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We keep traffic moving.

Innovative. Environmentally friendly. Responsible.

Sustainability Report 2013/14.

always one step ahead

Contents.

Georg Kapsch

Dear reader,

In recent years, we have invested heavily in the future of Kapsch TrafficCom, optimized our structures and prepared ourselves for the nascent convergence of the market for intelligent transportation systems. The core aspects of sustainability serve to both inspire and guide us in our daily actions and also underpin the positioning of Kapsch TrafficCom as a publically listed company. This sustainability report documents the progress we have made here and the many steps that we are taking in the defined areas of action.

By means of these products and solutions, we are making an active contribution to the environmentally and resource-sensitive management of transportation systems and, therefore, to the sustainable development of our society. However, we are also working continuously within our own sphere of influence to minimize our consumption of resources and our impact on the environment.

This commitment to sustainable corporate management is underlined by our involvement in the United Nations Global Compact (UNGC), the largest global initiative of socially committed companies. The resulting commitment to comply with the ten principles of the UNGC with regard to human rights, occupational standards and environmental protection, among others, as well as the annual Communication on Progress report, are complied with through the publication of this sustainability report.

This is the third sustainability report published by Kapsch TrafficCom AG and we have orientated ourselves on the guidelines of the Global Reporting Initiative (GRI). Our objective here was to increase the depth of the information provided and to transparently identify the issues of relevance to Kapsch TrafficCom. We also intend to give you some interesting insights into the world of Kapsch TrafficCom by means of detailed information about our research and development activities from page 17 onwards.

Kapsch TrafficCom aims to always be one step ahead and to continuously improve – to the benefit of our customers, shareholders, employees, business partners and society as a whole. I would like to invite you to continue accompanying us on this journey.

Georg Kapsch
Chief Executive Officer

Globally
active.

Always one step ahead: With the aim of achieving and maintaining global quality and innovation leadership in the fast-growing market of intelligent transportation systems (ITS), we are always a decisive step ahead.

Kapsch TrafficCom is a leading global provider of intelligent transportation systems. Our systems rely on information and communication technologies which support and optimize transportation, taking infrastructure and vehicles as well as the needs of users and industry into account. Our focus here is on application areas which aim to achieve improvements in terms of the safety, availability and quality of infrastructure. Our customers include governments, regional authorities and organizations such as license holders.

GRI 2.2

Our solutions encompass systems for road user charging, urban access and parking, which we assign to the area of electronic toll collection (ETC). In addition, we have a wide range of future-oriented ITS solutions for the fields of road safety enforcement, commercial vehicle operations, electronic vehicle registration, vehicle management and V2X cooperative systems.

Our systems help to provide funding for infrastructure projects to increase traffic safety and security, to reduce congestion and further environmental pollution as well as to enhance fleet productivity and road user convenience. Below you can find an overview of all application areas.

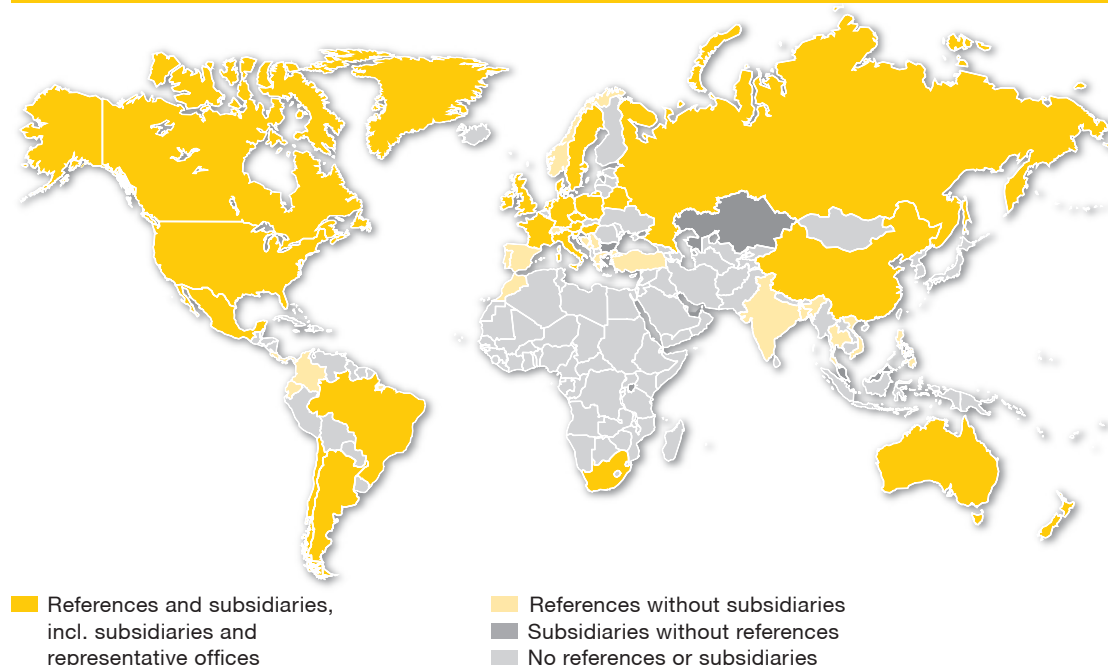| Areas of use	Applications	
Road user charging (ETC)	Satellite-based free-flow tolling	Plaza tolling
	Terrestrial free-flow tolling	
Urban access and parking (ETC)	Urban road user charging	Low emission zones
	Limited access zones	Dynamic parking
Road safety enforcement (ITS)	Red light enforcement	Weight enforcement
	Speed enforcement	Lane enforcement
	Section speed enforcement	Traffic flow enforcement
Commercial vehicle operations (ITS)	Electronic vehicle screening	Electronic vehicle monitoring
	Electronic vehicle inspection	
Electronic vehicle registration	Vehicle registration	Vehicle monitoring
	Vehicle compliance	
Traffic management (ITS)	Motorways	Bridges
	Tunnels	Controlled lanes
V2X cooperative systems (ITS)	In-vehicle components	Road-side stations

Our core business is to design, build and operate electronic toll collection systems for multi-lane, free-flow traffic. With our end-to-end solutions, we cover the entire value-added chain of our customers as a one-stop shop, from components and subsystems to their integration and operation.

Headquartered in Vienna, Austria, the Kapsch TrafficCom Group maintains subsidiaries and representative offices in 33 countries. Our more than 3,000 employees generated revenues in the fiscal year 2013/14 (1 April 2013 to 31 March 2014) of EUR 487 million, two thirds of which was attributable to Europe and the remaining amount spread fairly evenly across the US and other countries.

GRI 2.1, 2.4, 2.5, 2.7

Reference projects in 44 countries on all continents make us a recognized supplier of ETC worldwide. These include five country-wide systems on individual sections of road, including bridges and tunnels. Our ITS solutions are also being used in more than ten countries.

Subsidiaries and representative offices

■ References and subsidiaries, incl. subsidiaries and representative offices

■ References without subsidiaries
■ Subsidiaries without references
■ No references or subsidiaries

Management.
Kapsch TrafficCom AG has a two-tier management and oversight structure in accordance with the Austrian Stock Corporation Act (Aktiengesetz), consisting of the executive board (Vorstand) and the supervisory board (Aufsichtsrat). The executive board is responsible for directing the business and represents the company in dealings with third parties. The supervisory board is responsible for appointing and dismissing the members of the executive board and supervising the business conducted by the executive board. Furthermore, the executive board must obtain the consent of the supervisory board before engaging in certain transactions in accordance with the Austrian Stock Corporation Act (Aktiengesetz), the company's articles of association and the executive board's internal rules of procedure (Geschäftsordnung). For details of the organizational structure and the independence of the top-level management bodies, please refer to the corporate governance report from page 34 of the Annual Report 2013/14.
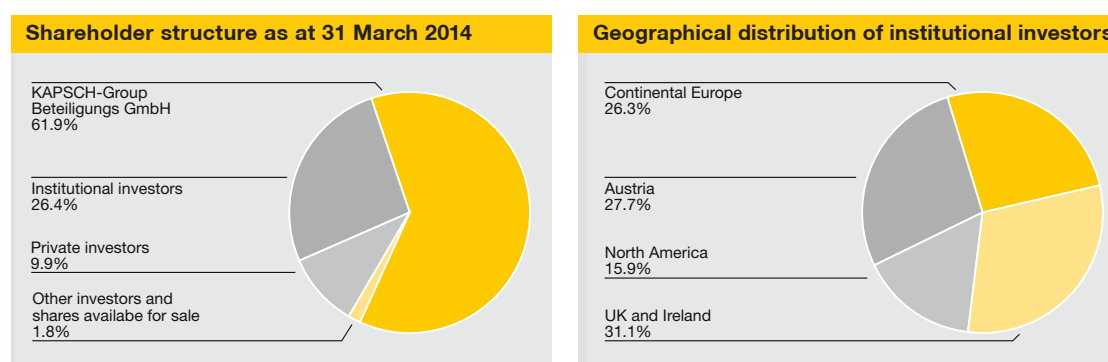
GRI 2.3, 4.2

Kapsch TrafficCom Shares.
The shares of Kapsch TrafficCom AG have been listed in the prime market of the Vienna Stock Exchange since 26 June 2007. Since June 2009, they have also been listed in the Austrian sustainability index, VÖNIX, which reflects the shares of those companies which play a leading role in terms of social and ecological services. In addition, Kapsch TrafficCom is included in the index ATX Global Players, which has been tracked by the Vienna Stock Exchange since May 2013.

