PIERER MOBILITY AG

Sustainability Report | 2023

CONSOLIDATED NON-FINANCIAL REPORT

KTM SX-E 2 MY24 ©Michael Groessinger

Key Sustainability Goals for 2024 and beyond

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

Expand the CSR risk assessment in the supply chain.

Expand the database for recording greenhouse gas emissions in the supply chain.

Implement health and safety software.

Further reduce the amount of packaging.

From 2024, first use in production of traction batteries developed in-house.

Define a joint electric-platform strategy with Bajaj Auto in the low-voltage range (<60 volts, 11 kW power) on the one hand, and with CFMOTO in the low-voltage range (<60 volts) and high-voltage range (>60 volts) on the other, as well as jointly develop key technologies for battery-powered motorcycles for niche applications (>20 kW).

Implement a Cybersecurity Management System (CSMS).

Key Figures Highlights

195 €M

INVESTED
in product development

80.1 G/KM

FLEET EMISSIONS[1)]

11.3

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

84%

Procurement volume
WITHIN EUROPE
for series production

99.7%

RENEWABLE ENERGY SHARE[4)]

82%

SUPPLIERS REVIEWED[5)]

Values rounded.

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).

21.6%

unit sales
ELECTRIFIED TWO-WHEELERS[2)]

3.9 €M

INVESTED
in further education of employees

27.3 €M

INVESTED
in alternative drive technologies

0

COMPLIANCE CASES,
incidents with fine or penalty
AFTER RECALLS

25.8%

FEMALE SHARE

137,000

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 in Austria.

5) Proportion of series suppliers (Tier 1) assessed via the SupplierAssurance platform using SAQ.

Introduction by the Executive Board

2023 was a year marked by geopolitical challenges as well as a series of different challenges within society as a whole. The supply chain (especially for semiconductors) was greatly affected in the first half of the year, and the logistics situation was made difficult by the various lockdowns within Asia. The impact of high energy costs and the high rate of inflation continued to be felt and adversely affected the company's competitiveness in Central Europe. Nevertheless, we have shown ourselves to be a growing company because, despite the various crises and the current trend in the market, we increased our revenue by 9.2 % in the 2023 financial year to a new record revenue of € 2,661.2 million. The preliminary operating result (EBIT) decreased by around 32.0 % to € 160.0 million, which equates to an EBIT margin of 6.0 %. As well as the high energy and labor costs, this result was negatively affected by the restructuring in the bicycle segment.

KEY DEVELOPMENTS IN THE AREA OF SUSTAINABILITY

In our seventh sustainability report, we can report numerous areas of progress and developments in the area of ESG. The main topics in the 2023 financial year were the comprehensive revision of the materiality analysis, which resulted in a fundamental restructuring of this report as well as the implementation of the requirements set out in the EU Taxonomy Regulation and the associated reporting of taxonomy-eligible and taxonomy-compliant shares of the KPIs for revenue, CapEx and OpEx.

In operational terms, we very much focused on all three pillars of sustainability and we are striving to make improvements in the areas of social and environmental sustainability as well as in our performance when it comes to governance. A key element for improving our environmental performance is to conduct intensive research and development to produce innovative components and products that deliver a viable future. In 2023, our investments in research and development were € 195 million, with around € 27 million of this being invested in alternative drive technologies. We are aiming to exceed the legal requirements by helping to decarbonize transport and by conducting research into alternative drive systems that embrace new technology. In addition, we are constantly taking measures to reduce greenhouse gas emissions, such as reducing packaging, shortening transport routes, and modernizing engines. In 2023, an energy ring that connects a number of the group's buildings and helps to ensure the company uses a high proportion of the solar energy that it produced itself was set up at the sites in Munderfing.

Our employees are a key factor in making us successful. We employ a number of measures to continuously improve working conditions and the level of employee satisfaction and take action to counter the shortage of skilled workers. On the one hand, we offer attractive pay and flexible working hours. On the other hand, we offer an extensive apprenticeship program and dual training. This allows us to attract a relatively high number of apprentices and we are continuing to increase the numbers we recruit. In addition to improvements in occupational safety and health protection, we also focus on delivering targeted training and education for our employees. In 2023, we invested around € 3.9 million in the training program to help our employees develop the skills they need for their job.

AMONG THE BEST IN THE INDUSTRY FOR ESG RISK RATING

Our range of commitments also scores well in industry-wide sustainability ratings. In January 2024, PIERER Mobility AG received its new ESG risk rating from Sustainalytics[1]. The company was rated as having a low risk of material financial impacts from ESG factors (value: 10.0). This ESG risk rating means that we came 1st in the Sustainalytics ranking of the automotive sector. In addition, we were once again recognized by Sustainalytics as an "ESG Regional Top Rated" and "ESG Industry Top Rated" company in 2024.

1 https://www.sustainalytics.com/esg-ratings (retrieved, or "last full update" received, on January 23, 2024)

KTM ©Philip Platzer

OUTLOOK

Our goal for the 2024 financial year is to continue bolstering our efforts to run the business in a responsible and sustainable way and to continue optimizing our performance when it comes to sustainability. We analyze the environmental and social impact of our products right along the value chain in order to make them more sustainable in every aspect. For example, we want to work together with our suppliers to promote ESG issues and in so doing identify potential ways we can improve social and environmental sustainability in the supply chain. Furthermore, we are developing a decarbonization strategy that will cover both emissions at our own sites and in the upstream and downstream value chain. The strategy will include both measures and CO_2 reduction targets for 2030 and 2050. By doing this, we want to help achieve the European Union's target of net zero in 2050 and contribute to the decarbonization of transport. Our strategy is based on embracing new technology and the concept of "Right Vehicle, Right Place, Right Energy Carrier" so we can contribute efficiently and effectively to creating a more sustainable future.

Stefan Pierer
Chairman of the Executive Board

Content

Husqvarna Vitpilen 401 / Svartpilen 401 ©Alessio Barbanti

I. GENERAL INFORMATION

About PIERER Mobility

PIERER Mobility AG (Wels, Austria) is the parent company of the PIERER Mobility Group. The PIERER Mobility Group is Europe's leading manufacturer of powered two-wheelers (PTWs) with a focus on highly innovative premium motorcycles and electric mobility for two-wheelers. The PIERER Mobility Group is divided into core strategic divisions, namely (i) "**Motorcycles**" and (ii) "**E-Mobility**" with its equity holding in KTM AG, (iii) "**Design, R&D**" with its equity holdings in Kiska GmbH,[2] KTM Forschungs und Entwicklungs GmbH (KTM F&E GmbH) and CERO Design Studio S.L., (iv) "**Digital Transformation, IT**" with its equity holdings in PIERER Innovation GmbH, Avocodo GmbH, KTM Informatics GmbH and LX media GmbH, and (v) "**Motorsport**" with its equity holding in KTM Racing GmbH. See also the simplified depiction of the group structure by area on page 12.

KTM AG (Mattighofen, Austria) is a global manufacturer of offroad and street vehicles. KTM AG's products are sold under the KTM, Husqvarna Motorcycles and GASGAS brands. KTM AG develops, manufactures and sells high-performance and ready-to-race vehicles for offroad and street use. The product range also includes mini-motorcycles, the KTM X-BOW and brand accessories (spare parts, technical accessories and apparel).

Under the "WP" brand, KTM Components GmbH (Munderfing, Austria) develops, produces and sells 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. KTM Components GmbH is a comprehensive systems provider to the international motorcycle and power sports industry. KTM Components GmbH offers a wide range of products and can develop, test and produce the entire chassis of a motorcycle.

The research and development division of the PIERER Mobility Group, which is brought together within KTM F&E GmbH, is organized globally with decentralized locations in Europe (especially Austria and Spain) and America. The development programs are managed centrally at the R&D headquarters in Mattighofen and in Munderfing, where the majority of the highly skilled R&D employees are based. This is where groundbreaking products for the PTW segment are designed, developed and tested using state-of-the-art equipment. In organizational terms, KTM Technologies GmbH forms part of KTM F&E GmbH, which provides development services to the group (innovation hub) and to third-party customers with a focus on the automotive, aviation and mechanical engineering industries. Its main focus is on developing concepts and products as well as developing technology based on its wide-ranging expertise in complete vehicles, lightweight construction and materials.

Based in Barcelona, Spain, CERO Design Studio S.L. plays an active role in the development of PTW solutions within the group. CERO offers both design and simulation (CFD and FEM) support and sometimes performs a high degree of the design of motorcycles. As well as the procurement of prototype parts, it is also responsible for the associated inspection of vehicles. CERO has extensive expertise in the area of bicycle development, covering all aspects from design and construction to prototype vehicles.

The electric mobility division of the PIERER Mobility Group consists of the Husqvarna and GASGAS E-Bicycles brands.

PIERER Innovation GmbH (Wels, Austria) develops digital innovations for the two-wheeler market and works in a digital cluster together with Avocodo GmbH, LX media GmbH and KTM Informatics GmbH on the group's digitalization drive. With this cluster, PIERER Innovation is a center of expertise for the digital user experience, software development, business modeling and data science as well as the evaluation of new digital technologies and is shaping the digital future of PIERER Mobility AG.

Avocodo GmbH (Linz, Austria) is a software and IT provider that specializes in digital strategy, mobile applications, web applications and business solutions.

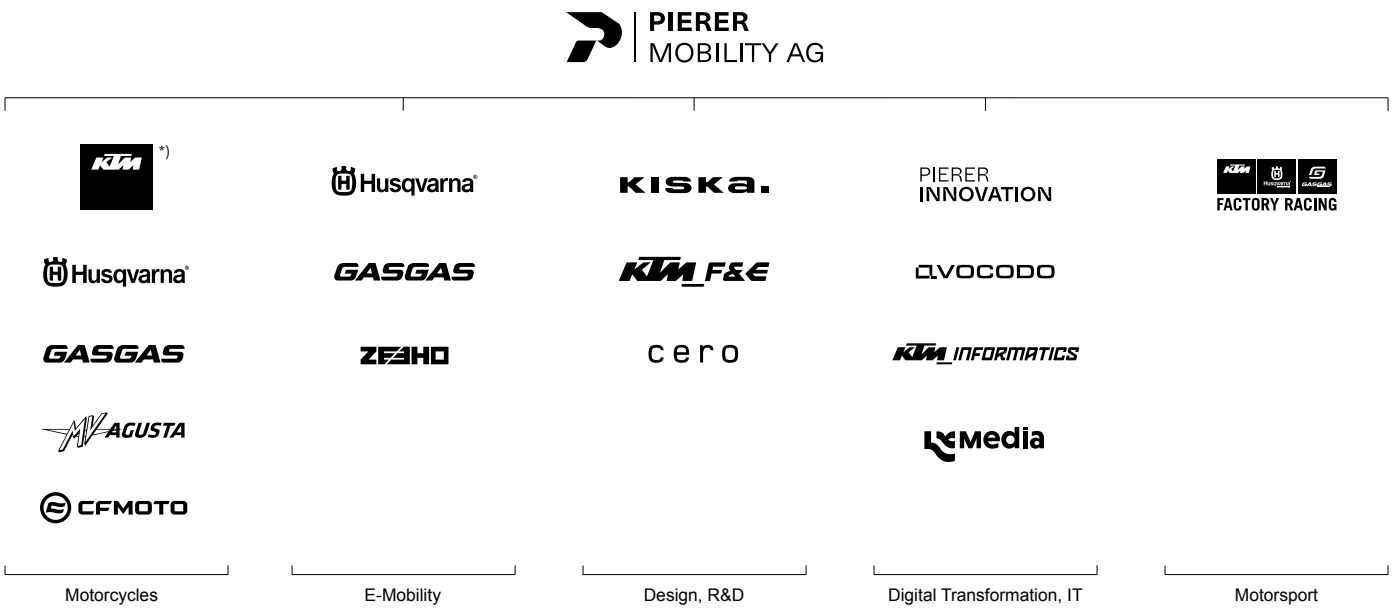
LX media GmbH (Wels, Austria) is an expert in the strategic development and implementation of digital projects. The portfolio of LX media ranges from management consulting to all types of online and offline marketing with a primary focus on web development and design.

KTM Racing GmbH (Munderfing, Austria) is the company's motorsport hub for the KTM, GASGAS and Husqvarna Motorcycles brands. The PIERER Mobility Group has racing interests that span the globe. Strategy, administration, decision-making and development are all controlled at the Munderfing site.

2 Not a fully consolidated company, which is why it is not included in this report.

Group structure

SIMPLIFIED PRESENTATION BY AREA AND BRAND OVERVIEW, DECEMBER 31, 2023



100 % shareholdings: KTM AG, Husqvarna Motorcycles GmbH, GASGAS Motorcycles GmbH, CFMOTO Motorcycles Distribution GmbH (with the brand Zeeho), WP Suspension GmbH; PIERER New Mobility GmbH (with the brands Husqvarna and GASGAS E-Bicycles); PIERER Innovation GmbH, Avocodo GmbH; KTM Forschungs & Entwicklungs GmbH; KTM Informatics GmbH; KTM Racing GmbH; 74 % shareholdings: LX media GmbH; 50 % shareholdings: KISKA GmbH; CERO Design Studio S.L.; 25.1 % shareholding: MV Agusta Motor S.p.A.; Other shareholdings: ACstyria Mobilitätscluster GmbH 12.3 %; Platin 1483. GmbH 100 %, Pierer E-Commerce GmbH 100 %. Zeeho is a CFMOTO brand distributed by CFMOTO Motorcycles Distribution GmbH.

*) 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 or GASGAS.

Value chain

As a manufacturer of motorcycles for off-road and street use and as a developer of products and designs for (e-)bicycles, 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.

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

Management structure and composition

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 change.

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").

OPERATIONAL MANAGEMENT

The Executive Board of the PIERER Mobility Group is structured according to functional and business responsibilities. The different areas of the business have been managed by seven members of the Executive Board since the 2023 financial year. The following areas of responsibility focus on the group functions and business-related responsibilities:

- Chairman of the Executive Board / Strategic Overall Management, Research and Development, Product Management;
- Deputy Chairman of the Executive Board, Brand Management, Motorsports, X-BOW, Joint Ventures, Investor Relations;
- Finance / Tax and Legal Affairs, Human Resources, IT, Risk Management, Real Estate;
- Motorcycles and New Mobility / Sales, Customer Service, Marketing, PG&A;
- Digital Transformation, PIERER Innovation, Avocodo;

The activities performed in the 2023 reporting year as well as detailed information about the members of the Executive Board and their areas of responsibility are described in the Corporate Governance Report 2023 starting on page 71. Information about how the company tackles corruption can be found in the "Management of prevention and investigation of corruption and bribery" chapter.

The ESG team is made up at group level of employees from ESG Management, Legal, Purchasing, Risk Management, Quality Management – this department also encompasses Environmental Management – and Investor Relations, which consults regularly with the ESG officers/managers from all specialist departments. The ESG team is responsible for coordinating and overseeing the group-wide ESG management. In addition, this steering committee coordinates the sustainability strategy with the corporate strategy. The ESG team is responsible for reporting all sustainability issues and constantly engages with relevant stakeholder groups. At a local level, 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 Executive Board.

THE SUPERVISORY BOARD AND ITS COMMITTEES

The Supervisory Board, which currently has six members, advises the Executive Board at regular intervals and, in its capacity as a control and steering body, bears some of the corporate responsibility for the company and its employees. The Supervisory Board is supported by three committees[3]: the Audit Committee, the Remuneration Committee and the Committee for Compliance, Investor Relations (IR) and Sustainability (ESG), which convened for one meeting in the 2023 reporting year. In addition, its members are in regular contact (usually every two weeks) with the ESG steering team at group level. The Committee for Compliance, IR and ESG focuses among other things on 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 supports the implementation of such measures in all divisions of PIERER Mobility AG. In addition, the committee regularly evaluates the pursued objectives.

3 Further information about the committees can be found in the Corporate Governance Report 2023 in chapter "02 Members of the corporate bodies" / in the "Committees of the Supervisory Board and their members" section

Corporate culture and business ethics

The PIERER Mobility Group attaches the utmost importance to compliance with the law, honesty, ethics, reliability, respect and trust in the way it works and its business relationships. These principles apply to employees, managers, board members as well as business partners, suppliers, customers and consultants. Compliance with national and international laws, regulations and directives is a given. In its business decisions and actions, as well as in its supply chain, the PIERER Mobility Group ensures that human rights are respected and working conditions are adhered to, and that any negative impacts on people, human rights and the environment are avoided. Any form of forced labor and modern slavery is strictly rejected. The supply chain is reviewed for potential risks by means of a due diligence approach.

CODE OF CONDUCT

The Code of Conduct[4] of the PIERER Mobility Group forms the basis for compliance with the law and defines the basic principles underpinning our business practices. It focuses in particular on the following key topics:

- Human rights, respect, integrity, diversity, ethical recruitment, fair working conditions, health protection, occupational safety
- Other aspects of sustainability, protection of the environment and climate, animal welfare
- Fair competition, prohibition of cartels
- Corruption, bribery, invitations, gifts
- Money laundering, financing of terrorism, export controls
- Taxes, tax strategy, tax compliance, international tax guidelines
- Conflicts of interest, prohibition of insider trading, political activities, donations, sponsorship
- Handling company property, company assets, business and trade secrets, data protection, intellectual property
- Supply chain compliance
- Handling conflict minerals, chemicals, harmful substances

The corporate culture is defined by the Code of Conduct, which is updated annually, together with the implemented guidelines in order to reflect the evolution of the market and the current legal framework. These documents are published on the company website. In addition, employees are informed via an article on the intranet and a separate communication sent by e-mail.

The Code of Conduct is also the basis for the company's business relationships with all business partners (in particular suppliers) and is an integral part of the contract. The Code of Conduct sets out principles of conduct, compliance requirements and expectations for collaborating to ensure a business relationship that is transparent, responsible and conducted with integrity. This includes aspects such as ethical behavior, environmental protection, working conditions, and regulatory compliance. The Code of Conduct, which is updated annually, is sent to all existing business partners.

Fair payment, fair working conditions, respect for human rights and environmental protection, both in the company's own operations and in the supply chain, form the basis for a long-term working relationship based on trust. A due diligence approach with appropriate measures has been developed to configure a more sustainable supply chain and identify potential human rights and environmental risks as well as their negative impact at an early stage. For more information on supplier management, see the "Management of supplier relationships" section.

RESPECT FOR HUMAN RIGHTS

The PIERER Mobility Group expects all people who work for the group directly or indirectly (in particular board members, managers and employees) to respect human rights as set out in the UN Universal Declaration of Human Rights and to protect them in their day-to-day activities. A basic principle is to ensure that we treat each other fairly and respectfully and treat any other parties involved fairly and respectfully. Respect for human rights is demanded in equal measure right along the value chain from business partners, suppliers, customers and consultants.

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, or wish to provide tip-offs about possible human rights violations, or to report these things via the available channels – see also the explanations regarding the whistleblower system in the Declaration on Modern Slavery and Human Trafficking[5].

4 See the current version at https://www.pierermobility.com/api/assets/11998345
5 See the current version at https://www.pierermobility.com/api/assets/11923108

CONTRIBUTING TO THE GLOBAL SUSTAINABLE DEVELOPMENT GOALS

PIERER Mobility wants to help achieve the global Sustainable Development Goals (SDGs) with its business activities and ensure that these activities do not have any detrimental impact on the material issues and objectives. To this end, it has compared the measures it has implemented and planned with the SDGs and identified common areas. Each of the related sub-goals can be found in the “Strategy” section.

Husqvarna TE 300 / FE 350 Pro MY24 ©Philip Platzer

Sustainability management

1. MANAGEMENT SYSTEM AND 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.

QUALITY MANAGEMENT SYSTEM

The scope of certification of ISO 9001:2015 covers the production sites in Mattighofen, Munderfing and Graz, KTM F&E GmbH, KTM Informatics GmbH, the logistics sites in Munderfing and Schalchen as well as the sales subsidiaries located in Mattighofen and Graz. The ISO 9001 certification in 2023 thus covered 69 %* of the employees.

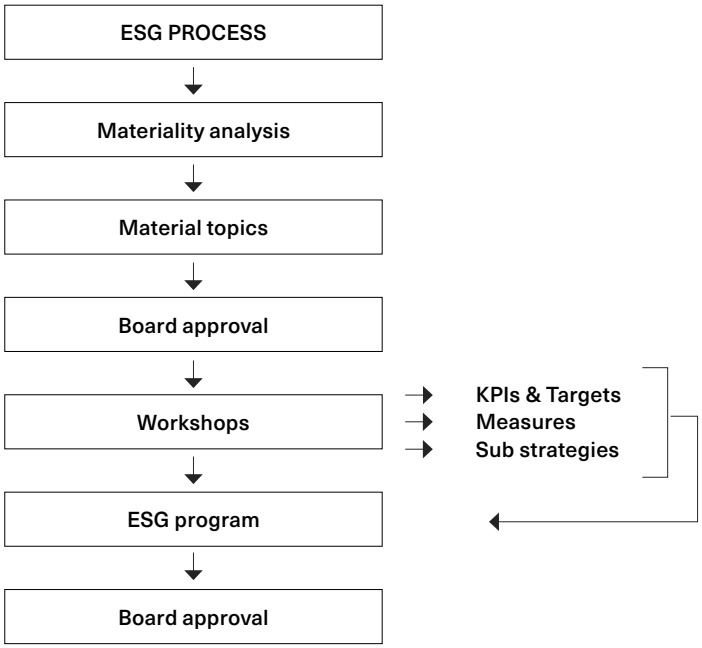
ENVIRONMENTAL MANAGEMENT SYSTEM

In addition to the divisions at KTM AG's Austrian production and logistics sites in Munderfing and Mattighofen, KTM Components GmbH and KTM F&E GmbH are also certified to ISO 14001. 67 %* of employees were thus covered in 2023.

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, 2023 (5,735).

2. SUSTAINABILITY 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 and update discussions ESG program: following a new materiality analysis.
- The measures and goals result in an ESG program, which is presented to the executive **board** for **approval**.

Figure: ESG process of the PIERER Mobility Group

3. KEY SUSTAINABILITY TOPICS

A double materiality analysis was carried out in 2023 to identify the key topics. The materiality analysis was carried out in two main steps:

1. Identification and description of the impacts along the key value chains and divisions of the company.
2. Assessment of the impacts identified using defined scales agreed with risk management.

