





KEY SUSTAINABILITY GOALS 2022 AND BEYOND

- Electrification of the car fleet - target 20%.
- Focus on the use of reusable packaging. Increase the reusable quota to 25%.
- Implement an ESG platform for supplier evaluation with regard to social and environmental criteria. Increase the share of verified series suppliers to 80%.
- Installation of further photovoltaic systems (logistics center 2, component production).
- Attract more women to technical professions and increase the proportion of female employees, especially in production.
- Continuous expansion of training and further education offers (KTM_academy).
- Reduce the amount of residual waste by 10% in the coming years.
- Technology openness of the drive concepts.
- At least three electric platforms with several products will be introduced by 2024.
- From 2024, "blended fuels" will be used in MotoGP (regular fuel with e-fuel added), and from 2027, motorsport will be run exclusively on e-fuels.
- By 2030, at least a third of the Group's sales will be generated with electrified two-wheelers.



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INTRODUCTION BY THE EXECUTIVE BOARD

The second year of the pandemic was full of challenges and at the same time confirmed to us that independence, flexibility and commitment are indispensable assets in times of crisis, enabling us to make courageous decisions and also to quickly translate them into action. The particularly hard-hit areas such as Production, Logistics and Human Resources, also withstood the difficult demands of the past months very well and achieved extraordinary success. Despite huge challenges in the supply chain, the PIERER Mobility Group improved its revenue by around 1/3 in the 2021 financial year and achieved record sales of EUR 2,042 million with an EBIT increase of around 80% to EUR 193.5 million. In the overview below we would like to review the key progress made in conjunction with further sustainable measures in the past reporting year:

In order to align our entrepreneurial activities with even greater focus on adopting a sustainable approach, an environmental management system according to ISO 14001:2015 was implemented in summer 2021. The certification was accompanied by the definition of environmental targets. At the same time, we addressed climate-related risks and opportunities in our business activities. These were disclosed for the first time in fall 2021 in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). We were also particularly pleased with the result of the first ESG risk rating by Sustainalytics in December 2021: PIERER Mobility was rated with a low risk for material financial impacts of ESG factors (value: 11.5). With this ESG risk rating, PIERER Mobility thus ranks 2nd¹ in the automotive sector assessed by Sustainalytics.

Infrastructure & investment in training

The main infrastructure expansions at our Austrian sites in the 2021 reporting year involved the expansion of the logistics center (planned completion in 2022) and the newly built training center at the Munderfing site. Innovative training methods will be employed here to train and develop the 2-wheel technicians of our sales partners from all over the world. The newly created Production Academy in Mattighofen

also represents a major investment in the education and training of production employees. In the new training center, production employees receive intensive support and training, from onboarding through to technical training. More than 100 new employees have already been trained up for the various KTM production plants in 2021.

Covid measures

Extraordinary times also call for special concepts and flexibility in many areas. The coronavirus pandemic also required special measures in 2021 to ensure the protection of employees and maintain the operation of the business. Thanks to this forward-looking approach and constant engagement with the authorities, these measures as well as government regulations were implemented comprehensively and quickly by the specially established COVID team. This allowed us to prevent any extensive spread within the company and the risk of contracting COVID-19 within the company was considered to be low. The payment of a bonus also increased the vaccination rate in the Group by more than 20%.

The immediate effects of the coronavirus pandemic, for example with suppliers affected by illness, as well as the upheaval in the global economy as a result of this crisis place even greater demands on safeguarding the availability of parts. We use an A.I.-supported risk monitoring system to be able to identify and resolve at an earlier stage volatile environmental influences and risks arising, for example from the coronavirus pandemic. In addition to the close and transparent exchange of information with our suppliers, this system provides immediate information about any global events that have a direct or indirect impact on the supply chain.

R&D and sustainable mobility

In the 2021 financial year, efforts focused on making further progress with development projects relating to our combustion engine range. Particular emphasis was placed on improving performance while at the same time reducing fuel consumption and emissions. For example, some models that

1 Update as of 23.12.2021, Source: <https://www.sustainalytics.com/esg-ratings>

comply with the new Euro 5 emissions standard were already successfully transferred to series production in 2021. The development team is already working on technologies that provide for a further reduction in pollutant emissions for future generations of engines. Another focus of the past research year was to press ahead with further increasing the efficiency of our aggregate testing of new technologies in the area of thermodynamic subsystems of our combustion engines.

PIERER Mobility AG is moving full speed ahead with its vision to become the world leader in the field of electrically powered two-wheelers (PTW). Focusing on the power range from 250 W to 11 kW, the Group is taking the next steps to intensify research & development (R&D) in the field of electric mobility. For example, in the reporting year all R&D activities were combined and expanded further into their own research and development company – KTM Forschungs & Entwicklungs GmbH (KTM F&E GmbH). This will ensure that KTM continues to be able to keep up with the ever-increasing pace of technological development. A special focus of last year was making the move to the newly developed R&D site in Anif close to Salzburg in Austria, which, in addition to the E drive development division within F&E GmbH, also provides KTM Technologies GmbH with space for further growth. The investment volume for the 7,780 m² e-mobility center of expertise is EUR 20 million. The state-of-the-art facility provides space for more than 150 employees and is located right next to the KISKA design studio in Anif.

We also made further progress in the development of batteries in 2021. KTM participates in a consortium for motorcycles with swappable batteries with Honda Motor, Piaggio Group and Yamaha Motor for motorcycles and light electric vehicles. Over the next 3 years, the consortium will develop a common technical standard for a battery swap system including the corresponding battery swap stations. We expect that the international standardization (e.g. CEN, ISO) envisaged in the content of the project will create a market for this battery system which will allow it to meet the expectations of the customers regarding range, “charging time” and costs, and in which positive business cases can be presented for each of the manufacturers (vehicle, battery, charging/swap stations). The work of the consortium will thus make a significant contribution to the wider spread of electric propulsion in light 2-, 3- and 4-wheeled vehicles with a focus on applications over shorter distances (<100 km).

We have always pursued a very intensive R&D strategy in order to further expand our role as a leading technology pioneer and also to keep pace with our major competitors as well. This also explains the relatively high research budget – which is currently 8%. This position enables us to offer our customers individual and sustainable mobility solutions that meet the current standards and norms in terms of technology, quality and safety. At the same time, these research activities strengthen Austria as a business location and will also secure many jobs for the future.

CO₂ emissions of the vehicle fleet

The introduction of new models and product segments using drive technologies with lower fuel consumption and emissions is having a positive impact on our average fleet values. As a result, in 2021, the average CO₂ emissions of our reported vehicle fleet, including the e-bicycle models which were sold, were 61.14 g/km. Average fuel consumption in the 2021 reporting year was 3.41 l/100 km. Fleet fuel consumption was reduced by 2.49% compared to the 2016 base year (2016: 3.5 l/100 km). Between 2016 and 2021, the Group reduced the average CO₂ emissions of its newly sold vehicles by 2.34% (2020: 3.19%).

Outlook

An openness to differing drive concept technologies, i.e. a mix of electrified motorcycles (48 volts) in the lower displacement range (up to max. 250 cc) and motorcycles above this range running on CO₂-free synthetic fuels, is seen as a scenario for the future by the global two-wheeler industry. In line with our strategic objective of contributing to emissions reduction and neutrality, the focus of development work in the upcoming years will increasingly be on alternative drive systems in the range up to 15 kW. In the range above this, efforts will focus on the technological advancement of conventional forms of propulsion with synthetic fuels for avoiding CO₂. The main goal is to fully exploit the innovation and development potential in the area of electric mobility and to help shape the growing market and secure market share with e-fuel-powered combustion engines as a global player with strong brands. At least three electric platforms with multiple products will be introduced by 2024.

To expand the bicycle and e-bike production capacity, in 2021 a 50:50 joint venture was established with MAXCOM Ltd. for the e-bike production in Plovdiv/Bulgaria. A state-of-the-art e-bike production and assembly facility is being built over an area of 130,000 m². International suppliers will also be given the opportunity to locate themselves at the site. Commissioning is scheduled for the second half of 2023. The annual production capacity will be around 350,000 units. PIERER Mobility AG is contributing all of its vehicle development and production expertise to the joint venture.

In the 2022 financial year, the PIERER Mobility Group will continue to focus on growth in all core areas, both motorcycles and (e-)bicycles, despite the challenges that exist in the supply chain.



Stefan Pierer
Chairman of the Executive Board

SUSTAINABILITY HIGHLIGHTS 2021 KEY FIGURES

131 M€

invested
in product
development

61.14 G/KM

fleet emissions ¹⁾

around

2.3 M€

invested in further
education of employees

8.4

Lost Time Frequency

Insury Rate³⁾

90%

procurement volume
within europe
for series production

compliance cases,
incidents with
fine or penalty
after recalls

0

18.8 M€

invested in
alternative drive
technologies

around

124,000

hours of further
training of employee

99.5%

renewable energy
share ⁴⁾

1) Reduction in energy demand for products (motorcycles and e-bicycles: Ø Emission in g/km ; 2) Calculated from the units of motorcycles and e-bicycles sold (number of units).

3) Rate excl. temporary workers; The LTIFR is the number of lost-time injuries (of at least one workday) per million hours worked, calculated using the formula: $LTIFR = (\text{Number of lost-time injuries}) / (\text{Total hours worked in accounting period}) \times 1,000,000$. 4) Electricity and district heating at the main company and production sites of KTM AG, KTM Technologies GmbH, PIERER Mobility AG; 5) t-CO₂-e compared to the previous year, based on Scope 1 + 2 emissions "location based"

18.4%

unit sales

electrified

two-wheelers ²⁾

24.2%

female

share

-22.0%

emissions

per vehicle sold ⁵⁾



I. COMPANY OVERVIEW OF PIERER MOBILITY

The **PIERER Mobility Group** is Europe's leading "Powered Two-Wheeler" ("PTW") manufacturer and is among the European technology and market leaders, particularly in the premium motorcycle segment. In addition to vehicles with combustion engines, the product range also includes zero-emission two-wheelers with electric drives (particularly e-motorcycles and e-bicycles). The Group's activities are divided into three value creation pillars: Motorcycles, (E-)Bicycles as well as Design, Concept and Digitalization (see also the Group Structure shown on page 9). As a pioneer in electric mobility for two-wheelers, the Group, together with its strategic partner Bajaj Auto Ltd, Pune/India, has the foundations in place to become a global leader in the low-voltage range (48 volts).

The activities of the motorcycle brands KTM, Husqvarna Motorcycles and GASGAS as well as the component manufacturer WP Suspension and KTM Forschungs & Entwicklungs GmbH are combined under the umbrella of **KTM AG**. As Europe's largest manufacturer of high-quality powered two-wheelers, KTM AG represents one of the three value-added pillars of the PIERER Mobility Group. Its product range covers all major motorcycle segments with a capacity of between 50 and 1,300 cc and is constantly being expanded. KTM also launched the electrically powered KTM FREERIDE E on the market in 2014, thus also showing itself to be a pioneer in the industry when it comes to electric mobility for two-wheelers. The Group has since expanded the electric sport bike segment to include sport minicycles (KTM SX-E 5, Husqvarna EE5 and the GASGAS MC-E 5) and a whole range of electric wheels for even younger riders (Husqvarna 12eDrive and 16eDrive, KTM REPLICAS 12eDRIVE and 16eDRIVE, GASGAS Replica 12eDrive and 16eDrive). In 2021, Husqvarna also presented the E-Pilen E-Motorcycle Concept and a Stand-up Scooter Concept in the field of electromobility. In addition to motorcycles and components, the KTM X-BOW sports car completes the KTM AG model range.

True to the motto "DRIVEN BY THE NEW", **KTM TECHNOLOGIES GmbH** in Anif close to Salzburg, Austria develops inspiring vehicle concepts and innovative lightweight design solutions. Following the trend toward sustainable and low-emission drives, KTM TECHNOLOGIES GMBH has also worked very hard in recent years on many e-mobility projects and built up know-how, resources, and infrastructure in this area. For this purpose, the site in Salzburg has been expanded to create a development center. This has created offices, workshops and state-of-the-art test benches over 7,780 m² of floor space which can be used by the companies belonging to the Pierer Mobility Group. As a service provider, the company also

continues to work with third-party customers on strategically meaningful projects, thereby gaining valuable expertise that extends beyond the two-wheeler sector. The group of partners and customers includes automotive OEMs and suppliers as well as companies from other industries, such as mechanical engineering, aviation and electronics.

A series of new technological developments have accelerated the change processes in product development, commerce and process optimization. Some of these include connectivity, artificial intelligence (AI) in addition to the many new software technologies in general. Connectivity is a topic for everyone because consumer goods and vehicles are also becoming increasingly interconnected. Today's innovation landscape therefore extends way beyond considering just the product. It increasingly requires customer experiences and services to be taken into account in the development. In order to meet this challenge precisely, **Pierer Innovation GmbH** with its registered office in Wels, Austria was founded and a number of digital companies such as **Avocado GmbH**, **DC Digital GmbH**, etc. were acquired.

This is exactly where Pierer Innovation comes in, taking the digitalization drive to a new level. Together with Avocado and DC Digital, Pierer Innovation represents the competence center for user experience design, software development, data science and new digital technologies and is shaping the **digital future of Pierer Mobility AG**. Scouting specialists work on a continuous exchange of technology and trend analyses in order to evaluate social and cultural changes and to derive possible use and business cases. This enables them to lay the foundation for developing new concepts.

Since mid-2020, the bicycle division of the group has been trading under the name **PIERER E-Bikes GmbH** with its registered office in Munderfing, Austria. PIERER E-Bikes aims to enhance the bicycle market in particular with innovation, advanced technology and cutting-edge design, and in doing so take the next leap into electric mobility for two-wheelers. PIERER E-Bikes has its own vision in mind at all times and offers the perfect blend of performance and individuality with its four diverse bike brands Husqvarna E-Bicycles, GASGAS Bicycles, R RAYMON and FELT Bicycles. For the company, 2021 was a year that saw exponential growth in sales and segment share, a greatly expanded product range, and a major innovation push, while it also further expanded its supplier network – all in the midst of a global pandemic. PIERER E-Bikes GmbH continues to

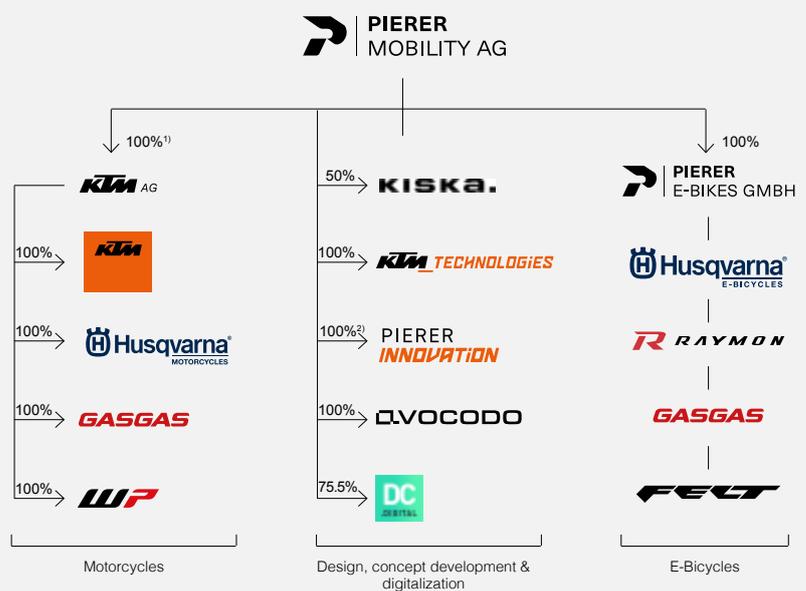
GROUP STRUCTURE

SIMPLIFIED PRESENTATION AS OF 12/31/2021

focus on a portfolio of high-quality bicycle brands covering all categories; in November, the company acquired the US-based bicycle manufacturer FELT Bicycles. With FELT, PIERER E-Bikes is not only making headway in the North American market but is also gaining insight into the bicycle manufacturer's expertise acquired from 30 years of experience and research and development.

Avocodo GmbH, with its registered office in Linz, Austria, is a full-service provider specializing in mobile applications, web applications and business solutions. The company focuses in particular on digital solutions and individual developments.

DealerCenter Digital GmbH, with registered office in Landshut, Germany, develops digital consulting and sales systems that are positioned at the interface between the online and offline worlds and can therefore play an important role in the transformation of the stationary retail sector into the digitally integrated shop of the future.



Other shareholdings: ACstyria Mobilitätscluster GmbH 12.3%; Platin 1483. GmbH 100%
 1) Incl. squeeze-out in 2022 shareholding of 100%; as of Dec. 31, 2021 99.75%.
 2) Formerly KTM Innovation GmbH, renamed in January 2022

PRODUCT HIGHLIGHTS

KTM RC 390

- The new-generation RC 390 model has achieved an increase in overall efficiency by **reducing the weight** of the vehicle **by 3 kg** (compared to MY21). The new trellis frame is 1.5 kg lighter than that of its predecessor and the new bionic design of the wheels reduces rotating, unsprung masses by 3.4 kg. The latest upgrade of the 373cc single-cylinder engine also enabled an increase in torque (~5.7%) while at the same time reducing fuel consumption (~1.7%).
- In addition, the model has several innovative features in the segment: fully adjustable suspension, up-and-down quick-shifter, motorcycle stability control and a 5-inch TFT display.
- The **Euro 5-compliant exhaust system** guarantees that all pollutant emission requirements are met and reduces CO₂ emissions (~1.3%) compared to the previous model generation.

KTM 1290 SUPER ADVENTURE S

- KTM's highlight model in the Travel segment has several innovative features: The latest generation of WP's semi-active APEX suspension (SAT) with electronically controlled solenoid valves allows all suspension settings to be made directly from the dashboard and displayed directly on the 7-inch TFT display. A new LED headlight with integrated cornering and daytime running lights provides optimal illumination of the road in front of the rider.
- The 1290 SUPER ADVENTURE S is also the first KTM model to feature the revolutionary, radar-based **Adaptive Cruise Control** (ACC). The radar sensor automatically senses a vehicle ahead and automatically adjusts the speed to maintain a safe distance at all times.
- In addition, the **Euro 5-compliant exhaust system** minimizes pollutant emissions to 134 g / km of CO₂ and the powerful but efficient V2 engine ensures moderate fuel consumption of only 5.7 l / 100 km. The 1290 SUPER ADVENTURE S still offers an unbeatable power-to-weight ratio in the segment, (all fluids, excluding fuel) of just 227 kg.

R RAYMON AIRRAY 12.0

- With the new AirRay light series, R Raymon adds the finishing touch to its range and offers an **e-mountain bike under 20 kilos**. The line, consisting of 3 models, is aimed primarily at the sporty target group, fans of pedaling. Thanks to the thermoset carbon frame weighing just 2.8 kg, the top model impresses with a total weight of 19.3 kg.
- The AIR DRIVE motor developed specifically for R Raymon with Yamaha provides the rider with power without braking at the same time, while the control unit provides the most important information discreetly and precisely.
- In addition to its low weight of 2.9 kg, the AIR DRIVE system is particularly impressive with the efficient and natural support it offers the rider. With 50 Nm and specially tuned software, it offers the rider optimum power even in higher cadence.
- The overall package is rounded off with the Yamaha battery producing 410 or 500 Wh, which represent pure riding fun and maximum energy efficiency with an optimized weight and sufficient power.



OUR VALUE CHAIN

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



Research & development

Purchasing

Motorcycle production
& assembly

Logistics & sales

(Product use &
recycling)

Racers & factory riders, rider teams	Media	Dealers	Politicians
Neighbours	Employees	Academia & experts	Networks & associations
Supplies	Shareholders & investors	Business partners	Customers

OUR STAKEHOLDERS

Thanks to the growing presence of our products from the various divisions – especially those under the KTM, Husqvarna Motorcycles and GASGAS motorcycle brands and under the Husqvarna E-Bicycles, R Raymon, GASGAS Bicycles and FELT Bicycles (e-)bicycles brands – we engage with various stakeholders on the global market. Their individual interests and approaches are balanced as fairly as possible. We always endeavor to engage in ongoing and intensive dialog with our stakeholders. The views and experiences of others have a crucial bearing on how we act in addressing and discussing relevant but also controversial issues. This is the only way in which we can satisfy the requirements and expectations of both sides and develop sustainable solutions.

To this end, we have established defined communication channels and forms of dialog that enable an ongoing exchange with the key stakeholders. Communicating proactively and integrating relevant stakeholders are crucial for the PIERER Mobility Group in allowing us to maintain our leading position in the market and to respond as promptly as possible to the volatile market environment for our products and services. Treating each other with respect and the transparent flow of information help over the long term to build up mutual trust and prevent misunderstandings – this is the only way to reduce any tension that may exist and to avoid new conflicts.

In addition to personal discussions, our stakeholder dialog also focuses particularly on joint product development with various specialist groups and strong regional cooperation between our sites and suppliers. We

are aware of our social responsibility and therefore we constantly strive to provide future-proof jobs and create new jobs in a sustainable way. Through dialog with neighbors, communities and associations, we develop concepts for solutions to meet local challenges and promote balanced educational work. Regular engagement with the capital market, for example at roadshows and on conference calls, is very important for the PIERER Mobility Group. In addition, our stakeholder management also involves tech talks, themed workshops, training courses, surveys, web platforms, media contacts and interviews as well as trade fairs and career days.

The stakeholder groups were first identified in 2018 as part of an internal analysis of the key stakeholder groups that regularly contact us or with which an intensive exchange of information already occurs. Since then, and on the basis of our ongoing activities with our 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 our **stakeholder groups** and the **forms of dialog** can be found below.

Employees: Annual employee appraisal, intranet, specialist workshops, training courses, ideas workshop, employee survey, information events and staff meetings, guided tours of production areas, welcome days for new employees and apprentices, KTM_academy.

Shareholders and investors: Bilateral exchange on environmental, social and governance (ESG) issues with investors.

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

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

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

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

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

Politicians, networks and associations: Presidency (Stefan Pierer) at ACEM, the European Association of Motorcycle Manufacturers; the Federation of Upper Austrian Industry (Stefan Pierer as Vice-President); at the PIERER Mobility Group locations, the management is in regular contact with relevant local/regional government officials and authorities (provision of company data, annual report and sustainability report). Participation in the association z.l.ö. - zukunft.lehre.österreich, cooperation with Hotspot (Lebensraum) Innviertel and Innovations- und Technologietransfer Salzburg; part of the regional advisory board at the Arbeitsmarktservice (AMS) in Braunau; cooperation with Arbeitsmedizinischer Dienst. The ESG activities are reinforced by the membership of "respACT-austrian business council for sustainable development".

ACEM ACTIVITIES

The European Association of Motorcycle Manufactures (ACEM) represents the manufacturers of mopeds, motorcycles, tricycles and quadricycles (L-category vehicles) in Europe. ACEM members include 18 manufacturing companies and 20 national industry associations from 17 countries. More than 300,000 jobs depend on the motorcycle, moped, tricycle and quadricycle industry in Europe. Therefore, the association works closely with the EU institutions and with many stakeholders from different policy areas. The topics range from the European approval of L-category vehicles in relation to environmental legislation, road safety and transport policy through to international trade relations. In addition to road safety and mobility, ACEM is also heavily involved with the environmental performance of L-category vehicles and focuses on the role of the motorcycle industry in promoting sustainable transport in Europe. For this reason, it makes a

significant contribution to driving forward regulatory activities and lobbying for the introduction of new environmental standards, such as recently with the implementation of the Euro 5 exhaust gas regulation.

PIERER Mobility CEO Stefan Pierer will be President of ACEM until June 2022. Among others, the following activities have been promoted during his presidency:

Type Approval

Provision of the Euro 5 package for use from 2020 with a corresponding reduction in the limit values for local pollutants.

Completion of technical details for the implementation of on-board diagnostics, preparation for the discussion on Euro 5 noise limits. To this end, the first step, development of a new measurement method "ASEP 2.0", has been completed. (See further below)

Emission Factors of the L Category

Update COPERT with data of the Euro 4 L category. COPERT is the EU's standard vehicle emission calculator. This covers all major pollutant categories and is used to calculate emissions at national, regional or local level and to establish annual to daily calculation models. The COPERT methodology is published and peer-reviewed by experts of the UNECE LRTAP Convention.

Life Cycle | Waste | Risk Materials

Increasing focus on the documentation of usage behavior along the entire product life cycle and promotion of further association activities. Particular attention will be paid to the issues relating to the recycling of lithium-ion powerpacks ("cradle to grave") and to working to promote the safe handling of the chemicals they contain in the form of an inter-association alliance. In addition, ACEM, together with other European vehicle associations, is working to advance the GRMS² (Global Regulatory Monitoring System for Chemical Substances) project on substance monitoring.

Another important topic, which plays a major role in the automotive industry, is the **REACH¹ regulation** on the registration, measurement, authorization and restriction of chemicals in products. The corresponding EU regulation has been in force since 2017 and applies in principle to all chemicals – whether they are used in industrial processes or in everyday life. As an ACEM member, KTM AG supports the program and is strongly committed to protecting human health and the environment. The company's current measures can be found on page 63 in the chapter "Environmental aspects along the product life cycle".

In addition, a new, medium-term project was launched with the aim of developing a "**Vision of the PTW Sector**". The "**ACEM Vision 2030+**" was presented during the ACEM Annual Conference on November 17, 2021 in Brussels. The conference, which was digitally broadcast in real time (with more than 900 virtual participants), was attended on site by the most important manufacturers from the PTW industry as well as delegates of the European Parliament and the European Commission. The presentation

of the following topics and the discussion with the European institutions was very well received (further information can be found at <https://acem.eu/vision2030>)²:

1. Urban mobility
2. Carbon emissions
3. Noise (noise emissions)

RESEARCH AND DEVELOPMENT POLICY

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

Connected Motorcycle Consortium

KTM AG is a member of the Connected Motorcycle Consortium, which has operated under the new name “CMC Next” since 2021. The strategic research and development platform promotes cooperation in industrial innovations in the field of Cooperative Intelligent Transport Systems (C-ITS). The primary mission of the consortium is to work together with the leading companies in the motorcycle industry to promote the timely and widespread use of C-ITS which offers considerable potential for improving the level of safety for motorcyclists on the road. The key focus is on developing all functions of C-ITS for the L category. (For more information, see the “Product Quality and Customer Safety” chapter starting on page 71.)

E-Call - “sAFE” project

Promoting participation in transnational standardization activities to define the minimum requirements for the integration of the automated emergency call system E-Call, which is already established in the automotive segment. As an example, the latest project “sAFE” (About eCall - sAFE, www.safe112.eu, 2019-2021) can be mentioned here as a “follow-up project” to I-HeERO (HeERO - www.heero-pilot.eu), in which motorcycle-specific minimum requirements were developed for eCall systems of motorcycles. KTM has also been actively involved in both projects and will actively participate in the corresponding CEN technical working group in order to translate the results of the project into a European standard (the technical specification TS17249-5 is currently being revised).

European Quality Seal for Motorcycle Training

The European Motorcycle Training Quality Label³ is a scheme launched in 2016 and run by the European Association of Motorcycle Manufacturers (ACEM), the German Road Safety Council (DVR) and the International Motorcycling Federation (FIM). It is a voluntary certification scheme for post-licence safety motorcycle training programs, open to all training centers. Its main objective is to help motorcyclists recognize the best post-licence training options in Europe. In 2019 The European Motorcycle Training Quality Label was awarded the European Road Safety Charter Award in the category “voluntary commitments” by the European Commission. This award acknowledges inspirational and innovative initiatives that contribute towards improving road safety and saving lives on Europe’s roads. A total of 35 training programs operating in Austria, Belgium, Cyprus, France, Germany, Greece, Italy, the Netherlands, Portugal, Spain and Sweden, have been awarded the label so far, including five motorcycle training courses at the KTM Riders Academy. So far, about 150 group training sessions have been conducted by the KTM Riders Academy. In the reporting year, there were around 400 training participants.

Environment

Continuation of activities within the United Nations Economic Commission for Europe (UNECE) in the field of Environmental and Propulsion Performance Requirements for Internal Combustion Engine PTWs (EPPR). The cooperation involves the international adoption of the Euro 4 and Euro 5 emission standards as well as the further development of legislation on noise emissions from PTWs.

On the subject of “Euro 5- Noise Emissions”, a new measurement method was developed in 2020 in the ACEM “Noise” working group under the leadership of KTM and has already been translated by IMMA into a UNECE regulation that applies worldwide. In future, the new “ASEP 2.0” method will measure the pass-by noise up to a Vmax of 100 km/h (previously up to Vmax 80 km/h) and will therefore reflect the noise level in “real world” use. This measurement method will be valid for all new homologations from September 2023.

² <https://acem.eu/vision2030>

³ European Motorcycle Training Quality Label: <https://motorcycle-training-label.eu/>; ACEM Road Safety Strategy: <https://roadsafetystrategy.acem.eu/home/the-european-motorcycle-training-quality-label/>



Further information can be found in the following ACEM documents:

- Transport Sustainability and Noise Emissions⁴;
- Commitments of the Motorcycle Industry to the Environment⁵;
- Strategy for Decarbonization of Transport – Powered Two-Wheelers (PTWs) in 2050.⁶

Safety

Continuation of activities within the UNECE⁷ regarding safety regulations in the PTW segment, such as brakes, lighting, etc. In addition, in the area of safety, manufacturers are focusing in particular on rider assistance systems:

Rider assistance systems for motorcycles can help to prevent accidents. They help to reduce collisions by supporting the rider in critical situations. At the same time, they also make the ride more fun and comfortable. Relevant examples are: Traction Control Systems (TCS), Tire Pressure Monitoring Systems (TPMS), electronically adjustable suspension, electronic cruise control, shift assist, fuel-saving assist, proximity activation systems (i.e. keyless driving systems), in-vehicle navigation systems, adjustable ride mode, side view assist, automatic stability control, etc. Many advanced rider assistance systems were originally developed for cars. However, they can potentially be dangerous if they are used on motorcycles without being appropriately adjusted. For this reason, ACEM members are working on specific technical solutions for rider assistance technologies. Systems have already been developed by KTM AG and installed in production motorcycles since 2021, offering adaptive cruise control, forward collision warning and even blind spot detection, all of which can help to increase the level of safety for motorcyclists. The technology on which these systems are based is a combination of radar sensor, brake system, engine management system and HMI (Human Machine Interface).

OTHER ACTIVITIES

ARGE2RAD

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

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

- Stable market development of powered two-wheelers,
- Reduction of CO₂ and noise emissions,
- Traffic regulations and road safety initiatives,
- Organization of test days and trade fairs.

ZIV

PIERER E-Bikes GmbH is a member of the Bicycle Industry Association (ZIV) in Germany. By actively participating in various working groups, members can exert influence on standards and legal framework conditions in Germany and subsequently also at EU level via the European umbrella organization CONEBI.

4 <https://acem.eu/policy-areas/environment/acem-position-paper-transport-sustainability-sound-emissions-and-noise-a-collective-response-for-a-shared-responsibility>

5 <https://acem.eu/policy-areas/environment/riding-in-a-21st-century-environment-the-motorcycle-industry-s-commitment-to-the-environment>

6 <https://acem.eu/policy-areas/environment/acem-position-paper-decarbonisation-of-transport-powered-two-wheelers-ptws-on-the-road-to-2050>

7 UNECE: United Nations Economic Commission for Europe



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KEY SUSTAINABILITY TOPICS AND ESG PROGRAM

In order to determine the key sustainability topics, we first conducted a materiality analysis with the assistance of selected employees from the subsidiaries of the PIERER Mobility Group in 2017. As part of this, we identified those topics relating to environmental, social and employee interests, observance of human rights and tackling of corruption that have an impact on our activities and are of relevance to our long-term business success. Based on our ongoing communication with our stakeholders during the year, we have since reviewed the key topics at least annually to ensure that they are up to date. The most

recent materiality analysis was carried out in the reporting year 2020, the results of which were confirmed unchanged for this Sustainability Report.

In addition to assessing the impact of our business activities on the environment and society, the key topics (that are assigned to four ESG areas) were also assessed to determine their influence on stakeholder decisions and actions, with the following result:

Reliable employer

- Occupational safety and employee health
- Training and further education of employees
- Fair pay and labor standards (diversity and equal treatment)
- Local employment: Jobs

Sustainable mobility

- Alternative drive technologies (including electric mobility)
- Research and development
- Product quality and customer safety
- Pollutant emissions from vehicles (emissions)
- Road safety

Environmentally aware production

- Efficiency in the use of materials (waste, recycling management)
- Energy efficiency
- Local employment: Responsible procurement

Fair business practices

- Business compliance (combating corruption, data protection)
- Environmental and social standards in the supply chain

The key topics will be described in the chapters that follow, using the concepts of risks, due diligence processes and measures, and results and performance indicators.

Significant risks from business activities and our business relationships, which are associated with the impact on the issues in focus, are identified in the respective divisions and avoided as far as possible by means of the measures described. Non-financial risks are systematically recorded and evaluated (see the “Sustainability and climate risks” chapter). Significant risks that are likely to have a negative impact on the interests of the company are included in the reporting in accordance with Section 267a of the Austrian Commercial Code (UGB).

OUR ESG PROGRAM

In the future, the ESG program will be an overview of all ESG measures used to address or achieve the key ESG topics and associated targets. The measures and targets in this ESG program will be reviewed, updated or redefined in annual workshops with the departments along the ESG topics which are identified as material. The ESG program will then be submitted to the Executive Board for approval. An initial version of the ESG program was prepared in 2021 in line with the future process and attached in detailed form to the appendix. A brief overview of the measures in the four ESG areas with their respective status are shown below.

RELIABLE EMPLOYER



Measure	Status	Date
Occupational safety & employee health		
Focus on health & safety	●	2022
Training and further education of employees		
Expansion of training programs	●	2022
KTM academy training portal	●	2021
Production Academy	●	2021
Priority measures for apprentices	●	2022
Fair pay and labor standards		
Diversity and Anti-Discrimination Policy	●	2021
Flexible work locations or working from home	●	2021
Childcare	●	2021
Employee app	●	2022
Optimization of recruitment processes and onboarding	●	2021
Making production areas more attractive	●	2022
Improvement of transport links	●	2022
Simplification of the internal application process	●	2021
Local employment: Jobs		
Employees recruit employees	●	2021

SUSTAINABLE MOBILITY



Measure	Status	Date
Alternative drive technologies		
New developments in the EMotion research project	●	2023
Strategy for electrification and decarbonization	●	2021
Swappable Batteries Motorcycle Consortium (SBMC)	○	2024
E-bicycles battery registration, collection and disposal	●	2021
Research and development		
Bundling of research and development activities	●	2021
Product quality and safety for customers		
New test laboratory for CE tests	●	2021

ENVIRONMENTALLY AWARE PRODUCTION



Measure	Status	Date
Efficiency of use of materials		
Expansion of storage facilities for hazardous materials and waste	○	2023
Uniform waste management concepts	●	2021
Uniform labeling of the collection containers	●	2021
ISO 14001 certification	●	2021
Adjustments in waste management	●	2021
Changeover to oil extraction	●	2021
Changeover to thread lock	●	2021
Improved waste separation	●	Ongoing
Energy efficiency		
Electrification of the passenger car fleet	○	2022
Switch to LED lighting	●	2021

FAIR BUSINESS PRACTICES



Action	Status	Date
Business Compliance		
E-learning tool "Compliance and Code of Conduct"	●	2021
Training on data protection and GDPR	●	2022
Environmental and social standards in the supply chain		
Active container tracking	○	2022
Proportion of ISO 14001-certified suppliers	●	2022
Code of Conduct: Update and new commitment	●	2021
Declaration on Modern Slavery and Human Trafficking	●	2021
Optimization of inbound deliveries	○	2022
Examination of a sustainability platform for procurement	○	2022
SCM supplier audit	●	2023

Key:

- New
- In progress
- Completed



SUSTAINABILITY AND CLIMATE RISKS

Non-financial or sustainability-related risks (ESG risks) are dealt with in an integrated manner in the risk management system. At present, this risk management system provides for the identification, analysis and assessment of individual operational risks in all areas of the company. Accordingly, in 2022, workshops also addressing ESG risks will be held for this purpose. The preliminary ESG risks which are described in qualitative terms below were created in a separate process that will be fully integrated into general risk management in the future. Some of these risk descriptions have been linked to thematically associated climate-related risks (Outside-In) according to the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). More details about these TCFD risks can be found in the TCFD Report 2021 of PIERER Mobility AG ⁸. A presentation of the risks can be found in the table below.

