to all employees in 2023. The group promotes the transfer of knowledge within the company through its own experts ("train the trainer"). This is also the reason why it is constantly striving to secure the fourth pillar of its success, "the employees," by expanding the amount of training and education available. In the future, e-learning classrooms and terminals will be just as much a part of the modern training concept as training technologies that embrace augmented and virtual reality, which are currently still in the planning stage.

People Development & Digital Learning

The People Development & Digital Learning department can be divided up into two areas: KTM_Academy and Production Academy. Both areas offer training face-to-face or in different online formats (e-learning, webinar, videos, etc.). The focus of the **KTM_Academy** is on providing training and further education for employees. This is divided into the following four areas: Education, Expert Know-How, Leadership & Management, and Toolbox.

- Education: Support either financially or in the form of paid leave to undertake in-service training (foreman, degree, coaching, etc.) as well as part-time educational leave or leave of absence.
- Expert Know-How: Subject-specific training for individual areas or professional groups, such as negotiation training for buyers, requirements engineering for R&D or payroll accountant course for HR employees
- Leadership & Management: Basic management training for all new managers as well as in-depth training on various aspects of management, a dedicated MBA course, project management
- Toolbox: Training catalog for all employees on general further education topics such as online language courses, communication and presentation training, general briefings, onboarding programs, etc.

The focus of the **Production Academy** is on providing training and further education for production employees. In the dedicated training center which has been established, new employees receive specific onboarding training, including safety briefings, a company presentation, motorcycle knowledge and technical training. Existing employees also receive training at individual practice stations on the assembly processes (screwdriving equipment, cables & connectors, etc.). A wide variety of further training courses are offered in the Learning Center, including German courses or management training. Innovations such as augmented reality are used to teach specific learning content.

MEASURES AND FURTHER EXPLANATIONS

KTM_Insights

To make the broad expertise within the group available to more employees, the "KTM_Insights" training campaign was launched in 2022. This further training initiative conveys knowledge about different areas of the company such as specialist expertise, processes, software or programs. The idea is that the knowledge holders, known as KTM_Experts, complete an internal "Train the Trainer" course over two days which then enables them to design their own training courses. The first ten KTM_Experts were trained

by the program in 2022.

Leadership and Management

- **#LeadershipNextLevel**
  To prepare employees for the diverse challenges of management, the KTM_academy has been offering specialist training courses on several different management topics since 2021/2022 through the #LeadershipNextLevel program. After their regular management training, managers have the opportunity to develop their skills further on topics such as "Remote leadership", "Feedback as an important leadership tool", "Talent management" or "Generation management". A total of nine further training courses were completed by 88 managers in 2022.

- **#LeadersNET**
  In order to promote open engagement with each other and networking within the group, the KTM_academy offers get-together events (#LeadersNET) for managers at regular intervals. As well as expanding individual skills, the focus here is on transferring professional knowledge. In 2022, two such evenings took place and were attended by a total of 36 people.

Production Academy – Ready to Speak

- **German courses for production employees**
  In the past financial year, 203 employees were able to improve their language skills by undertaking internal German courses. The German courses took place within the business directly and were linked to each shift. In November 2022, German language skills were assessed by means of a multi-phase assessment test. In the next phase, these employees began courses ranging from German Basic to B2 in December 2022.

- **Upper Austrian State Prize for Integration**
  In November 2022, the Production Academy team was nominated for the Upper Austrian State Prize for Integration for "Language as the key to successful labor market integration". The nomination was based on the German courses for production employees organized by the Production Academy as well as the delivery of training courses (online and also face-to-face) for non-German-speaking employees which were provided at the Production Academy in up to 12 different languages.

Apprentice training & apprenticeship with secondary school leaving certificate

A key aim of the group is to continue employing apprentices when they have completed their training. A guarantee of employment therefore remains in place for those who complete their apprenticeship with good and excellent results. This meets the company's requirement for well-trained skilled workers and at the same time helps young people to make a good start to their professional lives. The cornerstone of apprentice training is our own apprentice workshop. This is where the basic training in all technical apprenticeship trades and special training programs is delivered, and it enables our future technicians to familiarize themselves with the company as much as possible.

More than 60 apprentices are receiving top-level training in mathematics, German and English as well as an elective subject through the Apprenticeship with secondary school leaving certificate program. This training is equivalent to the advanced professional examination and thus also enables access to higher education. The training courses are offered in the new teaching rooms of the apprentice workshop during working hours.

As of the reporting date of December 31, 2022, around 200 apprentices, the majority of whom were employed in the apprentice workshop at the head office in Mattighofen (previous year: around 190), and training was provided in 20 apprenticeship trades:

- Application development - coding
- Operational logistics administrator
- Office clerk
- E-commerce administrator
- Electrical engineering (main module: plant and operating technology)
- Purchaser
- Events management assistant
- Finance and accounting assistant
- Industrial purchaser
- Information technology (systems engineering or operating technology)
- Design engineer (focusing on mechanical engineering technology)
- Automotive engineering (main module: motorcycle engineering with a special module in system electronics)
- Mechatronics (main module: production technology)
- Mechatronics (automation technology - Dual Academy)
- Media specialist and professional photographer
- Metal technology (main module: mechanical engineering technology)
- Metal technology (main module: welding technology)
- Sales & marketing wholesaler
- Shipping administrator
- Forwarding logistics specialist
- Partial qualification in metalworking / operating logistics

61 female and 136 male apprentices took an apprenticeship in the prior financial year, 75 % of whom were in the technical field and 25 % in the commercial field. During their apprenticeship, the apprentices

are not only trained for the profession they are aspiring to work in, but they also receive additional education, including office training and training courses in metalworking and automotive fields offered by external partners. 25 % also complete their apprenticeship with a secondary school leaving certificate. The most sought-after area is automotive engineering, in which 39 % of technical apprentices are currently being trained, followed by metal technology (37 %). Around a quarter of the apprentices have a training place in the commercial sector and 3 % in the Dual Academy. Once they complete their apprenticeship, almost all apprentices remain with the company, whether it is in research & development, motorsport or in production. And it is not just local young people who can consider the option of an apprenticeship at KTM, because the company offers free accommodation with educational support. In the year under review, 42 apprentices received this support.

In 2022, 53 employees who had completed training were integrated into various specialized areas at KTM AG. Of these, around 80 % passed their final exams with a grade of excellent or very good.

Opening of apprentice workshop

The training center for apprentices was rebuilt at the main site in Mattighofen. Since 2019 2.5 million euros were invested in the modern training infrastructure covering an area of 3,000 m^2. The invitation to attend the opening of the apprentice workshop in September 2022 was accepted by over 300 interested parties, including numerous figures from the worlds of business, politics and education. Investment in a pneumatics-electronics laboratory, a new programming room for CNC, and design encompassing 3D printing has transformed the new apprentice workshop into a training center with superb technological equipment. In addition, the automotive workstations have been expanded and all the machinery has been added to. The apprentice workshop has capacity for a total of 230 apprentices – in the years ahead the stated aim is also to increase the number of apprentices here from the current level of around 200.

Dual Academy: Training after acquiring the secondary school leaving certificate

The Austria Dual Academy[1], a training innovation, offers the possibility of practical training in a wide range of different areas, specifically for secondary school leavers, students and career changers. In a maximum of three years, the theoretical knowledge which has already been acquired is linked to practical experience in the company. The know-how that is acquired is combined in the department-specific project. In 2022, KTM AG trained a total of six dual graduates in two professions (1 in operational logistics, 5 in automotive engineering with the main module being motorcycle engineering). Avocodo GmbH, in cooperation with CODERS.BAY[2] in Linz, also makes use of the Dual Academy's training concept, as well as the Job-Related Qualification Scheme (AQUA), funded by the Upper Austrian Labor Market Service and the state of Upper Austria. This enabled the company to recruit three new apprentices for the "Application development – Coding" and "System technology" division.

Visitor events

To give interested parties an insight into KTM's apprenticeship training, several events were organized last year. During the Long Night of Apprenticeship, which was attended by several companies as well as schools from Austria's Innviertel region, over 40 families were offered an exclusive guided tour. On two Fridays in March 2022, the Open Apprentice Workshop Days were held and were completely booked out with over 300 visitors. As part of its cooperation with schools, the company was also visited by 19 classes. Employees were able to excite and enthuse them about the prospect of becoming apprentices.

International Skilled Workers Exchange

In cooperation with the IFA (International Skilled Workers Exchange) organization, commercial and technical apprentices have the opportunity to spend time abroad in Europe. They use their expertise at a local level to support small businesses and can improve their linguistic as well as social skills in the process. In 2022, ten apprentices took part in the International Skilled Workers Exchange and each spent four to six weeks abroad.

Training support

If employees demonstrate special performance and a high level of self-motivation, the group helps them to complete a degree or training as a foreman alongside their job. This is done by covering the costs, but also by granting special leave, time off to prepare for exams, or traditional part-time educational leave. The prerequisite for this is that the chosen subject is related to their current position or possible positions within the group. In 2022, 24 employees from various divisions of the company took advantage of this.

1 Further information is available at https://www.dualeakademie.at/
2 CODERS.BAY is a training facility for future programmers and network engineers.

Training and further education time

The number of hours of education and training for employees in Austria was around 120,000 hours (previous year: around 124,000). The average number of hours per employee was 22 hours (previous year: around 26 hours). The costs of education and training were approx. EUR 2,793,000 globally in the reporting year. See also the table on “Training and Education” in the appendix.

STATUS QUO

The number of hours that employees spend on training and further education is evaluated every six months and measures are identified from this. Furthermore, once a year all managers are surveyed to identify areas of need in order to offer training and further education courses that can be organized and carried out to meet the current needs of the departments.

4. DIVERSITY AND EQUAL OPPORTUNITIES

CONCEPT AND OBJECTIVE

The PIERER Mobility Group regards it as particularly important for all employees to be treated with fairness and respect. This creates a working climate in which people with different worldviews, cultures, lifestyles, personal backgrounds and knowledge are valued. The aim is to promote social justice while combating and preventing discrimination and inequality. This approach is also reflected in fair pay and uniform working standards in order to avoid the risk of unequal treatment.

In its diversity and anti-discrimination policy, PIERER Mobility has defined how it aims to encourage diversity within the group and how it prevents, detects and responds to all forms of discrimination and harassment. This policy is binding for all group employees and can be found on the intranet as well as on the company website [1].

The number of women in the group has risen by approx. 10.6 % since 2018. The group aims to make employment in an industrial company more attractive to female workers, and to encourage even more women to take up technical professions, which will be even more sought-after in the future. For example, it aims to further increase the number of female employees, especially in production and production-related areas in the coming years. As an international group, it values the diversity that is reflected in the origin, culture, language, and ideas of its employees. The responsibility to drive initiatives to promote diversity rests with the Head of Human Resources. In the reporting year, employees from 68 nationalities were employed in the group. In terms of the age of its employees, PIERER Mobility is a young, dynamic company with a global average age of 36.8 years.

MEASURES AND FURTHER EXPLANATIONS

Integration of international employees and people with disabilities

To promote and support the integration of international employees, KTM cooperates with the Lebensraum Innviertel initiative and KTM Technologies GmbH cooperates with Innovation Salzburg GmbH. As part of these cooperation arrangements, information and networking events are offered on an ongoing basis explicitly for them in order to help them to integrate in the region and they also receive support with aspects of daily life. They are given a pocket guide which includes, for example, legal and tax information, typical Austrian customs, useful information about the health and social system and suggested leisure activities. Every international employee also receives the company's welcome booklet with further information that needs to be followed upon arrival in Austria helpful tips for each specific region.

Specific attempts are made to recruit a diverse range of talent through partnerships and presentations at international universities and by offering internships. Skilled staff and managers are sent abroad to ensure that knowledge and experience are exchanged. They also help to establish new sites abroad and in some cases are employed there on a permanent basis. In addition, measures are actively being taken to promote integration at all levels. To support this, a defined number of jobs are given to individuals with physical and/or mental disabilities. A structured process is also being introduced in close coordination with the “Health & Safety” department to better integrate employees with disabilities into company departments. As of December 31, 2022, a total of 54 people with disabilities (measured by a degree of disability reported of over 50 %) were employed in the PIERER Mobility Group.

Flexible working arrangements

Increasingly flexible ways of working (part-time positions, home office and flexible working hours) should also make it possible in the future to achieve an improved work/life balance and to therefore return to work and remain with the company over the long term. In the reporting period, a total of 120 employees resumed work at the PIERER Mobility Group after taking parental leave (due to education or birth) (of which around 36 % were women). The rate of return was around 96 % in the last year. Thanks to the flexitime agreement, employees also have the opportunity to arrange their working hours to suit their current life situation and to make their jobs compatible with the needs of their family.

Childcare

To support working parents, 25 childcare places are available in the company crèches in Munderfing and Mattighofen for children of KTM employees who are between one and three years of age. Due to heavy demand, there are plans to open another company crèche in Mattighofen with another 12 childcare places from the fall of 2023. Employees are therefore able to have their young children cared for by a qualified team of educators during working hours from Monday to Friday in exchange for a very minimal contribution to costs. In addition, free childcare has also been offered during the summer holidays since 2021. From 2023, expansion of the provision from three to five weeks of childcare in July/August in planned. As part of the childcare provided during the summer break, the company

1 See current version at https://www.pierermobility.com/wp-content/uploads/2022/11/Diversity-and-Anti-Discrimination-Policy_2022_PIERER-Mobility-AG.pdf

© KTM/Felix Steinreiber Productions

organizes a comprehensive childcare program which also includes, among other things, a guided tour of the company's apprentice workshop, as well as a visit to the KTM Motohall. These offers help fathers and mothers with the organization of their childcare.

Support for women in STEM professions

KTM AG has already implemented several measures to promote women in STEM professions. Every year, KTM invites girls who are interested to gain an insight into the technical training opportunities offered by the company. In addition to receiving a guided tour of production, on Girl's Day they can also get involved themselves by machining key chains, working on engines, carrying out measurements on electric panels or removing entire wheels at various stations. The stations are professionally supervised by the company trainers. The number of girls in technical apprenticeships is growing steadily. In 2022, Girl's Day was held at KTM once more after a gap of two years owing to coronavirus.

5. EMPLOYEE RIGHTS AND WORKING CONDITIONS

CONCEPT AND OBJECTIVE

PIERER Mobility's approach is to provide fair, employee-friendly working conditions for its employees. This includes appropriate remuneration and stable working conditions, as well as appreciating the employees and providing regular, open and up-to-date communications between the company and its employees. This also boosts the level of commitment and satisfaction in the workforce. Compliance with legally regulated employee rights must be ensured in all aspects of the company's work. Examples of such rights include freedom of association and organized wage negotiations. PIERER Mobility is committed to complying with the provisions of the applicable national and international laws, regulations and guidelines: further information can be found in the "Explanatory Notes on the Implementation of the Provisions of the Core Labour Standards of the International Labour Organization (ILO) in Austria and the PIERER Mobility Group" [1].

MEASURES AND FURTHER EXPLANATIONS

Workplace standard and pay

Around 98 % of the employees in the PIERER Mobility Group are subject to collective bargaining agreements. All job advertisements are posted with the minimum salary, which can be increased according to suitability and experience. This ensures that every applicant is aware in advance of the minimum salary for the advertised position.

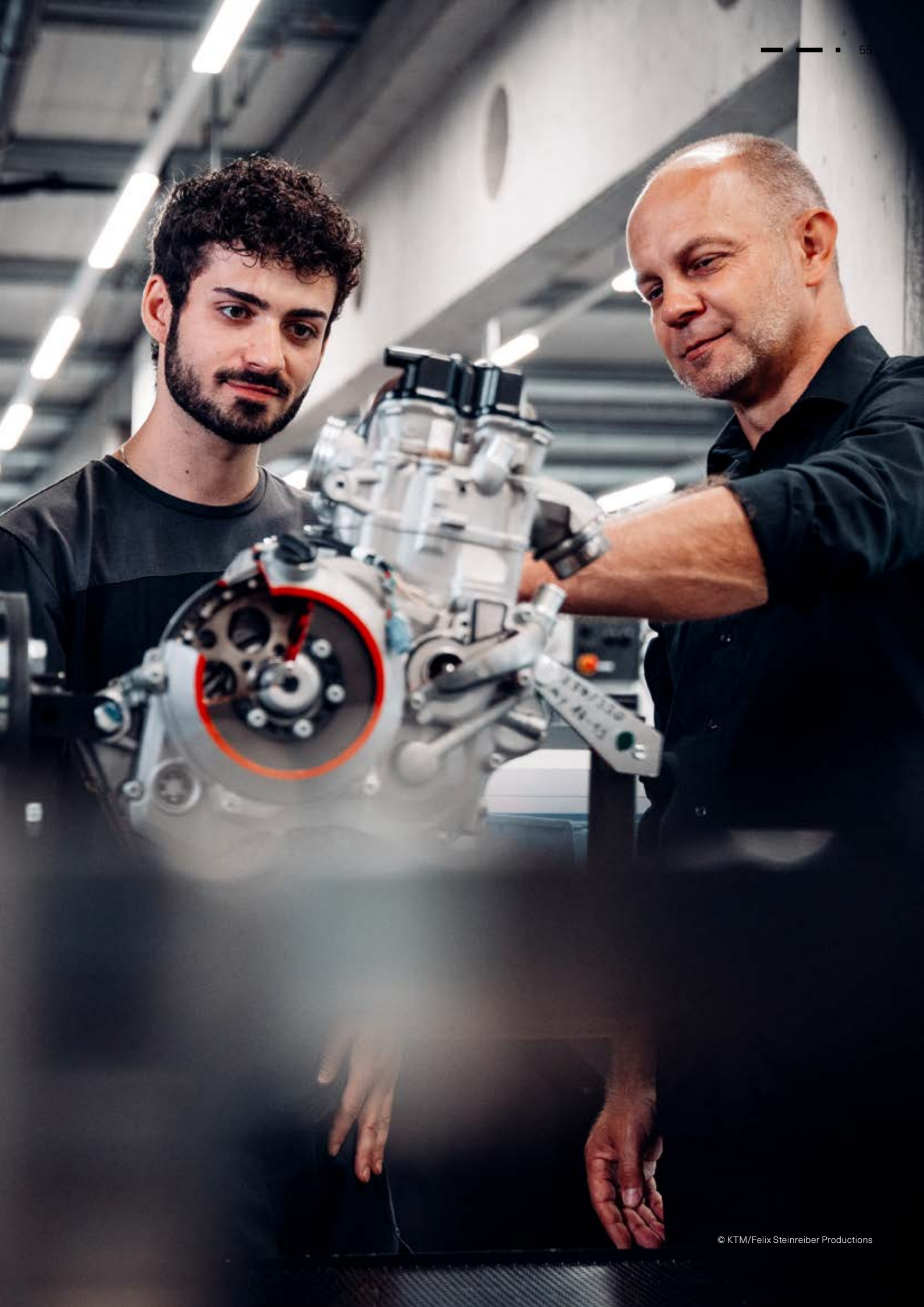
Works Council

The Works Council ensures the protection and promotion of employees' interests in the company. In the PIERER Mobility Group, the Works Council of KTM AG, the Works Council of KTM Forschungs & Entwicklungs GmbH and the Works Council of KTM Components GmbH represent the workforce at the sites in Mattighofen, Munderfing and Schalchen/Austria. The Works Council currently consists of 41 employee representatives, two of whom are members of the Supervisory Board of KTM AG [2], and another two of whom are members of the Supervisory Board of KTM Components GmbH. The Works Council is actively notified about current developments in the company and involved in decisions. In addition to electing the Works Council, works meetings can also be held for the purpose of informing employees, for example, about ongoing collective bargaining or other important operational issues (“freedom of association”).

Cost-of-living bonus

The company awarded its employees [3] a voluntary cost-of-living bonus to provide financial support for the 2022 financial year in response to the increase in energy costs, higher food prices and other costs of living. The bonus amount is EUR 3,000 for full-time employees and EUR 1,500 for apprentices. This one-time benefit is exempt from social security contributions and also exempt from wage tax for people who are liable to pay tax in Austria, and was paid to 4,311 employees on January 31, 2022.

1 See current version at https://www.pierermobility.com/wp-content/uploads/2022/11/Explanations-on-core-labor-standards_2022_PIERER-Mobility-AG.pdf
2 See under https://ktmgroup.com/en/company/aufsichtsrat/
3 These are employees with a valid Austrian service contract with KTM AG and its subsidiaries as well as Avocodo GmbH and PIERER Innovation GmbH. This excludes freelancers, employees in partial retirement, interns and diploma students as well as employees with an individual bonus agreement with a group share.



KTM E-Pilen
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Sustainable Mobility

One of the key pillars of the sustainability strategy is the decarbonization of transport. The PIERER Mobility Group endeavors to provide drive solutions for PTW that champion this approach, independently of binding legal requirements and comparative figures. At the level of KTM AG as an ACEM member, the group therefore shares its strategy for decarbonization [1], which is aligned with the objectives of the European Green Deal and the Climate Change Act, as well as the Sustainable and Smart Mobility Strategy of the European Commission.

The industry goal, which is based on the concept of "Right Vehicle, Right Place, Right Energy Carrier," is to consider and cater for all areas of application for motorcycles by adopting a technology-neutral approach. Targeted use of different drive technologies and energy carriers makes it possible to contribute to ecological goals such as the ultimate goal of achieving carbon neutrality in the transport sector.

In urban environments that feature medium speeds and short distances, road vehicles up to 11 kW (15 hp) will also become established with e-drive trains (48 volts). By 2024, three electric platforms will be introduced for entry-level vehicles, some of which may even be ridden without a motorcycle license.

By 2030, at least a third of group sales will be generated with electrified two-wheelers.

In market segments that are difficult to electrify, other solutions based on the combustion engine will also be vital. To be able to continue to operate dynamically in the premium vehicle segments with higher performance and range requirements (sports and leisure motorcycles), electrification with current battery technology is not a viable alternative for the mass market – apart from for a few niche products. In the high-performance segments, the focus of development work will therefore be on making further improvements to the combustion engine (e.g., reducing CO_2 and noise) and using and ensuring compatibility with synthetic fuels (e-fuels).

In MotoGP, blended fuels will be used from 2024. Blending involves mixing conventional fuel with e-fuels. From 2027, 100 % of the fuels used in motorsport will be synthetic fuels. The transfer of technology within the group is very important. The innovations and experience gained from racing have long been the foundation on which the series applications of PIERER Mobility's motorcycles have been based. This means that gradual introduction of e-fuels and therefore gradual decarbonization of the entire vehicle fleet will also be feasible for production motorcycles. All combustion engines are capable of using CO_2-neutral fuels. In principle, this also means that no interventions in the engine mechanics and application will be required.

In the ESG action area "Sustainable Mobility", the measures and goals focus on the key topics as follows:

- Innovations from in-house research and development
- Impacts of the product design/end of life on the climate and environment
- Impacts of using the product on the climate and environment
- Product quality and user safety

The general managers/divisional heads of the respective business units/divisions in R&D (homologation, powertrain, ePowerpack, eDrive, ...), product management, customer service and PIERER Innovation are responsible for drawing up the measures and achieving the targets in this ESG area of action. The overview of topics can be found in the "ESG Program" table starting on page 105. More detailed information about our contribution to achieving the global Sustainable Development Goals (SDGs) is summarized on pages 108-111.

1 Decarbonization strategy for Powered Two-Wheelers (PTWs) by 2050: https://www.pierermobility.com/wp-content/uploads/2021/10/ACEM_Position_Paper_2021_Decarbonisation_V7.pdf

6. INNOVATIONS FROM IN-HOUSE RESEARCH AND DEVELOPMENT

CONCEPT AND OBJECTIVE

PIERER Mobility pursues an intensive R&D strategy, as is demonstrated by its high research budget. The aim is to maintain this at a high level in the years to come. This development work produces innovative and safe technologies that have a lasting impact on people and the environment when they are put into application. Innovations thus also have a positive impact on the company's other sustainability topics, such as product quality, user safety in particular, and product-related impacts on the climate – for example, a further reduction in CO_2 and a reduction in pollutant emissions for future generations of engines for vehicles with combustion engines (e.g., Euro 5+), research and development in the field of alternative drive technologies for PTW. At the same time, these research activities strengthen Austria as a business location and secure many jobs for the future along with the existence of the business.

