



TIE KINETIX

ESG REPORT

2022

Table of Contents

3

TIE KINETIX N.V. ~ ESG REPORT 2022

4	Company Profile
5	Foreword by the Chief Executive Officer
6	ESG Highlights FY 2022
8	Our Vision, ESG Strategy and Values
10	We support the Sustainable Development Goals
11	ESG Performance
12	Our Solutions
19	Our Organization
28	ESG Roadmap
30	EU Taxonomy Disclosures
32	Important Information
33	Contact information

4 Company Profile

TIE KINETIX N.V. ~ ESG REPORT 2022

TIE Kinetix N.V. is an international integration software company. The Company provides **Software as a Service (SaaS) solutions** to companies, governmental institutions, and their trading partners and suppliers, to help them exchange all business documents electronically and simplify supply chain processes as a result. The solutions are delivered through FLOW Partner Automation, its own software platform, and empowers users to engage in smart business exchanges and streamline communication through seamless integration with any existing system.

In business since 1987, TIE Kinetix has supported all EDI and e-invoicing standards and communication methods worldwide. Today, its global team of over 125 experts share their knowledge with 2,500+ customers.

With all major ERP's moving to the cloud, the digitalization of the supply chain is high growth market in the coming years. In addition, through offices in the Netherlands, France, Germany, and the United States, TIE Kinetix is well positioned to benefit from the strong growth of the e-invoicing market in continental Europe.

Our cloud-native FLOW Partner Automation platform is designed to completely eliminate paper from the supply chain, enabling our customers to focus on three corporate initiatives that drive true organizational change: business process efficiency, compliance, and corporate social responsibility (CSR).

We believe that digitalization (not digitization) is the future. We believe in conscious development, and we believe in moving ourselves and our customers forward.



Foreword by the Chief Executive Officer

Dear reader,

The year 2022 is a year of accelerated investments by TIE Kinetix. After completion of our 100% digitalization proposition, we have focused on investing for growth and accelerated roll out in 2022. We are building an organization that can both accelerate and sustain growth in future years.

As part of our sustainable growth objectives, we are embedding environmental, social and governance (ESG) principles into our strategy and decision-making. The Company has always acknowledged the importance of, and has acted in accordance with its corporate social responsibility (CSR). A process of translating our CSR-practices to a framework of measurable and reportable ESG-aspects, including setting targets and performance indicators is merely a logical next step.

I am proud to report that our efforts in this respect thus far have led to this, our **first-ever ESG Report**. In this report we provide accountability for our policies and results thereof on relevant ESG-aspects over the past year.

We are taking good notice of the growing attention to ESG among our stakeholders and in society at large.

In this report we are providing relevant information on the two pillars of our ESG-strategy:

1. The impact of our solutions provided to our customers; and
2. The impact of our own operations as a Company.



It will take a few more years before ESG-reporting will actually become mandatorily applicable to the Company. We are, however, intrinsically motivated to be a frontrunner in this field, as we are also a proud early adopter of ESG principles and policies into our strategy and decision-making.

We acknowledge that ESG reporting will be a journey that requires adapting and finetuning along the way. At the same time, we see that standards and regulations governing ESG-reporting are also subject to ongoing development and change.

This adds to our motivation to embark on this journey and find our path while we are on this exciting road already.

Sincerely,

Jan Sundelin
CEO, TIE Kinetix N.V.

6 ESG Highlights FY 2022

TIE KINETIX N.V. ~ ESG REPORT 2022

With our FLOW Platform



81 million digital documents processed



Est. 10 thousand trees saved



Est. 230 thousand less ink cartridges used



Est. 632 ton CO2 emissions reduced



70-90% Energy saved through the cloud

Within our organization

Est. 379 ton less CO2 by working remotely



55% Reduction in office floor space realized



17 Nationalities across 4 countries



26% Female employees



1/3 Females in the Supervisory Board





FLOW

PARTNER AUTOMATION™

8 Our Vision, ESG Strategy and Values

Our vision

Optimizing the supply chain with 100% digitalization

At TIE Kinetix, we help companies of all sizes achieve their digitalization goals. From 1% to 100% or anywhere in between, our cloud-native FLOW Partner Automation platform is designed to completely eliminate paper from the supply chain, therewith supporting our customers' focus on three major business areas: business process efficiency, compliance, and corporate social responsibility (CSR).