The share capital is EUR 13.0 million and is divided in 13 million no-par value shares. Please refer to the following chart for a breakdown of the shareholder structure. For current information regarding the development of the share price and the dividend policy, readers are referred to the company website www.kapsch.net/ktc and the Investor Relations menu.

Shareholder structure as at 31 March 2014

KAPSCH-Group Beteiligungs GmbH
61.9%

Institutional investors
26.4%

Private investors
9.9%

Other investors and shares availabe for sale
1.8%

Geographical distribution of institutional investors

Continental Europe
26.3%

Austria
27.7%

North America
15.9%

UK and Ireland
31.1%

Awards received by Kapsch TrafficCom (selection)

- Awarded the **Kaplan medal** for specific and extensive investments in the field of research and development

- Honored with the prestigious **Red Dot Award 2014** for the innovative design of Kapsch NEXT, a transponder and communication device for electronic toll collection systems

We are pursuing an **ambitious corporate strategy.**
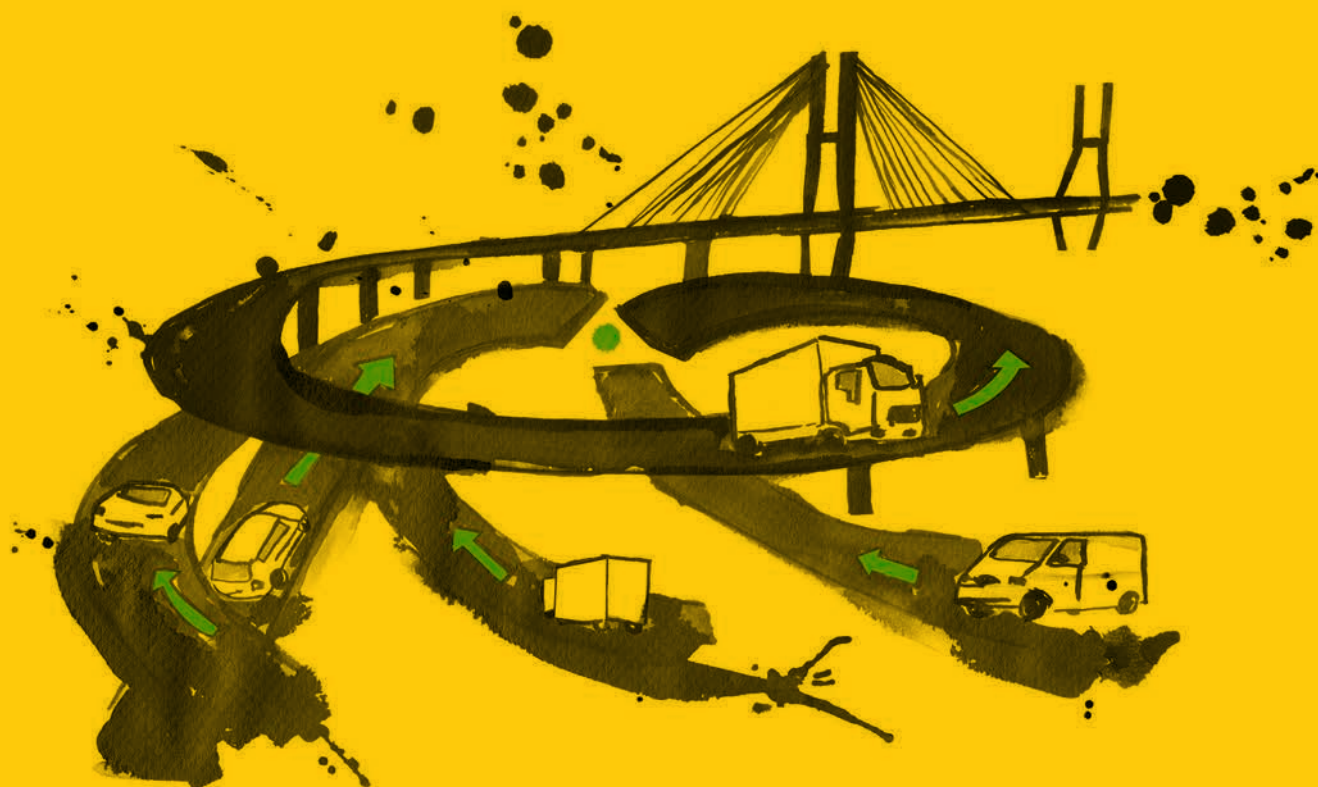
The five paths of our 2016 corporate strategy:

1. **Exploiting ETC market growth**
2. **Accessing new regional markets**
3. **Developing new IT segments**
4. **Driving and utilizing the convergence of the ITS market**
5. **From the motorway to the city**

Our sustainability objectives and action required to achieve these form an integral part of this strategy and serve to safeguard the continued success of the company.

Sustainably safeguarding
business success.

For us, sustainability is the long-term guarantee of company stability while at the same time taking into account all economic, environmental and social aspects.

We pursue clear objectives for all three dimensions of sustainability, which we aim to harmonize by means of future-oriented corporate management.

GRI 3.5

All corporate business units are involved in the preparation of our sustainability agenda. The responsible divisions define objectives and action plans and then also monitor their implementation in the various corporate business units of the Kapsch TrafficCom Group. When defining these objectives, the needs of our stakeholder groups are taken into account as optimally as possible. Besides municipal, regional and government-level customers, these also include industry and umbrella associations, our employees and society.

Commercial success.
The commercial success of our company is measured on the basis of the development of revenue and earnings as well as the ability to finance further growth using our own funds.

GRI 2.9, EC1

The company's business development in the 2013/14 fiscal year was shaped by several factors. At EUR 487.0 million, revenue was on a par with the prior year. As was the case in the prior fiscal year, there were no major implementation projects in 2013/14, and the systems recently commissioned in South Africa and Belarus have only been proportionately reported in revenue and earnings. Although we were able to increase earnings before interest and taxes by 23% to EUR 20.3 million year on year, at 4.2% we clearly failed to reach our mid-term target of achieving a double-digit EBIT margin. The net financial result came to EUR -15.0 million, primarily as a result of unrealized exchange-rate losses (particularly in the South African rand), and ultimately led to profit for the period of EUR 2.9 million. Taking into account the profit share of minority shareholders, earnings per share amounted to EUR -0.33. Free cash flow was negative at EUR -24.7 million. Please refer to the Annual Report 2013/14, from page 46, for a detailed analysis of the business environment and the development of business.

GRI 4.4

Even though we were able to make some operational improvements, it was proposed to the shareholders' meeting on 1 September 2014 to refrain from paying any dividends for the 2013/14 fiscal year in view of the modest profit for the period. A dividend of EUR 0.40 per share was disbursed for the 2012/13 fiscal year, which represented a payout ratio of 57% of the profit for the period.

Social and environmental indicators.
In order to benchmark social and environmental developments, indicators for the fields of activity which are relevant for us have been defined which we aim to continuously improve by means of effective action. For details, please refer to the corresponding sections of this report.