In addition, the materiality analysis was split into the inside-out and the outside-in perspective. The inside-out perspective looks at the influence the PIERER Mobility Group has on its environment. The analysis of the inside-out perspective was based on an impact assessment carried out by ESG management. The outside-in perspective describes the influence of the topics on the group. The focus here was on financial risks and opportunities that could arise from the topics. They were identified and evaluated by risk management. To get a comprehensive picture of the key topics, numerous representatives of various interest groups (e.g., Purchasing, Human Resources) were consulted in the form of focus interviews and technical discussions as part of the impact and risk assessments.

The second step involved assessing the materiality of the impact. To do this, an overview which took account of the criteria of extent, scope, reversibility and probability was prepared. If there was a positive impact, the reversibility criterion was omitted without being replaced. Furthermore, a materiality limit was incorporated. This allowed the impacts to be categorized into material and non-material impacts. To be classified as a key topic, it was sufficient for the topic from the inside-out or outside-in perspective to exceed the threshold for materiality.

Based on the analysis, the following topics were identified as material and they are described in more detail in this report:

Environmental aspects – climate change (environmental issues)

- Climate change adaptation
- Climate change mitigation
- Energy

Environmental aspects – use of resources and circular economy (environmental issues)

- Inflow of resources
- Waste

Social sustainability aspects – own employees (social and employee issues)

- Working conditions
- Occupational safety and health protection
- Training and education
- Diversity and equal opportunities

Social sustainability aspects – consumers and end users (social issues)

- Product safety
- Data protection and cyber security

Governance aspects (respect for human rights, fight against corruption and bribery)

- Management of supplier relationships
- Management of prevention and investigation of corruption and bribery

Compared to the previous reporting period, there were changes to the key topics, in respect of the number and methodology. These are attributable to a closer affiliation with the new EU standards in relation to sustainability reporting (European Sustainability Reporting Standards, ESRS) when carrying out the materiality analysis, and also restructuring and summarizing of the topics. In the area of environmental aspects in particular, key topics were aggregated and combined at a higher level. The materiality analysis is reviewed annually with the targeted involvement of various stakeholders and adjusted as required. This ensures that all material topics correspond to the risks, opportunities and impacts that arise.

4. ESG STAKEHOLDER DIALOG

The growing presence of the products from the company's different business segments means that PIERER Mobility now engages with a range of 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.

This sustainability report informs the stakeholders about measures and their results. Equally, a selection of ESG topics are presented at various events (such as roadshows/investor conferences or symposiums). In addition, the company regularly publishes its activities in relation to its various commitments within society on social media channels and on the company website.

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, racers and factory riders: Employee appraisals, feedback meetings, training, information events, works meetings, intranet

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: Cooperations, conducting studies, practical partner on projects, visits to educational institutions

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

Users: Customer experience camps, youth support programs, website, social media channels

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

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); involvement in the association z.l.ö. – zukunft.lehre. österreich (Viktor Sigl is Vice-President); 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; Delta Academy at the University of Leoben (Stefan Pierer is a member of the management board); ESG activities are reinforced by membership of the "respACT-Austrian Business Council for Sustainable Development" and "CIRA – Circle Investor Relations Austria".

Key topics described in the following chapters were identified and evaluated by involving the various stakeholder groups. This forms the basis for implementing the measures taken and assessing their effectiveness in order to be able to take further steps and, if required, adaptation measures. The actions taken in the 2023 reporting year can be found in the "Taking action and further explanations" section for each key topic.

II. ENVIRONMENTAL ASPECTS – CLIMATE CHANGE

1. DISCLOSURES ACCORDING TO THE TAXONOMY REGULATION FOR THE 2023 FINANCIAL YEAR

Within the framework of the Action Plan on Financing Sustainable Growth (EU Action Plan on Sustainable Finance6), the redirection of capital flows into sustainable investments is a key objective. Considering this, the EU Taxonomy Regulation (Taxonomy Regulation, Regulation (EU) 2020/852) 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:

1 – climate change mitigation;
2 – climate change adaptation;
3 – the sustainable use and protection of water and marine resources;
4 – the transition to a circular economy;
5 – pollution prevention and control;
6 – the protection and restoration of biodiversity and ecosystems.

In 2021, the EU published guidelines on sustainable economic activities within the meaning of the Taxonomy Regulation for two environmental objectives ("Climate change mitigation" and "Climate change adaptation"), and it did so for the other environmental objectives in 2023. The regulation distinguishes between taxonomy eligibility and taxonomy alignment. The former must be reported for all six environmental objectives in the 2023 financial year. Taxonomy alignment only has to be disclosed in the 2023 financial year for the environmental objectives of "Climate change mitigation" and "Climate change adaptation". For environmental targets three to six, the reporting requirement is lower in 2023. An economic activity is taxonomy-eligible if it is listed in the catalog of the Taxonomy Regulation. For taxonomy alignment, the cumulative test and fulfillment of the three alignment conditions must be demonstrated:

- substantial contribution to an environmental objective by complying with the assessment criteria formulated for the economic activity;
- fulfilling the Do No Significant Harm (DNSH) criterion to prevent the impairment of one or more other environmental objectives;
- complying with the minimum social protection criteria (minimum safeguards).

REPORTING FOR THE 2023 FINANCIAL YEAR

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 to calculate the revenue, CapEx and OpEx ratios were based on the figures reported through full consolidation. Consequently, companies accounted for using the equity method are not included. The scope of consolidation is the same as that for the financial reporting (for further information, go to page 214 in the 2023 Annual Report).

For the 2023 financial year, there was a complete analysis of the company's economic activities followed by a review to establish whether they can be assigned to an economic activity as listed in the Taxonomy Regulation for all six environmental objectives. This analysis resulted in a comprehensive change to the underlying assessment methodology. The new assessment methodology includes criteria for clear assignment of an economic activity to an economic activity listed in the Taxonomy Regulation. This produces better industry comparability and greater transparency because of the change to the way that the economic activities are assigned to the relevant economic activities. The entire vehicle fleet was assigned to the economic activities for transport (6.4. – 6.6.) because an assignment to these economic activities was deemed more appropriate. No building renovations were identified for the 2023 financial year because the investments made were extensions or repairs and maintenance work on a building. Only buildings and associated developed plots of land were assigned to the economic activity "7.7. Acquisition and ownership of buildings". Owing to their affiliation to the revenue-related economic activities, all fixtures and fittings, tools and equipment were classified as being associated with the economic activity "3.3. Manufacture of low carbon technologies for transport". The key figures for the previous year were calculated in accordance with the new calculation method and adjusted retroactively so that a comparison can be made with the previous year.

The requirements of the DNSH criterion for taxonomy-eligible economic activities that met the corresponding technical assessment criteria of the Taxonomy Regulation were fully reviewed in the 2023 financial year and all necessary analyses were implemented, which led to a significant change in reporting compared to the previous year. This also includes the first implementation of a climate risk and vulnerability analysis and, as this had not been carried out previously, no taxonomy-aligned shares could be reported in the 2022 financial year.

6 See more at: https://eur-lex.europa.eu/legal-content/DE/TXT/PDF/?uri=CELEX:52018DC0097, page 5

Taxonomy eligibility and alignment was ascertained in the following process steps:

PROCESS		DEPARTMENTS INVOLVED
1.	Definition of the companies to be included	ESG Team, Accounting
2.	Analysis of revenue-related economic activities	ESG Team, Controlling, Accounting
3.	Analysis of non-revenue-related economic activities	ESG Team, Real Estate, Fleet Management
4.	Assignment of activities to an economic activity (taxonomy eligibility)	ESG Team
5.	Fulfillment of technical assessment criteria for substantial contribution	ESG Team
6.	Provision of evidence for DNSH criterion	ESG Team, Purchasing, Quality Management, R&D, Risk Management
7.	Compliance with the minimum social protection criteria	ESG Team, Legal, IR, Purchasing
8.	Calculation of KPIs	ESG Team, Controlling, Accounting
9.	Consolidation	ESG Team, IR, Controlling
10.	Reporting including notification form	ESG Team, IR

As a result of further regulatory developments and clarifications in relation to interpretation uncertainties on the part of the EU, there may be deviations and changes in disclosure in future financial years. If necessary, these changes will be explained in the appropriate way and, if the assessment methodology changes, the comparative figures will be recalculated to ensure comparability.

ECONOMIC ACTIVITIES

The analysis of business activities was split into the consideration of revenue-related economic activities and non-revenue-related economic activities. Revenue-related economic activities generate revenue for the company and include the entire product range as well as the associated investments and costs. Non-revenue-related economic activities relate to investments and costs that are not related to the business model and revenues, but are necessary in the context of the business activity. A key factor in classifying the activities was differentiating the business model and the drive technology. The business model is divided up into "retail" and "manufacturing/assembly". If products were bought in and then resold without any significant change, they were assigned to the "retail" business model and accordingly reported as non-taxonomy-eligible revenue. Examples of such products include bicycles and PG&A items (parts, garments, accessories). The outsourced production of bicycles significantly influenced the key figures. Differentiating the drive technology into combustion engines and battery-powered vehicles is crucial for calculating alignment because only two-wheeled vehicles belonging to Class L with CO_2 exhaust emissions of 0 g of CO_2-eq/km and associated costs make a substantial contribution to the "Climate change mitigation" environmental objective.

In the case of PIERER Mobility AG, the following economic activities were analyzed:

Revenue-related economic activities

PIERER Mobility AG's core business comprises the development, manufacture/assembly and sale of two-wheeled and four-wheeled vehicles. All activities that are directly related to these products have been assigned to the environmental objective "Climate change mitigation" and consequently the economic activity "3.3. Manufacture of low carbon technologies for transport". The two-wheeled and four-wheeled vehicles were therefore classified as a taxonomy-eligible economic activity. The assignment to this economic activity does not include vehicles that are assembled by the group's partners (associated companies) or purchased externally (electric balance bikes, Skutta) and have been identified as retail items.

Another substantial area of business is trading bicycles and electric bicycles. These products are procured mostly for trading purposes and therefore could not be assigned to any of the economic activities listed in the Taxonomy Regulation catalog. Cargo bikes, which are sold under the Johansson brand, have been produced by PIERER Mobility AG since April 2023 and could therefore be assigned to the economic activity "3.3. Manufacture of low carbon technologies for transport". For the 2023 financial year, the revenue for cargo bikes includes both vehicles produced externally and vehicles that the company produced itself. As it is too complicated to separate, all cargo bike revenues for the financial year under review were deemed to be purchased. In the 2024 financial year, a new analysis and, if necessary, change to the classification will be required.

All products of PIERER Mobility AG that are purchased exclusively for retail purposes were classified as being not directly attributable to an economic activity. These include PG&A items. Furthermore, direct sales (aftermarket) of chassis components and their technical accessories, sold under the WP brand, were excluded as there is no improvement in environmental performance.

In addition, the product range comprises activities in the areas of digitalization and research and development. Services from these activities are utilized almost exclusively for internal purposes and were therefore not included in the analysis. Services provided to third parties in the area of software development were analyzed, but could not be assigned to any economic activity and were therefore reported as not being taxonomy-eligible.

For the 2023 financial year, the following substantial revenue-related economic activities were therefore analyzed in relation to the Taxonomy Regulation:

ECONOMIC ACTIVITY	DESCRIPTION	ENVIRONMENTAL OBJECTIVE
3.3. Manufacture of low carbon technologies for transport	Assembly and sale of motor vehicles	Climate change mitigation (CCM)

Non-revenue-related economic activities

The analysis of non-revenue-related economic activities was based on discussions with the specialist departments. For the further analysis, the clear assignability of costs to the respective economic activity was verified in order to rule out double counting in the calculation.

For the 2023 financial year, the following substantial non-revenue-related economic activities were analyzed in relation to the Taxonomy Regulation:

ECONOMIC ACTIVITY	DESCRIPTION	ENVIRONMENTAL OBJECTIVE
6.4. Operation of personal mobility devices, cycle logistics	Company bicycle	Climate change mitigation (CCM)
6.5. Transport by motorbikes, passenger cars and light commercial vehicles	Company vehicles (passenger cars)	Climate change mitigation (CCM)
6.6. Freight transport services by road	Heavy goods vehicles (HGVs)	Climate change mitigation (CCM)
7.4. Installation, maintenance and repair of charging stations for electric vehicles	Electric charging station	Climate change mitigation (CCM)
7.6. Installation, maintenance and repair of renewable energy technologies	Energy ring to increase the proportion of electricity generated by photovoltaic installations that the company uses itself	Climate change mitigation (CCM)
7.7. Acquisition and ownership of buildings	Purchase, rental and leasing of buildings	Climate change mitigation (CCM)
4.1. Provision of IT/OT data-driven solutions	Digitalization software for the management and administration of real estate and its fixtures and fittings over the entire life cycle	Circular economy (CE)

ALIGNMENT CONDITIONS

Substantial contribution

In order to meet the technical assessment criteria for the environmental objective "Climate change mitigation", two-wheeled vehicles were classified into their drive technologies, namely combustion engines and battery-powered vehicles. Vehicles in the motorcycle segment (vehicles belonging to Class L) make a substantial contribution to achieving the environmental objective simply with their CO_2 exhaust emissions of 0 g of CO_2-eq/km. By December 31, 2025, passenger vehicles (vehicles belonging to Class M1) may emit maximum CO_2 emissions of 50 g of CO_2/km to fulfill the requirements. Based on these assessment criteria, only battery-powered vehicles meet the requirements for making a substantial contribution to economic activity "3.3. Manufacture of low carbon technologies for transport".

The non-revenue-related economic activities for the environmental objective "Climate change mitigation" meet the relevant technical assessment criteria for a substantial contribution to the environmental objective, with the exception of all the activities from the economic activity "6.6. Freight transport services by road" and all company vehicles with a combustion engine from the economic activity "6.5. Transport by motorbikes, passenger cars and light commercial vehicles", which means that a taxonomy-aligned portion could not be reported for these two economic activities. For the economic activity "4.1. Provision of IT/OT data-driven solutions", only an analysis of taxonomy eligibility but not of taxonomy alignment was performed, due to the assignment to the environmental objective "Transition to a circular economy" and the simplified reporting.

Do no significant harm

In the financial year, the DNSH criterion was examined for all economic activities that fulfilled the technical assessment criteria for the substantial contribution to an environmental objective. The analytical approach used to check the significant impairment of one or more other environmental objectives is presented below. The analysis showed that the economic activities "7.4. Installation, maintenance and repair of charging stations for electric vehicles" and "7.6. Installation, maintenance and repair of renewable energy technologies" met the requirements of the Taxonomy Regulation and no further environmental objective was negatively affected in a significant way. At the time that this report was compiled, some of the relevant information or evidence was missing for all other economic activities identified as being taxonomy-eligible, and so it was not possible to assess whether they are taxonomy-aligned.

Climate change adaptation

A significant new aspect in the 2023 financial year was that the group conducted a climate risk and vulnerability analysis to fulfill the DNSH criterion, which is why the analysis is described in more detail below. In the course of the analysis, the climate impacts on the locations that are relevant to the economic activities were examined. First of all, the physical climate impacts were reviewed to assess their potential influence on the economic activities and climate projections were then used to identify current and future climate risks at the selected locations. Finally, the impacts on the economic activities and corrective measures were assigned. For more information, please refer to the "Climate risk and vulnerability analysis" section.

Sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems

To be able to rule out any impairment of the other environmental objectives, the corresponding requirements were analyzed and information and evidence were provided if necessary. If no evidence is required or if the economic activity does not fall within the scope of the formulated requirements of the DNSH criterion, the requirement should be regarded as fulfilled. A very substantial amount of evidence needs to be collected to be able to demonstrate that the environmental objective of "Pollution prevention and control" is not significantly impacted for the economic activity "3.3. Manufacture of low carbon technologies for transport". At the time this report was compiled, the criterion was assessed as not being met and for this reason taxonomy alignment is not reported for this economic activity.

Minimum safeguards

Finally, an established minimum protection procedure must be in place to ensure that activities comply 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. This is guaranteed by the group's Code of Conduct, which defines the framework conditions for how it does business. These form the basis for any collaboration within and outside PIERER Mobility AG.

The PIERER Mobility Group is thus ensuring the introduction of, and compliance with, a thorough due-diligence process and regularly examines all the relevant risks in great depth including core issues such as human rights (including child labor and forced labor, employment rights and consumer rights), bribery, attempted bribery and extortion, taxation and fair competition. These efforts extend across all company locations and supply chains to identify and address potential impacts on these areas. The basis for this is a new abstract risk analysis at a country level that was established in the 2023 financial year. This considers the countries in which the group operates. The next step will be to expand this by incorporating industry risks and a specific risk analysis. The ratings (country rating) are based on publicly available (country-specific) indices, such as the Global Gender Gap Index, the Corruption Perception Index, and the Environmental Performance Index, which are reviewed and updated annually.

Detailed information about the Code of Conduct can be found in the "Corporate culture and business ethics" section.

KEY RATIOS

The share of taxonomy-eligible and/or taxonomy-aligned revenues, capital expenditure (CapEx) and operating expenditure (OpEx) in the respective totals according to the Taxonomy Regulation of PIERER Mobility AG for the 2023 financial year was reported based on a complete analysis of the economic activities. In principle, all fully consolidated companies are included in this analysis with regard to their revenues, capital and operating expenditures. Double counting was avoided because it could either be assigned directly to an economic activity or broken down based on the number of taxonomy-aligned products in the total number of units produced at each production site. The amounts reported for 2022 are the values calculated using the new calculation method.

Revenue ratios

The revenue ratios are the ratio of revenues from taxonomy-eligible and taxonomy-aligned economic activities in a financial year to total revenues in this financial year. The amounts reported under this item in the income statement represent the basic measure of revenue.

REVENUES IN EURk	2023	2022
From customer contracts	2,647,853	2,433,683
Other revenues	13,357	3,517
Total	**2,661,210**	**2,437,200**

According to the Taxonomy Regulation, the total revenues for the 2023 financial year of € 2,661 million (page 115 in the 2023 Annual Report) is the denominator of the revenue ratio. A detailed analysis of the revenues was used to allocate the respective revenue to the taxonomy-eligible economic activities. The relevant allocated percentages form the numerator of the revenues from the taxonomy-eligible economic activities for the 2023 financial year.

All two-wheeled and four-wheeled vehicles were assigned to the economic activity "3.3. Manufacture of low carbon technologies for transport" and reported as taxonomy-eligible, regardless of their drive technology. The calculation of taxonomy-eligible revenue does not include economic activities that relate to outsourced production (e.g. bicycles, Skutta, products under the MV Agusta brand) or the trade in PG&A products. In the 2023 financial year, cargo bikes were assessed as being non-taxonomy-eligible because it is too complicated to separate them into those produced externally and in-house. The revenue percentages for products produced externally, in particular for bicycles, have a significant impact on the level of the respective key ratios.

Taxonomy alignment for the economic activity "3.3. Manufacture of low carbon technologies for transport" could not then be determined because the alignment conditions were not fully met.

Compared to the 2022 financial year, there were no material changes in the taxonomy-eligible revenue (+4 % YoY).

CapEx ratios

The taxonomy-aligned CapEx indicates the proportion of capital expenditure (CapEx) that is either associated with a taxonomy-aligned economic activity or with the acquisition of products and services from a taxonomy-aligned economic activity.

The basis for capital expenditure for calculating the taxonomy eligibility 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). Additions to goodwill are not to be included in the calculation.

CAPITAL EXPENDITURE IN EURk	2023	2022
IAS 16 Property, plant and equipment	96,748	80,080
IAS 38 Intangible assets	170,447	168,398
IFRS 16 Leases	32,548	25,877
Total	**299,773**	**274,355**

The denominator for the calculation of the taxonomy-eligible and taxonomy-aligned share of CapEx is the consolidated additions to property, plant and equipment and intangible assets as well as additions from capitalized rights of use to the aforementioned assets, which amount to around € 299.8 million (see Annual Report 2023 in the notes to the consolidated financial statements, additions, Changes in the scope of consolidation and transferts of intangible assets/Chapter 22 and tangible assets/Chapter 23). This includes additions from changes in the scope of consolidation, which were € 116,000 in the 2023 financial year. This does not include additions from advance payments in respect of property, plant and equipment for intangible assets amounting to € 32.6 million. Transfers from tangible and intangible assets of € 12.5 million and € 3.2 million were in taken into account in the calculation.

The numerator includes taxonomy-eligible and taxonomy-aligned capital expenditure for economic activities that could either be directly assigned to a non-revenue-related economic activity or are associated with a revenue-related economic activity, as well as investments that are associated with the acquisition of production and services from a taxonomy-eligible economic activity. If the investments could not be assigned to any economic activity (e.g. undeveloped land and daycare center), they were reported as a non-taxonomy-eligible activity.

The second step of the analysis was to review the identified economic activities to establish if they meet the alignment conditions. Due to the very time-consuming process of obtaining evidence and often a lack of evidence, taxonomy alignment could not be reported for several non-revenue-related economic activities. This related to investments in motor vehicle transport (“6.5. Transport by motorbikes, passenger cars and light commercial vehicles” and “6.6. Freight transport services by road”) and “7.7. Acquisition and ownership of buildings”. At the time of the analysis, the necessary evidence to demonstrate cumulative fulfillment of the alignment conditions was unavailable for these economic activities.

Investments linked to the economic activity “3.3. Manufacture of low carbon technologies for transport” include all activities related to a revenue-generating activity. These include, but are not limited to, property, plant and equipment, production facilities, capitalized research and development costs, and tools. Investments that were allocated directly to the “Motorsport” or “PG&A” profit centers were classified as non-taxonomy-eligible because the revenue-related economic activity was assessed in the same way. Investments associated with bicycles were identified as taxonomy-eligible, as it would be possible to record them as taxonomy-eligible revenue if the company produced them itself. The incomplete fulfillment of the alignment conditions meant it was not possible to record the capital expenditure associated with the manufacture of motor vehicles as being taxonomy-aligned.