We believe that digitalization (not digitization) is the future. We believe in conscious development, and we believe in moving ourselves and our customers forward.

Our ESG Strategy

TIE Kinetix has always acknowledged the importance of corporate social responsibility, including its benefits to the Company, its employees, the environment and society at large. With the adoption of ESG, we are translating our corporate social responsibility into environmental, social and governance factors, while integrating them into our Company strategy, policymaking, planning and decision-making, with the view of making our contributions measurable and committing to reporting on the realization of environmental, social and governance (ESG) targets.

Our ESG strategy is based on two pillars:

1. The impact of our solutions on the supply chain
2. The impact of our own operations

This is elaborated upon in the following table:



Our solutions

TIE Kinetix enables its customers to provide a meaningful contribution to their own corporate social responsibility. In this report we have outlined how our FLOW Partner Automation Platform contributes to achieving our customers' ESG goals.



Our organization

TIE Kinetix is committed to balancing business growth and shareholder value with our corporate social responsibility goals. We measure and report on our ESG performance both internally and externally.

In the execution of our ESG strategy, we aim to contribute to the realization of the United Nations' Sustainable Development Goals in a meaningful way. We refer to the section [We support the Sustainable Development Goals, starting on page 10](#).

The Executive Board is tentatively setting ESG targets and corresponding KPIs in respect of the execution of the Company's ESG-strategy. We refer to the section [ESG Roadmap, starting on page 28](#).

Our Company Values

TIE Kinetix has defined how it wants to achieve its goals and realize its strategy. This is through acting in accordance with the following values:

- » Openness and Honesty
- » Trust and Togetherness
- » Competence and Quality

Our ESG strategy is linked to and supported by our Company values.

Openness and Honesty

As an organization we aim to excel by working closely with all of our stakeholders. We will maintain an open, honest and active dialogue with our stakeholders, shareholders, colleagues, customers and suppliers.

Trust and Togetherness

With transparency and honesty, trust and togetherness thrive. Creating and maintaining a team spirit with our colleagues, customers and other stakeholders in our operations, activities and initiatives is what we aim for. Trust and togetherness enable us to reach our shared and individual goals alongside each other.

Competence and Quality

As a knowledge intensive software company, we continuously build our competence and our quality on an organizational and an individual level. We foster a culture of continuous personal development as we are convinced that through competence and quality as fundament of our organization, we will add value to our stakeholders.

We support the Sustainable Development Goals

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership.

Companies have an important role to play in contributing to the achievement of the SDGs and their corresponding targets. TIE Kinetix acknowledges this role and takes the SDGs into consideration in the execution of its ESG-strategy.