Earnings Data		2013/14	+/-	2012/13 adjusted	2011/12
Revenues	in EUR million	487.0	0%	488.9	549.9
EBITDA	in EUR million	36.9	8%	34.2	60.6
EBITDA margin	in %	7.6		6.7	11.0
EBIT	in EUR million	20.3	23%	16.5	42.2
EBIT margin	in %	4.2		3.1	7.7
Profit before tax	in EUR million	5.5	-68%	17.0	36.3
Profit for the period	in EUR million	2.9	-83%	16.8	27.5
Earnings per share[1]	in EUR	-0.33		0.75	1.62
Free cash flow[2]	in EUR million	-24.7		48.3	-49.7
Investments[3]	in EUR million	15.7	-22%	20.2	13.1
Employees[4]		3,308	10%	3.013	2.705
On-board units delivered	in million	9.22	-1%	9.28	11.15

Business Segments		2013/14	+/-	2012/13 adjusted	2011/12
Road Solution Projects (RSP)					
Revenues (share of total revenues in %)	in EUR million	132.0 (27%)	3%	128.3 (26%)	229.9 (42%)
EBIT (EBIT margin)	in EUR million	-34.6 (-26.2%)	33%	-51.7 (-40.3%)	4.1 (1.8%)
Services, System Extensions, Components Sales (SEC)					
Revenues (share of total revenues in %)	in EUR million	331.8 (68%)	-3%	342.3 (70%)	308.1 (56%)
EBIT (EBIT margin)	in EUR million	53.8 (16.2%)	-20%	67.3 (19.7%)	37.3 (12.1%)
Others (OTH)					
Revenues (share of total revenues in %)	in EUR million	23.1 (5%)	27%	18.3 (4%)	12.0 (2%)
EBIT (EBIT margin)	in EUR million	1.1 (4.7%)	16%	0.9 (5.1%)	0.8 (6.5%)

Statement of financial position figures		31 March 2014	+/-	31 March 2013 adjusted	31 March 2012
Total assets	in EUR million	566.8	0%	567.2	557.7
Total equity[5]	in EUR million	213.1	-10%	236.7	256.2
Equity ratio[5]	in %	37.6		41.7	45.9
Net debt	in EUR million	-93.4	-131%	-40.5	-74.7
Capital employed	in EUR million	369.2	2%	360.7	383.8
Net working capital	in EUR million	205.4	-16%	243.9	285.7

1) Earnings per share 2013/14 and 2012/13 relate to 13.0 million shares, 2011/12 relate to a weighted average number of 12.74 million shares; calculated from the profit for the period attributable to the equity holders of the company
2) Operating cash flow minus capital expenditure from operations (excl. payments for acquisition of companies and purchases of securities and investments) plus proceeds from the disposal of property, plant and equipment and intangible assets
3) Capital expenditure from operations (excl. payments for acquisition of companies and purchases of securities and investments)
4) As of 31 March of each year
5) Incl. minority interests

Strategy 2016.

In 2012, we defined our strategy until 2016. Our stated objectives were a clear increase in revenues while achieving a double-digit EBIT margin. These objectives were underpinned by five strategic paths, which were intended to guide us in the coming years. Back then, the key strategic implication was ensuring continued growth and preparing for the expected convergence in the ITS market, as well as the future issue of 'connected vehicles in cooperative systems'. ETC was to remain the core business, but we aimed to become more of a provider of ETC and selected ITS systems.

In 2014, it was necessary to make some adjustments to the strategic paths. The ETC market did not grow to the extent that was originally anticipated. New projects were postponed or abandoned altogether. In contrast, the convergence we forecast in 2012 became a reality much faster than was originally expected – we are seeing an increasing number of tenders that call for integrated ITS solutions.

We have also achieved a great deal in the past two years. We have further developed our ITS offering, have already implemented the first projects and, in January 2014, acquired a leading provider of traffic management systems, Transdyn, Inc.

GRI 2.9

We are holding firm to the long-term expansion targets with regard to revenue and EBIT margin despite the changes in our business environment mentioned. However, the strategic paths that should guide us there have been revised and are now as follows:

We were	5-Path Strategy	We are
First and foremost an electronic toll collection (ETC) provider	**1.** Exploit the growth potential of the ETC market **2.** Enter new regional markets **3.** Enter new ITS segments **4.** Prepare for the convergence of the ITS market **5.** From the motorway into the city	A provider of electronic toll collection systems **and** other selected intelligent transport systems (ITS)

Firstly we will partake in the anticipated growth of the ETC market, which is expected to be lower. We will do this, on the one hand, by winning as many nationwide projects as possible and, on the other, by enhancing our systems in order to remain a technological leader.

Secondly we will open up new regional markets and offer smaller systems for emerging markets where traditional manual toll collection is often still preferred but where ETC systems will be introduced in the long term, among other things. We continue to see the most potential in Europe, North and South America, and South-East Asia.

Thirdly we will make use of the existing sales channels, technologies and our project organization to open up new, selected segments for our customers in the transition from today's conventional ITS applications to those of the future.

Fourthly we will actively drive and make targeted use of the convergence process that has begun. Applications, platforms and technologies are becoming increasingly interconnected and will converge over time. The future lies in cooperative systems for vehicle-to-vehicle (V2V) and vehicle-to-infrastructure (V2I) communication, abbreviated to V2X.

Fifthly we will focus on expanding our range of services in urban areas to specifically develop from the motorway into the city. We believe that this focus is more important than expanding product-based business.

Our sustainability targets and the associated action form integral elements of this strategy and serve to underpin future business success. Taking into account the needs of our most important stakeholder groups, such as customers, employees and the general public, the following fields of activity are classified as having top priority:

- Conserving the environment and resources as well as climate protection
- Safeguarding our innovative strength.
- Product responsibility and quality assurance
- Ensuring our competitiveness and profitability
- Integrity and compliance
- Being an attractive and responsible employer

Integrated management systems for sustainability.
We regard sustainability as a continuous process and, in recent years, have begun to systemize all of the issues related to this. Please see below for a list of the most important instruments and management systems which support us in our endeavors:

Kapsch TrafficCom AG defines its processes in an integrated management system for health and safety, security, environment and quality (HSSEQ). Valid certifications are held for quality management pursuant to ISO 9001 (since 2002), for occupational health and safety, pursuant to OHSAS 18001, and for environmental management, pursuant to ISO 14001 (since 2005). Kapsch TrafficCom has implemented the necessary measures in its internal processes and monitors them continuously. The certificate pursuant to ISO 27001 ensures the necessary level of information security management. The certificate pursuant to ISO 20000 for IT service management in the area of project management and operations guarantees a high level of service quality.

The HSSEQ program and objectives are published once a year by senior management. The established HSSEQ Circle meets once per quarter in order to discuss the status of the objectives and action in the areas of health & safety, quality, environment and information security, and in order to optimize business processes and the exchange of information.

Kapsch TrafficCom collates its key performance indicators in the HSSEQ Management Report on a monthly basis, involving all corporate divisions. In addition to this, an annual report is prepared that serves as a basis for the executive board and management to evaluate the integrated management system. Responsibilities in all areas of the HSSEQ system are clearly defined. Over the course of recent years, an effective structure and responsibilities have been defined for those areas of activity which have been classified as top priorities. All related efforts are coordinated by a Sustainability Officer who reports directly to the executive board. This direct reporting ensures that the top management bodies of Kapsch TrafficCom are not only involved in all issues relating to sustainable management, but can also actively participate in their further development.

Our Values and the Kapsch Spirit.
Our society and our technology are permanently developing. Ever since the founding of our company in 1892, the Kapsch Spirit has been a constant factor in how we approach all the challenges of today and tomorrow. It is one of the reasons why we have become a global technology group that is able to actively participate in shaping the future. This is why we are working to actively shape the future of communication and mobility.

The Kapsch Spirit.
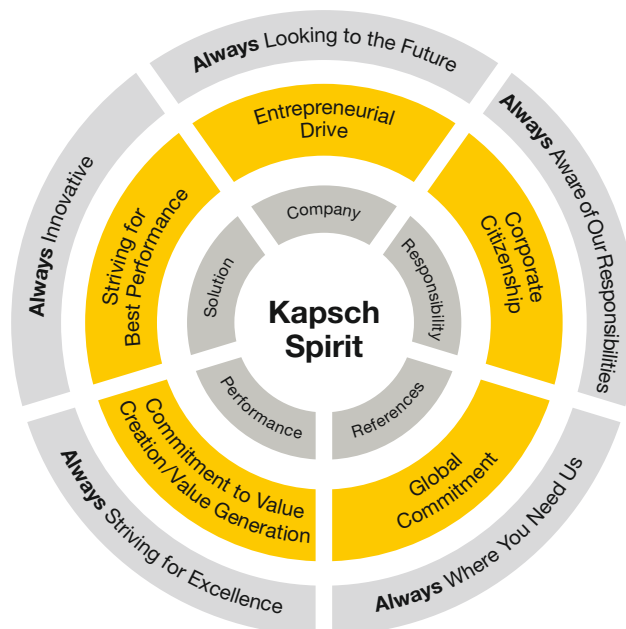
Common values are a key element of the corporate culture of Kapsch TrafficCom. Our activities also define values for the future and make an active contribution to responsible socio-political development. This involves us focusing on the following corporate values:

"Particularly in an environment that is characterized by dynamic trends and volatility, there is a constant we can rely on – the Kapsch Spirit. It determines our sense of responsibility and our focus on performance, the proximity to our customers and our pursuit of innovations with added value for people, the environment and society."

Georg Kapsch,
Chief Executive Officer of Kapsch TrafficCom AG

- **Responsibility.** We act in the interests of the company, take initiative and accept the consequences of our actions.
- **Respect**. We work together on the basis of mutual respect.
- **Performance.** Everyone contributes to the achievement of our goals by means of his or her personal dedication and success.
- **Discipline.** Following rules makes it possible for us to work together in accordance with our values.
- **Transparency.** We handle information openly in order to make our decision-making processes clear.
- **Freedom.** Individual freedom of action amplifies our personal willingness to contribute.
- **Family.** We all pull together and support each other.
- **Dynamic.** A constant readiness to accept change allows us to achieve our goals.