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

Relevance to Sustainability and Diversity Improvement Act issues	Key topics	Description of the main gross risks	Measures
Environmental interests	Pollutant emissions from vehicles (emissions)	<p>Outside-In Increasing regulations (driving bans, Euro 5 standard), the demand for sustainable mobility and both EU-wide and national targets for climate neutrality are the reasons for the risk that motorcycles with combustion engines will in future become subject to tighter rules and regulations. One effect would be falling sales figures or requirements arising from regulations which have not been met.</p> <p>Inside-Out In addition to CO₂ and other exhaust gases, motorcycles with a combustion engine also emit particulates and noise. This affects the climate, air quality (especially in urban areas) and noise intensity. Increasing noise, air and climate pollution may lead to far-reaching health and natural consequences.</p> <p>Linked TCFD risks Politics & law: Climate and complaint-related regulations/driving bans. Product liabilities – product lawsuits (another cause).</p>	As we continue to develop our vehicles, we consistently strive to reduce CO ₂ and pollutant emissions in order, in the future, to remain within or below the legal limits worldwide (e.g. Euro 5 standard). In addition, alternative technologies are being researched and deployed to further reduce air, noise and climate pollution (see "Alternative drive technologies"). In the below-125 cc segment, we are focusing efforts on electric mobility while in the segments above this synthetic fuels are being developed as a possible solution. In the high-performance segments, we are focusing on developments in the optimization of the combustion engine (CO ₂ and NVH reduction) and on compatibility with e-fuels.

⁸ https://www.pierermobility.com/wp-content/uploads/2021/11/PIERER-Mobility-AG_TCFD-Report-2021_en.pdf

Relevance to Sustainability and Diversity Improvement Act issues	Key topics	Description of the main gross risks	Measures
	Efficiency in the use of materials (waste, recycling management)	<p>Outside-In A scarcity of resources combined with their wasteful consumption is a global problem facing manufacturing companies. The risk of a shortage of raw materials results in procurement bottlenecks that could have an adverse effect on production. In addition, there may be price increases that affect the company's bottom line.</p> <p>Inside-Out Waste can also enter environmental systems and cause damage if it is not handled properly. High, unsorted volumes of waste materials contribute to a further shortage of usable resources because these cannot be recovered and are therefore destroyed at great expense or lost.</p>	<p>Both: We optimize processes and are continuously investing in more efficient technologies in order to reduce energy consumption and CO₂ emissions in the production of our vehicles. The approach is to utilize raw materials to the fullest extent possible and to implement material-efficient processes. Waste materials are increasingly being collected by type (e.g. aluminum and steel) and then recycled using special systems such as extraction systems. An engine oil reprocessing facility helps to make efficient use of resources, just as oil extraction helps with waste prevention and clean discharge. Uniform waste management systems, an ISO 14001-certified environmental management system and other measures help to manage waste and resources efficiently and correctly.</p> <p>In the future, when it comes to the circular economy, the end-of-life phase of the product life cycle will also be increasingly addressed. This is where recyclability or the use of recycled materials have a role to play in achieving more resource-efficient production. In addition, safe chemical management and the issues surrounding hazardous substances in the production process are very important to us and our aim is therefore to continuously extend and optimize these.</p>
	Energy efficiency	<p>Outside-In Rising energy prices are caused by various factors and may in turn have an impact on the company's earnings. Without appropriate efficiency measures, energy costs could therefore rise sharply and reduce earnings.</p> <p>Inside-Out Energy consumption in the manufacturing sector continues to be a driver of CO₂ emissions and of the global warming associated with this. This is particularly true while that the energy supply is not yet provided mainly or exclusively from renewable energy sources. In addition, various technological developments mean that far more energy is needed in the system. This is also the case in view of the increasing electrification of transport and increasing economic activity. Failure to introduce efficiency measures could thus further drive climate change and lead to energy grids becoming overloaded.</p>	<p>We rely on our own photovoltaic systems (e.g. House of Brands) and make the large roof areas on our logistics centers available for operating further systems which produce electricity that is supplied to the public grid. As part of the statutory energy audit, we survey the current energy situation in our buildings, processes and in the area of transport (most recently in 2020), define or adapt our measures and then implement targeted energy-saving projects (e.g. using timers for outdoor lighting or LED lighting in the production halls). When it comes to renovations/new buildings, we rely on cooling/heating technology that meets the current technology/environmental standards (e.g. air-source heat pumps at the e-mobility center in Anif or a ground-source heat pump at the new training center in Munderfing).</p>
		<p>Linked TCFD risks Chronic: Increasing demand for cooling due to warming</p>	

Relevance to Sustainability and Diversity Improvement Act issues	Key topics	Description of the main gross risks	Measures
	Alternative drive technologies (including electric mobility)	<p>Outside-In The development of alternative drive technologies plays a central role in reducing pollutant emissions and is also an essential component of the Paris Climate Agreement. As a two-wheeler manufacturer, we need to offer a choice of models in order to limit pollutant emissions as well as meeting our customers' expectations. If no measures are taken in this respect, the growth targets set cannot be achieved and we would not be making a contribution to reducing pollutants.</p> <p>Inside-Out As Europe's leading two-wheeler manufacturer, we have a duty to meet the growing demand and need for alternative, sustainable mobility solutions by developing and making these available. Without this commitment, two-wheeler mobility would not be able to adapt to contemporary trends and would cause severe climate, air and noise pollution. Likewise, EU-wide as well as national climate targets would not be met.</p> <div data-bbox="601 1144 1018 1637" style="border: 1px solid black; padding: 5px;"> <p>Linked TCFD risks</p> <p>Politics & law: Climate and complaint-related regulations/ driving bans. Product liabilities – product lawsuits (another cause). EU regulation on battery disposal</p> <p>Technology: Loss of market position and technology/ innovation position Incorrectly targeted R&D activities and investments</p> <p>Market: Changes to customer behavior Resource scarcity/raw material price increases</p> </div>	<p>Particularly, the expansion of electric mobility (low voltage) has a central role to play in the strategic orientation and reduction of pollutant emissions. In the bicycle sector, the 3 brands of Husqvarna, R Raymon and GASGAS were successfully placed on the market and the latest electric drive technologies are used here. In the motorcycle sector, electric drive models were also developed (Freeride E, SX-E and EE Minis) and three additional electric platforms with several products will be launched over the next three years, including in collaboration with Bajaj. Research is being conducted in cooperation with Varta to develop a platform battery for light electric vehicles (48 volts with up to around 20 kW). An additional initiative is repairing, recycling or reusing batteries.</p>
	Local employment (responsible procurement) and environmental and social standards in the supply chain	<p>Outside-In As a globally active company, our supply chains are widely spread and international. Different cultures and political frameworks, as well as regulations and crises, exert great pressure on supply chains. Risks lie primarily in the possible collapse or partial failure of some suppliers, or in price increases.</p>	<p>Pierer Mobility supports initiatives that champion the standardization of demand regarding sustainability across the supplier network. Purchasing conditions include social and environmental criteria. The Code of Conduct is an inherent part of contractual terms and conditions with suppliers, as are other guidelines on diversity, occupational safety and the declaration against modern slavery. A systematic solution for supplier evaluation on sustainability aspects was carried out and a system selected. The procurement strategy is generally strongly focused on local procurement and correspondingly short distances.</p>

Relevance to Sustainability and Diversity Improvement Act issues	Key topics	Description of the main gross risks	Measures
		<p>Inside-Out Local value creation as well as environmental and social conditions are important aspects for maintaining a world that is ecologically, economically and socially sustainable. Global supply chains carry the risk of including businesses where there may be violations of human rights, child labor and other illegal labor, or environmental pollution. If such businesses or practices are not identified and subsequently held accountable, or if appropriate countermeasures are not taken, such practices could continue and lead to serious harm and injustice to people and ecosystems.</p> <p>Linked TCFD risks Market: Resource scarcity/raw material price increases</p> <p>Acute: Extreme weather events (severe weather/storms with hail, flooding)</p>	
Employee interests	Occupational safety and employee health	Employees have a right to health and safety at the workplace. Failure to comply would endanger the health of employees. Employee performance would also suffer.	<p>KTM takes a strategic approach to hazard mitigation, precautionary measures and extensive training. Great care is taken to ensure that every employee complies with the required and designated safety measures and follows the instructions which are issued. Everyone is required to wear the personal protective equipment that has been specified and provided free of charge, and to handle it with care. Every employee must receive a health and safety briefing (see appendix) before starting work. Occupational safety is continuously evaluated and improved at all sites. The company doctors regularly inspect the workplaces and provide advice on health protection at work (noise, chemical agents, ergonomics, ...).</p> <p>The new "Health & Safety" department brings together the topics of occupational safety, health and sport and makes them more accessible for all employees. Wide-ranging measures have been put in place to minimize the impact of the COVID-19 pandemic, including vaccination offers, testing opportunities, and arrangements to work from home.</p>

Relevance to Sustainability and Diversity Improvement Act issues	Key topics	Description of the main gross risks	Measures
	Training and further education of employees	The technical skills of the employees are an essential foundation for the success of the Group. The risks in this area involve insufficiently trained employees (in the labor market or in-house) who, for example, are unable to meet the high technical requirements. However, the risks also include dissatisfied employees who may leave the company if they do not see sufficient opportunities for career development. Or else - as part of the war for talent - a lack of attractiveness as an employer owing to a lack of training and development opportunities. Overall, a lack of (sufficiently qualified) employees can be named as a risk here.	To counter this risk, the Group pursues a strategically focused and holistic approach to personnel development. This provides employees with attractive training and development opportunities (e.g. internal training program, new and special training program for production employees, Young Pioneers / MBA program, ...). All employees receive a comprehensive performance review at least once a year in which development goals are also agreed. Employees are supported in achieving the right work/life balance through a flexible working hours model. With an extensive apprentice training program, we promote the training of qualified specialists from the very beginning and award numerous internships and diploma theses every year.
	Local employment (jobs)	As one of the largest employers in Upper Austria, PIERER Mobility AG contributes significantly to the level of employment and associated prosperity. If these jobs did not exist or were not further expanded, this could result in increasing unemployment, the migration of skilled workers from Upper Austria or the whole of Austria, as well as less local economic activity.	Measures to continuously expand the workforce include increasing apprentice numbers as well as the creation of new jobs and expanding shifts as a result of an economic upturn. To this end, existing office buildings are also being taken over at various locations in Austria in order to be able to offer a local place of work for more potential employees.
	Fair pay and labor standards (diversity and equal treatment)	<p>Outside-In In modern society, different lifestyles, worldviews and cultural backgrounds play an increasingly important role. These principles are also important for the assessment of many of the company's stakeholders. Future and existing employees are also increasingly keen to see a socially just structure in the company. Risks for the company in this area can be summarized as turning away various stakeholders with the accompanying loss of reputation. Also, the proven potential of diverse teams in terms of innovation and solution finding would not be utilized.</p> <p>Inside-Out As a large employer and global company, there is a responsibility to create a fair society and a fair corporate culture spanning the range of individuals in the company. Ignoring these issues could exacerbate existing social injustices in society instead of solving them and limit people's individual freedom.</p>	Equal treatment of all employees and the associated fair pay is a fundamental principle of our business policy. Pierer Mobility has already implemented measures to promote women in STEM professions (Girl's Day, technical apprenticeships). These measures will continue to be expanded in the future. The Code of Conduct and a separate guideline ("Explanations on the implementation of the provisions of the core labor standards of the ILO in Austria and the PIERER Mobility Group") on this topic also set out clear rules of conduct and principles. Increasingly active internal exchange of staff between international sites promotes a diverse working environment.
	Data protection	The risk is that personal data is not processed in accordance with the GDPR and, in the worst case, is passed on to unauthorized third parties ("data breach").	Data protection management system, various company agreements and guidelines as well as procedures, regular training of employees.

Relevance to Sustainability and Diversity Improvement Act issues	Key topics	Description of the main gross risks	Measures
Social interests			
	Road safety	<p>Road safety is a key issue, especially for two-wheelers. Increased risk can have far-reaching consequences.</p> <p>Outside-In If powered two-wheeler mobility is seen as increasingly dangerous, this may lead to a sharp drop in attractiveness and consequently to a slump in sales in this sector.</p> <p>Inside-Out If no road safety measures are taken for PTW, end users may be exposed to serious risks to life and limb.</p>	<p>Pierer Mobility offers state-of-the-art rider assistance systems (cornering ABS, cornering light, ATIR, ...) to ensure the best possible level of road safety. This area is also given high priority in research and development (e.g. e-call project "SAFE", V2V communication, patented PTW turn-off warning system).</p>
	Product quality and customer safety	<p>Inside-Out Deficiencies in product quality can lead to serious damage to the health of end customers.</p> <p>Outside-In Problems in product quality can lead to product recalls and reputational damage, which can have a negative impact on the company's bottom line. On the other hand, high demands placed on product quality by regulations and other requirements can lead to high expenses and increasing product complexity.</p> <p>Linked TCFD risks Politics & law: Product liabilities – product lawsuits (another cause)</p> <p>Chronic: Weather-dependent mobility behavior</p>	<p>Appropriate provisions are recognized relating to warranty and goodwill obligations. Intensive quality assurance processes both internally and via external certifications (e.g. ISO certification, VDA guideline) help to develop and manufacture products of the highest quality and safety. These include the measurement and testing laboratory, a large test facility and specially trained test teams.</p>
	Local employment (responsible procurement) and environmental and social standards in the supply chain	See above (Environmental interests)	
Preventing corruption & bribery			
	Business compliance (combating corruption)	<p>In principle, collaboration with partners along the value creation chain involves risks of unfair competition, including unfair influencing of suppliers, customers or decision makers. The risk exists mainly in initiating international contracts with customers and business partners, in sponsorship, and in all projects involving public officials.</p>	<p>Compliance regulations are laid down in the Code of Conduct (CoC), to which the PIERER Mobility Group aligns its business activity. The PIERER Mobility Group also expects its employees, managers and board members as well as its consultants, business partners, suppliers and customers to respect and comply with the principles and rules contained in the CoC. Therefore, awareness of and the obligation to comply with the principles set out in the CoC is continuously promoted and expanded.</p>

Relevance to Sustainability and Diversity Improvement Act issues	Key topics	Description of the main gross risks	Measures
Human rights	Business compliance (combating corruption)	<p>Inside-Out Without appropriate countermeasures, competition-distorting practices can be carried out unhindered, causing damage to the market economy system.</p> <p>Outside-In In addition to reputational damage from competition-distorting practices, there is a risk in particular of large fines and other sanctions. Furthermore, additional costs may arise from uneconomical contracts resulting from bribery. Finally, economic damage to the company's results can also occur if the company is passed over or forced into unfair conditions due to the actions of other market participants.</p>	<p>E.g.: ongoing raising of awareness among employees by means of classroom training and, from 2021, expansion of mandatory training using e-learning to all managers and employees (with internet access) of the PIERER Mobility Group in Austria and for 1st/2nd level managers worldwide; when business partners sign the non-disclosure agreement, they are obliged to maintain the minimum compliance standards listed in the CoC; in FY 2021, a whistleblower system was established for whistleblowers as an additional way to report complaints and violations.</p>
		Cooperation with partners along the value chain means there are fundamental risks of human rights violations.	<p>Compliance regulations are laid down in the Code of Conduct (CoC), to which the PIERER Mobility Group aligns its business activity. The PIERER Mobility Group also expects its employees, managers and board members as well as its consultants, business partners, suppliers and customers to respect and comply with the principles and rules contained in the CoC. Therefore awareness of and the obligation to comply with the principles set out in the CoC is continuously promoted and expanded.</p> <p>E.g.: ongoing raising of awareness among employees by means of classroom training and, from 2021, expansion of mandatory training using e-learning to all managers and employees (with internet access) of the PIERER Mobility Group in Austria and for 1st/2nd level managers worldwide; when business partners sign the non-disclosure agreement, they are obliged to maintain the minimum compliance standards listed in the CoC; in FY 2021, a whistleblower system was established for whistleblowers as an additional way to report complaints and violations. (See also the PIERER Mobility Group's Declaration on Modern Slavery and Human Trafficking, which was published on the website.)</p>
	Occupational safety and employee health	See above (employee concerns)	

Relevance to Sustainability and Diversity Improvement Act issues	Key topics	Description of the main gross risks	Measures
	Fair pay and labor standards (diversity and equal treatment)	See above (employee concerns)	
	Data protection	See above (employee concerns)	
Other concerns			
	Research & development	<p>Inside-Out Risks result from product development that is not in line with requirements and regulations, such as with regard to alternative drive technologies (such as electric mobility). If PIERER Mobility AG does not intensively engage in research and development in the area of two-wheeled mobility, significant milestones, innovations and improvements in the areas of safety, efficiency, environmental compatibility and customer expectations could be missed or delayed.</p> <p>Outside-In Product development that is not in line with requirements and regulations can lead to a loss of market share because the changing demand is not served sufficiently or is served less attractively compared to the competition.</p>	Trend analyses and customer surveys (by Kiska, among others) are carried out on an ongoing basis in order to identify relevant trends at an early stage and respond accordingly. Internal combustion engines are consistently evolving (see Environmental concerns). In the 2021 financial year, R&D expenditure accounted for 8% of sales, underlining the huge importance of this area for the company.
		<p>Linked TCFD risks</p> <p>Politics & law: Climate and complaint-related regulations/ driving bans. Product liabilities – product lawsuits (another cause). EU regulation on battery disposal</p> <p>Technology: Loss of market position and technology/innovation position Incorrectly targeted R&D activities and investments</p> <p>Market: Changes to customer behavior Resource scarcity/raw material price increases</p> <p>Chronic: Weather-dependent mobility behavior</p>	



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OUR VALUES & UNDER- STANDING OF BUSINESS

(BUSINESS COMPLIANCE)

CONCEPT AND OBJECTIVE

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

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

- Human rights, respect and integrity, diversity, fair working conditions
- Sustainability
- Fair competition, prohibition of cartels
- Corruption, money laundering, financing of terrorism, export controls
- Conflicts of interest, handling company property, handling business and trade secrets, data protection, prohibition of insider trading, political activities

DUE DILIGENCE PROCESS AND CURRENT MEASURES

Anti-corruption and fair competition

In principle, collaboration with partners along the value creation chain involves risks of unfair competition, including (unfair) influencing of suppliers, customers or decision makers. Corruption also involves financial risks for companies in connection with the threat of financial penalties, loss of orders or customers, or damage to reputation. In order to systematically reduce potential corruption risks, the PIERER Mobility Group takes measures to observe and implement the principles laid down in the Code of Conduct and to make managers and employees more aware of compliance issues.

The PIERER Mobility Group advocates the respective national anti-corruption provisions and the international directives or recommendations (e.g. UNCAC, U.S. Foreign Corrupt Practices Act, UK Bribery Act, OECD Guidelines for Multinational Enterprises). It does not tolerate any practices in which business transactions are concluded by unfair means. The Code of Conduct lays down comprehensive conduct guidelines in relation to awarding of undue advantages, corruption and bribery. The mandatory principles defined therein in relation to awarding and acceptance of undue advantages provide a regulatory framework that board members, managers and employees must regard as a guide for their conduct when dealing with suppliers and customers. Board members, managers and employees are encouraged to speak to their managers or the competent office for general compliance issues in the event of any doubts as to the permissibility of an award or acceptance of a benefit. When assessing the appropriateness of gifts and invitations of any kind, special attention is paid to social custom and appropriateness in addition to the underlying motive.

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

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

Furthermore, training is provided by the PIERER Mobility Group on the content of the Code of Conduct and to raise awareness of compliance issues. It is primarily managers and employees from particularly high-risk areas such as Human Resources, Purchasing, Sales, Research & Development, Marketing, Quality Management as well as members of the Executive Board and directors who receive training in face-to-face sessions or, since the 2021 financial year, by means of the e-learning tool "Compliance and Code of Conduct".

This e-learning tool explains the importance of compliance and the purpose of compliance measures and the consequences of non-compliance with compliance regulations, and highlights the options for reporting compliance violations and suspected cases. In addition, the main contents of the Code of Conduct are described with a focus on the topics of fair competition and the prohibition of cartels as well as corruption and bribery using practical examples. Finally, the content taught is tested by means of control questions, with the training being successfully completed if at least 80% of the questions are answered correctly. Newly hired employees are required to take part in the online training during their induction phase; in addition, all employees must complete this training again every two years.

The PIERER Mobility Group also expects its consultants, business partners, supply partners and customers to respect and follow the basic rules and principles contained in the Code of Conduct. It is therefore standard practice for new contractual relationships entered into by KTM AG Group and PIERER E-Bikes Group with suppliers or importers to include the Code of Conduct.

Respect for human rights

People who work directly or indirectly for the PIERER Mobility Group are entitled to have their human rights within the meaning of the UN Universal Declaration of Human Rights observed, and to be treated with fairness and respect. The PIERER Mobility Group expects its board members, managers and employees to respect human rights and to protect them in their everyday activities. As human rights risks may exist in principle as a result of the cooperation with partners along the value chain, the Group similarly requires its principal business partners to respect the human rights in the Code of Conduct.

In the 2021 financial year, the Declaration on Modern Slavery and Human Trafficking of the PIERER Mobility Group was therefore published, outlining the measures that the PIERER Mobility Group has taken or will take in the future to prevent modern slavery and human trafficking within the Group and the supply chain. Like the Code of Conduct, the Declaration on Modern Slavery and Human Trafficking is also available on the intranet and on the website of PIERER Mobility AG.

The PIERER Mobility Group regards it as particularly important to create a working environment characterized by mutual trust in which everyone is treated with dignity and respect, and in which people from diverse cultures and with different personal backgrounds are respected. As an international Group, we value the diversity that is reflected in the origin, culture, language, and ideas of our employees. The PIERER Mobility Group therefore does not accept any discriminatory behavior toward employees, customers and business partners, nor does it tolerate any form of sexual harassment. These principles are specified in the Diversity and Anti-Discrimination Policy of the PIERER Mobility Group, which is also available on the website of PIERER Mobility AG and on the intranet. The Diversity and Anti-Discrimination Policy provides a global framework that defines how diversity should be encouraged within the group and how the PIERER Mobility Group prevents, recognizes and responds to all forms of discrimination and harassment. Like the Code of Conduct and the Declaration on Modern Slavery and Human Trafficking, the Diversity and Anti-Discrimination Policy is also part of the e-learning "Compliance and Code of Conduct" and these documents are also handed out to new employees worldwide as part of the onboarding process.

Board members, managers and employees have the opportunity at any time to contact the point of contact responsible for general compliance issues with questions about respect for human rights and to report information about possible human rights violations in the company through the available channels (see also "Reporting compliance violations" below).

Cooperation partners

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

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

Data protection and cyber security

Within the PIERER Mobility Group, an IT security and risk management system are operated with the aim of making it possible to recognize and manage company-relevant risks in the area of information security. We pay particular attention to the data we process in the areas of research & development, vehicle and customer data, and personal data of our employees and applicants. We apply the same high-quality standards in the areas of data security and data protection as we do for our products. The process is guaranteed by a comprehensive data protection management system that is firmly established in the company. The process documents are available to employees on the intranet. The greatest risk for the Group is a possible penalty imposed as a result of alleged data privacy breaches. The highest risk for the data subject is personal data leaking to unauthorized third parties. In order to identify and prevent potential data protection risks, a data protection management system has been implemented and this includes various data protection guidelines and regulations. Our legal department is in regular contact with a data protection lawyer to monitor all existing or new applications and to discuss possible adjustments.

In the second half of the reporting year, the TISAX audit update for the site in Thalheim close to Wels in Austria, in which all central IT processes of KTM AG were assessed, was completed with security level 2.

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

Considering of the increasing networking of vehicles and the resulting increase in the possibility of attacks on IT systems, the European Union has issued regulations that call for an improvement in cyber security. These regulations, which currently only apply to four-wheeled vehicles, require proof of cyber security for the entire life cycle of a vehicle in order to obtain type approval. It can be assumed that this regulation will also be introduced for powered two-wheelers (motorcycles, e-bikes) in the medium term. The development of a Cyber Security Management System (CSMS), which is demanded by these regulations, requires time-consuming adaptation of many processes, which is not feasible within the expected transition period. Since the beginning of 2021, KTM has therefore been implementing a CSMS in accordance with ISO 21434 in order to be able to meet the legal requirements when they come into force.

Care is taken to ensure that all users of the PIERER Mobility Group's IT system possess the requisite knowledge and awareness of how to use the IT system within the scope of their role through the provision of regular IT security awareness training. This is carried out in a preventative and transparent way and takes place in all subsidiaries worldwide. All employees are required to attend an e-learning course for IT security awareness training once a year. Moreover, a face2face awareness training campaign for all employees of KTM AG and subsidiaries will run until February 2022. In addition to the e-learning content, "security awareness training" has been conducted since September 2021 to make the end user aware of all relevant attack vectors. Besides presenting the correct behavioral approach, the training agenda also focuses on other topics such as new phishing and USB attack vectors, new password methodology and Windows authentication features, and phishing audit results.

Extensive training measures were carried out for employees at the Mattighofen and Munderfing sites on the General Data Protection Regulation. The content of the e-learning tool with a mandatory test for employees was made available in English in the 2021 financial year. A revision of the e-learning tool is planned for the 2022 financial year. In addition, specific training courses are planned for specialist departments that frequently deal with data protection. The intranet also contains an overview of responsibility for data protection: the Executive Board bears ultimate responsibility, while the data protection coordinator deals with and responds to specific technical questions on the subject. The information and security manager are responsible for data security.

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

Reporting compliance violations

Violations of compliance regulations can have far-reaching negative consequences for the company and its employees. It is therefore essential to uncover possible shortcomings at an early stage in order to avoid or reduce adverse consequences. In this regard, the PIERER Mobility Group also relies on the assistance of its employees. Employees have access to several reporting channels; reports can be submitted by e-mail to compliance@pierermobility.com, by telephone or in a personal meeting with the manager or the legal department. Since December 2021, employees of the PIERER Mobility Group have also had access to an anonymous whistleblower system for reporting compliance violations. In order to

protect the anonymity of the whistleblower and the confidentiality of future reports as well as possible, the system of an external, independent provider was implemented for this purpose. The whistleblower system is currently available 24/7 to all employees of the European-based subsidiaries of the PIERER Mobility Group in English as well as in the respective national language of the whistleblower and complies with the requirements of Directive (EU) 2019/1937 of the European Parliament and of the Council of October 23, 2019 on the protection of persons who report breaches of Union law ("EU Whistleblower Directive").

Whistleblowers therefore have the opportunity to anonymously and securely report any breaches of compliance regulations or suspicion of such misconduct to the legal department via this whistleblower system. The exchange of information and messages with the legal department takes place via a secure mailbox while maintaining the anonymity and protection of the whistleblower. All messages will be kept strictly confidential. All information will be examined and, if a suspicious case is confirmed, appropriate measures will be taken to remedy and eliminate any irregularities.

Whistleblowers do not need to fear any sanctions from the PIERER Mobility Group from a report of a suspicious case which is submitted to the best of their knowledge and belief, and absolutely no discrimination against whistleblowers will be tolerated.

In addition to information on the classic reporting channels, the link to the system and explanations of how it works and the principles of confidentiality, protection of the anonymity of the whistleblower and protection against reprisals are permanently available to employees on the intranet site of the legal department or as a notice on the "bulletin boards" in production at the sites in Mattighofen and Munderfing. The Code of Conduct and the compliance guidelines also refer to the existing reporting channels, and training participants are informed of the various options for reporting compliance violations when they complete the e-learning tool "Compliance and Code of Conduct".

RESULTS, KEY PERFORMANCE INDICATORS AND NEXT STEPS

In the 2021 financial year, the Code of Conduct of the PIERER Mobility Group was revised and announced in the new version of September 1, 2021. The applicability of the compliance documents was communicated via an article on the intranet and, in addition, 3,553 employees of the PIERER Mobility Group at all company locations worldwide were informed by means of a separate e-mail dispatch, which corresponds to around 75% of the entire workforce. An overview in table form can be found in the appendix.

In order to include all future business partners at the time of contract initiation, the Code of Conduct in its current version (September 1, 2021) and additionally also the declaration on modern slavery and human trafficking of the PIERER Mobility Group has been sent as an attach-

ment to the non-disclosure agreement since September 2021. When the non-disclosure agreement is signed, the minimum compliance standards mentioned therein then become a binding part of the new business relationships that the PIERER Mobility Group has entered from this date with suppliers, consultants and other business partners. In terms of existing business relationships, the Code of Conduct in its previous version (January 1, 2020) was communicated to all series suppliers as well as the existing importers of the KTM AG Group for information purposes in the 2020 financial year. In addition, in the 2021 financial year, a legally binding agreement was reached with around 95% of the existing supply partners (series and non-series) of the KTM AG Group and PIERER E-Bikes Group with which there is a regular working relationship stating that the principles and policies contained in the Code of Conduct and in the Declaration on Modern Slavery and Human Trafficking form a binding part of the business relationship. A regular working relationship exists if at least three orders were triggered in the period from January 1, 2020 to September 30, 2021. As a next step, the Code of Conduct and the Declaration on Modern Slavery and Human Trafficking will also become an integral part of the contracts with existing dealers and importers of the KTM AG Group in the 2022 financial year.

Respect for human rights is also very important to the PIERER Mobility Group when it comes to significant investment contracts. Over the coming years, the intention is that any new significant investment contracts shall therefore also gradually be made contingent on the principles of the Code of Conduct. Significant investment contracts include orders for investments in property, plant and equipment (including buildings and production facilities) that exceed an investment amount of EUR 300,000. In the 2021 financial year, a total of five orders were placed for production facilities that exceeded an investment amount of EUR 300,000. The relevant supply partners received the Code of Conduct together with the principles contained therein regarding respecting human rights, and for three of these relevant orders these are also an explicit part of the contract. Regarding to investments in property, plant and equipment in the construction, conversion and extension of buildings, the PIERER Mobility Group did not place any significant orders during the reporting period.

Awareness of and the obligation to comply with the principles set out in the Code of Conduct and the compliance guidelines were constantly promoted and expanded during the 2021 financial year. Against the backdrop of the Covid-19 pandemic and the associated measures to protect the health of employees, no classroom training took place, but the training was extended to a larger number of employees (with internet access) via the e-learning tool "Compliance and Code of Conduct" that was implemented. In the 2021 financial year, a total of 2,006 employees of the PIERER Mobility Group in Austria completed the training, including 384 managers. In addition, the digital training was also rolled out to the PIERER Mobility Group subsidiaries located outside of Austria: In an initial step, 12 first and second level managers received training. This means that a total of around 42,5% of the entire workforce completed

the compliance training. (An overview in table form can be found in the appendix.) For the coming 2022 financial year, the plan is to expand the training measures, especially in the foreign companies of the PIERER Mobility Group.

Following the successful implementation of the whistleblower system, it is planned to make the process for handling reports available to employees (with intranet access) in the KTM process portal for inspection in the 2022 financial year. This process will also be described in the planned whistleblower guideline, which will be published in the 2022 financial year. In this guideline, the principles of confidentiality and the protection of the anonymity of the whistleblower as well as the person concerned and also the requirement for objective investigation are explained. It also states that the whistleblower must be protected from reprisals such as dismissal, suspension, denial of promotion or participation in further training measures and negative performance appraisals, as well as coercion, intimidation, bullying, discrimination, etc. The plan is also to roll out the whistleblower system to the subsidiaries located outside Europe in the coming years in order to enable all employees of the PIERER Mobility Group to report suspicious cases anonymously.

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 2021 financial year. Likewise, the compliance team did not receive any reports or cases of human rights violations during the reporting period. Furthermore, for the 2021 financial year there are no known incidents of discrimination that have resulted in legal proceedings and have or could have a significant impact on the economic situation of the PIERER Mobility Group.

Legal compliance

New laws and regulations are entered into the legal information system on a quarterly basis via a service contract, and new notices – also as part of the Section 82b audit – are electronically archived at the legal department and entered directly into the new system, including the obligations they contain. This ensures that compliance with currently applicable environmental protection laws and/or regulations is always documented in a comprehensible way. In the reporting year, there were no relevant cases relating to non-compliance with environmental protection laws and/or regulations that resulted in proceedings, fines and/or other sanctions.



OUR CONTRIBUTION TO THE SDGS

In 2015, as part of the 2030 Agenda for Sustainable Development, the United Nations set 17 Sustainable Development Goals. Broad cooperation between politicians, civil society, science and business will be needed to achieve these goals. The PIERER Mobility Group wants to help to achieve the global Sustainable Development Goals (focus SDGs) with its operating activities and ensure that its operating activities do not have any adverse effects on the issues and objectives (further SDGs). Out of all seventeen SDGs, a total of eleven SDGs emerge as relevant for the PIERER Mobility Group:



FOCUS: SDG 3 – GOOD HEALTH AND WELL-BEING

PIERER Mobility AG has set itself the goal of manufacturing particularly safe and high-quality products. Customer health and safety always have top priority across all product areas. The research and development department of KTM AG is therefore heavily committed to ensuring the safety of its customers and works on future-oriented solutions. Examples include the world's first "motorcycle stability control" system, but also a PTW bend warning system and ideas for "vehicle-to-vehicle (V2V) communication". The development and use of such safety and rider assistance systems helps to reduce the number of avoidable motorcycle accidents (SDG 3.6). Furthermore, to further improve the training program for test riders, the KTM Riders Academy was launched. This ensures that KTM employees receive regular rider training in line with their job description.

As a manufacturing company, the PIERER Mobility Group has a particular responsibility to ensure the health and safety of its employees. Continuous improvements in the area of occupational safety and the introduction of new health promotion measures also contribute towards SDG 3. In the area of mental health, the focus is on burnout prevention and support, primarily in collaboration with the occupational psychologist and the human resources department (SDG 3.4). As part of the general occupational health services, a comprehensive range of health services is available in the company. These range from acute first aid, eyesight tests and maternity leave to vaccination services such as active vaccination advice and low-threshold access to various vaccinations (SDG 3.8). Occupational safety is improved by making continuous adjustments to production processes, by providing technical equipment on the production lines to reduce occupational accidents, but also by monitoring the health consequences of materials used and having emergency plans for accident scenarios (SDG 3.9).

Key topics: Occupational safety & employee health, Product quality and customer safety, Road safety



SDG 4 – QUALITY EDUCATION

With its initiatives focusing on the training and education of potential and existing employees, the PIERER Mobility Group is making a valuable contribution to SDG 4 which aims to provide quality education and lifelong learning opportunities and enables everyone to enjoy equal access to this.