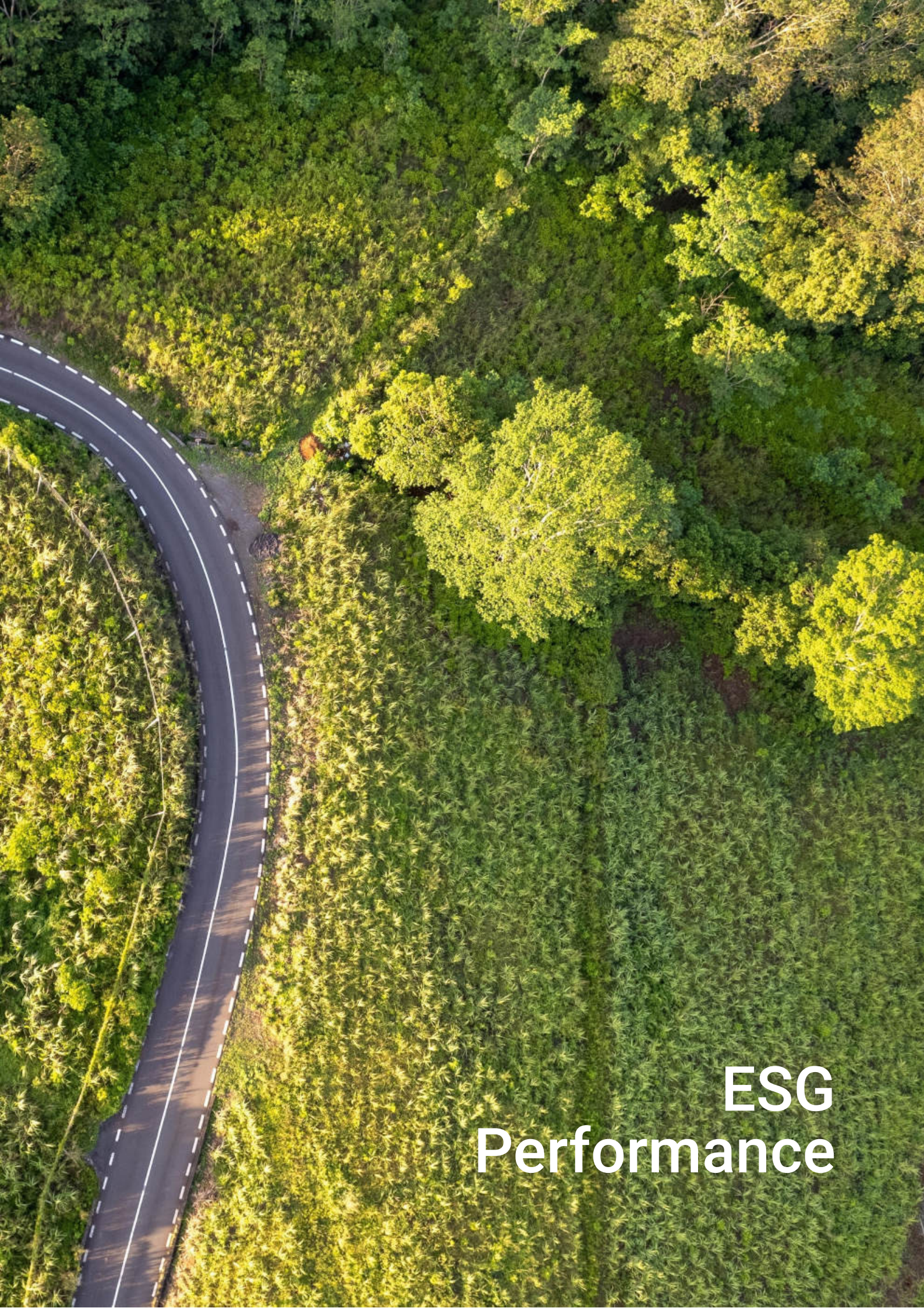
We have identified eight SDGs that TIE Kinetix contributes to the most through our services provided to customers and as part of our own operations.

SUSTAINABLE DEVELOPMENT GOALS

Throughout this Report, we:

- » Highlight examples that illustrate these contributions; and
- » Indicate which targets set by the United Nations for each SDG they relate to specifically.





ESG Performance

12 Our Solutions

One obvious way to contribute to a better environment is to eliminate the use of paper, which is exactly what a digitalization solution does. FLOW enables our customers to exchange documents 100% digitally with their trading partners, regardless of their size and regardless of which ERP system they use.

We deliver Software as a Service (SaaS) solutions to companies, governmental institutions, and their suppliers, to help them exchange all business documents electronically and simplify supply chain processes as a result. FLOW Partner Automation, our software platform, empowers its users to engage in smart business exchanges and streamline communication through seamless integration with any existing system, both on the side of our customers as on the side of their trading partners.