Alongside statutory requirements and internal guidelines, the code of conduct of the Kapsch Group defines binding principles for ethically, morally and legally correct behavior that apply to all business units – and therefore to all employees of Kapsch TrafficCom. The code of conduct can be found on our website **www.kapsch.net.**

Active stakeholder dialogue.
We employ a variety of communication channels to interact with our stakeholders; communication which always revolves around relevance, transparency and fairness. The focus here is always on topicality, transparency and fairness. Specially developed online portals and service hotlines have been set up for customers; existing and potential shareholders are supported by the Investor Relations department, and there are also vibrant exchanges with industry-relevant non-governmental organizations such as transport associations and other interest groups. Members of staff and the employee representatives are actively involved via regular information events and the use of online media.

In order to safeguard corporate interests and to make an active contribution to discussions about current industry-relevant issues, the Kapsch TrafficCom Group is a member of more than 40 organizations. Besides regulatory and legal issues, aspects related to intelligent transportation systems are also focused on due to the commercial activities of the Group. For example, Kapsch TrafficCom is actively involved in the ITS consultancy group of the European Union.

The principles of transparency and compliance with legal regulations apply to all of the activities engaged in to safeguard business interests. Meticulous documentation of all the associated activities and expenditures ensures transparency and that the intended purpose is adhered to. These underlying principles of responsibility are also reflected in the voluntary signing by Kapsch TrafficCom AG of the Code of Conduct for Lobbying in Austria and that of the European Union. All lobbying activities by companies within the Kapsch Group are only engaged in after an announcement of the entry in the lobbying and stakeholder register and are only undertaken while this registration remains in effect.

Selected memberships maintained by the Kapsch TrafficCom Group:

- Auto-, Motor- und Radfahrerbund Österreichs (ARBÖ)
- Cities and regions working together to deploy innovative technologies
- Commercial Vehicle Safety Alliance
- Connected Vehicle Trade Association
- FEEI – the Association of the Austrian Electrical and Electronics Industries
- GSV – Austrian Association for Transport and Infrastructure
- Institute of Transportation Engineers
- International Organization for Standardization
- International Road Federation
- International Road Union
- International Transport Forum
- ITS Organization, International
- Austrian Road Safety Board (KSÖ)
- Network of European Metropolitan Regions and Areas
- Austrian Association for Research on Road, Rail and Transport
- Austrian Society for Transport Science
- VCÖ
- World Road Association

GRI 4.14-4.15

GRI 4.13

Our ITS solutions help **protect the environment.**

They enable road users to arrive at their destinations quickly, efficiently and in a way that conserves resources.
Our mission below forms the basis for this:

- **Improved traffic management**
- **Higher urban quality of life**
- **More safety and environmental protection**

Our company values provide orientation here:
- Responsibility, respect, performance, discipline, transparency, freedom, family, dynamism

Products with added value
for the environment and society.

The products and solutions of the Kapsch TrafficCom Group can only withstand competition over time if they provide added value for customers and, ultimately, also advantages for society and the environment.

This attitude is reflected in the mission of Kapsch TrafficCom, but is also measured on the basis of specific key performance indicators in order to ensure continuous improvement or to counter unwanted developments.

Value-adding products	2011/12	2012/13	Target 2013/14	2013/14
Proportion of product complaints	2.02%	3.49%	max. 3.5%	3.2%
Proportion of products compliant with guide-lines for environmentally sensitive design	91.91%	91.31%	min. 85%	–
Proportion of RSE products without batteries	44%	44%	min. 50%	–
Proportion of order volume with ISO 14001 suppliers	35.25%	25.25%	min. 30%	15%

1) The guidelines for environmentally sensitive designs were replaced by the requirement management system DOORS in 2014.
   This integrates social and environmental requirements directly into the development process.,

From the mission to implementation.
The innovative solutions of Kapsch TrafficCom make valuable contributions to climate protection.
They allow road users to reach their destinations quickly, efficiently and with low environmental impacts.
The basis for this sustainable approach to our products is formed by the mission of Kapsch TrafficCom:

GRI 4.8

Better traffic control. Our toll collection systems around the world intelligently guide traffic. They increase road safety and reduce congestion. At the same time, they enable usage-based charging of tolls via pre-paid or post-paid models.

Higher quality of life in cities. Our solutions prevent congestion and unnecessary journey distances, and reduce noise pollution. In urban areas, Kapsch TrafficCom regulates urban access and supports road user charging.

Greater safety and environmental protection. Incident detection systems (intelligent systems that promptly identify events), multi-functional telematics platforms and video-based traffic sensors. Our solutions and systems make it possible to utilize existing infrastructure more efficiently and reduce environmental impacts.

Customer focus.
We regard being close to our customers as a key success factor. Close customer relationships are fostered by the local presence we enjoy with our subsidiaries and representative offices in 33 countries around the world. We achieve another dimension of closeness through intensive, appreciative collaboration with our international project partners and customers as well as by intentionally promoting regional value creation.

Participation in industry events and trade fairs also makes a key contribution to promoting interaction with our customers. You can fund an overview of these on our website www.kapsch.net under the Events menu.
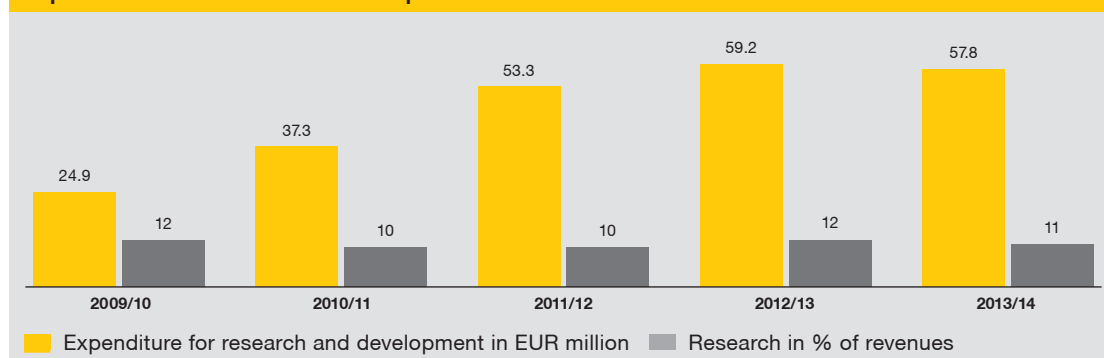
Sales personnel rely on tried-and-tested questionnaires to conduct in-depth surveys of customer satisfaction. Overall, these take into account a representative sample of all customers. The areas of Sales, Supply, Implementation and Operations are assessed. The customer can define the importance of the criteria. A subsequent analysis of the responses allows us to define and implement timely and effective action in order continuously improve customer satisfaction.

Innovative product portfolio.

The Kapsch TrafficCom Group pro-actively faces the challenges of its dynamic markets and regularly adds innovative solutions to its product portfolio. In line with our corporate strategy, our objective here is to achieve global quality and innovation leadership. We see the company's past success as a mission and duty to continue creating competitive advantages and added value for our customers and partners.

Innovative power. The focus of our research and development activities is on market-oriented solutions and systems that safeguard the innovative edge enjoyed by Kapsch TrafficCom. The Kapsch TrafficCom Group therefore maintains a global network of research and development centers: in Vienna and Klagenfurt (Austria), Jönköping (Sweden), Bologna (Italy), Buenos Aires (Argentina), Mississauga (Canada), Kingston (USA), Duluth (USA) and Cape Town (South Africa). As of 31 March 2014, the Kapsch TrafficCom Group employed more than 470 (previous year: more than 500) engineers in its research and development activities. The associated expenses totaled EUR 57.8 million or approx. 11% of revenues.

Expenditure for research and development

Year	Expenditure for research and development in EUR million	Research in % of revenues
2009/10	24.9	12
2010/11	37.3	10
2011/12	53.3	10
2012/13	59.2	12
2013/14	57.8	11

Important inputs also come from numerous scientific cooperations such as those with the Vienna University of Technology, Vienna University of Economics and Business, University of Innsbruck, University of Applied Sciences Technikum Wien, University of Applied Sciences FH Joanneum, FHWien University of Applied Sciences of WKW, the University of Applied Sciences Wiener Neustadt and the University of Applied Sciences, FH bfi Vienna.

Global patents. The success of our research and development work is also reflected in the some 2,100 patents currently held by Kapsch TrafficCom in over 50 countries. Between 20 and 30 new patents applications are submitted or granted every year. The property rights here cover trendsetting methods, systems, solutions and designs in the area of ITS (intelligent transportation systems) and ETC (electronic toll collection).