The R&D activities are combined in an own research and development company so that it can continue to keep up with the ever-increasing pace of technological development in the future. In addition to the area of e-drive development within F&E GmbH, the latest R&D site in Anif near Salzburg also offers space for further growth for KTM Technologies GmbH. In this competence center covering an area of 7,780 m^2, around 170 employees worked on the development of electric motors (including vehicle development) in the year under review.

The R&D employees consider it their mission to set new standards in the motorcycle segment in order to meet the expectations of end customers, especially when it comes to safety, performance and technology.

MEASURES AND FURTHER EXPLANATIONS

In addition to the primary goal of driving forward product and technology development in the area of sustainable mobility concepts – such as electrified vehicles, reduction in noise and exhaust emissions – in 2022 the R&D team continued to focus on increasing product development efficiency by evaluating and evolving the process landscape in the area of research and development as well as in production.

Battery development

In the year under review, the company began work on developing its own traction batteries in-house. This will allow the motorcycle and vehicle manufacturer to create solutions that are designed for recycling. The more components are easier to separate, the more they can be recycled. These batteries will be used in various motorcycle models produced by the group, with the first use in a production vehicle scheduled for 2024. As part of the Swappable Batteries Motorcycle Consortium (SBMC), a technical standard for a battery swap system, including the corresponding battery swap stations, will be developed together with the other members in the coming years. The goal of this collaboration is to ensure that swappable batteries are fully interoperable so that they can be used easily, thus promoting sustainable mobility. To this end, 40 representatives of the consortium met at the KTM Motohall in Mattighofen for the SBMC Summit in July 2022. This event provided an opportunity to reflect on the progress made during the first six months of the consortium's existence and set out the forthcoming standardization activities.

In addition, the company is promoting the development of a joint platform strategy with Bajaj Auto, India's second largest motorcycle manufacturer for electric two-wheelers (48 volts, 4-11 kW power), which will be used for different versions of products from both partners' brands. Besides joint vehicles, part of this cooperation includes an open approach to different battery solutions in order to exploit the advantages of both integrated and removable batteries. The first products are set to be launched on the market in the next few years.

Synthetic fuels

The employees working in R&D have already conducted several studies with synthetic fuels of various formulations and have concluded that e-fuels can be a full substitute for current gasoline fuels and offer advantages in terms of performance and emissions. E-fuels are an attractive alternative especially in market segments that are difficult to electrify. Here other solutions based on the combustion engine will also be important. Based on the current state of development, the PIERER Mobility Group views e-fuels as a real alternative for making the wide range of existing vehicles carbon-neutral. E-fuels can make an important contribution toward achieving the climate protection targets in the transport sector. The advantages of e-fuels are their high energy density and ease of storage compared to battery electric drives. Further information on e-fuels can be found in the ACEM position paper [1].

1 https://acem.eu/images/publiq/2022/ACEM_position_paper_-_Efuels.pdf

Functional lightweight construction I Targeted use of materials

When it comes to the development and prototype production of lightweight, highly efficient and economical solutions for new vehicles and their components, KTM Technologies GmbH is one of the experts in functional lightweight construction. What makes it successful is that it can handle the entire product development process from technology and component development, structure and process simulation, and life cycle assessments through to industrialization. The company also has a very high level of expertise in the development and production of composite and 3D-printed components made from a wide range of different plastics, as well as combining them to make hybrid components. Due to the growing need for energy savings and sustainability, lightweight construction is coming into even sharper focus. Economical lightweight construction is also an important building block for manufacturing the most efficient e-vehicles possible that deliver impressive driving dynamics.

To meet these requirements, the focus is on making the most targeted use of materials, based on the motto of "the right material in the right place". With these premises in mind, KTM Technologies is creating future-proof product solutions that not only make the best possible use of material properties, but are also designed to be one step ahead. Future challenges at an ecological and economic level (key focus on life cycle assessment and material availability) are already being incorporated into the development process today.

The technologies that are needed for this originate from in-house development, among other places. The latest success story from KTM Technologies is a hybrid brake disc guard manufactured using the internally developed and patented CONEXUS technology, which enables different materials to be bonded together without an additional joining process such as gluing or screwing. This saves not just costly processes, but also resources. Targeted use of the individual material partners allows their characteristic profiles to be exploited to the full. The first series components are already available as accessories for all full-size MX and Enduro models of the KTM, Husqvarna and GASGAS brands and will also become a fixed component of selected vehicle models from the beginning of 2023. The second product, manufactured with the same technology, is a hybrid engine guard which will also go on sale at the beginning of next year. The two series components feature composite inserts with an attractive carbon design which are functionalized with an impact-resistant plastic. The CONEXUS technology not only enables the materials to be bonded, but also allows the used materials to be separated easily and by type. This allows the best possible end-of-life scenario to be achieved for the material in question.

To illustrate the full potential of CONEXUS technology, the brake disc guard was used as the basis for developing a demonstrator which addresses all aspects of sustainability. By using flax fibers instead of carbon fibers and a bio-based plastic, the carbon footprint for the materials used has been reduced by almost 70 %. The ease with which the material partners used can be separated means that, for example, the plastic used can be recycled and fed back into the process. The component and the technology behind it won the JEC Composites Innovation Award, the highest accolade in the composites industry, in Paris earlier this year. In addition, the component winning first place in the "Body Exterior"category at Automotive Night, which is organized by the Society of Plastic Engineers.

In order to be able to test the developments under realistic conditions, fully functional prototypes are built in the company's own workshops. Optimum conditions for doing this have been created in the new building and the provision of professional equipment in terms of test stands, measuring technology and analysis tools has been expanded further. This is where prototypes can be fine-tuned, tested and validated in-house in all phases of development. This is a great advantage, especially for the fast, safe and qualitatively flawless development of sophisticated and high-performance electric vehicles.

Participating in a range of further projects across the group to reduce the carbon footprint and to comprehensively analyze the environmental impact of our products are just as much a part of KTM Technologies GmbH's work in 2022 as targeted expansion of know-how with a focus on lightweight construction, plastics, 3D printing and new mobility.

Eco coaching as a tool for sustainable use

The "EMotion" sponsored project [1], which will result in the development of a new low-cost, energy-efficient, convenient and lightweight electric two-wheeler platform, also addresses the issue of sustainability. Taking the form of an eco-design validation, a life cycle assessment (LCA [2]) was carried out jointly with the company Daxner & Merl in order to identify and subsequently optimize areas of potential for reducing CO_2. In this process, both the production and use phase and the end-of-life phase were considered to establish a full picture.

The results show that the electronic components, and in particular the batteries and the drive, offer the greatest potential for improvement. A simulation-driven lightweight design strategy, which is already used in production projects, has already brought the structural components close to their optimum level.

1 Further information about the Emotion project can be found at https://www.ait.ac.at/themen/propulsion-technologies/projects/emotion/
2 Life cycle assessment

The carbon footprint in the use phase is very heavily dependent on the particular underlying electricity mix, with the main influence here being the method of use. The eco-coaching approach offers great potential for reducing CO_2. Taking the European electricity mix as a reference, for example, a saving of up to 147 kg of CO_2 per vehicle can be achieved.

EMotion also takes account of recycled materials used for various components in order to further reduce the impact of vehicle manufacturing on the climate. For example, the rapid prototyping process (3D SLS [1] printing) employed in the manufacture of plastic components uses sustainable powders, some of which are made from recycled materials. The pilot phase is scheduled to run from April to November 2023.

Employees & investments

The development, testing and transition to series production of new concepts in the particularly technology-driven premium motorcycle segment require a constantly expanding, interdisciplinary team of specialists. This is reflected in the renewed increase in the number of employees in the Research and Development department. As of December 31, 2022, the PIERER Mobility Group had 1,181 employees (previous year: 976), representing 19.4 % of the total workforce in the Research and Development department. In operational terms, excluding the ancillary effect of capitalizing and amortizing development expenses, 8.7 % of total revenue was spent on research and development.

1 Selective laser sintering

7. IMPACTS OF THE PRODUCT DESIGN/END OF LIFE ON THE CLIMATE AND ENVIRONMENT

CONCEPT AND OBJECTIVE

The PIERER Mobility Group endeavors to consider the impact of its products on the climate and environment at the design stage and throughout their life cycle. This allows it to create more durable, easily repairable products that can be broken down into reusable or recyclable parts and materials at the end of their useful life. It also seeks to focus at this early stage on more sustainable materials (e.g., recycled metal, more energy-efficient fabrics, natural fibers, materials from socially acceptable sources) that can be used instead of conventional ones (e.g., CO_2-intensive primary aluminum). The company has an established working relationship with a renowned recycling company to ensure that batteries are disposed of in accordance with EU regulations.

MEASURES AND FURTHER EXPLANATIONS

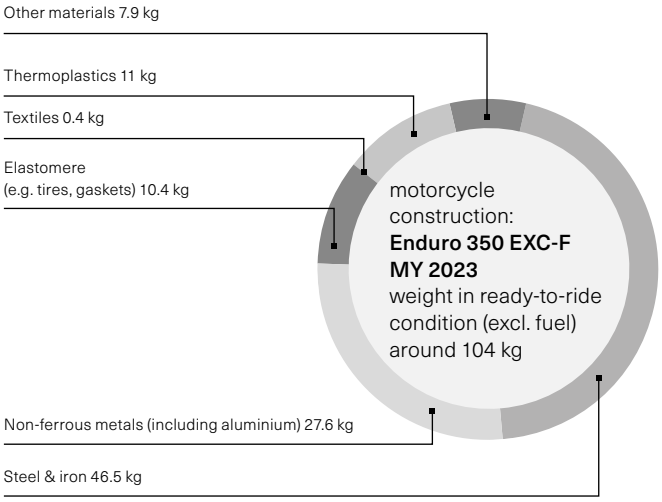
Life cycle assessment as a basis for evaluation (Innovation Steering Committee – ISK Sustainable Engineering)

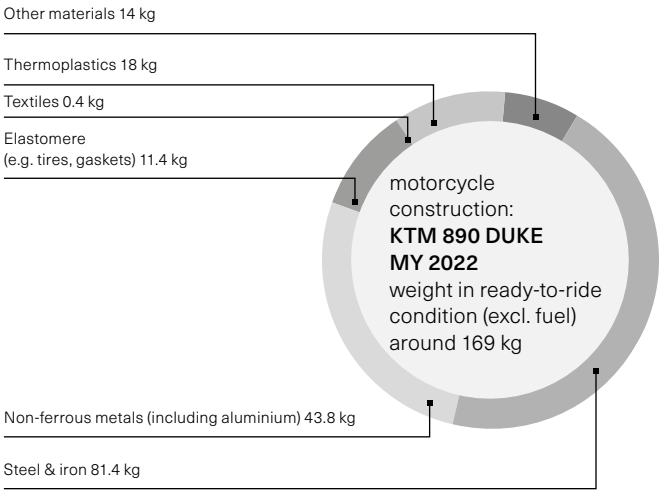
In order to know the environmental impact of the products and lay the foundation for more sustainable development right at the start of development, the methods and tools used in the life cycle assessment have been raised to the next level. Determining the carbon footprint of the materials used represents an important step toward delivering a complete life cycle assessment of components and, subsequently, of complete vehicles. Since mid-2022, Sphera's GaBi software, which is the leading choice of software in the field of life cycle assessments, has been used in this context. This means that in the future, in addition to the carbon footprint, it will also be possible to evaluate other relevant impact categories.

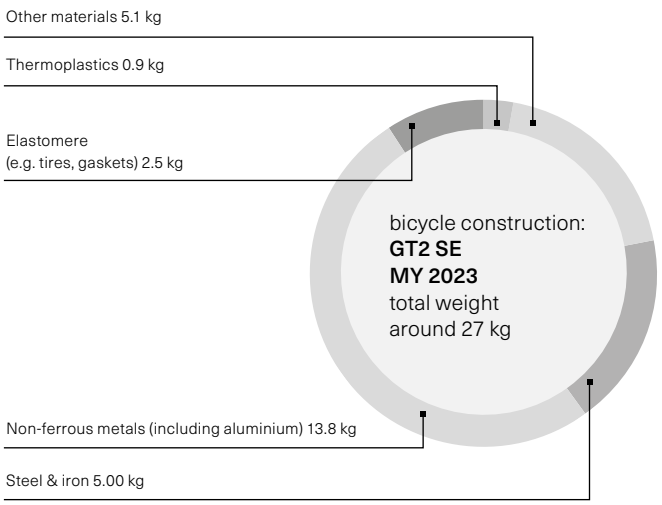
These forward-looking tools, combined with the expertise and experience of the KTM Technologies GmbH team, will make it possible to develop more holistically sustainable products and solutions.

Distribution of materials in motorcycles and (e-)bicycles

The graphs reflect the breakdown of the materials used in KTM AG motorcycles and (e-)bicycles. The basis for the calculation is data on representative vehicles from all production areas. The weighting results from the materials used for each model listed.







Packaging material used

For disposable packaging, it will be used the following quantities per vehicle for the models listed in the graphs:

- **Enduro 350 EXC-F**
  Depending on the destination, disposable packaging is used for some vehicles. This packaging consists of approximately 85 % renewable raw materials such as mixed wood/cardboard. The weight of this packaging is 29 kg.

- **KTM 890 DUKE**
  Depending on the destination, disposable packaging is used for some vehicles. This packaging consists of approximately 88 % renewable raw materials such as mixed wood/cardboard. The weight of this packaging is 50 kg.

- **Husqvarna GT2 SE**
  Disposable packaging consisting of cardboard with an average weight of 7 kg depending on the frame size. Individual sensitive components are protected with 0.6 kg of cardboard, 0.1 kg of "foam" bubble wrap, and a 0.12 kg plastic cover to protect the goods. Depending on the destination and model group, the packaging material used differs as follows: In the case of disposable packaging from suppliers in Asia, more bubble wrap is used to protect the frame, and in the case of packaging from suppliers in the EU, mainly cardboard is used.

Recovery and recycling of batteries

KTM pays special attention to the recovery and recycling of lithium-ion batteries. This applies to the traction batteries which are installed in the electric vehicles. This refers to the traction batteries of the KTM FREERIDE E, as well as KTM SX-E and Husqvarna Motorcycles EE models, which were introduced to the end customer market from 2014. These batteries are classed as what is known as high-voltage technology due to their high energy content of up to 3.9 kWh and an operating voltage of up to 302.4 volts, depending on the design. They contain up to 360 individual lithium-ion cells and thus a correspondingly large quantity of valuable raw materials whose recovery for reuse is an extremely important factor for increasing electric mobility in the future of individual transport. In order to promote the careful use of these valuable resources, a function was implemented on the dealer communication platforms of the sales companies which the authorized KTM dealer network is obliged to use to register every traction battery that is put onto the market. This is done in the form of a delivery certificate which is to be registered in the system both for traction batteries in the motorcycle and for spare powerpacks. If the traction battery weakens or becomes defective during the product life cycle, it can also be repaired directly by the manufacturer and reused in the motorcycle.

Battery disposal

Another approach is to dispose of batteries in accordance with the current EU regulation. For this purpose, KTM has been working with the Landbell Group [1] for four years. Based on the cooperation agreement that has been entered into, the requirements of the DIRECTIVE 2006/66/EC will be implemented more specifically for KTM/Husqvarna/GASGAS motorcycles. As a result of the extended agreement, Landbell also centrally registers all batteries placed on the market with the relevant national authorities (24 countries) for PIERER New Mobility electric bicycles. Likewise, the disposal of all types of starter or powerpacks at the end of their life cycle can be handled by the Landbell Group partners in the countries, or the collection of used batteries can be handled directly by the Landbell Group organizations. Since the subsidiaries have so far complied with the obligations of the directive on individual agreements, this measure, which is managed from company headquarters in Mattighofen, will make it possible to meet the compliance obligations more efficiently in every respect.

1 https://landbell-group.com/

8. IMPACTS OF USING THE PRODUCT ON THE CLIMATE AND ENVIRONMENT

CONCEPT AND OBJECTIVE

The use of PIERER Mobility's products entails significant environmental impacts caused by, among other things, the exhaust and noise emissions that are associated with combustion engines. We therefore aim to minimize the impacts of the products on the climate and environment in the use phase and develop or offer sustainable technologies to tackle this issue. Impacts may arise, for example, from the production and combustion of fossil fuel (CO_2 emissions, environmental damage from oil production) and the emission of other pollutants (air pollution, soil contamination from leaking substances, noise). The goal is to market products that always meet the latest environmental standards or are environmentally sound along their whole product life cycle and at the same time also offer a high level of additional benefit to the customer (individual mobility). Especially at the current time, with a pandemic and energy crisis, many people want the option to be mobile in a way that is independent and ecologically tenable.

MEASURES AND FURTHER EXPLANATIONS

The regulation on the type approval of vehicles in category "L" (Regulation (EU) 168/2013) stipulates that vehicle types approved for the first time after January 1, 2024 must comply with the "Euro 5" requirements. From January 1, 2025, all vehicle types must comply with these requirements. The main aspects of the "Euro 5+" specifications include the extended functional scope of the OBD-2 system, adjustments to the proof of the durability of emission-reducing devices and a reduction in the exhaust gas limits for Enduro and Trial motorcycles. From September 2023, the extended RD-ASEP noise measurement procedures of UNECE R41-05 must also be applied to new vehicle types.

Activities in the field of vehicles with combustion engines

Activities in 2022 focused on completing the development work on the extended OBD-2 requirements and reducing the exhaust emissions of Enduro and Trial motorcycles in order to be able to type-approve all new models in accordance with the "Euro 5+" requirements by December 30, 2023, and all existing models by the deadline of December 30, 2024. In relation to noise emissions, the development work on the extended RD-ASEP test conditions was largely completed. To do this, extensive series of measurements were carried out both on the noise measurement track and in the acoustic laboratory, and the findings were fed back into vehicle and powertrain development (exhaust/silencer system, engine application) in order to comply with the corresponding requirements of UNECE R41-05 for type approval for new vehicle models from September 2023.

Future developments in emissions testing

The discussions surrounding exhaust emissions in real-world driving, which have mainly focused on passenger car manufacturers, could have an impact on future exhaust emission regulations for motorcycles. So far, however, no corresponding changes to the type-approval regulations for class L vehicles (light 2, 3 and 4-wheeled vehicles) have been proposed by the legislator. This means that real driving emission tests (also known as RDE tests) are not mandatory for class L vehicles. In addition, there are currently no suitable RDE measurement systems for motorcycles. The so-called PEMS (Portable Emission Measurement Systems) are currently being examined and will eventually have to be developed further for use on motorcycles as well.

In the reporting year, a professorship in "Acoustics and Noise Development Research" was established at the Technical University of Graz/Austria and is also being funded by KTM. The aim is to define the topics for the research projects and drive them forward in cooperation with the supporters. The plan is that specific projects will be defined and commissioned in the second half of 2023.

Activities in the field of vehicles with electric powertrains

Since 2014, KTM AG's product range has included one such product, namely the purely electrically powered KTM FREERIDE E-XC. Since the FREERIDE E-XC was launched on the market, the company has been a pioneer in the light e-mobility segment. Thanks to a new generation of battery cells, it has been possible to increase the range here by 50 % in recent years. With the KTM SX-E 5, HUSQVARNA EE 5 and GASGAS MC-E 5 models, electric competition motorcycles for children have been successfully put into production and launched on the market. In the past reporting year, the product family has been expanded to include more models with reduced power and battery capacity in the form of the KTM SX-E 3, HUSQVARNA EE 3, and GASGAS MC-E 3. Equipped with a manually operated front and rear brake, these form the basis for children to learn motorcycle riding techniques very easily. The product range also includes the electric balance bikes. These are electrically powered bikes with a wide range of uses and great versatility, designed to provide an entry-level platform for the youngest bikers.

In 2022, a total of 94,389 (previous year: 80,273) e-motorcycles, e-bikes and electric balance bikes were sold. The share of all electrified two-wheelers was 19.10 % (previous year: 18.43 %).

Pollutant emissions from vehicles (emissions)

Within the organizational structure of KTM AG, in addition to the actual vehicle assembly, there are also manufacturing upstream operations, such as frame construction and exhaust production, which due to the high proportion of joining and machining process steps, along with the area of R&D, have a higher demand for energy. At the sites of the PIERER Mobility Group, greenhouse gas emissions are generated directly through the combustion of fossil fuels (**Scope 1 emissions**) and indirectly through district heating and electricity consumption (**Scope 2 emissions**). This means that the percentage of greenhouse gas emissions (in CO_2 equivalents) associated with the production or assembly of the products is around 1.5 % (Scope 1-2 "location based"). Most of the greenhouse gas emissions, around 98.5 %, are generated when the vehicles sold are actually used (**Scope 3 emissions**). Furthermore, greenhouse gas emissions per vehicle sold amounted to around 0.05 t CO_2-e (previous year: around 0.05 t CO_2-e) in the creation phase (Scope 1-2) and around 3.74 t CO_2-e (previous year: around 3.80 t CO_2-e) in the use phase (Scope 1-3). This is equivalent to a reduction in direct and indirect greenhouse gas emissions per vehicle sold of around 1.4 % (based on Scope 1-3 emissions "location-based") compared to the previous year. The increase in direct and indirect greenhouse gas emissions per vehicle sold (based on Scope 1-2, "location based") resulted, among other things, from the increased production volume and the increase in business travel following coronavirus. The calculation included motorcycles sold in the B2C (retail) business (including the KTM and Husqvarna models sold directly by Bajaj Auto, but excluding e-bicycles). The detailed table can be found in the notes.

Emissions reduction

The average CO_2 emissions of the reported vehicle fleet of 226,806 units were 79.59 g/km[1] in 2022 (internal calculation of PIERER Mobility AG). This means that CO_2 fleet emissions increased by 0.23 g/km in the reporting year, also thanks to the continued strong growth in sales of ICE models[2] with medium and large displacements (> 500cc) (2021: 79.36 g/km). The LC8c (790/890 & 901) and LC8 (1290) engine platform models alone recorded sales of 36,356 units, representing >16 % of the model mix sold.

Nevertheless, between 2016 and 2021 PIERER Mobility AG reduced the average CO_2 emissions of its newly sold vehicles by 2.06 % (2021: 2.34 %)[3]. Average fuel consumption decreased by 0.02 l/100km and was 3.39 l/100km in the 2022 reporting year[4]. Fleet fuel consumption was reduced by 2.98 % compared to the 2016 base year (2016: 3.5 l/100km). This equates to a total energy saving of 805.64 gigajoules in the 2022 reporting year.[5]

Reduction in energy demand for products

The calculations for CO_2 emissions and fuel consumption of the sold vehicle fleet are based on the specifications and assumptions of the World-Harmonized Motorcycle Test Cycle (WMTC). This method was chosen because it provides a globally harmonized approach. Previously, the calculations were based on the specifications and assumptions of the New European Driving Cycle (NEDC) or the voluntary commitment of the ACEM (European Association of Motorcycle Manufacturers). When the WMTC test cycle and the Euro 4 emissions standard were introduced on January 1, 2016, the reporting year 2016 was chosen as the base year. To allow better understanding, it does not state the vehicle consumption in joules, but in l/100 km as usual.