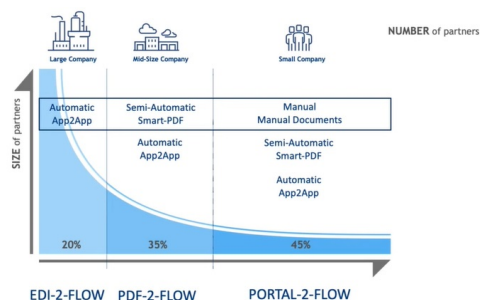
Digitization vs. digitalization

Simply put, *digitization* is creating a digital version of a physical document. Traditionally, this involved printing, scanning, and mailing an important business document to get it from point A to point B. The introduction of a global standard for Electronic Document Interchange (EDI) in the 1980s—UN/EDIFACT—brought next-level digitization because it completely eliminated the need for paper by replacing physical documents with native digital documents - i.e., digital documents not derived from physical documents. TIE Kinetix was one of the very first members of the UN/EDIFACT committee. EDI has matured tremendously over the years, but the general principle has remained the same: paperless document exchange. Because of the vast difference between a digital version of a document and a native digital document, the term *digitalization* is used to indicate the shift of information flows to a purely digital format.

100% Digitalization

TIE Kinetix’s cloud-native FLOW Partner Automation platform enables companies to achieve 100% digitalization. This sets us apart from other service providers that continue to focus on 'old school' *digitization* via optical character recognition (OCR) techniques based on scans of paper (or unstructured digital) originals. In only accepting structured, native digital documents, TIE Kinetix has made a conscious decision not to participate in the digitization market. Instead, TIE Kinetix focuses on fully digitalizing the supply chain based on our vision of 100% Digitalization: Our products and solutions enable our customers (both buyers and suppliers) to process and enhance all incoming and outgoing documents (such as invoices), data and messages digitally.

Where most digitalization solutions focus on Electronic Data Interchange (EDI), which is typically only used for high-volume document exchange (i.e., between an organization and large suppliers or buyers), FLOW takes digitalization to the next level. Of course, the platform includes an EDI solution, called EDI-2-FLOW, but it also offers PDF-2-FLOW and PORTAL-2-FLOW to digitalize lower-volume document exchanges, as outlined in the graph below. With our solutions, we enable our customers, therefore, to achieve 100% digitalization.



Contribution to SDGs



Through our vision of 100% supply chain digitalization, we enhance the technological capabilities of industrial sectors. We constantly invest in research and development of our solutions. (UN SDG Target 9.5)

ESG-contributors of 100% Digitalization

Through our vision and strategy of 100% Supply Chain Digitalization, we contribute to the realization of a sustainable economy as well as the ESG-goals of our customers in their respective supply chains, in ways as outlined in the table below.

These contributions are further detailed in the following sections. Please note that GHG emissions stands for greenhouse gas emissions, which includes carbon dioxide (CO2) emissions.

ESG Contributions of our 100% Supply Chain Digitalization proposition

Aspect	Contributions	Effect
Environmental	» Replacing digitization techniques and/or printing of documents with digitally native documents	» Reduced consumption of paper, ink and toner. Reduction of GHG emissions
	» Cloud strategy	» Reduced GHG emissions and consumption of energy
Social	» Digitalizing the workplace	» Improved employee flexibility and development opportunities. Automation of labor-intensive manual tasks.
Governance	» Compliant and accurate digital document exchanges	» Improved governance of operations
	» Digitalizing document flows to and from governmental institutions	» Improved efficiency, accountability and transparency. Reduced VAT-gap

How we help customers to meet their sustainability goals

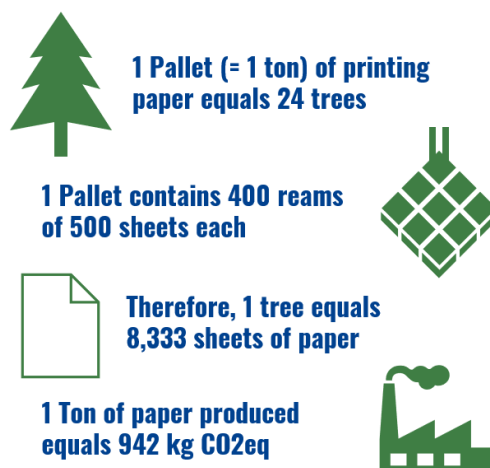
We are happy to see the increasing awareness with businesses to organize their operations in a sustainable way. The commitment to sustainability certainly influences business decisions across many corporations. At the same time, governments and regulators are monitoring sustainability goals and targets and are requiring businesses to report their progress in this area.