For the management of real estate, including its fixtures and fittings, an investment was made in software with the aim of making the best use of resources throughout the entire life cycle and thus making a substantial contribution to the environmental objective of “Transition to a circular economy”. The software solution was assigned to the economic activity “4.1. Provision of IT/OT data-driven solutions”. Due to the simplified reporting this year, no check to establish whether the alignment conditions were met was carried out.

In the 2023 financial year, an energy ring was set up to make optimum use of the electricity produced by the installed photovoltaic systems. Costs from this set-up were classified as being related to the economic activity “7.6. Installation, maintenance and repair of renewable energy technologies” and as making a substantial contribution to climate change mitigation. The installation of wall boxes for electric vehicles was identified as an acquisition from the economic activity “7.4. Installation, maintenance and repair of charging stations for electric vehicles” with a substantial contribution to the environmental objective of “Climate change mitigation”. In addition, costs directly related to this economic activity (e.g., excavation work) were assigned to economic activity “7.4. Installation, maintenance and repair of charging stations for electric vehicles”. Both economic activities met the alignment conditions and were reported as taxonomy-aligned, which represents a significant change compared to the 2022 financial year.

A comparison of the financial years 2022 and 2023 shows an increase in investments over the course of the year. This is partly due to extensive investments in building structures for the group’s bicycle segment.

OpEx ratios

The taxonomy-aligned OpEx ratio indicates the proportion of operating expenditure, within the meaning of the Taxonomy Regulation, associated with taxonomy-aligned economic activities or with the acquisition of products from a taxonomy-aligned economic activity.

The basis for calculating the operating expenses according to the Taxonomy Regulation was 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 (e.g., costs of cleaning).

OPERATING EXPENDITURE IN EURk	2023	2022
Short-term leasing	25,986	21,926
Maintenance and repair	21,082	16,343
All other direct expenditure related to the daily maintenance of fixed property, plant, and equipment	2,689	2,093
Total	**49,757**	**40,362**

For the calculation of the denominator of PIERER Mobility AG according to the Taxonomy Regulation, operating expenses for short-term rent and short-term leasing, maintenance and repair expenses and all cleaning costs were included as other direct expenses associated with the daily maintenance of fixed property, plant, and equipment. Operating expenses in the denominator amount to around € 49.8 million.

The numerator was derived from the analysis of the expenses from the above-mentioned accounts and their assignment to a revenue-related or non-revenue-related economic activity. Taxonomy-eligible operating expenses are either directly related to a taxonomy-eligible economic activity or are associated with the purchase of products from a taxonomy-aligned economic activity. Costs for which assignment to a non-revenue-related economic activity was not possible, and which were directly associated with the "Motorsport" or "PG&A" profit centers, were again classified as non-taxonomy-eligible. The largest share of taxonomy-eligible operating expenses is directly related to the economic activity "3.3. Manufacture of low carbon technologies for transport" as these costs safeguard the ongoing functioning of the company. Furthermore, costs for short-term leasing in the area of transport (economic activities "6.5. Transport by motorbikes, passenger cars and light commercial vehicles" and "6.6. Freight transport services by road") were classified as taxonomy-eligible along with costs linked to servicing the associated vehicles. Costs arising from the acquisition of company bicycles are a low-value asset and were therefore reported as taxonomy-eligible operating costs (economic activity "6.4. Operation of personal mobility devices, cycle logistics").
It was not possible to determine whether the alignment conditions for the taxonomy-eligible economic activities had been met, either because the relevant evidence had not been provided or because the substantial contribution to an environmental objective had not been met.

There are no significant changes in the amounts. The economic activity "6.4. Operation of personal mobility devices, cycle logistics" was newly added in the 2023 financial year because of the offer of a company bicycle for employees.

The detailed notification forms in accordance with the delegated regulations 2023/2486 (KPIs on revenue, CapEx, OpEx) and 2022/1214 (information on activities relating to nuclear energy and fossil gas) can be found in Annex VII.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2. CLIMATE CHANGE ADAPTATION

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

Impacts

Climate change and its associated consequences, such as the rise in average global temperatures, mean that the use phase and the possibilities for using the PTWs sold by the PIERER Mobility Group can be expected to expand. This includes both travel for specific purposes and the PTWs being ridden as part of leisure activities. The reason for this is the increased use of PTWs in warm temperatures. Furthermore, the increasing number of hours of sunshine each year will make photovoltaic and solar systems more efficient. PIERER Mobility is exploiting this by adding photovoltaic capacities at its Mattighofen and Munderfing sites, thus contributing to the energy transition. The photovoltaic systems are installed and operated by Pierer Green Energy GmbH[7].

Risks & opportunities

Acute and chronic risks from climate change were analyzed as part of a climate risk and vulnerability analysis in the 2023 financial year. For the production-relevant sites of the PIERER Mobility Group, physical climate risks were identified using a special software solution, and impacts and corrective measures were established. An overview of the relevant climate risks can be found in the section on climate risk and vulnerability analysis.

STRATEGIES FOR ADAPTING TO CLIMATE CHANGE

The PIERER Mobility Group is very much focused on changing climatic conditions and is constantly adapting to them. Climate change is advancing at pace globally and the impacts of global warming are increasingly affecting global economies and supply chains. The group is responding to this with a diverse and yet local procurement strategy. In order to be well prepared for potential environmental disasters, the group has pinpointed climate risks for the production-relevant sites and identified measures to reduce their impact. At the same time, the PIERER Mobility Group's product range is well adapted to changing climatic conditions, which means that climate change could lead to an expansion of possible uses for its products.

Related SDGs:

11.5 Reduce the adverse effects of natural disasters

13.3 Build knowledge and capacity to meet climate change

TAKING ACTION AND FURTHER EXPLANATIONS

Climate risk and vulnerability analysis

To allow the company to identify significant climate risks affecting the group's business activities, a climate risk and vulnerability analysis was carried out for the PIERER Mobility Group's production-relevant sites in the financial year. A special software solution was used to analyze the physical impact of climate change on the company (chronic and acute)[8]. Production-relevant sites of the PIERER Mobility Group (primarily plants and warehouses) were examined to establish their current and future level of exposure to physical climate risks. The analysis looked at various development scenarios. These were three shared socioeconomic pathways (SSP), which were combined with different levels of intensity of radiative forcing. The scenarios were described in the sixth synthesis report of the Intergovernmental Panel on Climate Change (IPCC)[9]. By selecting these scenarios, a wide range of different possible developments is covered.

- **SSP1-2.6:** Achieving net-zero emissions by 2070
- **SSP2-4.5:** no change in CO_2 emissions before mid-century compared to the current level of emissions
- **SSP5-8.5:** CO_2 emissions double by 2050

7 A subsidiary of Pierer Industrie AG.

8 The software solution processes verified scientific data, which is also used in the assessment reports of the Intergovernmental Panel on Climate Change. These are combined with hazard maps designed by the provider's experts.

9 IPCC, 2023: Climate Change 2023: Synthesis Report. Contribution of Working Groups I, II and III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [Core Writing Team, H. Lee and J. Romero (eds.)]. IPCC, Geneva, Switzerland, 184 pp., doi: 10.59327/IPCC/AR6-9789291691647

All physical climate risks identified were assigned impacts and corrective measures. The corrective measures will significantly reduce the impacts of the climate risks so there is no need for any further action for the time being. An overview of the physical climate risks identified can be found in the table below. Information on the classification of the risk is not to be understood to constitute the level of financial loss, but instead depicts the intensity or change in the intensity of the individual risks, as specified in the software solution that is used. The analysis was also used in an adapted form in the context of the Taxonomy Regulation.

TYPE	MANIFESTATION	POTENTIAL IMPACT	CORRECTIVE MEASURE	UP TO 2030			UP TO 2060		
				SSP1-2.6	SSP2-4.5	SSP5-8.5	SSP1-2.6	SSP2-4.5	SSP5-8.5
Acute	Heat wave	Falling productivity	Installation of air-conditioning systems (completed); option to expand the capacities of air-conditioning systems if necessary	Very high	Very high	Very high	Very high	Very high	Very high
Acute	Heavy precipitation (e.g., rain, hail, snow)	Disruption of journeys to work, the supply chain, and production; disruption of the energy supply	External factors on routes to work cannot be influenced; electricity: installation of emergency power generators for controlled shutdown of IT systems and production (completed)	Very high	High	Very high	Very high	High	Very high
Acute	River floods	Disruption of journeys to work, the supply chain, and production; disruption of the energy supply	Flood retention basin in Teichstätt (completed); relocation of IT servers to higher floors to avoid a system failure (completed)	High	High	High	High	High	High
Chronic	Changes to precipitation patterns (winter, summer)	Disruption of journeys to work, the supply chain, and production; increased demand due to shorter winter	Flood retention basin in Teichstätt (completed); relocation of IT servers to higher floors to avoid a system failure (completed)	Very high	High	Very high	Very high	High	Very high
Chronic	Heat stress	Falling productivity	Installation of air-conditioning systems (completed); option to expand the capacities of air-conditioning systems if necessary	High	High	High	High	High	High

Multiple-sourcing strategy

As part of its multiple-sourcing strategy, the PIERER Mobility Group is looking to diversify its supply chain. The aim is to have at least one supplier for all its product groups that is located outside of Germany, Austria, Switzerland and Italy. This will make the company more resilient to fluctuations or delays in delivery in the relevant economic area that may also be caused by climatic or regulatory developments. At the same time, the group is pursuing a local procurement strategy. In the 2023 financial year, 84 % of the volume of components purchased for series production of motorcycles came from Europe. This prevents long delivery routes and reduces the company's susceptibility to climate risks.

Expansion of photovoltaic capacities

As the number of hours of sunshine increases, photovoltaic and solar systems are becoming increasingly efficient. The group is endeavoring to exploit this by operating photovoltaic systems on its roofs. More information about the expansion of capacities can be found in Chapter 4. Energy.

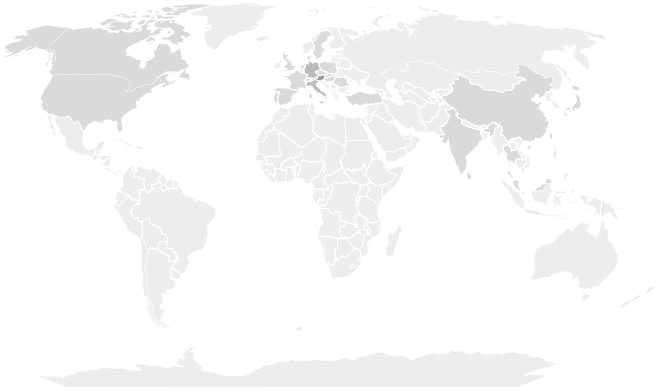
KEY FIGURES AND TARGETS

Focus on the regional supplier industry

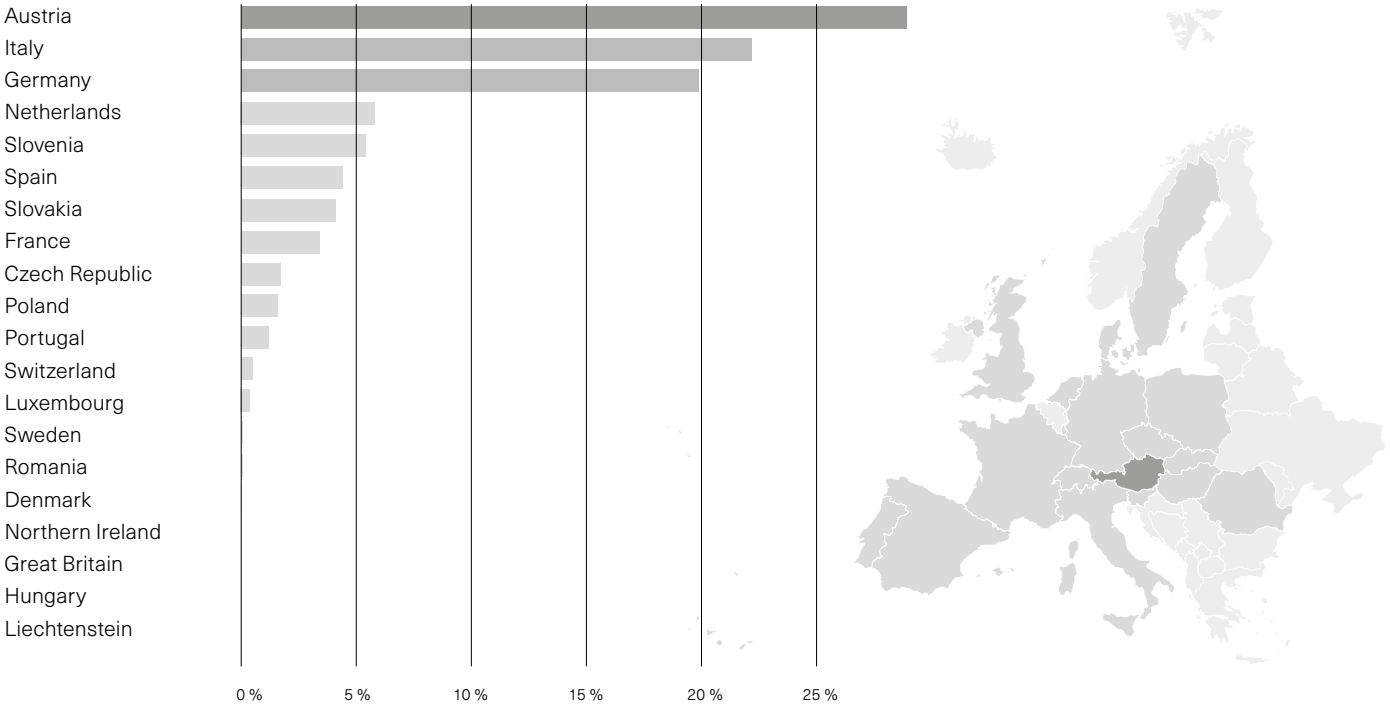
- The **purchasing volume** of components **for the series production of motorcycles** (in Mattighofen and Munderfing) was approx. € 913 million in the 2023 financial year. Geographical breakdown: 24 % from Austria, 59 % from Austria/Germany/Italy and 84 % from Europe.
- The **bicycles** are purchased assembled from a partner in Europe (approx. 63.4 %) and a partner in Asia (approx. 36.4 %).
- In the 2023 financial year, the purchasing volume for **indirect materials and services** for the plants in Austria was approx. € 142 million. The majority was procured within Austria: 77 % within Austria, 91 % within Austria/Germany/Italy and 98 % within Europe.

Purchasing volume per continent (series purchasing):

Europe 84 %, Asia 14 %, North America 2 %



Purchasing volume in Europe (series purchasing):



3. CLIMATE CHANGE MITIGATION

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

Impacts

Global climate change is being caused by the increasing concentration of greenhouse gases in the Earth's atmosphere. The activities of the PIERER Mobility Group contribute to climate change by emitting greenhouse gases. Greenhouse gases are generated throughout the entire value chain, with emissions during the use phase of combustion engine vehicles clearly making up the largest share. Greenhouse gases are also emitted in the production processes or in the upstream supply chain. On the other hand, PTWs are a low-emission alternative to other forms of individual transport and can thus contribute to a future with lower levels of greenhouse gases. The group's motorcycles that are powered by electric battery or alternative fuels, as well as the entire bicycle segment, produce particularly low emissions.

Risks & opportunities

- **Product & technology development**

  The PIERER Mobility Group conducts in-depth research into various technologies and products. Product and technology development entails both risks and opportunities. Developments that focus on the future may expand the company's market shares, but the misdirected developments may also cause the company to lose market share. This has an influence on the group's production activities and the use phase among users.

- **New regulations**

  In light of climate change, the regulatory environment that the PIERER Mobility Group has to contend with is very dynamic. New or revised regulations that may be legally binding for the upstream and downstream value chain as well as for the PIERER Mobility Group are being published all the time. These may lead to increased costs and expenses both in product development and in processes and beyond.

- **Acceptance of motorcycles with internal combustion engines**

  Increasing restrictions and a change of attitude in society may make people less accepting of internal combustion engines (ICEs). This may reduce the market for motorcycles with internal combustion engines and lead to increased demand for alternatives.

CLIMATE PROTECTION STRATEGIES

As greenhouse gas emissions increase in the Earth's atmosphere and climate change advances at pace, the PIERER Mobility Group is well aware of its responsibility to contribute to decarbonization. The group's strategy covers all three scopes of the Greenhouse Gas Protocol (GHG Protocol) and sets out measures for reducing direct and indirect greenhouse gas emissions. The group is committed to embracing new technology and is conducting research to develop its existing and new systems with lower greenhouse gas emissions. One of the key pillars of the sustainability strategy is the decarbonization of transport. As well as incorporating the legal requirements and comparative figures, the PIERER Mobility Group is endeavoring to provide powertrain solutions for PTWs that champion this approach and will help to achieve the EU target of net zero emissions by 2050. At the level of KTM AG as an ACEM member, the group therefore shares its strategy for decarbonization[10], 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. A key component of the group's strategy is to use e-fuels to decarbonize market segments that are difficult to electrify. KTM F&E GmbH is a founding member of the eFuel Alliance Austria and thus promotes the use of e-fuels in various markets. The whole group is conducting in-depth research into more sustainable components and technologies in order to reduce greenhouse gas emissions throughout the entire product life cycle of PTWs and to comply with new regulatory requirements. In 2024, the intention is to develop a decarbonization strategy for the PIERER Mobility Group which, in addition to the emissions that can be influenced directly in scopes 1 and 2 of the GHG Protocol, also includes scope 3 emissions.

10 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

The general managers/divisional heads of the respective business units/divisions in KTM F&E GmbH (homologation, powertrain, ePowerpack, eDrive, ...) and in product management are responsible for drawing up the measures and for achieving the targets in this ESG area of action.

The group is also pursuing the following strategies in its core areas:

- Developing technologies designed to deliver a further reduction in emissions of harmful substances and noise for future generations of engines for vehicles with combustion engines (e.g., Euro 5+).

- Developing an electric drive platform with the key systems for battery-powered motorcycles, such as battery systems and electric drive units with a focus on 48-volt technologies in the performance class up to approx. 18 kW (peak). The initial products are set to be launched on the market starting in 2024 for off-road applications.

- Defining a joint electric platform strategy with Bajaj Auto/India in the low-voltage range (<60 volts, 11 kW power) which can be used to produce various products for the brands of both partners. In addition to synergies with key components, such as the electric motor, drive unit, and power electronics, part of this cooperation includes adopting an open approach to different battery solutions to exploit the advantages of both integrated and removable batteries.

- Defining a joint electric platform strategy with CFMOTO/China, for electric two-wheelers in the low-voltage range (<60 V) and high-voltage range (>60 V), which can be used to produce various products for the brands of both partners. Joint development of key technologies for battery-powered motorcycles, such as electric drive units and power electronics for power ratings >20 kW for niche applications as well as for exploiting development synergies.

- Cooperation with leading manufacturers of lithium-ion battery cells, in relation to high-performance battery cells (21700 cell). The focus is on cooperation in the areas of research and development as well as industrialization of low-voltage battery platforms for electric vehicles with high power and energy density.

- Further development of the process for the return, recycling and 2nd life of batteries. Starter batteries and traction batteries are recorded and taken back by the Landbell Group[11].

- Research and development in the area of alternative drive technologies for PTWs – such as hybrid drive technologies, e-fuels (synthetic fuels), etc.

Related SDGs:

6.3 Improve water quality, recycling and safe reuse

7.2 Increase the global share of renewable energy
7.3 Double the rate of improvement in energy efficiency

9.5 Enhance research and upgrade industrial technologies

12.2 Sustainable management and use of natural resources
12.4 Environmentally sound handling of chemicals and waste materials
12.5 Substantially reduce waste generation
12.7 Promote sustainable public procurement practices

13.2 Integrate measures to combat climate change into policies and planning
13.3 Build knowledge and capacity to meet climate change

TAKING ACTION AND FURTHER EXPLANATIONS

Transport logistics

- **Direct shipping:** In the year under review, the switch to direct shipping for selected PG&A items was stepped up. This means that direct shipping is now established with 14 suppliers for PG&A items. Reviews are conducted on an ongoing basis to establish whether it is possible and makes sense to switch with even more suppliers. Following the successful implementation of direct shipping of PG&A items in 2023, the process was also extended to spare parts. In future, the intention is that spare parts which are produced in Asia will be delivered directly to Latin America. A first test run is planned for the first half of 2024.

11 https://landbell-group.com/

- **Distribution center in the Netherlands:** There are currently plans to use another distribution center in the Netherlands for joint products. The aim is to be able to deliver finished vehicles directly from the Netherlands to the dealers, thereby reducing delivery times, transport costs and associated greenhouse gas emissions. The distribution center is scheduled to start operating in 2024.

Research and development to produce environmentally friendly PTWs

Activities in the field of vehicles with combustion engines

In the year under review, work began to develop a new generation of power packs (performance class 110 – 170 kW) for the 2029 model year. The aim of the project is to reduce CO_2 emissions in the WMTC cycle (further explanations in the section: Method for calculating emissions and energy requirements of the products) by 20-35 % compared to the previous model. A top-down strategy is to be devised for series use of the new power packs. The first step will be to equip the premium models with this powertrain starting in 2029. In subsequent model years, the intention will be to use this power pack generation in other segments as well. Depending on the market development, the motorcycle/vehicle manufacturer expects around 20,000–30,000 vehicles per year in the first few model years. The core elements of this in-house development are alternative combustion processes with greater efficiency, downsizing and turbocharging. The project also incorporates external service providers working in the areas of design and simulation, for example. KTM F&E GmbH is responsible for the conceptual design and overall project management.

Further developments in the area of noise and pollutant emissions

KTM F&E GmbH is an active partner in the research project LENS[4] funded under the Horizon EU research and innovation program. It is a three-year research project that will help authorities, cities and legislators to develop appropriate measures to reduce the contribution L-category vehicles make to noise and air pollution. Interventions and best practices to combat noise and pollutant emissions from lightweight vehicles are developed and promoted. In addition, proposals are being developed for regulations to improve the performance of future vehicles, including emission control under real driving conditions and regulatory enforcement of measures to improve manipulation safety. The contribution made by KTM F&E GmbH in the past year comprised the provision of eight test motorcycles and the provision of its expertise to the project partners from research and science.