1 Since 01/2016, all L-category vehicles in the EU must be registered according to the new type test cycle WMTC. This concerns all two-, three-, or four-wheeled vehicles according to Article 4 and Appendix I (Enduro motorcycles (L3e-AxE (x = 1, 2 or 3)), trial motorcycles (L3e-AxT (x = 1, 2 or 3)) and heavy off-road quads (L7e-B)) of EU Regulation 2013/168/EU which are intended to be driven on public roads. The fleet value is based on the homologated test values according to WMTC.
2 The incorrectly recorded CO_2 emission figure for a KTM model from Bajaj Auto required a correction of the fleet emission figure retrospectively for the 2021 and 2020 reporting years.
3 GRI 302-5
4 The consumption is based on the homologated test values according to WMTC.
5 Calculation in gigajoules based on Net CV according to DEFRA for "Petrol (average biofuel blend)".

9. PRODUCT QUALITY AND USER SAFETY

CONCEPT AND OBJECTIVE

PIERER Mobility AG has set itself the goal of manufacturing extremely safe, high-quality products and keeping the recall rate at a low level. A higher level of quality enables products to be used reliably for longer. The electric motors and combustion engines are key components of its motorcycles and are developed and produced by the group. They guarantee the identity of the products of the KTM, Husqvarna Motorcycles and GASGAS brands. One example of the quality assurance measures is the introduction of testing facilities for the Euro 5 emissions standard, which ensures that all relevant components in the production process are completely leaktight.

The company's mission is to reduce the number of avoidable motorcycle accidents to a technically feasible minimum by using rider assistance systems, among other things. In particular, PIERER Mobility incorporates the motorsport division with the rider teams as well as other relevant stakeholder groups in the testing and validation process to ensure the best possible overall result for users. The group has a global service network of approx. 3,500 (with India approx. 4,400) specialist motorcycle workshops to meet the high demands placed on the quality of our products. These meet defined quality standards regarding infrastructure, equipment with special tools and training. The skilled engineers in the workshops receive training using the "train-the-trainer" principle from the company's headquarters by means of face-to-face training sessions over several weeks, a self-study e-academy, mobile learning modules and live webinars.

MEASURES AND FURTHER EXPLANATIONS

Recalls

The health and safety of customers/users always have top priority across all product areas of PIERER Mobility AG. In the reporting period, despite the significant increase in sales figures and expansions of models, the recall rate was just five recalls. This validates the strict requirements along our value chain and demonstrates the high quality of the products of all brands, including all measures in the area of market monitoring. Further information on recalls can be found on product websites [1]. As an additional safety feature, every KTM, Husqvarna & GASGAS owner can find out under Service and Safety Check [2] whether there is a recall on their vehicle (vehicle identification number and delivery certificate required).

Developments in motorcycle and rider safety

The research and development department of KTM AG is heavily committed to ensuring the safety of its customers and works on future-oriented solutions. For example, the "vehicle-to-vehicle (V2V) communication" offers great potential for avoiding accidents. Progress was made this year in coordination with highway infrastructure and also in implementing prototypes with the necessary level of security.

CMC 'Next'

KTM continues to assist as a core member of CMC (Connected Motorcycle Consortium) in analyzing accident scenarios and avoiding them through wireless communication. This will also serve to prepare a presentation of the results in 2023. Relevant use cases for avoiding an accident are set to be highlighted in collaboration with international motorcycle and car manufacturers.

Warnings

In line with its commitment to detect critical situations in good time, KTM is working on acoustic warnings that are designed to enable the rider to react in good time. New findings on how perceptible acoustic signals are were drawn up in cooperation with the University of Dresden. The results of this work will go into series production with the next generation of products. In addition to the acoustic signals, work has also been done to explore possible ways of giving haptic feedback to the rider. Here, too, there are promising approaches that are perceived more readily than visual cues, despite the vibrations that are produced by the motorcycle.

Emergency call number

KTM has explored and evaluated a number of technical options for displaying an automatic or manual emergency call number on the motorcycle. The next step will be to implement this on a specific production model. This will incorporate the findings from the European eCall for passenger cars and the results from the "I-HeERO" and "sAFE" research projects that have already been completed and were funded by the European Commission. KTM was a partner in the two aforementioned research projects, and is still actively involved in the development of an EN standard for motorcycle-specific functions of an automatic eCall system.

1 https://www.ktm.com/en-int/service/Safety.html, https://www.husqvarna-motorcycles.com/en-do/service/safety-information.html and https://www.gasgas.com/de-de/service/safety-information.html
2 See as an example: https://www.gasgas.com/de-de/service/service-and-safety-check.html

Range prediction for electric vehicles

The Data Science & Business Modeling team worked on sustainable business models and services in 2022. Using a hybrid modeling approach ("physical & data driven model"), the effects of riding style as well as external influencing factors are identified and evaluated. Establishing a data pipeline of test data allows vehicle signals to be augmented with external data and these scenarios to be classified in terms of residual ranges. Ultimately, the aim is to develop, train and validate a model to predict the energy consumption of different riding profiles and riding situations. Important topics here are primarily optimizing and expanding the range calculations for e-bicycles and e-motorcycles. Despite the increasing popularity of electric mobility, the issue of range anxiety is cited as one of the most common barriers to purchasing or making regular use of electric vehicles because they only have limited energy storage capacity and energy consumption is heavily dependent on environmental conditions and rider behavior. Standard – non-dynamic – residual range calculations result in customers being dissatisfied or may even lead to a lack of interest in electric vehicle categories. This is why the group is working very hard to make sure it is able to estimate the range specifically for each rider and their circumstances by taking account of both riding style and the complexity of the environmental variables (topography, etc.). The aim is to enable riders to make informed decisions about route planning and charging, as well as to improve the existing residual range calculation. Due to delays with the test data, the evaluation project is not expected to be completed until 2024. Accordingly, decision-making on series production and implementation would then not be able to commence until 2024.

Supporting the used vehicle market

The used vehicle market is heavily influenced by knowledge of the condition of vehicles and their components. Sellers want to communicate the good condition of the product and buyers want to validate the statements made about the condition of the product. The data accumulated over the lifetime of a vehicle can be used to support these processes. The Data Science & Business Modeling team is working on analyses and concepts of services that can help market players to create an increased level of trust in transactions and thus possibly prolong the use of vehicles or components. So far, no specific measures have been put in place as the team is still in the concept development phase.

Training for 2-wheel mechanics

Constantly new and ever more complex motorcycles with an increasing level of innovation, new technologies – such as e-mobility, connectivity, distance radar – additional brands and a growing number of sales partners all over the world pose great challenges when it comes to training and developing 2-wheel mechanics. The expansion of the training facilities in 2021 and an integrated learning concept ("blended learning system") consisting of online and face-to-face units will enable new dealers to enter the KTM service world faster and learn about the basic technology.

Following the relaxation of travel restrictions in 2022, face-to-face training was encouraged again. In the reporting year, a total of 81 (+21 % year-on-year) face-to-face training sessions took place, some of them simultaneously, with a total of 193 (+40 % year-on-year) days of training. No fewer than 467 (+190 % year-on-year) participants from 60 (+186 % year-on-year) countries received "hands-on" training on site. Following the digitalization project for bronze level training courses in 2021, the completion rate increased by 76 % with 1,741 new bronze level mechanics in 2022. The number of online training courses completed was 69,408 (+6 % year-on-year), with 4,848 users from 1,856 dealers. A number of efficiency and content improvement measures were implemented during the year, notably:

- An AI avatar presents online technical training videos in five languages. The use of spoken language instead of subtitles allows the participant to focus on the content rather than the translation. The time required for the final production of a training video is reduced to just a few hours.
- 3D animations are created in-house by the technical training department. Instead of many lines of text explaining complex concepts and technologies, the selective use of animations provides participants with a much better understanding of the learning content and shortens periods of learning.

The continued integration of the bike division also relied on the proven processes and structures of the motorcycle model. The virtual communication platform "Dealer.net" (for vehicle and parts ordering, warranty processing, etc.) and the Global Support Center & Knowledge Database for international support have been extended to bikes. Training videos in five languages were rolled out for this purpose.

Measuring dealer and workshop performance for main sales markets in Europe

In 2021, the workshop evaluation was introduced as a requirement for the dealership to receive a bonus. This continued in the year under review and is an important management tool for ensuring the workshop quality of the dealership and therefore that customers are satisfied with the service they receive.

The workshop evaluation focused on four different areas, all of which must be met:

- Level of training and qualification of workshop technicians
- Equipping of the workshop with special tools
- Minimum fulfillment rate for two selected KPIs
- Fulfillment of two individual targets defined by the respective colleagues responsible for the market for each specialist workshop

The cornerstones of the workshop evaluation are six different KPIs from which workshop performance can be identified. Two KPIs were a prerequisite for a dealer bonus in 2022. This is an important management tool for identifying trends at an early stage and also for being able to measure any project successes. The KPIs cover the following priorities:

- Service quality
- Implementation of market campaigns
- Customer retention

Well-prepared support is the key to satisfied and above all loyal customers. Customer expectations have changed dramatically in recent years due to digitalization. To meet these expectations, customer service activities for all brands will continue to be expanded in 2023.

Husqvarna Cross Tourer 5 FS,
Light Cross JR 27.5, Gran Sport 6 MY 20
© Husqvarna E-Bicycles

Environmentally Conscious Production

As far as motorcycle manufacturing is concerned, the PIERER Mobility Group always attaches great importance to making efficient use of raw materials in a way that conserves resources, and sustainable handling of the resources used for the production process. Increases in efficiency in many areas, in addition to making the best possible use of raw materials – including returning them to the material cycle – therefore represent a particularly important aspect. An environmental management system certified by TÜV Süd forms the basis for coordinating, monitoring and documenting processes. The defined management processes are safeguarded via the existing internal audit processes.

The group also strives to minimize impacts on the climate and environment in its procurement activities and logistics. The length of transport routes and the use of different means of transport (ship, plane, truck) play just as much of a role in planning as the quality of the efforts to protect the environment and climate made by our suppliers and logistics partners.

In the ESG action area “Environmentally Conscious Production”, the measures and goals focus on the key topics as follows:

- Impacts of procurement and logistics on the climate and environment
- Impacts of production on the climate and environment
- Waste management
- Other climate and environmental impacts

The departmental heads of quality/environment/property/waste management, procurement, logistics, KTM Components, engine plant and vehicle assembly are responsible for drawing up the measures and achieving the targets in this ESG area of action. The overview of topics can be found in the “ESG Program” table starting on page 105. More detailed information about our contribution to achieving the global Sustainable Development Goals (SDGs) is summarized on pages 106-108.

10. IMPACTS OF PROCUREMENT AND LOGISTICS ON THE CLIMATE AND ENVIRONMENT

Concept and Objective

As an international company which exports a lot of its products and has a globally diversified supply chain, the PIERER Mobility Group has to contend with the growing challenges in the logistics industry and develop efficient concepts for increasingly complex operations using resource-saving technologies (for example, by complying with Euro 6) and processes. It works predominantly with global logistics service providers that are pursuing appropriate initiatives to create traceable and effective measures to reduce the impact on the environment. Its goal in the medium term is to award all paid shipments exclusively to transport companies that also focus on sustainable initiatives (for example, emissions reduction). It also wants to continuously reduce the amount of packaging material.

The group also tries to boost the European economy and establish lower transport costs and more environmentally friendly supply chains by having shorter transport distances. An example of this is implementing local procurement strategies for its production sites in Mattighofen and Munderfing. When awarding new projects, emphasis is placed on supporting social enterprises, considering local procurement strategies. This makes it possible to allocate suitable projects to inclusive companies in the region. In addition, it is increasingly focusing on continental supply chains and long-term partnerships with suppliers.

A sustainable supply chain should be designed by gathering data and assessing the sustainability of suppliers, and also ensure greater transparency. The assessment is done by means of the ESG SupplierAssurance platform. The goals and measures set in this area of action are very closely related to another key topic. This is therefore dealt with in detail in the “Fair Business Practices” chapter.

In addition, we rely on an AI [1]-based risk monitoring system that provides immediate information on any global events that may have a direct or indirect impact on the supply chain. This enables us to detect disruptive influences along the supply chain at an early stage, take countermeasures as quickly as possible and thus largely avoid material supply risks. Through this targeted monitoring, compliance with sustainability aspects can be verified globally in addition to boosting resilience within the supply chain.

MEASURES AND FURTHER EXPLANATIONS

PIERER Mobility AG will in future increasingly support investments at Austrian suppliers or at the KTM sites in Mattighofen and Munderfing. Other projects for 2023 include a more transparent mapping of supply chains to allow us to implement our risk management more efficiently, expansion in the use of the sustainability platform already mentioned, and a review and revision of the process for risk analysis and assessment of supply partners in this context. In addition, a project was launched to integrate sustainability aspects into existing procurement processes and will be completed in the coming year. Measures in this regard are described in more detail in the “Fair Business Practices” chapter.

Internal logistics

The PIERER Mobility Group focuses on using reusable packaging to transport preliminary and finished products within the group and between suppliers. The amount of reusable packaging used for deliveries of standard products within Austria as well as from neighboring countries is increasing each year. At the end of 2022, more than 26 % of production items were delivered in reusable packaging, exceeding the set target of 25 %. This was the conclusion of the evaluation carried out in the reporting year. This percentage will increase only marginally in 2023, as reusable projects are being planned for larger components and they will take longer to develop. In 2023, one of the main goals is to reduce the amount of packaging in general. The intention is to achieve this by pushing for packaging units that are a closer fit for the product as well as reducing avoidable packaging materials such as various films, filler materials, etc. Possible ways of promoting the circular economy are also being examined. In the case of plastic waste and packaging in particular, the extent to which this can be regranulated and reused for a wide variety of purposes is already being explored with a number of companies specializing in recycling.

1 Artificial Intelligence

Transport logistics

As part of ongoing processes to optimize transport logistics, the CO_2 emissions of paid shipments were evaluated and the CO_2 emissions of transport service providers were actively checked. A clear area identified as requiring action was to reduce the use of air freight, which contributes massively to the carbon footprint, with air freight only being used in exceptional cases and to avoid production stoppages. Data collection is currently only partially automated, so it is only possible to disclose the data from December 31 of the previous year. The process is currently under development. This will also be accompanied by a constant refinement of the data collected. For this reason, there may be some variations by the time of the next disclosure. The aim is to include the data from two consecutive years in the calculation of the footprint (Scope 3) once it has been collected. Indirect greenhouse gas emissions from inbound and outbound shipments thus amounted to around 30,000 metric tons of CO_2 as of December 31 in the 2021 financial year (of which the majority of CO_2 emissions are generated by flying (65 %), by truck (26 %) and by ship (9 %)) and are not currently included in the calculation of total emissions as of December 31, 2022. The consolidation of transport logistics for bicycles is also planned as a measure for the future – See further details in Chapter 11. under "Reduction of CO_2 through production and logistics of (e-)bicycles in the EU".

Optimization in delivery logistics

The planned clustering in terms of geography and time with higher volumes of motorcycle deliveries in Europe was only partially implemented. The objective was to actively save individual journeys by truck to dealers in metropolitan areas as well as to the major regions formed by the clustering. This means that the average number of bikes per delivery can be increased by 1.4 from 1.9 to 3.3, which delivers cost benefits as well as savings in logistics-related CO_2 emissions.

To ensure that freight space is used in the most efficient way and empty runs are avoided wherever possible, there is also constant analysis of where it makes sense to optimize shipments. In the past financial year, all of the consignments collected were placed in consolidated shipping containers in cooperation with KTM India as part of the further development of consolidated shipments.

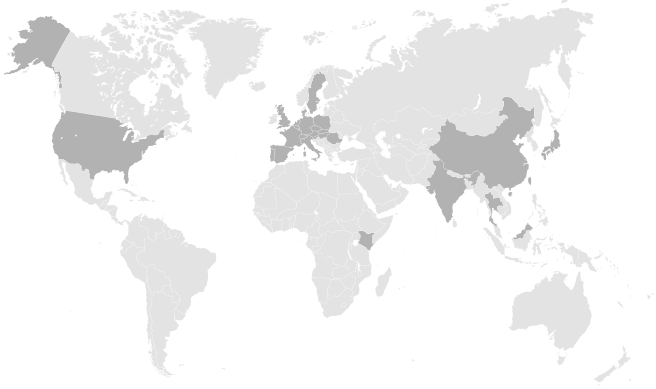
PG&A shipping policy

As of January 1, 2022, a new shipping policy was implemented for the Parts, Garments & Accessories (PG&A) business unit. The objective is to ensure reliable shipping logistics to reflect demand and to incentivize larger orders at intervals spaced more widely apart. This is intended to reduce the number of express consignments, which are often made by air, and at the same time reduce the amount of packaging material required and improve the way it is utilized. In addition, transparent and targeted spare parts stocking campaigns are planned by PG&A Sales.

Focus on the regional supplier industry

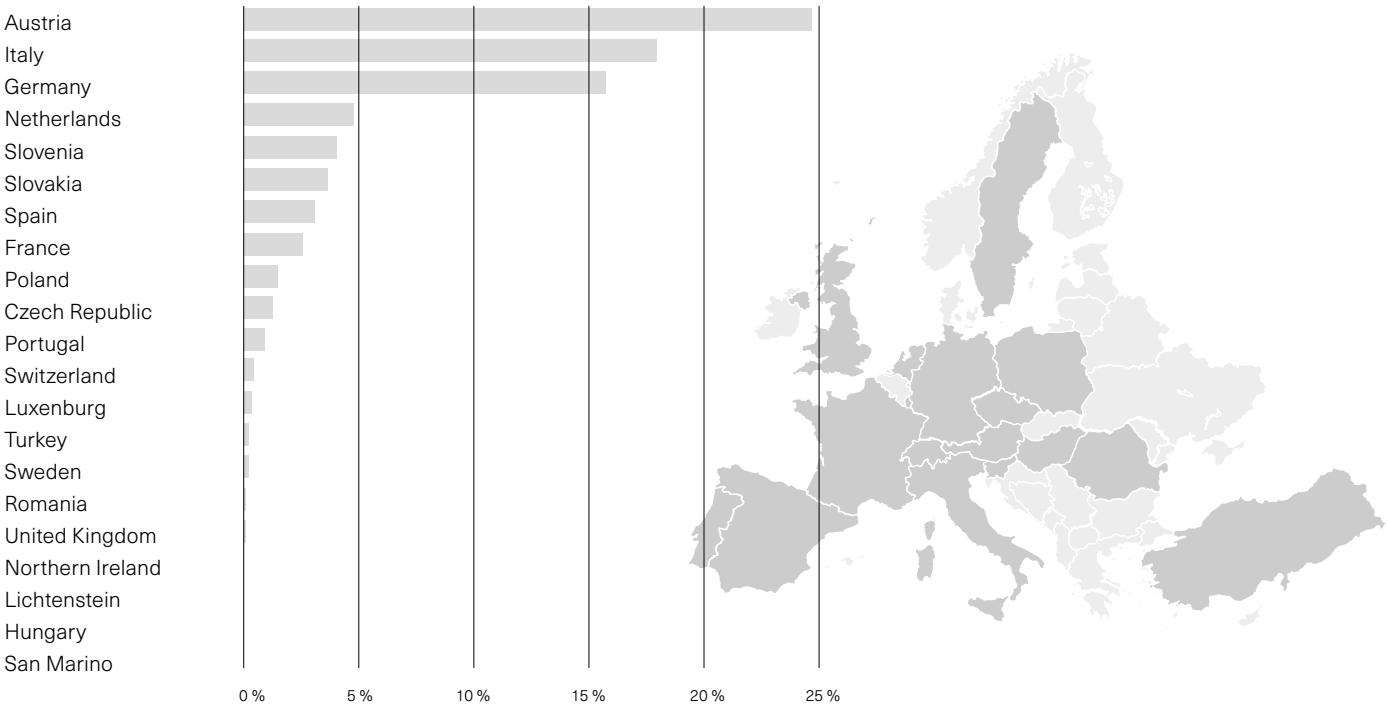
- The **purchasing volume** of components **for the series production of motorcycles** (in Mattighofen, Munderfing/Austria) was approx. 902 million euros in the 2022 financial year. Geographical breakdown: 24 % from Austria, 58 % from Austria/Germany/Italy and 80 % from Europe [1].
- The **bicycles** are purchased fully assembled from a partner in Europe (approx. 53.3 %) and a partner in Asia (approx. 46.7 %).
- In the 2022 financial year, the **purchasing volume for indirect materials and services** for the plants in Austria was approx. 121 million euros. The majority was procured within Austria: 69 % within Austria, 80 % within Austria/Germany/Italy and 98 % within Europe.

Purchasing volume per continent (series purchasing):
Europe 80 %, Asia 18 %, North America 2 %



1 As part of decisions on sourcing owing to supply chain problems there were temporary changes to the supplier structure. This is the reason for the difference compared to the previous year (2021: 90 %).

Purchasing volume in Europe (series purchasing)



Direct shipping

In 2022, work started on switching selected suppliers for PG&A items to direct shipping without an intermediate stop in Austria. Due to the wide variety of items, spare parts and accessories are consolidated in the central warehouse in Austria and shipped from there to additional warehouse locations in the USA and Australia. The project involved analyzing suppliers that are candidates for direct shipping as a result of their purchasing volume, geographical location and product volumes. In addition to reducing transport, customs and handling costs, this will also reduce replenishment times and save CO_2 emissions. The first pilot deliveries were successful, with CO_2 emissions being roughly halved. Following this, all other suppliers were analyzed to determine their suitability for making the corresponding switch. Work to switch over further suppliers has been underway since the start of 2023. The aim of the project is to establish direct shipping among the 15 largest suitable suppliers of PG&A items.

11. IMPACTS OF PRODUCTION ON THE CLIMATE AND ENVIRONMENT

CONCEPT AND OBJECTIVE

Impacts of production on the climate and environment arise primarily from generating and using energy (especially electricity, gas, heat) for production activities, as well as from producing, storing and using other substances in production (for example, fuel at test benches, engine oil). Noise pollution and harmful substances released in the surrounding area from production activities are also included here.

MEASURES AND FURTHER EXPLANATIONS

The manufacture of preliminary products and finished products generates various waste materials that are recycled according to type. The materials to be recycled are aluminum, stainless steel and steel waste. These are handed over to a certified specialist waste management company in various quality grades. The efficient use of materials and the maximum possible utilization of raw materials, including their return to the material cycle, prevent unnecessary wastage of materials and also ensure that any waste which is produced is always disposed of properly.

Emissions to the atmosphere (air, noise, vibrations)

Direct emissions into the air occur to a small extent during operation of the test stands, from combustion in the gas-fired boilers, and from welding work in component production. Three fixed exhaust systems are currently operated in this area. A small amount of noise emissions and vibrations are caused by internal transport and the delivery and removal of products (forklifts and trucks).