Our 100% digitalization document exchange solution offers a sustainable solution for improving business process efficiency and therewith enables our customers to meet ESG-compliance and reporting requirements.

Reduction of paper and toner consumption One obvious way to contribute to sustainable business processes is to eliminate the use of paper, ink and toner, which is exactly what a digitalization solution does.

Paper consumption

The following graphic represents an estimate of the average number of trees consumed in the production of virgin (non-recycled) paper, according to research^(*). The consumption of trees would be reduced proportionally by the percentage of recycled paper used.



Recent research shows that the production of a metric ton of paper product (equalling one pallet of paper) creates a production weighted average of 942 kilogram of carbon dioxide equivalent (kg CO2eq) of greenhouse gas emissions^{**}).

Combatting deforestation

According to the World Wildlife Fund (WWF), the pulp and paper industry, which, among others, makes copier and printing paper, uses between 33% and 40% of all industrial wood traded globally. Given the global nature of the paper industry, not all paper is produced in a sustainable way. Irresponsible harvesting from natural forests, and establishment of pulp plantations on converted natural forests, can threaten fragile ecosystems and species, and cause soil erosion.

Ink and toner consumption

With the elimination of paper also comes the elimination of printing. Toner, ink, and even printers themselves, require the use of plastic and chemicals during the manufacturing process. Even for modern inkjet cartridges, the production, packaging and distribution of each cartridge emits roughly 1.2 kg of CO2 per new cartridge, and 0.8 kg of CO2 per recycled cartridge^{***}).

According to Evolve Recycling, less than 30% of cartridges are recycled. On average, a high-capacity ink cartridge will print on average 350 pages^{****}). Due to their composition, both ink and toner cartridges take between 500 and 1,000 years to decompose. And even though cartridges are largely recyclable, many still end up in landfills.

FLOW's contributions

The following table details:

- » The number of documents (orders, invoices, confirmations etcetera) that were processed on the FLOW platform in the past year.
- » The equivalent number of trees saved, assuming that these documents would have been printed on virgin copier paper.
- » The equivalent number of ink cartridges reduced (or toner equivalent), also assuming that documents would have been printed, and assuming that 30% of cartridges are recycled; and
- » The number of kilograms of CO2 equivalent (kg CO2eq) emissions of the corresponding paper and toner production.

Documents processed on the FLOW Platform

	FY 2022	FY 2021
Number of digital documents processed ¹⁾	81.47 million	56.7 million
Equivalent in trees saved	9,777	6,809
Equivalent in cartridges saved	229,507	159,831
Kg CO2eq in paper production saved	383,762	267,256
Kg CO2eq in cartridge production saved	247,867	172,618
Total kg CO2eq saved	631,630	439,874

1) This number only includes external electronic documents that are deemed eligible to reduce paper consumption (i.e., external orders and invoices received and sent via FLOW) and excludes other types of electronic communications on the platform. It also excludes documents processed via legacy solutions of the Company. We continuously strive to improve the quality of our data.

These numbers furthermore assume that any document would be printed only once and as such represent the savings of a 100% digitalization solution compared to a digitization solution (where a document is not digitally native so would have been printed at least once).

In a traditional non-digitized environment, documents may be printed more than once as they travel through organizations and through the supply chain. In such situations, the environmental savings of digitalization increase with an equal factor.