Activities in the area of battery-powered vehicles

Battery development: As part of the PIERER Mobility Group, KTM F&E GmbH continues its commitment as a founding member of the Swappable Batteries Motorcycle Consortium (SBMC). The consortium aims to make it easier to use L-category lightweight electric vehicles with swappable batteries and to promote the development and use of the charging infrastructure required for this. Common battery specifications facilitate the introduction of swappable battery stations. This is seen as key to the development of low-voltage electric mobility. Whereas activities in 2022 focused mainly on the definition of uniform technical specifications for the battery system within the member base, activities in 2023 included the development of battery prototypes by selected suppliers. The main objective of the first phase of prototyping is to validate and refine the specifications. As SBMC is now completing this phase and gaining valuable insights, the second phase, planned for 2024, will focus on conducting field tests in collaboration with battery manufacturers, providers of swap stations, and OEMs.

“EMotion” research project in pilot phase: As part of the Austrian “EMotion” funded project, a low-cost, energy-efficient and lightweight electric two-wheeler platform for urban mobility (class A1, 125 cc) is in an advanced development phase. The pilot phase ran from April to November 2023, and the project will end in the first quarter of 2024. The know-how and all the insights gained from the four years of research working on this innovative project will be used for further development work on series vehicles and in various work processes, including connectivity with the eco-coaching assistant or recuperation strategies.

Further information on the research and development of environmentally friendly, resource-saving PTWs can be found in Chapter 5. Inflow of resources.

KEY FIGURES AND TARGETS

Greenhouse gas 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, along with the area of R&D and due to the high proportion of joining and machining process steps, 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 1.3 % (**Scope 1-2 "location based"**). Most of the greenhouse gas emissions, around 95.8 %, 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 3.66 t CO_2-e (previous year: around 3.74 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 2.2 % (based on Scope 1–3 emissions "location-based") compared to the previous year. One new feature of the reporting is the integration of transport emissions (inbound and outbound logistics) into the greenhouse gas balance (Scope 3), which has enabled a higher level of detail to be achieved. This is associated with an increase in Scope 3 emissions compared to previous years. 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.

Fleet related emissions

The average CO_2 emissions of the reported vehicle fleet of 257,546 units were 80.11 g/km[12] in 2023 (internal calculation by PIERER Mobility AG). This means that CO_2 fleet emissions increased by 0.52 g/km in the reporting year, also thanks to the continued strong growth in sales of ICE models with medium and large displacements (> 500 cc) (2022: 79.59 g/km). The LC8c (790/890 & 901) and LC8 (1290 & 1390) engine platform models alone recorded sales of 46,804 units, representing >18 % of the model mix sold. Nevertheless, between 2016 and 2023 PIERER Mobility AG reduced the average CO_2 emissions of its newly sold vehicles by 1.42 % (2022: 2.06 %)[13]. Average fuel consumption rose by 0.03 l/100 km and was 3.42 l/100 km in the 2023 reporting year[14]. Fleet fuel consumption was reduced by 2.35 % compared to the 2016 base year (2016: 3.5 l/100km). This equates to a total energy saving of 914.83 gigajoules in the 2023 reporting year[15].

Method for calculating emissions and energy requirements of the products

The calculation 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, the vehicle consumption is not stated in joules, but as usual in l/100 km.

Share of electric PTWs & investments in R&D

In 2023, a total of 116,410 (previous year: 94,389) e-motorcycles, e-bikes, electric balance bikes and Skutta scooters were sold. The share of all electrified two-wheelers was 21.6 % (previous year: 19.1 %). € 27.3 million were invested in alternative drive technologies.

12 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 Annex 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.

13 GRI 302-5

14 The consumption is based on the homologated test values according to WMTC.

15 Calculation in gigajoules based on Net CV according to DEFRA for "Petrol (average biofuel blend)"

4. ENERGY

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

Impacts

Energy consumption occurs throughout the entire life cycle of PTWs. A large part of this consumption is generated during the use phase of the PTWs, but energy is also required for manufacturing the vehicles. With further development and research into various drive technologies, materials and components, the PIERER Mobility Group aims to reduce the energy requirements of its PTWs throughout the value chain and thus reduce the consumption of natural resources. At the same time, PIERER Mobility promotes the generation and use of renewable energies. The group has contracts with energy suppliers that provide electricity from renewable sources, for example. The photovoltaic systems on the roofs of the company's buildings in Mattighofen and Munderfing are operated by Pierer Green Energy GmbH.

Risks & opportunities

A reliable supply of energy is essential for the production activities of the PIERER Mobility Group. It is required for vital production processes and system availability. This is why a stable energy supply is essential. Gaps in supply may cause production to be shut down.

ENERGY SAVING AND ENERGY EFFICIENCY STRATEGIES

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. A large part of the impact on the climate and environment is caused by greenhouse gas emissions from burning fossil fuels. The aim is to save fossil energies and also increase energy efficiency at the company's sites indoors and outdoors. Smart meters and corresponding IT-assisted monitoring are used to monitor energy in a way that is easy to track. Using renewable energies is an essential component of the strategy. The percentage of renewable energies in the district heating and electricity consumption at the main company sites and production sites is already around 99.7 %.

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, from a financial point of view, what options are available for switching to alternative energy systems.

Related SDGs:

7.2 Increase the global share of renewable energy
7.3 Double the rate of improvement in energy efficiency

TAKING ACTION AND FURTHER EXPLANATIONS

Switching to LED lighting

To save energy, the PIERER Mobility Group is fitting various sites with LED lighting. Fluorescent tubes will be replaced by energy-efficient LEDs at all production and storage facilities at the company's sites in Mattighofen and Munderfing.

Sourcing and generating solar energy

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 volatility of electricity prices.	Excess feed-in
Logistics Center 1 (in operation)	4,000	4.0 million	1,400		Full feed-in
Logistics Center 2 (Expected to start operating in Q1 2024)	3,660	3.7 million	1,295	Cannot be estimated reliably due to the volatility of electricity prices.	Excess feed-in
Component plant (in operation)	3,800	3.8 million	1,330		Full feed-in
Motorsports (in operation since Q1 2024)	375	375,000	131	Cannot be estimated reliably due to the volatility of electricity prices.	Excess feed-in
Headquarters office building in Mattighofen (Expected to start operating in Q2 2024)	120	120,000	42	Cannot be estimated reliably due to the volatility of electricity prices.	Excess feed-in
Occupancy of additional roof areas on Stallhofnerstraße (HQ Mattighofen) planned by the end of 2024	Currently in planning	Currently in planning	Currently in planning		Excess feed-in

*) Calculated with a CO_2 saving of 350 g/kWh

At the time this report was prepared, the final official approval and acceptance of some installations by the network operator was still pending.

KEY FIGURES AND TARGETS

In 2023, electricity consumption at the PIERER Mobility Group[16] was 24,486,967 kWh (previous year: 24,185,652 kWh) and gas consumption was 19,637,421 kWh (previous year: 20,983,051 kWh) and consumption from district heating was 512,856 kWh (previous year: 571,471 kWh). The percentage of renewable energies in the district heating and electricity consumption at the main company sites and production sites is around 99.7 %. At KTM AG, around 423,750 liters of fuel were consumed for the test benches in the past financial year (previous year: around 535,000 liters) and water consumption from production was around 4,927 m^3 (previous year: 4,876 m^3). Gas and district heating consumption decreased in 2023 compared to the previous year due to warmer winter days.

The construction of the photovoltaic installations on the roofs of Logistics Center 2 (approx. 3,705 kWPeak) and the Motorsport building (approx. 375 kWPeak) was completed in 2023. The installation on the roof of the Motorsport building is already in operation. The photovoltaic installation on the roof of Logistics Center 2 is scheduled to start operating in the first quarter of 2024.

The energy ring in Munderfing has been in operation since the third quarter of 2023. This has enabled the amount of solar power from the above-mentioned installations that the company uses itself to increase to approx. 80 %. By installing new photovoltaic systems, the group is increasing the use of solar energy, including for its own needs. The goal is to keep the amount of power for the company's own consumption at a high level by constructing further installations.

16 Excluding PIERER Innovation GmbH, Avocodo GmbH, LX media GmbH

III. ENVIRONMENTAL ASPECTS – USE OF RESOURCES AND CIRCULAR ECONOMY

5. INFLOW OF RESOURCES

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

Impacts

Resources such as energy and metals (e.g., aluminum, steel) are used to manufacture motorcycle components and assemble motorcycles. Resources are also required in the upstream value chain, such as for the production of bicycles or PG&A items. These processes utilize both renewable and/or recycled and non-renewable materials. Using non-renewable primary materials in particular can put a strain on natural ecosystems and value chains. The reason for this is firstly the exploitation of natural resources and secondly greenhouse gas emissions and waste products generated in the process of producing the primary materials.

Risks & opportunities

Raw material and material prices may fluctuate with macroeconomic trends and when there are resource shortages. This can result in increased costs. Making efficient use of resources in the production process can firstly have a positive financial effect, but also a positive impact on people and the environment. Care is also taken to ensure packaging can be reused, which also reduces waste and costs.

STRATEGIES FOR IMPROVING THE INFLOW OF RESOURCES

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 means it creates more durable, easily repairable products that can be broken down into reusable or recyclable parts and materials at the end of their useful life. In addition, in this early phase, rather than focusing on conventional materials (e.g., CO_2-intensive primary aluminum), the group seeks to focus on more sustainable materials (e.g., recycled metal, more energy-efficient substances, natural fibers, materials from socially acceptable sources) and thus contribute to the sustainable use of resources.

Related SDGs:


9.5 Enhance research and upgrade industrial technologies


12.2 Sustainable management and use of natural resources

TAKING ACTION AND FURTHER EXPLANATIONS

Packaging and containers

- **Recyclable containers:** In order to achieve positive effects in the packaging sector in the areas of standardization, waste prevention, handling and cost reduction, increasingly reusable packaging is being developed and is currently used by approx. 60 suppliers (correct as of January 1, 2024). Of these, 17 suppliers offer the use of pool containers, which are used for delivering small, non-critical components and can also be reused multiple times. Almost 27 % of all standard products assembled in Mattighofen and Munderfing are now delivered in various small and large load carriers.

  In order to continuously increase the percentage of recyclable containers used, a further 15 reusable packaging projects have been earmarked for the 2024 financial year. These include planning the containers to be used for new products and expanding the use of standardized container solutions by existing series suppliers.

- **Reducing packaging, promoting the circular economy:** Packaging management pursues the principle of “as simple as possible”. The chosen packaging should reduce the amount of waste produced as much as possible, using as few consumables as possible, but at the same time still fulfill its protective function. The use of reusable packaging is a key pillar when it comes to preventing waste because the containers are designed to have a service life of up to ten years, depending on the duration of the project. However, reusable packaging can usually be used for even longer because, once a project comes to an end, a new purpose can usually be found for small and large load carriers.
  To make a contribution to the circular economy, the company is examining possible cooperations with service providers that process reusable packaging made of plastic that is no longer required and turn it back into plastic pellets. However, these

cooperations only make sense if suitable containers are available for repelletizing. As the group's approach is to use reusable packaging for as long as possible, there are usually barely enough containers that have stopped being used to enable a meaningful cooperation at the present time.

Both the recyclable containers and the reusable packaging contribute to resource efficiency. By using the containers and packaging multiple times, the material and therefore the energy needed to produce the raw materials can be avoided. This means that using reusable packaging and containers helps to reduce greenhouse gas emissions in the area of logistics.

Functional use of materials

The PIERER Mobility Group is a pioneer in the development and prototyping of light, highly efficient and economical solutions for new vehicles and their components and looks at the entire product development process. Furthermore, it conducts research into composite and 3D-printed components made of lots of different plastics and how they are combined to create hybrid components. Lightweight construction combined with the right material solutions forms the basis for the development of more sustainable products. With GEMINUS technology, the group has set a new standard for lightweight vehicle components and made crucial progress in this area in 2023. GEMINUS technology makes targeted use of reinforcing fibers in high-load areas and unreinforced plastics in low-load areas to achieve the perfect balance between weight, cost, and performance. It is used in the current evolutions of the new generation of the seat pan which, compared to the standard version, enables the carbon footprint of the materials used to be reduced by -27 %. In addition, the new technology can also make use of biobased or recycled plastics which, when combined with the material reduction that has been described, can help to further reduce CO_2 emissions by up to -85 % compared to the standard version. To ensure that the component can be recycled at the end of its service life, the reinforcing fibers are embedded in the type of plastic used for the carrier material. This means that the entire component can be recycled in one piece and reused as a starting material for components made of glass fiber reinforced plastic.

Life cycle assessment as a basis for evaluation

Sphera's software-based life cycle assessment is used to obtain knowledge about the environmental sustainability of the PIERER Mobility Group's products. This method makes it possible to carry out both development-supporting analyses as a basis for decision-making and to identify hot spots, as well as comprehensive ISO-compliant life cycle assessments. In order to optimize the added value for the products, a decision is made on which approach should be used depending on the task in hand. In addition, a life cycle assessment can be used to quantify and control improvements to the environmental footprint of products at all stages of the product life cycle. For example, the advancements in the area of GEMINUS technology are evaluated. As a next step, the focus here will increasingly be on the end of each product's life and potential recycling options.

KEY FIGURES AND TARGETS

Analysis of material flows and use of materials

To better analyze the consumption of resources, the evaluation according to product groups has been developed further. A material mix was assigned to each product group, which made it possible to evaluate the materials. The classification was made into eight material groups: steel, aluminum, plastic, rubber, electronics, textiles, cardboard and copper. A more detailed evaluation of the materials used, including the packaging materials, can be found in the annex.

6. WASTE

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

Impacts

Waste is generated both during the production process and in supporting processes. Furthermore, waste is generated at dealers and customers from packaging materials used by PIERER Mobility. 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. This may hamper efforts to promote the circular economy.

Risks & opportunities

High levels of waste and materials that are not disposed of properly can have an impact on people and the environment and cause high costs. Waste is ideally avoided or recycled and reused (example: engine oil, coolants). Particularly in the production processes, emphasis is placed on reusing and disposing of products into separate types.

STRATEGIES FOR IMPROVING THE AMOUNT OF WASTE PRODUCED

The PIERER Mobility Group handles the waste it produces in the legally correct manner. It wants to constantly improve its actions and make them environmentally friendly. This includes the generation and handling (collection, separation, storage) of production waste, packaging waste and other types of waste. The amount of waste is minimized, for example, by adopting recycling solutions and reusing things (recyclable packaging and reusable containers) or further recycling. Waste that cannot be avoided is 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. The company has an established working relationship with a well-known recycling company to ensure that batteries are disposed of in accordance with EU regulations. Since ISO14001:2015 certification, waste management has improved continuously.

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.

Related SDGs:

6.3 Improve water quality, recycling and safe reuse

12.4 Environmentally sound handling of chemicals and waste materials

12.5 Substantially reduce waste generation

TAKING ACTION AND FURTHER EXPLANATIONS

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 is offered. In this interactive course, production employees get an insight into the correct approach to waste disposal and waste management in the company. Around 300 employees received training during the 2023 year under review. The course is an established part of onboarding training for employees in production and for all apprentices. The course is voluntary for white-collar employees. The course content is updated all the time to incorporate feedback from employees and respond to new requirements and improvements.

Packaging for shipping PG&A

- To allow the company to reduce the negative impact on the environment of the packaging used for its PG&A items, the plastic content of the packaging has been significantly reduced. On the one hand, all plastic adhesive tapes have been completely replaced by paper adhesive tapes. This resulted in a saving of around 12,000 kg of plastic. In addition, since September 2023, paper shipping bags have been used instead of plastic bags. This has saved around 1,500 kg of plastic.

- Since the end of 2023, cardboard waste has been used as filler material for shipping products. For this purpose, the company has commissioned a facility in November 2023 that will shred the

cardboard waste and in this way prepare it for further use. The fairly high proportion of paper and the reuse of cardboard waste promote the recyclability of packaging and at the same time reduce the number of resources consumed. This measure means that approx. 80 % of the packaging paper that was bought in can be saved in the area of shipping. This enables a saving of up to approx. 54,000 kg per year of new packaging paper that no longer needs to be produced.

KEY FIGURES AND TARGETS

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). Various measures are implemented to take the steps necessary to avoid or reduce waste and to recycle secondary raw materials. In the reporting year, at KTM AG, KTM Components GmbH, KTM F&E GmbH and KTM Racing GmbH, around 868.9 tons (previous year: around 774.7 tons) of metal waste (separated into various scrap fractions, excl. aluminum waste); around 352.5 tons (previous year: around 296.9) of aluminum waste; around 4,456.1 tons (previous year: 4,376.8) of recyclable waste were returned to the recycling chain. Furthermore, around 369.8 tons (previous year: 318.7) of hazardous waste and around 409.9 tons (previous year: 422.3) of other waste that could not be recycled were produced. The increase in metal waste is the result of the increased number of current prototype parts/vehicles and the disposal of parts from completed projects as well as the scrapping of older prototype vehicles in the R&D area and the scrapping of stock at KTM Components. The increase in aluminium waste disposed of is mainly related to the production of new and more parts in mechanical production for the engine plant.

Depending on the production volume, the waste produced (both steel and aluminum) is recycled at a rate of up to 90 - 95 %. In the 2023 reporting year, the amount of waste per vehicle produced was around 24.8 kg (previous year: around 24.6 kg). The quantity of packaging materials disposed of per vehicle produced was around 16.2 kg (previous year: around 16.5 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. This list focuses on the main operating companies of the PIERER Mobility Group. The detailed table can be found in the notes.

IV. SOCIAL SUSTAINABILITY ASPECTS – OWN EMPLOYEES

7. WORKING CONDITIONS

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

Impacts

The PIERER Mobility Group is one of the biggest employers in Upper Austria and therefore has a responsibility to many employees and their families. The group is committed to ensuring good working conditions and guaranteeing workers' rights for all employees. If employees are satisfied, this has a positive effect on their performance at work and the group's standing in the local region. This in turn can have a positive impact on the skilled labor market. On the other hand, a possible deterioration in working conditions can cause dissatisfaction among the workforce. Even standing still without making further improvements to working conditions should be considered a negative. The group takes numerous measures to counteract this.

Risks & opportunities

Demographic change is creating increasing shortages in the labor market, making it more difficult to find skilled employees. Promoting good working conditions increases the performance capability and level of satisfaction of employees, making the company more attractive as an employer. This can counteract the risk of losing good personnel.

STRATEGIES FOR IMPROVING WORKING CONDITIONS

The employees are a key success factor for PIERER Mobility. As one of the largest employers in the central region of Upper Austria, the group has a special responsibility to look after its employees. The focus is on creating fair and employee-friendly working conditions for the workforce and supporting decent work. Strategic personnel development is intended to promote the development of personnel at PIERER Mobility and attract new talent. Compliance with legally regulated employee rights must be ensured in all aspects of the company's work. PIERER Mobility is committed to complying with all the applicable national and international laws, regulations and guidelines. These are supplemented by the Code of Conduct and the group's policies and declarations that are mentioned therein, all of which can be accessed on the PIERER Mobility website. These are 1) the Diversity and Anti-Discrimination Policy, 2) the Declaration on Modern Slavery and Human Trafficking, 3) the Occupational Safety and Employee Health Policy, 4) the Explanations on the implementation of the provisions of the core labor standards of the International Labour Organization (ILO) in Austria and within the PIERER Mobility Group[17]. In the PIERER Mobility Group, the works council of KTM AG, the works council of KTM F&E GmbH and the works council of KTM Components GmbH represent the workforce at the sites in Mattighofen, Munderfing, Schalchen, Anif, Graz and Wels as well as at the offices in Linz and Vienna.

The head of the Human Resources division is responsible for drawing up the measures and achieving the targets in this ESG area of action.

Related SDGs:

8.5 Full employment and decent work with equal pay
8.8 Protect labor rights and promote safe working environments

TAKING ACTION AND FURTHER EXPLANATIONS

Job architecture

Together with an external partner, the PIERER Mobility Group is developing a standardized "job architecture" which will be based on an international standard and adapted to suit the group's specific requirements. The aim is to use established assessment criteria to enable positions to be compared objectively. The job architecture is designed to improve career management and recruitment and help boost internal and external equity. In the 2023 financial year, after the processing of data and validation of the individual positions, the results were analyzed, discussed and allocated in two interview phases (Phase I "Nature of Work", Phase II "Hierarchy of Work") with the divisional managers. Following the final matching and benchmarking by the external partner, the "job architecture" concept for PIERER Mobility is now completed and is scheduled to be implemented in 2024.

17 See the current versions at: https://www.pierermobility.com/en/sustainability/publications

Certificate of employment goes digital

Since mid-2023, it has been possible to create certificates of employment and interim certificates of employment digitally. Employees can request their certificate via the SAP portal. After this request has been reviewed and approved by the direct manager, the digital certificate of employment is finalized and issued by the HR department. Replacing manual forms makes certificates easier to track and faster to process.

Ordering snacks via app

Since October 2023, KTM Components GmbH has been offering its production workers a new service with Mocca.order. The application, which is integrated into the Pitboard app, has simplified the process of ordering snacks.

New remuneration model

PIERER Mobility AG has introduced a new remuneration model with the flat rate paid for overtime: A flat rate creates transparency in respect of the remuneration paid for overtime and it will not be reduced at the end of the year. This ensures that employees are compensated fairly and appropriately for any additional work they do and that this performance is recognized accordingly. The new model was tested in the fall of 2023 as a pilot project at KTM F&E GmbH and is set to be rolled out in other divisions of the company as well in 2024.

Career talks, performance talks

To boost the level of employee retention, the career talks will continue in 2024. This is where the HR team will be offering individual consultations, which can be initiated by the employees, in the spring and fall. The content focuses on development prospects, opportunities for a change of career and individual personnel development measures. In addition, an employee's personal potential and interests are taken into account and goals for the medium to long term are jointly defined. The employee appraisal (KTM performance talk) is one of the most important parts of performance management and leadership that is mandatory for all employees – with the exception of temporary staff working in logistics or production and at the company's international sites. As a first step, the global introduction of the process began in Germany in 2023. At the time this report was prepared, no further information was available for the rest of the international sites. A concept is being drawn up for temporary workers; this is set to be introduced in 2026.