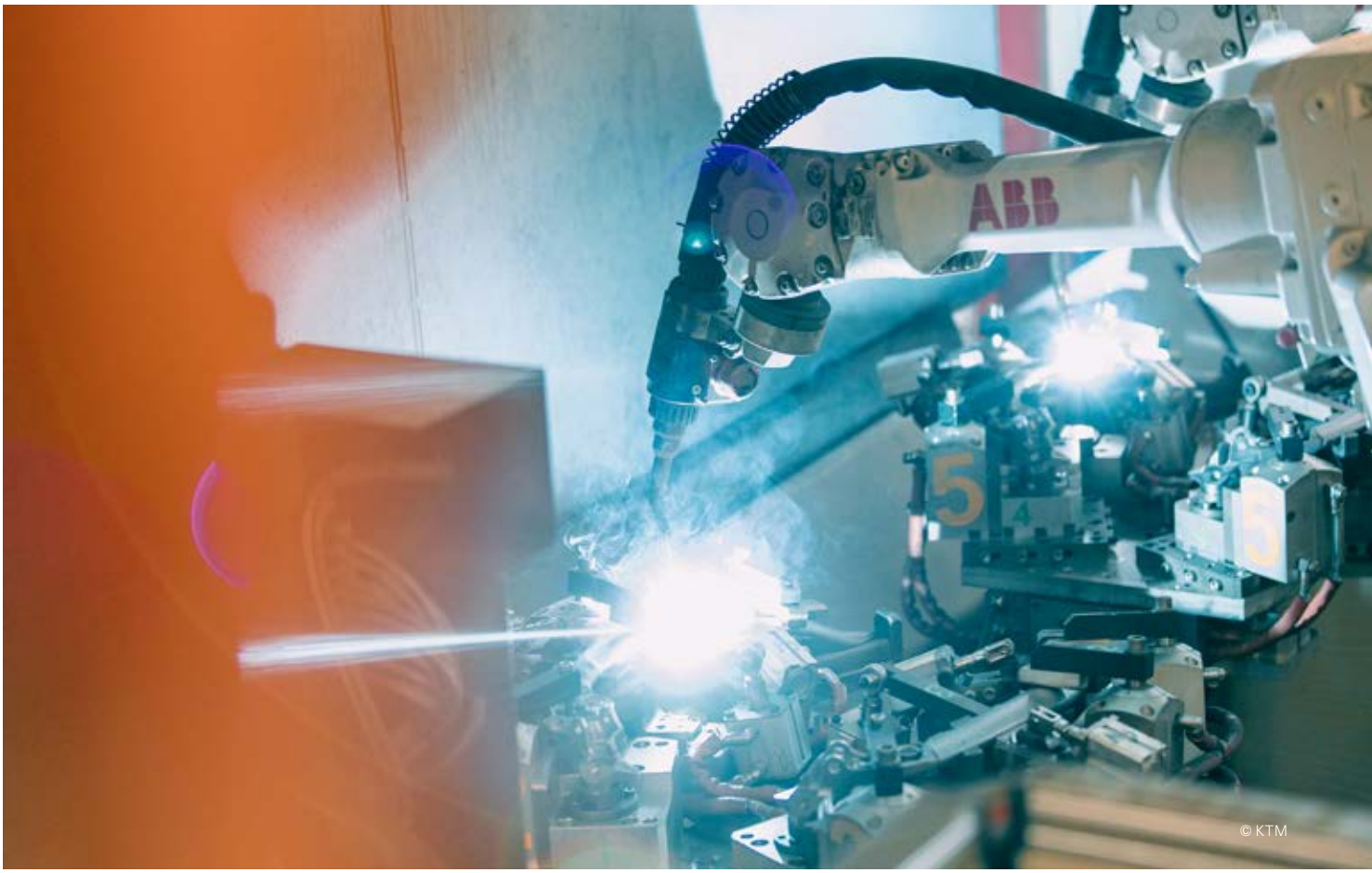
Hazardous substances management & REACH Regulation

Before a new substance is procured, it must undergo an approval process. The required material can only be ordered once it has been checked and approved by the relevant people responsible from the areas of occupational safety, waste management, fire protection and occupational medicine. In general, an attempt is made wherever possible to minimize or even completely eliminate hazardous working materials and auxiliary materials in our production processes. This is why materials that pose no or only minimal hazards are tested and used right from the development stage. In addition, the focus in the financial year (and on into the early part of 2023) was on process optimization and introducing a database for hazardous materials management to make the system even more professional.

The issue of hazardous substances in the production process is supported by safe chemical management. Since a wide variety of different substances and materials are used in the manufacture of motorcycles, the safe, conscious and sustainable handling and use of these substances is an important issue for the whole industry. This is why we, as an OEM, also support the objectives of the REACH Regulation: reducing possible risks and the potential impact on the environment when using chemicals, as well as improving the protection of human health. The International Material Data System (IMDS) database serves as a central tool for fulfilling our obligations in respect of the REACH Regulation and complying with restrictions on the use of chemicals in the global environment. We therefore require our suppliers to register and also record the chemical composition of all parts purchased by KTM in this central database. All ongoing processes for implementing the REACH Regulation and the international requirements governing the use of materials are constantly in focus. They are evaluated continuously so that we can comply with our obligations efficiently and also ensure we adopt a sustainable approach to this issue."

Reduction of CO_2 through production and logistics of (e-) bicycles in the EU

- CO_2 reduction through long-term production and logistics planning in and for the regions for (e-)bicycles and the components required for them. Shifting production toward consumer markets, splitting production volumes between the main region of Asia and Europe.
- The joint venture with Maxcom in Bulgaria offers opportunities to set up an assembly operation (start in 2024) in line with current sustainability and occupational safety criteria for more flexible assembly closer to the market in Europe in the future. This helps to reduce the outlay on transporting complete bicycles globally.



Energy and water consumption

In 2022, electricity consumption at the PIERER Mobility Group [1] was 25,162,909 kWh (previous year: 22,841,717 kWh) and gas consumption was 20,983,051 kWh (previous year: 21,282,489 kWh) and consumption from district heating was 571,471 kWh (previous year: 671,940 kWh). The percentage of renewable energies in the district heating and electricity consumption at the main company sites and production sites is around 98.1 %. At KTM AG, around 535,000 liters of fuel were consumed for the test benches in the past financial year (previous year: around 443,000 liters) and water consumption from production was around 4,876 m^3 (previous year: 4,185 m^3). The increase in energy and water consumption in the year under review can be attributed to the increase in production volume. The significant reduction in consumption of district heating is due to the major rebuild at the Graz site during which all production came to a standstill for around one month. This was also the reason for the slight decrease in gas and electricity consumption at this site.

1 Excluding PIERER Innovation GmbH, Avocodo GmbH.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12. WASTE MANAGEMENT

CONCEPT AND OBJECTIVE

The PIERER Mobility Group handles the waste it produces in a legally correct manner, but it is always looking to improve its actions and design them to be eco-friendly. This includes the generation and handling (collection, separation, storage) of production waste, packaging waste and other types of waste. The aim, for example, is to minimize the amount of waste by adopting reusable solutions and reusing (such as reusable packaging and reusable racks) or recycling products. Waste that cannot be avoided should be properly collected, stored and prepared for external recycling. In this way, it contributes to the creation of a circular economy system that functions effectively. At the same time, the problem of raw materials being wasted can also be minimized.

MEASURES AND FURTHER EXPLANATIONS

Since ISO14001:2015 certification in summer 2021, waste management has improved continuously. Measures that have been implemented include the reintroduction of separate plastic collection, an improvement in waste paper collection in office areas, separate collection of PET bottles, better separation of raw materials, and improved labeling and assignment of hazardous waste. In order to achieve an even higher rate for separating the various waste fractions, an e-learning course on waste management was developed and every new production employee completes this course as part of their onboarding. The training is also available for all other employees to undertake on a voluntary basis. In addition, all existing production employees at foreman and shift leader level received training on this topic.

E-learning course: Waste management

In order to continue to raise awareness of how to act sustainably in the company, an e-learning course on waste management was introduced in 2022. In this interactive course, production employees get an insight into the correct approach to waste disposal and waste management in the company. 369 employees have been trained since the course started in June 2022. The course is voluntary for white-collar employees. This is why it is so pleasing to see the large number of such employees who have completed the course. The course is also an established part of onboarding training at the Production Academy. The course content is updated all the time to incorporate feedback from employees and respond to new requirements and improvements.

A large part of the waste produced comes from certain product-specific steps during motorcycle production. This starts with the processing of engine cases (aluminum chips, drilling emulsion) and continues with the manufacture of exhaust systems (steel, oil-water mixtures, stainless steel) and vehicle frames (steel,

coolant) and also extends to the manufacture of products in general (packaging materials such as wood, cardboard and plastic). With various measures the necessary steps will be implemented to avoid or reduce waste and to recycle secondary raw materials. In the reporting year, KTM AG, KTM Components GmbH and KTM Forschungs & Entwicklungs GmbH were therefore able to recycle around 804.4 tons (previous year: around 786.6 tons) of **metal waste** (separated into various scrap fractions, excl. aluminum waste); around 296.9 tons (previous year: around 261.5) of **aluminum waste**; around 4,376.8 tons (previous year: 4,487.3) of **recyclable waste**. Furthermore, around 318.7 tons (previous year: 337.7) of **hazardous waste** and around 422.3 tons (previous year: 519.7) of **other waste** that could not be recycled were produced.

Depending on the production volume, the waste produced (both steel and aluminum) is recycled at a rate of up to 90 - 95 %. In the 2022 reporting year, the amount of waste per vehicle produced was around 24.4 kg (previous year: around 30.4 kg). The quantity of packaging materials disposed of per vehicle produced was around 16.2 kg (previous year: around 20.3 kg). Waste that cannot be clearly attributed to production was not included in the calculation of “waste per vehicle produced” and “packaging materials disposed of per vehicle produced” for reasons of materiality. The decreased the amount of packaging materials disposed of per vehicle between 2022 and 2021 is due, among other things, to the change in the way that finished vehicles are packaged. Whereas up until 2021 the imported vehicles were repackaged on reusable KTM steel frames, since 2022 the original packaging has mainly been sent to the dealers in Europe for further shipment of the vehicles. As a result, the original packaging is not disposed of at KTM, but by the dealers directly. This list focuses on the main operating companies of the PIERER Mobility Group. The detailed table can be found in the notes.

STATUS QUO

The effectiveness of the measures defined is evaluated at regular intervals, in particular within the scope of ISO 14001, currently once a year as part of the assessment of the key environmental aspects and the definition of the environmental targets for the internal environmental report. Current measures include improving recyclables separation (commercial waste volume vs. volume of mixed plastics) by implementing recyclables collection islands in office areas (by the end of 2024), compressing oil-contaminated packaging, and making further improvements to plastics collection (significant increase in the recyclable volume of sorted polystyrene).In addition, a machine for producing padding for packaging is to be purchased for the purpose of recycling waste cardboard in 2023.

The volume of residual waste was reduced by 37.9 % in 2022 compared to the reference year of 2019. The planned target of a 10 % reduction by 2024 was therefore significantly exceeded.

KTM C-Facility Production
© KTM

13. OTHER CLIMATE AND ENVIRONMENTAL IMPACTS

CONCEPT AND OBJECTIVE

The PIERER Mobility Group also endeavors to record and minimize the impacts on the climate and environment from other operating activities beyond its production, procurement and the product itself. This includes CO_2 emissions from business trips, the company vehicle fleet, the impact of producing and using energy (electricity, heat) for office buildings and infrastructure. The aim is to save fossil energies and also increase energy efficiency at the company's sites indoors and outdoors (for example, by using LED lighting). Smart meters and corresponding IT-assisted monitoring will be used to monitor energy in a way that is easy to track.

The production buildings in Austria are built in accordance with the specifications of OIB Guideline 6 (energy performance certificate for non-residential buildings, or energy performance certificate for other buildings). An energy performance certificate is only available for newer buildings from 2013 onward. There are currently no plans for any systematic replacement of existing heating systems. However, when major renovations or new construction projects take place, environmental aspects and applicable technical standards will be taken into account in examining, including from a financial point of view, what options are available for switching to alternative energy systems. The "Real Estate" department is responsible for legally compliant new construction/renovation of plants and buildings, project submission and approval procedures, the corresponding communication with authorities, and for conducting the recurring Section 82b audits. The head of the department reports directly to the Executive Board. All construction and renovation work complies with the applicable sustainability standards.

MEASURES AND FURTHER EXPLANATIONS

- In 2022, **around 22 % of the passenger car fleet was electrified**.
- In **vehicle assembly**, the **switch to LED lighting** has already been implemented. A full switchover is planned in the spare parts center by the end of 2023.
- **Three charging stations**, each with two charging points, have now been installed at the **R&D Competence Center** in Anif near Salzburg.

Sourcing and generating solar energy

By installing new photovoltaic systems, we are increasing the use of solar energy, including for our own needs. Our goal is to keep the amount of power for the company's own consumption at a high level by constructing further installations.

The construction of the photovoltaic installations on the roofs of Logistics Center 2 (approx. 4,100 kWPeak) and the motorsports building (approx. 320 kWPeak) has already been commissioned and is scheduled to take place in the course of 2023. The rooftop system on the motorsports building will start operating in the second quarter of 2023. Commissioning of another installation on the roof of Logistics Center 2 is planned for the end of 2023. Alongside the two photovoltaic projects, detailed design planning is underway for a 30kV energy ring that will link together five buildings (including the largest consumers, the KTM component plant and engine plant) at the Munderfing industrial park. The solar power produced by the two installations mentioned above can then be tapped and consumed by the five buildings as required. This will result in a rate of consumption for the company's own needs of almost 80 %. The photovoltaic generator output amounts to approx. 4.4 million kilowatt hours annually (this is the amount of electricity used by approx. 1,000 households each year on average). The main works on the energy ring will be carried out during the company's operational shutdown in August 2023. Completion of the work and full commissioning are scheduled for the end of 2023. This should cover the company's high level of consumption for its own needs.

Photovoltaic installations

	Plant output in kWPeak	Energy production in kWh per year	CO_2 saving in tons per year*	Cost saving	Use
House of Brands (in operation)	114	114,400	40	Cannot be estimated reliably due to the volatile situation with electricity prices	Excess feed-in
Logistics Center 1 (in operation)	4,000	4.0 million	1,400		Full feed-in
Logistics Center 2 (tender)	4,100	4.1 million	1,435	Cannot be estimated reliably due to the volatile situation with electricity prices	Excess feed-in
Component plant (in completion)	3,800	3.8 million	1,330		Full feed-in
Motorsports building (tender)	320	320,000	112	Cannot be estimated reliably due to the volatile situation with electricity prices	Excess feed-in

*) Calculated with CO_2 saving of 350g/kWh

STATUS QUO

Planned and future measures, which in view of their impact form the basis for possible CO_2 savings as well as for defining CO_2 targets and the cost effects resulting from this:

- From the photovoltaic installations and energy ring: CO_2 savings are expected, calculable cost savings from being self-sufficient rather than relying on expensive electricity from the grid will be possible: Logistics Center 2 and motorsports building will act as the energy ring which is set to be built in 2023.
- From LED lighting: CO_2 savings (also from a possible expansion) and cost savings will be possible, status of the plans for further conversion work: a five-year strategy has been defined, precise figures are not yet available, an authoritative statement can be made following an analysis.
- From smart building control: Costs, implementation and planning status, possible achievable CO_2 and cost savings: Control center for KTM AG's sites in Austria (including site in Anif) available, energy monitoring systems are being installed, savings of from 10 % - 20 % are expected to be achieved when smart meters are installed.

Fair Business Practices

The PIERER Mobility Group considers lawfulness, honesty, ethics, reliability, respect and trust to be the foundation and universal basis of any cooperation and good business relations. With these values in mind, the PIERER Mobility Group respects the applicable national and international laws, regulations and guidelines and expects its employees, managers and board members as well as business partners, suppliers, customers and consultants to respect and comply with the applicable laws as well.

The Code of Conduct[1] of the PIERER Mobility Group serves as the basis for achieving legal compliance. It sets out the principles and rules on which the PIERER Mobility Group bases its business activities. The Code of Conduct addresses relevant compliance risks and in particular defines the expectations for dealing with the topic areas which are outlined below:

- Human rights, respect and integrity, diversity, fair working conditions
- Sustainability
- Environmental compliance
- Fair competition, prohibition of cartels
- Corruption, money laundering, funding of terrorism, export control, taxes and fiscal policy
- Stakeholder relations
- Conflicts of interest, handling company property, handling business and trade secrets, data protection, prohibition of insider trading, political activities

The Code of Conduct and policies of the PIERER Mobility Group are updated and revised annually to reflect developments in the market and the current legal framework. The latest versions of the compliance documents are published on the company website. In addition, employees are informed with an article on the intranet and a separate communication sent by e-mail. In the ESG action area "Fair Business Practices", the measures and goals focus on the key topics as follows:

- Impacts of procurement on people and human rights
- Business & legal compliance
- Data protection and cyber security
- Fair and responsible product marketing
- Impacts of business decisions and processes on people and human rights
- Supply chain resilience

The relevant divisional managers are responsible for drawing up the measures and achieving the targets in this ESG area of action. The overview of topics can be found in the "ESG Program" table starting on page 105. More detailed information about our contribution to achieving the global Sustainable Development Goals (SDGs) is summarized on page 110.

1 See current version at https://www.pierermobility.com/wp-content/uploads/2022/11/Code_of_Conduct_2022_PIERER-Mobility-AG_EN.pdf

14. IMPACTS OF PROCUREMENT ON PEOPLE AND HUMAN RIGHTS

CONCEPT AND OBJECTIVE

In its business decisions and actions, as well as in its supply chain, the PIERER Mobility Group makes sure that human rights are respected and proper working conditions are in place, and that potential negative impacts on people, human rights and the environment are assessed and avoided. Potential impacts may arise from decisions on locations, investments or processes. The PIERER Mobility Group, its business partners, suppliers, customers and consultants reject any deliberate use of forced or compulsory labor as well as any form of modern slavery and human trafficking.

Particularly in the case of suppliers and other business partners in the supply chain, the situation with regard to working conditions and human rights (e.g., avoiding the use of child labor or forced labor, freedom of assembly, occupational safety, wages, treatment of indigenous peoples and minorities) and environmental protection can also vary greatly from region to region. Fair payment and fair working conditions, both in the company's own operations and in the supply chain, form the basis for a long-term working relationship based on trust. To make the supply chain more sustainable, a due diligence approach with appropriate measures has been developed to identify potential human rights risks and environmental hazards and their negative impacts at an early stage. This process and the associated assessment are explained in more detail in the "Sustainability Rating" section below. The general conditions for business decisions and processes, as well as cooperation with all the business partners mentioned above, are defined in standardized documents such as the Code of Conduct, the Declaration on Modern Slavery and Human Trafficking, the Non-Disclosure Agreement, the Terms and Conditions of Purchasing, and the Terms and Conditions of Manufacture. The documents for the Terms and Conditions of Purchasing, the Code of Conduct and the Declaration on Modern Slavery and Human Trafficking are available online on the company website. They include ethical, social as well as environmental criteria in relation to aspects such as compliance, quality, manufacturing, product liability, shipping, packaging guidelines and regulations, and conditions of export control law[1].

MEASURES AND FURTHER EXPLANATIONS

The skill level of employees, particularly in the area of purchasing, is constantly boosted with advanced training and on-the-job training. Based on their personal learning concept, they continue their education by taking purchasing courses in cooperation with the BMÖ/BME, technical training or KTM's own MBA in cooperation with LIMAK in Linz. The training focuses on compliance, anti-corruption, antitrust and competition law, communication, conflict management and negotiating skills.

The selection of the right supply partners takes place in the Purchasing, R&D and Quality team, taking account of our commodity group strategies. This ensures that all criteria are taken into account in their entirety in the decision and that the next steps are planned together. These decisions are based on the "total cost of ownership" approach and thus include, among other things, consideration of the transport distances traveled. The most important criteria here include ISO 9001 certification, technical capabilities, security of supply, quality, competitiveness and communication. In the first quarter of 2023, sustainability will also be included as a new criterion in the commodity group strategy. This will be based on the sustainability rating which is used for preselecting potential suppliers.

In the future, the sustainability rating will also be established as part of the general supplier assessment in order to highlight its relevance and commitment. This is set to be implemented in 2023. In addition, efforts are being made to increase the proportion of suppliers with a certified environmental management system in accordance with ISO 14001 (optional criterion), EMAS or comparable standards. Following a review in 2022, the aim is for 45 % of series suppliers to have appropriate certification by the end of 2023.

Supplier audits

The basis for cooperation with a supplier for series production is that the supplier has introduced a quality management system (at least according to ISO 9001). The employees responsible for this satisfy themselves that the products are of the required quality and production is up to standard by regularly visiting the sites of suppliers. In 2022, a total of 116 audits were carried out at supplier partners, including four qualification audits. They were newly established at the end of the reporting year by means of cooperation between series purchasing, quality and supply chain management in order to ensure careful selection of suppliers. This audit is intended to prepare potential supply partners for the first series delivery and identify, examine and then eliminate possible weak points. Working conditions, safety aspects in production, environmental protection and the responsible use of resources are among the criteria that affect the overall impression made during the inspections of production sites.

1 https://ktmgroup.com/en/procurement/

Since most of the challenge comes from the diversified supply chains and therefore the very place where scope for carrying out checks is rather limited, further concepts for supplier audits are to be developed in 2023. The aim is to collect standardized, data-based information so that the current status of supplier performance can be presented in cross-departmental meetings and the basis can be established for making decisions about suppliers and strategic development. In addition, potential supply problems as well as other risks should be identified at an early stage so that appropriate preventive measures can be defined.

Quality award & supply chain finance program

Suppliers with above-average performance are presented with a quality award once a year (KTM Supplier Excellence). The quality award is given to those suppliers that have supplied the PIERER Mobility Group in the last 12 months and have not been the cause of any complaints during this time. In addition, criteria covering the level of turnover, supplier assessment and the signing of the quality assurance agreement as well as purchasing terms and conditions must be fulfilled. Furthermore, there must be no justified objection from the quality and purchasing management. In 2022, a total of 50 suppliers received a quality award for the 2021 financial year. In addition, the financial situation of supply partners is assessed at regular intervals and product liability insurance is required. Above a certain purchasing volume, supply partners can be offered the opportunity to participate in the specially developed supply chain finance programs. These programs give supply partners a financing option with attractive terms.

Sustainability rating

At the beginning of the year, the ESG platform SupplierAssurance was launched and this provides a self-assessment questionnaire (SAQ) for assessing the sustainability of suppliers. Based on the information submitted, this should make it possible to identify and avoid risks at an early stage and – if necessary – take appropriate measures. After reviewing the data to ensure the minimum requirements of the PIERER Mobility Group are met and after making a corresponding rating, recommended actions are highlighted, providing scope for continuous improvement. The minimum requirements are based on the PIERER Mobility Group's own standards, in particular the Code of Conduct and guidelines on working conditions and human rights, occupational health and safety, the environment, business ethics and supplier management, which demonstrate that the suppliers take these issues seriously and how they do this. If the requirements are not met, a red status is assigned and corrective measures are jointly agreed.

Currently, the focus is on collecting data and utilizing the platform. To date, 500 suppliers (Tier 1) have been informed about this process and 59.6 % of them have already completed the questionnaire. The goal for 2023 is therefore again to increase the percentage of series suppliers that are verified using SAQ to 80 %. Starting in January 2023, the process will be rolled out to all new suppliers that have not yet been included.

The SAQ was updated to a new version at the end of 2022 to reflect the increased legal requirements, such as the German Supply Chain Duty of Care Act, as well as the increased level of attention paid to social and environmental impacts. For this reason, the PIERER Mobility Group will also review its own due diligence process and assessment in the coming financial year and make changes if necessary. To support the efforts to create a responsible supply chain, this project will also examine whether supply partners need to meet additional specific requirements according to their risk profiles, for example owing to increased social risks in the country of origin. In the 2022 reporting year, negative social and environmental impacts in the supply chain were evaluated as part of the sustainability rating. In 2022, the supply relationship with one series supplier was terminated because of its failure to disclose the necessary data. Starting in the first quarter of 2023, the results of the sustainability rating will be discussed with the supply partners and joint corrective measures will be defined. They will then be set as deadlines for the corresponding minimum requirements on the platform and reviewed during visits to suppliers on the basis of the results obtained.

STATUS QUO

The results of the SupplierAssurance self-assessment will be incorporated into the annual supplier rating in 2023. This is intended to safeguard the importance of sustainability and clearly demonstrate this to suppliers. This area will gradually be strengthened and also made more transparent by incorporating these aspects also into the way that suppliers are selected. In addition, the next step will be to define the process for preparing a checklist that focuses on these topics.

15. BUSINESS & LEGAL COMPLIANCE

CONCEPT AND OBJECTIVE

The PIERER Mobility Group is committed to complying with applicable laws, rules, regulations and ethics standards in business, in particular with regard to anti-corruption, antitrust and competition law, industry-specific and national as well as international regulatory requirements, commercial law (e.g., export controls and embargoes, patents), but also fiscal transparency. The Code of Conduct defines and promotes responsible conduct. In particular, it systematically reduces potential risks of corruption. The aim is to strike a balance between economic, environmental and social responsibility.