Apprentice training forms an important aspect of HR strategy, as the employees make a significant contribution to the company's success. KTM is therefore investing around 2.5 million euros in the expansion of its apprentice workshop. Through intensive cooperation with vocational colleges, universities and UASs, particularly young people are offered wide-ranging opportunities to obtain high-quality vocational and technical education and training (SDG 4.3). Women in STEM professions are also specifically supported and the proportion of female apprentices is increasing (SDG 4.5). Existing employees have the opportunity to choose from a comprehensive further training program offered by the KTM_academy (e.g. digital transfer manager course, sales trainee program, management training, online language training) or from academic courses (KTM Young Pioneers College, KTM Digital Intrapreneurship MBA) to increase their individual qualifications (SDG 4.4).

Key topics: Fair pay and labor standards (diversity and equal treatment)



SDG 5 – GENDER EQUALITY

The PIERER Mobility Group believes that all employees have a right to work in a safe, fair and respectful environment that promotes equal opportunities. This is stated in the Diversity and Anti-Discrimination Policy and practiced accordingly. In addition to measures for flexible working arrangements - such as working from home, flexible working hours and part-time positions - women in STEM professions receive specific support. This is resulting in an increase in female apprentices in technical areas as well as an overall increase in the number of female employees in the company, not least in management positions (SDG 5.5). The Code of Conduct strictly prohibits all discrimination, which is again addressed in the above-mentioned policy, defined and explained in more detail, and also backed up with disciplinary measures. This is helping to end discrimination (SDG 5.1).

Key topics: Training and further education of employees, Fair pay and labor standards (diversity and equal treatment), Alternative drive technologies (including electric mobility)



SDG 6 – CLEAN WATER AND SANITATION

As part of environmentally aware production, the PIERER Mobility Group also pays attention to efficient use of water and consistent wastewater prevention and treatment. In addition, a solvent-based parts washing system prevents the generation of wastewater that would have to be disposed of at great cost.

Key topics: Efficiency in the use of materials (waste, recycling management)



SDG 7 – AFFORDABLE AND CLEAN ENERGY

In addition to a photovoltaic installation to supply the House of Brands in Munderfing, other measures under **SDG 7.3** essentially involve improving efficiency, for example through LED lighting, timer switches and the optimization of production facilities. The roof area of the KTM logistics center in Munderfing was also rented out for the construction of another photovoltaic installation covering 40,000 m². This installation is designed to feed electricity into the public grid.

Key topics: Energy efficiency



FOCUS: SDG 8 – DECENT WORK AND ECONOMIC GROWTH

The PIERER Mobility Group is considered a technology pioneer in the premium motorcycle segment and is also one of the largest employers in Upper Austria. For KTM AG, as the leading motorcycle manufacturer in Europe, it is our declared goal to continue to grow to further expand our leading role when it comes to technology, sales and sustainability in the world of motorcycling. Research and development have therefore been the focus of our activities for many years. This generates economic growth (**SDG 8.1**), while attractive jobs comprising interesting tasks as well as opportunities for further training and promotion give employees the opportunity to demonstrate their skills, and new and valuable jobs are created (**SDG 8.5**, **SDG 9.2**).

As the company continues to evolve and focus increasingly on sustainable business practices, it is also realizing efficiencies in production that, as well as leading to higher productivity, also address the use of materials and resource intensity (**SDG 8.2** and **SDG 8.4**). These include, for example, reprocessing facilities for engine oil as well as a high recycling rate for metal waste and the use of recyclable containers instead of disposable packaging.

To promote decent working conditions, the PIERER Mobility Group relies on a positive working environment and expects its managers, employees, and business partners to respect human rights. A Code of Conduct, the Diversity and Anti-Discrimination Policy and a declaration against modern slavery and human trafficking make this position unequivocal (**SDG 8.7**). Internal contact points have been set up within the company to report possible irregularities. The Code of Conduct and an Occupational Health and Safety Policy also help to protect workers' rights and promote a safe working environment (**SDG 8.8**).

Key topics: Local employment (responsible procurement, Research & development, Efficiency in the use of materials (waste, recycling management), Local employment (jobs), (Further) training of employees, Business compliance (combating corruption, data protection), Environmental and social standards in the supply chain, Occupational safety & employee health



FOCUS: SDG 9 – INDUSTRY, INNOVATION AND INFRASTRUCTURE

The pursuit of technological progress and the promotion of innovation are the cornerstones of the PIERER Mobility Group's business model. Our stated goal is to further expand our pioneering role in terms of technology, sales and sustainability in the powered two-wheeler world through continuous growth. The progressive R&D strategy has produced innovative products which meet the high expectations of our customers in terms of technology, performance and efficiency. Rising sales figures confirm this claim and thus also provide a basis for creating more jobs – even during a global crisis (**SDG 9.2**). As a leading innovator in the sports motorcycle sector, the PIERER Mobility Group traditionally pays great attention to its culture of innovation. In recent years, for example, significant investments have been made in the Group's research and development sites, such as the competence center for e-mobility in Anif close to Salzburg which opened in 2021 (**SDG 9.5**).

Key topics: Local employment (jobs), Research & development



FOCUS: SDG 11 – SUSTAINABLE CITIES AND COMMUNITIES

The Pierer Mobility Group's products, powered two-wheelers, are also frequently used in urban areas, where they can have an impact on air quality. The development of low-emission and alternative drive technologies such as electric mobility can reduce application-related pollutant emissions into the air and thus contribute to **SDG 11.6**.

Key topics: Alternative drive technologies (including electric mobility), Pollutant emissions from vehicles (emissions), Research & development



FOCUS: SDG 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

We also support SDG 12 by using natural resources efficiently and by taking measures to avoid, reduce and recycle any waste we produce. In the development and production of its products, the PIERER Mobility Group attaches great importance to the efficient and resource-conserving use of materials and a sustainable approach to the environment. Therefore the issue of increasing efficiency as well as making the fullest possible use of raw materials, including recycling, is extremely important. In addition to an engine oil reprocessing facility, reusable containers are increasingly being used to reduce the waste of resources (**SDG 12.5**). Materials such as steel and aluminum chips or various plastics that cannot be recycled in the company's own value chain are collected separately as part of waste management and handed over to a certified waste disposal partner.

An environmental management system in accordance with ISO 14001:2015 is used among other things to coordinate these issues and to ensure that all materials are handled and disposed of safely and properly (**SDG 12.4**). Local procurement strategies, including support for social ventures, purchasing conditions with social and environmental criteria, and the Code of Conduct contribute to **SDG 12.7**.

Key topics: Efficiency in the use of materials (waste, recycling management), Pollutant emissions from vehicles (emissions), Environmental and social standards in the supply chain



FOCUS: SDG 13 – CLIMATE ACTION

The PIERER Mobility Group is conscious of the contribution that its operating activities make to climate change and supports SDG 13 with measures to combat climate change. For example, the company shares the ACEM strategy for decarbonization of Powered Two-Wheelers (PTWs) by 2050 and is working with project partners on concepts for sustainable mobility in urban habitats (**SDG 13.2**). An important aspect in the development of homologated vehicles is the reduction of exhaust and noise emissions. Energy-efficient, electrically powered two-wheelers in particular represent an essential part of our solution. A

sustainable approach therefore involves above all the phased reduction of emissions over the entire product life cycle. Thanks to many years of intensive development work in the field of electric traction systems for PTW, a substantial technology platform has been created in addition to the first products available on the market. This will enable further vehicles powered by renewable energy to be launched on the market (**SDG 13.3**). While combating climate change is essential, measures must also be taken to adapt to unavoidable consequences of climate change (**SDG 13.1**). To this end, the PIERER Mobility Group systematically considers climate risks and is guided by the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). A corresponding report will debut in 2021, and the results will be incorporated into the definition of goals and the identification of measures.

Key topics: Alternative drive technologies (including electric mobility), Pollutant emissions from vehicles (emissions), Energy efficiency



SDG 16 – PEACE, JUSTICE AND STRONG INSTITUTIONS

The PIERER Mobility Group advocates the respective national anti-corruption provisions and the international directives or recommendations (e.g. UNCAC, U.S. Foreign Corrupt Practices Act, UK Bribery Act, OECD Guidelines for Multinational Enterprises). It does not tolerate any practices in which business transactions are concluded by unfair means (**SDG 16.5**). The Code of Conduct lays down comprehensive conduct guidelines in relation to awarding of undue advantages, corruption and bribery. The mandatory principles defined therein in relation to awarding and acceptance of undue advantages provide a regulatory framework that board members, managers and employees must regard as a guide for their conduct when dealing with suppliers and customers. Every contractual partner that wants to do business with the PIERER Mobility Group must also accept and comply with the ethical principles, general principles and minimum standards of the Code of Conduct. This is an integral part of the basis for concluding any contracts.

Key topics: Business compliance (combating corruption, data protection)



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II. EMPLOYEES AND SOCIETY

OUR EMPLOYEES

CONCEPT AND OBJECTIVE

Recruitment and retention of employees:

Finding qualified employees and retaining them in the company over a long period of time poses a significant challenge, particularly for rural sites. Every employee in the PIERER Mobility Group forms part of the large team that drives the success of the company with dedication and enthusiasm. Attractive jobs offering exciting challenges and opportunities for training and career progression give employees the chance to demonstrate and expand on their skills. Growing by embracing challenges is one of the premises in personnel development. The “Employees Recruit Employees” initiative was also launched in 2021 and symbolizes sustainable recruitment. From these recommendations, we had a recruitment rate of 39,7%. This means that one in 13 employees in production came via an employee referral.

Workplace standard and pay: Approximately 98% of the employees in the PIERER Mobility Group are subject to collective bargaining agreements (see also “Explanations on the implementation of the provisions of the core labor standards of the International Labor Organization (ILO) in Austria and the PIERER Mobility Group” on the website of PIERER Mobility AG under “Sustainability/Download Center”) ⁹. All job advertisements are posted with the minimum salary, which can be increased according to suitability and experience. This ensures that every applicant is aware in advance of the minimum salary for the advertised position.

Local employment: In the region and especially in the immediate vicinity around the company's production sites in Austria, KTM AG is a major employer that accounts for a high proportion of local employment. For example, 1,901 employees of KTM AG live directly in Mattighofen and the neighboring communities within a radius of 10 km as the crow flies.

⁹ <https://www.pierermobility.com/en/sustainability/download-center>

DUE DILIGENCE PROCESS AND MEASURES TO INCREASE THE ATTRACTIVENESS OF THE EMPLOYER

Internal and external measures to increase the attractiveness of the company as an employer are an essential element in conveying the prevailing spirit of the PIERER Mobility Group to potential new employees. With various cross-media employee campaigns, KTM AG was able to largely meet its personnel requirements in the reporting year. The career homepage plays a significant role in helping to ensure that KTM AG has an even better profile as an employer and that the opportunity being offered as well as the many benefits are recognized even faster and more clearly. In the area of apprenticeships, attention was not only paid to addressing the target group appropriately, but a dedicated section was also created for the parents of future apprentices. The purpose of this is to provide information about opportunities and options at an early stage, and to prevent any uncertainties. During the redesign of the career site career.ktm.com, the virtual reality tour around the buildings at the Mattighofen and Munderfing sites was also expanded and integrated into the homepage.

With many trade shows not taking place in person due to the measures to combat COVID, there was active work on, and participation in, virtual trade shows. Some of the virtual formats on offer were utilized very well to maintain a close link with the students. Another focus is to further expand active sourcing to safeguard employee recruitment over the long term. LinkedIn became an even more important partner, not just for posting our vacancies but also for actively approaching candidates. At the same time, the internal databases are also utilized, with at least 10,000 new candidate profiles being received annually and re-contacted as appropriate.

After an enforced break due to Covid, the strategic cooperation with defined universities was proactively pushed again and gradually expanded. The aim is to work with our partners to set up initiatives, such as accompanying study courses with experts, lectures from the specialist departments and by HR, as well as events and visits to KTM AG. We are also happy to provide materials such as vehicles to help to support students and young talent.

TAKING ON EMPLOYEES FROM EXTERNAL COMPANIES

The integration of non-Group companies goes hand in hand with the dynamic growth of the PIERER Mobility Group. In order to meet employee needs efficiently and sustainably, a special focus was placed on connecting these employees, and integration and organizational development were continuously monitored. In 2021, 209 temporary workers were taken on (concerns employees for the production site in Mattighofen and Munderfing/Austria).

Jobs advertised – internal employees are also wanted!

In January 2021, a uniform procedure was defined for employees and managers in relation to internal job applications. This is because not only external employees can apply for advertised positions. An application portal exclusively for employees also provides the opportunity to publish positions exclusively for employees. PIERER Mobility AG consciously promotes the internal development of employees. For example, in 2021, about one third of the positions advertised in Austria were filled internally and two thirds of the management positions advertised allowed existing employees to take the next step in their career.

KTM once again managed to achieve the golden seal of the Best Recruiter Award for the automotive sector in 2021/2022. This year, we are again including study results as a basis for further developments and improvements throughout our recruitment process.

Focus on making working hours and work locations more flexible

For the purpose of creating a modern and flexible working environment, the PIERER Mobility Group, as an attractive employer, enables employees to better adapt their working hours and place of work to their personal needs and the needs of the company. In order to increase job satisfaction and flexibility at the same time, KTM employees can spread out their weekly working hours from Monday to Thursday based on a fair-use principle. This means they no longer must commute five days a week. In principle, this type of flexible working hours is available to employees who are covered by the scope of the flexitime agreement (applies to the company's sites in Austria and around 80% of the employees). These flexitime options were also optimized and expanded in other individual PIERER Mobility companies. In order to further reduce travel times, employees can also use the KTM offices in Wels, Linz and Anif in addition to the workplaces in Mattighofen and Munderfing.

A further measure for making working hours more flexible is the option of working from home ("home office"). The guideline for this was created during the pandemic and has been adapted to suit the needs of our employees again this year. Furthermore, it was ensured that most of the workforce would be able to work from home if required.

Special attention is given to periods of relaxation for the employees. Managers are continuously informed about their employees' current levels of annual leave in order to actively plan periods of relaxation with the employees.



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INCREASE IN VACCINATION RATE BY 20% TO 76.2% THROUGH VACCINATION BONUS

For the successfully financial year of 2021, all employees received a profit-sharing bonus of EUR 2,000 and an additional EUR 750 if they were vaccinated against the COVID-19 virus. Thanks to this bonus, the vaccination rate in the Group was increased by more than 20% to 76.2%, and among salaried employees to as high as 84.2%.

Considering these measures, which are continuously being analyzed and adjusted, motivated and committed employees form the foundation of our shared success as a business. Compliance with labor law regulations, a transparent exchange of information, appropriate remuneration and an attractive working environment are essential cornerstones for fair cooperation and the reason why the company has many loyal and long-standing employees.

SUBSTANTIAL EXPANSION OF WORKFORCE BY 663 PEOPLE

The PIERER Mobility Group employed 5,249 people worldwide as of December 31, 2021 (previous year: 4,586). Of these, 4,361 were in Austria (around 83.1%). 18.6% of the total workforce work in research & development. In 2021, the proportion of female employees was around 24.2%. With its Mattighofen, Munderfing, Thalheim and Schalchen sites, KTM AG is one of the largest employers in the Upper Austria region. In the 2021 reporting year, 4,034 people were employed here.

In 2021, the staff turnover rate¹⁰ at the Austrian companies in the PIERER Mobility Group was below 10% (previous year: <10%). This figure includes all non-retirement departures in proportion to the overall number of employees excluding temporary staff. An extended list of the most important employee indicators can be found in the appendix.

¹⁰ Excluding DealerCenter Digital GmbH. 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. Turnover rate calculation as %: Relevant departures (1-12 of the year) / average headcount (1-12 of the year) * 100. Premises for relevant departures are blue-collar + white-collar employees (excl. external workers, excl. fixed-term service contracts, excl. freelancers, excl. natural turnover due to retirement or death).

OCCUPATIONAL SAFETY AND EMPLOYEE HEALTH

CONCEPT AND OBJECTIVE

The health and safety of our employees is our top priority. We therefore aim to strengthen not just the professional skills of our employees, but also their health. This is the prerequisite for being able to perform at work and deal with physical and mental stresses and strains.

As a company which manufactures and assembles street and off-road motorcycles, there are significant health and safety risks for our employees in the workshops and during test rides. We pursue a strategic approach to minimizing hazards based on the “STOP principle”, precautionary measures and special training, particularly in work areas with a high hazard potential, such as test drives, work environments with machinery, and in workshops. Great attention is paid to following the safety measures that are necessary and have been put in place, and to ensuring that every employee follows the instructions given to them. Everyone is required to wear the personal protective equipment that has been specified and provided free of charge. Health and safety instruction is given to each employee before he or she starts work. Statistics are collected by the human resources department on accidents in relation to the cause, type, quantity, place/department and days on which the employee concerned was absent for the purpose of taking appropriate improvement measures.

In order to further develop the topics of occupational safety and employee health in a targeted manner and, also to further expand health promotion and (company) sport, another important step was taken in November, with the structural change and bundling of the areas in a separate team. Existing synergies can be better utilized and skills in the area expanded in a targeted manner. Under the team leadership, the safety specialist continues to be responsible for the area of occupational safety and health protection. This person is supported by specialist occupational health and safety service providers. Also, part of the team is the COVID team. This was established in 2020 and particularly takes proactive and preventive measures to prevent the spread of possible COVID-19 infections in the companies of the PIERER Mobility Group. The plan for 2022 is to establish and expand the area of health promotion and sport.

DUE DILIGENCE PROCESS AND CURRENT MEASURES

In order to achieve continuous improvement in the area of health and safety, preventive measures are taken to safeguard general safety in the workplace and employee health. These include fire safety briefings, machine safety, promotion of health in the workplace, general occupational health services (acute first aid, vaccination advice and vaccination, maternity leave, eyesight tests), integration of employees with impairments, reintegration into work as well as precautions to ensure suitable and ergonomic workplaces, conflict management in the workplace and resolution of psychological stress.

Rider training for test riders

A special focus of our efforts is also on the best possible way to prevent accidents test rides with prototype and production motorcycles which are required for operational purposes. In order to provide our employees who are responsible for functional testing and test rides with the best possible training, the **KTM Riders Academy** was launched in 2020: Specially developed rider training courses, designed from scratch, ensure that KTM employees regularly complete rider training appropriate to their job description. The trainers are provided by the KTM Riders Academy. The training courses developed with R&D are structured in stages in three qualification levels, depending on the professional need:

- Qualification level 1 is for employees who have to carry out motorcycle rides for work purposes. The core content of this training includes, for example, the controlled response to everyday situations and improving individual riding skills.
- Qualification level 2 is for employees who have to ride motorcycles in a dynamic way as part of their job – this involves acquiring specific skills such as confidence in the rider assistance systems and gaining a better understanding of systems and vehicle design. This qualification level focuses, for example, on developers of electronic control systems (ABS, EMS, ERS).
- Qualification level 3 is aimed at employees who have to ride motorcycles in the highly dynamic limit range as part of their operational work. This primarily involves full-time test riders from the Test Street division. The aim of this qualification level is to provide the test riders with more confidence in demanding riding maneuvers so that they can also give better test feedback.

Employees are required to attend refresher courses on a regular basis to maintain the particular qualification levels. The period between refresher courses is currently two years, with the level automatically becoming invalid after a maximum of three years without any refresher.

In the 2021 reporting year, a total of 240 employees attended the motorcycle training courses offered by the KTM Riders Academy. Courses ranged from basic beginner courses to special street training, advanced and refresher courses. There were 1,968 hours of training in total.

Covid-19

Extraordinary times call for special concepts and flexibility in many areas. The coronavirus pandemic also required special measures in 2021 to ensure the protection of employees and maintain the operation of the business. The following measures were continued and taken:

- Operation of a dedicated KTM COVID team with its own COVID hotline
- In-house contact tracing with rapid isolation, often before any contact from the authorities
- Operation of a dedicated KTM COVID test lane for the collection of rapid antigen tests (e.g. to get a rapid result in suspected cases, for testing people returning from quarantine, business travel, training).
- PCR testing via external laboratories. In addition, planning for the expansion of the test lane to include PCR testing was started in December in order to ensure a high level of confidence and security in the event of further virus mutations. In the future, it will also be possible to do PCR tests in-house, thus significantly reducing the waiting time for test results.
- In 2021, over 7,900 rapid tests were processed at KTM's own testing station.
- Continuous adaptation of hygiene guidelines (offices, production, canteen, etc.)
- Provision of FFP2 masks and rapid antigen tests for employees
- Working from home / office splitting
- Mass testing and 3G checks after holiday shutdowns in January and August
- Two major company vaccination campaigns in May-June (first and second vaccination doses) and December (mainly third vaccination). In addition, weekly vaccination offers from June to November as well as two vaccination bus campaigns in order to offer employees and, in some cases, also their family members the opportunity to be vaccinated in a very accessible way.
- From November onward, regular 3G access checks within the scope of the legal regulations

The COVID TEAM set up by KTM Technologies GmbH also developed measures in close coordination with KTM to protect the health of employees and prevent a possible risk of infection in the company. Examples of measures: Wearing a face covering when leaving the workplace and in public areas, restriction on the number of people in meeting rooms, reduction in business trips, testing, working from home, etc. were further implemented and continuously adapted to current conditions (government measures, recommendations, traffic light system in the region, etc.).

The internal traffic light system ensured timely action and adaptation of measures for everyone's benefit. In addition, preventive medical checkups including COVID ANTIBODY TESTS for employees and opportunities to be vaccinated were organized and supported. From November onward, the agendas were gradually taken over by the KTM Covid team, which will also be jointly responsible for uniform, overarching measures for the site in Anif from January 2022.

Thanks to this forward-looking approach and constant engagement with the authorities, it was possible to implement the measures as well as government regulations comprehensively and quickly. This was often done before there was a legal requirement to do so. This prevented any extensive spread within the company and the risk of contracting COVID-19 within the company was considered to be low.

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

- **Substitution:** Substitution of hazardous working materials with less hazardous ones. Vehicle tests on roller dynamometers using robot handling. Most welding processes take place on robotic equipment.
- **Technical protective measures:** Safeguarding of equipment with protective guards, protective enclosures, light curtains. Extraction systems at grinding and welding stations, as well as at facilities with cooling lubricants. Ergonomic auxiliary devices when lifting and holding tools and workpieces.
- **Organizational measures:** Design of footpaths and traffic routes. Labeling of areas and access restrictions. Restriction on working hours where there is increased force, noise or exposure to hazardous substances. Preparation and training for specific tasks and machines in the newly established Production Academy or, for example, the Welding Academy.
- **Personal protective equipment for accident-prone workplaces:** Continuous improvement and adaptation of safety equipment. For example, protective gloves to prevent cuts or safety boots to prevent foot injuries, wrist bandages. Customized hearing protection in noisy areas such as test benches and processing machines. Expansion of operating instructions and briefings.

Each employee receives a fire safety briefing as well as a general safety briefing, which is made more specific for the respective workplace (for example, briefings on how to operate forklifts and pallet trucks, robot systems, test bench systems, computer workstations, etc.). To prevent accidents and injuries caused by tools and materials, since 2021 material improvement specifications have been continuously passed on to suppliers and implemented (avoiding sharp burrs on components to prevent cut injuries).

In addition, the focus for production is on measures from the ongoing KTM Operations System (KOS): Efficiency is being increased through key performance indicators and methods as well as an improved understanding of roles and increased levels of qualification for employees. Furthermore,

process optimization in terms of cleanliness, order and waste, as well as a focus on standardized working and improved workplace design, reduces the probability of accidents at work and therefore helps to increase the level of safety. There is close cooperation in this area with Gemba-Austria (e.g. implementing lean management projects).

ANALYSIS OF OCCUPATIONAL ACCIDENTS TO REDUCE RISKS

To avoid risks in the future, any occupational accidents are analyzed. This analysis begins with an on-site inspection and a personal meeting with all those involved in the accident. The accident is then recorded in the company's own risk matrix and analyzed collectively at the end of the year. Clusters of the same accidents will result in targeted measures being developed and implemented. In addition, care is taken during the actual construction of production facilities to ensure that all safety regulations are complied with. This is ensured by the CE quality seal.

In 2021, 90 work-related accidents occurred at the PIERER Mobility Group (of which 74 involved employees and 16 involved temporary workers). The total number of accidents leading to at least one day of absence from work was 60 accidents (47 employees and 13 temporary workers). All work-related accidents (mainly bruises, cuts, contusions and fractures) occurred at the KTM sites in Mattighofen, Munderfing, Schalchen, at the KTM Technologies GmbH site in Anif and at the respective test tracks, but also in road traffic during the course of an endurance test. The main causes of accidents can be attributed to the handling of work equipment and tools, vehicles and other means of transport, as well as a lack of attention, stumbling and twisting. The injury rate among employees is 13.3 work-related accidents per million hours worked. In 2021, the Lost Time Injury Frequency Rate (LTIFR) was also evaluated for the first time. This is 8.4 for employees and 22.9 for temporary workers.¹¹

In 2021, the following measures were implemented specifically to improve occupational safety and employee health:

- Ergonomic development of workplaces in all production areas and selected office workplaces by our ergonomics experts.
- Continuation of the successful adaptation of the production processes and the technical equipment on the production lines to reduce accidents at work. (Preassembled assembly groups are installed on the line.)
- Training courses on how to handle industrial trucks in internal traffic and further development of training measures for 2022 (implementation of eye tracking).

- Continuous expansion of extraction systems for machines with dust or aerosol formation (lathe, finisher).
- Improvements to the traffic routes surrounding the company premises, for example: new road markings made, widening of sidewalks. In particular, adaptation of the traffic routes to the new circumstances after rebuilding work.
- Optimization of work processes and organizational changes throughout the warehouse area to prevent accidents.
- Ongoing improvements for the consistent implementation of safety and fire protection instructions with new employees joining the company. This was also stepped up in 2021 via the newly established Production Academy. Rectifying missing or inadequate safety instructions in areas with an increased incidence of occupational accidents or near misses continued to be a focus. The coronavirus pandemic also presented special challenges in this area: Specific online training courses were developed to ensure that briefings were given despite restrictions on contacts.

Employee involvement, consultation and communication

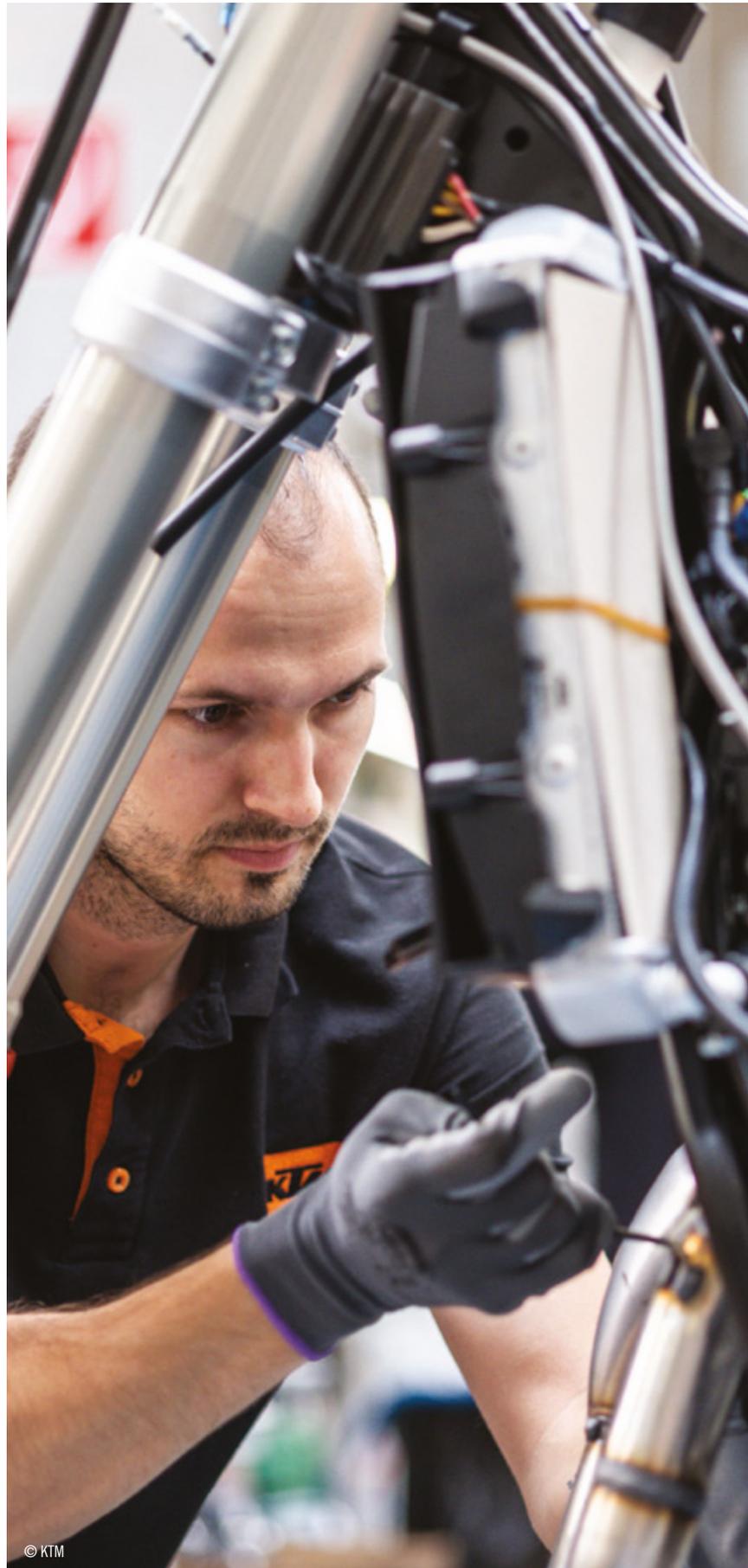
The safety officers and occupational physicians act primarily as employee representatives. In addition, employees can also consult the safety specialist or the works council to obtain information. Important information is regularly communicated on the intranet, via managers and via the information boards in the respective areas. In order to ensure, for example, that safety-relevant topics can quickly be communicated to the employees in the production areas, digital screens were installed in November right by the entrances and are used to display information in real time. Another important tool for passing on information is the health and safety committee, in which the safety officers and works council representatives receive an update four times a year. The committee also provides a forum for discussion on occupational safety and health protection.

KTM Technologies GmbH also attaches great importance to maintaining the highest safety standards, it regularly trains its employees and ensures that all legal requirements set out in the Austrian Employee Protection Act are met. Special safety briefings are conducted for employees who work in areas with a higher risk potential. The safety briefing is refreshed annually for each employee working with the company INTERGEO. In addition, employees are given the opportunity to ask questions in a personal safety briefing.

¹¹ Number of hours worked in 2021: 5,564,141. The method of calculation was adjusted in 2019. Values for 2019 include all documented occupational accidents. From 2020 onward, work-related injuries to temporary workers are evaluated separately. 2020, 2019 and 2018 are therefore not comparable. See table in the appendix. The Lost Time Injury Frequency Rate (LTIFR) has been recorded since the 2021 reporting year. The LTIFR describes the number of accidents involving lost time of at least one working day per 1 million hours worked. Underlying formula: $LTIFR = \text{accidents} / \text{hours worked} * 1,000,000$.

Health promotion

In the 2021 reporting year, KTM continued to pursue burnout prevention and support in the area of health promotion, especially in cooperation with the occupational psychologist (61 counseling sessions for KTM p.a., which also included other topics) and the HR department. Due to the COVID-19 pandemic, this increasingly took place in individual meetings. Specifically, individual cases were intensively supported by the human resources department and appropriate measures were taken in the working environment or an internal change of activity was implemented. In this context, there was also the possibility of conflict counseling at the workplace to resolve difficult work situations. A reduction in psychologically stressful working conditions was achieved. In addition, the occupational psychology service provided a very good service to assist with the additional high level of stress for certain individuals caused by the ongoing pandemic. Moreover, great importance continued to be attached to reintegration into part-time work or integration of employees with a disability. KTM Technologies GmbH also continuously supports various aspects of health promotion. (e.g., improving workplace ergonomics). By bringing together the issues in the Health & Safety Team, further resources were created to develop targeted concepts and measures in the area of health promotion and sports in the coming year. The health of employees is also continuously supported at Avocado GmbH, as confirmed by the seal of approval for workplace health promotion (BGF) from the Austrian Health Insurance Fund (ÖGK). This has been the case since the seal was first awarded in 2013. The award of the seal of approval was again extended for a further two years until 2024. Various sports programs, regular team events, an annual health day as well as lectures and the organization of vaccinations are always on offer. In the reporting year, the focus was on safety (fire extinguishing drill, behavior in the event of a fire, first aid and rider safety training for motorcyclists) and measures to prevent the spread of COVID. In summer 2021, the workforce was relocated to a new, larger office building. Ergonomic workstations, quiet zones, more parking facilities and electric charging stations are just some of the points that were given special consideration when designing the working conditions/workplace environment.





EDUCATION AND TRAINING

CONCEPT AND OBJECTIVE

With less education and training being offered in 2020 due to Covid, the PIERER Mobility Group got going again fully in 2021. The number of hours of education and training for employees in Austria was around 124,000 hours (previous year: around 29,000). The average number of hours per employee was 26 hours (previous year: around 7 hours). The costs of education and training amounted to around EUR 2,292,000 in the reporting year (including companies in Austria, Germany and Australia). See also the table on “Education and Training” in the appendix.

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

In particular, the PIERER Mobility Group will in future increasingly rely on online training to deliver education and training of its employees which is flexible in terms of time and location. Furthermore, we will focus on exchanging knowledge internally through experts. This is also the reason why PIERER Mobility has defined its employees as the fourth pillar of its success alongside globalization, innovation and brands in the company, and constantly strives to reinforce this pillar by expanding the education and training it offers.

DUE DILIGENCE PROCESSES AND MEASURES

“KTM_academy training portal” learning management system

Since personal development is now characterized by massive change in an age of digitalization, a web-based learning management system (“KTM_academy training portal”) was launched in 2019. This makes the education and training of employees even more attractive, efficient and transparent. In 2021, KTM Technologies GmbH and Avocado were also connected to the learning management system. Partly due to the COVID-19 pandemic, very many courses were successfully digitalized or carried out in hybrid form. This ensured that employees continued to receive education and training even in these turbulent times.

KTM_academy training portal “to go”

In addition to the further development of the learning management system, the mobile app for all KTM AG employees was introduced at the end of 2021 to complement the existing desktop system. The app gives employees even easier access to education and training opportunities. In the app, digital learning content can be accessed on the go and the training catalog can be browsed. For managers, this means that managerial functions are also available at any time while traveling, for example on business trips. The plan for 2022 is to expand access for workers.

KTM_academy goes international

In addition, access to the KTM_academy training portal has also been extended internationally and is available to a large proportion of employees in the PIERER Mobility Group in German and English. For example, many employees worldwide can participate online in important courses such as “IT Security Awareness”. For 2022, the plan is to expand the offer and also provide dedicated training content for the subsidiaries via the KTM_academy training portal. This means that employees worldwide will be able to participate in the diversity of the training and further education on offer, which is already very popular in Austria.

IT security awareness

In 2021, the focus was also on increasing employee awareness regarding **IT security awareness**. To this end, KTM AG offered an online course for all employees. This is supplemented by face2face training sessions to clearly communicate the importance of the topic and the sphere of influence of each individual employee on the company's IT security. In addition, the online course was also made available to all KTM AG subsidiaries worldwide. The KTM_academy training portal was internationalized for this purpose. Expansion of the international courses offered is also being worked on for 2022 for topics other than IT security.