One of these numerous patents serves to protect the know-how behind a management and reservation system for large car parks. The aim of this solution is to ensure the efficient and fully automated reservation, approval and monitoring of a range of car parking spaces. It enables a driver to reserve a parking space online in advance by entering the vehicle registration number. The OCR (optical character recognition) registration identification camera located on site reads the registration number of the approaching vehicle and the barriers open automatically. The vehicle is located in the large car park by means of OCR cameras above the parking spaces. Payment is made via a highly secure on-board unit (OBU) installed in the vehicle. When leaving the car park, the car is automatically checked out of the system and the parking space set to available.

Research and development projects 2013/14.

In the 2013/14 fiscal year, Kapsch TrafficCom pressed ahead with ongoing research and development projects, as well as launching some new ones, despite the difficult environment. One area of focus was implementing a standardized, high-performance back-office solution that combines all of the important back-office toll collection concepts, from registration and enforcement to the issuing of on-board units, on one software platform. The new European Electronic Toll Service (EETS) standard is part of this platform to enable the compatibility of electronic toll collection systems across borders. The aim is to utilize this platform for all international customer projects as well as to ensure that many of its basic components can be reused and require minimal maintenance.

Another focal area was prototype development and participation in standardization activities for the European ITS-G5 or the American WAVE technology in respect of V2X communication (vehicle-to-vehicle, vehicle-to-infra-structure). In addition, pilot and demonstration projects were successfully carried out in the telematics testing field and in I-94 truck parking in the USA. Kapsch TrafficCom is also taking part in the European Corridor Project, which aims to establish an ITS cooperation between the Netherlands, Germany and Austria based on V2X technology.

A 915 MHz RFID solution was also added to the product portfolio. Another important development is the vehicle identification and classification sensor based on 3D camera technology (stereoscopic camera technology). This system enables greater flexibility, fewer installations and lower maintenance costs, and was installed for the first time on the M5 motorway in Sydney, Australia, which was opened for traffic in 2013.

In the field of GNSS (global navigation satellite system), the focus was on developing a GNSS solution for the truck toll collection system in France. This development, based on a GNSS transponder with specific adaptations for France, enabled Kapsch TrafficCom to deliver the first GNSS-based ETC system with ITS functionality.

In North America, key developments include the introduction of a special reader (single protocol reader) and improvements to the multi-protocol reader 2 (MPR2). Work to develop a robust MPR reader was also conducted for a specific project in Texas.

Below you can find some more examples of the innovative power of Kapsch TrafficCom.

GRI PR1

Weigh-in-motion — greater road safety, less road surface damage. In the case of weigh-in-motion systems, a row of sensors measures whether vehicles exceed the maximum permissible weight limit — at full speed. The sensors identify the vehicles by means of their number plates, with the data being transmitted and analyzed in a timely manner. This allows overloaded heavy goods vehicles to be identified on the move without hampering the flow of traffic. Road safety increases, while road surface damage and emissions are reduced.

Electronic vehicle registration system. In 2013, Kapsch TrafficCom presented its new electronic vehicle registration (EVR) system at the Intertraffic fair in Istanbul. This solution supports public authorities in registering vehicles and identifying unregistered vehicles. This new EVR system makes it possible to centrally manage vehicle registration data and to automatically check compliance with registration requirements by means of electronically readable markings. An improved registration rate, less fraud and more road safety are the aims of the new system. The key advantages include higher tax receipts thanks to the higher proportion of properly registered vehicles, a higher success rate in terms of prosecutions and cost reductions in the collection of traffic-related fines, fewer cases of uninsured vehicles on the road, more regular technical vehicle inspections as well as greater efficiency in terms of the automatic identification and discovery of suspicious, stolen or vehicles otherwise involved in criminal acts.

GRI EN26

Guidelines for sustainable product design.
Comprehensive guidelines were drawn up to ensure that environmental, economic, social, health and security aspects are accounted for in the best possible way when developing and designing Kapsch TrafficCom products. The contents of this guideline document are to be integrated into functional specification documents and RFPs. The guideline is regularly reviewed and updated by the environmental officers of the departments, who are also members of the HSSEQ Circle. In past years, this guideline was applied to no fewer than 90% of all products.

Furthermore, by implementing in the existing requirement management system DOORS, this has ensured the further development and standardization of this process. This replaces the guidelines for environmentally sensitive design, integrating social and ecological requirements directly into the development process.

We are working hard to **optimize our use of resources.**

We were able to make progress, for instance, in the following areas during the reporting period:

- **Further reduction of packaging material**
- **Containing the production of waste**
- **Logging air travel for the first time**
- **Preparations to meet the conditions of the REACH regulations**

Protecting the environment
and resources.

The commercial activities of Kapsch TrafficCom are associated with the consumption of resources and the emission of climate-relevant emissions. We are, however, working hard to continually minimize these impacts.

GRI EN3, EN5

The majority of the climate-relevant impacts resulted from the operations of the subsidiary Kapsch Components, which is responsible for production, as well as from the vehicle fleet of the entire Group. By means of additional measures to increase fuel efficiency and as a result of a lower production volume, it was possible for Kapsch Components to reduce its requirements for electrical energy by approximately 5,800 KWh (0.7%) in the fiscal year 2013/14 compared to the prior year.

Protecting the environment and resources[1]	2012/13	2013/14	Target
Paper consumption/employee per quarter in sheets	564	591	maintain
Share of employees using Lync (successor to the office communication server)	85.03%	100%	min. 80%
Electricity consumption in production (Kapsch Components) in MWh[2]	838.9	833.2	reduce

1) The ratio of servers to applications stated in the 2012/13 report is no longer seen as a central aim in this area.
2) As of the 2013/14 fiscal year, the capturing software was expanded to include the calculation of electrical power consumption. The values for the prior year have been revised.

GRI EN16, EN18

Development of CO_2 emissions		2012/13	2013/14	Change absolute	Change in %
CO_2 emissions from electrical energy (Kapsch Components)	kg	192,098	190,802	-1,296	-0.7%
CO_2 emissions per tonne of product (Kapsch Components)	kg	406	428	22	5.4%
CO_2 emissions by vehicle fleet (Kapsch Components – Tech Park Vienna, Gutheil-Schoder-Gasse 17)	kg	32,500	34,631	2,131	6.6%
CO_2 emission by vehicle fleet of Kapsch TrafficCom/KSA Europaplatz 2	kg	736,990	737,436	446	0.1%
CO_2 emissions, total	**kg**	**869,294**	**963,297**	**94,003**	**10.8%**

Due to a number of factors, it was not possible to achieve the aim of cutting CO_2 emissions across the entire Group; the main reason for this was the expansion-related increase in the vehicle fleet and a change in the energy provider.

GRI EN22

On the other hand, it was possible to make progress with regard to the manufacturing operations of the subsidiary Kapsch Components. In comparison with the prior year, the volume of production waste in the 2013/14 fiscal year declined by 13.9 tonnes in absolute terms. The share of waste per tonne of products manufactured was also reduced by 13.5% to 135 kg in the same period. All waste materials are disposed of in accordance with legal requirements.

GRI EN1

Besides the abovementioned reduction in power consumption and the generation of waste, it was also possible to cut the consumption of nitrogen which is used in the manufacturing processes of Kapsch Components. The absolute level of consumption fell by 30.7 tonnes or 10.7%; measured relative to the weight of products manufactured, this represented a decrease of 5.1% per tonne. In administrative departments, the focus is on increasing energy efficiency and reducing the use of office materials. Following a considerable reduction in the prior year, the amount of paper used per employee rose slightly by 4.8% in the 2013/14 fiscal year.

In order to raise awareness among employees of climate and environmental protection issues, attention is continually focused in internal communication on the potential to reduce the consumption of resources. In addition, telepresence and video conferencing systems have been increasingly used to reduce business travel for a number of years now. By means of the switch to Lync, the successor to the office communication server (OCS) previously used, it was possible to extend the scope of use to all employees.

During the reporting year, Kapsch TrafficCom began to record all air travel and the associated CO_2 emissions. Employees took almost 4,900 flights in connection with international meetings with customers, business partners or for company-internal purposes. The associated CO_2 emissions totaled around 2,300 tonnes.

	Amount of flights	CO_2 emissions in tonnes
Kapsch TrafficCom Group, Austria	2,598	1,380
Kapsch TrafficCom Group, global[1]	1,500	886
Kapsch TrafficCom Group, total	**4,098**	**2,266**

GRI EN16

1) This includes employees in Argentina, Australia, Canada, France, Mexico, Russia and Sweden.

Optimal use of resources.
Several of our projects and initiatives aim to steadily reduce the consumption of resources across the Group. In production, for example, particular attention is paid to the reusability of raw materials. An example of this is the packaging for the transceiver, which was switched to recycled foam during the reporting year. Following an in-depth analysis of several versions, an alternative was found that is not only more environmentally sensitive but also more cost-effective thanks to its recycling of raw materials; and at the same time ensuring a consistent level of quality in respect of shape stability and identical dimensions. CO_2 savings per kg of packaging amount to 20%.