In order to systematically reduce potential risks of corruption, the PIERER Mobility Group takes measures to ensure that the principles set out in the Code of Conduct are observed and implemented. Regular training sessions are held to continuously raise awareness of compliance issues among managers and employees. The training concept is constantly revised and adapted to incorporate new requirements. By 2024, the aim is to extend the e-learning training on compliance to include all PIERER Mobility Group companies, especially those abroad.

When the KTM AG Group enters into new contractual relationships with suppliers or importers, this also always includes the current version of the Code of Conduct and all guidelines referred to therein (e.g., the declaration on modern slavery and human trafficking) form an integral part of the contract and are regarded as a fundamentally non-negotiable minimum standard. This Code of Conduct forms the basis for business relations and defines the compliance standards of the PIERER Mobility Group.

The compliance officer of the PIERER Mobility Group generally acts as the responsible point of contact for compliance issues, particularly also for the area of anti-corruption and fair competition. The operational handling of inquiries and reports of potential compliance cases concerning the PIERER Mobility Group is the responsibility of the legal department of KTM AG. The Executive Board is informed on an ongoing and annual basis about significant developments and suspicious cases, and the Executive Board and Supervisory Board are also informed about changes to the Code of Conduct. The Executive Board bears ultimate responsibility for compliance issues.

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MEASURES AND FURTHER EXPLANATIONS

Anti-corruption and fair competition

The Code of Conduct, which was updated in the 2022 financial year, sets out comprehensive behavioral guidelines with regard to benefits, corruption and bribery. The mandatory principles which it defines in relation to awarding and accepting undue advantages provide a regulatory framework that board members, managers and employees must regard as a guide for how to conduct themselves when they engage with business partners, suppliers, customers and consultants.

The Code of Conduct of the PIERER Mobility Group is available on the intranet site for most of the board members, managers and employees (with intranet access). In addition, the Code of Conduct is also available permanently on the website of PIERER Mobility AG in German and English. Employees, managers and board members are referred to the Code of Conduct at least once a year on the intranet homepage. New employees of the PIERER Mobility Group receive the Code of Conduct during the onboarding process.

Furthermore, training is provided by the PIERER Mobility Group on the content of the Code of Conduct and to raise awareness of compliance issues. It is primarily managers and employees from particularly high-risk areas such as Human Resources, Purchasing, Sales, Research & Development, Marketing, Quality Management as well as members of the Executive Board and directors who receive training in face-to-face sessions or from the e-learning tool “Compliance and Code of Conduct” using practical examples.

Finally, the content taught is tested by means of control questions, with the training being successfully completed if at least 80 % of the questions are answered correctly. Newly hired employees are required to take part in the online training during their induction phase; in addition, all employees must complete this training again every two years.

Respect for human rights

People who work directly or indirectly for the PIERER Mobility Group are entitled to have their human rights within the meaning of the UN Universal Declaration of Human Rights observed, and to be treated with fairness and respect. The PIERER Mobility Group expects its board members, managers and employees to respect human rights and to protect them in their everyday activities. As human rights risks may exist in general because the company cooperates with partners along the value chain, the PIERER Mobility Group equally requires its business partners, suppliers, customers and consultants to respect human rights in the Code of Conduct.

The Declaration on Modern Slavery and Human Trafficking[1] outlines the measures that the PIERER Mobility Group has taken or will take in the future to prevent modern slavery and human trafficking within the group and the supply chain. Like the Code of Conduct, the Declaration on Modern Slavery and Human Trafficking is also available on the intranet and on the website of PIERER Mobility AG.

The PIERER Mobility Group does not accept any discriminatory behavior or bullying toward its employees, business partners, suppliers, customers or consultants, nor does it tolerate any form of sexual harassment. These principles are set out in detail in PIERER Mobility Group's Diversity and Anti-Discrimination Policy, which was revised during the year under review and is also available to read on the company website and on the intranet right across the company. The Diversity and Anti-Discrimination Policy provides a global framework that defines how diversity should be encouraged within the group and how the PIERER Mobility Group prevents, recognizes and responds to all forms of discrimination and harassment. Like the Code of Conduct and the Declaration on Modern Slavery and Human Trafficking, the Diversity and Anti-Discrimination Policy is also part of the e-learning “Compliance and Code of Conduct” and these documents are also handed out to new employees as part of the onboarding process.

Board members, managers and employees have the opportunity to contact the person responsible for general compliance issues at any time if they have questions regarding respect for human rights or are aware of (suspected) violations of compliance regulations, as well as to report tip-offs about possible human rights violations in the company through the available channels – see also the explanations regarding the whistleblower system in the Declaration on Modern Slavery and Human Trafficking.

In the 2022 financial year, the Code of Conduct of the PIERER Mobility Group was revised and published in the new version dated October 24th 2022. The applicability of the compliance documents was communicated via an article on the intranet and, in addition, 4,185 employees of the PIERER Mobility Group at all company sites around the world were informed by means of a separate e-mail; this equates to around 77 % of the entire workforce. An overview in table form can be found in the notes.

PIERER Mobility Group's business partners are also required to comply with applicable laws, rules and regulations as well as the principles and requirements defined in the Code of Conduct. Our business partners receive the latest version of the Code of Conduct (October 24th 2022) at the time they enter into a contract with us. In addition, the PIERER Mobility Group’s Declaration on Modern Slavery and Human Trafficking is also sent as an attachment to the non-disclosure agreement. When this is signed, the minimum compliance standards mentioned therein become a legally binding part of the business relationships that the PIERER Mobility Group enters into with business partners, suppliers, customers and consultants. In the 2022 financial year, the Code of Conduct and the Declaration on Modern Slavery and Human Trafficking also became an integral part of the contracts with existing dealers and importers of the KTM AG Group.

Respect for human rights is also very important to the PIERER Mobility Group when it comes to significant investment contracts. Over the coming years, the intention is that any new significant investment contracts shall therefore also gradually be made contingent on the principles of the Code of Conduct. Significant investment contracts include orders for investments in property, plant and equipment (including buildings and production facilities) that exceed an investment amount of EUR 300,000. In the 2022 financial year, a total of three orders were placed for production facilities that exceeded an investment amount of EUR 300,000. The relevant supply partners received the Code of Conduct together with the principles contained therein regarding respecting human rights, and for three of these relevant orders these are also an explicit part of the contract. Regarding investments in property, plant and equipment in the construction, conversion and extension of buildings, the PIERER Mobility Group did not place any significant orders during the reporting period.

1 https://www.pierermobility.com/wp-content/uploads/2022/11/Declaration-on-modern-slavery-and-human-trafficking_2022_PIERER-Mobility-AG.pdf

Results of compliance training

Awareness of and the obligation to comply with the principles set out in the Code of Conduct and the compliance guidelines were constantly promoted and expanded during the 2022 financial year. The number of face-to-face training sessions, which had been suspended during the COVID-19 pandemic, also increased again. In the 2022 financial year, a total of 1,482 employees of the PIERER Mobility Group in Austria completed the online training, including 241 managers. All members of the Executive Board and Supervisory Board also received training. In total, around 27 % of the entire workforce completed the compliance training (an overview in the form of a table can be found in the notes). In the next two financial years, the focus will be on implementing online compliance training right across the group and reviewing and redefining the training schedule (particularly for high-risk employees).

Legal compliance

In the PIERER Mobility Group, there were neither any relevant compliance cases nor cases that resulted in corresponding compliance investigations or proceedings regarding corruption in the 2022 financial year. Likewise, the compliance team did not receive any reports or cases of human rights violations during the reporting period. Furthermore, for the 2022 financial year there are no known incidents of discrimination that have resulted in legal proceedings and have or could have a significant impact on the economic position of the PIERER Mobility Group. New laws and regulations are entered into the legal information system on a quarterly basis via a service contract, and new notices – also as part of the Section 82b audit – are electronically archived at the legal department and entered directly into the new system, including the obligations they contain. This ensures that compliance with currently applicable environmental protection laws and/or regulations is always documented in a comprehensible way. In the reporting year, there were no relevant cases relating to non-compliance with laws and/or regulations that resulted in proceedings, fines and/or other sanctions.

Cooperation partners

In the course of collaboration with international business partners, the general risk exists that the countries concerned may not apply statutory laws that are as stringent as those in Austria. Our long-standing partners, such as Bajaj Auto Ltd. and Zhejiang CFMOTO Power Co., Ltd., set high standards for themselves for the purpose of meeting our requirements for respecting human rights.

Bajaj Auto Ltd. of India, as a strategic partner of PIERER Mobility, is committed to continuous improvement of occupational safety, employee health, environmental impact and the environmental impact associated with its business activities, and pledges to comply with the applicable safety, health and environmental laws and regulations. As a listed company, Bajaj Auto Ltd. is obliged to make reference in its annual financial report to the legal regulations applicable in its country and compliance with these (https://www.bajajauto.com/investors/codes-policies).

STATUS QUO

Following the successful implementation of the whistleblower system and the establishment of the process for dealing with tip-offs in the internal process portal that can be viewed by employees with intranet access as a result of the EU Whistleblowing Directive 2019/1937, the plan for the 2023 financial year is to add a whistleblowing guideline to complement the measures that already exist. In this guideline, the principles of confidentiality and the protection of the anonymity of the whistleblower as well as the person concerned and also the requirement for objective investigation are explained. It also states that the whistleblower must be protected from reprisals such as dismissal, suspension, denial of promotion or participation in further training measures or negative performance appraisals, as well as coercion, intimidation, bullying, discrimination, etc. The intention is also to roll out the whistleblower system globally to the subsidiaries located outside Europe in the coming years to enable all employees of the PIERER Mobility Group to report suspicious cases anonymously.

16. DATA PROTECTION AND CYBER SECURITY

DATA PROTECTION AND CYBER SECURITY

The PIERER Mobility Group protects all the data it has at its disposal, in accordance with the relevant laws and regulations, and places cyber security right at the heart of the measures it takes. We receive, process and store large amounts of personal data, from employees, business partners, suppliers, customers and consultants, for example. Data leaks can cause great harm to those affected and even violate fundamental rights in the process. Cyber attacks from time to time are a constant threat and can cause serious damage to companies, which can have an impact on both the economic and social spheres.

Within the PIERER Mobility Group, an IT security and risk management system is operated with the aim of making it possible to recognize and manage company-relevant risks in the area of information security. We pay particular attention to the data we process in the areas of research & development, vehicle and customer data, and personal data of our employees and applicants. We apply the same high-quality standards in the areas of data security and data protection as we do for our products. The process is guaranteed by a comprehensive data protection management system that is firmly established in the company. The process documents are available to employees on the intranet. The greatest risk for the group is a possible penalty imposed as a result of alleged data privacy breaches. The highest risk for the data subject is personal data being accessed by unauthorized third parties. A data protection management system that includes various data privacy policies and regulations can identify and prevent potential data privacy risks at an early stage.

MEASURES AND FURTHER EXPLANATIONS

Our legal department is in regular contact with a data protection lawyer to monitor all existing or new applications and to discuss possible adjustments.

The ever-increasing threat of IT and cyber risks is countered within the PIERER Mobility Group through the ongoing development of IT security measures and the use of state-of-the-art IT security technologies. Cyber attacks are averted with a multi-level security concept that uses the latest security systems. Among other things, behavior-based security solutions are used to detect security-related anomalies. Client and server alarms are detected 24/7 by means of a managed service and dealt with using a set of responses. Regular internal and external vulnerability analyses are performed, and any vulnerabilities identified are countered by means of an established patch and update management process. Regular internal and external security audits are documented, evaluated and prioritized by means of risk management measures and a solution is then applied.

Considering the increasing networking of vehicles and the resulting increase in the possibility of attacks on IT systems, the European Union has issued regulations that call for an improvement in cyber security. These regulations, which currently only apply to four-wheeled vehicles, require proof of cyber security for the entire life cycle of a vehicle in order to obtain type approval. It can be assumed that this regulation will also be introduced for powered two-wheelers (motorcycles, e-bikes) in the medium term. KTM implements a Cyber Security Management System (CSMS) in accordance with ISO/SAE 21434 so that it can meet the legal requirements when they come into force and guarantee the cyber security of its products. Following the CSMS audit by TÜV Süd Auto Service GmbH, the system will be adapted and then rolled out, operated and continuously improved.

Care is taken to ensure that all users of the PIERER Mobility Group's IT systems possess the requisite knowledge and awareness of how to use the IT systems to perform their role by undertaking regular IT security awareness training. This is carried out in a preventative and transparent way and takes place in all subsidiaries worldwide. All employees are required to attend an e-learning course for IT security awareness training once a year. In addition, a face2face awareness training campaign for all employees of KTM AG and subsidiaries ran until February 2022. In addition to the e-learning content, "security awareness training" will be conducted to make the end user aware of all relevant attack vectors. Besides presenting the correct behavioral approach, the training agenda also focuses on other topics such as new phishing and USB attack vectors, new password methodology and Windows authentication features, and phishing audit results.

Extensive training was provided for employees at the Mattighofen and Munderfing sites in relation to the General Data Protection Regulation. The e-learning tool with a mandatory test for employees was rolled out further. In the 2022 financial year, 704 of the PIERER Mobility Group's employees working in Europe received online training, including 69 managers. In addition, a new awareness content platform with predefined awareness content was purchased, and this will provide content for new IT security awareness training content in the future. The aim is to make the training courses modern and interesting. In addition, this platform also includes Netflix awareness series which are made available to employees on the intranet. It has been shown that this new way of raising awareness is very well received and thus also creates a high level of awareness among employees. Furthermore, this platform offers a plugin for phishing email alerts in Outlook. This is across the board being tested and is still expected to be rolled in the third quarter 2023. The goal is to make it easier to report phishing incidents.

Special training courses are planned for individual departments

that frequently come into contact with the issue of data protection. The intranet also contains an overview of responsibility for data protection: the Executive Board bears ultimate responsibility, while the legal department deals with and responds to specific technical questions on the subject. The information and security manager is responsible for data security.

In addition, a data protection guideline for the introduction of a data protection management system is in place. Compliance with this ensures that the group's conduct is in line with data protection regulations, and in particular safeguards the rights of data subjects, prevents data protection violations and avoids fines. All employees are required to comply with this guideline. This is an instruction. The information sheet that has been part of the service contracts since April 2018 is available on the intranet. This guideline has been substantiated by several company agreements for the area of data protection in general and most recently for video surveillance. A dedicated privacy e-mail address, which is monitored by the legal department, has been set up at each company for receiving inquiries.

STATUS QUO

The security awareness training courses that have been completed are recorded in the training portal (SAP Successfactors) and training courses that have not been completed are automatically flagged up with the respective management leads via the portal. If there are employees who did not attend, they are invited to dedicated face2face training sessions where they receive training. After an effectiveness review of the awareness trainings, an adapted security awareness training Face2Face as mentioned above was held in 2022. This was carried out with external support from SBA-Research. All employees at the Mattighofen and Munderfing sites received training.

17. FAIR AND RESPONSIBLE PRODUCT MARKETING

CONCEPT AND OBJECTIVE

The PIERER Mobility Group strives to market its products fairly and responsibly. In accordance with the applicable regulations, false or misleading marketing content is avoided to ensure that consumers are not deceived and fair competition is not distorted. All products are marketed in a transparent way and the relevant information is provided for the specific target groups. Marketing content is also designed in such a way that it does not encourage the product to be used in an undesirable way.

MEASURES AND FURTHER EXPLANATIONS

The PIERER Mobility Group is also committed in its marketing activities to comply with the ACEM Promotion & Advertising Guidelines [1] and the European Road Safety Principle.

This principle includes the following topics:

- Safety-related advertising content for powered two-wheelers: all riders and passengers shown in a riding position must always be wearing a certified helmet and be shown complying with the relevant road safety regulations. Where appropriate, the advertising must indicate that the images were taken on a race track or closed road with a professional rider.
- Communicating safety-enhancing features.
- Communicating dealer training programs: Developing training programs in conjunction with authorized dealers is another way to effectively and consistently highlight the importance of safe riding right across the market.
- Media information: For all press presentations, manufacturers commit to inform and issue journalists with the ACEM Promotion & Advertising Guidelines.

The PIERER Mobility Group has voluntarily committed to this principle since 2007, and ACEM verifies that this is being complied with through annual monitoring. In addition, the PIERER Mobility Group pledges to comply with the Federal Law against Unfair Competition [2], which prohibits, among other things, false and/or subjectively misinterpretable advertising statements, aggressive and misleading advertising.

18. IMPACTS OF BUSINESS DECISIONS AND PROCESSES ON PEOPLE AND HUMAN RIGHTS

Companies should examine their business decisions and actions to identify any potential negative impacts on people and human rights and avoid them. Possible impacts may arise, for example, from decisions on where to locate sites (e.g., critical countries with regard to human rights issues), investments (business partners that have violated human rights) or processes (e.g., discrimination in the selection of business partners). Companies should strictly avoid any child labor, forced labor or modern slavery.

This topic was added as part of the reorganization of the ESG topics that took place in 2022. One of the reasons for this is the increasing trends at national and international levels (e.g., European Union) toward making binding requirements for due diligence in respecting human rights when engaging in any business activities.

No measures or concepts that can be explicitly attributed to this topic were implemented during the reporting year. Considerations as part of the materiality analysis also revealed that the topic is currently only of moderate importance for PIERER Mobility AG in respect of the stakeholder groups surveyed as well as the impact assessment.

In principle, business decisions and processes are covered by the requirements of the relevant company policies mentioned in the report, in particular the Code of Conduct. Measures in related areas also have an impact on this topic or deal with it as well. More details and content will be developed over the course of the following year.

1 https://www.acem.eu/policy-areas/safety/acem-advertising-guidelines, https://www.acem.eu/images/stories/doc/initiatives/safety/d_PromotionAdvertisingguidelines_85755.pdf
2 1984 UCA: https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10002665, version of 11.21.2022, accessed on 11.21.2022)

19. SUPPLY CHAIN RESILIENCE

Companies should make their supply chains as crisis-proof and failsafe as possible. This can safeguard business continuity and reduce potential job losses from production shutdowns or procurement shortages. Companies whose procurement is crisis-proof also attach great importance to regional procurement with shorter supply routes.

CONCEPT AND OBJECTIVE

This topic was added as part of the reorganization of the ESG topics that took place in 2022. The move is intended to reflect recent global developments in relation to supply chains. More details and content will be developed over the course of the following year.

MEASURES AND FURTHER EXPLANATIONS

No measures or concepts that can be explicitly attributed to this topic were implemented during the reporting year, but other ESG measures and activities include those that have an impact on resilience or address the topic. Examples include the Sustainability Platform for assessing suppliers and the basic project in relation to ESG strategy.

KTM SX E-3

DISCLOSURES ACCORDING TO EU TAXONOMY

ART. 8 (L 443/9) FOR THE 2022 FINANCIAL YEAR

Within the framework of the Action Plan on Financing Sustainable Growth ("EU Action Plan on Sustainable Finance"), the redirection of capital flows into sustainable investments is a key objective. Considering this, the EU Taxonomy Regulation (Taxonomy Regulation) came into force in mid-2020 as a uniform and legally binding classification system that defines which economic activities are considered "environmentally sustainable" in the EU. The results of this classification are to be reported annually on a company-specific basis.

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

- climate change mitigation;
- climate change adaptation;
- the sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control;
- the protection and restoration of biodiversity and ecosystems.

The EU has currently published targets on sustainable economic activities as defined by the EU taxonomy for two environmental objectives (climate change mitigation and adaptation). The description of the economic activity in the Delegated Acts defines which economic activities can be considered in principle.

Regarding the classification of an economic activity as "environmentally sustainable" for the purpose of the EU taxonomy, a distinction must be made between taxonomy eligibility and taxonomy alignment. The first step is to check whether an economic activity is described in the Delegated Act and is thus taxonomy-eligible. Only taxonomy-eligible economic activities can be considered "environmentally sustainable" if certain criteria are met. Accordingly, the second step is to evaluate whether the stated technical assessment criteria are fulfilled in order to be classified as taxonomy-aligned. In addition to the evaluation regarding the compliance criteria, there also needs to be an assessment of whether the taxonomy-eligible economic activities make a significant contribution to an environmental objective defined by the Taxonomy Regulation and whether no other environmental objective is significantly impaired ("Do No Significant Harm" (DNSH) test). In addition, the fulfillment of minimum social standards in accordance with the OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights, ILO Core Labor Standards and the International Bill of Human Rights must be ensured.

In principle, all fully consolidated and proportionately consolidated Group companies are included in this analysis with regard to their revenues, capital and operating expenditures. The amounts reported under this item in the income statement form the basis for revenue. The basis for capital expenditure is additions to property, plant and equipment and intangible assets during the financial year under review, before depreciation, amortization and any revaluations for the financial year in question and excluding changes in fair value. It also includes additions to property, plant and equipment and intangible assets resulting from business combinations (application of IFRS (IAS 16, 38, 40, 41, IFRS 16); and national accounting policies if IFRS are not applied). Acquired goodwill is not considered. Investments in non-current assets classified as held for sale or held for distribution are only taken into account up to the initial date of the corresponding classification.

The basis for operating expenses represents the direct, non-capitalized costs of research and development, building renovation measures, short-term leases (short-term leasing), service and repair, and all other direct expenses for the ongoing maintenance of property, plant and equipment by the company or by third parties that are necessary to ensure the ongoing and effective functioning of these assets.

Based on Art. 8 (1) of the Taxonomy Regulation in conjunction with Section 243b and Section 267a of the Austrian Commercial Code (UGB), PIERER Mobility AG is obliged to apply the regulatory provisions of the Taxonomy Regulation. Pursuant to Section 245a (1) of the Austrian Commercial Code (UGB), the consolidated financial statements of PIERER Mobility AG have been prepared in accordance with IFRS as of the closing date. The amounts used for the calculation of the revenue, CapEx and OpEx ratios are accordingly based on the figures reported in the consolidated financial statements.

If economic activities of PIERER Mobility AG are included in the EU catalog, they are considered taxonomy-eligible. In the case of PIERER Mobility AG, for example, the economic activity "3.3 Manufacture of low carbon technologies for transport" is to be considered. Revenues, investments and operating expenses related to this economic activity can be classified as taxonomy-eligible.

The share of taxonomy-eligible revenues/capital expenditure (CapEx)/operating expenditure (OpEx) in the respective totals according to the EU Taxonomy of PIERER Mobility AG for the 2022 financial year is reported based on a complete analysis of the economic activities.

For all referenced economic activities in PIERER Mobility AG's taxonomy, the DNSH test requires a climate risk assessment based on certain conditions in order to exclude an impairment of the "Adaptation to Climate Change" objective. Such a climate risk assessment was not available at the time of publication of the report for the 2022 financial year, which is why it was not possible to provide a taxonomy-compliant share for the three key figures (revenue, CapEx, OpEx).

The EU Taxonomy Regulation and the delegated acts issued in

this regard contain formulations and terms that are still subject to considerable uncertainties of interpretation and for which clarifications have not yet been published in every case. PIERER Mobility AG's interpretation of these terms is set out in the following statements.

Representatives of the Controlling, Accounting, ESG & Risk Management and Investor Relations departments are involved in different roles in the processing of the tasks that stem from the Taxonomy Regulation.

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KEY RATIOS

In order to avoid double counting across economic activities, the individual items are assigned to an economic activity using defined rules. In the working document, a formula is consistently used to check that each item has only been counted once in the form of assignment to an economic activity or classification as not eligible for taxonomy.