Onboarding of new employees and managers

The onboarding process has been continuously optimized in order to enable a swift start and effective integration of new employees in the company. Managers conduct feedback meetings with employees both at the end of the probationary period and at the end of the fixed term to ensure sustainable and qualified onboarding. The pre-onboarding e-learning program introduced in 2020 was expanded over the course of 2021. This e-learning program is available to new employees of KTM AG even before they start their first day of work. In the online course “Welcome to KTM”, important information about the company, such as the company's history, brand world and company management, is conveyed in a multimedia-based and interactive way using an established pedagogical approach. Furthermore, new employees can find general information about working hours, catering, training and further education, etc. Further online courses provide new employees with information about data protection, compliance and IT security. All content is available in German and English. In addition, before they start work, new employees receive a pair of VR glasses by post which they can use to take a virtual tour of the entire company. What is more, the VR glasses enable new employees to be introduced to their future workplace, colleagues, premises, benefits etc. before

they first start work. From their first day of work, new employees also have access to further online courses for instruction and training. The offering currently includes a fire safety briefing and a course on time management and payroll accounting in SAP Fiori, and is constantly being expanded.

Since the 2021/2022 apprenticeship year, a customized onboarding e-learning program has also been available to new apprentices. In an adapted version of the “Welcome to KTM” online course, they are provided with all the important information about the company and their own apprenticeship. Interactive online courses on data protection, compliance and IT security are also available to them. Each fall, apprentice welcome days geared to catering for the needs of apprentices are organized.

“KTM Performance Talk” employee appraisal

Structured and standardized employee appraisals are conducted as part of a “performance management” system. Formal employee appraisal interviews are mandatory for all white-collar employees across the company. The concept as well as the associated guideline were critically scrutinized internally in a project in 2021. This resulted in the KTM Performance Talk being reorganized in two ways: embracing very strongly goal-oriented and development-oriented interview management as well as switching to a digitalized process. The foundations of this new mindset were laid in 2021 and will bear fruit in several “waves” in 2022 and 2023. The key to this is to have all stakeholders on board and to provide both employees and managers with an ideal tool to facilitate continuous performance management. The “new” KTM Performance Talk is only carried out in this form in parts of the PIERER Mobility Group. What is always important in this process is to ensure that both the employee and the manager are properly prepared. For this reason, all new managers will again receive mandatory training on the “KTM Performance Talk” in 2021. “Refresher training” is offered to existing managers. All employees have access to a revised e-learning in the KTM_academy training portal for preparation.

Train the Trainer

The amount of knowledge in companies that is barely utilized or not utilized at all should not be underestimated. At KTM there are many people with knowledge whose know-how would also be of interest to other employees, divisions or departments. With the Train the Trainer measure, the KTM_academy has set itself the goal of raising awareness of the importance of knowledge management and internal knowledge transfer, and of utilizing the existing know-how of experts in a targeted way. Another goal is to find people with knowledge within the company who are motivated to share their knowledge and thus generate added value across divisions. The next step is to train the people with knowledge so that they can act as internal trainers themselves and offer training courses for employees in the future.

MBA	KTM MBA Digital Business Modelling and Process Innovation + Master Thesis
	YPC KTM Upgrade KTM YPC, KTM Young Pioneers College
Dual Master	FH Wels Automotive Mechatronic Management
	Technical university course FH OÖ modular education
	University course LIMAK university course
	KTM_FlexStudies LIMAK and Emeritus diploma courses

Online language training

Following the introduction of online language training in 2020, the offer was available to all KTM AG employees with a personal IT user account in 2021. This is where we offer our employees language training in the form of a self-study e-learning program, supplemented by individual live tutoring sessions with highly qualified trainers. The e-learning program and the live sessions are tailored to the learner's individual language level. Both the basics of the respective language as well as job-specific and industry-specific content can be learned and consolidated here. The new language is taught intuitively using the multi-award-winning "Dynamic Immersion Method". This method is based on pictures, videos, stories and interactive exercises. Employees allocate the time flexibly themselves.

LinkedIn Learning

In the fall of 2021, the LinkedIn Learning platform was introduced at Pierer Mobility AG. LinkedIn Learning is an online learning platform offering thousands of video-based courses in the areas of business, IT and creativity. Courses are available in 7 languages. In the video courses, industry experts guide users through the course content. For many courses, additional resources such as support materials, knowledge review offerings, a questions & answers section, or study groups are available. LinkedIn Learning is available for all desktop and mobile devices. For the first time, employees from all Pierer Mobility AG companies can make use of a digital learning offering of this kind.

Training support

If employees demonstrate special performance and a high level of self-motivation, KTM helps them to complete a degree or training as a foreman alongside their job. The prerequisite for this is that the chosen subject is related to their current position or possible positions at KTM. KTM provides financial support by paying costs, but also by granting special leave, free time to prepare for examinations, or traditional part-time education.

LEADERSHIP AND MANAGEMENT

Young Pioneers College and KTM Intrapreneurship MBA

In 2019, a new further education opportunity was launched together with LIMAK - Austrian Business School. The offer includes the KTM Young Pioneers College and the exclusive KTM Digital Intrapreneurship MBA. The programs focus on general management, leadership and digital intrapreneurship. The KTM Young Pioneers College is aimed at managers and employees who do not yet hold a management position but who show great development potential. The KTM Digital Intrapreneurship MBA is aimed at general managers, project managers and specialists. Participants are selected through an internal application process, where applicants can showcase their talent and potential.

In 2021, we were again able to arrange a trip for a group from the Young Pioneers College. A real highlight in 2021 was when the first group from the KTM Digital Intrapreneurship MBA undertook a study trip through the whole of Austria. They were able to visit various companies and get academic input on the topic of "digitalization". This MBA group graduated in November 2021 with a viva and can now proudly use the academic title "Master in Business Administration". A special feature of both programs is the networking and interdisciplinary exchange that the participants continue to maintain beyond the end of the program.

KTM AG has also expanded its portfolio in the area of "Academic Education" to include various diploma and university courses, among others in cooperation with LIMAK - Austrian Business School. The purpose of this is to make its employees' development opportunities even more specific and to enable further development on an individual basis. There is great focus here on specialist courses, which always also focus on digitalization. These courses are generally open to all employees of KTM AG and therefore also promote interdisciplinary exchange and networking among employees.

The dual master's

As a combination of theory and practice, we offer a dual master's program in Automotive Mechatronics & Management in cooperation with the University of Applied Sciences Upper Austria in Wels (FH Wels). The participants in this program work for us on a part-time basis during their degree. The features of this dual training are lecturers with technical know-how from the automotive industry, top laboratory equipment at the UAS and the fixed study period of 4 semesters, as well as the master's thesis in cooperation with us. Each year, 2-3 students complete this training.

Fit for future challenges - In skills we trust

The challenges we face at present are huge, especially for top management. The demands of the market, the organization and the employees are very high and change rapidly.

To prepare divisional managers for these challenges, a new executive training program was developed for this target group in 2021. Over a period of 6 months, the divisional managers receive input on leadership, organizational development, change management, innovation management and strategy development. In addition, the participants develop a strategy to make their own division fit to tackle all future challenges.

Project management

In the area of project management, KTM has many different standards, principles, wordings and methods. The aim of the KTM_academy is to offer a uniform and comprehensive training program that covers different levels of experience, approaches and methods. We hope that this will provide helpful input that can be implemented in everyday life for different target groups. Together with Primas Consulting as the provider and with representatives of all the departments, we have developed a training concept that supports all areas in the company with future projects, and also facilitates cross-departmental cooperation. The training includes offers for beginners as well as for experts. In addition to the general training on offer, there is the possibility for project managers at KTM to complete a certification according to IPMA (Level D or C). Furthermore, we expanded our training offer in 2021 and added various training courses on SCRUM. Employees now have the opportunity to learn more about agile methods such as SCRUM and also gain a SCRUM Master or SCRUM Product Owner certification. The participants are selected on an interdisciplinary basis to promote exchange between different divisions of the company.

Controlling for managers

Surveys within the company, as well as the annual needs assessment of the KTM_academy, have revealed a need for training in the area of controlling. In 2021, a pilot project for a controlling training course was launched specifically for managers who cover lots of controlling topics in their daily work. The two-day training course is designed to impart basic knowledge in this area specifically tailored to KTM. To achieve this, we opted for a mixture of external know-how and internal expertise.

Management training

Effective management is an important factor for success in achieving the corporate objectives. Therefore, is offered to new managers when they join the company or take over a management position in order to impart important information about processes and tools. Experienced managers have the opportunity to refine or expand their skill set and develop additional skills during manager training. New managers are provided with support to help them assume their role successfully. 2019 saw the launch of a management course designed specifically for KTM. All hierarchical levels are trained with the same methods and content about leadership. This means there is a shared understanding of leadership within KTM. In addition, participants networking with each other makes a significant contribution to strengthening everyday teamwork. This training course was optimized and successfully continued in 2020.

In the same vein as this management training, another training course was designed specifically for production managers in 2021. This training started in the fall of 2021 and will continue on an ongoing basis. Here, too, participants are taught important leadership tools in three modules that support them in their daily work.

Digital Transfer Manager course

The trend towards digitalization requires changes to work processes and in qualifications. The course helps to improve creative capabilities, communicate strategic methods and apply the skills learned to generate new, innovative and digital solutions. Special topics such as "Digital Strategy" and "Opportunities of Digitalization" are addressed in great depth in this course. The nine-day course culminates in a transfer paper as certification. This is presented to a jury and company representatives.

Absenteeism management

The "Absenteeism Management" training was launched in 2021 in order to work together to get to grips with the increased number of sick days in production. All hierarchical levels in production, from the divisional manager to the shift supervisor, successfully completed the training this year. It will continue on an ongoing basis for new managers. The aim of the KTM_academy is to communicate a newly designed process of discussion in absenteeism management and to implement it in the company. This should reduce the number of sick days in the future.

Sales trainee program

The general shortage of qualified junior (management) staff in the area of sales and the desire to establish an attractive program in the labor market for graduates has prompted the company to develop a "Sales trainee program". The internal training of a new employee takes at least 6-12 months. The long-term solution to prevent a shortage of qualified junior (management) staff is a regular sales trainee program to meet future demand. Trainees receive comprehensive training in the most important areas. In the 18-month trainee program, college and university graduates with a specialism in sales and a passion for motorcycles can optimally combine theory and practice. Furthermore, they attend the Young Pioneers



College to ensure networking within the company and to acquire new knowledge together with colleagues. At the same time, practical experience is gained directly in sales management and closely related areas. International experience is a top priority, and therefore trainees also spend some time in our offices in France, the UK or the USA. After this 18-month period, there is then the opportunity to immediately take up a permanent position at KTM in sales management. The sales trainee program was successfully launched for the second time in October 2021.

Production Academy – New training center for production employees

With the newly created Production Academy in Mattighofen, KTM AG is investing heavily in the education and training of production employees. In the new training center, production employees receive intensive support and training, from onboarding through to technical training. In 2021, more than 100 new employees from leasing companies and from AMS (Public Employment Service Austria) and apprentices were already trained up for the various KTM production plants. In particular, special information days were organized with AMS to give interested parties an advance insight into production, possible areas of responsibility and KTM as a company.

As part of the onboarding training, production employees receive a standardized safety briefing and a guided production tour of the vehicle assembly line right at the start. In addition, participants learn about the most important tools and the right screws for different applications and can try them out in a hands-on way on a motorcycle or engine. A combination of practical application, a theoretical element and a knowledge check means that safety-relevant topics such as cables & connectors or production-specific documents can be communicated in a consistent manner. The TWI method – which means “training within an industry” – is also particularly popular. This is where the trainee slips into the role of the trainer after successfully completing the training and then has to teach another participant the processes that have been learned in a similarly standardized manner. For existing and advanced employees, a separate short assembly line with screwdriving equipment and preassembly was explicitly installed in the training center. Depending on the main assembly errors made in vehicle assembly, effective training can thus be implemented in a real environment.



E-learning and innovation

E-learning training rooms as well as terminals will be part of the modern training concept in the future. E-learning is already an integral part of onboarding training, with each participant having their own laptop and being able to complete the e-learning at different speeds according to their individual learning level. Knowledge checks following the e-learning sessions, comprehension questions by the trainers and evaluation sheets by the production managers safeguard quality and sustainability. Furthermore, there are plans for future-oriented training technologies such as augmented and virtual reality.

Individual development opportunities

In addition to training by in-house trainers, further training opportunities such as second-chance apprenticeships, language courses and evening school-leaving examinations should also offer prospects for employees. KTM C has also set up the Welding Academy, which focuses specifically on the training and further development of welders.

APPRENTICE TRAINING

Apprentice training forms an important aspect of HR strategy, as the employees make a significant contribution to the company's success. Therefore, KTM AG is investing around 2.5 million euros in expanding its apprentice workshop. This will create the foundation for further increasing the number of apprentices in the future and offering new apprenticeships.

With the KTM_academy, further emphasis is placed on the quality of the training as an apprentice. The aim is to enable the apprentices to obtain a

qualification in their specialist area at high-school diploma level by taking specific additional courses offered by KTM. The KTM_academy offers employees the opportunity to pursue an apprenticeship with a high-school diploma, university entrance qualification courses, foreman training and, subsequently, an academic career through dual study. A guarantee of employment remains in place for those who complete their apprenticeship with good and excellent results.

As of the reporting date of December 31, 2021, we employed around 190 apprentices (previous year: around 170), who were training in 15 vocational training programs:

- Operational logistics administrator
- Office clerk
- CAD design (mechanical engineering)
- E-commerce administrator
- Electrical engineering (plant engineering and operating technology)
- Events management assistant
- Industrial purchaser
- Information technology (systems engineering or operating technology)
- Application development - coding
- Automotive engineering (motorcycle technology, system electronics)
- Mechatronics (production engineering)
- Mechatronics (automation technology-Dual Academy)
- Media specialist and professional photographer
- Metal technology (mechanical engineering)
- Metal technology (welding technology)
- Forwarding manager
- Partial qualification in metalworking / operating logistics

It is a central aim of the company to continue to employ apprentices when they have completed their training. This meets the company's requirement for well-trained specialist staff and at the same time helps young people to make a good start to their professional lives. The cornerstone of apprentice training is our own apprentice workshop. This is where the basic training in all technical apprenticeship trades and special training programs is delivered, and it enables our future technicians to familiarize themselves with the company as much as possible. Apprentices rotate through the various specialist departments in which they are trained. Great store is placed on ensuring that staff training the apprentices have the right technical and teaching qualifications and social skills. Social and methodological skills are also promoted, in addition to specialist skills. Every year, all apprentices go through team building together, where they work on projects together and strengthen cooperation and mutual trust. In 2021, 36 employees who had completed training were integrated into various specialized areas in KTM AG. Of these, over 50% passed their final exams with a grade of excellent or very good.

International Skilled Workers Exchange

Since 2017, KTM AG has enabled apprentices to spend time abroad in England and Ireland via the organization IFA (International Skilled Workers Exchange). Commercial and technical apprentices support small local businesses with their expertise and are able to improve their own language skills. In addition to language skills, the exchange essentially strengthens their awareness of other cultures but in particular their self-confidence. In 2019, six apprentices took part in the international skilled workers exchange and spent four weeks abroad. In 2021, 11 apprentices took part in the international skilled workers exchange and each spent four to six weeks abroad.

Digital training management - "Apprentio"

With the "Apprentio" app, which was newly introduced in 2020, apprentices can access their rotation schedule as well as vocational college, training dates and vocational training blocks at any time on their smartphone. Chats and push notifications enable timely communication between apprentices and their trainers. This has also made planning and coordination in the apprenticeship training back office easier. In addition, the app also presents a standardized feedback process in which apprentices and trainers exchange information with each other while documenting learning progress.

Visitor events

Several events were held last year to provide interested parties with an insight into our apprenticeship training. These were well attended despite coronavirus restrictions. As part of the "Long Night of Apprenticeship", which was attended by several companies as well as schools from the Innviertel region, more than 20 families were offered an exclusive guided tour. The Open Apprenticeship Workshop Days were held on 4 Saturdays in March and were completely booked out with 50 families. As part of our cooperation with schools, we were visited by four classes. We were able to use this opportunity to get them excited about apprenticeship training.

Partial qualification

Since 2021, it has also been possible to complete training in the metalworking occupation as part of a partial qualification. This allows the candidate to be offered a job in one of our production areas. It also gives those individuals who have not completed 9th grade the opportunity to take advantage of a standardized training program in cooperation with Schärding Vocational College. Both the practical and theoretical training at the vocational college are adapted to the level of the participants. After solid basic training in our technical apprentice workshop, the training is rotated within our production areas.

Conversion of apprentice workshop

The apprentice workshop at the main site in Mattighofen is being converted into a modern training center. 2.5 million euros are being invested in order to train more apprentices and offer new professions in the future. In addition to a new pneumatic-electrical laboratory and a new programming room for CNC as well as design with 3D printing, all the machinery is being expanded. The automotive workstations and the welding technology area will also be expanded. The teaching rooms will be equipped with the latest technology, including digital whiteboards, and modern social rooms will promote interactive dialog.

Apprenticeship with secondary school leaving certificate

More than 50 apprentices are currently receiving top-level training in mathematics, German and English as well as an elective subject through the Apprenticeship with secondary school leaving certificate program. This training is equivalent to the advanced professional examination and thus also enables access to higher education. Training is offered at the company's own training center during working hours.

Apprentice accommodation

In order to expand the catchment area for apprentices, an opportunity has been created to move into a room at the newly renovated accommodation of the OÖ Heimbauverein in Braunau. Meals and educational support are included.

Marketing activities

In order to capture the attention of the "Generation Z" target group, our marketing activities focused on advertising via radio, training cooperation, billboard and LED walls as well as social media campaigns. The positive response is reflected, among other things, in the fact that all apprenticeships due to start in September were already filled by March 2021.

Digitalization of knowledge - e-learning

In order to strengthen digital knowledge management in the apprentice community, an initiative was launched to allow apprentices and trainers to explain training content in a simple manner in e-learning courses, which can then be accessed by other apprentices. For example, terms such as B2B/B2C are explained in a video by an apprentice, who links this with examples from practice as well as input from the vocational college.

DIVERSITY AND EQUAL TREATMENT

The PIERER Mobility Group regards it as particularly important for all employees to be treated with fairness and respect. In order to counteract the risk of unequal treatment, we create a working environment characterized by mutual trust in which each individual is treated with dignity and respect and in which people from diverse cultures and with different personal backgrounds are valued equally. This approach is also reflected in fair pay and uniform work standards to prevent unequal treatment. Since 2018, the share of women in the Group has increased by around 28.3%. The aim is also to make it more attractive for women to work in an industrial company and to motivate women to take up technical professions, which will be in even greater demand in the future. We therefore want to increase the number of female employees in the coming years, especially in production. As an international Group, we value the diversity that is reflected in the origin, culture, language, and ideas of our employees. The responsibility to drive initiatives to promote diversity rests with the Head of Human Resources. In the reporting year, employees from 59 nationalities were employed in our group.

DUE DILIGENCE PROCESS AND MEASURES

Integration of foreign employees and people with disabilities

To promote and support the integration of foreign employees, KTM works with "Hotspot Innviertel" and KTM Technologies works with ITG (Innovations- und Technologietransfer Salzburg GmbH). As part of the cooperation with Hotspot Innviertel, around five events per year are organized explicitly for foreign employees to help them to integrate in the region and in Austria. During the reporting year, only one could be held due to the COVID pandemic. In Salzburg there is also a regular expat gathering where new expats can network. Furthermore, all employees are provided with a pocket guide which gives them legal guidance and useful information about integration in Austria. The activities are controlled and implemented by the HR department of the respective company. To promote integration, KTM has created a welcome booklet containing information on life in Austria. This is handed out to every new international recruit.

The coronavirus pandemic has caused a delay in the Onboarding Online Training project. Its purpose is to take an in-depth look at intercultural aspects regarding taxes, social security and general topics relating to life in Austria by means of mandatory training via a video frequency with Q&A. A buddy system, in addition to the existing buddy system, is intended to help international recruits to get more support and feel a closer attachment.

In addition, measures are actively being taken to promote integration at all levels. To support this, a defined number of jobs are given to individuals with physical and/or mental disabilities. A structured process is also being introduced in close coordination with the new "Health & Safety" department to better integrate employees with disabilities into company departments. As of December 31, 2021, a total of 48 people with disabilities (measured by the degree of disability reported) were employed in the PIERER Mobility Group.

Creating more flexible working arrangements

Increasingly flexible ways of working (part-time positions, home office and flexible working hours) should also make it possible in the future to achieve an improved work/life balance and to therefore return to work and remain with the company over the long term. In the reporting period, a total of 90 employees resumed work at the PIERER Mobility Group after taking parental leave (of which around 34% were women). The rate of return was around 93% in the last year. As a result of the new flexitime agreement since 2019, a major step has been taken in the area of flexible working hours in order to make it possible to reconcile work with family requirements based on a person's current personal circumstances.

Childcare

To support working parents, 24 childcare places are available in the company crèches in Munderfing and Mattighofen for children aged between one and three years of KTM employees. Employees are therefore able to have their young children cared for by a qualified team of educators during working hours from Monday to Friday in exchange for a very minimal contribution to costs. In addition, free childcare was also offered during vacations in 2021, with the children also receiving a guided tour of the apprentice workshop and of the research and development department. These offers help fathers and mothers with the organization of their childcare.

Support for women in STEM professions

To support women in STEM professions, KTM AG has already implemented several measures (Girl's Day, technical apprenticeship) that are constantly being expanded. Every year, KTM invites girls who are interested to gain an insight into the company's technical training. In addition to receiving a guided tour of production, on Girl's Day they can also get involved themselves by machining key chains, working on engines, carrying out measurements on electric panels or removing entire wheels at various stations. The stations are expertly supervised by KTM's trainers. The number of girls on technical apprenticeships is rising steadily. Due to the corona pandemic, the program could not take place in the reporting year. In Upper Austria, the program will continue virtually in 2022. KTM will not participate again until 2023.

Works council

The works council ensures the protection and promotion of employees' interests in the company. In the PIERER Mobility Group, the works council of KTM AG and the works council of KTM Components GmbH represent the workforce at the sites in Mattighofen and Munderfing/Austria, respectively. The works council has 16 members in Mattighofen and represents the interests of the workforce. The works council is a member of the Supervisory Board and is actively informed about ongoing developments in the company and involved in decisions. In addition to electing the works council, works meetings can also be held for the purpose of informing employees, for example, about ongoing collective bargaining or other important operational issues ("freedom of association"). See also "Explanations on the implementation of the provisions of the core labor standards of the International Labor Organization (ILO) in Austria and the PIERER Mobility Group" on the website under "Sustainability/Download Center"¹².

¹² <https://www.pierermobility.com/en/sustainability/download-center>



SOCIAL RESPONSIBILITY

We assume social responsibility. This is because our actions have an impact on society and the environment – and this is where we want to help to create a positive future and play our part beyond our activities as a business. As a company that operates internationally and as a manufacturer of renowned two-wheeler brands for individual transport and motorsport, the voluntary social commitment of the PIERER Mobility Group is wide-ranging. We support and promote a wide range of initiatives and projects and are always on the lookout for new, meaningful partnerships – and this activity is firmly rooted in our CSR Corporate Social Responsibility and ESG Environmental Social Governance responsibility as a company.

Below you will find an excerpt of the projects and initiatives we support (an extended overview including important memberships can be found on our website under “Sustainability/CSR”)¹³:

Spinal cord research – running for research

For many years now, KTM AG has been supporting the organization “**Wings for Life**”, a non-profit, state-recognized foundation for spinal cord research, which has set itself the goal of finding a cure for paraplegia. With the help of donations, promising research projects and clinical studies to heal the injured spinal cord are supported around the world (in 2021 with a contribution of around EUR 124,000). The organization is also a matter close to the hearts of many employees, and so many respond to the annual call to participate in the Wings for Life Run.

Cooperations – networking to tackle the shortage of skilled workers and support new areas of action

In an ongoing cooperation, we work together with universities (Johannes Kepler University Linz, ...) and universities of applied sciences (HTL Leonding, ...) on topics such as sustainability and the shortage of skilled workers. The aim is to establish an open network to exchange experiences and get to know potential future employees. At the same time, we identify the areas where action is needed and determine how measures can be implemented together. Specific examples of projects include cooperation with universities and colleges at job fairs, assignments to perform technical tasks and the awarding of internships and diploma theses. In addition, KTM AG also maintains various cooperative arrangements with Formula Student teams in the form of technical support and/or sponsorship in order to recruit the skilled workers of the future. Avocado GmbH is also the main sponsor of the support association for the technical college courses in Hagenberg – University of Applied Sciences Upper Austria. The students can expand their technical know-how in a practical way and implement this with specific project outcomes.

A good example is our rookies event with Formula Student at which students had to solve technical tasks.

The primary focus for the regional support of sustainability is on working with the neighboring communities of Mattighofen, Munderfing, and Schalchen, for example by utilizing regional facilities for training courses and sessions or also our company's own toddler groups in Mattighofen and Munderfing. Close cooperation is also maintained with compulsory schools, for example as a project partner and sponsor of the “Lego League”.

Recruitment – model in tune with potential skilled workers

KTM Technologies GmbH cooperates specifically with various colleges and universities on research projects and student research papers, as it has been proven to be a successful model for getting students involved in the company at an early stage in the form of an internship or student placement. These students can then also write their final theses (bachelor's, master's or diploma) during or after the internships and get the chance of becoming permanent employees.

Vocational promotion – positively supporting the labor market

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

Innovation Lab – workshops for children and youngsters

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

¹³ <https://www.pierermobility.com/en/sustainability/csr>



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“Motorcycle of the future” – eEducation, digital education in focus

With its in-house Innovation Lab, KTM Motohall is also an industry partner of the eEducation Austria initiative, a project of the Federal Ministry of Education, Science and Research. This educational facility for students was developed together with the Linz-based art, science and technology center ARS Electronica Solutions. The focus of the project concept called “Motorcycle of the Future” is the meaningful use of digital media for educational purposes and to boost digital and IT skills (digi.komp) in Austrian classrooms. The common goal is digital education for all! In the workshops, children and youngsters aged 6-15 can playfully learn how to use the latest design and production processes and the associated tools. The “Motorcycle of the Future” project focuses on designing your own motorcycle of the future using 3-D printers and design software. Documents created for this educational purpose serve as a basis and act as a guide for the workshop supervisors. Through this project, the young target group develops a curiosity about technical topics and can acquire expertise. The content is worked through in three teaching units in school as part of project work, and includes a workshop in the Innovation Lab at KTM Motohall.

Youth development program – supporting young talent in sport

The past four YOUNG FIGHTERZ seasons have already demonstrated that KTM is committed to promoting young talent. The promotion of young motorsport talent remains an important topic. Austria’s young riders in the 85cc class are referred to as YOUNG FIGHTERZ. All riders, regardless of which make, or whether a license holder or amateur rider, are eligible to participate. Following the great success of the 85cc training camps in previous years, the YOUNG FIGHTERZ training series was extended last year to include two camps for riders in the 65cc class, the MINI FIGHTERZ. The training camps take place at venues offering the best training and

development opportunities. Local Enduro greats help the youngsters to develop their cross-country skills. This gives young talented riders the opportunity to share their experiences with heroes and role models from the national motorsport scene and to get tips from the pros.

Austrian Junior Cup – giving young people sporting opportunities

Together with the ÖAMTC, the Austrian Automobile, Motorcycle and Touring Club, KTM AG supported the AJC Austrian Junior Cup 2021. In the reporting year, 20 young people took part in this competition to promote young talent with the aim of becoming the best world championship riders. With this initiative, KTM AG is very keen to support talented Austrian youngsters and to give them a good foundation and opportunity in this sport.

Working to improve riding safety

As a part of the individual transportation industry, we see it as our role to help to contribute to active and passive riding safety. To this end, we have partnered with ÖAMTC Fahrtechnik to provide motorcycles for use in the eight riding safety centers. During the training courses, bikers learn how to react to dangerous situations on the road quickly and optimally while riding their motorcycle.

School and club sponsorship – creating a positive local impact

The group is aware that schools, clubs and associations help to support our society and are also essential for people’s social life. In the reporting year, KTM AG therefore once again supported a wide range of projects and activities with donations in kind as well as monetary donations amounting to around EUR 43,000.

III. ENVIRONMENT AND RESOURCES, INNOVATION AND PRODUCTION

RESEARCH & DEVELOPMENT

CONCEPT AND OBJECTIVE

For PIERER Mobility AG, as the leading manufacturer of premium powered two-wheeler vehicles in Europe, it is our declared goal to further expand our leading role in the world of motorcycling in terms of technology, sales, and sustainability. Research and development have therefore been the focus of our activities for many years. Our strong commitment to development has always been part of our DNA and is an essential pillar of our success. Our progressive R&D strategy has produced innovative products, which meet our customers' high expectations in technology and performance. At the same time, it makes it possible for us to develop ongoing and lasting new markets.

Thanks to our globally active research and development organization, we have an impressive network of highly qualified employees. For example, design, calculation and simulation (responsible for the production, assembly, and validation of newly developed prototypes) are closely supported by our on-site machinery and equipment. This unique combination allows us to react with great flexibility if requirements change.

One of the cornerstones of our product strategy is developing solutions and concepts for sustainable mobility in urban environments. In particular, energy-efficient, electrically powered two-wheelers that share the road with cars, bicycles and public transport make up an essential part of the activities. We therefore understand a sustainable approach to mean, above all, the phased reduction of emissions over the entire product life cycle.

DUE DILIGENCE PROCESS AND CURRENT MEASURES

We give particularly high priority to early recognition of trends in the Powered Two-Wheeler (PTW) segment and the further development of our products in terms of their functional and technical aspects. This includes, for example, constantly improving the efficiency of our vehicles. At the same time, we make great efforts to track and implement customer requirements in our products and services in order to further build upon our pioneering position and in order to guarantee a market-oriented product development strategy.

In addition to our primary goal of driving forward product and technology development in the area of sustainable mobility concepts (such as electrified vehicles, reduction of noise and exhaust emissions), in the past

financial year we continued to focus on increasing product development efficiency by evaluating and further developing our process landscape in the area of research and development as well as in production.

The research and development department at KTM AG is a global organization, with decentralized locations in Europe (Austria, Spain), the US and Colombia. The development programs are centrally managed at the R&D headquarters in Mattighofen and in Munderfing, where most of our highly qualified employees from the research and development department are based. The research and development center at the headquarters in Mattighofen is an innovation hub across an area of more than 20,000 m². This is where groundbreaking, sustainable products for the Powersport segment are designed, developed and tested using state-of-the-art equipment. Our mission is to set new standards in the motorcycle segment – particularly in terms of safety, performance, and technology – in order to be able to offer our end customers an inspirational and emotional product experience.

In 2021, all R&D activities were combined and expanded further into their own research and development company – KTM Forschungs & Entwicklungs GmbH (KTM F&E GmbH) – which will ensure that KTM continues to be able to keep up with the ever-increasing pace of technological development. A special focus of the reporting year was making the move to the newly developed **R&D site in Anif close to Salzburg**, in Austria, which, in addition to the E drive development division within F&E GmbH, also provides KTM Technologies GmbH with space for further growth. The investment volume for the 7,780 m² E-mobility center of expertise is EUR 20 million. The state-of-the-art facility provides space for more than 150 employees and is located right next to the design studio KISKA in Anif.

When it comes to the development and prototype production of lightweight, highly efficient and economical solutions for new vehicles and their components, KTM Technologies GmbH is one of the experts in functional lightweight construction. What makes it successful is that it can handle the entire product development process from technology and component development, structure and process simulation, to industrialization. The company also has a very high level of expertise in the development and production of composite and 3D-printed components made from a wide range of different plastics, as well as combining them to make hybrid components.

Due to the growing need for energy savings and sustainability, lightweight construction is coming into even sharper focus. Economical lightweight construction is also an important component for electric vehicles because it ensures that they are as efficient as possible and additionally deliver impressive driving dynamics.



To meet these requirements, the focus is on making the most targeted use of materials, based on the motto of “the right material in the right place”. The combination of a standard material and local reinforcement with a high-performance material is the goal. This allows a high level of mechanical performance and a high degree of integration to be achieved cost-effectively. Examples of use are structural and semi-structural applications such as rear frames, engine guards or chassis components of motorcycles, as well as passenger compartments of multi-track sports and light vehicles. The company also develops and patents its own solutions for these applications, such as the “CONEXUS” technologies, which enable different materials to be bonded together. Another example is the “CAVUS” technology which can be used to manufacture complex, one-piece and pressure-stable hollow components. The company is also exploring the use of so-called “organic materials” and new processes for manufacturing them which can make a relevant contribution to reducing the carbon footprint.



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



Participation in selected group-wide projects to reduce the carbon footprint will be as much a part of KTM Technologies GmbH activities for 2022 as the targeted expansion of know-how with a focus on lightweight construction, plastics, 3D printing and new mobility.



New sustainable and integrated mobility solutions for category L

Sustainable new mobility solutions now represent a significant and steadily increasing proportion of current research and development projects. In addition to developing the pure battery electric powertrain, the focus is on integration into the rapidly evolving mobility landscape. The “EMotion¹⁴” research project, which was launched in 2020, specifically addresses this aspect to provide not only low-cost, energy-efficient comfortable and lightweight electric two-wheelers, but also to provide them with suitable innovative user interfaces to further improve efficient and resource-saving use through eco-coaching strategies.

Initial concepts and prototypes are now available and are currently being evaluated in a user-centered approach. In addition to riding pleasure and efficiency, efforts are also being made to create new solutions for storage spaces in order to support commuters on their daily commute. Thanks to consistent simulation-driven development, the system weight of the EMotion platform has been significantly reduced compared with reference vehicles on the market by increasing the efficiency of the powertrain and reducing the structural weight by embracing integral construction methods. These measures have also made it possible to reduce battery capacity and thus cut costs.

Furthermore, novel eco-coaching strategies have been developed and validated on the motorcycle simulator to support the user in real time to develop an efficient riding style without any restrictions when it comes to riding pleasure or loss of speed. Here too, initial results show a significant increase in efficiency in the range of 10%. An 8-month pilot phase involving two vehicles (4 kW and 8 kW scooters) in public transport and considering the targeted groups of users: In addition to the “mid agers”, the young (16-18 years) and older (50+) generation in particular will be used to make a final assessment of this novel concept. This pilot phase is scheduled for spring/summer 2023.

The research project “Imperceptible Textile Interfaces”, or TextileUX¹⁵ for short, also addresses the issue of user interfaces from a different perspective. The project was started four years ago and represents a platform¹⁶ between science and industry with the goal, among other things, of developing a conductive and resistant yarn and producing pressure-sensitive textiles.

The conventional interaction scheme for motorcycles and scooters is fundamentally questioned and innovative concepts are developed using multifunctional fibers. The aim here is to reduce the number of parts by, for example, eliminating conventional handlebar switches and creating functions for previously unused surfaces (e.g.: handlebar rubber) through to integrating sensors, buttons or even signaling devices into textile surfaces. These integration approaches at different levels can save weight on the one hand and also significantly reduce costs on the other side, which means that more sustainable vehicle concepts can be produced overall.

EMPLOYEES & INVESTMENTS

The development, testing and transition to series production of new concepts in the particularly technology-driven motorcycle premium segment require a steadily growing, inter-disciplinary team of specialists from different disciplines. This is reflected in the renewed increase in the number of employees in the Research and Development department. As of December 31, 2021, the PIERER Mobility Group had 976 employees (previous year: 808), representing 18.6% of the total workforce in the Research and Development department. In operational terms, excluding the ancillary effect of capitalizing and amortizing development expenses, 8.0% of total revenue was spent on research and development.