Cost-of-living bonus

The company awarded its employees[18] a voluntary cost-of-living bonus to provide financial support for the 2023 financial year in response to the increase in energy costs, higher food prices and other costs of living. The bonus amount is EUR 1,000 for all staff (blue-collar employees, white-collar employees, apprentices) and is paid proportionately to part-time employees according to how many hours they are scheduled to work each week and to new recruits based on the date they joined the company. Temporary staff may receive a bonus that is paid via their employer. 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.

Bike initiatives

- **Bike leasing:** The PIERER Mobility Group attaches great importance to employee satisfaction and enhances this by offering attractive bike-leasing options, including away from work. The group leases the bike that the employee wants and allows the employee to have the bike for 100 % of private use. The resulting lease payments are deducted from the employee's gross wage as deferred compensation. In addition, PIERER Mobility makes some of the lease payment.

- **Summer bike initiative:** In summer 2023, the employees received a free bike in recognition of their great commitment and loyalty. In total, around 5,600 summer bikes were distributed within the PIERER Mobility Group.

Commuting

By adopting measures to make it easier to get to work and reduce commuter traffic, the PIERER Mobility Group is making its sites more attractive and at the same time helping to reduce CO_2 emissions.

- **Plant bus:** As a proactive measure to support the temporary workers, an additional plant bus started running between the production plants and Braunau in 2023. In 2023, an average of 116 people used the plant buses each day. This measure will continue in 2024 to further strengthen employee affiliation with temporary workers while also reducing the carbon footprint. Use of the plant buses enabled around 170 t of CO_2-e to be saved in 2023[19].

18 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.

19 Utilizing emission factors to calculate greenhouse gas reductions. Emission factors can be found at: https://www.umweltbundesamt.at/fileadmin/site/themen/mobilitaet/daten/ekz_fzkm_verkehrsmittel.pdf (last updated in July 2023)

- **Shuttle bus pilot project:** In order to make it easier for employees at the Munderfing site to get to work, a shuttle bus will run from Munderfing train station to the PIERER Mobility Group's sites in Munderfing in an initial pilot phase. This will make it easier for employees to use public transport to get to work.

- **Support for lift sharing:** The "twogo" app is an innovative mobility solution that was launched in summer 2023 as part of a comprehensive mobility concept. The app enables employees to share lifts quickly and easily by comparing proposed routes with other users and suggesting an optimum match.

KEY FIGURES AND TARGETS

As of December 31, 2023, the PIERER Mobility Group had 6,184 employees worldwide (previous year: 6,088). Of these, 5,020 were in Austria (around 81.0 %). 21.1 % of the total workforce worked in R&D. In 2023, the proportion of female employees was around 25.8 %. With its Mattighofen, Munderfing, Thalheim and Schalchen sites, KTM AG is one of the largest employers in the Upper Austria region. In the 2023 reporting year, 4,526 people were employed here. As of December 31, 2023, a total of 61 people with disabilities (measured by a degree of disability reported of over 50 %) were employed at the PIERER Mobility Group's sites in Austria. Around 98.4 % of the employees in the PIERER Mobility Group are subject to collective bargaining agreements.

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. 2,227 employees of PIERER Mobility AG live directly in Mattighofen and in neighboring communities within a radius of 10 km as the crow flies[20].

In 2023, the staff turnover rate at the Austrian companies in the PIERER Mobility Group was around 8.7 % (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). 2023 was the first year in which it was possible to evaluate the turnover rate globally, and it was around 10.9 % within the PIERER Mobility Group as a whole. The same calculation logic as the one applied in Austria was used. An extended list of the most important employee indicators can be found in the appendix.

Safeguarding long-term competitiveness

As a result of the adverse economic conditions, which were even more challenging during the year under review, changes are being made to the way that the group organizes its personnel and production. In the first six months of the 2024 financial year, a process for restructuring and making savings on wage costs will be developed. Among other things, this is set to result in the loss of up to 300 jobs in Mattighofen and Munderfing. This will particularly affect temporary workers and employees who will be leaving the company through natural staff turnover.

20 Including employees of KTM AG and PIERER Innovation GmbH.

8. OCCUPATIONAL SAFETY AND HEALTH PROTECTION

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

Impacts

As a major employer, the PIERER Mobility Group is responsible for the safety and protecting the health of many employees. It is essential to ensure good and safe working conditions. This is why workplaces and processes are regularly checked to make sure they are safe and measures to improve them are implemented if necessary. Risks to both the physical and mental health and safety of employees are recorded, reviewed and evaluated, and measures to counter these risks are identified and implemented. Despite making all these efforts, there are a small number of work-related injuries, illnesses and fatalities. PIERER Mobility always investigates and works through them with the utmost care to make sure it can continue to provide safe workplaces. The guarantee of safe working conditions is laid down in the group's Code of Conduct and this is then passed on to all contractual business partners.

Risks & opportunities

Safety and health protection are the top priority at the PIERER Mobility Group. Workplace accidents and work-related illnesses must be avoided at all costs to protect employees. Furthermore, accidents at work can affect the production process, reduce productivity and damage the company's reputation in the long term. Healthy employees, on the other hand, are more productive. The attractiveness of an employer can be enhanced by taking measures to protect physical and mental health.

STRATEGIES FOR PROMOTING OCCUPATIONAL SAFETY AND HEALTH PROTECTION

The PIERER Mobility Group's absolute priority is the health and safety of its employee. 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[21]. The group has established a number of safety training sessions and courses within its processes to ensure a high level of safety at all times. Examples of these are rider training for test riders or safety briefings for production employees.

The Health & Safety Team is responsible for the targeted development of the occupational safety and health of 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.

Related SDGs:

8.8 Protect labor rights and promote safe working environments

TAKING ACTION AND FURTHER EXPLANATIONS

The PIERER Mobility Group has set itself the goal of achieving a high level of performance when it comes to occupational safety at all its sites and in all areas of the business. A roadmap was drawn up in the 2023 financial year for optimizing processes. The focus of implementing this was on strategic safety training, making the safety team more professional, and digitizing safety data.

- **Training in relation to occupational safety:** Several safety training courses were updated and conducted in 2023. The most relevant of these were:
  - emergency training,
  - battery day in the workshop,
  - training of production workers at the Austrian sites on the safe use of diisocyanates,
  - safety training for visitors and contractors,
  - health and safety regulations for teachers with apprentices.

- **Making the occupational safety team** more professional by creating a new department for safety management as part of the Health and Safety team.

- **Digitalization:**
  - Creation of safety management procedures and templates that are integrated into the safety software.
  - Mobile risk management platform for business travelers.

- **Other initiatives:**
  - Shuttle from Mattighofen to Munderfing.
  - Organization of a safety event in cooperation with the General Accident Insurance Organization (AUVA) for technical discussions between safety experts in Upper Austria.

21 See the current version at https://www.pierermobility.com/api/assets/11998345

Health and safety software

Following the commissioning of new health and safety software, an initial pilot and test phase for the HS software commenced in the 2023 year under review. The full implementation of the software is a comprehensive, in-depth process that has not yet been finalized.

"Safety & fire protection" briefing

In the year under review, the annual briefings in relation to fire protection and safety were converted into a digital format. The audio content of the two courses is available in ten different languages. This gives attendees the opportunity to complete the course in their native language, thus ensuring that all attendees understand the important course content. The e-learning room in the Production Academy and the newly installed terminals enable all employees to receive training at their workplace. Work to implement this began in 2023 at KTM Components GmbH and in vehicle assembly and logistics, other areas of the business such as the engine plant and PG&A will follow in 2024.

Health promotion & sports

Promoting and developing the physical and mental health of employees is another important goal. The reporting year saw the final design and roll-out of the sports and health initiative in large parts of the group. All sports, health and training activities are bundled together under the name "POWER ON" and the content focuses on the four pillars of sport & exercise, nutrition, mental health and ergonomics. The needs and interests of the employees are regularly assessed and incorporated into planning. This is assured at the following levels: analysis based on relevant KPIs, employee participation using needs assessments (online questionnaire) and six-monthly committee meetings with representatives from the various operating sites (multipliers), the works council, occupational medicine and human resources. Various priorities are pursued.
In addition to the ongoing projects in the area of ergonomics to prevent musculoskeletal disorders, the focus from autumn 2023 to spring 2024 is on mental health. The measures implemented in 2023 included the following:

- Expanding prevention in relation to mental health in the form of presentations and practical workshops (for example, the Mental Power course series, Healthy Sleep presentation).
- Support in dealing with psychologically stressful working conditions from the occupational psychologist and the HR department.
- Further development of the ergonomic training offers and ergonomics consultations in cooperation with the ergonomists from the Occupational Health Service.
- Campaign to raise awareness of men's health and screening.
- In-house blood donation campaign in cooperation with the Austrian Red Cross.
- Creation of a sports community platform via the employee app: making it easier for people to connect with each other and arrange to meet up to do sport (lunchtime, after work). The communities offer new employees an easy way to find opportunities to play sport.
- In addition to preventive services that are already established (vaccinations, etc.), skin screening sessions were offered for the first time: examinations of moles for early detection of skin cancer.

Other measures that were taken included the purchase of additional telephone booths for employees at the Linz and Munderfing sites in order to reduce the level of noise in the offices. The employees also learned how to make themselves less susceptible to stress by improving their diet and mental strength. They also received tips on the right way to deal with stress to prevent burnout as well as a cardiovascular risk profile for early detection of lifestyle diseases. In addition, the team spirit and fitness of the employees is encouraged with regular team-building activities as well as sports competitions (e.g., business runs).

The management of COVID-19 has been continuously adapted to reflect the current situation. All facilities and services within the company (COVID hotline, in-house testing station, etc.) were available to employees without any restriction in the first two quarters of 2023. When official measures were relaxed from July 1, 2023, COVID-19 management was integrated into the occupational health agendas.

KEY FIGURES AND TARGETS

Accidents at work

In 2023, 125 work-related accidents occurred at the PIERER Mobility Group (of which 103 involved employees and 22 involved temporary workers). The total number of accidents leading to at least three days of absence from work was 96 accidents (81 employees and 15 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 main causes of accidents can be attributed to the handling of vehicles and other means of transport, objects falling down and tipping over, and the handling of work equipment and mechanical operating equipment. The main types of injury are bruises, contusions, fractures, cuts and ligament injuries. The increase in the number of accidents compared to the previous year is due to the ongoing measures to raise awareness, which mean that more accidents are being reported. The significant increase in test rides is also contributing to this. The injury rate among employees is 14.4 work-related accidents per million hours worked. In 2023, the Lost Time Injury Frequency Rate (LTIFR) was 11.3 for employees and 19.2 for temporary workers.

The health and safety software will continue to be implemented in 2024, so that the processes can be transferred to regular operation. The intention is to use this management system to digitalize the documentation of activities in the area of occupational health and safety and employee safety in order to ensure systematic improvement and central control.

9. TRAINING AND EDUCATION

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

Impacts

The PIERER Mobility Group's national profile enables it to attract new talent and skilled staff to come to work in the Upper Austria region. Offers of training and apprenticeships for specific positions help to retain skilled workers within the group and the region for the long term. Offers of training and further education enhance the expertise of employees and ensure they have the skills they need to work in a dynamic future. This is how education can help to improve the lives of employees. To do this, the group cooperates with universities and other educational institutions to ensure that the employees receive comprehensive training[22]. The PIERER Mobility Group makes sure that its training and education offers are constantly evolving and consults regularly with employees. This means it can respond to feedback from employees and external changes.

Risks & opportunities

PIERER Mobility relies on strategic personnel development in order to retain employees over the long term and offer them real prospects and opportunities. The company is constantly working to keep employees up to date with their training and prepare them for future challenges in their careers.

STRATEGIES FOR PROMOTING EDUCATION AND TRAINING

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. The group evaluates the number of hours of training and education every six months and identifies appropriate measures. This is supplemented by the annual needs assessment among all managers to offer training and education courses that meet the current requirements of the different departments. Structured personnel management along with the constant pursuit of personnel development programs are designed to prevent the unwanted departure of employees from the company. In particular, the PIERER Mobility Group is increasingly relying on online training to deliver education and training for its employees that is flexible in terms of when and where it is provided. A shortage of skilled workers in the group is also being addressed with a comprehensive apprentice training program. New employees receive targeted training to provide them with specific skills.

22 For more information, please refer to the ESG magazine.

Related SDGs:

4.3 Equal access to affordable technical, vocational and tertiary education

4.4 Increase the number of people with relevant skills to be successful in their career

8.6 Promote youth employment, education and training

TAKING ACTION AND FURTHER EXPLANATIONS

Coaching for managers

In addition to general management training, this initiative also offers individual consultations to the group's managers to support them with specific challenges or development processes. Working with the partner CoachHub, managers receive professional, digital coaching that helps them with their own personal topics, simply and digitally. The holistic business coaching approach focuses on the two most important facets of successful leadership in the digital age: growing personally and inspiring people as a manager.

KTM second-chance apprenticeship qualification

In September 2023, in cooperation with the State of Upper Austria, the Upper Austrian Chamber of Labor and the Upper Austrian Chamber of Commerce, the KTM second-chance apprenticeship qualification was launched. Working in cooperation with the "You can do something!" project, employees with relevant professional experience have the opportunity to attend supplementary preparation courses tailored to their individual needs and thus obtain an additional apprenticeship qualification alongside their work in the company. The training is offered in three professions (business logistics, metal workers and automotive technicians with a focus on motorcycle engineering). This is targeted mainly at the areas of logistics and production at KTM AG. In 2023, 14 employees were able to qualify and start their training in business logistics and metalworking.

WerkMEISTER

The KTM WerkMEISTER was initiated in order to define the qualification of employees even more precisely. The program offers technical, leadership and methodological expertise and is an essential part of the KTM_academy. By applying what has been learned in projects within the company, knowledge is put into practice directly and both parties benefit equally from this. In addition, there is a focus on engagement between the departments and technical experts. The training is offered in two different areas: logistics management (plant foreman) and mechatronics (plant foreman & foreman). This is targeted primarily at the areas of logistics and production at KTM AG and the employees from KTM F&E GmbH. 17 employees started their training in 2023.

General Management Program (GMP)

The GMP is a program lasting two semesters that confers the title "Academic General Manager". The content of the program focuses on two main areas: Business Management Excellence and General Management for Future Business. It started in September 2023 and is set to end in September 2024 – 29 days of training on site in Munderfing are scheduled, supported by additional learning provided online. After completing an application phase, 16 attendees started the program.

Internationalization of KTM_academy training portal

In November 2023, the KTM_academy training portal was also made available to all employees outside Austria (an additional 1,164 employees). This now gives employees outside Austria access to online courses on internal processes, compliance and safety topics. Furthermore, digital coaching or digital language courses are also on offer. This offer is constantly being expanded so that technical content and knowledge of methods can also be communicated. In the future, the plan is that sites located within Europe will also be able to make use of the offer of face-to-face training in Austria.

Interview training for managers

The 2023 financial year saw the introduction of digital interview training for managers, which helps them to prepare for interviews (digitally and in person). Since it was implemented in May 2023, 50 managers have completed the training.

KEY FIGURES AND TARGETS

In 2023, 152 different courses were offered online. They are available to employees in Austria and at international sites. They are supplemented by 357 face-to-face training sessions at the Austrian sites.

The number of hours of education and training for employees in Austria was around 137,000 hours (previous year: around 120,000). The average number of hours per employee was 23 hours (previous year: around 22 hours). The costs of education and training were approx. € 3,884,000 globally in the reporting year. See also the table on "Training and Education" in the notes.

As of the reporting date of December 31, 2023, the company employed approx. 220 apprentices, the overwhelming majority of them in the apprentice workshop at the company's headquarters in Mattighofen (previous year: approx. 200). There was training for 25 different apprenticeships. The aim is to increase the number of apprentices to approx. 230 in 2024.

In the past financial year, there were 68 female and 154 male apprentices, 64 % of whom were in the technical field and 36% in the commercial field. The most sought-after area is automotive engineering, in which 37 % of technical apprentices are currently being trained, followed by metal technology (32 %). 5.4 % of apprentices are currently in the Dual Academy.

In 2023, 48 employees who had completed training were integrated into various specialized areas in KTM AG. Of these, 75 % passed their final exams with a grade of excellent or very good.

10. DIVERSITY AND EQUAL OPPORTUNITIES

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

Impacts

The PIERER Mobility Group recognizes and respects the rights of all people. This also applies to representatives of disadvantaged groups. PIERER MOBILITY respects equal treatment and equal opportunities in relation to work and employment conditions and does not tolerate any discrimination based on characteristics such as gender, ethnic origin, religion, worldview, disability, age, sexual orientation, or any other aspects covered by local legislation. The diversity and uniqueness of our employees are the engine that drives the performance and innovative strength of the PIERER Mobility Group. Nevertheless, it may potentially be more difficult for disadvantaged people to access the labor market and to secure opportunities for promotion. This is often associated with poorer remuneration for representatives of these groups. The negative impacts on the people affected are diverse and range from psychological stress to financial problems. By targeting disadvantaged groups, inequalities can be reduced and equal opportunities promoted. Special programs encourage the integration and development of people from disadvantaged groups.

Risks and opportunities

Risks for the company in this area can be summarized as a loss of reputation. At the same time, the group regards diverse teams as an opportunity for innovation and solution-finding processes.

STRATEGIES FOR PROMOTING DIVERSITY AND EQUAL OPPORTUNITIES

For the PIERER Mobility Group, it is very important that all employees are treated with fairness and respect. The aim is to promote social justice while combating and preventing discrimination and inequality. 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. All employees of the Group as well as all business

partners, suppliers, customers and consultants are bound by this policy via the Code of Conduct. The policy is available on the company website[23].

Related SDGs:

8.5 Full employment and decent work with equal pay

TAKING ACTION AND FURTHER EXPLANATIONS

Integration of international employees

- **Making careers website international:** In order to be able to attract more international employees to the PIERER Mobility Group and to support the sales offices in the recruitment process, a pilot project was launched with the French sales office during the 2023 financial year. Vacancies at the French office are now released on the group's careers website. So far, two positions have been published and then successfully filled. Publication on the website generated a total of 39 additional applications.

- **Let's talk German – the get-together for international workers:** These events are all about learning the German language in an entertaining and interactive way and making new acquaintances at the same time. This course is offered for "Beginners" and "Intermediates". This initiative has the following aims:
  - **Interactive language practice:** Actively practice by speaking
  - **Professional guidance** from experienced trainers
  - **Sense of community:** Establish contacts and expand your network within the company
  - **Exciting topics:** Interesting discussions about a range of different topics

  The first six get-togethers (3 for beginners and 3 for intermediates) with 59 attendees took place in 2023.

- **Production Academy – speech avatar**
  When it comes to training new and existing production employees, special emphasis is placed on ensuring that the content taught is easy for the participants to understand and comprehend. Representatives from many different countries and with different languages are currently attending the Production Academy training courses. Artificial intelligence (AI) enables the content to be delivered in many different languages to provide the best possible training for employees.

Training young people who come from a difficult background – partial qualification in metal working

The "Standardized Metal Training" project offers young people who have come from a difficult background the chance to gain a partial qualification. The program culminates with a final examination and can be counted toward the apprenticeship. To date, 20 applicants have completed a technical skills test. Following a successful application phase, the selected young people started their training in the area of metalworking. In 2024, training and partial qualification in the area of metalworking is set to be available again.

Work/life balance

KTM has been running two daycare centers in Mattighofen and Munderfing for a number of years now. Due to strong demand, another, third group was set up in the municipality of Mattighofen in September 2023. The daycare centers provided by KTM make it easier for working parents to return to work and maintain a proper work/life balance.

Promoting women

To inspire more young women to look at computer science and reduce the gender gap in this area, Avocodo organized a hackathon for "FemaleCoders"[24] in October 2023. 40 interested girls aged 15 or above worked in small groups on eleven web development projects in tracks such as IOT, AI and WEB. The young programmers were able to acquire new skills, try out new technologies and network with other coding enthusiasts. Similar cooperations are also planned for 2024.

KEY FIGURES AND TARGETS

The number of women in the group has risen by approx. 12.3 % since 2018. In 2023, the percentage of women was 25.8 %. In the reporting year, employees from 69 nationalities were employed in the group. The average age globally was 37.1 years.

23 See the current version at https://www.pierermobility.com/api/assets/11923106
24 https://female-coders.at/

V. SOCIAL SUSTAINABILITY ASPECTS – CONSUMERS AND END USERS

11. PRODUCT SAFETY

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

Impacts

New developments in the market, legal requirements and scientific findings mean that PTWs need to evolve constantly. This is why the PIERER Mobility Group works continuously to improve the safety characteristics of its PTWs and develops new processes and technologies that contribute to the safety and health of users. Nevertheless, there is the potential for negative effects on the safety and health of customers and other road users.

Risks & opportunities

Ensuring the safety and protection of users as well as high quality standards are the top priority for the PIERER Mobility Group. Product liability cases from a lack of safety can lead to lawsuits, fines and a loss of reputation.

STRATEGIES FOR ENSURING PRODUCT SAFETY

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 high level of quality enables products to be used reliably and safely. This is ensured by a quality management system that is certified in accordance with ISO 9001:2015 at the PIERER Mobility Group's relevant sites (such as Production, Logistics and Research and Development).

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 specialist motorcycle workshops to meet the high demands placed on the quality of its products. These meet defined quality standards regarding infrastructure, equipment with special tools and training.

The general managers/divisional heads in KTM F&E GmbH and in customer service and from the area of digitalization are responsible for drawing up the measures and achieving the targets in this ESG area of action.

Related SDGs:

3.6 Reduce the number of injuries and fatalities from road traffic accidents

TAKING ACTION AND FURTHER EXPLANATIONS

The research and development department of PIERER Mobility 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. In the year under review, the following progress was made with implementing the prototype version of the wireless technology:

Preventing accidents through wireless communication

As part of its CMC (Connected Motorcycle Consortium) membership, KTM F&E GmbH continued its work in 2023 along with other motorcycle and passenger car manufacturers on analyzing accident scenarios and how to avoid them through wireless communication. Appropriate use cases were created and the consortium’s results to date were presented to various stakeholders and representatives of the European Commission and the media in a demonstration event[25] held in October 2023. KTM F&E GmbH presented a production motorcycle with C-ITS hardware and software integrated as a prototype as well as a production car, and demonstrated the communication with production cars and the processing of the motorcycle-related data that is already technologically possible today in the passenger car’s C-ITS system installed as standard.