Revenue ratio

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

				Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year 2021 (18)	Taxonomy-aligned proportion of turnover, year N-1 (19)	Category (enabling activity or) (20)	Category "(transitional activity)" (21)
		EURk	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Environmentally sustainable activities (Taxonomy-aligned) (A.1)																				
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		1,914,885	78.57																	
Manufacture of low carbon technologies for transport	3.3	1,914,885	78.57																	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																				
Total (A.1 + A.2)		1,914,885	78.57																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		522,315	21.43																	
Total (A + B)		2,437,200	100.00																	

According to the EU taxonomy, the total revenues of € 2,437.2 million for the 2022 financial year form the denominator of the revenue ratio. The revenues of € 2,437.2 million reported in the consolidated income statement (see revenues according to the consolidated income statement or in the notes to the consolidated financial statements under Note 8. Revenues) of PIERER Mobility AG are analyzed across all group companies to determine whether they were generated with taxonomy-eligible economic activities according to Annex I (Substantial contribution to climate change mitigation) and Annex II (Substantial contribution to climate change adaptation) of the Delegated Regulation of (EU) 2020/852. A detailed analysis of the items included in the revenues is used to allocate the respective

revenue to the taxonomy-eligible economic activities. The total of the revenues of the taxonomy-eligible economic activities for the 2022 financial year forms the numerator. These activities of PIERER Mobility AG are classified as taxonomy-eligible by the economic activities described in the Delegated Regulation (Annex I / Annex II) "3.3 Manufacture of low carbon technologies for transport (Annex I)".

CapEx ratio

The CapEx ratio indicates the proportion of capital expenditure (CapEx) that is either associated with a taxonomy-eligible economic activity, associated with achieving an environmentally sustainable economic activity, or relates to the acquisition of products and services from a taxonomy-eligible economic activity.

				Substantial contribution criteria							DNSH criteria ("Does Not Significantly Harm")											
Economic activities (1)	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx(4)	Climate change mitigation (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of CapEx, year 2021 (18)	Taxonomy-aligned proportion of CapEx, year N-1 (19)	Category (enabling activity or) (20)	Category "(transitional activity)" (21)
		EURk	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																				
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Manufacture of low carbon technologies for transport	3.3	199,949	68.15																	
Manufacture of other low carbon technologies	3.6	3,674	1.25																	
Construction, extension and operation of water collection, treatment and supply systems	5.1	159	0.05																	
Collection and transport of non-hazardous waste in source segregated fractions	5.5	55	0.02																	
Renovation of existing buildings	7.2	32,333	11.02																	
Installation, maintenance and repair of energy efficiency equipment	7.3	408	0.14																	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	39	0.01																	

Installation, maintenance and repair of renewable energy technologies	7.6	2,254	0.77																	
Acquisition and ownership of buildings	7.7	19,802	6.75																	
Close to market research, development, and innovation	9.1	163	0.06																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		258,837	88.22																	
Total (A.1 + A.2)		258,837	88.22																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		34,566	11.78																	
Total (A + B)		293,403	100.00																	

The total capital expenditure according to the EU Taxonomy Regulation amounts to € 293.4 million and corresponds to the additions to property, plant and equipment and intangible assets (incl. IFRS 16 rights of use according to the IFRS consolidated financial statements) (see additions according to the statement of changes in non-current assets in the notes to the Consolidated Financial Statements under Note 22. Intangible assets and Note 23. Property, plant and equipment or in the consolidated management report under the notes on investments in Note 3. Financial performance indicators).

The taxonomy eligibility in compliance with Annex I (Substantial contribution to climate change mitigation) and Annex II (Substantial contribution to climate change adaptation) of the Delegated Regulation of (EU) 2020/852 was analyzed using a multi-stage process. A preassignment was completed in largely automated fashion based on defined rules regarding existing standard information in relation to the individual accounting elements. This relates in particular to the assignment to the statement "Items defined as necessary for performing the main taxonomy-eligible economic activity of PIERER Mobility AG (3.3 Manufacture of low carbon technologies for transport)" and acquisitions arising from the economic activity 3.3 Manufacture of low carbon technologies for transport, which generally relates to the fleet of passenger vehicles and trucks. In a second step, those items that had been preassigned to the statement "Acquisitions from a taxonomy-eligible or taxonomy-compliant economic activity" were manually resorted based on the name of the respective item.

The largest share of CapEx that is classified as taxonomy-eligible is made up of those items that are related to providing the economic activity 3.3 Manufacture of low carbon technologies for transport. Other shares are accounted for by acquisitions from economic activities related to buildings (e.g., 7.2 Renovation of existing buildings; 7.7 Acquisition and ownership of buildings), renewable energies and electric mobility (e.g., 7.6 Installation, maintenance, and repair of renewable energy technologies on site; 7.4 Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)), related to water and waste (5.1 Construction, extension and operation of water collection, treatment and supply systems; 5.5 Collection and transport of non-hazardous waste in source-segregated fractions), and the acquisition of various technologies such as IT hardware and non-production-related machinery (3.6 Manufacture of other low carbon technologies).

OpEx ratio

The OpEx ratio indicates the proportion of operating expenditure, as defined by the EU taxonomy, associated with taxonomy-eligible economic activities or with the acquisition of products from a taxonomy-eligible economic activity.

				Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities (1)	Code(s) (2)	Absolute OpEx (3)	Proportion of OpEx(4)	Climate change mitigation (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx, year 2021 (18)	Taxonomy-aligned proportion of OpEx, year N-1 (19)	Category (enabling activity or) (20)	Category "(transitional activity)" (21)
		EURk	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																				
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Manufacture of low carbon technologies for transport	3.3	5,114	24.29																	
Manufacture of other low carbon technologies	3.6	1,306	6.20																	
Renovation of existing buildings	7.2	5,850	27.78																	
Acquisition and ownership of buildings	7.7	1,621	7.70																	
Data processing, hosting and related activities	8.1	6,209	29.49																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		20,100	95.47																	
Total (A.1 + A.2)		20,100	95.47																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities (B)		954	4.53																	
Total (A + B)		21,054	100.00																	

Total operating expenditure, as defined by the EU Taxonomy Regulation, amounts to approximately € 21.1 million. To determine the denominator, the accounts reflecting direct, non-capitalized costs for research and development expenses, building renovation measures, short-term leasing, maintenance and repair expenses (explanation of significant components) were considered.

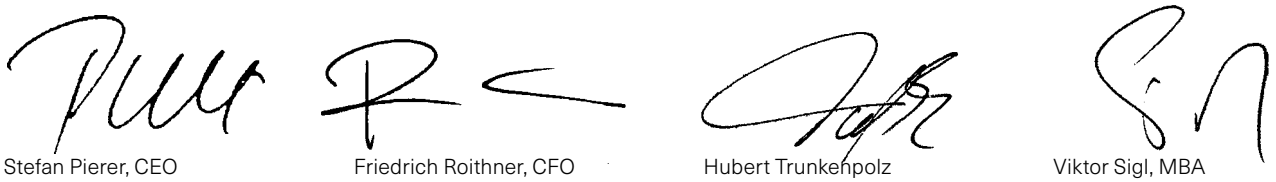
The numerator results from an analysis of the assets related to the

expenses recorded in the above accounts in terms of their taxonomy eligibility on the basis of Annex I (Substantial contribution to climate change mitigation) and Annex II (Substantial contribution to climate change adaptation) of the Delegated Regulation of (EU) 2020/852. The majority of the taxonomy-eligible operating costs relate to the maintenance of buildings and production machinery.

Further regulatory developments in the EU taxonomy mean there may be deviations as well as changes with regard to disclosure in 2023. A more detailed evaluation of the taxonomy-eligible items with regard to the fulfillment of technical assessment criteria and the DNSH test is also planned for the 2023 financial year, and this will also include a climate risk assessment.

Wels, March 2023

The Executive Board



Stefan Pierer, CEO | Friedrich Roithner, CFO | Hubert Trunkenpolz | Viktor Sigl, MBA

Billy Bolt Hard Enduro 2022
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III. APPENDIX

Key Figures

KEY SOCIAL FIGURES (RELIABLE EMPLOYER)

GRI 2-7, 2-8, 2-30

Employees	**Unit**	**2022**	**2021**	**2020**
2-7: Information on employees				
total	heads	**6,088**	**5,249**	**4,586**
Full time	heads	**5,644**	**4,843**	**4,248**
thereof male	heads	4,373	3,834	3,450
thereof female	heads	1,271	1,009	798
Part time	heads	**444**	**406**	**338**
thereof male	heads	167	147	110
thereof female	heads	277	259	228
share of female employees	in per cent	25.4%	24.2%	22.4%
Employee structure by continent[1]				
thereof in Austria	heads	5,050	4,361	3,822
	in per cent	83.0%	83.1%	83.3%
thereof in Germany	heads	137	136	116
	in per cent	2.3%	2.6%	2.5%
thereof in Europe	heads	392	316	284
	in per cent	6.4%	6.0%	6.2%
employees other continents[2]	heads	509	436	364
	in per cent	8.4%	8.30%	7.9%
2-8: Workers who are not employees				
Temporary workers total (incl. foundation apprentices)	heads	**627**	**486**	**294**
	in per cent	**10.3%**	**9.3%**	**6.4%**
thereof male	heads	427	345	251
	in per cent	68.1%	71.0%	85.4%
thereof female	heads	200	141	43
	in per cent	31.9%	29.0%	14.6%
thereof <30 years	heads	240	217	134
	in per cent	38.3%	44.7%	45.6%
thereof 30-50 years	heads	346	240	147
	in per cent	55.2%	49.4%	50.0%
thereof >50 years	heads	41	29	13
	in per cent	6.5%	6.0%	4.4%
2-30: Tariff contracts				
	in per cent	98%	98%	98%

1 Evaluation of employee structure by company location (not by nationality).
2 Africa, Asia, Australia, North America, South America

All data excl. members of the Executive Board of PIERER Mobility AG, incl. temporary workers, incl. KTM AG and its subsidiaries, Avocodo GmbH and PIERER Innovation GmbH.

GRI 405-1

Diversity of employees	Unit	2022	2021	2020
Managers	heads	**709**	**617**	**575**
	in per cent	**11.6%**	**11.8%**	**12.5%**
thereof male	heads	578	518	489
	in per cent	81.5%	84.0%	85.0%
thereof female	heads	131	99	86
	in per cent	18.5%	16.0%	15.0%
thereof <30 years	heads	49	40	35
	in per cent	6.9%	6.5%	6.1%
thereof 30-50 years	heads	544	455	432
	in per cent	76.7%	73.7%	75.1%
thereof >50 years	heads	116	122	108
	in per cent	16.6%	19.8%	18.8%
White-collar employees	heads	**2,540**	**2,215**	**1,896**
	in per cent	**41.7%**	**42.2%**	**41.3%**
thereof male	heads	1,804	1,553	1,323
	in per cent	71.0%	70.1%	69.8%
thereof female	heads	736	662	573
	in per cent	29.0%	29.9%	30.2%
thereof <30 years	heads	914	793	681
	in per cent	36.0%	35.8%	35.9%
thereof 30-50 years	heads	1,365	1,206	1,036
	in per cent	53.7%	54.4%	54.6%
thereof >50 years	heads	261	216	179
	in per cent	10.3%	9.8%	9.4%
Manual workers	heads	**2,212**	**1,931**	**1,822**
	in per cent	**36.3%**	**36.8%**	**39.7%**
thereof male	heads	1,730	1,565	1,498
	in per cent	78.2%	81.0%	82.2%
thereof female	heads	482	366	324
	in per cent	21.8%	19.0%	17.8%
thereof <30 years	heads	627	546	504
	in per cent	28.3%	28.3%	27.7%
thereof 30-50 years	heads	1,158	997	969
	in per cent	52.4%	51.6%	53.2%
thereof >50 years	heads	427	388	349
	in per cent	19.3%	20.1%	19.2%

All % figures rounded. Representation excl. members of the Executive Board of PIERER Mobility AG, incl. temporary workers. Definition of managers: Managers include Board members (excl. members of the Executive Board of PIERER Mobility AG), general managers, division managers, subdivision managers, department managers and team leaders. Representation of managers globally since 2020. Only about 1 % of the employees have a fixed-term contract, so no separate subdivision into permanent/fixed-term employment relationships is made in this list. Excluded from this are interns, diploma/master's students etc. as well as employees in their probationary period (first 6 months of service).

Own indicator

Further information on employees	**Unit**	**2022**	**2021**	**2020**
Employee turnover in Austria[1]	in per cent	<10%	<10%	<10%
Parental leave (due to education or birth)	heads	120	90	84
Return ratio (rounded)	in per cent	96%	93%	94%
thereof female	in per cent	36%	34%	30%
People with disabilities[2]	heads	54	48	48

GRI 405-1

Diversity of governance bodies	**Unit**	**2022**	**2021**	**2020**
Executive Board	heads	**4**	**4**	**4**
thereof male	in per cent	100%	100%	100%
thereof 30-50 years	in per cent	25%	25%	25%
thereof >50 years	in per cent	75%	75%	75%
Supervisory Board	heads	**6**	**4**	**4**
thereof male	in per cent	67%	100%	100%
thereof female	in per cent	33%	0%	0%
thereof >50 years	in per cent	100%	100%	100%

Ernst Chalupsky and Alfred Hörtenhuber resigned from the Supervisory Board at the end of the Annual General Meeting on April 29, 2022. Rajiv Bajaj, Iris Filzwieser, Michaela Friepeß and Srinivasan Ravikumar were elected as new members of the Supervisory Board.

GRI 403-9

Health and safety - Employees	**Unit**	**2022**	**2021**	**2020**
Accidents at work	number	75	74	56
Injury rate	hours	12.2	13.3	12.8
Serious accidents at work (over 6 months of recovery)	number	2	0	3
Injury rate of serious accidents	number	0.33	0	0.69
Rate of work-related fatalities	number	0	0	0.23
Lost-time injury frequency rate (LTIFR)	number	10.8	8.4	-

Health and safety - Temporary workers	**Unit**	**2022**	**2021**	**2020**
Accidents at work	number	34	16	6
Injury rate	hours	39.8	28.2	22.6
Serious accidents at work (over 6 months of recovery)	number	0	0	0
Injury rate of serious accidents	number	0	0	0
Rate of work-related fatalities	number	0	0	0
Lost-time injury frequency rate (LTIFR)	number	35.1	22.9	-

Values include all documented accidents at work (excluding commuting accidents). Data for employees of external companies are available. Injury rate based on injuries per 1 million hours worked. In accordance with GRI standards, the injury rate is calculated on the basis of productive working hours: Number of hours worked in 2022 (evaluation only possible for companies based in Austria): 6,122,869 (2021: 5,564,141), productive hours incl. temporary workers 6,977,525.

In the 2022 financial year, as in 2021, there were no work-related fatalities at KTM AG. There was one work-related fatality in 2020. The lost-time injury frequency rate (LTIFR) has been recorded since the 2021 reporting year. The LTIFR describes the number of accidents involving lost time of at least one day per 1 million hours worked. Underlying formula: LTIFR=accidents/hours worked*1,000,000.

1 Due to missing employee data and the difference in the country-specific approach for calculating the turnover rate, a global evaluation is currently not possible.
2 Measured by a degree of disability reported of over 50 %.

GRI 404-1

Training and further education	Unit	2022	2021	2020
Total number of employees[1]	heads	5,447	4,751	4,293
thereof male	heads	4,105	3,630	3,310
thereof female	heads	1,342	1,121	983
thereof manual workers (incl. apprentices)	heads	2,211	1,930	1,822
thereof white-collar employees (incl. apprentices)	heads	2,530	2,207	1,896
thereof which managers	heads	706	614	575
Number of apprentices	heads	206	186	170
thereof commercial apprentices	heads	74	66	60
thereof industrial apprentices	heads	132	120	110
Total number of hours of training and further education of employees in Austria	hours	119,429	124,038	29,275
Average number of hours of training and further education	hours	22	26	7
By gender				
total for male employees	hours	91,104	97,094	23,006
average number per employee/male	hours	22	27	7
total for female employees	hours	28,324	26,944	6,269
average number per employee/female	hours	21	24	6
By category of worker				
total for manual workers (incl. apprentices)	hours	49,797	55,169	3,856
average number per manual worker	hours	23	29	2
total for white-collar employees (incl. apprentices)	hours	47,676	48,019	14,034
average number per white-collar employee	hours	19	22	7
total for managers	hours	21,955	20,850	11,386
average number per manager	hours	31	34	20

1 Representation excluding temporary workers and external contractors.

Hours of training & further education relate to data in Austria; the aim is to expand the collection of data to a global level in 2023.

KEY ENVIRONMENTAL FIGURES (SUSTAINABLE MOBILITY)

Own indicator

Research and development (R&D)	Unit	2022	2021	2020
Number of employees in R&D	heads	1,181	976	808
Number of employees in R&D as % of total employees	percent	19.4%	18.6%	17.6%
Investments (rounded) [1]	in € million	161	131	111
thereof for alternative drive technologies (e.g. electric mobility) [1]	in € million	23.2	18.8	7.9
R&D expenditure as percentage of revenue	in per cent	8.7%	8.0%	9.0%

1 Development costs incl. tooling

Own indicator

Alternative drive technologies (e.g. electric mobility)	Unit	2022	2021	2020
Motorcycles	number of units	375,492	332,881	270,407
thereof electrified [1]	number of units	19,910	3,357	2,166
Bicycles	number of units	118,465	102,753	73,277
thereof electrified [2]	number of units	74,479	76,916	56,064
Percentage of all electrified two-wheelers	in per cent	19.1%	18.4%	16.9%

1 Thereof 3,541 e-motorcycles (Mini E and Freeride E) and 16,369 electric balance bikes.
2 Thereof 72,635 e-bikes and 1,844 electric balance bikes.

KEY ENVIRONMENTAL FIGURES (ENVIRONMENTALLY CONSCIOUS PRODUCTION)

GRI 302-1

Energy and water consumption	Unit	2022	2021	2020
Gas consumption [1]	kWh	20,983,051	21,282,489	17,924,474
Electricity consumption [1]	kWh	25,162,909	22,841,717	19,035,648
District heating	kWh	571,471	671,940	619,350
Percentage of renewable energy (electricity and district heating)	in per cent	98.11%	99.63%	n.a.
Percentage of fossil energy (electricity and district heating)	in per cent	1.89%	0.37%	n.a.
Water consumption from production [2]	m^3	4,876	4,185	3,364
Fuel for test benches	in liters	535,361	443,449	317,246

1) For reasons of materiality, the table only contains values from the corporate and production sites of KTM AG and PIERER Mobility AG.
2) Values rounded. Water consumption relates to the sites in Mattighofen and Munderfing.

GRI 302-5

Reduction in energy demand for products	Unit	2022	2021	2020
Fleet emissions from motorcycles [1,2]	Avg. emissions in g/km	79.59	79.65	78.93
Fleet consumption [3]	Avg. consumption in l/100 km	3.39	3.41	3.39

1 Calculated on a pro rata basis of 226,806 motorcycles in the B2C business.
2 CO_2 fleet emissions decreased by only 0.06 g/km in the reporting year due to the continued strong growth in sales of ICE models with medium and large displacements (>500cc). The incorrectly recorded CO_2 emission figure for a KTM model from Bajaj Auto required a correction of the fleet emission figure retrospectively for the 2021 and 2020 reporting years.
3 To allow better understanding, we do not state the vehicle consumption in joules, but in l/100 km as usual.

GRI 305-1, 305-2, 305-3

Carbon footprint of the PIERER Mobility Group	2022			2021			2020		
Greenhouse gas emissions according to the Greenhouse Gas Protocol (Scope 1-3):	in t CO_2-e	share of "location based" in percent	share of "market based" in percent	in t CO_2-e	share of "location based" in percent	share of "market based" in percent	in t CO_2-e	share of "location based" in percent	share of "market based" in percent
Scope 1: Direct greenhouse gas emissions	**7,095.97**	**0.84%**	**0.84%**	**6,677.29**	**0.70%**	**0.70%**	**5,679.78**	**0.67%**	**0.67%**
Emissions from natural gas procurement at PIERER Mobility Group sites [1]	3,822.90	53.87%	53.87%	3,898.10	58.38%	58.38%	3,295.77	58.03%	58.03%
Emissions from vehicle fleet	1,889.17	26.62%	26.62%	1,638.10	24.53%	24.53%	1,565.46	27.56%	27.56%
Emissions from test benches	1,383.90	19.50%	19.50%	1,141.09	17.09%	17.09%	818.54	14.41%	14.41%
Scope 2: Indirect greenhouse gas emissions "location based" [2]	**5,624.97**	**0.61%**		**5,136.72**	**0.54%**		**5,036.93**	**0.60%**	
Emissions from district heat procurement [2]	114.29	2.10%		134.39	2.62%		125.73	2.50%	
Emissions from electricity procurement at PIERER Mobility Group sites [1]	5,510.68	97.90%		5,002.34	97.38%		4,911.20	97.50%	
Scope 2: Indirect greenhouse gas emissions "market based" [2]	**174.56**		**0.02%**	**213.09**		**0.02%**	**1,154.76**		**0.14%**
District heating emissions	114.29		64.43%	136.40		64.01%	125.73		10.89%
Emissions from electricity procurement at PIERER Mobility Group sites [1]	60.27		55.21%	76.68		35.99%	1,029.03		89.11%
Scope 3: Indirect greenhouse gas emissions	**849,857.61**	**98.50%**	**99.14%**	**936,260.90**	**98.75%**	**99.27%**	**832,231.63**	**98.73%**	**99.19%**

GRI 305-1, 305-2, 305-3

Carbon footprint of the PIERER Mobility Group	2022			2021			2020		
Emissions from commuting by aircraft	3,052.85	0.36%	0.36%	1,315.40	0.14%	0.14%	738.05	0.09%	0.09%
Emissions from commuting by private vehicles	39.87	0.00%	0.00%	54.79	0.01%	0.01%	33.01	0.00%	0.00%
Emissions from commuting by rental car	188.46	0.02%	0.02%	86.31	0.01%	0.01%	61.03	0.01%	0.01%
Emissions from commuting by train [3]	6.48	0.00%	0.00%	2.14	0.00%	0.00%	1.74	0.00%	0.00%
Emissions from commuting by taxi [3]	72.36	0.01%	0.01%	31.05	0.00%	0.00%	16.26	0.00%	0.00%
Emissions from paper [3]	2,209.13	0.26%	0.26%	2,144.03	0.23%	0.23%	1,617.20	0.19%	0.19%
Emissions from use phase of vehicles sold [4]	831,564.53	99.33%	99.33%	932,627.17	99.61%	99.61%	829,764,35	99.70%	99.70%
Total emissions "location based"	**849,421.70**	**100,00%**		**948,074.91**	**100.00%**		**842,948.34**	**100.00%**	
Total emissions "market based"	**844,404.20**		**100.00%**	**943,151.28**		**100.00%**	**839,066.17**		**100.00%**

CO_2 emissions per vehicle sold "location based", rounded (305-4) [2, 5, 6]	2022	2021	2020
t CO_2-e per vehicle sold (Scope 1-2)	**0.05**	**0.05**	**0.05**
t CO_2-e per vehicle sold (Scope 1-3)	**3.74**	**3.80**	**3.67**

Energy intensity, rounded (302-3) [7]	2022	2021	2020
MWh per vehicle sold	0.21	0.18	0.16
Mwh per vehicle produced	0.21	0.25	0.27
Water consumption in m^3 per vehicle sold	0.11	0.08	0.07

For the calculation of CO_2 equivalents for Scope 1-2, the conversion factors of the Austria Federal Environment Agency and the UK Department for Environment, Food & Regulatory Affairs (DEFRA) for 2016, 2020, 2021 & 2022 were used.
The base year of the calculation is 2018, the calculation of CO_2 equivalents for Scope 1-3 was published for the first time in the Sustainability Report 2019. In principle, the data of the main company and production sites in Austria are included in the evaluation. In addition to PIERER Mobility AG, this also includes KTM AG with its subsidiaries.

1 Evaluation excluding PIERER Innovation GmbH, Avocodo GmbH. The increased energy consumption in the 2022 reporting year can be attributed, among other things, to the increased production volume. Since February 2021, the site in Anif has been heated using a heat pump (natural gas has not been procured since the move).