¹⁴ More information about the Emotion project can be found at <https://www.ait.ac.at/themen/propulsion-technologies/projects/emotion/>

¹⁵ More information about TextileUX can be found at: <https://mi-lab.org/textileux/> or https://www.ffg.at/sites/default/files/allgemeine_downloads/strukturprogramme/COMET/Factsheets_Projekte_EN/FactSheet_TextileUX_EN_bf.pdf

¹⁶ The consortium is made up as follows: Soft Matter Physics (SoMaP), Johannes Kepler University (JKU); Fashion & Technology, Linz University of Art; Dresden University of Technology Institute of Textile Machinery and High Performance Material Technology; BMW Group; A. Haberkorn & Co GmbH; Hexcel Composites GmbH & Co KG; Herbert Kneitz GmbH; Kobleder; KTM Technologies GmbH; Volkswagen Group Future Center Europe GmbH; Elektrisola GmbH & Co KG.

RESPONSIBLE PROCUREMENT

CONCEPT AND OBJECTIVE

Procurement is playing an ever greater role in the efficient and sustainable configuration of the value chain and is therefore becoming increasingly important. Our suppliers are critical to our success and everything we achieve is a joint effort. For this reason, a basis is created for the parties involved – suppliers and customers – which allows long-term business relationships to be established and expanded. In addition, a mature supply chain from the supplier to the production sites in Mattighofen and Munderfing is primarily designed to ensure the availability of parts at economically competitive costs. In order to be able to implement these goals, various employees from the areas of purchasing, quality management and research & development contribute with their expertise before a new purchased part is awarded to a supplier selected in a tender.

Fair payment and fair working conditions, both in the company's own operations and in the supply chain, form the basis for a long-term working relationship based on trust. The immediate effects of the coronavirus pandemic, for example with suppliers affected by illness, as well as the upheaval in the global economy as a result of this crisis place even greater demands on safeguarding the availability of parts. In order to be able to identify and resolve volatile environmental influences and risks arising, for example, from the coronavirus pandemic at an earlier stage, an A.I.¹⁷-supported risk monitoring system is used. In addition to the close and transparent exchange of information with our suppliers, this system provides immediate information about any global events that have a direct or indirect impact on the supply chain. This enables us to detect disruptive influences along the supply chain at an early stage, take countermeasures as quickly as possible and thus largely avoid material supply risks. Targeted monitoring of potential influences can not only optimize resilience within the supply chain, but also ensure that sustainability aspects are maintained globally.

DUE DILIGENCE PROCESS AND CURRENT MEASURES

Considering and complying with the regulations of our Code of Conduct, the working relationship with our supply partners benefits from long-term, consistent points of contact in purchasing, which we can ensure thanks to a low turnover of staff. Our expertise in the area of purchasing is continuously increased through further education and on-the-job training. Based on their personal learning concept, our employees continue their education

through purchasing courses in cooperation with the BMÖ/BME¹⁸, technical training or KTM's own MBA in cooperation with LIMAK in Linz.

In order to grow as a company together with our supply partners and to achieve continuous improvement in all areas, we rely on open and transparent communication. For new developments of SE¹⁹ and principal components, we work together with our supply partners at a very early stage of development in order to jointly design components that support our goals from a technical, commercial and logistical point of view. Here, as is customary in the industry, we work with our R&D department to exploit approaches such as design to cost, cost engineering and component standardization.

The selection of the right supply partners takes place in the Purchasing, R&D and Quality team, considering our commodity group strategies. This ensures that all criteria are taken into account in their entirety in the decision and that the next steps are planned together. These decisions are based on the "total cost of ownership" approach and thus include, among other things, consideration of the transport distances traveled. The most important criteria here include ISO 9001 certification, technical capabilities, security of supply, quality, competitiveness and communication. In the future, we also expect our suppliers to certify an environmental management system in accordance with ISO 14001, EMAS or comparable standards. In order to define appropriate targets for this, we conducted an inventory of the certifications of our series and non-series suppliers as well as logistics service providers, in which 60% of our key suppliers participated²⁰. This allowed us to draw the following conclusions: 40% of the business partners that participated in the survey are certified to an environmental management system in accordance with ISO 14001 and 1% in accordance with EMAS. 27% have other, in some cases additional, environmentally relevant certifications; these mostly include a certified energy management system in accordance with ISO 50001 (9%) or an award for operational environmental management through ÖKOPROFIT®.

17 A.I.: Artificial Intelligence

18 BMÖ: Federal Association for Materials Management, Purchasing and Logistics in Austria; BME: Federal Association for Materials Management, Purchasing and Logistics in Germany.

19 SE: Simultaneous Engineering

20 The survey on which the results are based ran beyond the turn of 2021/2022, but it refers to certifications in 2021.

Together with our supply partners, we work to ensure quality and supply before series production begins. In cooperation with the Quality department, we carry out product and process audits and coordinate capacities and production quantities at an early stage based on existing demand figures. The common goal is to deliver an efficient start to series production and a stable series supply following the delivery schedule in order to ensure that our production receives an optimum supply of parts. In addition, we are increasingly focusing on continental supply chains and long-term partnerships with suppliers. An optimum supply also involves agreeing sensible production and delivery batch sizes with our supply partners in order to keep inventories in the supply chain and in our component and vehicle assembly line as low as possible (working capital management). This is done with detailed consideration of approaches to working capital management and other issues such as sustainability.

The first step in making our supply chain more sustainable is transparency. We are therefore currently developing a due diligence approach with appropriate measures to identify potential human rights and environmental risks and their negative impacts at an early stage.

As an initial stocktaking exercise, we have screened 23% of series suppliers against social and environmental criteria using an online questionnaire. These criteria included the following aspects:

- Defined environmental targets, measures and implementation status
- Observance of human and labor rights along the value chain
- Environmentally relevant certifications
- Careful and sustainable use of resources
- Measures to reduce water and energy consumption and their impact
- Waste management

The results of this self-disclosure show that sustainability and social aspects are already major issues for our suppliers and that many measures and guidelines have been initiated in these areas. Furthermore, no negative social impacts were identified and no business relationships were terminated as a result of negative environmental impacts being identified.

In addition, the expansion of regional (or at least European) suppliers, the involvement of and raising of awareness among employees and suppliers, and the replacement of multiple individual deliveries with bundled joint deliveries were mentioned particularly frequently.

When it comes to resource utilization, our suppliers are in the process of optimizing the use of raw materials and production processes, for example by using energy-saving, low-emission and low-waste technologies. There is also a focus on the use of recycled materials, i.e. the recovery, recycling and multiple use of raw materials and supplies. In addition, there is a drive to minimize packaging and employ reusable packaging, which is also clearly reflected in the feedback in relation to waste management. Appropriate waste concepts for the correct separation of waste and raw materials, recycling and the minimization of paper consumption are also cited.

Regarding energy and water consumption, very different approaches are taken by our supply partners. In relation to energy, the approaches mentioned include photovoltaic systems, LED lighting, and optimization of heating control and pumps. Rainwater recovery through infiltration systems, reduction of drinking water consumption, multiple use, and treatment plants are some of the strategies used to optimize water consumption in a sustainable way.

This reporting is set to be gradually extended to all series as well as non-series suppliers in the coming years. For this reason, a project has been launched to introduce an ESG platform, particularly for assessing suppliers with regard to social and environmental criteria, and is set to be implemented as early as spring 2022. Our goal is increasing the proportion of verified series suppliers to 80% in the 2022 reporting year by using this new platform. This should make it possible to identify and avoid risks at an early stage and – if necessary – to take suitable measures. Depending on the risk profiles, for example due to increased social risks in the country of origin, suppliers will have to meet further specific requirements. To support our efforts to ensure a responsible supply chain, we will also continuously develop the sustainability and human rights criteria in our new supplier audit, which will complete the process.

The basic prerequisite for a functioning supply chain is constant communication

The basis for cooperation with a supplier for our series production is that the supplier has introduced a quality management system (at least according to ISO 9001). We satisfy ourselves of the quality of the products and the production standard by making regular visits to our suppliers' sites. For the largest suppliers, we aim to make an on-site visit at least once a year. However, restrictions due to the pandemic meant these visits had to be greatly reduced in the last financial year; nevertheless, a total of 67 audits were carried out at our supply partners in 2021. Working conditions, safety aspects in production, environmental protection and the responsible use of resources are among the criteria that affect the overall impression made during the inspections of production sites.

In order to identify potential supply problems and other difficulties at an early stage and define appropriate preventive measures, these criteria were formalized last year. As most of the challenge lies in the highly interlinked supply chains and thus precisely where control options are rather limited, the new and additional process for supplier auditing was created. Depending on the objectives of the audit, various issues relating to raw material procurement, production planning, transportation, internal and external process flows, and environmental aspects are addressed in great depth. This process allows us to gather consistent and data-based information to present the current status of supplier performance in cross-departmental meetings and create the basis for decisions on suppliers and strategic development. Following the assessment of the audit and the classification of the suppliers, joint measures and individual requirements are formulated, and are then reviewed at regular intervals. As part of supplier and risk management, KTM is very keen to ensure that we work with our supply partners to identify strengths and weaknesses as well as possible challenges, risks and potential areas for improvement.

We will start with the strategic auditing of certain focus components as well as the suppliers that have already had problems with deliveries in the past. This process will then be continuously expanded in consultation with the suppliers. This early identification, assessment and management is intended to ensure material availability and further improve traceability and supply chain transparency.

Suppliers with above-average performance are presented with a quality award once a year (KTM Supplier Excellence). The quality award is given to those suppliers that have supplied KTM in the last 12 months and have not been the cause of any complaints during this time. In addition, criteria regarding the level of turnover and the signing of the quality assurance agreement must be fulfilled. Furthermore, there must be no justified objection from the quality and purchasing management. In addition, the financial situation of our supply partners is assessed at regular intervals and product liability insurance is required. Above a certain purchasing volume, we can offer our supply partners the option to participate in our specially developed supply chain finance program. This program offers our supply partners a financing program on KTM terms and enables KTM to extend the terms of payment for the purpose of working capital management.

Procurement strategy and purchasing volume

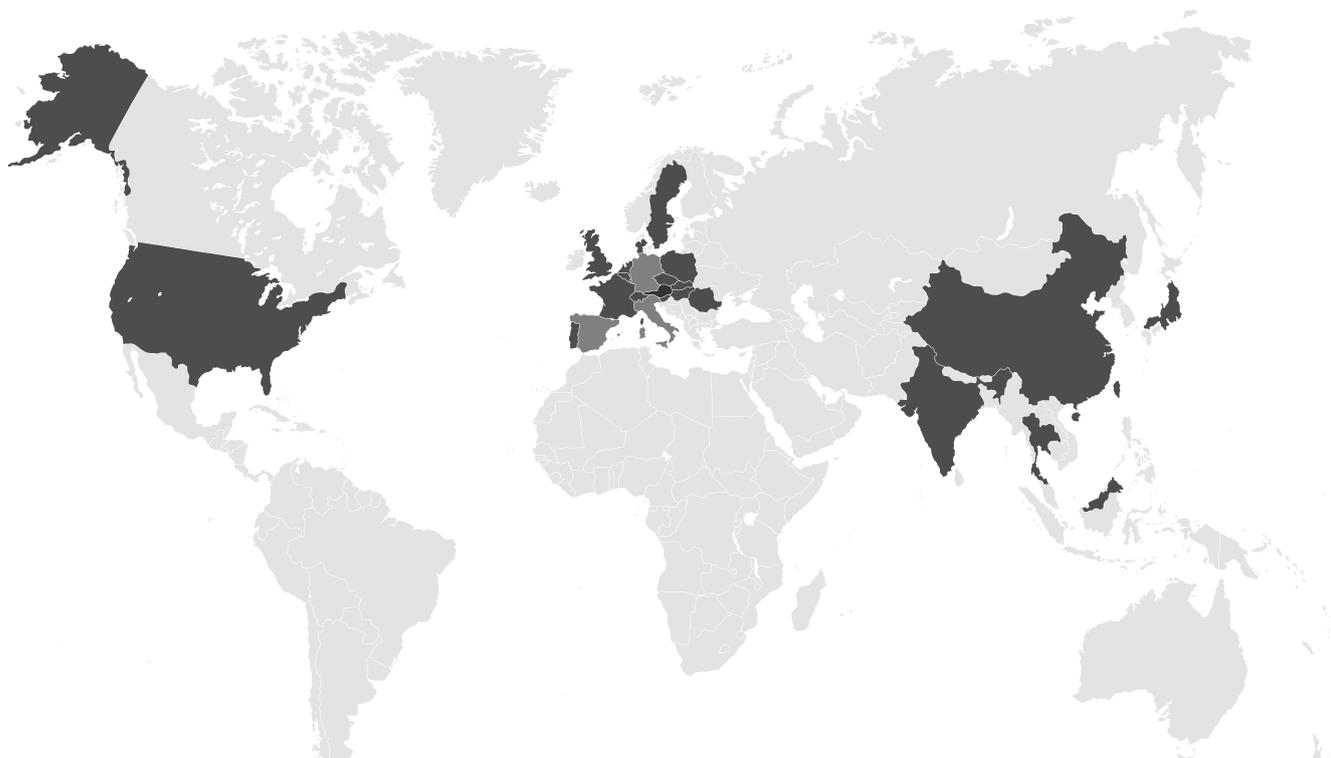
We try to boost the economy of our own region and generate lower transport costs and more environmentally friendly supply chains by having shorter transport distances. An example of this is implementation of local procurement strategies for our production sites in Mattighofen and Munderfing. The regional supply industry contributes to a large extent to KTM AG's success as a company.

When awarding new projects, emphasis is placed on supporting social enterprises, considering local procurement strategies. This means that suitable projects are preferably awarded to inclusive businesses in the region.

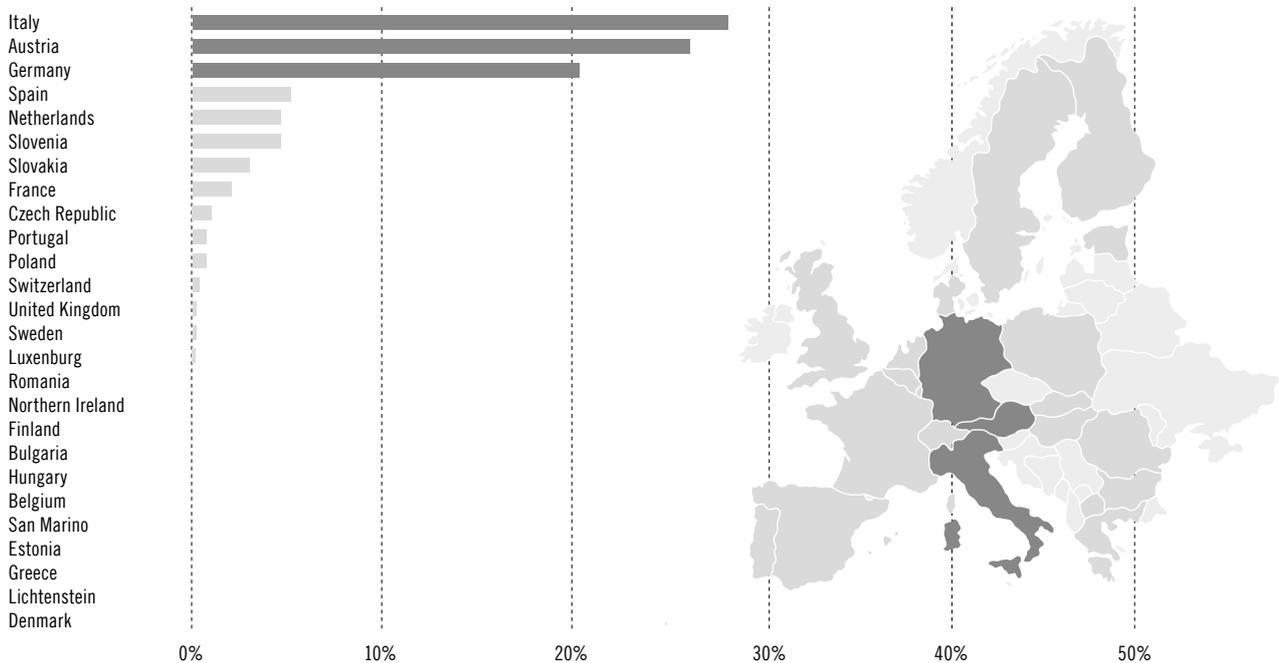
- The purchasing volume of components for the series production of motorcycles in the 2021 financial year amounted to approx. 912 million euros. Geographical breakdown: 2% from the district of Braunau, 7% from Upper Austria, 24% from Austria, 67% from Austria/Germany/Italy and 90% from Europe.
- The bicycles are purchased fully assembled from a partner in Europe (approx. 70%) and a partner in Asia (approx. 30%).
- In the 2021 financial year, the purchasing volume for indirect materials and services for the plants in Austria was approx. 172 million euros. The majority was procured within Austria: 5% from the district of Braunau, 21% within Upper Austria, 57% within Austria, 79% within Austria/Germany/Italy and 97% within Europe.

Purchasing volume per continent (series purchasing):

Europe	90.5 %
Asia	6.9 %
North America	2.6 %



Purchasing volume in Europe (series purchasing)



The general conditions for cooperation with our supply partners are set out in standardized documents such as a non-disclosure agreement, purchasing conditions and manufacturing conditions. The document for the purchasing conditions is available to download on our website ²¹. In addition to social criteria, these conditions also include ecological criteria on points such as compliance, quality, manufacturing, product liability and shipping.

Procurement of parts for prototype construction

The procurement of parts for prototype construction at KTM Technologies GmbH and KTM AG is arranged according to the time schedule and demands on quality and costs. As a rule, proven suppliers from the local region (Salzburg, Bavaria region, Upper Austria, etc.) are commissioned for this purpose. Short transport routes, reliability and flexibility are our top priorities here. We strive to procure regionally, but this is not always possible. Compliance with legal standards and a value-based, entrepreneurial approach are also considered basic requirements in the procurement process for prototype construction.

NEXT STEPS

At the turn of the year 2020-2021, a project for inbound supply was launched and is intended to combine the needs and demands of all departments in the future and accordingly optimize the variants of inbound deliveries. In this project, for example, picking hubs or similar will be examined for their feasibility in order to be able to utilize the capacities in the supply flows more optimally in the future. One of the results is the consolidation of all goods originating from India at two locations. The possibility of extending this project to Japan is currently being examined. In order to achieve increased transparency in the inflow of containers as well, the active container tracking project was launched at the end of 2021. The increased visibility provided by live tracking and better knowledge of the transport routes of the various cargoes results in better planning overall and helps to reduce air freight. This project offers the best possible way to avoid costly special consignments which are otherwise triggered by uncertainty and the urgency of material availability.

In addition, PIERER Mobility AG will in future increasingly support investments at Austrian suppliers or at the KTM sites in Mattighofen and Munderfing. Other projects for 2022 include more transparent mapping of the supply chains in order to identify previously unknown transport routes up to our Tier 3 suppliers and to be able to implement our risk management more efficiently. The projects also include the aforementioned introduction of a sustainability platform for risk analysis and evaluation of supply partners, and more specific development of a questionnaire in the form of the sustainability audit.

²¹ <https://ktmgroup.com/en/procurement-2/>

ENVIRONMENTAL ASPECTS ALONG THE PRODUCT LIFE CYCLE

CONCEPT AND OBJECTIVE

The PIERER Mobility Group is aware of the environmental impacts associated with the production and the use of its products, and therefore strives to use natural resources responsibly. The products developed, produced and sold by PIERER Mobility AG are various vehicle concepts adapted to the various usage profiles of our customers. The portfolio ranges from vehicles for active leisure activities (Motocross, Enduro, etc.) to uses in the field of urban mobility. Thanks to its broad product range, the company has various levers at its disposal that enable a sustainable reduction in emissions in all mobility areas and along the entire life cycle – from product development and product manufacturing to product use. Activities for the purpose of safeguarding the environmental goals are coordinated in large parts of the PIERER Mobility Group in the respective departments of the company. In addition, an environmental management system in accordance with ISO 14001:2015 was successfully implemented in summer 2021. In the course of the implementation, our environmental targets were also defined (see page 13 in the TCFD Report 2021)²², and have since been updated annually. In addition to the KTM AG production and logistics sites in Munderfing and Mattighofen, the certification of the environmental management system (EMS) also covers KTM Components GmbH and KTM Forschungs und Entwicklungs GmbH.

Structure & process of the environmental management system:

The environmental management system in accordance with DIN EN ISO 14001:2015, which was implemented and certified in 2021, mainly focuses on the following aspects:

- Input/output analyses: The material flows of the materials used in production are analyzed annually in order to initiate measures to optimize the use of materials if necessary.
- Life cycle assessment from development through to disposal: Currently, certain aspects of the product life cycle, such as the electrification of small power classes and reduction of consumption, are being championed. In addition, a process is currently being developed to calculate the carbon footprint for individual components of our vehicles.

- Ensuring operational safety: Every employee receives a safety and fire protection briefing when they join the company. Furthermore, weekly audits focusing on safety, order and cleanliness are carried out at the certified sites to continuously ensure environmental protection, safety and fire protection specifications. Emergency plans, which contain instructions on the correct conduct in emergency situations, are in place for each site.
- Audits: Regular internal audits are conducted to continuously examine whether processes, requirements and guidelines of ISO 14001:2015 are being met. If there are any discrepancies, appropriate corrective measures are taken. In addition, an ISO 14001:2015 certification audit takes place once a year and an external energy audit every four years.
- Annually updated environmental targets: Workshops to update our environmental targets are held once a year with the relevant departments. Environmental targets are disclosed in our reporting in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). This report will henceforth be revised annually and published on the group's website²³.
- Annual assessment of environmental aspects: In order to be able to optimally align our environmental targets, our key environmental aspects are assessed before the environmental targets are updated. A workshop is also held once a year for this purpose.
- Enshrining and raising environmental awareness: In order to achieve a consistent awareness of the environment within our company, employee training courses on our environmental management system are held on an ongoing basis. They will be expanded further during 2022.
- Legal compliance: see chapter "Business Compliance".

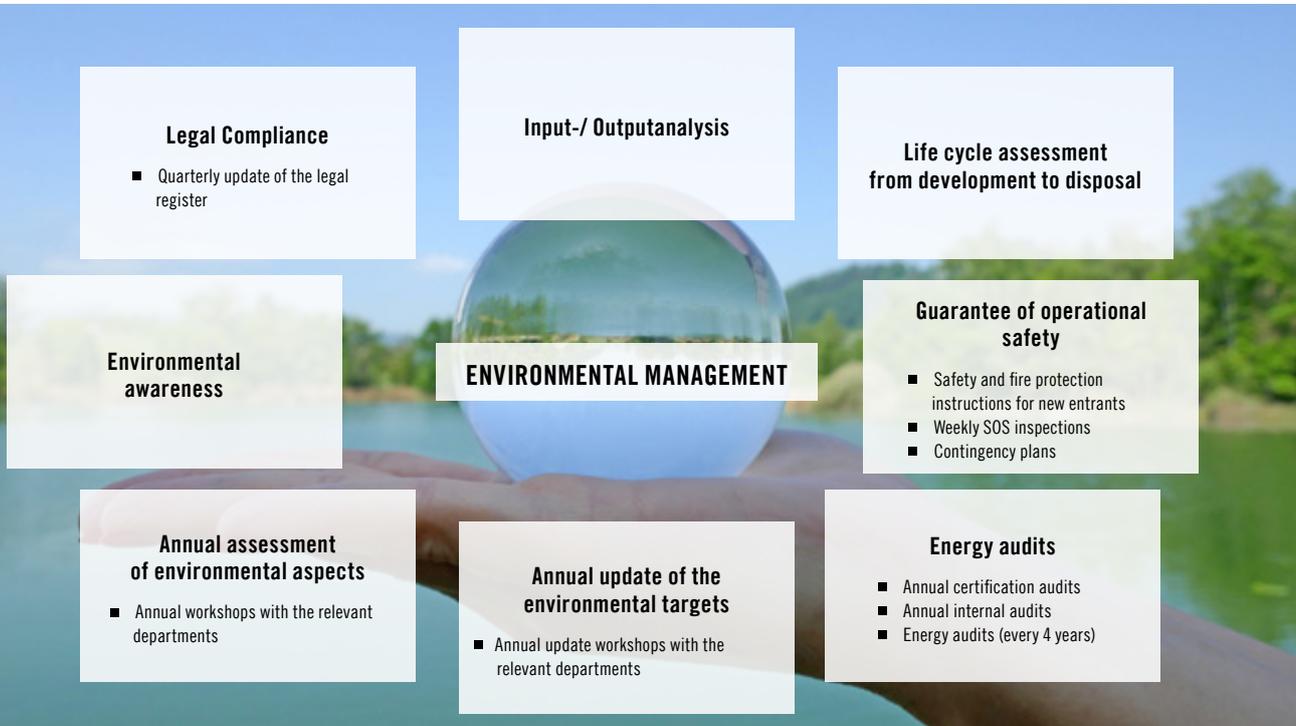
REPRESENTATIVES IN TERMS OF THE ENVIRONMENTAL MANAGEMENT SYSTEM

- Waste Management Officer
- Representatives of people with disabilities
- Fire Prevention Officer
- Hazardous Materials Officer
- Poisons Officer
- Safety Officer
- Environmental Management Officer

²² https://www.pierermobility.com/wp-content/uploads/2021/11/PIERER-Mobility-AG_TCFD-Report-2021_en.pdf

²³ <https://www.pierermobility.com/en/sustainability/sustainability-reports>

ENVIRONMENTAL MANAGEMENT



OUR STRATEGY AND GOALS FOR ELECTRIFICATION AND COMBUSTION ENGINES

An openness to differing drive concept technologies, i.e. a mix of electrified motorcycles (48 volts) in the lower displacement range (up to max. 250 cc) and motorcycles above this range running on CO₂-free synthetic fuels, is seen as a scenario for the future by the global two-wheeler industry.

- All combustion engines above 125 cc are suitable for use with CO₂-free fuels.
- Road vehicles up to 125 cc for use in urban areas will evolve strongly toward having electric drives in the low-voltage range (48 volts).
- In the high-performance segments, the focus of development work will be on further optimization of the combustion engine (e.g. reduction of CO₂ and NVH²⁴) and the use of and compatibility with e-fuels (synthetic fuels).
- At least three electric platforms with multiple products will be introduced by 2024.
- From 2024 “blended fuels” will be used in MotoGP (regular fuel with e-fuel added), and from 2027 motorsport will run exclusively on e-fuels.
- By 2030, at least a third of Group sales will be generated with electrified two-wheelers.

Decarbonization strategy for Powered Two-Wheelers (PTWs) by 2050:

As an ACEM member at the level of KTM AG, we strive to offer drive solutions that contribute to the decarbonization of transport. Electric mobility will play an essential role here, especially in urban habitats. However, in market segments that are difficult to electrify, such as leisure and touring motorcycles (which have much higher requirements in terms of drive performance and range than vehicles for urban use), other solutions based on the combustion engine will also be important. Therefore, we share ACEM’s strategy for decarbonization²⁵. This is aligned with the goals of the European Green Deal and the Climate Change Act as well as the Sustainable and Smart Mobility Strategy of the European Commission and follows the “Right vehicle, right place, right energy carrier” approach, which includes the use of CO₂-neutral synthetic fuels (e-fuels) in combustion engines, in addition to the electrification of the powertrain. This strategy provides us with the guideline for addressing the key ESG topics of Alternative Drive Technologies, Vehicle Emissions and Research & Development in the ESG area of Sustainable Mobility.

²⁴ NVH: Noise, Vibration, Harshness

²⁵ https://www.pierermobility.com/wp-content/uploads/2021/10/ACEM_Position_Paper_2021_Decarbonisation_V7.pdf

ENVIRONMENTALLY CONSCIOUS PRODUCTION

As far as the development and production of its products are concerned, the PIERER Mobility Group always attaches great importance to the efficient use of raw materials in a manner that conserves resources, and sustainable handling of the resources used for the development and production process. Therefore, increases in efficiency in many areas, in addition to the maximum possible utilization of raw materials – including their return to the material cycle – represent a particularly important aspect for PIERER Mobility AG.

The operating and administrative buildings of KTM AG are built according to the specifications of OIB Guideline 6 (energy performance certificate for non-residential buildings, or energy performance certificate for other buildings). An energy certificate is only available for newer buildings as of 2013. The “Real Estate” department is responsible for the legally compliant new construction of plants and buildings, project submission and approval procedures, the corresponding communication with authorities, and for conducting the recurring Section 82b audits. The head of the department reports directly to the Executive Board. The manufacture of preliminary products and finished products generates various waste materials that are recycled according to type. The materials to be recycled are aluminum, stainless steel and steel waste. These are handed over to a certified specialist waste management company in various quality grades. The efficient use of materials and the maximum possible utilization of raw materials, including their return to the material cycle, prevent unnecessary waste of materials and also ensure that any waste produced is disposed of properly. For the transport of preliminary and finished products within the Group structure and to suppliers, the Pierer Mobility Group focuses on the use of reusable packaging. The quota of reusable packaging for deliveries of standard products within Austria as well as from neighboring countries is increasing each year. Currently, approx. 23% of standard products are delivered in reusable packaging. This was the conclusion of the evaluation carried out in the reporting year. Our goal is to increase the reusable quota to 25% in 2022. In addition to economic aspects, reusable packaging helps to reduce the need for natural raw materials to produce various items of disposable packaging and their disposal.

The **preparation of oil** can also contribute toward protecting the environment. Following an engine test bench run, the oil is filtered in a reprocessing plant and then returned to the oil tank. This means that it is no longer necessary to change the oil, and the environmental impact of disposing of it after just one use is reduced. The **aluminum chips** produced during the mechanical milling of cylinder heads and engine cases are conveyed via a central extraction system by means of a vacuum through a pipe system directly from the CNC milling machine into a collection container. In 2021, this allowed 189.83 tons (previous year: 169.92 tons) of aluminum chips to be returned to the material cycle. The aluminum chips are processed at a recycling company and can be turned back into a valuable raw material. All aluminum castings machined in-house are cleaned in a solvent-based (alcohol) **parts washing machine**. In comparison to water-based systems,

this method of cleaning parts does not produce any waste water, which has to be disposed of at great cost. In the engine plant, the **thread lock** was also changed as far as possible from “liquid” to a version permanently applied to the thread. This is already applied to the screw thread by the supplier. Apart from an increase in process reliability, this also results in a significant reduction in the number of empty containers that need to be disposed of. Due to the large number of different screws and the associated approval procedures (screw tests, sampling, etc.), the implementation of this measure took from January 2019 to August 2021. Our engine completion system was also completely redesigned, and in the course of this was changed from “oil draining” to “**oil suction**”. The installation took place in Q3 2021. This is also resulting in a reduction of oily waste; draining required much more cleaning effort using rags due to the oil running out.

Hazardous substances in the production process & REACH regulation

Constantly expanding professional hazardous substance management is a major issue for PIERER Mobility AG / KTM AG. Before a new working substance is procured, it must be approved by the company's responsible departments using a form and safety data sheet. Information such as the precise name of the substance, purpose and place of use as well as the annual order quantity and container size are relevant. These are checked by the safety officer. The required material or substance is not procured until it has been approved by those responsible for occupational safety, waste, fire safety, occupational medicine, and chemicals and poisons.

Wherever possible, we try to minimize or even completely avoid hazardous working and auxiliary materials in our production processes. For this reason, alternatives are sought before or at the latest during the approval process in the case of substances that may be harmful to health. If there is no alternative for the requested substance, the above-mentioned people responsible will consult together on how the substance can be used without endangering our employees. In addition, a list of working materials is kept with reference to the collected safety data sheets.

The topic of hazardous substances in the production process is accompanied by the ever-increasing importance of safe chemical management. Since a wide variety of different substances and materials are used in the manufacture of motorcycles, safe, conscious and sustainable handling and use of these substances is an important issue for the whole industry. Therefore, as an OEM, we also support the REACH regulation's efforts to reduce possible risks associated with chemicals as well as the potential impact on the environment and to improve the protection of human health. We therefore require our suppliers to register as well as record the chemical composition of all parts purchased by KTM in the central IMDS (International Material Data System) database. This database serves as a central tool for fulfilling our obligations regarding the REACH regulation. All other processes for implementing the REACH regulation are constantly in focus and are continuously evaluated in order to efficiently comply with the requirements and obligations.

POLLUTANT EMISSIONS FROM VEHICLES (EMISSIONS)

Within the organizational structure of KTM AG, in addition to the actual vehicle assembly, there are also manufacturing upstream operations, such as frame construction and exhaust production, which form part of the energy-intensive industry due to the high proportion of joining and machining process steps. 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 CO₂ equivalents) associated with the production or assembly of our products is around 1%. Most of greenhouse gas emissions, around 99%, are generated during the use phase of the vehicles sold (Scope 3 emissions). Furthermore, greenhouse gas emissions per vehicle sold in the production phase (Scope 1-2) were 0.04 t CO₂-e (previous year: 0.05 t CO₂-e) and in the use phase (Scope 1-3) 2.92 t CO₂-e (previous year: 3.67 t CO₂-e). This is equivalent to a reduction in direct and indirect greenhouse gas emissions per vehicle sold of 22.0% (based on Scope 1+2 emissions) and 20.4% (based on Scope 1+3 emissions) compared with the previous year. The calculation included motorcycles sold in the B2C (retail) business (including the KTM models sold directly by Bajaj Auto) and, from 2021, also e-bicycles sold in the B2B (wholesale) business. This resulted in an adjustment and the detailed table can be found in the appendix.

Constant reduction in emissions

The average CO₂ emissions of our reported vehicle fleet of 249,472 units amounted to 79.36 g/km²⁶ in 2021 (internal calculation of PIERER Mobility AG). This means that CO₂ fleet emissions increased by 0.69 g/km in the reporting year, also thanks to the strong growth in sales of ICE models with medium and large displacements (> 500cc) (2020: 78.67 g/km). The LC8c (790/890 & 901) and LC8 (1290) engine platform models recorded sales growth of 4,708 units (+13% YoY).

Nevertheless, between 2016 and 2021 PIERER Mobility AG reduced the average CO₂ emissions of its newly sold vehicles by 2.34% (2020: 3.19 %).²⁷ Average fuel consumption in the 2021 reporting year was 3.41 l/100 km²⁸. Fleet fuel consumption was reduced by 2.49% compared to the 2016 base year (2016: 3.5 l/100 km). This equates to a total energy saving of 725.03 gigajoules in the 2021 reporting year.²⁹

The introduction of new models and product segments with drive technologies featuring lower fuel consumption and emissions is also having a positive impact on our average fleet values. Including the sold e-bicycle models of PIERER E-Bikes GmbH, the cumulative CO₂ fleet emission value is 61.14 g/km (internal calculation of PIERER Mobility AG).³⁰

Reduction in energy demand for products

The calculations for CO₂ emissions and fuel consumption of our 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). With the introduction of the WMTC test cycle and the EURO 4 emissions standard on 1/1/2016, the reporting year 2016 was chosen as the base year. To allow better understanding, we do not state the vehicle consumption in joules, but in l / 100 km as usual.

ENERGY AND WATER CONSUMPTION

In 2021, electricity consumption at the PIERER Mobility Group³¹ was 22,841,717 kWh (previous year: 19,035,648 kWh) and gas consumption was 21,282,489 kWh (previous year: 17,924,474 kWh) and consumption from district heating 671,940 kWh (previous year: 619,350 kWh). Renewable energy accounts for approximately 99.5% of district heating and electricity consumption at the main company and production sites. At KTM AG, around 443,000 liters of fuel were consumed for the test benches in the past financial year (previous year: around 317,000 liters) and water consumption from production was around 4,185 m³ (previous year: 3,364 m³). The increase of energy and water consumption in the reporting year review stems from the two-month interruption in motorcycle production due to with the first lockdown in spring 2020. Additionally, infrastructure expansions were carried out at the Austrian sites in Mattighofen and Munderfing last year. These measures are also accompanied by the increased energy and water consumption.