Warnings

The project in relation to acoustically optimized audible warnings for all age groups is currently in the final phase. Implementation in series production is planned. The R&D team worked on acoustic warnings that will enable the rider to detect a critical situation in good time and also react to it promptly. These new findings were developed in collaboration with the University of Dresden. In addition, work has also been done to explore possible ways of giving haptic feedback to the rider.

25 For more information, please go to https://www.cmc-info.net/news/demo-event-shows-the-cooperation-between-motorcycle-and-car-makers

Despite the vibrations that are produced by the motorcycle, the project pursued various approaches that are perceived more readily than visual cues.

Emergency call

The R&D team also looked at various options for making an automatic or manual emergency call from a motorcycle. The advantages and disadvantages of technically feasible displays were analyzed and a solution for a specific production model was finally developed. The experience gained from the European e-call project for cars as well as from the "I-HeERO" and "sAFE" research projects that are supported by the European Commission was taken into account. All preliminary investigations into the automatic e-call were completed in 2023; the new system is ready for use with the potential introduction of an EU standard, which is still pending.

Other developments focusing on motorcycle and rider safety:

- Optimizing the readability of information on the dashboard by creating standardized specifications for font sizes for all new vehicles (from MY25).
- Developing a simplified version for detecting an accident situation. This is actually all about attracting the attention of other road users.
- Analysis of the legal requirements from R156 and ISO 24089 in order to be able to take these into account correctly during the software update for the management system (SUMS).

Training on routing wiring harnesses

One of the objectives of the Production Academy's courses is to keep the defect rate as low as possible during development/production. For example, one important issue is the routing of wiring harnesses in vehicles, as defects can have an enormous impact on the end customer. To ensure that employees in vehicle assembly and in the development phase of new motorcycles have the knowledge they need, a training course was devised by the Production Academy in collaboration with various departments (R&D, quality management, work preparation, vehicle assembly and customer service). The course teaches the basic principles, tasks and function, provides guidance for routing, and highlights fault patterns and possible solutions. It also explains what problem areas may look like, how important it is to report any discrepancies or problems, and how to do this. The online course, which was introduced in 2023, is set to be completed by around 260 people each year.

Stepping up the advanced quality planning

In the year under review, advanced quality planning was championed as part of an APQP (Advanced Product Quality Planning) procedure. This is a procedure for structured planning of the quality of products and ensuring quality during the stage of actually designing and defining the product.

KEY FIGURES AND TARGETS

The health and safety of customers/users always have top priority across all product areas of PIERER Mobility AG. The group attaches great importance to ensuring that its customers are satisfied with the products from all its brands. As products improve continuously, the number of warranty claims worldwide is declining as vehicle sales increase. The strict requirements along the PIERER Mobility Group's value chain bear testament to this and demonstrate the high quality of the products from all brands as well as the market monitoring measures. This is also reflected in the number of recalls: During the financial year 2023 there was no recall of motorcycle models and one recall in the (e)bike segment. This recall related to a technical component installed in the Husqvarna, GASGAS and R Raymon brands. Various motorcycle models from model year 2022 were affected. The affected component (brake system) was immediately and completely removed from the range and replaced with another component from another manufacturer.

Further information on recalls can be found on the product websites[26]. As an additional safety feature, every KTM, Husqvarna and GASGAS motorcycle owner can find out under Service and Safety Check[27] whether there is a recall on their vehicle (vehicle identification number and delivery certificate required).

26 Motorcycles: https://www.ktm.com/en-int/service/Safety.html and https://www.husqvarna-motorcycles.com/en-do/service/safety-information.html and https://www.gasgas.com/de-de/service/safety-information.html ; E-Bicycles: https://www.gasgas.com/de-at/service/safety-information.html and https://www.r-raymon-bikes.com/de-at/service/safety-information.html and https://www.husqvarna-bicycles.com/de-at/support/safety-information.html

27 See as an example https://www.gasgas.com/de-de/service/service-and-safety-check.html

12. DATA PROTECTION AND CYBER SECURITY

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

Impacts

In an increasingly digitalized world, data protection and cyber security are becoming ever more important. Cyber attacks on businesses are becoming more common and the consequences of such attacks more severe. PIERER Mobility's products are increasingly connected and more data – in relation to users and their behavior – is being collected and evaluated. The connectivity between products increases the potential vulnerabilities to cyber attacks. This is why the group is focused on protecting data, protecting itself from cyber attacks and is working to upgrade its data protection systems both during its business activities and in the product use phase. Nevertheless, data and information can still be lost or accessed by unauthorized persons. Both customer and supplier data as well as data relating to PIERER Mobility employees or company secrets all need protecting.

Risks & opportunities

Data privacy breaches can lead to lawsuits, fines and claims for damages. These may damage the reputation of the PIERER Mobility Group. Incidents of cyber crime can affect operations and production.

STRATEGIES FOR SAFEGUARDING DATA PROTECTION AND CYBER SECURITY

Data protection is crucially important to the PIERER Mobility Group, in particular making sure that all business processes comply with the applicable data protection laws. Special attention is also paid to the area of cyber security. PIERER Mobility counters IT and cyber risks with ongoing development of security measures, and by utilizing state-of-the-art technologies and a multi-level security concept. External and internal vulnerability analyses and security audits are carried out on a regular basis. The PIERER Mobility Group has implemented both a data protection compliance concept and an IT security and risk management system in order to identify and manage information security risks, to review current data protection legislation at a national and international level, and ensure implementation within the company. Particular attention is paid to data in the area of research and development, vehicle and customer data, and personal employee data.

TAKING ACTION AND FURTHER EXPLANATIONS

In the 2023 financial year, the focus was once again on providing general IT security and data protection awareness training for employees. This is carried out to prevent incidents and takes place in all subsidiaries worldwide. Furthermore, the IT security e-learning course must be completed by all employees once a year. In addition to this, all employees of KTM AG and its subsidiaries must take part in a face-to-face training session. In the area of data protection, there is regular face-to-face training for companies and specialists who frequently encounter personal data and are driving digital change. The new data protection intranet site provides a 24/7 self-service platform for all employees and contains articles and basic information in relation to data protection, guidelines, toolkits, processes and workflows, and sample contracts as well as articles on specific topics relevant to data protection law such as processing consumer data and transferring data.

Cyber Security Management System (CSMS)

According to current European law, the security of the IT systems in vehicles needs to be increased and more stringent cyber-security protection needs to be guaranteed. At present, the regulation only applies to four-wheeled vehicles and requires proof of cyber security for the entire product life cycle for type approval to be obtained. The RED DA (Radio Equipment Directive of the European Union) will also make the corresponding components mandatory in powered two-wheelers (motorcycles, e-bicycles) from 2025. Additional regulations in relation to cyber security – the Cyber Resilience Act (CRA), ECE R155 – will need to be implemented for powered two-wheelers from 2027. PIERER Mobility 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 to guarantee the cyber security of its products. The CSMS will be rolled out by 2025. The reaudit for TISAX certification (security level 2), whose process is based on the standards ISO 27001/27002, will be carried out in 2024.

KEY FIGURES AND TARGETS

A total of 627 of the PIERER Mobility Group's employees in Europe received online training in data protection, including 26 managers. Around 970 of the PIERER Mobility Group's employees in Austria received face-to-face training in IT security, including managers. The plan for 2024 is to completely overhaul or redesign the IT security training program. As a general rule, at least two training sessions should be held each month, with approx. 30–50 participants attending each session.

VI. GOVERNANCE ASPECTS

13. MANAGEMENT OF SUPPLIER RELATIONSHIPS

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

Impacts

The PIERER Mobility Group has contractual relationships with a large number of small and large suppliers. Some of them are dependent on reliable sales figures and prompt payments from the group. A delay in payment could have a negative impact on the commercial success of the suppliers.

Risks & opportunities

The PIERER Mobility Group relies on materials and components being delivered on time. Delays in the supply chain can affect the production process. In addition, shortages of materials and raw materials can lead to increased costs and production bottlenecks.

STRATEGIES FOR MANAGING SUPPLIER RELATIONSHIPS

The PIERER Mobility Group maintains close relationships and cooperations with a large number of suppliers. Both parties to the contract need to be able to rely on the fact that contractual provisions will be met. For PIERER Mobility, the quality of its products really matters. This is why it has integrated comprehensive supplier management into its procurement processes. This management focuses on procedures for selecting suppliers, supplier audits and the identification of sustainability parameters in the supply chain, as well as compliance with all contractual provisions, such as complying with contractually agreed payment obligations.

TAKING ACTION AND FURTHER EXPLANATIONS

Stepping up CSR risk monitoring in the supply chain

To be better prepared to manage risks that arise in the supply chain, CSR risk management in the PIERER Mobility Group's supply chain will be expanded further. To do this, suppliers will be evaluated in a two-stage risk assessment process. First of all, an abstract risk assessment of the supplier is carried out. Depending on the level of risk, they are detailed in a second step and measures are identified together with the supplier.

In an initial pilot phase of the risk assessment, a CSR quick check for suppliers in the textile industry was also implemented in the 2023 financial year. As part of this quick check, the supplier consultant assesses the supplier using a preprepared checklist to examine CSR topics. In 2024, the plan is to extend the project to other areas and sectors, and to digitalize the processes.

SupplierAssurance – supplier assessment

The use of the ESG SupplierAssurance platform was stepped up and expanded in the 2023 reporting year. The collection of the results has been integrated into the standard processes for supplier assessment and the commodity group strategy. In addition, the supplier portal makes reference directly to the ESG questionnaire and asks about responsibility, so that the data from new suppliers can be recorded more efficiently. The aim of increasing the percentage of series suppliers reviewed using SAQ to 80 % was achieved in the year under review.

Revision of the content in standard contracts

The PIERER Mobility Group also makes sure it complies with standards in its supply chain. This is why the content of its contracts was revised and expanded in 2023. By default, the Code of Conduct[28] and all the guidelines referred to therein, such as the declaration on modern slavery and human trafficking[29], are now an integral part of the content of each contract, and are therefore regarded as fundamentally non-negotiable minimum standards.

Digitalizing training courses for international employees

In the 2023 financial year, training courses for employees in purchasing were digitalized so that they can also be made available to employees at the company's international sites. This ensures a uniform process and high standard when dealing with suppliers. More information about the digitalization of the training courses can be found in the "Internationalization of KTM_academy training portal" section in the Training and education chapter.

28 See the current version at https://www.pierermobility.com/api/assets/11998345
29 See the current version at https://www.pierermobility.com/api/assets/11923108

KEY FIGURES AND TARGETS

The aim of reviewing 80 % of series suppliers via the SupplierAssurance platform was achieved in 2023 with a score of 82 %. In the 2023 financial year, 93 new suppliers were informed about the process and the self-assessment. In 2023, a total of 163 series suppliers completed the questionnaire and therefore received a new review, which means that 466 of the series suppliers (tier 1) have now been evaluated using SAQ. In addition to the SupplierAssurance assessment, 153 supplier audits were carried out in the year under review, including 73 process audits, 41 workshop audits, 31 qualification audits and eight re-qualification audits. 21 of the audits were pure run-at-rate audits.

Husqvarna TE 250 MY24 ©Rudi Schedl

14. MANAGEMENT OF PREVENTION AND INVESTIGATION OF CORRUPTION AND BRIBERY

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

Impacts

Corruption and bribery have a very negative impact on the way that a social market economy works and on the efficiency and success of businesses. They hinder natural developments in the market and are particularly common in the upstream value chain, for example when a supplier relationship is being agreed. The PIERER Mobility Group does not tolerate any form of corruption or bribery. As an international company, the group has a particular responsibility to act as a role model for other organizations in the region. It and its business partners comply fully with the relevant national and international anti-corruption and anti-bribery regulations, as set out in the Code of Conduct.

Risks & opportunities

Violation of the legal requirements in relation to corruption and bribery can cause reputational damage and have consequences under criminal law.

STRATEGIES FOR COMBATING CORRUPTION AND BRIBERY

The PIERER Mobility Group endeavors to ensure high professional and ethical standards in everything it does and all the actions it takes as a business. Adherence to the rule of law, honesty, ethical conduct, reliability, respect and trust form the foundation and the universal basis of good collaboration and of stable business relationships. Strict compliance with the applicable laws, rules, regulations and standards of business ethics, in particular with regard to anti-corruption, antitrust and competition law, money laundering and tax transparency, forms the basis for all the group's activities. The Code of Conduct defines and promotes responsible conduct. In particular, it systematically reduces potential risks of corruption. The PIERER Mobility Group sets guidelines and measures for implementing the principles that are formulated in the Code of Conduct and have an influence on its own business activities and take account of the supply chain. The legal department of KTM AG generally acts as the responsible point of contact for compliance issues, particularly also for the area of anti-corruption, fair competition and protection of whistleblowers. The Executive Board is informed on an ongoing and annual basis about significant developments and suspected cases. In addition, the Executive Board and Supervisory Board are notified of any changes to the Code of Conduct.

Related SDGs:

16.5 Reduce corruption and bribery

TAKING ACTION AND FURTHER EXPLANATIONS

Updating the Code of Conduct

The Code of Conduct, which was completely revised in the 2023 financial year, defines the culture and values on which the PIERER Mobility Group bases its business activities and sets comprehensive and clear rules for all employees, managers, board members and business partners. The Code of Conduct is available to read in German and English on the intranet and on the company website at any time. Raising employee awareness plays a central role. New employees receive the Code of Conduct as part of the onboarding process.

Increasing the level of training on compliance issues

In order to raise awareness and increase understanding of compliance issues within the group and to reinforce the mandatory principles for conduct in compliance with the rules, every employee has had to complete the "Compliance and Code of Conduct" e-learning training course, which is linked to the Code of Conduct, every year since 2023 (instead of every two years, as was previously the case). This e-learning course has also been completely revised and reinforces the content of the Code of Conduct. Knowledge is also communicated via the Compliance intranet site, which provides employees with access to essential information, definitions of terms, instructions for action, best practices, guidelines and policies. Selected departments are also given specific training in interactive workshops.

Global roll-out of the whistleblower system

The PIERER Mobility Group's anonymous whistleblower system, which was rolled out globally in the year under review, offers all employees a platform for reporting a breach or suspected breach of the Code of Conduct. All incoming reports are treated in the strictest confidence in accordance with a defined process, preserving the anonymity of the whistleblower.

KEY FIGURES AND TARGETS

As part of efforts to promote a transparent and ethical corporate culture, the training measures for employees have been expanded further, thereby raising awareness in particular of the need to fight and prevent corruption and ensure fair competition. In the 2023 financial year, a total of 3,059 employees received training online, including 412 managers. All members of the Executive Board and Supervisory Board also received training. In total, around 52.5 % of the workforce has completed the Compliance e-learning course (an overview in tabular form can be found in the notes).

As part of ongoing efforts to maintain the highest standards of ethics and legal compliance, the company's business activities are constantly reviewed. Within the PIERER Mobility Group, there were no relevant breaches of compliance guidelines in the 2023 financial year.

An overview in tabular form can be found in the notes. All employees fulfilled their obligations in relation to ethical business practices, legal requirements and internal policies. This positive result vindicates the consistent training of employees and transparent communication of compliance guidelines. The group's efforts to promote a culture of integrity and transparency will very much continue in the future.

Wels, March 2024

The Executive Board

Stefan Pierer (CEO)

Hubert Trunkenpolz

Viktor Sigl, MBA (CFO)

Florian Kecht

Alex Pierer

Rudolf Wiesbeck

KTM Group House of Brands ©FelixSteinreiberProductions

VII. NOTES

Key figures

KEY ENVIRONMENTAL FIGURES
(CLIMATE CHANGE, USE OF RESOURCES AND CIRCULAR ECONOMY)

EU TAXONOMY: NOTIFICATION FORMS IN ACCORDANCE WITH DELEGATED REGULATION 2023/2486

TEMPLATE FOR THE KPIS OF REVENUE

Financial year 2023		Year		Substantial contribution criteria						DNSH-Criteria ("Does Not Significantly Harm")									
Economic activities (1)	Code (2)	Revenue (3)	Proportion of revenues, year 2023 (4)	Climate change mitigation (5)	Climate change adaption (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) revenue, year 2022 (18)*	Category enabling activity (19)	Category transitional activity (20)
		EURk	%	Y; N; N/EL						Y/N							%	E	T
A. TAXONMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0.00%																
Of which enabling		0																	
Of which transitional		0																	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL															
Management of low carbon technologies for transport	CCM 3.3.	1,715,913	64.48%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								4%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1,715,913	64.48%																
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		1,715,913	64.48%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible Activities		945,297	35.52%																
Total		2,661,210	100%																

* These are the adjusted comparative figures according to the new assessment methodology.

TEMPLATE FOR THE KPIS OF CAPEX

Financial year 2023		Year		Substantial contribution criteria						DNSH-Criteria ("Does Not Significantly Harm")									
Economic activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, year 2023 (4)	Climate change mitigation (5)	Climate change adaption (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) CapEx, year 2022 (18)*	Category enabling activity (19)	Category transitional activity (20)
		EURk	%	Y; N; N/EL						Y/N							%	E	T
A. TAXONMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Installation, maintenance and repair of charging stations for electric vehicles in buildings	CCM 7.4.	26	0.01%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	n/a	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6.	855	0.29%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	n/a	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		881	0.30%																
Of which enabling		881																	
Of which transitional		0																	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL															
Management of low carbon technologies für transport	CCM 3.3.	232,864	77.68%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								5%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5.	10,741	3.58%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								145%		
Freight transport services by road	CCM 6.6.	3,077	1.02%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								16%		
Acquisition and ownership of buildings	CCM 7.7.	35,218	11.75%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								28%		
Provision of IT/OT data-driven solutions	CE 4.1.	104	0.03%	N/EL	EL	N/EL	N/EL	N/EL	N/EL								n/a		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		282,004	94.07%																
A. CapEx of Taxonomy-non-eligible activities (A.1 + A.2)		282,885	94.37%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		16,888	5.63%																
Total		299,773	100%																

* These are the adjusted comparative figures according to the new assessment methodology.

TEMPLATE FOR THE KPIS OF OPEX

Financial year 2023	Year		Substantial contribution criteria						DNSH-Criteria ("Does Not Significantly Harm")									
Economic activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, year 2023 (4)	Climate change mitigation (5)	Climate change adaption (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, year 2022 (18)*	Category enabling activity (19)	Category transitional activity (20)
		EURk	%	Y; N; N/EL						Y/N							%	E	T
A. TAXONMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0.00%																
Of which enabling		0																	
Of which transitional																			
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL															
Management of low carbon technologies für transport	CCM 3.3.	42,368	85.15%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								19%		
Operation of personal mobility devices, cycle logistics	CCM 6.4.	179	0.36%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n/a		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5.	2,774	5.58%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								19%		
Freight transport services by road	CCM 6.6.	272	0.55%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								65%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		45,593	91.63%																
A. OpEx of Taxonomy-non-eligible activities A.1 + A.2)		45,593	91.63%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		4,164	8.37%																
Total		49,757	100%																

* These are the adjusted comparative figures according to the new assessment methodology.

	PROPORTION OF REVENUE/TOTAL REVENUE		PROPORTION OF CAPEX/TOTAL-CAPEX		PROPORTION OF OPEX/TOTAL-OPEX	
in %	Taxonomy-aligned per objective	Taxonomy-eligible per objective	Taxonomy-aligned per objective	Taxonomy-eligible per objective	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.00%	64.48%	0.30%	94.33%	0.00%	91.63%
CCA	-	-	-	-	-	-
WTR	-	-	-	-	-	-
CE	-	-	0.00%	0.03%	-	-
PPC	-	-	-	-	-	-
BIO	-	-	-	-	-	-

EU TAXONOMY: NOTIFICATION FORM IN ACCORDANCE WITH DELEGATED REGULATION 2022/1214

Following the delegated act in relation to nuclear and natural gas, which has expanded the EU Taxonomy Regulation, only the first table from Annex 7 is reported. Based on the current interpretation of the legal situation, the other notification forms do not have to be filled in and published if all the answers on notification form 1 are "No".

TEMPLATE 1 NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES		
Row	Nuclear energy related activities	
1,	The undertaking carries out, funds or has exposures to research, development, demonstration an deployment of innovative electricity generation facilities that produce energy form nuclear processes with minimal waste from the fuel cycle	No
2,	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3,	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Row	Fossil gas related activities	
4,	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5,	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6,	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

GRI 301-1

MATERIALS USED BY WEIGHT	UNIT	2023	2022	2021
Total in tons (t)	**t**	**40,058**	**40,958**	**33,017**
Steel	t	15,740	16,094	12,974
Aluminum	t	12,925	13,215	10,653
Plastic	t	3,415	3,492	2,815
Rubber	t	1,630	1,667	1,344
Electronics	t	1,006	1,029	829
Textile	t	249	255	206
Cardboard	t	4,786	4,894	3,945
Copper	t	305	312	252

The use of materials was first recorded for 2022 on the basis of comprehensive material flow analyses of the inputs and outputs at the production sites and the spare parts center in Mattighofen, Munderfing and Schalchen. The values for 2021 and 2023 were calculated on the basis of the values from 2022 and the respective production volumes (2023: 217,160 and 2021: 178,992). In the 2024 reporting year, the values for the 2023 reporting year are specified in more detail and adjusted retrospectively.

GRI 302-1

ENERGY AND WATER CONSUMPTION	UNIT	2023	2022	2021
Gas consumption[1]	kWh	19,637,421	20,983,051	21,282,489
Electricity consumption[1]	kWh	24,486,967	24,185,652	22,841,717
District heating	kWh	512,856	571,471	671,940
Percentage of renewable energy (electricity and district heating)	in per cent	99.68%	98.04%	99.63%
Percentage of fossil energy (electricity and district heating)	in per cent	0.32%	1.96%	0.37%
Water consumption from production[2]	m^3	4,927	4,876	4,185
Fuel for test benches	in liters	423,750	535,361	443,449

1 For reasons of materiality, the table only contains values from the corporate and production sites of KTM AG and PIERER Mobility AG.
An incorrect value was recorded for electricity consumption for the production sites in Mattighofen and Munderfing in the 2022 reporting year, which was corrected for the 2023 reporting and adjusted retroactively in the representation for 2022.
2 Values rounded. Water consumption relates to the sites in Mattighofen and Munderfing.