2 Emissions from district heating at the KTM Sportcar GmbH site. The significant reduction in consumption of district heating is due to the major rebuild at the Graz site, during which all production was stopped (for around one month). This is why a slight decrease in gas and electricity consumption was recorded here. Since 2020, emissions have also been calculated using a "market based" method. However, for better traceability, the calculation of the emission shares in % in the reporting year was not adopted here and "location based" was used for the CO_2 emissions per vehicle sold (the difference between "market and location based" is very small and therefore negligible). In the case of KTM Sportcar GmbH, the emission factor from the Federal Environment Agency was used for the calculation for district heating, because no information on the emission data is available from the supplier. The low proportion of indirect greenhouse gas emissions is due to the supply mix in the 2022 and 2021 supply years. The majority of the kWh of electricity purchased comes from hydropower. The district heating and electricity consumption figures for KTM Sportcar GmbH in 2020 were adjusted retrospectively.

3 Evaluation including PIERER Innovation GmbH.

4 Calculation based on EU homologation data on fuel consumption according to WMTC and taking into account average annual mileage and average service life. The Enduro Competition models are homologated in a mechanically and electronically throttled condition. However, the motorcycles are often used in an unthrottled condition at amateur and professional racing events, at the customer's own risk.
This results in significantly higher consumption and greenhouse gas emissions.
The KTM and Husqvarna models sold directly by Bajaj Auto are also included in the calculation.

5 Calculated from the total carbon footprint (market based Scope 1+2 and Scope 1-3) divided by the number of vehicles sold (PTW and X-BOW).

6 Calculation excl. E-bicycles, also adjusted retrospectively for the year 2021.

7 Calculated from electricity, district heating and natural gas consumption divided by the total number of vehicles sold (PTW and X-BOW). Since 2020, "market-based" electricity and district heating consumption has been used for the calculation.

Motorcycles sold in the B2C (retail) business and X-BOW (excl. E-bicycles) were used to calculate the use phase: Number of vehicles used for the calculation 226,849 (previous year: 249,534 excl. E-bicycles). Motorcycle models that are not eligible for registration (e.g. motocross, cross country, sport minicycles) were not considered due to an insufficient database (missing consumption and mileage data). A total of 375,492 motorcycles were sold in the reporting year (previous year: 332,881).

The values included in the evaluation are based on EU homologation data for the respective models. In 2021, there were several homologation amendments to the MY21 Street and MY22 Enduro models due to changes in catalytic converter compositions. This had a subsequent impact on fleet emissions and consumption in the 2020 reporting year.

According to the Kyoto Protocol, there are seven main greenhouse gases that

contribute to climate change: Carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF6), and nitrogen trifluoride (NF3). CO_2-e is the universal unit of measurement used to indicate the global warming potential (GWP) of each of the seven greenhouse gases, expressed as the GWP of one unit of carbon dioxide. It is used to assess the release (or avoidance of release) of various greenhouse gases on a common basis.

GRI 306-3

Amount of waste	**Unit**	**2022**	**2021**	**2020**
Total waste in kg	kg	6,189,612	6,392,778	4,822,664
Metal waste (excl. aluminum waste)	kg	804,437	786,634	660,992
Aluminum waste	kg	296,954	261,473	267,555
Waste for recycling	kg	4,376,835	4,487,250	3,125,980
Hazardous waste	kg	318,774	337,712	267,827
Other waste	kg	422,350	519,709	500,310
Waste generated per vehicle produced [1, 3]	kg	24.43	30.39	28.59
Packaging materials disposed of per vehicle [2, 3]	kg	16.62	20.32	15.90

For reasons of materiality, the table only contains values from the KTM Group's manufacturing sites in Mattighofen and Munderfing (these sites are used jointly by KTM AG, KTM Components GmbH, KTM Forschungs & Entwicklungs GmbH). Description of waste types/metals: including various scrap metals, cable scrap, mixed chips, prototypes. Aluminum: including castings, smelting, chips; waste for recycling: including waste wood (untreated, material), waste wood pallets, waste paper, various cardboard boxes; hazardous waste: waste oil, drilling emulsion, various solvents, cleaners; other waste: including plasterboard, used tires, industrial waste.

1 For the calculation, the number of vehicles assembled in Mattighofen incl. vehicles imported from India, Spain and China was used because the waste assessments also include waste from the imported vehicles..

2 Packaging materials disposed of exclusively include the waste generated at KTM AG, KTM Components GmbH (Mattighofen and Munderfing sites) for recycling, excluding green waste, waste paper and waste glass (cardboard packaging, waste wood, waste wood pallets, polypropylene pallets, mixed plastics, sorted polystyrene, plastic packaging/EPS-TPU). The share of packaging materials in the metal waste could not be evaluated separately in the reporting year, as these are disposed of with all other metal waste generated by KTM AG at the Mattighofen and Munderfing sites. However, this quantity does not represent a significant proportion.

3 Waste that cannot be clearly allocated to production was not included in the calculation.

Own indicator

Vehicle assembly	**Unit**	**2022**	**2021**	**2020**
Motorcycles [1]	Avg. vehicles / day	954	765	708
Annual production volume in Mattighofen [2]	Vehicles / year	222,041	178,992	140,252

1 In 2021, there were 233 production days.

2 Production volume at headquarters in Austria.

Own indicator

Certifications		
Environmental management system	ISO 14001	
Quality management system	ISO 9001	
Functional safety	ISO 26262	The development processes are based on ISO 26262.
IT & information security [1]	Tisax Certification Security Level2	
Road Vehicles - Cyber Security Engineering		
Acoustics – Test track for measuring the noise emission of road vehicles	ISO/SAE 21434	The process is currently under development.
Certifications	ISO 10844	

1 For more information, see page 32 in the Sustainability Report 2021.

KEY GOVERNANCE FIGURES (FAIR BUSINESS PRACTICES)

GRI 205-2

Anti-corruption training	Unit	2022	2021	2020
Total employees [1]	heads	**5,461**	**4,751**	**4,293**
thereof manual workers (incl. apprentices)	heads	2,212	1,930	1,822
thereof white-collar employees (incl. apprentices)	heads	2,540	2,207	1,896
thereof managers	heads	709	614	575
Executive Board and Supervisory Board	heads	10	8	8
Information provided to employees about anti-corruption (e.g. handing out Code of Conduct)				
People informed about anti-corruption	heads	**4,185**	**3,559**	**2,669**
Share of people informed about anti-corruption	in per cent	**76.6%**	**74.9%**	**62.2%**
Employees by category of worker				
total for manual workers (incl. apprentices)	heads	1,015	936	741
share of manual workers	in per cent	45.9%	48.5%	40.7%
total for white-collar employees (incl. apprentices)	heads	2.464	2.040	1.499
share of white-collar employees	in per cent	97.0%	92.4%	79.1%
total for managers	heads	696	575	421
share of managers	in per cent	98.2%	93.6%	73.2%
Executive Board and Supervisory Board	heads	10	8	8
Share of Executive Board and Supervisory Board	in per cent	100.0%	100.0%	100.0%
Anti-corruption training (e.g. e-learning or face-to-face training)				
Total people with anti-corruption training	heads	**1,482**	**2,018**	**49**
Share of people with anti-corruption training (rounded)	in per cent	**27.1%**	**42.5%**	**1.1%**
Employees by category of worker				
total for manual workers (incl. apprentices)	heads	242	354	0
share of manual workers (rounded)	in per cent	10.9%	18.3%	0.0%
total for white-collar employees (incl. apprentices)	heads	990	1,268	9
share of white-collar employees (rounded)	in per cent	39.0%	57.5%	0.5%
total for managers	heads	241	396	35
share of managers (rounded)	in per cent	34.0%	64.5%	6.1%
Executive Board and Supervisory Board [2]	heads	9	0	5
share of Executive Board and Supervisory Board (rounded)	in per cent	90.0%	0.0%	62.5%

1 Representation excluding temporary workers and external contractors. Managers include Board members (excl. members of the Executive Board of PIERER Mobility AG), general managers, division managers, subdivision managers, heads of department and team leaders. Anti-corruption information and anti-corruption training activities for employees have only been systematically recorded at Group level since 2020 and have been continuously expanded. New contractual relationships of the KTM AG Group with suppliers or importers are concluded as standard with incorporation of the Code of Conduct, which forms an integral part of the contract as a fundamentally non-negotiable minimum standard.

2 In 2022, the training of the members of the Executive Board and the Supervisory Board took place during the Supervisory Board meeting of KTM AG. Accordingly, all members of the Executive Board as well as five members of the Supervisory Board of PIERER Mobility AG received training.

Corruption training by continent [1]	Unit	2022	2021	2020
Total employees	heads	5,461	4,751	4,293
thereof people with anti-corruption training:				
Employees in Austria	heads	1,491	2,006	-
	in per cent	27.30%	42.22%	-
Employees in Germany	heads	0	2	-
	in per cent	0%	0.04%	-
Employees in Europe	heads	0	4	-
	in per cent	0%	0.08%	-
Employees other continents [2]	heads	0	6	-
	in per cent	0%	0.13%	

1 The assessment of corruption training, which includes anti-corruption training, was evaluated by continent for the first time in 2021.
2 Africa, Asia, Australia, North America, South America

GRI 2-27, 205-3, 406-1, 416-2, 418-1

Compliance I Compliance with laws and regulations I Non-discrimination I Product safety risks I Data protection	**Unit**	**2022**	**2021**	**2020**
205-3: Compliance cases [1]	number	0	0	0
2-27: Cases of significant instances of non-compliance with laws and regulations [2]	number	0	0	0
Total value of fines for instances of noncompliance with laws and regulations	in €	0	0	0
406-1: Discrimination incidents [3]	number	0	0	0
416-2: Incidents involving a fine or penalty following recalls	number	0	0	0
418-1: Data protection complaints	number	0	0	0

1 In the PIERER Mobility Group, there were neither any relevant compliance cases nor cases that resulted in corresponding compliance investigations or proceedings regarding corruption in the 2022 financial year.

2 In the PIERER Mobility Group, there were no relevant incidents relating to non-compliance with laws and/or regulations that resulted in proceedings, fines and/or other sanctions in the 2022 financial year.

3 In the PIERER Mobility Group, there were no significant incidents of discrimination that resulted in legal proceedings and have or could have a significant impact on the economic situation of the PIERER Mobility Group in the 2022 financial year.

ESG program

ESG area/topic	Description of measures	Start	End	Status	SDG
RELIABLE EMPLOYER					
Employer attractiveness					
Making production areas more attractive	By implementing a cloud-based payment system, the snack allowance of EUR 2.00 per day could be systematically granted to all production employees. As part of the full renovation of all break-time and social areas in vehicle assembly to upgrade them to modern standards, care was taken in the design to ensure short distances from the workplace and expand the offer.	2021	2022	●	8.5
Measures in relation to employee mobility (2021: Improvement of transport links)	In order to make it easier for employees to commute to work, the "Plant Bus" pilot project was launched in mid-2022 and has since been expanded to three routes. This transports an average of up to 150 people to the respective plants every day, providing a low-emission, stress-free alternative option for commuting to work. For business trips within the Mattighofen and Munderfing area, loanable e-bikes have been available to all employees since spring 2022, following a successful trial phase in 2021. The 16 pool bikes are spread across four locations (headquarters, House of Brands, KTM Components and the engine plant). They are reserved and booked using an external mobility sharing app.	2021	2022	●	8.5
Employees recruit employees	The project launched in 2021 in the area of production to find motivated employees and meet the demand for additional production resources continued successfully in 2022.	2021	2022	●	8.5
Flexible working hours model in production	After making working hours flexible for white-collar employees, a new four-day week shift model was introduced for employees in vehicle assembly as a trial from October 2022 to February 2023. It will be possible to revert back to this model when necessary in the future.	2022	2022	●	8.5
Employee rights and working conditions					
Employee app	In order to provide all employees with important information and the option of accessing important data via their cell phone, the PITBOARD employee app was developed and put into operation in October 2022. This means that non-desk workers now also have the option to access their remuneration and time statements digitally at any time and to view their history. For employees who do not have access to digital devices in their personal lives, the company provides PCs to allow them to access PITBOARD with their personal login details. The PITBOARD app therefore also makes internal communications easier and more targeted. Other measures such as the Plant Bus or employee recommendations can also be used on the app.	2021	2023	◑	8.5
Occupational safety and employee health					
Focus on health & safety	In the Health & Safety department, the issues of occupational safety, occupational medicine, health and sports are combined and made more accessible for all employees. In the 2022 reporting year, fundamental strategic pillars were established for the future direction of this area and the evolution of specific topics. The rollout is set to continue in 2023. **Aim: Company-wide standards and targeted programs.**	2021	2023	◑	8.8

ESG area/topic	Description of measures	Start	End	Status	SDG
Training and further education					
Priority measures for apprentices	The offers for apprentices were enhanced even further. Thanks to a conversion of the apprentice workshop in Mattighofen, which was completed in 2022, there is now space for up to 230 apprentices in a training facility that has excellent technical equipment. With the digital and mobile "Apprentio" apprenticeship management app, apprentices can access their rotation schedule as well as vocational college, training dates and vocational training blocks at any time on their smartphone. The app also offers a standardized feedback process and documents learning progress at the same time. In addition, 42 apprentices have been accommodated in a residential facility run by the Upper Austrian Housing Association. The rental costs are paid by the company. Visitor events were held to give interested parties an insight into apprenticeship training at KTM. As of the reporting date, there were around 200 apprentices. **The company continues to pursue the goal of increasing the number of apprentices beyond 200.**	2021	2022	◑	8.6
Internationalization of KTM_academy training portal (2021: Expansion of training programs)	**The aim is to link all parts of the group around the world to the learning management system in 2023.** In addition to the desktop system, a mobile app also makes the training and education opportunities that are on offer accessible to employees – here too the intention is to gradually expand access to all employees around the world in 2023.	2021	2022	◑	4.3 4.4
ENVIRONMENTALLY AWARE PRODUCTION					
Waste management					
Expansion of storage facilities for hazardous materials and waste	At the engine plant, storage capacity was created by acquiring an additional suitable storage container. Furthermore, the storage space is being completely reconfigured here as part of the extension of the engine plant toward Aumayer and included in the construction planning. In the area of the main plant, planning was postponed because the configuration of the waste disposal area is being completely redesigned. This redesign has a massive impact on the planning of the storage areas for the main plant. **Goal: To improve the amount of storage space for hazardous materials and waste**	2021	2024	◑	6.3 12.4
Adjustments in waste management	Adjustments that were planned for 2022 were implemented. A training program for employees in the form of a "Waste Management" e-learning course was put online.	2020	2022	●	12.4
Improved waste separation	After focusing on the separate collection of paper in offices and of plastic and EPS in production in 2021, in 2022 sorting of PET bottles and unmixed packaging films was expanded. An evaluation in terms of reliable figures will be possible in 2023 (with reference to the goal of ensuring better recycling of packaging materials). The volume of residual waste was reduced by 37.9% in 2022 compared to the reference year of 2019. The planned target of a 10% reduction by 2024 was therefore significantly exceeded. **Goal: Better recycling of packaging materials**	2021	2023	◑	12.5

ESG area/topic	Description of measures	Start	End	Status	SDG
Impacts of procurement and logistics on the climate and environment					
Active container tracking	The active container tracking project is designed to increase transparency in the inflow of containers. The increased visibility provided by live tracking and better knowledge of the transport routes of the various cargoes results in better planning overall and helps to reduce air freight. **Goal: Reduce the amount of air freight**	2021	2023	◑	12.7 13.2
Proportion of suppliers with a certified environmental management system	Following a review in 2021, it was determined that the certification of an environmental management system would be considered as a criterion for selecting suppliers. It is classified as optional in order to adequately reflect the very different sizes of supplier businesses. In this context, the company also set the target of achieving a share of 45% of series and non-series suppliers and logistics service providers with a certified environmental management system (ISO 14001, EMAS or comparable) by the end of 2023. **Goal: Check that 45% of series and non-series suppliers as well as logistics service providers have corresponding certification**	2021	2023	◑	12.7 13.2
Optimization of inbound deliveries	The project aims to bundle the needs and demands of all departments and facilitate optimum use of the capacity in the supply flows. Feasibility tests of various methods are part of the project. Consolidation of all goods from India at two locations took place back in 2021. An expansion to Japan was examined, but a switch was only made to a limited extent.	2021	2022	●	12.7 13.2
Switchover to direct shipping for PG&A items	In 2022, work started on switching selected suppliers for PG&A items to direct shipping without an intermediate stop in Austria. The first pilot deliveries were successful and, in addition to time and cost benefits, initial analyses suggested that there were also significant reductions in CO_2. All suppliers were analyzed to determine their suitability for making the corresponding switch. Work to switch over further suppliers commenced at the start of 2023, but this will take place in tranches due to the high level of complexity. **Goal: Switchover of 15 of the largest suitable suppliers by the end of 2023**	2022	2023	○	12.7 13.2
Recording CO_2 emissions of transport service providers	In 2022, work began to record CO_2 emissions from company-related shipments by asking the relevant transport service providers to provide the relevant data. Following internal consolidation and processing, it was thus possible to calculate a figure for logistics-related CO_2 emissions for 2021. As recording the data is still a laborious process, the figure for 2022 is not expected to be available until after the report has been published. The processes are currently being aligned. In the future, this data will serve as a basis for determining potential for optimization or reduction. One area that has already been identified as requiring action is reducing CO_2-intensive air freight.	2022	2023	◑	12.7 13.2
Clustering motorcycle deliveries	The quantities of motorcycles delivered to each destination address in Europe (EU) were examined. The planned clustering in terms of geography and time with higher volumes of motorcycle deliveries in Europe has already been partially implemented. The objective is to actively save individual journeys by truck to dealers in metropolitan areas as well as to the major regions formed by the clustering. The intention is that dealers in metropolitan areas, but also large regions formed by clustering, will be supplied more regularly, but less frequently, yet with higher quantities.	2021	2023	◑	12.7 13.2

ESG area/topic	Description of measures	Start	End	Status	SDG
PG&A shipping policy	As of January 1, 2022, a new shipping policy was implemented for the Parts, Garments & Accessories (PG&A) business unit. The objective is to ensure reliable shipping logistics to reflect demand and to incentivize larger orders at intervals spaced more widely apart. The aim is to reduce the number of express consignments involving air freight and a large amount of packaging.	2022	2022	●	12.5 13.2
Impacts of production on the climate and environment					
Energy ring	By setting up a private 30 kV energy ring, the renewable energy from the photovoltaic installations can be passed on from Logistics Center 2 and the Motorsport building to a total of five consumers (Logistics Center 1, Logistics Center 2, Motorsport, Engine Plant, KTM Components Plant). This means that the rate of consumption for the company's own needs of the photovoltaic installations can be increased to approx. 75-80%. Of the 4.5 million kWh of solar power that are forecast to be produced, approximately 3.5 million kWh can thus be consumed by KTM. **Goal: Reduce the amount of electricity purchased from the public grid**	2022	2023	○	7.2
Energy monitoring	By installing energy monitoring software and having more detailed metering points for electricity, water, heating and cooling, high energy consumers in the buildings can be located and reduced by implementing technical or organizational measures.	2022	2023	○	7.3
Other climate and environmental impacts					
Electrification of the passenger car fleet	The stated target of achieving a 20% share of electric or hybrid vehicles in the overall company car fleet before the end of 2022 was exceeded with a share of 22% being achieved. **Goal: 20% (E+hybrid) by the end of 2022**	2021	2022	●	13.2 13.3
KTM Motohall carbon footprint	A project to prepare a carbon footprint for the KTM Motohall in Mattighofen for 2022 was started. Once completed, the aim is to use the carbon footprint calculated from the project as the basis for determining the next steps such as measures and objectives.	2022	2023	○	13.2
Switch to LED lighting	After the switchover to LED lighting in vehicle assembly, which was completed back in 2021, the aim will be to complete the full switchover in the spare parts center by the end of 2023.	2022	2023	○	7.3 13.2
Construction of further photovoltaic installations	Further photovoltaic installations will be constructed on Logistics Center 2 and the Motorsport building. They will then also form part of the energy ring (see the Energy ring measure).	2022	2023	○	7.2
SUSTAINABLE MOBILITY					
Innovations from in-house research & development					
EMotion research project	The “Emotion” project launched in 2020 is dedicated to sustainable two-wheel mobility. The aim is to have cost-effective, energy-efficient, comfortable and lightweight electric two-wheelers, along with innovative user interfaces and eco-coaching strategies for efficient and resource-saving use. Initial concepts and prototypes are available and undergoing evaluation. A pilot phase for eco-coaching strategies is planned for 2023.	2020	2023	◑	11.5 13.3

ESG area/topic	Description of measures	Start	End	Status	SDG
CONEXUS	In 2022, the first series components of a hybrid brake disc guard featuring CONEXUS technology were launched as an accessory for all full-size MX and Enduro models of the KTM, Husqvarna and GASGAS brands. The patented CONEXUS technology, which was developed in-house, enables different materials to be joined without requiring an additional process such as gluing or bolting. At the end of each component's life cycle, this makes it possible to separate the two materials into their respective types and they can then undergo the optimum end-of-life scenario in each case (e.g., single-variety plastics recycling). In addition, CONEXUS makes it possible to use and combine other, more sustainable materials such as flax fiber with bio-based plastic. The hybrid brake disc guard is scheduled to be used as a fixed component for the first time on selected models in 2023. A second product, the hybrid skid plate, is set to go on sale later this year.	2022	2023	◯	12.2 12.5
Impacts of the product design/end of life on the climate and environment					
Life cycle assessment as a basis for evaluation	In 2022, the first steps were taken toward providing a life cycle assessment for components and complete vehicles. This should make it possible to consider the environmental impact of products right from when they first start to be developed, very much embracing sustainable engineering. Specifically, work was carried out to determine a carbon footprint for the materials used. The GaBi software from Sphera is also used for this purpose. The interim goal is to have a carbon footprint for a relevant metal component (frame) by the end of 2022, followed by the goal of creating a footprint for a complete vehicle by the end of 2023. **Goal: Calculate the carbon footprint for a complete vehicle by the end of 2023.**	2022	2023	◯	13.3
Own traction battery	In 2022, the company began work on developing its own traction batteries in-house. This will make it possible to create solutions designed for recycling. The more components are easy to separate, the more they can be recycled. These batteries will be used in a variety of the group's motorcycle models. The first use in production motorcycles is scheduled for 2024.	2022	2024	◯	11.5 13.3
Impacts of using the product on the climate and environment					
Swappable Batteries Motorcycle Consortium (SBMC)	The SBMC, which was founded in 2021 by KTM F&E GmbH together with three other motorcycle manufacturers, is intending by 2024 to develop a common technical standard for a battery swap system including the corresponding battery swap stations which should meet customer expectations in an economical way. The number of members has increased to 21. In the year under review, representatives of the consortium met for the SBMC summit at the KTM Motohall in Mattighofen to reflect on progress. Currently, it is assumed that the goals will continue to be achieved as planned.	2021	2024	◑	11.5 13.3
Project: Range prediction	A project to evaluate possibilities for optimizing and expanding range calculations in the e-bicycle and e-motorcycle sector was launched in 2022. The goal is to have dynamic prediction based on individual riding behavior and external influencing factors to deliver a more precise, reliable result. This should address the problem of range anxiety, which is critical for the acceptance of electric mobility. The evaluation project is scheduled to be completed in 2024. Further steps will then be examined on this basis.	2022	2024	◯	11.5 13.3