DUE DILIGENCE PROCESS AND MEASURES TO REDUCE CONSUMPTION

An environmental management system in accordance with ISO 14001:2015 was introduced at the Mattighofen and Munderfing sites in the 2021 reporting year and certified by TÜV Süd. Milestones on the way to certification included the successfully completed pre-audit in January 2021 and the completion of the first environmental audit in June 2021. The environmental management system was integrated into the existing management system. The defined management processes are safeguarded via the existing internal audit process. In the course of implementing the environmental management system, relevant environmental aspects were also identified. The issue of reducing consumption will play a key role in this. Based on the findings of the 2020 energy audit report, corresponding targets and measures were defined and are monitored by the existing management system.

²⁶ Since 01/2016, all L-category vehicles in the EU must be registered according to the new type test cycle WMTC. This concerns all two-, three-, or four-wheeled vehicles according to Article 4 and Appendix I (Enduro motorcycles (L3e-AxE (x = 1, 2 or 3)), trial motorcycles (L3e-AxT (x = 1, 2 or 3)) and heavy off-road quads (L7e-B)) of EU Regulation 2013/168/EU which are intended to be driven on public roads.

The fleet value is based on the homologated test values according to WMTC.

²⁷ GRI 302-5

²⁸ The consumption is based on the homologated test values according to WMTC.

²⁹ Calculation in gigajoules based on Net CV according to DEFRA for "Petrol (average biofuel blend)".

³⁰ Calculation based on a pro rata share of 74,942 e-bikes in the B2B (wholesale) business.

³¹ Excluding KTM Innovation GmbH, PIERER E-Bikes GmbH, Avocado GmbH, DealerCenter Digital GmbH.

Targets and measures for reducing consumption ³²:

- Installation of photovoltaic systems on the roofs of logistics center 1, logistics center 2 and component production
- LED switchover in vehicle assembly by Q3 2021
- Electrification of the passenger car fleet – target of 20% by the end of 2022

Sustainable energy source on the roof of KTM

The photovoltaic system on the roof of the “House of Brands” office building with a total area of 679.8 m² is designed for the building’s own consumption. In the period from February 2021 to February 2022, the system produced around 114,400 kWh of electricity (around 9,500 kWh per month). The missing smart meter has only been retrofitted since the end of January 2022. Due to the short time since this additional module was put into operation, it is not possible to make a valid statement about how the reciprocal amount of energy was bought or sold. It will be possible to provide more accurate information about the amount of energy generated in the next report. Since it was commissioned, between July 2019 and February 2022, the photovoltaic system has produced about 334,500 kWh of electricity (about 10,800 kWh of electricity per month) for the office building in Munderfing/Austria.

The roof area of the KTM logistics center 1 in Munderfing was rented out for the construction of another photovoltaic system covering 40,000 m² (power approx. 4,000 kWp). In total, this resulted in an annual production of alternative electricity amount approx. 4.0 million kilowatt hours (kWh). The operator of the photovoltaic system is PLB Energie GmbH (Austria)³³. This system is designed to feed electricity into the public grid and an has been in operation since 2021. In comparison: According to Statistics Austria, An average Austrian household consumes 3,559.90 kWh of electricity per year, ascending trend. The plant with the first component supplies approx. 1,000 households (in the final stage, with the commissioning of logistics center 2, the plant will thus supply approx. 2,000 households). The photovoltaic system is an environmentally friendly technology on the roof of KTM AG and will also deliver a CO₂ saving of 1,400 tons per year in the very first construction phase. A photovoltaic system is also to be installed on the component production building in 2022. The size and operator model correspond with the system on logistics center 1. logistics center 2, which is currently under construction, is scheduled for completion by mid-2022. The building is designed for the installation of a photovoltaic system. There were no concrete plans available when this report was drafted.

Use of materials and efficient use of infrastructure

The key objective for KTM AG in developing new engines and vehicles in the high-performance motorcycle segment is using materials that meet the requirements – for example by using high-strength steels and composite materials for its chassis and engines. By using state-of-the-art construction and simulation software, it has also been possible to establish a reliable strength design, minimize the number of prototype parts required, as well as significantly reduce the specific component weight.

Vehicle assembly: One line – three brands

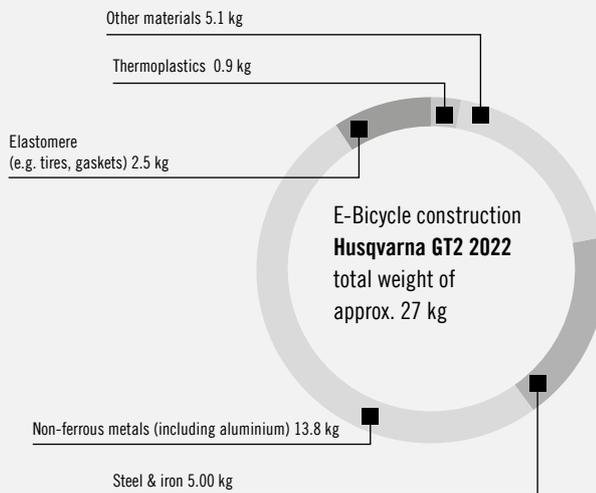
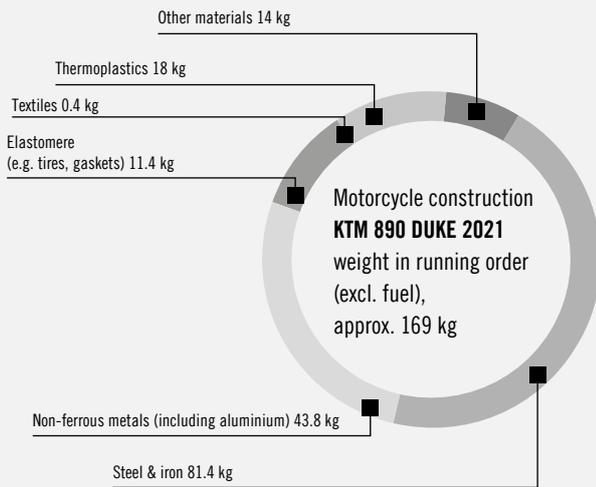
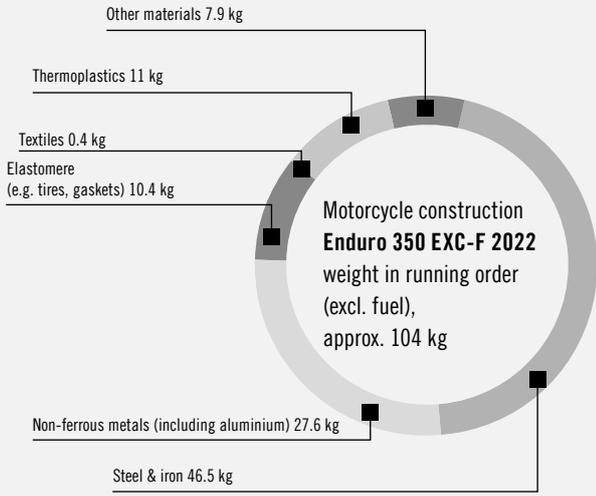
The assembly lines of the vehicle assembly department (FAS) in Mattighofen are designed to be sufficiently flexible so that both road and off-road motorcycles of all brands (KTM, HUSQVARNA, GASGAS) can be assembled on them. Following assembly, the functional check is carried out on specially designed test benches. The test process can be carried out with very little set-up effort on any of the existing test stands, regardless of the type and size of the motorcycle.

In order to optimize the consumption of resources, the required quantity of auxiliary and operating materials is controlled and, if necessary, optimized during the assembly process as well as during the testing process. For example, the amount of grease applied for lubricating the steering head tube on assembly line 1 was considerably reduced by developing a dosing unit. A conversion of the assembly lines 2, 3 and 4 is planned.

Infrastructure expansion in Anif close to Salzburg

As part of the renovation work, for the new R&D site the existing cooling/heating technology was replaced for the entire building and substituted with air source heat pumps. Heating is provided by a low-temperature heating system. The hall area covering approx. 5,000 m² contains the workshop and test benches as well as a small office area. In addition, it is equipped with the very latest safety technology. The office building with an area of approx. 3,000 m² was modernized (in respect of room conditioning) by installing interior insulation and replacing all windows. By moving to the new building, there will be more parking spaces available here employees, and above all there are more bicycle and (e-)two-wheeler parking spaces. Furthermore, charging stations for e-vehicles are installed.

³² See environmental targets on page 13 in the TCFD Report 2021: https://www.pierermobility.com/wp-content/uploads/2021/11/PIERER-Mobility-AG_ICFD-Report-2021_en.pdf
³³ The photovoltaic system was built by Ökosolar PV GmbH (Austria).



Breakdown of materials in motorcycles and (e-)bicycles

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

Packaging material used

For disposable packaging, we use the following quantities per vehicle for the models listed in the graphs:

■ **Enduro 350 EXC-F**

Depending on the destination, disposable packaging is used for some vehicles. This packaging consists of approximately 85% renewable raw materials such as mixed wood/cardboard. The weight of this packaging is 30.8 kg.

■ **KTM 890 DUKE**

Depending on the destination, disposable packaging is used for some vehicles. This packaging consists of approximately 88% renewable raw materials such as mixed wood/cardboard. The weight of this packaging is 48.8 kg.

■ **Husqvarna GT2 2022**

Disposable packaging consisting of cardboard with an average weight of 8 kg depending on the frame size. Individual sensitive components are partially protected with “Foam” bubble wrap to protect the goods inside the box. The weight is approx. 0.8 kg.

WASTE MANAGEMENT

In the reporting year, the focus of waste logistics activities was on standardization of waste management concepts at the production sites in Mattighofen and Munderfing. In the course of ISO14001:2015 certification in the summer of 2021, various adjustments were made in the area of implementation, recording and realization of waste management. Special attention was paid to reintroducing separate plastic collection and improving waste-paper separation in offices. Refinements in the areas of raw material separation, improved labeling and provision of hazardous waste were implemented. In order to achieve an even higher rate in the separation of the various waste fractions, training courses for production employees were offered and conducted in the 2021 reporting year. On the recommendation of KTM AG, the certification of the waste management company as a specialist waste management company was completed. Our goal is to reduce the amount of residual waste by 10% by further optimization of waste separation.

We must handle considerable amounts of waste as part of motorcycle production. A large part of the waste produced comes from certain product-specific steps during 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). The measures we implement enable us to take the necessary steps to avoid or reduce waste and to recycle secondary raw materials. One example of waste reduction is our reusable racks, which are used as packaging for transporting motorcycles in Europe (disposable packaging is currently used for overseas shipments). In the reporting year, KTM AG and KTM Components GmbH were therefore able to recycle around 786.6 tons (previous year: around 661.0 tons) of **metal waste** (separated into various scrap fractions, excl. aluminum waste); around 261.5 tons (previous year: around 267.5) of **aluminum waste**; around 4,487.3 tons (previous year: 3,126) of **recyclable waste**. Furthermore, around 337.9 tons (previous year: 267.8) of **hazardous waste** and around 519.7 tons (previous year: 500.3 tons) of **other waste** that could not be recycled were produced. This list focuses on the operating companies of the PIERER Mobility Group. The detailed table can be found in the appendix.

Depending on the production volume, the waste produced (both steel and aluminum) is fed into the recycling cycle at a rate of up to 90 - 95%. In the 2021 reporting year, the amount of waste per vehicle produced was around 30.4 kg (in 2020 around 28.6 kg). The quantity of packaging materials disposed of per vehicle produced was around 20.3 kg (around 15.9 kg in 2020). Waste that cannot be clearly attributed to production was not included in the calculation of "waste per vehicle produced" and "packaging materials disposed of per vehicle produced" for reasons of materiality. The increased quantities of waste per vehicle between 2020 and 2021 are due to the increase in the spare parts business and the increased number of imported vehicles. Consequently, an adjustment or specification of the calculation (including imported vehicles) was also made retrospectively for the years 2019 and 2020. The detailed table can be found in the appendix.

ACTIVITIES AND MEASURES IN THE (E-)BICYCLES DEVELOPMENT PROCESS

Sustainability already plays a central role in the area of research & development at PIERER E-Bikes GmbH. The aim is to make every phase of the product life cycle environmentally friendly – from the choice of raw material suppliers to disposal and recycling. Effective measures can be taken into account throughout the product development process in order to manufacture products that are as environmentally friendly as possible. For example, new processes and procedures can reduce energy consumption, save material or replace existing materials with more sustainable alternatives. A specific example of this is the use of thermoplastics. Plastic polymers soften when heated and can be molded; they solidify when cooled. Owing to their unique chemical properties, thermoplastics can be reshaped and recycled without negatively affecting the physical properties of the material. Therefore, they are increasingly being used for all types of injection molding, for example in frame construction.

If you look at the product range strategy itself, further positive effects can be achieved by extending the product life cycles themselves. In addition, new developments will be based on a more modular structure in order to reduce the number of different frame variants. In addition to a leaner range, this strategy also facilitates the supply of spare parts. This is being practiced for the first time with new developments under the Husqvarna brand.

Reduction of CO₂ through production and logistics of (e-)bicycles in the EU

- CO₂ reduction through long-term production and logistics planning in and for the regions for (e-)bicycles and the components required for them. Shifting production toward consumer markets, splitting production volumes between the main region of Asia and Europe.
- The joint venture with Maxcom in Bulgaria offers opportunities to set up an assembly operation (start in 2024) in line with current sustainability and occupational safety criteria for more flexible assembly closer to the market in Europe in the future. This helps to reduce the outlay on transporting complete bicycles globally.
- With each bicycle assembled in the EU, we reduce the carbon footprint by 3/4. This assumption is based on a study conducted by the "Politechnic University of Milan"³⁴ from 2017.
- Packaging optimization in terms of utilization and the packaging dimensions, as well as the installation of collective warehouses in the regions, which ensure full utilization of the load carriers and containers prior to shipment / loading. Synergy of warehouses beyond PIERER E-Bikes with KTM and the component manufacturers.

34 <http://ebma-brussels.eu/wp-content/uploads/2017/09/Study-Politecnico-Milano.-CO2-Emissions-Bicycles..pdf>

TRANSPORT LOGISTICS

CONCEPT AND OBJECTIVE

As an international company that exports a great deal and at the same time places high quality demands on the speed and reliability of the transport service provided to our customers and a globally diverse supply chain, we are conscious of the environmental impacts. Working together and in partnership with the entire logistics industry, we must accept the increasing challenge to use resource-conserving technologies (for example by fulfilling Euro 6) and processes to develop efficient concepts for ever more complex operations. Our goal is to further minimize transport routes and to continuously reduce packaging material. In addition, in the medium term we want to award all paid shipments exclusively to transport companies that also focus on sustainable initiatives (for example reducing emissions). We pursue different approaches here.

DUE DILIGENCE PROCESS AND CURRENT MEASURES

In coordination with our production planning systems, in the past we have installed milk run systems or shipment consolidation at collection points in the supplier countries of Austria, Germany and Italy which ensure that freight space can be utilized in the most efficient way, thus preventing empty runs wherever possible. KTM also applies this logic globally wherever optimization makes sense and can be implemented, in supplying chains from Japan, China, and India. The import of accessories and apparel from Asia is also being optimized, with consignments being consolidated if geographically close at the same port of departure and where time allows at defined collection points and transported in full containers. Air freight is only used in absolute exceptional cases and to avoid production downtimes.

An innovative example is the motorcycle logistics system used by KTM on **reusable steel racks**, which have a service life of 20+ years. Using the steel rack avoids using wood and cardboard. Each rack, 28,000 units of which are in pan-European circulation, is used an average of 11.5 times a year. Even though the products we source from overseas are shipped in wood/cardboard packaging, we try to cooperate with our supply partners to use types of wood that are available in large quantities and without coarser intervention in the country of origin. In general, products from India are transported mainly by truck, train and ship. Air freight is avoided whenever possible.

We work predominantly with global logistics service providers that are pursuing appropriate initiatives to create traceable and effective measures to reduce the impact on the environment. The traceability is checked, among other things, in the annual quality audits with the forwarding service providers and via their sustainability reports or integrated business reports.

Our distribution logistics optimization project was implemented in our biggest market, the USA. In addition to our existing logistics center in Chesapeake, Virginia, we started operating the logistics center in Sparks, Nevada in August 2021. As part of the soft opening, this was used in 2021 for cross docking and subsequently for consolidation of the shipments for our customers west of the Mississippi. In the next phase of expansion, both logistics centers will be utilized based on the expected sales volume per region, reducing the average driving distance from the logistics center to the dealer from the current 1,544 miles to 720 miles. In the future, our second facility will also be suitable as an intermediate storage facility for products of Asian origin. This will also significantly reduce the distance by sea by using the route via the Pacific instead of the Atlantic.

NEXT STEPS

To ensure sustainability as well as for economic reasons, we attach great importance to optimizing our supply chain and delivery logistics. The following project is particularly significant for us:

We will look at the delivery volumes of motorcycles for each destination address in Europe (EU) and perform geographical and temporal clustering. This means that dealers in metropolitan areas, but also large regions formed by clustering, will be supplied more regularly, but less frequently, yet with higher quantities. The objective is to actively reduce the number of individual truck journeys. This means that the average number of bikes per delivery can be increased by 1.4 from 1.9 to 3.3, which leads to cost benefits as well as savings in logistics-related CO₂ emissions.

We are also developing a new shipping policy for our Parts, Garments & Accessories business unit. The aim is to incentivize larger orders at more widely spaced intervals. This is intended to reduce express deliveries, which are often made by air, and at the same time reduce the amount of packaging material required and improve the way it is utilized.

IV. PRODUCTS AND CUSTOMERS

PRODUCT QUALITY AND CUSTOMER SAFETY

CONCEPT AND OBJECTIVE

PIERER Mobility AG has set itself the goal of manufacturing particularly safe and high-quality products. Our 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, we also involve our relevant stakeholder groups in the testing and validation process in order to ensure the best possible overall result.

DUE DILIGENCE PROCESS

The entire process of producing a product – from the market analysis, the product idea, design studies, design and development, cooperation with suppliers, procurement of components for series production, parts production, assembly of engine and vehicle, through to packing and dispatch – is mapped by a process-oriented quality management system according to ISO 9001:2015 and controlled using the KTM process management system.

In order to counter the risk as much as possible of a faulty product and of associated potential adverse effects for our customers, we perform intensive audits on engines and vehicles while production is underway. These are based on the VDA 6.3 guideline (VDA – German Automotive Industry Association, VDA 6.3 = guidelines for process audits) for improving production and assembly processes and are handled monthly by the Quality Management, Serial Support & Audit Team. As most of the vehicles produced are designed and homologated for use on public roads, we attach great importance to complying with the statutory requirements of the relevant end markets.

A measurement and testing laboratory is available within the research and development department. There newly developed or further developed materials, which are intended for installation on the motorcycle, are analyzed or tested for health and safety impacts to ensure compliance with component/product specification requirements. If required, tests can also be carried out on clothing and accessories (protective equipment, etc.) in the in-house laboratory. In addition, we operate an operational stability test facility for testing individual components, assemblies and complete

vehicles (e.g. shaker test bench, servo-hydraulics test bench, endurance roller dynamometers, acoustic roller dynamometer).

The development results are tested throughout the product development process by specially installed test teams for both on-road and off-road vehicles, from the early prototype phase through to the production product. The riders are specially trained vis-à-vis other R&D staff in handling such vehicles and pushing them to the limit. In the course of testing, more than two million km are covered each year. In order to avoid risks, FMEA analyses/failure mode and effects analyses (design & process FMEA) are also carried out annually under the responsibility of the process and risk management officer. In addition, efforts are being made to prepare a process FMEA in order to further minimize process risks in the future.

Customer health and safety always have top priority across all product areas of PIERER Mobility AG. The recall rate, despite the significant increase in sales figures and model expansions, was eleven recalls in the reporting period. This validates the strict requirements along our value chain and demonstrates the high product quality of all brands including all measures in the area of market monitoring. Further information about the recalls can be found on product websites³⁵. As an additional safety feature, every KTM, Husqvarna & GASGAS owner can find out under Service and Safety Check³⁶ whether a recall notice applies to their vehicle (chassis number and delivery certificate required).

At Pierer E-Bikes GmbH, the entire product development process is carried out using tried and tested processes that are constantly being refined in line with the continuous improvement process. Suppliers of safety-relevant and functionally relevant components are integrated into the process in a timely manner. The finished products are assembled at experienced assembly plants that are renowned for their excellent quality. Since the products produced must meet safety-relevant requirements, we place great emphasis on complying with the legal requirements of the respective end markets. Appropriate quality planning during the actual product development process ensures that we continue to improve the existing high standard. In order to further develop the process of corrective and improvement measures based on market findings, Pierer E-Bikes GmbH is planning both an increase in personnel resources and a systematic

³⁵ <https://cloud-prod.ktm.com/en-int/service/Safety.html> and <https://www.husqvarna-motorcycles.com/en/service/safety-information/> and <https://www.gasgas.com/en-int/service/safety-information.html>
³⁶ See as an example <https://www.gasgas.com/en-int/service/service-and-safety-check.html>

database-based evaluation of quality-relevant market information. This measure is intended to ensure that any corrective measures can be quickly and efficiently incorporated into both the product development process and ongoing production.

New test laboratory for CE tests for E-Bicycles

With the establishment of an internal test laboratory at the Anif site for performing safety-relevant tests of frames and components according to the required CE standards under the Machinery Directive for e-bicycles, important knowledge can already be incorporated during the development phase through to series production and the quality of e-bicycle products can therefore be improved in a sustainable way. Furthermore, tests accompanying series production can be carried out in this laboratory as part of continuous quality control. The test data obtained is collected and used for simulation in digital product development. This enables a closed, continuous and data-based development process that makes qualitative and safety-related improvements ready for the market more quickly.

The supplier of tailor-made components

KTM AG also develops and produces tailor-made components in close collaboration with its customers and in accordance with agreed quality, cost and deadline targets. In addition to the intensive development work on our products, ongoing further development of our processes throughout the business division also forms a key aspect of our activities. Ongoing expansion of the employees' know-how and the systematic expansion of the zero-error principle are goals set for securing and expanding our product and customer portfolio, while profitable growth forms the foundation of the long-term security of the concern. The PIERER Mobility Group works closely with its suppliers in long-term partnerships to jointly develop and manufacture innovative and high-quality products.

Our electric motors and combustion engines are key components of our motorcycles and are developed and produced by the group. They guarantee the identity of the products of the brands KTM, HUSQVARNA Motorcycles and, since 2020, also GASGAS. The motto READY TO RACE is at the heart of KTM's philosophy, character and passion. Since the company was founded, it has won more than 450 FIM World Championship titles. These are the best proof of the high technical competence of our products, which go hand in hand with performance and reliability.

Test facility for Euro 5

The introduction of the Euro 5 emissions standard in the motorcycle segment brought with it significantly higher requirements for the exhaust system of our vehicles. These test facilities ensure 100% tightness of all components that are located before the exhaust aftertreatment during the production process.

Assembly

KTM AG in Mattighofen assembles an average of 765 motorcycles per day (annual production volume in 2021: around 179,000 vehicles). Each vehicle component is inspected according to a test plan by experienced employees trained in the relevant test criteria. At the conclusion of vehicle assembly, 100% of all motorcycles are subjected to an end-of-line test

(test bench run). This process step is secured by systems engineering so that no vehicle can leave production without passing the test. If an error is detected in the assembly process, it is recorded in the ERP system by the post-assembly personnel. Each error that is entered is transferred to the ERP system and created there as a quality notification. The evaluation of the data in the form of reporting is carried out in monthly cycles. In addition, a vehicle is taken from each production order and subjected to a detailed product audit. Furthermore, in the course of delivery to the end customer, a pre-delivery inspection is carried out for each motorcycle by the trained KTM/Husqvarna/GASGAS dealer. A clearly defined inspection list with all safety-relevant components and systems is worked through and electronically stored in the vehicle history for each motorcycle in the KTM/Husqvarna/GASGAS Dealer.Net.

We achieve high product quality in particular as a result of production-oriented design, the use of analytical and statistical methods of calculation, comprehensive checking and testing, a focus on process quality and by using targeted communications, as well as by implementing training measures at all companies in the PIERER Mobility Group and at the suppliers.

The global assembly sites are professionally supported by a team of highly skilled QM employees. They make sure that the manufacturing know-how is passed on to these sites and ensure the quality of the vehicles produced there by implementing a KTM-compliant quality management system.

INNOVATIONS AND DEVELOPMENTS IN THE AREA OF MOTORCYCLE AND RIDING SAFETY

The products of KTM AG give it a reputation in many fields as a technology leader in the motorcycles segment. When it comes to safety, special mention should be made of the world's first lean-angle-dependent "**motorcycle stability control**" **ABS system** and the semi-active chassis which was fully developed within the KTM Group. The KTM 1290 Superadventure introduced the adaptive cruise control system to series production in 2021.

The research and development department of KTM AG is heavily committed to ensuring the safety of its customers and works on future-oriented solutions. For example, the "**vehicle-to-vehicle (V2V) communication**" offers great potential for avoiding accidents. The analysis of accident scenarios shows that one frequent cause can be found at inner-city intersections. In many cases, the narrower silhouette of a motorcycle means that motorcycles are simply not seen by car or truck drivers. Radio technology in the 5.9 GHz band constantly transmits the current position to other road users thus forming the basis for warning of an impending collision. Basic functions such as warning about a broken-down passenger car and emergency braking by a vehicle in front were unveiled at a test site in cooperation with VW. KTM motorcycles communicated with a VW production vehicle and demonstrated impressively how dangerous situations in road traffic can be avoided.

CMC 'Next'

To further increase motorcycle safety and ensure that motorcycles can retain their mobility role in the future, several leading motorcycle manufacturers³⁷ continued their cooperation in the CMC "Next" in 2021. This involved the detailed study of accident scenarios and the development of approaches to prevent these.

Warnings

In line with its commitment to detect critical situations in good time, KTM is working on acoustic warnings that are designed to enable the rider to react in good time. For this purpose, a concept for investigating acoustic signals was developed and at the same time cooperation in standardization committees was started in order to achieve greater safety across different manufacturers.

SAFETY STANDARDS

As has already been explained in the previous paragraphs, development work is increasingly focusing on electric/electronic systems. On the one hand, this serves to increase the level of safety for KTM customers, and on the other the global legal safety requirements are being adapted to meet the increasing safety needs of road users. The increasing integration of several complex, electronic control systems and the expansion in networking with other road users can pose significant safety risks in the event of malfunctions. Therefore, these functions are subject to strict development and quality assurance processes. Functional development in the electrics/electronics area of a motorcycle is mainly carried out according to the ISO 26262 standard for functional safety. Special attention is paid to the complete and correct networking of safety-relevant components (e.g. the behavior of the electrically assisted brake system and the motor control). This ensures that safe operation of the vehicle can always be guaranteed, both in normal operation and in the event of a defect.

As part of continuous process improvement, new specifications such as securing vehicles and associated infrastructure against cyber attacks are also being integrated into the development processes. As a result, future requirements are identified and implemented as far as possible even before series development begins. In the current environment, the topics of the safety of electric drives and cyber security (e.g. according to ISO 21434) are being given the appropriate priority and integrated into the company processes. This is ensuring a high level of customer safety at KTM even before the corresponding legal requirements are imposed.

A further focus is on the systematic further development of our suppliers in order that here also compliance with safety standards and the smooth integration of the supplied components into the overall system is ensured. For the purpose of a specific strength design, newly developed components are subjected to extensive calculations and simulations, structural strength tests and prolonged load tests according to our own operational strength process. Future focal points will be the further intensification of testing processes and the securing of personal data collected while networked mobility (GDPR). Similar to the expansion of the testing and measuring capacities in the area of strength design and ensuring operational strength, a further area of priority is the expansion of test bench capacities in the area of emissions development.

³⁷ Founding members: BMW Group, Honda Motor Co Ltd, KTM AG, Yamaha Motor Co Ltd.

PRODUCT USE AND RECYCLING

CONCEPT AND OBJECTIVE

KTM AG is mainly an assembly company and therefore part of the energy-intensive industry. However, we are aware that the production of the individual components, the assembly and also the use of our products throughout the entire life cycle is associated with considerable environmental impacts, including the exhaust and noise emissions associated with combustion engines.

The regulation on the type approval of vehicles in category “L” (Regulation (EU) 168/2013) stipulates that vehicle types approved for the first time after January 1, 2020 must comply with the “Euro 5” requirements. Since January 1, 2021, all vehicle types must comply with these requirements. Since January 1, 2021, only “Euro 5” vehicles have been produced for the EU area and for operation on public roads. In addition to the “Euro 5”-compliant vehicle types, types with other specifications are also produced. These vehicle types are not intended for operation on public roads in the EU area. These are vehicle types for sale outside the EU or vehicle types that are not intended for operation on public roads. These are, for example, vehicle types that are operated exclusively on closed tracks (or at any rate not on public roads) for training purposes or in the context of motor sport events.

Our goal is bringing products to the market that always meet the latest environmental standards or are environmentally sound along their whole product life cycle and at the same time also offer a high level of additional benefit to the customer (individual mobility). Especially in these times of the pandemic that is currently affecting the world, many people are keen to be independently mobile. As PIERER Mobility, we want to combine these two themes in the best way possible and work hard to promote the development of low-emission and low-noise vehicles (solutions for sustainable mobility in urban environments). To ensure that electric mobility as an area of technology is adopted by a broader group of the population, we aim to raise awareness among our dealers and customers through regular interaction to facilitate the switch to electric two-wheelers. To support this, for example, we offer products with low-voltage battery technology that deliver many benefits for all parties: storage and transportation are easier, a significant reduction in the training needed for dealers, use of existing charging infrastructure (for example, all electric motorcycles can be charged using standard household power sockets), environmentally friendly battery disposal.

DUE DILIGENCE PROCESS AND CURRENT MEASURES

Activities in the field of vehicles with combustion engines

KTM AG endeavors to further develop its role as a technological leader in the motorcycles segment in these respects too. Vehicles, that have been designed and homologated for use on public roads, fulfill or fall short of the statutory homologation requirements of the respective distribution markets. Pollutant emissions (including NO_x and CO₂) are determined and recorded by KTM AG in the course of the homologation process using in-house exhaust-gas test benches under strict supervision and regulation by the competent authorities. Detailed information on the emissions values of individual vehicles is recorded in the respective model approval documents, and is available upon request. Reducing exhaust emissions makes a substantial contribution toward protecting the world’s climate, and therefore forms a key area of priority in current and future development projects.

Exhaust and noise emissions

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

KTM also operates several other emission test benches (for complete vehicles and for engines). Although these test benches are not recognized as “third party laboratories”, they still have the same quality and accuracy as the recognized “third party laboratories”. These test benches are used for the evaluation and development of emissions from vehicles that are in the development phase. In addition, KTM has a noise test track certified to ISO 10844. Under the supervision of an accredited technical service, UNECE R41 approval tests are carried out on this test track. The test track is also used for noise emission assessment of vehicles in development as well as for CoP (Conformity of Production) tests.



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

In the reporting year, a professorship in “Acoustics and Noise Development Research” was established at the Technical University of Graz/ Austria and is also being funded by KTM. The aim is to define the topics for the research projects and drive them forward in cooperation with the supporters. This is scheduled to start in 2022.

In the 2021 financial year, efforts focused on making further progress with development projects relating to our combustion engine range. Particular emphasis was placed on improving performance while at the same time reducing fuel consumption and emissions. For example, some models that comply with the new Euro 5 emissions standard were already successfully transferred to series production in 2021. The development team is already working on technologies that provide for a further reduction in pollutant emissions for future generations of engines. Another focus of the past research year was to press ahead with further increasing the efficiency of our aggregate testing of new technologies in the area of

thermodynamic subsystems of our combustion engines. As in the previous year, the effects of the COVID-19 pandemic were primarily felt in the form of a significant reduction in the travel activities of our developers (the R&D area is associated with very high-frequency travel due to the heavy consultation with development partners and the necessary testing of new development stages) and various delays in deadlines with our supply partners or in the delivery of prototype components.

The OBD (onboard diagnostics) systems used in our motorcycle models monitor emission-relevant components during riding, and notify the customer (rider) of any malfunctions. This avoids a situation in which vehicles with potentially increased levels of pollutant emissions are ridden for a longer period of time without this being noticed. In principle, all motorcycles homologated at the factory for use on public roads in the EU are equipped with an electronic onboard diagnostic system (OBD-1). In particular, the vehicles homologated in the EU in accordance with the Euro 5 exhaust emission standard are also equipped with a software-based OBD system (OBD-2), which offers an extended range of functions. The equipment with the respective OBD system is based on the European and internationally applicable homologation requirements for vehicles. The intensive series development and testing of these models have represented a significant part of our research and development programs in recent years. Even models intended for markets in which the OBD system is not mandatory are voluntarily equipped with the OBD system. Our research and development department is working on the development and further development of the engine control units and the OBD system so that levels

of exhaust emissions and fuel consumption can be reduced further in a sustainable way. An important aspect in the development of vehicles homologated for use in road traffic is to reduce emissions such as exhaust emissions from the combustion process and evaporative emissions from hydrocarbons (= fuel).

Activities in the field of vehicles with electric powertrains

A further priority lies in the development of CO₂ emission neutral electric vehicles for various areas of application. KTM AG has had such a product in its product range for many years in the form of the purely electrically powered “KTM FREERIDE E” models. Since the FREERIDE E was launched on the market, KTM has been a pioneer in the light e-mobility segment. Thanks to developments in the battery sector, it has been possible to increase the range here by 50% in recent years. With the KTM E-SX 5, HUSQVARNA EE-5 and GASGAS MC-E models, electric motorcycles for children have been successfully taken into series production and marketed. A division specially set up within F&E GmbH (a subsidiary of KTM AG specializing in R&D activities) provides in-house e-mobility know-how, including the development of in-house components. Work is being done on electric drive systems in the power range from 4 to 11 kW and battery platforms in the 48-volt range.

In a series development project with our partner Bajaj Auto Ltd. in India, a joint platform for electric two-wheelers was developed and will be used for the brands of both partners for various product variants. The first products are set to be launched on the market in the next few years. By continuously developing alternative drive technologies, we are making a significant contribution to climate protection.

KTM F&E GmbH is a founding member of the SBMC (Swappable Batteries Motorcycle Consortium). The consortium, which was founded in September 2021 after intensive preparatory work together with three other motorcycle manufacturers (Honda, Yamaha, Piaggio), will develop a common technical standard for a battery swap system including the corresponding battery swap stations over the next 3 years. We expect that the international standardization (e.g. CEN, ISO) envisaged in the content of the project will create a market for this battery system which will allow it to meet the expectations of the customers regarding range, “charging time” (limited to the time needed to swap the batteries) and costs, and in which positive business cases can be presented for each of the manufacturers (vehicle, battery, charging/swap stations). The work of the consortium, which is also open to other members, will thus make a significant contribution to the wider spread of electric propulsion in light 2-, 3- and 4-wheeled vehicles with a focus on applications over shorter distances (e.g. daily distances of <100km).