GRI 302-5

REDUCTION IN ENERGY DEMAND FOR PRODUCTS	UNIT	2023	2022	2021
Fleet emissions from motorcycles[1,2]	Avg. emissions in g/km	80.11	79.59	79.65
Fleet consumption[3]	Avg. consumption in l/100 km	3.42	3.39	3.41

1 Calculated on a pro-rata basis of 257,546 motorcycles in the B2C business.
2 The incorrectly recorded CO_2 emissions value for a KTM India model required a correction to the fleet emission value to 79.65 g/km for the 2021 reporting year.
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			2023			2022			2021
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	**6,920.41**	**0.71%**	**0.71%**	**7,095.95**	**0.80%**	**0.80%**	**6,677.29**	**0.68%**	**0.68%**
Emissions from natural gas procurement at PIERER Mobility Group sites[1]	3,585.01	51.80%	51.80%	3,822.90	53.87%	53.87%	3,898.10	58.38%	58.38%
Emissions from vehicle fleet	2,267.05	32.76%	32.76%	1,889.17	26.62%	26.62%	1,638.10	24.53%	24.53%
Emissions from test benches	1,068.36	15.44%	15.44%	1,383.88	19.50%	19.50%	1,141.09	17.09%	17.09%
Scope 2: Indirect greenhouse gas emissions "location based"[2]	**5,625.86**	**0.58%**		**4,988.56**	**0.56%**		**5,136.72**	**0.52%**	
Emissions from district heat procurement[2]	91.80	1.63%		109.15	2.19%		134.39	2.62%	
Emissions from electricity procurement at PIERER Mobility Group sites[1]	5,534.05	98.37%		4,885.50	97.81%		5,002.34	97.38%	
Scope 2: Indirect greenhouse gas emissions "market based"[2]	**127.45**		**0.01%**	**169.41**		**0.02%**	**213.09**		**0.02%**
District heating emissions	91.80		72.03%	109.15		64.43%	136.40		64.01%
Emissions from electricity procurement at PIERER Mobility Group sites[1]	35.65		38.84%	60.25		55.20%	76.68		35.99%
Scope 3: Indirect greenhouse gas emissions	**965,216.36**	**98.72%**	**99.28%**	**875,646.87**	**98.64%**	**99.18%**	**966,771.11**	**98.79%**	**99.29%**
Emissions from commuting by aircraft	3,692.07	0.38%	0.38%	3,052.85	0.35%	0.35%	1,315.40	0.14%	0.14%
Emissions from commuting by private vehicles	127.65	0.01%	0.01%	39.87	0.00%	0.00%	54.79	0.01%	0.01%
Emissions from commuting by rental car	123.54	0.01%	0.01%	188.46	0.02%	0.02%	86.31	0.01%	0.01%

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

CARBON FOOTPRINT OF THE PIERER MOBILITY GROUP			2023			2022			2021
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
Emissions from commuting by train[3]	9.63	0.00%	0.00%	6.48	0.00%	0.00%	2.14	0.00%	0.00%
Emissions from commuting by taxi[3]	77.67	0.01%	0.01%	72.36	0.01%	0.01%	31.05	0.00%	0.00%
Emissions from paper[3]	2,270.49	0.24%	0.24%	2,209.13	0.25%	0.25%	2,144.03	0.22%	0.22%
Emissions from use phase of vehicles sold[4]	924,406.99	95.77%	95.77%	831,571.36	94.97%	94.97%	932,627.16	96.47%	96.47%
Emissions from transport[7]	34,508.30	3.58%	3.58%	38,506.37	4.40%	4.40%	30,510.23	3.16%	3.16%
Total emissions "location based"	**977,762.63**	**100.00%**		**887,737.48**	**100.00%**		**978,585.13**	**100.00%**	
Total emissions "market based"	**972,264.23**		**100.00%**	**882,912.23**		**100.00%**	**973,661.49**		**100.00%**

CO_2 EMISSIONS PER VEHICLE SOLD "LOCATION BASED", ROUNDED (305-4) [2,5,6]	2023	2022	2021
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)	**3.66**	**3.74**	**3.80**

ENERGY INTENSITY, ROUNDED (302-3)[7]	2023	2022	2021
MWh per vehicle sold	0.17	0.21	0.18
Mwh per vehicle produced	0.21	0.21	0.25
Water consumption in m^3 per vehicle sold	0.10	0.11	0.08

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, 2021, 2022 & 2023 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 from the main company and production sites in Austria (Munderfing, Mattighofen, Thalheim, Graz, Anif and Wels) are included in the evaluation.

1 Evaluation excluding PIERER Innovation GmbH, Avocodo GmbH, LX media GmbH. Since February 2021, the site in Anif has been heated using a heat pump (natural gas has not been procured since the move). An incorrect value was recorded for electricity consumption for the production sites in Mattighofen and Munderfing in the 2022 reporting year, which was corrected for the 2023 reporting and adjusted retroactively in the calculation. Its results in deviations in Scope 2 "location and market based" for 2022 in this representation.
2 Emissions from district heating at the KTM Sportcar GmbH site. For the calculation of "market based" emissions, for better traceability, the calculation of the emission shares in % in the reporting year was not adopted here and "location based" was still 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. 100% of the electricity procured from Energie Steiermark Business GmbH comes from renewable energy and was therefore calculated with an emission factor of 0.
3 Evaluation including PIERER Innovation GmbH, excluding Avocodo GmbH, LX media 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 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 Calculated from electricity, district heating and natural gas consumption divided by the total number of vehicles sold (PTW and X-BOW). In 2021, "market-based" electricity and district heating consumption was used for the calculation. From 2022, the calculation was switched to "location based".

7 The CO_2 emissions for transport are calculated from data (including emission factors) which are communicated monthly by the transport service providers. Data is collected based on import, export and cross-trade. Furthermore, a distinction is made between air, road and sea transport. The emission factors are calculated as a weighted summary of the reported data in kg/km. The data from 2022 is only about 90% complete as the system was only set up in this year and not all service providers were able to provide all the data. Average values were formed for the values in 2023. This is due to calculation errors by the service providers. The corrected data had not been provided at the time the report was created/finalized. In the 2024 reporting year, the values will be updated and the calculation adjusted retroactively. The CO_2 emissions from transport were incorporated into the footprint calculation for the first time in 2023. The calculation for Scope 3 has therefore also been adjusted for 2022 and 2021.

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 was 257,608 (previous year: 226,849 excl. E-bicycles). 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 381,555 motorcycles were sold in the reporting year (previous year: 375,492)

The values included in the evaluation are based on EU homologation data for the respective models. In 2023, there were homologation amendments to the MY23 Street and MY24 Trial models. This had a subsequent impact on fleet emissions and consumption in the 2022 and 2021 reporting years.

According to the Kyoto Protocol, there are seven main greenhouse gases that contribute to climate change: Carbon dioxide (CO_2), methane (CH4), nitrous oxide (N2O), 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	2023	2022	2021
Total waste in kilograms (kg)	kg	**6,457,198**	**6,189,612**	**6,392,778**
Metal waste (excl. aluminum waste)[1]	kg	868,883	774,699	786,634
Aluminum waste	kg	352,496	296,954	261,473
Waste for recycling	kg	4,456,061	4,376,835	4,487,250
Hazardous waste	kg	369,788	318,774	337,712
Other waste	kg	409,970	422,350	519,709
Waste generated per vehicle produced[1, 2]	kg	24.77	24.56	30.39
Packaging materials disposed of per vehicle[1, 3]	kg	16.16	16.45	20.32

For reasons of materiality, the table only includes values from KTM Racing GmbH and KTM Forschungs- & Entwicklungs GmbH as well as from the KTM Group's manufacturing sites in Mattighofen and Munderfing, including the waste generated by imported vehicles (from India, China and Spain).
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, thermal), 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 Owing to a calculation error, the value for 2022 was adjusted retrospectively.
2 Waste that cannot be clearly allocated to production was not included in the calculation.
3 Packaging materials disposed of exclusively include the waste generated at KTM AG (Mattighofen and Munderfing sites) for recycling (cardboard packaging, waste wood, waste wood pallets, PP pallets, mixed plastics, sorted EPS, ABS-TPU, excluding iron).

Own indicator

RESEARCH AND DEVELOPMENT (R&D)	UNIT	2023	2022	2021
Number of employees in R&D	heads	1,302	1,181	976
Number of employees in R&D as % of total employees	in per cent	21.1%	19.4%	18.6%
Investments (rounded)[1]	in € million	195	161	131
thereof for alternative drive technologies (e.g. electric mobility)[1]	in € million	27.3	23.2	18.8
R&D expenditure as percentage of revenue	in per cent	9.2%	8.7%	8.0%

1 Development costs incl. tooling

Own indicator

ALTERNATIVE DRIVE TECHNOLOGIES (E.G. ELECTRIC MOBILITY)	UNIT	2023	2022	2021
Motorcycles	number of units	381,555	375,492	332,881
thereof electrified[1]	number of units	15,770	19,910	3,357
Bicycles	number of units	157,358	118,465	102,753
thereof electrified[2]	number of units	100,640	74,479	76,916
Percentage of all electrified two-wheelers	in per cent	21.6%	19.1%	18.4%

1 Thereof 6,726 electric motorcycles (Mini E and Freeride E, 2022: 3,541) and 8,975 electric balance bikes (2022: 16,369) and 69 Skutta (2022: 0).
2 Thereof 99,141 electric bicycles (2022: 72,635) and 1,499 electric balance bikes (2022: 1,844).

Own indicator

VEHICLE ASSEMBLY	UNIT	2023	2022	2021
Motorcycles[1]	Avg. vehicles/day	933	954	765
Annual production volume in Mattighofen[2]	Vehicles/year	217,160	222,041	178,992

1 In 2023, there were 233 production days (2022: 233).
2 Production volume at headquarters in Austria.

KEY SOCIAL FIGURES (OWN EMPLOYEES)

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

EMPLOYEE DETAILS	UNIT	2023	2022	2021
2-7: Information on the employees				
total	heads	**6,184**	**6,088**	**5,249**
Full time	heads	**5,692**	**5,644**	**4,843**
thereof male	heads	4,406	4,373	3,834
thereof female	heads	1,286	1,271	1,009
Part time	heads	**492**	**444**	**406**
thereof male	heads	184	167	147
thereof female	heads	308	277	259
share of female employees	in per cent	25.8%	25.4%	24.2%
Employee structure by continent[1]				
thereof in Austria	heads	**5,020**	**5,050**	**4,361**
	in per cent	**81.2%**	**83.0%**	**83.1%**
thereof in Germany	heads	136	137	136
	in per cent	2.2%	2.3%	2.6%
thereof in Europe	heads	473	392	316
	in per cent	7.6%	6.4%	6.0%
employees other continents[2]	heads	555	509	436
	in per cent	9.0%	8.4%	8.30%
2-8: Workers who are not employees				
Temporary workers total (incl. foundation apprentices)	heads	**353**	**627**	**486**
	in per cent	**5.7%**	**10.3%**	**9.3%**
thereof male	heads	236	427	345
	in per cent	66.9%	68.1%	71.0%
thereof female	heads	117	200	141
	in per cent	33.1%	31.9%	29.0%
thereof <30 years	heads	143	240	217
	in per cent	40.5%	38.3%	44.7%
thereof 30-50 years	heads	179	346	240
	in per cent	50.7%	55.2%	49.4%
thereof >50 years	heads	31	41	29
	in per cent	8.8%	6.5%	6.0%
2-30: Tariff contracts				
	in per cent	98.4%	97.7%	98.2%

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

All data that includes all fully consolidated subsidiaries of PIERER Mobility AG, excluding Members of the Executive Board of PIERER Mobility AG, including temporary workers. Since 2023, the employees of LX media GmbH have also been included. Furthermore, since 2023, the freelancers of Avocodo GmbH have no longer been included; the values for the previous years of 2022 and 2021 are shown unchanged.

GRI 405-1

DIVERSITY OF EMPLOYEES	UNIT	2023	2022	2021
Managers	heads	**784**	**709**	**617**
	in per cent	**12.7%**	**11.6%**	**11.8%**
thereof male	heads	637	578	518
	in per cent	81.3%	81.5%	84.0%
thereof female	heads	147	131	99
	in per cent	18.8%	18.5%	16.0%
thereof <30 years	heads	62	49	40
	in per cent	7.9%	6.9%	6.5%
thereof 30-50 years	heads	582	544	455
	in per cent	74.2%	76.7%	73.7%
thereof >50 years	heads	140	116	122
	in per cent	17.9%	16.6%	19.8%
White-collar employees	heads	**2,789**	**2,540**	**2,215**
	in per cent	**45.1%**	**41.7%**	**42.2%**
thereof male	heads	1,963	1,804	1,553
	in per cent	70.4%	71.0%	70.1%
thereof female	heads	826	736	662
	in per cent	29.6%	29.0%	29.9%
thereof <30 years	heads	983	914	793
	in per cent	35.2%	36.0%	35.8%
thereof 30-50 years	heads	1,528	1,365	1,206
	in per cent	54.8%	53.7%	54.4%
thereof >50 years	heads	278	261	216
	in per cent	10.0%	10.3%	9.8%
Manual workers	heads	**2,258**	**2,212**	**1,931**
	in per cent	**36.5%**	**36.3%**	**36.8%**
thereof male	heads	1,754	1,730	1,565
	in per cent	77.7%	78.2%	81.0%
thereof female	heads	504	482	366
	in per cent	22.3%	21.8%	19.0%
thereof <30 years	heads	638	627	546
	in per cent	28.3%	28.3%	28.3%
thereof 30-50 years	heads	1,163	1,158	997
	in per cent	51.5%	52.4%	51.6%
thereof >50 years	heads	457	427	388
	in per cent	20.2%	19.3%	20.1%

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. 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				
Employee turnover in Austria	in per cent	8.7%	<10%	<10%
Turnover rate globally[1]	in per cent	10.9%	-	-
Parental leave (due to education or birth)	heads	147	120	90
Return ratio[1]	in per cent	93.0%	96.0%	92.8%
thereof female	in per cent	29.1%	36.0%	34.4%
People with disabilities[2]	heads	61	54	48

1 Due to missing employee data and the difference in the country-specific approach, the turnover rate was only evaluated globally for the first time in 2023. The same calculation logic as the one used in Austria was applied
2 Measured by a degree of disability reported of over 50%

GRI 405-1

DIVERSITY OF GOVERNANCE BODIES	UNIT	2023	2022	2021
Executive Board	heads	**7**	**4**	**4**
thereof male	in per cent	100%	100%	100%
thereof 30-50 years	in per cent	71%	25%	25%
thereof >50 years	in per cent	29%	75%	75%
Supervisory Board	heads	**6**	**6**	**4**
thereof male	in per cent	67%	67%	100%
thereof female	in per cent	33%	33%	0%
thereof >50 years	in per cent	100%	100%	100%

Klaus Rinnerberger resigned from the Supervisory Board at the end of the Annual General Meeting on April 21, 2023. In addition, with effect from April 21, 2023, Friedrich Roithner moved from the company's Executive Board to the Supervisory Board. Florian Burguet, Florian Kecht, Alex Pierer and Rudolf Wiesbeck were elected as new members of the Executive Board. With effect from December 31, 2023, Florian Burguet left the Executive Board of PIERER Mobility AG due to the restructuring of the group's bicycle division.

GRI 403-9

HEALTH AND SAFETY – EMPLOYEES	UNIT	2023	2022	2021
Accidents at work	number	103	75	74
Injury rate	hours	14.40	12.25	13.30
Serious accidents at work (over 6 months of recovery)	number	1	2	0
Injury rate of serious accidents	number	0.14	0.33	0
Rate of work-related fatalities	number	0	0	0
Lost-time injury frequency rate (LTIFR)	number	11.32	10.78	8.45
HEALTH AND SAFETY – TEMPORARY WORKERS	**UNIT**	**2023**	**2022**	**2021**
Accidents at work	number	22	34	16
Injury rate	hours	28.23	39.78	28.21
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	19.24	35.10	22.92

Values include all documented accidents at work (excluding commuting accidents) at the production and company sites in Austria. A global evaluation of the accident figures will be possible from 2024. 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 2023 (evaluation only possible for companies based in Austria): 7,152,629 (2022: 6,122,869), productive hours incl. temporary workers 7,932,072 (2022: 6,977,525). In the 2023 financial year, as in 2022 and 2021, there was no work-related fatality at KTM AG. The lost time injury frequency rate (LTIFR), which has been recorded since 2021, 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.

GRI 404-1

TRAINING AND FURTHER EDUCATION	UNIT	2023	2022	2021
Total number of employees[1]	heads	**5,831**	**5,461**	**4,763**
thereof male	heads	4,354	4,105	3,630
thereof female	heads	1,477	1,342	1,121
thereof manual workers (incl. apprentices)	heads	2,258	2,212	1,931
thereof white-collar employees (incl. apprentices)	heads	2,789	2,540	2,215
thereof managers	heads	784	709	617
Number of apprentices	heads	**222**	**206**	**186**
thereof commercial apprentices	heads	81	74	66
thereof industrial apprentices	heads	141	132	120
Total number of hours of training and further education of employees, globally	hours	**136,671**	**119,429**	**124,038**
Average number of hours of training and further education	hours	**23**	**22**	**26**
By gender				
total for male employees	hours	100,577	91,105	97,094
average number per employee/male	hours	23	22	27
total for female employees	hours	36,094	28,324	26,944
average number per employee/female	hours	24	21	24
By category of worker				
total for manual workers (incl. apprentices)	hours	58,038	49,797	55,169
average number per manual worker	hours	26	23	29
total for white-collar employees (incl. apprentices)	hours	57,431	47,676	48,019
average number per white-collar employee	hours	21	19	22
total for managers	hours	21,202	21,956	20,850
average number per manager	hours	27	31	34

1 Representation excluding temporary workers and external contractors. The number of employees for 2022 and 2021 was adjusted retroactively, as a subsidiary with 14 employees in 2022 and 12 employees in 2021 was not included in the calculation.

Number of apprentices incl. foundation apprentices. The number of hours of training and further education could only be recorded from 2023.

KEY GOVERNANCE FIGURES
(MANAGEMENT OF PREVENTION AND INVESTIGATION OF CORRUPTION AND BRIBERY, CONSUMERS AND END USERS)

GRI 205-2

ANTI-CORRUPTION TRAINING	UNIT	2023	2022	2021
Total employees[1]	heads	**5,831**	**5,461**	**4,763**
thereof manual workers (incl. apprentices)	heads	2,258	2,212	1,931
thereof white-collar employees (incl. apprentices)	heads	2,789	2,540	2,215
thereof managers	heads	784	709	617
Executive Board and Supervisory Board	heads	13	10	8
Information provided to employees about anti-corruption (e.g. handing out Code of Conduct)				
People informed about anti-corruption	heads	**4,657**	**4,185**	**3,559**
Share of people informed about anti-corruption	in per cent	**79.9%**	**76.6%**	**74.7%**
Employees by category of worker				
total for manual workers (incl. apprentices)	heads	1,109	1,015	936
share of manual workers	in per cent	49.1%	45.9%	48.5%
total for white-collar employees (incl. apprentices)	heads	2,768	2,464	2,040
share of white-collar employees	in per cent	99.3%	97.0%	92.1%
total for managers	heads	767	696	575
share of managers	in per cent	97.8%	98.2%	93.2%
Executive Board and Supervisory Board	heads	13	10	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	**3,059**	**1,482**	**2,018**
Share of people with anti-corruption training (rounded)	in per cent	**52.5%**	**27.1%**	**42.4%**
Employees by category of worker				
total for manual workers (incl. apprentices)	heads	669	242	354
share of manual workers (rounded)	in per cent	29.6%	10.9%	18.3%
total for white-collar employees (incl. apprentices)	heads	1,965	990	1,268
share of white-collar employees (rounded)	in per cent	70.5%	39.0%	57.3%
total for managers	heads	412	241	396
share of managers (rounded)	in per cent	52.6%	34.0%	64.2%
Executive Board and Supervisory Board[2]	heads	13	9	0
Share of Executive Board and Supervisory Board (rounded)	in per cent	100.0%	90.0%	0.0%

1 Representation excluding temporary workers, 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. 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 2023, 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 the members of the Supervisory Board of PIERER Mobility AG received training. The key figures also include training on legal compliance and the Code of Conduct.

GRI 205-2

CORRUPTION TRAINING BY CONTINENT[1]	UNIT	2023	2022	2021
Total employees	heads	5,831	5,461	4,763
thereof people with anti-corruption training:				
Employees in Austria	heads	2,843	1,491	2,006
	in per cent	48.77%	27.30%	42.12%
Employees in Germany	heads	36	0	2
	in per cent	0.62%	0%	0.04%
Employees in Europe	heads	129	0	4
	in per cent	2.21%	0%	0.08%
Employees in other continents[2]	heads	40	0	6
	in per cent	0.69%	0%	0.13%

1 The assessment of corruption training was evaluated by continent for the first time in 2021. The employee structure is evaluated by company location (not by nationality).
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	2023	2022	2021
205-3:	Compliance cases[1]	number	0	0	0
2-27:	Violations of laws and regulations[2]	number	0	0	0
	Total of fines resulting from violations of 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 2023 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 2023 financial year.
3 In the PIERER Mobility Group, there were no significant incidents of discrimination that resulted in legal proceedings and that have or could have a significant impact on the economic situation of the PIERER Mobility Group in the 2023 financial year.