ESG area/topic	Description of measures	Start	End	Status	SDG
Joint platform strategy with Bajaj Auto	Having already developed a joint platform for electric two-wheelers with partner Bajaj Auto Ltd. in 2021, the collaboration was stepped up in 2022. Besides joint vehicles, part of this cooperation includes an open approach to different battery solutions in order to exploit the advantages of both integrated and removable batteries. The aim is still to launch the first products on the market in years to come.	2021		◑	11.5 13.3
FAIR BUSINESS PRACTICES					
Impacts of procurement on people and human rights					
Examination of a sustainability platform for procurement	Following the completion of a detailed review of various options for a platform for systematically recording environmental and social standards in the supply chain, the ESG SupplierAssurance platform started operating as planned in 2022. This measure has therefore been successfully completed. A first follow-up measure based on this is the newly adopted measure "Auditing suppliers via the Sustainability Platform".	2021	2022	●	8.7 8.8
Auditing suppliers via the Sustainability Platform	In the same year, just under 60 % of series suppliers were audited on the Sustainability Platform, which was launched in 2022 to assess the sustainability performance of suppliers. **Goal: Increase the percentage of suppliers audited to 80 % by the end of 2023**	2022	2023	◑	8.7 8.8
Supplier audit	116 supplier audits were carried out in 2022. Of these, four audits were so-called qualification audits for new suppliers, which were newly established in December 2022 and already include criteria focusing on purchasing and the supply chain. Questions in relation to the environment and social aspects are also assessed. The project focusing on a separate sustainability audit is to be reassessed in 2024.	2021	2024	◑	8.7 8.8
Data protection and cyber security					
Training on data protection and GDPR	In 2022, an awareness content platform with predefined content was purchased, and this will provide content for new IT security awareness training content in the future. The aim is to make the training courses modern and interesting. Further revisions are planned in 2023, as well as targeted training for specialist areas with a particularly high level of involvement with data protection issues.	2021	2023	◑	

ESG area/topic	Description of measures	Start	End	Status	SDG
ESG					
ESG management [strategic]	In 2022, a project was launched together with an external service provider to identify a basis for making the ESG strategy more focused. Using a risk-based approach (focus on outside-in risks), content, data and scenarios are collected and developed to provide an even more precise understanding of the impact of ESG-related issues and trends on the company. This will serve as the basis for further focusing and expanding the ESG strategy in the following year. **Goal: expand the basis for the ESG strategy in 2023.**	2022	2023	○	13.2

Key: ○ New ◑ In progress ● Done

GRI Index

Statement of use:
PIERER Mobility AG has reported in accordance with the GRI Standards for the period Januar 1, 2022 - December 31, 2022.
GRI 1 used: GRI 1: Foundation 2021
Applicable GRI Sector Standard(s): none apply

GRI-Standards	Disclosure	Page(s) in this Sustainability Report; other Location	Omission, Explanation
GENERAL DISCLOSURE			
GRI 2: General disclosure 2021			
2-1	Organizational details	12-13, 125; Group companies (schedule of equity holdings) – pages 211-213 in the 2022 Annual Report	
2-2	Entities included in the organization's sustainability reporting	11-12	
2-3	Reporting period, frequency and contact point	11, 112, 125; Publication date: March 28, 2023; Adjustments to reported key figures are noted in the respective footnote.	
2-4	Restatements of information	11	
2-5	External assurance	11, 122-123	
2-6	Activities, value chain and other business relationships	16, 70-71; Global production facilities – see pages 14-15 in the 2022 Annual Report. In addition, please refer to the comments in the Management Report of the Annual Report 2022: Economic environment and market development, Financial performance indicators, pages 107-115.	
2-7	Employees	73, 94-95; The total number of employees of PIERER Mobility AG (as of December 31 of the respective fiscal year) is the sum of full-time plus part-time employees (in each case incl. managers, apprentices, temporary workers, freelancers and employees in active/passive/continuous partial retirement). Excl. inactive/ resting employment relationships such as employees on maternity leave, educational leave, military/civilian service. External employees such as IT consultants and freelancers are not included in the headcount. For further information, please see page 95 / table GRI 405-1).	2-7 b i, 2-7 b ii, 2-7 iii (n/a): Only about 1% of the employees have a fixed-term contract, so no separate subdivision into permanent / fixed-term employment relationships is made in this list. Excluded from this are interns, diploma/ master's students etc. as well as employees in their probationary period (first 6 months of service). In the PIERER Mobility Group, all employees have guaranteed working hours. 2-7 b iv/v (information incomplete): A breakdown of full-time/part-time employees by gender and region is not available for the reporting period.
2-8	Workers who are not employees	73, 89; Temporary workers are employees who are placed with the Group by means of classic labor leasing. They are primarily employed in the production areas or in logistics. Temporary workers are included in the total number of employees.	

GRI-Standards	Disclosure	Page(s) in this Sustainability Report; other Location	Omission, Explanation
2-9	Governance structure and composition	14-15	
2-10	Nomination and selection of the highest governance body	Please refer to the Corporate Governance Report for the 2022 Financial Year – pages 76, 81-82 in the 2022 Annual Report.	
2-11	Chair of the highest governance body	Please refer to the Corporate Governance Report for the 2022 Financial Year – page 79 in the 2022 Annual Report.	
2-12	Role of the highest governance body in overseeing the management of impacts	14-15;	
2-13	Delegation of responsibility for managing impacts	Please refer to the Corporate Governance Report for the 2022 Financial Year – page 82 in the 2022 Annual Report.	
2-14	Role of the highest governance body in sustainability reporting	14	
2-15	Conflicts of interest	14, 54, 78, 81-85; Please refer to the Corporate Governance Report for the 2022 Financial Year – pages 76-77 in the 2022 Annual Report.	
2-16	Communication of critical concerns	83, 104	
2-17	Collective knowledge of the highest governance body	14, 54; Please refer to the Annual Report for the 2022 Financial Year: pages 77-80 in the Corporate Governance Report, pages 127-128 internal control system in the Management Report.	There are currently no defined training measures for the Management Board and Supervisory Board.
2-18	Evaluation of the performance of the highest governance body	Please refer to the Corporate Governance Report for the 2022 Financial Year - pages 79-81 in the 2022 Annual Report.	
2-19	Remuneration policies	Please refer to the Remuneration Report for the 2022 Financial Year - pages 13-23.	Remuneration is not linked to any ESG KPI.
2-20	Process to determine remuneration	2-20 a: Please refer to the Remuneration Report (pages 10-12) and Corporate Governance Report for the 2022 Financial Year (pages 74, 80 in the 2022 Annual Report). 2-20 b: The voting results for the 25th AGM are available on the website under Investor Relations > Annual General Meeting.	2-20 a iii (n/a): External consulting was not involved in determining remuneration.
2-21	Annual total compensation ratio	Please refer to the Remuneration Report for the 2022 Financial Year - page 24.	
2-22	Statement on sustainable development strategy	56-57, 69, 82, 111	
2-23	Policy commitments	18, 44, 45, 46, 52, 54, 61, 76, 78, 79, 81-82, 84, 86; The policy commitments are provided as a direct link in this report.	
2-24	Embedding policy commitments	15, 19, 78, 80-83, 84-85, 96	

GRI-Standards	Disclosure	Page(s) in this Sustainability Report; other Location	Omission, Explanation
2-25	Embedding policy commitments	14-15, 18-19, 24, 31, 74-75, 59-60, 60-61, 83, 105-111; In the Code of Conduct (CoC), all stakeholders of PIERER Mobility AG are addressed in principle and the complaint mechanisms are described there. The CoC is available on the website under the heading Sustainability.	
2-26	Mechanisms for seeking advice and raising concerns	46, 54, 78-85	
2-27	Compliance with laws and regulations	18, 81-83, 84, 86, 96-97; Please refer to the Corporate Governance Report for the 2022 Financial Year – pages 74 and 84 in the 2022 Annual Report.	
2-28	Membership associations	33, 34-35, 37	
2-29	Approach to stakeholder engagement	21-22, 32-36	
2-30	Collective bargaining agreements	54, 98	
Own indicator	Certifications	18-20, 102	
MATERIAL TOPICS			
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	21-22	
3-2	List of material topics	22	
Supply chain resilience			
GRI 3: Material Topics 2021			
3-3	Management of material topics	22, 69	
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	71-72	
Business & legal compliance			
GRI 3: Material Topics 2021			
3-3	Management of material topics	22, 78, 81	
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption		(Information incomplete): Information on required disclosures will be reported for the 2023 Financial Year. Currently, there is no survey process documenting a targeted query.
205-2	Communication and training about anti-corruption policies and procedures	79, 103	
205-3	Confirmed incidents of corruption and actions taken	104	

GRI-Standards	Disclosure	Page(s) in this Sustainability Report; other Location	Omission, Explanation
Impacts of the product design/end of life on the climate and environment			
GRI 3: Material Topics 2021			
3-3	Management of material topics	22, 58-59, 60	
GRI 301: Materials 2016			
301-1	Materials used by weight or volume	60-61, 109	(Information incomplete): Expansion of data collection is in progress. The aim is to report the indicator for the 2023 Financial Year.
301-2	Recycled input materials used		(Information unavailable): In the case of complex, multi-stage supply chains, it is currently not possible to collect the data required here because the parts manufacturers do not have this data/ information either.
301-3	Reclaimed products and their packaging materials		(n/a): Currently, there is no recycling requirement for two-wheelers (similar to passenger cars).
Other climate and environmental impacts, Impacts of using the product on the climate and environment			
GRI 3: Material Topics 2021			
3-3	Management of material topics	18-19, 22, 62, 76	
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	73, 100; The consumption quantities (electricity, natural gas, district heating) are calculated on the basis of the annual invoices from the energy suppliers. The fuel quantities at test benches are collected in liters. The emissions resulting from the test benches are calculated from the total kilometers driven multiplied by the DEFRA conversion factor "Motorbike (petrol); Average". The emissions resulting from the vehicle fleet are calculated from the total kilometers driven multiplied by the DEFRA conversion factor "Diesel, Average Passenger Car".	
302-2	Energy consumption outside of the organization		(Information unavailable): See GRI-301-2
302-3	Energy intensity	101	
302-4	Reduction of energy consumption		(Information incomplete): Activities to reduce energy consumption are not currently assessed quantitatively. The aim is to record the indicator for the 2023 Financial Year.
302-5	Reductions in energy requirements of products and services	63, 100	
Own indicator	Percentage of all electrified two-wheelers	63, 99	

GRI-Standards	Disclosure	Page(s) in this Sustainability Report; other Location	Omission, Explanation
Impacts of production on the climate and environment (Scope 1-2), Impacts of using the product on the climate and environment (Scope 3)			
GRI 3: Material Topics 2021			
3-3	Management of material topics	18-19, 22, 62, 72, 76	
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	100-101; d: The base year of the calculation is 2018, the calculation of CO_2 equivalents for Scope 1-3 was published for the first time in the 2019 Sustainability Report. ii: see page 34 in the 2019 Sustainability Report 2019. iii: n/a.	(n/a): no biogenic CO_2 emissions are generated in the production process.
305-2	Energy indirect (Scope 2) GHG emissions	100-101; d+ii+iii: Please refer to the comments under 305-1.	
305-3	Other indirect (Scope 3) GHG emissions	63, 100-101; The incorrectly recorded CO_2 emission figure for a KTM model from Bajaj Auto required a correction of the fleet emission figure retrospectively for the 2021 and 2020 reporting years. d+ii+iii: Please refer to the comments under 305-1.	
305-4	GHG emissions intensity	101	
305-5	Reduction of GHG emissions		(Information incomplete): The aim is to evaluate the annual reduction in greenhouse gas emissions, in the course of defining and setting CO_2 targets.
305-6	Emissions of ozone-depleting substances (ODS)		(n/a): No ozone-depleting substances are used in the PIERER Mobility Group.
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		(n/a): No significant nitrogen and sulfur oxides are generated in the course of PIERER Mobility AG's production processes. In the use phase of motorcycles, the respective applicable legal requirements in the end markets are complied with.
Own indicator	Vehicle assembly	20, 102	
Waste management			
GRI 3: Material Topics 2021			
3-3	Management of material topics	18-19, 22, 68, 74-75	
GRI 306: Waste 2020			

GRI-Standards	Disclosure	Page(s) in this Sustainability Report; other Location	Omission, Explanation
306-1	Waste generation and significant waste-related impacts		(Information unavailable:) Due to the complex, multi-level supply chains, the required information is currently not available. No significant waste-related environmental impacts are apparent at PIERER Mobility AG's corporate and production sites (use of recyclable packaging and reusable racks - see pages 69, 74).
306-2	Management of significant waste-related impacts		(n/a): see GRI 306-1
306-3	Waste generated	75, 102	
306-4	Waste diverted from disposal	75, 102	(Information unavailable:) A more detailed breakdown of requirements will be reported for the 2023 Financial Year.
306-5	Waste directed to disposal		(Information unavailable:) see GRI 306-4
Impacts of procurement and logistics on the climate and environment			
GRI 3: Material Topics 2021			
3-3	Management of material topics	22, 69, 79	
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	80	Share of new suppliers (n/a). Through the implementation of the SupplierAssurance ESG platform, the current focus is on the data collection and use of the platform.
308-2	Negative environmental impacts in the supply chain and actions taken	80	Due to the non-disclosure of the necessary data (minimum requirements of PIERER Mobility AG), the supply relationship as a whole with a series supplier was terminated in 2022. This statement also applies to GRI 414-2.
Employer attractiveness, Employee rights and working conditions			
GRI 3: Material Topics 2021			
3-3	Management of material topics	22, 52, 54	
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	43, 98	Total number and rate of new employees, total employee turnover (information unavailable): Due to missing employee data and the difference in the country-specific approach to calculating employee turnover, a global evaluation is currently not possible. An expansion of the breakdown or data collection is in progress. A time horizon cannot be estimated at present.

GRI-Standards	Disclosure	Page(s) in this Sustainability Report; other Location	Omission, Explanation
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	54	(Information incomplete): In principle, all employees are entitled to various company benefits. Benefits are also described on a position-specific basis in the respective job advertisement. Further details on these benefits will be reported for the 2023 Financial Years.
401-3	Parental leave		Total number, return rate (n/a:) Own definition - see "Own indicator - Parental leave".
Own indicator	Parental leave (due to education or birth)	52, 98	
Occupational safety and employee health			
GRI 3: Material Topics 2021			
3-3	Management of material topics	22, 41, 44	
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	Please refer to the Occupational Health and Safety Policy – see link on page 44. Around 83 % of employees are subject to the provisions of labor law applicable in Austria (for the remaining around 17 %, the provisions of the respective country apply). In addition, principles such as upholding human rights, respect, integrity and diversity, as well as fair working conditions are essential contents of the Code of Conduct and the Compliance Guidelines of the PIERER Mobility Group. ii: see GRI 403-8.	
403-2	Hazard identification, risk assessment, and incident investigation	44; ii: see GRI 403-8	
403-3	Occupational health services	33, 44-46	
403-4	Worker participation, consultation, and communication on occupational health and safety	18, 44-45, 48	
403-5	Worker training on occupational health and safety	44-45	
403-6	Promotion of worker health	37, 45-46	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	44-46	
403-8	Workers covered by an occupational health and safety management system		(Information incomplete): In the course of implementing cross-company HSE software, a system-based data collection system will also be introduced. The roll-out is planned for 2023-2024.
403-9	Work-related injuries	45, 98	

GRI-Standards	Disclosure	Page(s) in this Sustainability Report; other Location	Omission, Explanation
403-10	Work-related ill health		Anzahl/Information (Information nicht verfügbar): Number/information (Information unavailable): Number/information (information not available): The report of the required key figure/information is currently not possible for this indicator, as this data is not fully recorded (no uniform, consistent reporting system, also on the part of the general practitioners). Health surveillance for prevention is carried out in the Group in accordance with the law (in accordance with VGÜ – "Verordnung über die Gesundheitsüberwachung am Arbeitsplatz").
Training and further education			
GRI 3: Material Topics 2021			
3-3	Management of material topics	22, 48	
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	51, 99	
404-2	Programs for upgrading employee skills and transition assistance programs	42, 48-50	
404-3	Percentage of employees receiving regular performance and career development reviews	32, 42-43	Proportion of employee appraisals (Information incomplete): Formal employee appraisals are mandatory for all employees across the Group, with the exception of blue collar workers in logistics or production areas and at international sites. The goal is to report the percentage for the 2024 Financial Year. A concept is being developed for blue collar workers, with rollout planned for the 2024 Financial Year. Internationally, the rollout for Germany is in progress, the aim is to report this topic in the 2023 Financial Year. No planning is yet available for all other international sites.
Diversity and equal opportunities			
GRI 3: Material Topics 2021			
3-3	Management of material topics	22, 52	
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	44, 52, 89-90	

GRI-Standards	Disclosure	Page(s) in this Sustainability Report; other Location	Omission, Explanation
405-2	Ratio of basic salary and remuneration of women to men		Disclosure of data and definition of "significant establishments" (Information incomplete): The basic salary in the PIERER Mobility Group is based on the collective bargaining and collective agreement regulations of the respective country - this corresponds to 97.7 % of the total number of employees in 2022 (see also comments under GRI 2-30) and is independent of gender. Data evaluation of compensation structures is not available for the reporting period. A system-based data collection of these is in progress. The aim is to report the indicator for the 2023 Financial Year for Austria and globally for the 2024 Financial Year.
Own indicator	Parental leave (due to education or birth)	52	
Employee rights and working conditions			
GRI 3: Material Topics 2021			
3-3	Management of material topics	22, 52, 82, 86	
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	83, 104	
Impacts of procurement on people and human rights			
GRI 3: Material Topics 2021			
3-3	Management of material topics	22, 78-79	
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	80	Share of new suppliers (n/a). Through the implementation of the SupplierAssurance ESG platform, the current focus is on the data collection and use of the platform.
414-2	Negative social impacts in the supply chain and actions taken	80	see GRI 308-2
Product quality and user safety			
GRI 3: Material Topics 2021			
3-3	Management of material topics	18-20, 22	
GRI 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	20	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	64	

GRI-Standards	Disclosure	Page(s) in this Sustainability Report; other Location	Omission, Explanation
Data protection and cyber security			
GRI 3: Material Topics 2021			
3-3	Management of material topics	22, 78, 84	
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	104	
Innovations from in-house research and development, Impacts of using the product on the climate and environment			
GRI 3: Material Topics 2021			
3-3	Management of material topics	22, 57, 62	
Own indicator	High research ratio (R&D expenditure as percentage of revenue)	59, 99	
Own indicator	Employees in R&D	59, 99	
Own indicator	Investments for alternative drive technologies	63, 99	
Employer attractiveness			
GRI 3: Material Topics 2021			
3-3	Management of material topics	22, 41	
Own indicator	Employees within a radius of 10 km	41	
Impacts of business decisions and processes on people and human rights			
GRI 3: Material Topics 2021			
3-3	Management of material topics	22, 87	
Own indicator	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		In 2022, a total of three orders were placed for production facilities that exceeded an investment amount of EUR 300,000. With regard to investments in property, plant and equipment in the construction, conversion and extension of buildings, any significant orders were placed during the reporting period.
Fair and responsible product marketing			
GRI 3: Material Topics 2021			
3-3	Management of material topics	22, 87	(Information unavailable): This topic was included in the course of the redefinition of the ESG topic catalog in 2022. Further details and an indicator will be developed and defined in 2023.

Independent Assurance Report

To
the Management Board of
PIERER Mobility AG,
Wels

INDEPENDENT ASSURANCE REPORT ON THE NON-FINANCIAL REPORTING ACCORDING TO § 267A UGB

We have performed an independent limited assurance engagement on the consolidated non-financial report according to § 267a UGB ("NFI report") for the financial year 2022, which has been published as Group non-financial statement of

PIERER Mobility AG,
Wels
(referred to as "Pierer Mobility AG" or "the Company").

Conclusion

Based on the procedures performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the NFI report of the Company is not in accordance with the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB), the provisions of Article 8 of the Regulation (EU) 2020/852 as amended and the supplementing delegated Regulation (EU) 2021/2178 (hereafter "EU Taxonomy Regulation")] and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards) Option "in accordance with" in all material respects.

Management's Responsibility

The Company's management is responsible for the proper preparation of the NFI report in accordance with the reporting criteria. The Company applies the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB) and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards) Option "in accordance with" as reporting criteria. In addition, the company prepares disclosures in accordance with the EU Taxonomy Regulation, which are published as part of sustainability reporting.

The Company's management is responsible for the selection and application of appropriate methods for non-financial reporting (especially the selection of significant matters) as well as the use of appropriate assumptions and estimates for individual non-financial disclosures, given the circumstances. Furthermore, their responsibilities include the design, implementation and maintenance of systems, processes and internal controls that are relevant for the preparation of the sustainability report in a way that is free of material misstatements – whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to state whether, based on our procedures performed and the evidence we have obtained, anything has come to our attention that causes us to believe that the Company's NFI report is not in accordance with the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB), the legal requirements of the EU Taxonomy Regulation and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards) Option " in accordance with" in all material respects.

Our engagement was conducted in conformity with the International Standard on Assurance Engagements (ISAE 3000) applicable to such engagements. These standards require us to comply with our professional requirements including independence requirements, and to plan and perform the engagement to enable us to express a conclusion with limited assurance, taking into account materiality.

An independent assurance engagement with the purpose of expressing a conclusion with limited assurance ("limited assurance engagement") is substantially less in scope than an independent assurance engagement with the purpose of expressing a conclusion with reasonable assurance ("reasonable assurance engagement"), thus providing reduced assurance. Despite diligent engagement planning and execution, it cannot be ruled out that material misstatements, illegal acts or irregularities within the non-financial report will remain undetected.

The procedures selected depend on the auditor's judgment and included the following procedures in particular:

- Inquiries of personnel at the group level, who are responsible for the materiality analysis, in order to gain an understanding of the processes for determining material sustainability topics and respective reporting threshholds of the Company;
- A risk assessment, including a media analysis, on relevant information on the Company's sustainability performance in the reporting period;
- Evaluation of the design and implementation of the systems and processes for the collection, processing and monitoring of disclosures on environmental, social and employees matters, respect for human rights, anti-corruption as well as bribery and also includes the consolidation of data;
- Inquiries of personnel at the group level, who are responsible for providing, consolidating and implementing internal control procedures relating to the disclosure of concepts, risks, due diligence processes, results and performance indicators;
- Inspection of selected internal and external documents, in order to determine whether qualitative and quantitative information is supported by sufficient evidence and presented in an accurate and balanced manner;
- Assessment of the processes for local data collection, validation and reporting, as well as the reliability of the reported data through a (remotely conducted) survey performed on a sample basis at a subsidiary.
- Analytical evaluation of the data and trend of quantitative disclosures regarding the GRI Standards listed in the GRI-Index, submitted by all locations for consolidation at the group level;
- Evaluation of the consistency of the of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB), the EU Taxonomy Regulation and the GRI Standards, Option "accordance with" to disclosures and indicators of the NFI report, which apply to the Company;
- Evaluation of the overall presentation of the disclosures by critically reading the NFI report.

The procedures that we performed do not constitute an audit or a review. Our engagement did not focus on revealing and clarifying of illegal acts (such as fraud), nor did it focus on assessing the efficiency of management. Furthermore, it is not part of our engagement to audit future-related disclosures, prior year figures, statements from external sources of information, expert opinions or references to more extensive external reporting formats of the Company.

Restriction on use

Because our report will be prepared solely on behalf of and for the benefit of the principal, its contents may not be relied upon by any third party, and consequently, we shall not be liable for any third party claims. We agree to the publication of our assurance certificate and NFI report. However, publication may only be performed in its entirety and as a version has been certified by us.

General Conditions of Contract

Our responsibility and liability towards the Company and any third party is subject to paragraph 7 of the General Conditions of Contract for the Public Accounting Professions.

Linz, 16 March 2023

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

qualified electronically signed:
Mag. Alexander Gall
Wirtschaftsprüfer
(Austrian Chartered Accountant)

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IMPRINT

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Design: Grafik-Buero Elena Gratzer, 4600 Wels, www.grafik-buero.at
Photos: KTM archive, Husqvarna Motorcycles archive, WP archive, Husqvarna E-Bicycles archive, GASGAS archive, KTM Technologies archive

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Rated by

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