Red Dot Award 2014 for Kapsch NEXT.
In May 2014, Kapsch TrafficCom was honored with the prestigious Red Dot Award 2014 for the innovative design of Kapsch NEXT, a transponder and communication device for electronic toll collection systems. 40 international experts evaluated more than 4,800 entries from 53 countries. The on-board unit (OBU) developed by Kapsch won the experts over with its design quality and thus received the internationally renowned Award for Product Design 2014.

Kapsch NEXT represents the creation of a new generation on-board unit, combining improved performance, reliability and design quality. Due to the committed development work associated with NEXT, it is 50% smaller than other CEN (European Committee for Standardization) OBUs on the market, with an impressive environmental footprint that is 50% smaller than previous models. Furthermore, the distinct and slim design makes the product easy to install. The unit can be removed from the mounting bracket and, if allowed by the authorities, it can be used in more than one vehicle. In addition, the on-board unit fully supports other applications such as AVI (Automatic Vehicle Identification), parking, access, etc.

An overview of the advantages of Kapsch NEXT:

GRI EN2, EN26

- A 50% reduction in packaging materials
- A 50% saving in terms of electronic components and plastics used in production
- A reduction in weight and size (and therefore the shipping volume)
- Improved recycling factor from 80% to 90% (achieved in the reporting year)

Environmentally-sensitive procurement.
Besides economic and quality-relevant aspects, procurement processes also optimally take into account the environmental impacts of upstream processes, including those associated with raw materials and excipients. This is ensured by a detailed guideline document which serves as a decision-making tool during procurement. Particular attention is to be paid here to properties such as durability, recyclability and reparability. In as far as it is commercially plausible, we also favor suppliers with a certified environmental management system. We avoid the use of materials and products containing materials which are harmful to human health and the environment. We rely on the material safety data sheets to assess the potential risks.

GRI EC6

In the case of bulk goods, we favor transportation by rail over journeys by truck. Where the quality and costs are comparable, we favor local suppliers in order to reduce journey distances. Whenever possible, we avoid procuring products and raw materials which have to be disposed of as hazardous waste after being processed or used.

Environmentally-relevant criteria for procurement in connection with customer projects.
- Durability
- Maintenance-free components and products
- Energy-saving components and products
- Reparability
- Recyclability or the option to re-process
- Re-establishment of original state
- Appropriate disposal of waste materials
- Reference to environmentally-relevant procurement criteria on orders / order confirmations / enquiries

Supplier evaluations.
We are successively evaluating our suppliers in terms of their conformity with our ecological procurement criteria. Suppliers with established environmental management systems are given preference. During the reporting period, 15% of the purchasing volume was sourced from ISO-14001-certified suppliers, representing a year-on-year decline. For this reason, we have begun to more actively request environmentally relevant certification from suppliers this year. The mid-term aim is to increase this value to 30%.

Dealing responsibly with chemicals.
Far-reaching steps have been taken at Kapsch TrafficCom in order to fulfil the provisions of the so-called REACH regulations. This EU regulation requires company that manufacture or import more than one tonne of a chemical substance in a year to register this substance in the centralized database. In the case of hazardous substances, a risk assessment is conducted to determine how to handle them safely, and this information can be then be made available to the users via the material safety data sheet. Kapsch TrafficCom has set up a task force that is currently planning the next steps and will determine the method to evaluate chemicals.

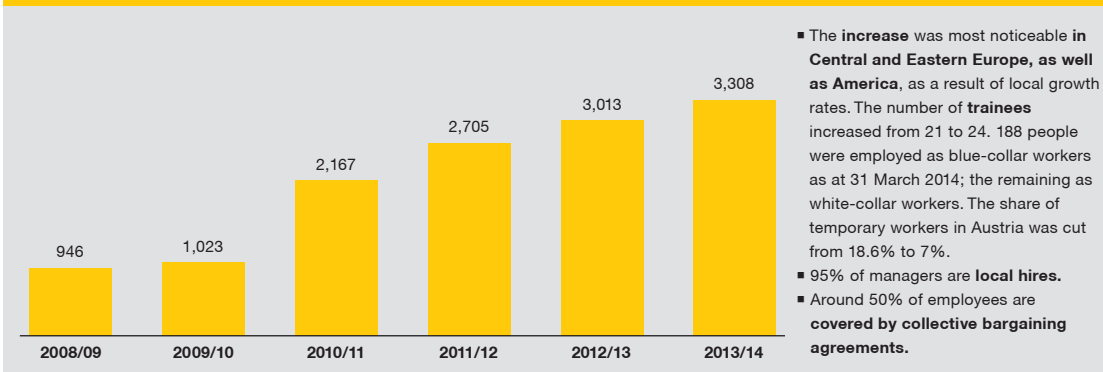# We invest in the **training of our employees.**

Key developments in the 2013/14 fiscal year:

- **Increase in the headcount of almost 10% to 3,308 employees as of 31 March 2014**
- **Increase in further education measures from 4.7 to 6.0 training days per employee**
- **Expansion of measures to promote women**

Committed
team.

At the end of the 2013/14 fiscal year, the Kapsch TrafficCom Group had 3,308 employees, 285 more than at the same time last year. Around 746 people are employed in Austria and more than half of all employees work for the Group outside of Europe.

Headcount as of March 31

946	1,023	2,167	2,705	3,013	3,308
2008/09	2009/10	2010/11	2011/12	2012/13	2013/14

- The **increase** was most noticeable **in Central and Eastern Europe, as well as America**, as a result of local growth rates. The number of **trainees** increased from 21 to 24. 188 people were employed as blue-collar workers as at 31 March 2014; the remaining as white-collar workers. The share of temporary workers in Austria was cut from 18.6% to 7%.
- 95% of managers are **local hires.**
- Around 50% of employees are **covered by collective bargaining agreements.**

GRI EC7, LA1, LA4

Breakdown of new personnel in 2013/14: 295

Region	Number	Male	Female	< 30 years old	30–40 years old	40–50 years old	> 50 years old
Austria	17	8	9	5	9	9	1
Central and Eastern Europe	100	38	62	43	46	46	3
Western Europe	1	1	0	0	1	1	0
Americas	130	31	99	31	85	85	3
Rest of the World	47	25	22	16	24	24	2

Employee turnover 2013/14 (termination by the employee): 1.3%

Region	Number	Male	Female	< 30 years old	30–40 years old	40–50 years old	> 50 years old
Austria	21	6	15	7	9	3	2
Central and Eastern Europe	19	5	14	6	11	2	0
Western Europe	7	2	5	4	3	0	0
Americas	53	19	34	21	27	4	1
Rest of the World	73	28	45	31	36	4	2

GRI LA2

Comprehensive training program.
Kapsch TrafficCom attaches great importance to the training of its personnel. In the 2013/14 fiscal year, employees received more than six days of training. In total, the associated costs amounted to approximately EUR 3.8 million, following EUR 2.2 million in the prior year.

Besides specialist training, soft skills are also conveyed as part of the training programs of the Kapsch TrafficCom Group. A job-rotation program, a tailored range of course for trainees and annual staff appraisals are also offered. The new Kapsch on-boarding program 'Connected' has also been implemented across the Group in order to support new personnel joining the company. In addition to information sessions about the company values and culture, this also includes training to convey security-related issues such as the management of sensitive customer data. It is a key concern of KTC to perform systematic and comprehensive staff appraisals. This rate has been very accurately recorded since the beginning of this year by means of an IT-supported system with the aim of increasing this rate to 100% in the long term.

GRI LA10–12

Personnel	2011/12	2012/13	2013/14	Target 2014/15
Average training days per employee	2.5	4.65	6.03	maintain
Staff appraisals performed	77%	75%	74.3%	Total over fiscal year 100%

Employee satisfaction.
An in-depth survey of all employees is carried out every two or three years to assess employee satisfaction levels and to determine any areas where action needs to be taken. The survey is conducted anonymously by an external company using a standardized questionnaire. The responsible human resources department analyzes the data collected and presents them to the executive board. Measures to improve employee satisfaction are defined in management workshops, and the subsequent effectiveness of these measures are evaluated. By way of example, in response to the most recent survey, the training program was expanded to include courses on improving the culture of conflict and errors. Impulse seminars will be offered as of the 2014/15 fiscal year to optimize internal communication. These must be attended by all managers.

Profit-sharing.
Kapsch TrafficCom is aware of employees' contribution to its success and acknowledges this through a profit participation plan distributing to them up to 5% of the Kapsch TrafficCom Group profit before income taxes. Country-specific caps are in place to ensure that sharing is based on purchasing power parity. Profits are shared on a per-head basis irrespective of income and may not exceed EUR 1,500 per employee.