Recovery and recycling of batteries

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

Battery disposal

Another approach is the disposal of batteries in accordance with the current EU legislation. For this purpose, KTM works together with a well-known recycling company. In December 2019, a cooperation agreement was concluded with the Landbell Group, on the basis of which the requirements of DIRECTIVE 2006/66/EC will be implemented more specifically for KTM/Husqvarna/GASGAS. In March 2021, this agreement was extended to include the Husqvarna, GASGAS and R Raymon bicycle brands. This means that the Landbell Group will centrally report all batteries “placed on the market” to the respective state authorities (24 countries) for KTM/Husqvarna/GASGAS and PIERER E-Bikes. Likewise, the disposal of all types of starter or powerpacks at the end of their life cycle can be handled by the Landbell Group partners in the countries, or the collection of used batteries can be handled directly by the Landbell Group organizations. Since the subsidiaries have so far complied with the obligations of the directive on individual agreements, this measure, which is managed from company headquarters in Mattighofen, will make it possible to meet the compliance obligations more efficiently in every respect.

CUSTOMER SERVICE

CONCEPT AND OBJECTIVE

KTM AG has a global service network of approx. 3300 (with India approx. 4200) specialist motorcycle workshops to meet the high demands placed on the quality of our products. These meet defined quality standards regarding to infrastructure, equipment with special tools and training. The workshop specialists are trained using the “train-the-trainer” principle from headquarters by means of face-to-face training units lasting several weeks, a self-study e-academy, mobile learning modules and live webinars.

- **B2B:** In order to offer dealers and importers optimum technical support, the “Global Support Center” has been in operation since 2019: It provides a ticket system with an underlying support workflow and affiliated knowledge database. In this way, not only can “help for self-help” be offered, but knowledge growth can also be generated directly from all markets. In addition, the service level is made measurable. Thanks to this expansion, requests for spare parts and accessories as well as product improvement suggestions can now be received.

B2C: End customers also have the opportunity to submit support requests via the website, which are also handled promptly by the Global Support Center via the global service network.

With the aid of our system-protected flow of information through the “Global Support Center” (consisting of the Support Center and the Dealer.Net.), more than 50,000 requests were handled across all areas in the 2021 reporting year.

Street motorcycles are delivered in Europe's main sales markets with 12 months of mobility assistance, which is extended by one year free of charge for the customer with every service in an authorized specialist workshop. In addition, street motorcycle customers in 15 European countries have the option of taking out an extended warranty. Both services are handled in cooperation with partners operating throughout Europe. Support is also guaranteed for HUSQVARNA motorcycle models developed before HUSQVARNA Motorcycles was added to KTM AG in 2013.

The “Customer Service Manual” describes all customer service process flows for dealers, importers and subsidiaries. The manual is updated annually and made available to everyone in customer service.

When potential error patterns are identified, an escalation process is initiated. This occurs via regular weekly meetings of the Technical Quality Circle (TQC) and the Quality Control Committee (monthly), and if necessary via the Ad Hoc Safety Committee.

A safety committee is also established for motorcycles and e-bicycles:

- The ad hoc meeting is convened at the Vice President level.
- The following members are appointed to the Safety Committee: Vice President Legal, Vice President R&D (or Project Management), Vice President Quality, Vice President Customer Service, and Vice President Sales, as well as experts from the problematic areas (if needed). Convened on an ad hoc basis depending on the safety level of the problem at the invitation of the Customer Service Vice President.

In addition, internal training by the legal department for product liability in the EU, in the USA, in Canada, ... etc. is provided on a mandatory basis for all colleagues concerned, as well as a warranty analysis (monthly). The customer service report informs the Executive Board about the current status of relevant, technical/quality issues on a weekly/monthly basis.

DUE DILIGENCE PROCESS AND CURRENT MEASURES

More than one million euros for a new training center

Constantly new and increasingly complex motorcycles with an increasing level of innovation, new technologies – such as e-mobility, connectivity, distance radar – additional brands and a growing number of sales partners all over the world as well as more difficult travel conditions due to COVID-19 pose great challenges for the training and further education of 2-wheel technicians. KTM AG invested around 1.1 million euros in a new training center with modern infrastructure, green building technology and innovative training methodology. The training building, which was in commissioned in 2021, is the first KTM building to be heated and cooled entirely using geothermal energy, with a 70 kW geothermal heat pump being used. The new training center in Munderfing covering over 1,100 m² has two modern training rooms, each with six interactive workstations where the motorcycle is worked on directly, a soundproof video room for film recordings and “live” webinars, several workstations for digital editing of the video material and currently a total of 14 permanent positions, including two apprentices. The expanded capacities allow simultaneous training on site of more than 60 people in various disciplines for the 3 brands (KTM, Husqvarna, GASGAS). Additionally, around EUR 0.5 million were spent on renovating and modernizing the training center in Mattighofen in the reporting year. This primarily included the creation of additional offices for apprentice support, training rooms, recreational and social areas, and modern apprenticeship workplaces.

The training concept is called a “Blended-Learning System”, which is an integrated learning concept. This means that, as a preparatory step, participants have to complete online courses which focus mainly on the presentation of the models and technologies. In the subsequent practical 3-week basic classroom training, hands-on training takes place:

Participants work on a vehicle in pairs at most and thus learn to perform troubleshooting and diagnostics in an interactive way.

In the reporting year – despite COVID travel restrictions – a total of 66 face-to-face training sessions took place, some of them at the same time, with a total of 138 training days. No fewer than 161 participants from 21 countries were able to receive training on site and “hands-on”.

At the same time, the basic BRONZE module (a 1-week classroom training course) was digitalized and is now available online in several languages (DE, EN, FR, ES, IT). This is intended to provide new dealers with a quick introduction to the KTM service world and to convey the basic technologies.

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

Digital manuals

Following the successful launch of digital manuals in 2020, we recorded 778,056 downloads for all motorcycle brands in the Group in 2021. Only 812 printed manuals were sent out – a great success for digitalization and sustainability, and a clear sign that the electronic manual is accepted by customers.

Measuring dealer and workshop performance for main sales markets in Europe

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

Using a KPI dashboard as the basis for this, the focus was placed on 4 different areas, all of which must be satisfied:

- Level of training and qualification of workshop technicians
- Equipping of the workshop with special tools
- Minimum fulfillment rate for two selected KPIs
 - Processing rate of series improvements (indicator of the extent to which dealers comply with the KTM AG processes and also provide the end customer with the best possible technical vehicle quality).
 - Non-completion of series improvements after a workshop visit: in this area, there is analysis of individual cases in which dealers have not upgraded the end customer's vehicle to the latest state of the art despite a documented workshop visit.
- Fulfillment of two individual targets defined by the respective colleagues responsible for the market for each specialist workshop

Six different KPIs from which dealer performance can be assessed were defined in the form of a KPI dashboard. Two KPIs are a prerequisite for a dealer bonus for 2021. This is an important management tool for us for identifying trends at an early stage and also for being able to measure and manage any project successes. The KPIs cover the following priorities:

- Key points of the workshop performance evaluation:
 - Availability and use of special tools
 - Level of training in the workshops
 - Two individual targets

NEXT STEPS

Well-prepared support is the key to satisfied and above all loyal customers. Customer expectations have changed dramatically in recent years due to digitalization. To meet these expectations, customer service activities for all brands will continue to be expanded in 2022.

The Customer Dashboard application “Motohub” is an important information hub for the customer and was a key project launched in 2020 and rolled out to selected test customers after test runs in 2021. This application is intended to ensure that customers have all vehicle-related information at their fingertips in one place whether this is information from the owner's manual, information about the next service or about the warranty or mobility service. The issue of the safety of our products is also considered here with the direct connection to our data systems. This gives us another possible way to inform customers quickly and securely about our product improvement measures. A contact form for requests is also available to customers from the Customer Dashboard.

ENSURING DIGITAL TRANSFORMATION

PIERER Innovation aims to drive digital transformation sustainably in all parts and divisions of the group. Digital innovations therefore extend from new solutions on the motorcycle to the user experience before, during and after a motorcycle ride, as well as when purchasing products. The topic of sustainability was also defined as a priority in the strategic development of a vision for 2030. In a further step, targeted packages of measures will be derived from this vision of the future and gradually implemented in order, among other things, to raise awareness of sustainability issues among employees and customers.

LIGHTHOUSE PROJECTS

PIERER Innovation implements sustainable measures in its various divisions: The Tech Scouting Team focuses on finding sustainable solutions for the entire value chain. The Data Science and Business Modeling Team focuses on sustainable business models and services for customers and business partners. For the eCommerce unit, the main focus is on presenting the customer journey in a sustainable way through digital services.

TECH SCOUTING

Many initiatives within our Tech Scouting Team revolve around discovering and investigating new technologies and solutions that support the sustainable transformation of two-wheeler mobility for the future. We take a holistic approach that creates opportunities to cover the many aspects of sustainable mobility and production. Our development areas range from innovative drive concepts and alternative energy storage systems to system efficiency analyses and usage analyses. In addition, we actively support our production sites in increasing the level of digitalization, improving quality and increasing efficiency. Our team uses state-of-the-art cloud technologies to gain detailed insights into the manufacturing process and the machines which are used to improve the processes and increase overall performance. Ultimately, our “open innovation approach” with countless startups gives us the opportunity to share our goals and values and actively influence key factors for success in the early development phase of a project. In 2022, we will also increase our focus on scouting in the area of sustainability in order to implement sustainable solutions from the very beginning.

eCOMMERCE

In 2021, the eCommerce team focused strongly on the further development of online platforms. An online reservation platform was used to help dealers to enable those customers who were interested to reserve special editions of motorcycles, thus optimizing the margin in addition to saving process and logistics costs. The development of an employee store is progressing well. This platform also takes a long-term view of the entire process chain.

RESERVING SPECIAL EDITIONS ONLINE

The limited special edition bikes have previously been assigned to countries by headquarters. The country organization was tasked with selecting those dealers that would receive a special edition motorbike according to certain criteria. It was not uncommon to be no buyer for the motorcycles – which were highly coveted. Since 2021, special edition bikes have been offered directly to end customers. They can place a binding (pre)order for a special edition motorcycle from a dealer on the KTM website. KTM thus avoids illogical allocations by finding a buyer for each bike within a few hours. The motorcycles are – in an ideal scenario – delivered directly to the customer, thus drastically shortening logistics and supply chains.

eCOMMERCE MARKETPLACE

Previously, KTM AG employees were able to purchase a large share of the PG&A (KTM PowerParts, Garments & Accessories) segment for private purposes using an Excel sheet. Due to a lack of product information and presentation, there are often incorrect orders and, because of the manual process, very high processing costs. KTM is therefore developing an employee online store that will solve the problems outlined above. The fulfillment will be handled by an external partner. The main focus is on professional processing, while at the same time increased attention will be paid to avoiding packaging and returns.

DATA SCIENCE & BUSINESS MODELING - OUTLOOK FOR 2022

In 2022, the Data Science & Business Modeling team will focus on sustainable business models and services. One of the most important projects is predicting the range of the e-bicycles matched to its user.

Range prediction for e-bicycles

E-bicycles are becoming ever more popular. Decreasing purchase costs, advancing technologies and in particular the classification as an emission-free vehicle are just a few of the reasons for this. Nevertheless, many people still exclude e-bicycles as an alternative option for traveling to work or other short distances. Range anxiety is most often cited as an obstacle because e-bicycles have limited energy storage capacity and energy consumption is highly dependent on the ambient conditions and rider behavior. The group is therefore working hard to be able to estimate the range specifically for each rider and their conditions. The goal is to enable riders to make informed decisions about route planning and charging management, and thus also to provide greater certainty and enjoyment when riding an e-bicycles.

Predictive maintenance

The issue of predictive maintenance is being considered across all PIERER Innovation departments. The Tech Scouting Team is working on technologies that will allow wear and tear to be detected and transmitted in real time. To do this, our data scientists are developing special algorithms to

evaluate this data and derive instructions for action. The Commerce Team utilizes these findings to develop a seamless maintenance experience for both the dealer and the customer.

DISCLOSURES ACCORDING TO EU TAXONOMY ART. 8 (L 443/9) FOR THE 2021 FINANCIAL YEAR

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

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

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

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

Regarding the classification of an economic activity as "environmentally sustainable" for the purpose of the EU taxonomy, a distinction needs to be made between taxonomy eligibility and taxonomy alignment. The first step is to check whether an economic activity is described in the Delegated Act and is thus taxonomy-eligible. Only taxonomy-eligible economic activities can be considered "environmentally sustainable" if certain criteria are met. Accordingly, the second step is to evaluate whether the stated technical assessment criteria are fulfilled in order to be classified as taxonomy-aligned.

For the 2021 reporting year, based on a relief granted by the EU, only the shares of taxonomy-eligible and non-taxonomy-eligible economic activities in sales and capital and operating expenditures are to be disclosed.

In principle, all fully consolidated and proportionately consolidated Group companies are included in this analysis with regard to their revenues, capital and operating expenditures.

The amounts reported under this item in the income statement form the basis for revenue.

The basis for capital expenditure is additions to property, plant and equipment and intangible assets during the financial year under review, before depreciation and any revaluations for the financial year in question and excluding changes in fair value. It also includes additions to property, plant and equipment and intangible assets resulting from business combinations (application of IFRS (IAS 16, 38, 40, 41, IFRS 16); and national accounting policies if IFRS are not applied). Acquired goodwill is not considered. Investments in non-current assets classified as held for sale or held for distribution are only taken into account up to the initial date of the corresponding classification.

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

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

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

Based on a complete analysis of the economic activities, the share of taxonomy-eligible revenues / capital expenditures (capex) / operating expenditures (opex) in the respective totals according to the EU Taxonomy of PIERER Mobility AG for the 2021 financial year is reported.

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

KEY FIGURES

Sales ratio

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

	Sales share as % (rounded)
Sales taxonomy-eligible	77 %
Sales from non-taxonomy-eligible activities	23 %
Total	100%

In accordance with the EU taxonomy, the total sales revenues for the 2021 financial year of € 2,041.7 million form the denominator of the sales ratio.

The sales revenues reported in the consolidated income statement of € 2,041.7 million (see Revenues according to the consolidated income statement or in the notes to the consolidated financial statements under point 8. Revenues) of PIERER Mobility AG are examined across all Group companies to determine whether they were generated with taxonomy-eligible economic activities in accordance with Annex I (Substantial contribution to climate change mitigation) and Annex II (Substantial contribution to climate change adaptation) of the Delegated Regulation of (EU) 2020/852. A detailed analysis of the items included in the sales revenue is used to allocate the respective revenue to the taxonomy-eligible economic activities. The total of the revenues of the taxonomy-eligible economic activities for the 2021 financial year forms the numerator.

The economic activities of PIERER Mobility AG are classified as taxonomy-eligible by the economic activities described in the Delegated Regulation (Annex I / Annex II) “3.3 Manufacture of low carbon technologies for transport” (Annex I).

CapEx ratio

The CapEx ratio indicates the proportion of capital expenditure (CapEx) that is either associated with a taxonomy-eligible economic activity, or associated with achieving an environmentally sustainable economic

activity, or relates to the acquisition of products and services from a taxonomy-eligible economic activity.

	CapEX share as % (rounded)
CapEx taxonomy-eligible	79 %
CapEX for non-taxonomy-eligible activities	21 %
Total	100%

The total capital expenditure according to the EU Taxonomy Regulation amounts to € 203.1 million and corresponds to the additions to property, plant and equipment and intangible assets (incl. IFRS 16 rights of use in accordance with IFRS consolidated financial statements – see additions according to the statement of changes in non-current assets in the notes to the consolidated financial statements under point 22. Intangible assets and point 23. Property, plant and equipment or in the management report on the consolidated financial statements under the notes on investments in point 3. Financial performance indicators).

Based on the project description of the additions, an analysis is performed regarding taxonomy eligibility and a comparison with Annex I (Substantial contribution to climate change mitigation) and Annex II (Substantial contribution to climate change adaptation) of the Delegated Regulation of (EU) 2020/852. The total of the additions reflecting a taxonomy-eligible investment forms the numerator of the CapEx ratio. Most taxonomy-eligible capital expenditures relate to capitalized research and development costs associated with the manufacture of low carbon technologies for transport.

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

	OpEx share as % (rounded)
OpEx taxonomy-eligible	70 %
OpEX for non-taxonomy-eligible activities	30 %
Total	100%

The total operating expenditure according to the EU Taxonomy Regulation amounts to approx. € 12.9 million.

To determine the denominator, the accounts reflecting direct, non-capitalized costs for research and development expenses, building renovation measures, short-term leasing, service and repair expenses (explanation of significant components) were considered.

The numerator results from an analysis of the assets related to the expenses recorded in the above accounts in terms of their taxonomy eligibility on the basis of Annex I (Substantial contribution to climate change mitigation) and Annex II (Substantial contribution to climate change adaptation) of the Delegated Regulation of (EU) 2020/852. Most taxonomy-eligible operating costs are for building renovation measures as well as maintenance and repair of production-related equipment and fleet vehicles.

Due to further regulatory developments in the EU taxonomy, deviations as well as changes regarding to disclosure may arise in 2022. From the 2022 financial year onward, even more extensive analyses will be required to meet certain criteria relating to the identified economic activities. In addition to the evaluation regarding the compliance criteria, this also includes the assessment of whether the taxonomy-eligible economic activities make a significant contribution to an environmental objective defined by the Taxonomy Regulation and whether no other environmental

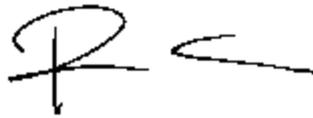
objective is significantly impaired. In addition, the fulfillment of minimum social standards in accordance with the OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights, ILO Core Labor Standards and the International Bill of Human Rights must be ensured.

Wels, March 2022

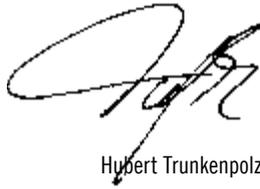
The Executive Board



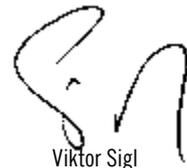
Stefan Pierer, CEO



Friedrich Roithner, CFO



Hubert Trunkenpolz



Viktor Sigl

APPENDIX

- Key figures
- ESG program
- GRI Content Index
- Independent Assurance Report
- Imprint
- Contact



KEY FIGURES

I. COMPANY

GRI 205-2

Anti-corruption training	Unit	2021	2020	2019
Total number of employees ¹⁾	Headcount	4,751	4,293	4,190
thereof manual workers (incl. apprentices)	Headcount	1,930	1,822	1,757
thereof white-collar workers (incl. apprentices)	Headcount	2,207	1,896	1,989
thereof managers	Headcount	614	575	444
Executive Board and Supervisory Board	Headcount	8	8	8
Informing employees about anti-corruption (e.g. Code of Conduct)				
Persons informed about anti-corruption	Headcount	3,559	2,669	0
Percentage of people informed about anti-corruption	in per cent	74.9%	62.2%	0.0%
By employee category				
Number of manual workers (incl. apprentices)	Headcount	936	741	0
Share of manual workers	in per cent	48.5%	40.7%	0.0%
Number of white-collar workers (incl. apprentices)	Headcount	2,040	1,499	0
Share of white-collar workers	in per cent	92.4%	79.1%	0.0%
Number of managers	Headcount	575	421	0
Share of managers	in per cent	93.6%	73.2%	0.0%
Executive Board and Supervisory Board	Headcount	8	8	0
Share of Executive Board and Supervisory Board	in per cent	100.0%	100.0%	0.0%
Anti-corruption training (e.g. e-learning or face-to-face training sessions)				
Total number of persons with anti-corruption training	Headcount	2,018	49	104
Share of persons with anti-corruption training (rounded)	in per cent	42.5%	1.1%	2.5%
By employee category				
Number of manual workers (incl. apprentices)	Headcount	354	0	0
Share of manual workers	in per cent	18.3%	0.0%	0.0%
Number of white-collar workers (incl. apprentices)	Headcount	1,268	9	0
Share of white-collar workers	in per cent	57.5%	0.5%	0.0%
Number of managers	Headcount	396	35	104
Share of managers	in per cent	64.5%	6.1%	23.4%
Executive Board and Supervisory Board ²⁾	Headcount	0	5	0
Share of Executive Board and Supervisory Board	in per cent	0.0%	62.5%	0.0%

1) Presentation excludes temporary workers, external contractors and DealerCenter Digital GmbH. Managers include Board members (excl. members of the Executive Board of PIERER Mobility AG), general managers, division managers, subdivision managers, heads of department and team leaders. Anti-corruption information and anti-corruption training activities for employees have only been systematically recorded at Group level since 2020 and have been continuously expanded. In 2019, training courses were only held at KTM AG. Since September 1, 2021, the Code of Conduct has been sent to the contractual partners (suppliers/subcontractors) as an annex to the non-disclosure agreement as standard when new contractual relationships are concluded by the KTM AG Group and the PIERER E-Bikes Group.

2) In 2020, 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 one member of the Supervisory Board of PIERER Mobility AG received training.

Corruption training by continent ¹⁾	Unit	2021	2020	2019
Total number of employees	Headcount	4,751	4,293	4,190
of which persons with anti-corruption training:				
Employees in Austria	Headcount	2,006	-	-
	in per cent	42.22%	-	-
Employees in Germany	Headcount	2	-	-
	in per cent	0.04%	-	-

Corruption training by continent ¹⁾	Unit	2021	2020	2019
Employees in Europe	Headcount	4	-	-
	in per cent	0.08%	-	-
Employees other continents ²⁾	Headcount	6	-	-
	in per cent	0.13%	-	-

1) The assessment of the corruption training was evaluated by continent for the first time in 2021, excl. DealerCenter Digital GmbH.

2) Africa, Asia, Australia, North America, South America

GRI 205-3, 307-1, 406-1, 416-2, 418-1

Compliance Environmental Compliance Non-discrimination Safety risks with products Data protection	Unit	2021	2020	2019
205-3: Compliance cases ¹⁾	Number	0	0	0
307-1: Proceedings, fines and/or other sanctions relating to non-compliance with environmental protection laws and/or regulations ²⁾	Number	0	0	0
406-1: Incidents of discrimination ³⁾	Number	0	0	0
416-2: Incidents with fine or penalty after 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 2021 financial year.

2) In the PIERER Mobility Group, there were no relevant cases relating to non-compliance with environmental protection laws and/or regulations that resulted in proceedings, fines and/or other sanctions in the 2021 financial year.

3) In the PIERER Mobility Group, there were no incidents of discrimination in the 2021 financial year that resulted in legal proceedings and have or could have a significant impact on the economic situation of the PIERER Mobility Group.

II. EMPLOYEES AND SOCIETY

GRI 102-8

Employees	Unit	2021	2020	2019
Total	Headcount	5,249	4,586	4,368
Full time	Headcount	4,843	4,248	4,044
thereof male	Headcount	3,834	3,450	3,262
thereof female	Headcount	1,009	798	782
Part time	Headcount	406	338	324
thereof male	Headcount	147	110	119
thereof female	Headcount	259	228	205
Share of female employees	in per cent	24.2%	22.4%	22.6%

All data excl. members of the Executive Board of PIERER Mobility AG, incl. temporary workers and from 2021 incl. DealCenter Digital GmbH. In 2019 including Avocado GmbH and PEXCO GmbH. In 2020, the employees of PEXCO GmbH are included in the key figures of PIERER E-Bikes GmbH.

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). Number of temporary workers (incl. foundation apprentices) as of Dec. 31, 2021: 486, which is 9.3% of the total workforce.

GRI 102-8

Employee structure by continent ¹⁾	Unit	2021	2020	2019
Total employees	Headcount	5,249	4,586	4,368
Employees in Austria	Headcount	4,361	3,822	3,639
	in per cent	83.1%	83.3%	83.3%
Employees in Germany	Headcount	136	116	110
	in per cent	2.6%	2.5%	2.5%
Employees in Europe	Headcount	316	284	254
	in per cent	6.0%	6.2%	5.8%
Employees other continents ²⁾	Headcount	436	364	365
	in per cent	8.3%	7.9%	8.4%

1) Evaluation of employee structure by company location (not by nationality).

2) Africa, Asia, Australia, North America, South America

GRI 405-1

Diversity	Unit	2021	2020	2019
Total employees	Headcount	5,249	4,586	4,368
Managers¹⁾	Headcount	617	575	444
	in per cent	11.8%	12.5%	10.2%
thereof male	Headcount	518	489	380
	in per cent	84.0%	85.0%	85.6%
thereof female	Headcount	99	86	64
	in per cent	16.0%	15.0%	14.4%
thereof < 30 years	Headcount	40	35	34
	in per cent	6.5%	6.1%	7.7%
thereof 30-50 years	Headcount	455	432	334
	in per cent	73.7%	75.1%	75.2%
thereof > 50 years	Headcount	122	108	76
	in per cent	19.8%	18.8%	17.1%
White-collar workers	Headcount	2,215	1,896	1,989
	in per cent	42.2%	41.3%	45.5%
thereof male	Headcount	1,553	1,323	1,426
	in per cent	70.1%	69.8%	71.7%
thereof female	Headcount	662	573	563
	in per cent	29.9%	30.2%	28.3%
thereof < 30 years	Headcount	793	681	723
	in per cent	35.8%	35.9%	36.3%
thereof 30-50 years	Headcount	1,206	1,036	1,086
	in per cent	54.4%	54.6%	54.6%
thereof > 50 years	Headcount	216	179	180
	in per cent	9.8%	9.4%	9.0%
Workers	Headcount	1,931	1,822	1,757
	in per cent	36.8%	39.7%	40.2%
thereof male	Headcount	1,565	1,498	1,420
	in per cent	81.0%	82.2%	80.8%
thereof female	Headcount	366	324	337
	in per cent	19.0%	17.8%	19.2%
thereof < 30 years	Headcount	546	504	508
	in per cent	28.3%	27.7%	28.9%
thereof 30-50 years	Headcount	997	969	940
	in per cent	51.6%	53.2%	53.5%
thereof > 50 years	Headcount	388	349	309
	in per cent	20.1%	19.2%	17.6%
Temporary workers	Headcount	486	294	178
	in per cent	9.3%	6.4%	4.1%
thereof male	Headcount	345	251	155
	in per cent	71.0%	85.4%	87.1%
thereof female	Headcount	141	43	23
	in per cent	29.0%	14.6%	12.9%
thereof < 30 years	Headcount	217	134	88
	in per cent	44.7%	45.6%	49.4%
thereof 30-50 years	Headcount	240	147	82
	in per cent	49.4%	50.0%	46.1%
thereof > 50 years	Headcount	29	13	8
	in per cent	6.0%	4.4%	4.5%

Presentation excl. members of the Executive Board of PIERER Mobility AG, incl. temporary workers, from 2021 incl. DealerCenter Digital GmbH. In 2019 incl. employees of Avocado GmbH and Pierer E-Bikes GmbH (formerly PEXCO GmbH).

1) Changed definition of managers, therefore 2020 and 2019 not comparable. 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. 2019: Presentation of managers for Europe as a whole, 2020 and 2021: Presentation of managers globally.

GRI 405-1

Executive Board and Supervisory Board	Unit	2021	2020	2019
Executive Board	Headcount	4	4	4
thereof male	in per cent	100%	100%	100%
thereof 30-50 years	in per cent	25%	25%	25%
thereof > 50 years	in per cent	75%	75%	75%
Supervisory Board	Headcount	4	4	4
thereof male	in per cent	100%	100%	100%
thereof > 50 years	in per cent	100%	100%	100%

There were no changes to the Executive Board and Supervisory Board in the reporting year.

GRI 403-9

Health and safety - employees	Unit	2021	2020	2019 ¹⁾
Accidents at work	Number	74	56	101
Injury rate	in Hours	13.3	12.8	19.4
Serious accidents at work (over 6 months of recovery)	Number	0	3	14
Injury rate for serious accidents	Number	0	0.7	2.7
Work-related fatality rate	Number	0	0.2	0
Lost-Time Injury Frequency Rate (LTIFR)	Number	8.4	-	-
Health and safety – temporary workers	Unit	2021	2020	2019
Accidents at work	Number	16	6	-
Injury rate	in Hours	28.2	22.6	-
Serious accidents at work (over 6 months of recovery)	Number	0	0	-
Injury rate for serious accidents	Number	0	0	-
Work-related fatality rate	Number	0	0	-
Lost-Time Injury Frequency Rate (LTIFR)	Number	22.9	-	-

The Lost Time Injury Frequency Rate (LTIFR) has been recorded since the 2021 reporting year. The LTIFR describes the number of accidents involving lost time of at least one day per 1 million hours worked. Underlying formula: $LTIFR = \text{accidents} / \text{hours worked} * 1,000,000$.

1) The method of calculation was adjusted in 2019. Values from 2019 include all documented occupational accidents (excluding commuting accidents). Data for employees of external companies are available. Injury rate based on injuries per 1 million hours worked. In accordance with GRI standards, the injury rate is calculated on the basis of productive working hours: Number of hours worked in 2021: 5,564,141 (2020: 4,368,239), productive hours incl. temporary workers 6,131,249. From 2020, work-related injuries of temporary workers are shown separately. For 2020, no productive hours of KTM Technologies GmbH as well as Pierer E-Bikes GmbH could be evaluated from the time recording; evaluation has been possible since 2021 (excl. Dealer Center Digital GmbH).

In the 2021 financial year, as in 2019, there was no work-related fatality at KTM AG. There was one work-related fatality in 2020.

GRI 404-1

Education and training	Unit	2021	2020	2019 ¹⁾
Total number of employees ¹⁾	Headcount	4,751	4,293	3,981
thereof male	Headcount	3,630	3,310	3,062
thereof female	Headcount	1,121	983	919
thereof workers (incl. apprentices)	Headcount	1,930	1,822	1,757
thereof white-collar workers (incl. apprentices)	Headcount	2,207	1,896	1,815
thereof managers ²⁾	Headcount	614	575	414
Number of apprentices	Headcount	186	170	158
thereof commercial apprentices	Headcount	66	60	54
thereof industrial apprentices	Headcount	120	110	104
Total number of hours of education and training of employees in Austria	in Hours	124,038	29,276	45,869
Average number of hours of education and training	in Hours	26	7	12

Education and training	Unit	2021	2020	2019 ¹⁾
By gender				
Total employees/male	in Hours	97,094	23,007	36,698
Average number per employee/male	in Hours	27	7	12
Total employees/female	in Hours	26,944	6,269	9,171
Average number per employee/female	in Hours	24	6	10
By employee category				
Total workers (incl. apprentices)	in Hours	55,169	3,856	12,619
Average number per worker	in Hours	29	2	7
Total white-collar workers (incl. apprentices)	in Hours	48,019	14,034	23,051
Average number per white-collar workers	in Hours	22	7	13
Total managers	in Hours	20,850	11,386	10,199
Average number per manager	in Hours	34	20	25

1) Correction: In 2020, the total number of further training hours, total number of salaried employees, total number of workers and total number of managers were issued incorrectly due to a formula error. These figures have been corrected for the 2021 reporting year.

2) Training and development hours in Australia in 2020: 120 h. No training took place here in 2021 due to the lockdowns imposed during the coronavirus pandemic. Training and development hours for DealerCenter Digital GmbH in 2021: 7 h. Training and development hours in other areas are not currently available.

III. ENVIRONMENT AND RESOURCES, INNOVATION AND PRODUCTION

Own indicator

Research and Development (R&D)	Unit	2021	2020	2019
Employees in R&D	Headcount	976	808	789
Employees in R&D as % of total employees	in per cent	18.6%	17.6%	18.1%
Investments	in m€	131	111	121
thereof for alternative drive technologies (e.g. electromobility)	in m€	18.8	7.9	-
R&D expenses from revenue	in per cent	8.0%	9.0%	9.1%

Own indicator

Alternative drive technologies (e.g. electric mobility)	Unit	2021	2020	2019
Motorcycles	Number of units	332,881	270,407	n.a.
thereof electrified	Number of units	3,357	2,166	n.a.
Bicycles	Number of units	102,753	73,277	n.a.
thereof electrified	Number of units	76,916	56,064	n.a.
Share of all electrified Two-Wheelers	in per cent	18.43%	16.94%	n.a.

GRI 302-1

Energie and water consumption	Unit	2021	2020	2019
Gas consumption ¹⁾	kWh	21,282,489	17,924,474	20,063,068
Electricity consumption ¹⁾	kWh	22,841,717	19,035,648	21,129,187
District heat	kWh	671,940	619,350	637,114
Share of renewable energy (electricity and district heating)	in per cent	99.48%	n.a.	n.a.
Share of fossil energy (electricity and district heating)	in per cent	0.52%	n.a.	n.a.
Water consumption from production ²⁾	m ³	4,185	3,364	3,618
Fuel test benches	in Liter	443,449	317,246	480,474

1) For reasons of materiality, the table only contains values from the corporate and production sites of KTM AG, KTM Technologies GmbH and PIERER Mobility AG.

2) Values rounded. Water consumption relates to the sites in Mattighofen and Munderfing.

GRI 302-5

Reduction in energy demand for products	Unit	2021	2020	2019
Fleet emissions motorcycles ^{1) 2)}	Ø emission in g/km	79.36	78.67	79.09
Fleet emissions incl. e-bicycles ³⁾	Ø emission in g/km	61.14	n.a.	n.a.
Fleet consumption ⁴⁾	Ø consumption in l/100 km	3.41	3.39	3.41

1) Calculated on a pro rata basis of 249,472 motorcycles in the B2C business.

2) CO₂ fleet emissions increased by 0.69 g/km in the reporting year, due to the strong growth in sales of ICE models with medium and large displacements (> 500cc).

3) Calculated on a pro rata basis of 74,942 e-bicycles in the B2B (wholesale) business.

4) 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

PIERER Mobility Group CO ₂ footprint	2021		2020		2019	
Greenhouse gas emissions according to greenhouse gas protocol (Scope 1-3):	in t CO ₂ -e	in per cent	in t CO ₂ -e	in per cent	in t CO ₂ -e	in per cent
Scope 1: Direct greenhouse gas emissions	6,677.29	0.70%	5,679.78	0.67%	6,565.99	0.83%
Emissions natural gas procurement at PIERER Mobility-Gruppe sites ¹⁾	3,898.10	58.38%	3,295.77	58.03%	3,688.60	56.18%
Emissions vehicle fleet	1,638.10	24.53%	1,565.46	27.56%	1,619.37	24.66%
Emissions test benches	1,141.09	17.09%	818.54	14.41%	1,258.02	19.16%
Scope 2: Indirect greenhouse gas emissions "location based" ²⁾	5,136.72	0.54%	5,036.93	0.60%	5,580.66	0.71%
Emissions district heat procurement ²⁾	134.39	2.62%	125.73	2.50%	129.33	2.32%
Emissions electricity procurement at PIERER Mobility Group sites ¹⁾	5,002.34	97.38%	4,911.20	97.50%	5,451.33	97.68%
Scope 2: Indirect greenhouse gas emissions "market based" ²⁾	213.09	0.02%	1,154.76	0.14%	-	-
Emissions district heating	136.40	64.01%	125.73	10.89%	-	-
Emissions electricity procurement at PIERER Mobility Group sites ¹⁾	76.68	35.99%	1,029.03	89.11%	-	-
Scope 3: Indirect greenhouse gas emissions	936,260.90	98.75%	832,231.63	98.73%	778,605.29	98.46%
Emissions commuter traffic with aircraft	1,315.40	0.14%	738.05	0.09%	6,790.99	0.87%
Emissions commuter traffic with private vehicles	54.79	0.01%	33.01	0.00%	46.75	0.01%
Emissions commuter traffic with rental cars	86.31	0.01%	61.03	0.01%	125.35	0.02%
Emissions commuter traffic with train ³⁾	2.14	0.00%	1.74	0.00%	4.93	0.00%
Emissions commuter traffic with taxi ³⁾	31.05	0.00%	16.26	0.00%	55.83	0.01%
Emissions paper ³⁾	2,144.03	0.23%	1,617.20	0.19%	1,821.04	0.23%
Emissions use phase of vehicle sold ⁴⁾	932,627.17	99.61%	829,764.35	99.70%	769,760.40	98.86%
Total footprint "location based"	948,074.91	100.00%	842,948.34	100.00%	790,751.94	100.00%
Total footprint "market based"	943,151.28	-	839,066.17	-	-	-

Emissions per vehicle sold "location based" (305-4) ²⁾⁵⁾	2021	2020	2019
t CO ₂ -e per vehicle sold (Scope 1-2)	0.04	0.05	0.06
t CO ₂ -e per vehicle sold (Scope 1-3)	2.92	3.67	3.83

GRI 302-3 Energy intensity ⁶⁾	2021	2020	2019
MWh per vehicle sold	0.14	0.16	0.20
MWh per vehicle produced	0.25	0.27	0.26
Water consumption in m ³ per vehicle sold	0.08	0.07	0.11

For the calculation of CO₂ 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, 2019, 2020 & 2021 were used.