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 Level 2	The process is based on ISO 27001/27002.
Road Vehicles – Cyber Security Engineering	ISO/SAE 21434	The process is currently under development.
Acoustics – Test track for measuring the noise emission of road vehicles	ISO 10844	

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

GRI index

STATEMENT OF USE

PIERER Mobility AG reports in accordance with the GRI standards for the period from January 1, 2023 to December 31, 2023
GRI 1 used, GRI 1: Foundation 2021
Applicable GRI sector standard(s): None

GRI standards	Disclosure	Page(s) in this sustainability report; different location	Omission, explanation
GENERAL DISCLOSURES			
GRI 2: General Disclosures 2021			
2-1	Organizational details	11-12, 89; schedule of equity holdings – pages 214-216 in the 2023 Annual Report	
2-2	Entities included in the organization's sustainability reporting	11-12	
2-3	Reporting period, reporting frequency and contact point	72, 85, 89; publication date: March 27, 2024; the adjustments to the key figures reported are noted in the respective footnote.	
2-4	Restatements of information	20-21, 33, 37, 61, 63, 85;	
2-5	External audit	VII. Notes – Note by the independent certified public accountant	
2-6	Activities, value chain and other business relationships	13, 29; production sites worldwide, see pages 12-13 in the 2023 Annual Report. In addition, please also refer to the statements made in the Management Report of the 2023 Annual Report: Economic environment and market development, financial performance indicators, pages 110-120.	
2-7	Employees	42, 66; The total number of employees of PIERER Mobility AG (as of the reference date of December 31 of the respective financial year) is the total of the full-time plus part-time employees (in each case including managers, apprentices, temporary workers, freelance contractors or employees who are semi-retired actively/passively/continuously). Excluding inactive/dormant employment relationships such as employees on parental leave, educational leave, military/civilian service. The headcount does not include external workers such as IT consultants and freelancers. More information can be found on page 67 / 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. Excluded from this are interns, diploma/master's students etc. as well as employees in their probationary period (first 6 months of service). All employees in the PIERER Mobility Group 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.

GRI standards	Disclosure	Page(s) in this sustainability report; different location	Omission, explanation
2-8	Workers who are not employees	42, 66; temporary workers are workers who are assigned to the group by means of a traditional hiring of personnel. They are employed primarily in the areas of production or logistics. Temporary workers are included in the total number of employees.	
2-9	Governance structure and composition	14	
2-10	Nomination and selection of the highest governance body	Please refer to the statements in the Corporate Governance Report for the 2023 financial year - pages 74, 80-81 of the 2023 Annual Report.	
2-11	Chair of the highest governance body	Please refer to the statements in the Corporate Governance Report for the 2023 financial year - page 78 of the 2023 Annual Report.	
2-12	Role of the highest governance body in overseeing the management of impacts	14, 17	
2-13	Delegation of responsibility for managing impacts	Please refer to the statements in the Corporate Governance Report for the 2023 financial year - page 81 of the 2023 Annual Report.	
2-14	Role of the highest governance body in sustainability reporting	14	
2-15	Conflicts of interest	14-15, 54-55; please refer to the statements in the Corporate Governance Report for the 2023 financial year - pages 74-76 of the 2023 Annual Report.	
2-16	Communication of critical concerns	54, 71	
2-17	Collective knowledge of the highest governance body	14; please refer to the statements in the 2023 Annual Report: pages 76-79 in the Corporate Governance Report, pages 132-133 “The internal control system” in the Management Report.	There are currently no defined training measures for the Executive Board and the Supervisory Board.
2-18	Evaluation of the performance of the highest governance body	Please refer to the statements in the Corporate Governance Report for the 2023 financial year - pages 78-80 of the 2023 Annual Report.	
2-19	Remuneration policies	Please refer to the statements in the Remuneration Report for the 2023 financial year - pages 13-26.	The remuneration is not linked to any ESG KPI.

GRI standards	Disclosure	Page(s) in this sustainability report; different location	Omission, explanation
2-20	Process to determine remuneration	2-20 a: Please refer to the statements in the Remuneration Report (pages 10-12) and the Corporate Governance Report (pages 72, 79) for the 2023 financial year. 2-20 b: The voting results from the above-mentioned 2023 Annual General Meeting can be accessed on the website under Investor Relations > Annual General Meeting.	2-20 a iii (n/a): No external advice was sought.
2-21	Annual total compensation ratio	Please refer to the statements in the Remuneration Report for the 2023 financial year - page 28.	
2-22	Statement on sustainable development strategy	6-7, 14-16	
2-23	Policy commitments	15, 23-24, 40, 43, 47-48, 52, 80; All of the policies cited can be found in this report as a direct link and can be accessed on the website under the Sustainability section “Publications / Download Center”: pierermobility.com/en/sustainability/publications	
2-24	Embedding policy commitments	15, 23-24, 40, 43, 47-48, 52, 54-55	
2-25	Processes to remediate negative impacts	14-17; The Code of Conduct (CoC) is aimed in principle at all stakeholders of PIERER Mobility AG and describes the mechanisms for making a complaint. The CoC can be accessed on the website under the Sustainability section and under Corporate Governance.	
2-26	Mechanisms for seeking advice and raising concerns	15, 40	
2-27	Compliance with laws and regulations	15, 54-55, 71; Seiten 72, 84 in the Corporate Governance Report for the 2023 FY in the 2023 Annual Report.	
2-28	Membership of associations	19, 30; A detailed overview of the most important memberships can be found on the website under the Sustainability section “Our commitment”: pierermobility.com/en/sustainability/our-commitment	
2-29	Approach to stakeholder engagement	18-19	
2-30	Collective bargaining agreements	42, 66, 83	
Own indicator	Certifications	17, 71	

GRI standards	Disclosure	Page(s) in this sustainability report; different location	Omission, explanation
MATERIAL TOPICS			
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	I. General disclosures – sustainability management/key sustainability topics: 18	
3-2	List of material topics	I. General disclosures – sustainability management/key sustainability topics: 18	
ENVIRONMENTAL ASPECTS – CLIMATE CHANGE (environmental issues)			
CLIMATE CHANGE ADAPTATION			
GRI 3: Material Topics 2021			
3-3	Management of material topics	II. Climate change – climate change adaptation 27-29	
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	II. Climate change – climate change adaptation/key figures and targets/focus on the regional supplier industry: 29	
CLIMATE CHANGE MITIGATION			
GRI 3: Material Topics 2021			
3-3	Management of material topics	II. Climate change – climate change mitigation: 30-33	
GRI 305: Emissions 2016			
305-1	Direct GHG emissions (Scope 1)	II. Climate change – climate change mitigation/key figures and targets/ greenhouse gas emissions (emissions): 33 II. Climate change – climate change mitigation/key figures and targets/method for calculating emissions and energy requirements of the products: 33 VII. Notes – key figures/tables: 62-64	c: (n/a) No biogenic CO_2 emissions are produced in the production process. 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 pages 34 and 45 of the 2019 Sustainability Report. iii: n/a.
305-2	Energy indirect (Scope 2) GHG emissions	II. Climate change – climate change mitigation/key figures and targets/ greenhouse gas emissions: 33 II. Climate change – climate change mitigation/key figures and targets/method for calculating emissions and energy requirements of the products: 33 VII. Notes – key figures/tables: 62-64	An incorrect value was recorded for electricity consumption for the production sites in Mattighofen and Munderfing in the 2022 reporting year, which was corrected for the 2023 reporting and adjusted retroactively in the calculation. Its results in deviations in Scope 2 “location and market based” for 2022 in this representation. d+ii+iii: For more disclosures, see 305-1

GRI standards	Disclosure	Page(s) in this sustainability report; different location	Omission, explanation
305-3	Other indirect (Scope 3) GHG emissions	II. Climate change – climate change mitigation/key figures and targets/ greenhouse gas emissions: 33 II. Climate change – climate change mitigation/key figures and targets/method for calculating emissions and energy requirements of the products: 33 VII. Notes – key figures/tables: 62-64	The CO_2 emissions from transport (by import, export, cross-trade via air, road and sea) were incorporated into the calculation for the first time in 2023. This means that the Scope 3 calculation was also adjusted for 2022 and 2021. 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 reporting year. D+ii+iii: For more disclosures, see 305-1.
305-4	GHG emissions intensity	II. Climate change – climate change mitigation/key figures and targets/ fleet related emissions: 33 II. Climate change – climate change mitigation/key figures and targets/method for calculating emissions and energy requirements of the products: 33 VII. Notes – key figures/tables: 63	
305-5	Reduction of GHG emissions		(Information incomplete): As part of defining and setting CO_2 targets, the aim is to assess the annual reduction in greenhouse gas emissions.
305-6	Emissions of ozone-depleting substances		(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 produced during PIERER Mobility AG's production processes. During the use phase of the motorcycles, the relevant legal requirements in the end markets are complied with.
Own indicator	High research budget (R&D expenditure as percentage of revenue)	VII. Notes – key figures/table: 64	
Own indicator	Employees working in R&D	IV. Own employees – working conditions/ key figures and targets: 42 VII. Notes – key figures/table: Own indicator – Research and Development (R&D): 64	
Own indicator	Investments in alternative drive technologies	VII. Notes – key figures/table: Own indicator – Research and Development (R&D): 64	
Own indicator	Percentage of all electrified two-wheelers in drive technologies	VII. Notes – key figures/table: Own indicator – alternative drive technologies (e.g., electric mobility): 65	

GRI standards	Disclosure	Page(s) in this sustainability report; different location	Omission, explanation
ENERGY			
GRI 3: Material Topics 2021			
3-3	Management of material topics	II. Climate change – energy: 34-35	
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	II. Climate change – energy/key figures and targets: 35 VII. Notes – key figures/table: Energy and water consumption: 61	The quantities consumed (electricity, natural gas, district heating) are calculated on the basis of the annual statements from the energy suppliers. The quantities of fuel used on test benches are recorded in liters. The emissions resulting from the test benches are calculated from the total number of kilometers driven multiplied by the DEFRA conversion factor "Motorbike (petrol); Average". The emissions resulting from the fleet are calculated from the total number of kilometers driven multiplied by the DEFRA conversion factor "Diesel, Average Passenger Car".
302-2	Energy consumption outside of the organization		(Information not available): See GRI-301-2
302-3	Energy intensity	II. Climate change – climate change mitigation/key figures and targets/fleet related emissions: 33 II. Climate change – climate change mitigation/key figures and targets/method for calculating emissions and energy requirements of the products: 33 VII. Notes – key figures/table: 63	
302-4	Reduction of energy consumption	II. Climate change – energy/taking action and further explanations/sourcing and generating solar energy: 35 VII. Notes – key figures/table: 61	(Information incomplete): The activities to reduce energy consumption are not currently quantified. The conversion to smart meters is being carried out building by building – there is a certain dependence on the part of the service provider as far as delivery/ retrofitting times are concerned. This is why it is not currently possible to define a specific target year when full implementation can take place and valid data will be available to make an evaluation.
302-5	Reductions in energy requirements of products and services	II. Climate change – climate change mitigation/key figures and targets/ fleet related emissions: 33 II. Climate change – climate change mitigation/key figures and targets/method for calculating emissions and energy requirements of the products: 33 VII. Notes – key figures/table: 61	

GRI standards	Disclosure	Page(s) in this sustainability report; different location	Omission, explanation
ENVIRONMENTAL ASPECTS – USE OF RESOURCES AND CIRCULAR ECONOMY (environmental issues)			
INFLOW OF RESOURCES			
GRI 3: Material Topics 2021			
3-3	Management of material topics	III. Use of resources and circular economy – inflow of resources: 36-37	
GRI 301: Materials 2016			
301-1	Materials used by weight or volume	III. Use of resources and circular economy – Inflow of resources – key figures and targets: 37 VII. Notes – key figures: 61	(Information incomplete, a. i. and a. ii.): Allocation according to renewable and non-renewable materials is currently not possible. Many components/parts are made up of different materials and are currently recorded in the system as purchased parts. The values for 2021 and 2023 were calculated on the basis of the values from 2022 and the respective production volumes (2023: 217,160 and 2021: 178,992). In the 2024 reporting year, the values for the 2023 reporting year are specified in more detail and adjusted retrospectively.
301-2	Recycled input materials used		(Information not available): With complex, multi-level supply chains, it is currently not possible to collect the data that is required here as the part manufacturers do not have this data/information either.
301-3	Reclaimed products and their packaging materials		(n/a): There is currently no obligation to recycle two-wheelers (similar to cars).
WASTE			
GRI 3: Material Topics 2021			
3-3	Management of material topics	III. Use of resources and circular economy – Waste: 38-39	
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	III. Use of resources and circular economy – Waste: 38-39	(Information not available): Owing to the complex, multi-level supply chains, the required information is currently not available. No significant waste-related environmental impacts are apparent at the company and production sites of PIERER Mobility AG (use of reusable packaging and reusable racks).
306-2	Management of significant waste-related impacts	III. Use of resources and circular economy – Waste/strategies to improving the amount of waste produced: 38-39 III. Use of resources and circular economy – Waste/taking action and further explanations: 38-39	(n/a): See GRI 306-1

GRI standards	Disclosure	Page(s) in this sustainability report; different location	Omission, explanation
306-3	Waste generated	III. Use of resources and circular economy – Waste/key figures and targets: 39 VII. Notes – key figures/table: 64	
306-4	Waste diverted from disposal		(Information not available): A more detailed breakdown of the requirements will be reported for FY 2024.
306-5	Waste directed to disposal		(Information not available): see GRI 306-4
SOCIAL SUSTAINABILITY ASPECTS – OWN EMPLOYEES (social and employee issues)			
WORKING CONDITIONS			
GRI 3: Material Topics 2021			
3-3	Management of material topics	IV. Own employees – working conditions: 40-42	
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	IV. Own employees – working conditions/ key figures and targets: 42 VII. Notes – key figures/table: Own indicator – more disclosures about the employees: 68	Total number and rate of new employees, total number of employee turnover (Information not available): 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. Work is in progress to expand the breakdown and the data collection. It is currently not possible to estimate the time frame for this.
401-2	Company benefits provided to full-time employees that are not provided to temporary or part-time employees		(Information incomplete): In principle, all employees are entitled to different company benefits. Benefits are also described in the relevant job advertisement for specific positions. More information about these benefits will be reported for FY 2024.
401-3	Parental leave		Total number, return rate (n/a): Own definition – see "Own indicator – return after parental leave"
Own indicator	Return after parental leave (due to education or birth)	VII. Notes – key figures/table: Own indicator – more disclosures about the employees: 68	
Own indicator	Employees within a radius of 10 km	IV. Own employees – working conditions/ key figures and targets: 42	

GRI standards	Disclosure	Page(s) in this sustainability report; different location	Omission, explanation
OCCUPATIONAL SAFETY AND HEALTH PROTECTION			
GRI 3: Material Topics 2021			
3-3	Management of material topics	IV. Own employees – occupational health and safety: 43-45	
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system		Please refer to the statements made in relation to the policy on occupational health and safety (see website of PIERER Mobility AG/Sustainability/Publications/ Download Center). Around 81% of the employees are subject to the provisions of labor law applicable in Austria (the remaining 19% are subject to the provisions of the country they work in). In addition, basic principles such as respect for human rights, respect, integrity and diversity as well as fair working conditions are essential elements 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		Please refer to the statements made in relation to the policy on occupational health and safety (see website of PIERER Mobility AG/Sustainability/Publications/ Download Center).
403-3	Occupational health services		Please refer to the statements made in relation to the policy on occupational health and safety (see website of PIERER Mobility AG/Sustainability/Publications/ Download Center).
403-4	Worker participation, consultation, and communication on occupational health and safety	I. General information – ESG stakeholder dialog: 19	
403-5	Worker training on occupational health and safety	IV. Own employees – occupational health and safety/taking action and further explanations: 43-44	Please also refer to the statements made in relation to the policy on occupational health and safety (see website of PIERER Mobility AG/Sustainability/Publications/ Download Center).
403-6	Promotion of employee health	IV. Own employees – occupational health and safety/taking action and further explanations/health promotion and sports: 44	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	IV. Own employees – occupational health and safety: 43-44	
403-8	Workers covered by an occupational health and safety management system		(Information incomplete): After an initial pilot and test phase for the HS software in 2023, implementation will continue in 2024 and the processes will be transferred to regular operation. This will also introduce a system for data collection.

GRI standards	Disclosure	Page(s) in this sustainability report; different location	Omission, explanation
403-9	Work-related injuries	VII. Notes – key figures/tables: 68	
403-10	Work-related ill health		Number/information (Information not available): It is currently not possible to report the required key figure/information for this indicator as this data is not recorded in full (no uniform, consistent reporting system, including by general practitioners). Health monitoring to prevent illness is carried out within the group in accordance with the relevant legislation (in accordance with the Austrian Regulation on Health Monitoring at the Workplace (VGÜ)).
TRAINING AND EDUCATION			
GRI 3: Material Topics 2021			
3-3	Management of material topics	IV. Own employees – training and education: 45-47	
GRI 404: Training and Education 2016			
404-1	Average hours of training per year and per employee	VII. Notes – key figures/table: 69	
404-2	Programs for upgrading employee skills and transition assistance programs	IV. Own employees – training and education/taking action and further explanations: 45-46	
404-3	Percentage of employees receiving regular performance and career development reviews	IV. Own employees – working conditions/ career talks, performance talks: 41	Proportion of employee appraisals (Information incomplete): Formal employee appraisals are mandatory for all employees throughout the group, with the exception of the blue-collar workers in the areas of logistics and production and at the company's international sites. A concept is being developed for blue-collar workers, and this is set to be introduced in the 2026 FY. At an international level, this was introduced for Germany in 2023. At the time this report was compiled, no plans were in place for any of the other international sites.
DIVERSITY AND EQUAL OPPORTUNITIES			
GRI 3: Material Topics 2021			
3-3	Management of material topics	IV. Own employees – diversity and equal opportunities: 47-48	
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	VII. Notes – key figures/tables: 67-68	

GRI standards	Disclosure	Page(s) in this sustainability report; different location	Omission, explanation
405-2	Ratio of the basic salary and remuneration of women to men		Disclosure of data and definition of "important operating facilities" (Information incomplete): The basic salary in the PIERER Mobility Group is based on the collective bargaining agreements in place in the respective country – this covered 98.4% of the total number of employees in 2023 (see also disclosures under GRI 2-30) and is not dependent on gender. The evaluation of the data for the remuneration structures is not available for the reporting period. Work is in progress to collect this data systematically. The aim is to report this indicator for FY 2024 for employees in Austria and for FY 2025 for all employees.
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	VII. Notes – key figures/table: 71	
SOCIAL SUSTAINABILITY ASPECTS – CONSUMERS AND END USERS (social issues)			
PRODUCT SAFETY			
GRI 3: Material Topics 2021			
3-3	Management of material topics	V. Consumers and end users – product safety: 49-50	
GRI 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	V. Consumers and end users – product safety/key figures and targets: 50	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.
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	V. Consumers and end users – product safety/key figures and targets: 50 VII. Notes – key figures/table: 71	In the 2023 reporting year, there was no recall for any motorcycle models and one recall for (e-)bicycle models.
DATA PROTECTION AND CYBER SECURITY			
GRI 3: Material Topics 2021			
3-3	Management of material topics	V. Consumers and end users – data protection and cyber security: 51	

GRI standards	Disclosure	Page(s) in this sustainability report; different location	Omission, explanation
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	VII. Notes – key figures/table: 71	
GOVERNANCE ASPECTS (respect for human rights, fight against corruption and bribery)			
MANAGEMENT OF SUPPLIER RELATIONSHIPS			
GRI 3: Material Topics 2021			
3-3	Management of material topics	VI. Governance – management of supplier relationships: 52-53	
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	VI. Governance – management of supplier relationships/taking action and further explanations/SupplierAssurance – supplier assessments: 52 VI. Governance – management of supplier relationships/key figures and targets: 53	(n/a): In screening suppliers, it is not possible to distinguish between new suppliers and existing suppliers. All new series suppliers are informed about the process and asked to answer the questionnaire.
308-2	Negative environmental impacts in the supply chain and actions taken	VI. Governance – management of supplier relationships/key figures and targets: 53	During the SupplierAssurance, no series supplier was found to have significant negative environmental impacts. The screening did not result in the termination of the supplier relationship with any series supplier.
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	VI. Governance – management of supplier relationships: 52-53 VI. Governance – management of supplier relationships/key figures and targets: 53	See explanation with GRI 308-1.
414-2	Negative social impacts in the supply chain and actions taken	VI. Governance – management of supplier relationships/key figures and targets: 53	During the SupplierAssurance, no series supplier was found to have significant negative social impacts. The screening did not result in the termination of the supplier relationship with any series supplier.

GRI standards	Disclosure	Page(s) in this sustainability report; different location	Omission, explanation
MANAGEMENT OF PREVENTION AND INVESTIGATION OF CORRUPTION AND BRIBERY			
GRI 3: Material Topics 2021			
3-3	Management of material topics	VI. Governance – management of prevention and investigation of corruption and bribery: 54-55	
GRI 205: Anti-Corruption 2016			
205-1	Operations assessed for risks related to corruption	Climate change – disclosures according to the taxonomy regulation for the 2023 financial year/Minimum safeguards criteria: 23-24	(Information incomplete): During the course of the risk analysis process that is implemented, potential risks are continuously identified and analyzed based on the principles of comparability and objectivity, and always taking account of industry-specific, geographical, product-related and company-specific risk factors.
205-2	Communication and training about anti-corruption policies and procedures	VI. Governance – management of prevention and investigation of corruption and bribery/taking action and further explanations: 54	
205-3	Confirmed incidents of corruption and actions taken	VI. Governance – management of prevention and investigation of corruption and bribery/key figures and targets: 55 VII. Notes – key figures/table: 71	

About this report

This sustainability report (non-financial report in accordance with Section 267a of the Austrian Commercial Code (UGB)) has been prepared in accordance with the requirements of the GRI standards 2021. This has been published annually since 2017 and is published at the same time as the annual financial report. PIERER Mobility's financial year corresponds to the calendar year and ends on December 31. The GRI index, starting on page 72, 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 with its equity holding in KTM AG together with its subsidiaries*.

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.

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 fourth voluntary external audit. The corresponding confirmation can be found in the independent audit report at the end of this sustainability report.

* Part of the scope of consolidation since 2023: LX media GmbH. See also the schedule of equity holdings in the 2023 annual report.

Note by the independent certified public accountant

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 combined consolidated non-financial report according to § 267a UGB ("NFI report") for the financial year 2023, which has been published as Sustainability Report 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 site or 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 "in 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
14 March 2024

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

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