Pension fund.
Kapsch TrafficCom makes contributions to an external pension fund for employees of group companies in Austria under a defined contribution scheme. The amounts of the payments are based on the individual employee's income and the operating profit margin of the company.

Women@Kapsch.
Kapsch TrafficCom wants to attract competent women to the company and offer them interesting career opportunities. To this end, strategic and operational women's groups were launched to help achieve this objective under the motto 'Women@Kapsch'. The focus is on topics such as the internal exchange of experience, networking and the breaking down of barriers. An example is the fact that the difference in basic salaries drawn by men and women in managerial positions was cut from 10% to 3.9% in the reporting period thanks to internal guidelines and additional awareness. A committee for equality has been established in order to ensure general equality for women.

GRI LA14

Women hold several management positions within Kapsch TrafficCom AG and its subsidiaries. These currently include two members of the supervisory board, equivalent to one third of the members. For details of the members of the executive bodies, please refer to the Annual Report 2013/14, from page 36.

Women are supported through a flexible working hours scheme, for instance, that is designed to help combine professional and private life. Six employees in Austria returned to work for the company in the 2013/14 fiscal year following a period on parental leave or part-time parental leave. In order to promote the strong sense of cohesion which connects companies and employees at Kapsch, the Kapsch Kids Day was organized for the first time in all of the company's offices around the world in the 2013/14 fiscal year. Under the motto 'Meet Kapsch', we invited the children of our employees to get to know the company in a playful way and to take part in exciting entertainment programs.

LA15

Kapsch TrafficCom cooperates with schools, universities and colleges in order to increase the proportion of women employed, among other goals. Kapsch TrafficCom also promotes women in the workforce through participation in specific programs such as "FIT Frauen in die Technik" or "FemTech".

Occupational health and safety.
Promoting the health of all employees is a deep-felt concern of the management of Kapsch TrafficCom. It is for this reason that health information campaigns, vaccination programs, medical check-ups and eye tests are regularly performed in addition to offering fitness packages and other comparable options. A company doctor is available to employees at the Vienna site.

Working days lost 2013/14 by region	Illness	Other	Total as % of working days	Work-related deaths
Austria	3,980	1,079	2.8%	0
Central and Eastern Europe	3,228	210	3.6%	0
Western Europe	646	1	1.9%	0
Americas	1,207	1,651	2.5%	0
Rest of the World	5,764	2,741	8.8%	0

GRI LA7

Prevention.
Near misses are also documented in the reporting system in order to be able to define preventative action based on a root cause analysis.

Occupational safety KTC & KTS-A	2009/10	2010/11	2011/12	2012/13	2013/14
Work-related accidents	2	5	4	1	1
of which involving travel	1	4	4	1	1
Near misses (documented)	6	1	1	0	1
Illness rate (based on required working hours)	2.17%	1.91%	1.86%	2.04%	1.82%

Training for managers to avoid burn-out or to improve the management of the workloads of their employees were introduced in the prior year. Steps were taken during the reporting period to prepare for the implementation of software that will support the standardized implementation of all legal working requirements in the future.

We accept responsibility towards society.

In addition to the institutions that have been supported in many ways by the Kapsch Group over the years, Kapsch TrafficCom focuses on supporting the following projects and initiatives:

- **St. Anna children's hospital**
- **CliniClowns**
- **Numerous international projects in developing countries**
  (Institute for Development Cooperation (ICEP))

Corporate social
responsibility.

The Kapsch TrafficCom Group is also aware of its corporate social responsibility beyond its operational business and therefore coordinates the relevant activities with the widespread engagement of the Kapsch Group.

The main focuses of this commitment to society are on the promotion of health and development as well as supporting art and cultural institutions. In addition, the regional subsidiaries are also free to support social projects in their area.

Educational institutions. It is of particular importance to Kapsch TrafficCom to support technical educational institutions as a Group focusing on technology and innovation. This means that we are interested in establishing contact with both students and graduates of technical training courses as early as possible. In addition to the Vienna University of Technology and the University of Applied Sciences Technikum Wien, the Kapsch Group has been supporting Universitäres Gründerservice Wien GmbH since 2006, a company which provides advice and support to young entrepreneurs, helping them to turn their ideas into fully fledged business plans.

Health and social initiatives. For many years, the Kapsch Group has already been supporting various health-related activities. These include the CliniClowns, whose aim it is to cheer up seriously ill people and, as a result, to accelerate their recovery. Support has also been provided to the St. Anna Children's Hospital in Vienna for a number of years. One example of the many social projects funded by the Kapsch TrafficCom Group both in Austria and abroad is the Institute for Development Cooperation (ICEP). The aim of this organization is to globally combat poverty by means of projects with reliable local partners in several countries. Besides this, Kapsch TrafficCom also provides funding for projects which rely on targeted action to promote the integration of marginalized groups and, in so doing, makes a contribution to social justice, to the positive development of society and to long-term security.
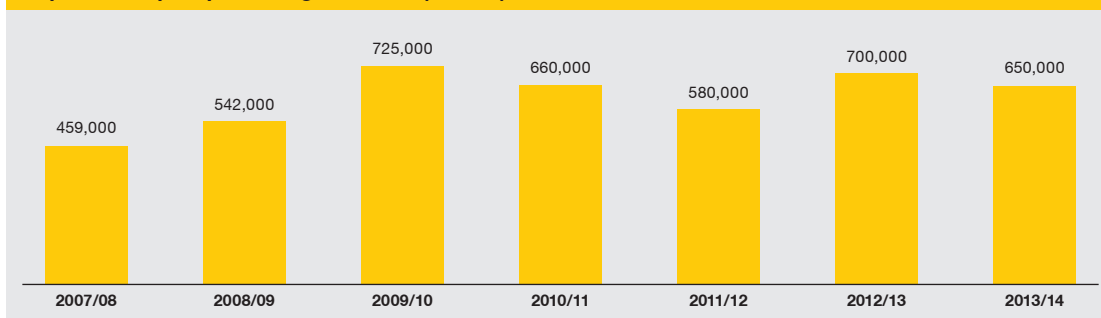
Jewish culture. The Kapsch Group is also a sponsor of the event series 'Kultur im Tempel' at the synagogue in Kobersdorf and at the Jewish Museum Vienna. Both of these institutions make Jewish life and the associated culture accessible to others, including younger generations.

Music. The Kapsch Group has been one of the main sponsors of Wiener Konzerthaus since 1992. The existing and unconventional program of this institution masters the balancing act between preserving tradition and attracting a new audience. One annual highlight is the so-called 'Wien modern' festival, one of the most globally renowned festivals of contemporary music, and one which has been part of the sponsoring program of Kapsch since 1989.

Visual art. One of the most important desires of the Kapsch Group is to promote up-and-coming artists both at home and abroad. One example of this is the photo calendar which the Kapsch Group has been publishing since 1994, the presentation of which takes place in the course of an opening event. The 2014 art calendar features works of art by the Belarusian artist Alina Kunitsyna.

Kapsch Group – sponsoring activities (in EUR)

459,000	542,000	725,000	660,000	580,000	700,000	650,000
2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14

Compliance and anti-corruption.

As part of the corporate governance, all business units over which Kapsch TrafficCom AG has primary influence are analyzed with regard to their corruption risks. It is a key concern of Kapsch TrafficCom to combat corruption of any kind. The executive board meets its duty to monitor with due care by taking suitable and appropriate measures to prevent violations of the law by company employees before they happen. A multi-step compliance organization is in place to ensure the comprehensive monitoring of these preventative measures. In his function as Compliance Officer, Marcus Handl is responsible for compliance management in accordance with the provisions of the Issuer Compliance Directive (ICV).

The compliance officer prepares an annual (internal) corruption report on the measures to combat corruption. The executive board presents this report to, and discusses it with, the supervisory board. The corruption report was last dealt with in the supervisory board meeting on 20 March 2014.

The following preventative measures to combat corruption have so far been implemented:
- Commitment to combat corruption pursuant to the United Nations Global Compact since January 2010
- Implementation of an internal monitoring system since the 2009/10 fiscal year
- Publishing a code of conduct (2010/11 fiscal year) that defines the principles of ethical, moral and legally proper decision-making and action for the executive board and employees in the Group (https://www.kapsch.net/KapschGroup/aboutus/Code-of-Conduct)

In addition to the issuer compliance guideline in place since the IPO in 2007, the compliance officer prepared, approved and communicated more guidelines in the 2013/14 fiscal year that add aspects of combating corruption to the code of conduct and raise awareness among first-level managers about the issue of combating corruption as part of an event.

Furthermore, all employees of the first and second management levels are trained in the anti-corruption policy of the company as well as in the related processes and tools. All remaining employees also have access to information on this matter via the Intranet.

Details
of the report.