The base year of the calculation is 2018, the calculation of CO₂ equivalents for Scope 1-3 was published for the first time in the Sustainability Report 2019.

In principle, the data of the main company and production sites in Austria are included in the evaluation: In addition to PIERER Mobility AG, this comprises KTM AG, Pierer Innovation GmbH, KTM Technologies GmbH and KTM Sportcar GmbH.

1) Evaluation excluding Pierer Innovation GmbH, Avocado GmbH, PIERER E-Bikes GmbH, DC Digital GmbH.

2) In 2019, calculation with "location-based" emissions. Emissions from district heating at the KTM Sportcar GmbH site. Since 2020, emissions have also been calculated using a "market based" method. However, for better traceability, the calculation of the emission shares in % in the reporting year was waived here and "location based" was used for the CO₂ 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.

3) Evaluation including Pierer Innovation GmbH.

- 4) Calculation based on EU homologation data on fuel consumption according to WMTC and taking into account average annual mileage and average service life. The Enduro Competition models are homologated in a mechanically and electronically throttled condition. However, the motorcycles are often used in an unthrottled condition at amateur and professional racing events, at the customer's own risk. This results in significantly higher consumption and greenhouse gas emissions. The KTM 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 and 2020, "market based" was used to calculate electricity and district heating purchases; in 2019, "location based" was used (difference is very small and therefore negligible).

Motorcycles sold in the B2C (retail) business were used for the calculation of the usage phase, as well as X-Bow and, from 2021, e-bicycles in the B2B (wholesale) business. Number of vehicles used for the calculation 324,476 (previous year: 229,536 excl. e-bicycles). Motorcycle models that are not eligible for registration (e.g. motocross, cross country, sport minicycles) were not considered due to an insufficient database (missing consumption and mileage data). A total of 332,881 motorcycles and 76,916 e-bicycles were sold in 2021 (previous year: 270,407 motorcycles, 56,064 e-bicycles).

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

According to the Kyoto Protocol, there are seven main greenhouse gases that contribute to climate change: Carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃). CO₂-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.

Own indicator

Vehicle assembly	Units	2021	2020	2019
Motorcycles ¹⁾	Ø vehicles / day	765	708	700
Annual production volume in Mattighofen ²⁾	vehicles / year	178,992	140,252	160,098

1) In 2021, there were 234 production days.

2) Production volume at headquarters in Austria.

Own indicator

Certification		
Environmental management system	ISO 14001	
Quality management system	ISO 9001	
Functional safety	ISO 26262	The development processes are oriented to ISO 26262.
IT & information security	Tisax certification security level2	The process is oriented to ISO 27001/27002.
Road Vehicles – Cyber Security Engineering	ISO 21434	The process is currently being established.
Acoustics — test tracks for measuring sound emitted by road vehicles	ISO 10844	

GRI 306-3

Waste quantity	Unit	2021	2020	2019
Total waste	kg	6,393,019	4,822,664	5,192,327
KTM Components GmbH	kg	1,035,750	929,665	1,189,675
Metal waste (excluding aluminium waste)	kg	526,477	490,873	567,278
Aluminium waste	kg	14,960	46,538	56,192
Waste for recycling	kg	368,940	287,580	434,013
Hazardous waste	kg	70,453	46,694	66,662
Other waste	kg	54,920	57,980	65,530
KTM AG	kg	5,357,269	3,892,999	4,002,652
Metal waste (excluding aluminium waste)	kg	260,157	170,119	167,651
Aluminium waste	kg	246,513	221,017	209,620
Waste for recycling	kg	4,118,310	2,838,400	2,890,810
Hazardous waste	kg	267,500	221,133	188,681
Other waste	kg	464,789	442,330	545,890
Waste generated per vehicle produced	kg	30.39	28.59	29.02
Packaging materials disposed per vehicle ¹⁾	kg	20.32	15.90	17.21

For reasons of materiality, the table only contains values from the KTM Group's manufacturing sites in Mattighofen and Munderfing.

Description of waste types / metals: including various scrap metals, cable scrap, mixed chips, prototypes. Aluminum: including castings, smelting, chips; waste for recycling: including waste wood (untreated, material), waste wood pallets, waste paper, various cardboard boxes; hazardous waste: waste oil, drilling emulsion, various solvents, cleaners, railroad sleepers; other waste: including plasterboard, used tires, industrial waste.

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

ESG PROGRAM

Measures	Description	Status	Start	Date
RELIABLE EMPLOYER				
				
Occupational safety & employee health				
				
Focus on health & safety	The new "Health & Safety" department brings together the topics of occupational safety, health and sport and makes them more tangible for all employees.	●	2021	2022
Training and further education of employees				
				
Expansion of training programs	The entire offering is being expanded. The KTM_academy is set to be rolled out to all international locations and will be available as an app under "KTM_academy to go".	●	2021	2022
KTM_academy training portal	After further optimizations to the system in 2020 (e.g. training of "mini-administrators" for greater efficiency), KTM Technologies was connected to the system in 2021.	●	2019	2021
Production Academy	In order to promote the further development of KTM production employees, a Production Academy has been set up and offers the possibility of acquiring the necessary basic knowledge and further training in all production activities.	●	2021	2021
Priority measures for apprentices	The number of apprentices is to be increased and offers for apprentices will be improved once again (e.g. apprentice welcome days, "Apprentio" app, apprenticeship with school leaving certificate). In addition, participation in the "Zukunft.lehre.österreich" program has been ongoing since 2021.	●	2021	2022
Fair pay and labor standards				
				
Diversity and Anti-Discrimination Policy	The Diversity and Anti-Discrimination Policy provides a global framework that defines how diversity should be encouraged within the group and how the PIERER Mobility Group prevents, recognizes and responds to all forms of discrimination and harassment.	●	2021	2021
Flexible work locations or working from home	Employees can work flexibly at any location in Austria and the home office policy has been communicated to employees.	●	2020	2021
Childcare	In addition to the offer of a crèche place that already exists for children of employees, in the summer of 2021 free summer childcare was offered.	●	2021	2021
Employee app	An employee app is being developed to provide all employees with information and the opportunity to access their data at all times.	●	2021	2022
Optimization of recruitment processes and onboarding	Processes are in place to optimize the application process and onboarding by utilizing the "Best Recruiters" quality seal and feedback forms for onboarding.	●	2021	2021
Making production areas more attractive	The social areas and sanitary facilities in production are being redesigned or modernized. In addition, offers for production employees will be expanded (e.g. daily snack allowance).	●	2021	2022

Measures	Description	Status	Start	Date
Improvement of transport links	A shuttle bus service (organized by KTM) is to be developed for employees to get to the company. In addition, the Postbus service in the Innviertel region is to be expanded.	●	2021	2022
Simplification of the internal application process	In order to promote the further development of KTM employees, a guideline for internal application processes has been defined. Information is now provided on the intranet, thus simplifying access for interested parties.	●	2021	2021
Local employment: Jobs				
				
Employees recruit employees	In the area of production, this project was launched to find motivated employees and meet the need for additional production resources. The campaign is initially scheduled to run until the end of 2021; a roll-out will be discussed subsequently.	●	2021	2021
ENVIRONMENTALLY AWARE PRODUCTION				
				
Efficiency of use of materials				
				
Expansion of storage facilities for hazardous materials and waste	As certain storage areas are renovated, the storage locations for holding hazardous agents and hazardous waste will be expanded and modernized to suit their purpose.	○	2021	2023
Uniform waste management concepts	The waste management concepts of KTM AG and KTM Components were restructured and standardized in the process.	●	2021	2021
Uniform labeling of the collection containers	In order to simplify the separation of waste, uniform labeling (color/icon) of waste collection containers in production (waste paper, residual waste, cardboard, mixed plastics, oily waste, spray cans) was implemented in 2021. The aim is to achieve higher quality in the area of recyclable waste.	●	2021	2021
ISO 14001 certification	A certification of the environmental management system according to ISO 14001 was successfully completed in 2021. The KTM AG sites in Mattighofen and Munderfing (Austria), as well as KTM Forschungs- und Entwicklungs GmbH and KTM Components GmbH were certified.	●	2020	2021
Adjustments in waste management	In this ongoing process, the waste management company was certified as a waste management specialist in 2021 on the recommendation of KTM. For 2022, further adjustments such as improving the sorting rate, a training program for employees and the introduction of further separation in waste collection are planned.	●	2020	2022
Changeover to oil extraction	The engine completion system was redesigned. In the process, an oil extraction system was installed to replace the previous oil draining and, if necessary, mopping up with rags. This has reduced the amount of oil-containing waste in this process.	●	2021	2021
Changeover to thread lock	The thread lock, which was previously applied in liquid form, is now used in applicable cases in a version already permanently applied to the screw thread by the supplier. This reduces the amount of waste from empty containers in production.	●	2019	2021
Improved waste separation	For 2021, the focus of this ongoing measure was on the separate collection of paper in the office and of plastic and EPS in production. As a result, the quota of pure plastic for recycling, which no longer ends up in residual waste, was significantly increased.	●	2021	Ongoing

Measures	Description	Status	Start	Date
Energy efficiency				
Electrification of the passenger car fleet	Using electric and hybrid models, 20% of the passenger car fleet is to be electrified by the end of 2022.	○	2021	2022
Switch to LED lighting	In vehicle assembly (FAS), the commissioning of the new LED hall lighting took place in summer 2021.	●	2019	2021
SUSTAINABLE MOBILITY				
				
Goal: At least three electric platforms with several products will be introduced by 2024.				
Alternative drive technologies				
Battery registration, collection and disposal for e-bikes	The cooperation agreement concluded with Landbell Group in 2019 for battery reporting, collection and disposal for KTM AG brands was extended to the PIERER E-bikes brands in 2021.	●	2019	2021
New developments in the EMotion research project	The “EMotion” project launched in 2020 is dedicated to sustainable two-wheel mobility. The aim is to have cost-effective, energy-efficient, comfortable and lightweight electric two-wheelers, along with innovative user interfaces and eco-coaching strategies for efficient and resource-saving use. Initial concepts and prototypes are available and being evaluated. A pilot phase for eco-coaching strategies is planned for 2023.	◐	2020	2023
Strategy for electrification and decarbonization	KTM AG's strategy for alternative drive technologies and decarbonization of PTW was updated. The decarbonization strategy until 2050 of ACEM is shared here.	●	2021	2021
Swappable Batteries Motorcycle Consortium (SBMC)	In 2021, the SBMC was founded by KTM F&E GmbH together with three other motorcycle manufacturers in order by 2024 to develop a common technical standard for a battery swap system including the corresponding battery swap stations which should meet customer expectations in an economical way.	○	2021	2024
Research & development				
Bundling of research and development activities	In 2021, all R&D activities were bundled and further expanded in a separate research and development company - KTM Forschungs & Entwicklungs GmbH (KTM F&E GmbH). The company also moved into the new location in Anif, which is home to the development of e-drives, among other things.	●	2021	2021
Product quality and customer safety				

Measures	Description	Status	Start	Date
New test laboratory for CE tests	The new test laboratory in Anif has been created for safety-relevant tests of frames and components for e-bicycles. The test data is used in digital product development, contributing to faster implementation of safety-related improvements.	●	2021	2021
FAIR BUSINESS PRACTICES				
				
Business compliance				
				
E-learning tool "Compliance and Code of Conduct"	The e-learning tool teaches the essential content of the Code of Conduct and addresses the importance of compliance and related measures. The training is mandatory for new employees.	●	2021	2021
Training on data protection and GDPR	The content in the e-learning tool on data protection and GDPR was also offered in English in 2021. Further revisions are planned in 2022, as well as targeted training for specialist areas with a particularly high level of involvement with data protection issues.	◐	2021	2022
Environmental and social standards in the supply chain				
				
Active container tracking	The active container tracking project is designed to increase transparency in the inflow of containers. The increased visibility provided by live tracking and better knowledge of the transport routes of the various cargoes results in better planning overall and helps to reduce air freight.	●	2021	2022
Proportion of ISO 14001-certified suppliers	The ACTUAL survey is currently underway, after which a target value will be set. The proportion of ISO 14001-certified suppliers is set to increase further and become a new target figure in purchasing.	◐	2021	2022
Code of Conduct: Update and new commitment	The content of the Code of Conduct was updated in 2021, published on the website and is part of the NDA for business partners. They are given a 30-day revocation period, otherwise they undertake to comply with the Code of Conduct. If an equivalent or stricter code exists, it will also be accepted. In the future, conflict materials will be included as an additional topic in the policy.	●	2021	2021
Declaration on Modern Slavery and Human Trafficking	The declaration shows measures and plans of the PIERER Mobility Group to prevent modern slavery and human trafficking within the Group and the supply chain. Together with the Code of Conduct, it forms part of agreements between the company and the business partner.	●	2021	2021
Optimization of inbound deliveries	The project aims to bundle the needs and demands of all departments and facilitate optimum use of the capacity in the supply flows. Feasibility tests of various methods are part of the project. Consolidation of all goods from India at two locations has already taken place. Expansion to Japan is currently being examined.	○	2021	2022
Examination of a sustainability platform for procurement	After an initial survey of suppliers regarding environmental standards in 2021, a detailed examination of various options for a platform for the systematic collection of environmental and social standards in the supply chain will take place. An initial solution is expected to go live in 2022.	○	2021	2022
SCM supplier audit	In 2022, an SCM supplier audit will be implemented with a focus on purchasing and supply chain. In the general audit, questions on environmental and social aspects will also be assessed. These criteria are to be expanded in the future (after successful start-up and implementation, scheduled for 2023) in order to present an independent and more detailed "sustainability audit".	◐	2021	2023

KEY:

○ New

◐ In progress

● Completed

GRI CONTENT INDEX

This Sustainability Report has been prepared for the first time in accordance with the internationally recognized framework for sustainability reporting "GRI Standards": "Core" option in the past reporting year. An extension will continue to be sought and the reporting will be further optimized in 2022, also in accordance with the requirements for future sustainability reporting by the new EU directive (Corporate Sustainability Reporting Directive - CSRD). This relates in particular to the following standards: 301-1, 305-3, 306-3, 308, 414.

General information

GRI-Standard	Description	Comments Omissions	Reference Chapter	Page(s)
101	Foundation 2016			
102	General Disclosures 2016			
102-1	Name of the organisation		Overview of Pierer Mobility	8
102-2	Activities, brands, products, and services		Overview of Pierer Mobility	8
102-3	Location of headquarters		Overview of Pierer Mobility	8
102-4	Location of operations	Worldwide, in 29 countries	Non-financial report/ Overview of Pierer Mobility, Annual Report 2020/ schedule of equity holdings)	8, 191-193
102-5	Ownership and legal form		Overview of Pierer Mobility, Group structure	8, 9
102-6	Market served	Management Report	Annual Report 2021	96-118
102-7	Scale of the organization	Management Report	Annual Report 2021	96-118
102-8	Information on employees and other workers	Only 1% of employees have a temporary contract, therefore no separate subdivision into permanent / temporary employment has been conducted. Breakdown of employees by country (AT, DE) and by continent (Europe and other continents).	Our employees, Appendix	38, 85
102-9	Supply chain		Responsible procurement	59
102-10	Significant changes to the organization and its supply chain		Non-financial report/Group structure, Responsible Procurement; Annual Report 2021/ Management Report	9, 59, 96-118
102-11	Precautionary Principle or approach		Company, Employees and society, Products and customers	8, 30, 71
102-12	External initiatives		Business Compliance, Respect for Human Rights, Code of Conduct for business/supplier partners and customers	30, 31, 34
102-13	Membership of associations		Our Stakeholder	13
102-14	Statement from senior decision-maker		Introduction by the executive board	4
102-16	Values, principles, standards, and norms of behavior		Anti-Corruption and Fair Competition, Respect for Human Rights, Declaration on modern slavery and human trafficking, Explanations on the implementation of the provisions of the core labour standards of the ILO	30, 31, 53
102-18	Governance structure	Corporate Governance Report	Annual Report 2021	65
102-40	List of stakeholder groups		Our Stakeholders	13
102-41	Collective bargaining agreements	Around 98% of PIERER Mobility employees are subject to collective agreements. The Austrian requirements do not apply to subsidiaries in other countries.	Our Employees, Appendix	38, 85
102-42	Identifying and selecting stakeholders		Our Stakeholders	13
102-43	Approach to stakeholder engagement		Our Stakeholders	13
102-44	Key topics and concerns raised		Materiality Analysis and Key Sustainability Topics, Business Compliance	18, 30
102-45	Entities included in the consolidated financial statements	Consolidated financial statements	Annual Report 2021	119
102-46	Defining report content and topic Boundaries		Materiality Analysis and Key Sustainability Topics	18
102-47	List of material topics		Materiality Analysis and Key Sustainability Topics	18
102-48	Restatements of information	No restatements have been necessary.		
102-49	Changes in reporting		Key Sustainability Topics	18, 22

GRI-Standard	Description	Comments Omissions	Reference Chapter	Page(s)
102-50	Reporting period	01/01/2021 - 12/31/2021		
102-51	Date of most recent report	Report about FY 2019		
102-52	Reporting cycle	yearly		
102-53	Contact point for questions regarding the report		Imprint	103
102-54	Claims of reporting in accordance with the GRI Standards	Reporting in accordance with GRI standards: "Core" option. First achieved in 2020.	About this report	103
102-55	GRI content index		Appendix	95-100
102-56	External assurance	Independent Assurance Report	About this report, Appendix	101, 103

I. COMPANY

Business Compliance (Combating corruption, Respect for Human Rights, Environmental compliance)

103	Management approach 2016			
103-1	Explanation of the material topic and its boundary	Since September 1, 2021, the Code of Conduct has been sent to the contractual partners (suppliers/ subcontractors) as an annex to the non-disclosure agreement as standard when new contractual relationships are concluded by the KTM AG Group and the PIERER E-Bikes Group.	Our Values & Understanding of Business	30
103-2	The management approach and its components		Our Values & Understanding of Business	30
103-3	Evaluation of the management approach		Our Values & Understanding of Business	30
205	Anti-corruption 2016		Business Compliance, Anti-Corruption and Fair Competition	30
205-2	Communication and training about anti-corruption policies and procedures	For corruption training, the evaluation was expanded by continent in 2021.	Anti-Corruption and Fair Competition, Appendix	30, 84
205-3	Confirmed incidents of corruption and actions taken	There were no known cases or proceedings relating to corruption in the reporting period.		
307	Environmental Compliance			
307-1	Non-compliance with environmental laws and regulations	In the reporting year, there were no relevant cases relating to non-compliance with environmental protection laws and/or regulations that resulted in proceedings, fines and/or other sanctions.	Business Compliance, Environmental aspects along the product life cycle, Appendix	30, 63, 85
103	Management approach 2016			
103-1	Explanation of the material topic and its boundary		Our Values & Understanding of Business	30
103-2	The management approach and its components		Our Values & Understanding of Business	30
103-3	Evaluation of the management approach		Our Values & Understanding of Business	30
412	Human rights assessment 2016		Anti-Corruption and Fair Competition, Respect for Human Rights	30
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	In the 2021 financial year, a total of five orders were placed for production facilities that exceeded an investment amount of EUR 300,000. With regard to investments in property, plant and equipment in the construction, conversion and extension of buildings, any significant orders were placed during the reporting period.	Business Compliance/ Results, Key performance indicators	34

Data protection

103	Management approach 2016			
103-1	Explanation of the material topic and its boundary	Identify and manage business-relevant risks with a IT security and risk management system	Our Values & Understanding of Business/ Data Protection and Cybersecurity	30,32
103-2	The management approach and its components	Ensured by a comprehensive data protection management system and policy	Our Values & Understanding of Business/ Data Protection and Cybersecurity	30,32
103-3	Evaluation of the management approach	Ongoing development of IT security measures, regular internal and external security audits	Our Values & Understanding of Business/ Data Protection and Cybersecurity	30,32
418	Customer privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	We are not aware of any substantiated complaints in the reporting year.	See Appendix	85

II. EMPLOYEES AND SOCIETY

Local employment: jobs

103	Management approach 2016			
103-1	Explanation of the material topic and its boundary		Our Employees	38

GRI-Standard	Description	Comments Omissions	Reference Chapter	Page(s)
103-2	The management approach and its components		Our Employees	38
103-3	Evaluation of the management approach		Our Employees	38
102-8	Information on employees and other workers	Only 1% of employees have a temporary contract, therefore no separate subdivision into permanent / temporary employment has been conducted. Breakdown of employees by country (AT, DE) and by continent (Europe and other continents).	Our Employees, Appendix	38,85
Own indicator	Employed within 10km	1,901 KTM AG employees live directly in Mattighofen and the neighboring communities within a radius of 10 km as the crow flies.		38
Fair pay and labor standards (Diversity and equal treatment)				
103	Management approach 2016			
103-1	Explanation of the material topic and its boundary		Our employees, Diversity and equal treatment	38,52
103-2	The management approach and its components		Our employees, Diversity and equal treatment, Explanations on the implementation of the provisions of the core labour standards of the ILO.	52
103-3	Evaluation of the management approach		Diversity and equal treatment	52
405	Diversity and equal opportunity 2016			
405-1	Diversity of governance bodies and employees		Diversity and equal treatment	52,86
Occupational safety and employee health				
103	Management approach 2016			
103-1	Explanation of the material topic and its boundary	Hazard minimization based on the "STOP principle".	Our employees, Occupational safety and employee health	41
103-2	The management approach and its components		Our employees, Occupational safety and employee health	41
103-3	Evaluation of the management approach		Our employees, Occupational safety and employee health	41
403	Occupational health and safety 2018			
403-1	Occupational health and safety management system 2018	All legal requirements regarding occupational safety and health protection are implemented in accordance with the provisions of the Employee Protection Act and the Work Equipment Ordinance. In addition, compliance with machine guidelines, dust/noise and screen exposure guidelines is ensured, especially in work areas with an increased risk of danger/accident and injury.	For an overview, see the Occupational health and safety policy at https://www.pierermobility.com/en/sustainability/download-center	
403-2	Hazard identification, risk assessment and incident investigation	The risk assessment of work areas and the documentation are carried out on the basis of regular evaluations by the external safety expert ("ASZ Linz", "Intergeo") in cooperation with the in-house safety officers.	Occupational safety and employee health	41
403-3	Occupational health services	Cooperation with occupational health service providers „ASZ Linz“, „Intergeo“ (company physicians, qualified health and nursing staff, occupational psychologist, ergonomists).	Stakeholder, Occupational safety and employee health	14
403-4	Worker participation, consultation and communication on occupational health and safety	E.g. safety and fire protection instructions, KTM Operations System (KOS), cooperation with Gemba-Austria.	Occupational safety and employee health	43-44
403-5	Worker training on occupational health and safety	E.g. KTM Riders Academy, Production Academy (new training center for production employees).	Occupational safety and employee health	42-43
403-6	Promotion of worker health	Bundling of measures in a dedicated team.	Occupational safety and employee health	41-42
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		Occupational safety and employee health	41
403-9	Work-related injuries	No work-related fatalities in the reporting periods 2019 and 2021, and one work-related fatality in 2020. Accident figures for employees of external companies are available. The LTFIR was also evaluated for the first time in 2021.	Occupational Safety and Employee Health, Appendix	43, 87
Education and Training of employees				
103	Management approach 2016			
103-1	Explanation of the material topic and its boundary		Education and Training	45
103-2	The management approach and its components		Education and Training	45
103-3	Evaluation of the management approach		Education and Training	45
404	Training and Education 2016		Education and Training	45

GRI-Standard	Description	Comments Omissions	Reference Chapter	Page(s)
404-1	Average hours of training per year per employee		Education and Training, Appendix	45, 87-88

III. ENVIRONMENT AND RESOURCES, INNOVATION AND PRODUCTION

Research and development

103	Management approach 2016			
103-1	Explanation of the material topic and its boundary	Certified environmental management system according to ISO 14001:2015.	Research & development	56
103-2	The management approach and its components		Research & development	56
103-3	Evaluation of the management approach		Research & development	56
Own indicator	R&D-employees in the reporting period (average)		R&D/ Employees & investments, Appendix	58, 88
Own indicator	R&D-quota in percent from revenues		R&D/ Employees & investments, Appendix	58, 88
Own indicator	Investments for alternative drive technologies (e.g. electromobility)	in m€	Appendix	88

Local employment: responsible procurement

103	Management approach 2016			
103-1	Explanation of the material topic and its boundary		Responsible Procurement	59
103-2	The management approach and its components		Responsible Procurement	59
103-3	Evaluation of the management approach	Regular supplier audits.	Responsible Procurement	59
204	Procurement practices 2016			
204-1	Proportion of spending on local suppliers	Purchasing volume in EUR and in %	Procurement strategy and purchasing volume	61, 62

Energy efficiency

103	Management approach 2016			
103-1	Explanation of the material topic and its boundary	Certified environmental management system according to ISO 14001:2015.	Environmental aspects along the product life cycle	63-64
103-2	The management approach and its components	Annual update of the environmental targets.	Environmental aspects along the product life cycle	63-64
103-3	Evaluation of the management approach	Regular internal audits, additionally external audit on ISO 14001:2015, yearly. External energy audit, every four years (most recently in 2020).	Environmental aspects along the product life cycle	63-64
302	Energy 2016			
302-1	Energy consumption within the organisation		Environmental aspects along the product life cycle, Appendix	66, 88
302-3	Energy intensity	MWh and water consumption per vehicle sold / produced	Appendix	89
302-5	Reductions in energy requirements of products and services	Reduction in fleet emissions and fleet consumption. To allow better understanding, we do not state the vehicle consumption in joules, but in l/100 km as usual.	Environmental aspects along the product life cycle, Appendix	66, 89
305	Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	emissions natural gas procurement/ vehicle fleet/ test benches	Environmental aspects along the product life cycle, Appendix/CO ₂ footprint	66, 89
305-2	Energy indirect (Scope 2) GHG emissions	Emissions district heat and electricity procurement (calculation 2018+2019 according to "location based", from 2020 according to "market based").	Environmental aspects along the product life cycle, Appendix/CO ₂ footprint	66, 89

Pollutant emissions from vehicles (emissions)

103	Management approach 2016			
103-1	Explanation of the material topic and its boundary	Strategy and goals for electrification and combustion engines by 2030.	R&D, Environmental aspects along the product life cycle, Product use and recycling	56, 63, 74
103-2	The management approach and its components		R&D, Environmental aspects along the product life cycle, Product use and recycling	56, 63, 74
103-3	Evaluation of the management approach	Regular audits.	R&D, Environmental aspects along the product life cycle, Product use and recycling	56, 63, 74
305	Emissions 2016			
305-3	Other indirect (Scope 3) GHG emissions	Emissions commuter traffic by airplanes/ private vehicles/ rental cars, from 2020 extended to emissions by train/ cab, emissions paper, emissions usage phase of vehicles. Calculation was extended also to e-bicycles from 2021.	Environmental aspects along the product life cycle, Appendix/CO ₂ footprint	66, 88-98

GRI-Standard	Description	Comments Omissions	Reference Chapter	Page(s)
Efficiency in the use of materials (waste, recycling management)				
103	Management approach 2016			
103-1	Explanation of the material topic and its boundary	Certified environmental management system according to ISO 14001:2015.	Environmental aspects along the product life cycle	63
103-2	The management approach and its components		Environmental aspects along the product life cycle	63
103-3	Evaluation of the management approach	Regular audits.	Environmental aspects along the product life cycle	63
301	Materials 2016		Environmental aspects along the product life cycle	
301-1	Materials used by weight or volume	Distribution of materials used in motorcycles and packaging material used "disposable packaging" (in kg): For this purpose, two representative motorcycle models and a bicycle model were selected that are sold most on average (KTM 890 Duke, Enduro 350 EXC-F, Husqvarna GT2). The extension of the data collection is under construction.	Environmental aspects along the product life cycle	68
306	Waste 2020			
306-3	Waste generated	Waste management is currently under construction. For this report, waste types, total waste volume (in tons) / per vehicle produced (in kg) were collected.	Environmental aspects along the product life cycle / Waste management, Appendix	63, 68-69, 90
Environmental and social standards in the supply chain				
103	Management approach 2016			
103-1	Explanation of the material topic and its boundary	Project to introduce an ESG platform for supplier assessment in regarding to social and environmental criteria. Implementation in spring 2022.	Responsible Procurement, Transport logistics	59, 70
103-2	The management approach and its components		Responsible Procurement, Transport logistics	59, 70
103-3	Evaluation of the management approach	Regular supplier audits.	Responsible Procurement, Transport logistics	59, 70
308	Supplier environmental assessment 2016		Responsible Procurement, Transport logistics	
308-1	New suppliers that were screened using environmental criteria	23% of the series suppliers were inspected in 2021. Currently, it is not possible to provide information on the proportion of new suppliers.	Responsible Procurement, Transport logistics	59, 70
308-2	Negative environmental impacts in the supply chain and actions taken	No business relationships were terminated in the reporting year due to identified negative environmental impacts.	Responsible Procurement, Transport logistics	59, 70
414	Supplier social assessment 2016		Responsible Procurement, Transport logistics	
414-1	New suppliers that were screened using social criteria	23% of the series suppliers were inspected in 2021. Currently, it is not possible to provide information on the proportion of new suppliers.	Responsible Procurement, Transport logistics	59-61
414-2	Negative social impacts in the supply chain and actions taken	Regular inspections of suppliers prior to project approval ensure that also social aspects are taken into account. We were not aware of any negative effects in the reporting year.	Responsible Procurement, Transport logistics	59-61

GRI-Standard	Description	Comments Omissions	Reference Chapter	Page(s)
IV. PRODUCTS AND CUSTOMERS				
Alternative drive technologies				
103	Management approach 2016			
103-1	Explanation of the material topic and its boundary	Strategy and goals for electrification and combustion engines by 2030.	R&D, Product use and recycling, Activities in the field of vehicles with electric powertrains	56, 76
103-2	The management approach and its components		R&D, Product use and recycling, Activities in the field of vehicles with electric powertrains	56, 76
103-3	Evaluation of the management approach		R&D, Product use and recycling, Activities in the field of vehicles with electric powertrains	56, 76
Own indicator	Products with alternative drive technologies	Share of all electrified two-wheelers (number of units, in %)	Appendix	88
Road safety				
103	Management approach 2016			
103-1	Explanation of the material topic and its boundary		Product quality and customer safety / Due diligence process	71
103-2	The management approach and its components		Product quality and customer safety / Due diligence process	71
103-3	Evaluation of the management approach		Product quality and customer safety / Due diligence process	71
Product quality and customer safety				
103	Management approach 2016			
103-1	Explanation of the material topic and its boundary		Product quality and customer safety	71
103-2	The management approach and its components		Product quality and customer safety	71
103-3	Evaluation of the management approach		Product quality and customer safety	71
416	Customer health and safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	Each vehicle component is inspected according to a test plan. Every vehicle or engine undergoes a complete functional check on the test bench. No vehicle can leave production without passing the test. The check is carried out on 100% of the vehicles	Product quality and customer safety / Assembly	72
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	In the reporting period, there were eleven recalls. In the reporting year, we are not aware of any incidents involving fines or penalties, and no warnings were issued.	Product quality and customer safety / Due diligence process	71

INDEPENDENT ASSURANCE REPORT

To
the 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 §§ 243b and 267a UGB ("NFI report") for the financial year 2020, which has been published as "Group non-financial statement" of PIERER Mobility AG, Wels (referred to as "PIERER Mobility AG or "the Company").

Conclusion

Based on the procedures performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the NFI report of the Company is not in accordance with the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§§ 243b and 267a UGB), and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards) Option "Core" 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 (§§ 243b and 267a UGB) and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards) Option "Core" 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 (§§ 243b and 267a UGB), and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards) Option "Core" in all material respects. The audit of the disclosures included in the NFI report in accordance with the EU Taxonomy Regulation is not part of our engagement

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 thresholds 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 and subsidiaries, 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 survey of the site "Avocado GmbH";
- 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 (§§ 243b and 267a UGB), and the GRI Standards, Option "Core" 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.

Vienna, 11 March 2022

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

qualified electronic signature:
Mag. Peter Ertl
Wirtschaftsprüfer
(Austrian Chartered Accountant)

This English language independent assurance report is a translation provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original. We do not accept any liability for the use of, or reliance on, the English translation nor for any errors or misunderstandings that may derive from the translation.

ABOUT THIS REPORT

This sustainability report (non-financial report pursuant to Section 267a of the Austrian Commercial Code (UGB)) has been prepared in accordance with the internationally recognized framework for sustainability reporting “GRI Standards”: “Core” option. The GRI Content Index, starting on page 95, contains a detailed list of the minimum requirements in this regard and of our compliance or omission.

This consolidated non-financial report, as it is known, essentially covers all fully consolidated subsidiaries of PIERER Mobility AG. In addition to KTM AG, this includes KTM Technologies GmbH (formerly KTM Technologies GmbH), PIERER Innovation GmbH (formerly KTM Innovation GmbH), Avocado GmbH, PIERER E-Bikes GmbH and, since 2021, DealerCenter Digital GmbH. The key environmental figures generally reflect the key figures of the main company and production sites: In addition to PIERER Mobility AG, this comprises KTM AG, PIERER Innovation GmbH, KTM Technologies GmbH and KTM Sportcar GmbH. PIERER E-Bikes GmbH* is not included here. The key environmental figures and emissions associated with this company are not published in this report.

External Audit

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

* The (e-)bicycles of PIERER E-Bikes GmbH are sourced from two external, independent assembly sites. The assembly sites are in turn supplied directly by various component manufacturers. PIERER E-Bikes GmbH therefore does not perform any assembly work itself. In 2021, the decision was made to establish a joint venture with the assembler Maxcom in Bulgaria. The intention here is for the first vehicles to be assembled under the joint organization from 2024.

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Owner and publisher
PIERER Mobility AG
Edisonstrasse 1
4600 Wels, Austria
FN 78112 x / Wels Provincial and Commercial Court

CONTACT

Michaela Friepess
Investor Relations, Sustainability
Telefon: +43 7242 69 402
E-Mail: ir@pierermobility.com
Website: www.pierermobility.com

Concept and design: Grafik-Buero Elena Gratzler, 4600 Wels, www.grafik-buero.at
Photos: KTM archive, Husqvarna Motorcycles and E-Bicycles archive, KTM Technologies, KISKA, Numerica, Adobe Stock

The present report has been prepared with the utmost care and the correctness of the data was checked. Nevertheless, slight differences in the calculations may arise as result of the summation of rounded amounts and percentages, and typographical and printing errors cannot be ruled out.

References to persons such as “employees” or “staff members” are intended to be gender-neutral and insofar as the contrary appears this is solely for purposes of legibility.

This report and the forward-looking statements it contains were prepared on the basis of all the data and information available at the time of going to press. However, we must point out that various factors may cause the actual results to deviate from the forward-looking statements given in the report.

This report is published in German and English. In the event of ambiguity, the German version shall take precedence.