This, the third sustainability report issued by Kapsch TrafficCom, covers the sustainability-related activities and key performance indicators of the Kapsch TrafficCom Group. Financial data and the details relating to the areas of products and employees relate to the reporting parameters of the 2013/14 annual report. Environmental KPIs were calculated particularly for the manufacturing activities of the subsidiary Kapsch Components (please refer to specific details in the relevant sections). The information relating to social responsibility and sponsoring cover the Kapsch Group. Any additional activities of the Kapsch TrafficCom Group are explicitly reported as such.

The financial year 2013/14 represents the reporting period. Compared to the sustainability report of Kapsch TrafficCom for 2012/13, we have updated the corporate strategy, further developed the system for key performance indicators and placed emphasis on providing details about research and development.

The contents of the report reflect the sustainability focusses of Kapsch TrafficCom as well as the annual program derived from HESSQ management.

This report is structured in five main focus areas:
- Ensuring sustainable success
- Products with added value for the environment and society
- Protecting the environment and resources
- A competent team
- Corporate social responsibility

The data capturing for the sustainability report takes place not only by means of the use by Ecoprofit of existing reporting tools such as the HESSQ Management Report and the Kapsch Components Environmental Report, but is also based on interviews with internal experts from the various corporate divisions. The data were centrally collated, evaluated and subjected to plausibility testing by the Sustainability Coordinator of Kapsch TrafficCom in cooperation with an external sustainability consultant.

This report fulfils the requirements for sustainability reporting under the Global Reporting Initiative – (GRI Guideline G3.1 (Application Level 3)) for sustainability reports and constitutes our Communication on Progress for the United Nations Global Compact. The publication cycle is one year.

The GRI Content Index from page 33 provides details about the various indicators and the degree to which these are complied with. The sustainability report mainly presents ecological and social aspects. Please refer to the Annual Report 2013/14 of Kapsch TrafficCom AG for more details regarding business development, the corporate profile and the issue of corporate governance.

In order to signalize that general references in this sustainability report to individuals apply equally to women and men, male and female gender forms have been used in part.

Glossary.

ANPR
Automatic number plate recognition – a method that uses optical character recognition (OCR) on images to automatically identify the license plate number of a vehicle

CO_2
The chemical abbreviation for carbon dioxide

Compliance
In business administration parlance, this refers to respecting legislation and company policies

CVO
Commercial vehicle operations – systems for operating commercial vehicles in order to enhance freight carrier productivity and safety

DSRC
Dedicated short-range communication – one-way or two-way short to medium-range wireless communication channels designed for communication between on-board and roadside equipment

ETC
Electronic toll collection to enable drivers to pay toll fees without stopping at toll stations

GNSS
Global navigation satellite system – standard generic term for satellite navigation systems that provide autonomous geo-spatial positioning with global coverage

GPS
Global positioning system

GRI
Global Reporting Initiative, developed in the course of a participating process; guidelines for the preparation of sustainability reports

GSM
Global system for mobile communication – standard to describe technologies for digital cellular networks

ISO
International organization for standardization

ITS
Intelligent transportation systems, in which information and communication technologies are employed to support and optimize road transportation, including infrastructure, vehicles, users and industry

OHSAS
Occupational Health and Safety Assessment Series

On-board unit
An on-board unit (OBU) is an electronic device readable and writeable via wireless communication. An OBU identifies a vehicle and/or serves as a payment means and/or as data memory for vehicle and/or personal data

PVTMS
Public vehicle transportation management systems to facilitate the management of both local and long-distance public transportation

Transceiver
A roadside mounted radio communication device for the bidirectional data exchange to on-board units by means of dedicated short-range communication (DSRC). In the USA often referred to as a reader

Transponder
A transponder is an on-board equipment with a dedicated short-range communication (DSRC) interface and a buzzer serving as the only human-machine interface to the driver

UNGC
United Nations Global Compact; a global alliance between companies and the UNO in order to make globalization more socially and ecologically compatible

V2X
Vehicle-to-X is the abbreviation for vehicle-to-vehicle (V2V) and vehicle-to-infrastructure (V2I) communication, a core technology for managing and improving future traffic safety and mobility

VÖNIX
The VBV Austrian Sustainability Index is a stock index that comprises listed Austrian companies that play a leading role in terms of their social and environmental performance

WAVE
Wireless access in vehicular environment refers to a set of emerging standards for mobile wireless radio communications

GRI
Content Index.

No.	Indicator	Status	Reference/Note
1	**Strategy and Analysis**		
1.1	Statement from the most senior decision-maker of the organization	•	SR p. 3
2	**Organizational Profile**		
2.1	Name of the organization	•	SR p. 4
2.2	Primary brands, products, and/or services	•	SR p. 4, 16f, AR p. 20f
2.3	Operational structure of the organization	•	SR p. 5
2.4	Location of organization's headquarters	•	SR p. 5
2.5	Number of countries where the organization operates	•	SR p. 5
2.6	Nature of ownership and legal form	•	SR p. 6, AR p. 28ff
2.7	Markets served	•	SR p. 5
2.8	Scale of the reporting organization	•	SR p. 5, 9
2.9	Significant changes during the reporting period regarding size, structure, or ownership	•	SR p. 8, 10, AR p. 46ff
2.10	Awards received in the reporting period	•	SR p. 6
3	**Report Parameters**		
3.1	Reporting period	•	SR p. 31
3.2	Date of most recent report	•	SR p. 31
3.3	Reporting cycle	•	SR p. 31
3.4	Contact point for questions regarding the report or its contents	•	SR p. 35
3.5	Process for defining report content	•	SR p. 8, 31
3.6	Boundary of the report	•	SR p. 31
3.7	State any specific limitations on the scope or boundary of the report	•	SR p. 31
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	•	SR p. 31
3.10	Explanation of the effect of any re-statements of information provided in earlier reports	•	SR p. 31
3.11	Significant changes from previous reporting periods	•	SR p. 31
3.12	Table identifying the location of the Standard Disclosures in the report	•	SR p. 33f
4	**Governance, Commitments and Engagement**		
4.1	Governance structure of the organization and responsibility for sustainability	•	SR p. 11
4.2	Independence of Chair of highest governance body	•	SR p. 5
4.3	Structure of governance bodies in organizations with supervisory board	n.a.	Supervisory Board has been established
4.4	Mechanisms to provide recommendations to executive board	•	SR p. 8
4.8	Internally developed statements of mission or values, codes of conduct, and principles	•	SR p. 12, 15
4.13	Membership of associations and/or national/international advocacy organizations	•	SR p. 13
4.14	List of stakeholder groups engaged by the organization	•	SR p. 13
4.15	Basis for identification and selection of stakeholders	•	SR p. 13
5	**Management Approach and Performance Indicators**		
EC	**Economic Indicators**		
EC1	Direct economic value generated and distributed	•	SR p. 8, AR p. 86 ff
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	•	SR p. 22
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	•	SR p. 25
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	•	SR p. 30

Legend

| Core indicators | • fully reported | n.a. not applicable | AR Annual Report 2013/14 |
| Additional indicators | • partially reported | SR Sustainability Report 2013/14 | |

EN	Environmental Indicators		
EN 1	Material used by weight or volume	•	SR p. 20
EN 2	Percentage of materials used that are recycled input materials	•	SR p. 22
EN 3	Direct energy consumption by primary energy source	•	SR p. 20
EN5	Energy saved due to conservation and efficiency improvements	•	SR p. 21
EN16	Total direct and indirect greenhouse gas emissions by weight	•	SR p. 20f
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	•	SR p. 20
EN22	Total weight of waste by type and disposal method	•	SR p. 20
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	•	SR p. 18, 22
LA	Labor Practices and Decent Work		
LA1	Total workforce by employment type, employment contract, and region	•	SR p. 25
LA2	Total number and rate of employee turnover by age group, gender, and region.	•	SR p. 25
LA4	Percentage of employees covered by collective bargaining agreements	•	SR p. 25
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region	•	SR p. 27
LA10	Average hours of training per year per employee by employee category	•	SR p. 26
LA11	Programs for skills management and lifelong learning	•	SR p. 26
LA12	Percentage of employees receiving regular performance and career development reviews	•	SR p. 27
LA13	Composition of governance bodies and breakdown of employees per category	•	SR p. 27, AR p. 39
LA14	Ratio of basic salary of men to women by employee category	•	SR p. 26
LA15	Return to the workplace and remaining in the company after parental leave	•	SR p. 27
HR	Human Rights Performance Indicators		
HR4	Total number of incidents of discrimination and corrective actions taken	•	No incidents of discrimination during reporting period
SO	Society Performance Indicators		
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	•	SR p. 30
SO4	Actions taken in response to incidents of corruption	•	No incidents of corruption during reporting period
PR	Product Responsibility		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	•	SR p. 18
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	•	SR p. 16

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