Cloud strategy

Cloud computing has become increasingly popular in recent years. Its many advantages include:

- » High speed and quick deployment
- » Data security
- » Scalability
- » Efficiency and cost reduction

Using the public cloud provides and additional advantage that is often less voiced: that of meeting sustainability goals through energy and carbon emissions savings by using public cloud infrastructure. For example, research^{*****}) demonstrates that if all business users in the United States shifted their e-mail, productivity software and CRM software to the public cloud, the primary energy footprint of these software applications might be

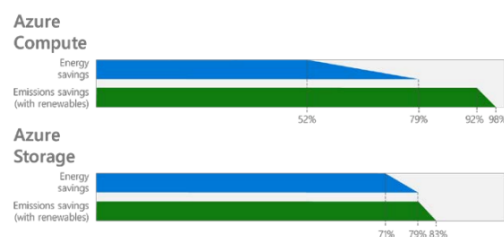
reduced by as much as 87%, enough to generate the electricity used by the city of Los Angeles each year.

Our FLOW Partner Automation Platform is a SaaS solution that is fully cloud-based and runs partly in the Microsoft Azure cloud (the backend applications) and partly in the Google cloud (the FLOW portal). By deploying the available public cloud infrastructure for the delivery of our FLOW solution, TIE Kinetix is able to realize significant savings in energy and CO2 compared to traditional datacenter infrastructure. This represents a significant reduction in the carbon footprint of FLOW, and therefore of our customers that use FLOW, as outlined in the following sections.

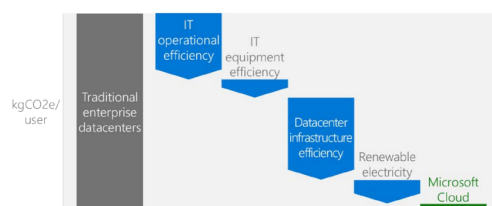
MS Azure

Together with WSP, a global consultancy firm with expertise in environmental and sustainability issues, Microsoft has researched and modelled the environmental impact of its cloud services as opposed to on-premises deployments^{*****}. The analysis used a quantitative model to calculate and compare the energy consumption and carbon footprint of IT applications and compute and storage resources in the Microsoft Cloud with equivalent on-premises deployments. The model draws on greenhouse gas accounting principles from the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD) Corporate Standard and Product Life Cycle Standard.

Energy savings and emissions savings of MS Azure are illustrated in the following graph. The results are segregated between Azure computation and Azure data storage as the range of energy and emissions savings differs per cloud service. The savings represent a comparison to a range of on-premises deployment scenarios.



The following graph indicates the four main contributors to the smaller carbon footprint of the Microsoft Cloud. Results show that the Microsoft Cloud is between 72 and 98 percent more carbon efficient. As such, this can represent a significant contribution to customers that use FLOW as opposed to a non-cloud-native EDI or digitalization solution.



Microsoft has set a goal to match its gross energy consumption with 100% of carbon-free energy for every datacenter by 2025.

In addition, Microsoft plans to be carbon negative by 2030.

Google Cloud

The FLOW Portal is the main user access for the Platform, and it runs in the Google Cloud. According to a study performed by Google^{*****}, a typical organization that migrates to the cloud can:

- » Save an estimated 68-87% in energy and
- » Reduce similar amounts of carbon emissions

As such, these energy and carbon emissions savings are roughly in line with those reported by Microsoft as noted before.

Google publishes [carbon data](#) across its Google Cloud regions. The carbon-free energy percentage (CFE%) represents the average percentage of carbon free energy consumed in a particular location on an hourly basis. This considers both carbon-free energy supplied by the grid, as well as carbon-free energy generation by Google in that location. We make use of Google's datacenters in Belgium, Germany and the Netherlands.

The following table represents the CFE% for those locations in 2022.

Google Datacenters used by TIE Kinetix

Location	Carbon Free Energy %
Belgium	79%
Germany	63%
the Netherlands	60%

Google has set a goal to match its gross energy consumption with 100% carbon-free energy, every hour and in every datacenter by 2030.

In addition, on a net basis, Google Cloud has been carbon neutral since 2007. This means that Google purchases enough renewable energy and carbon offsets on an annual basis to neutralize carbon emissions associated with workloads of its datacenters.

Contribution to SDGs



Our services allow companies to adopt sustainable practices through digitalization - through reducing paper, ink and toner consumption. *(UN SDG Target 12.6)*



Our services allow companies to implement climate change measures by reducing their scope 3 GHG emissions and combatting deforestation *(UN SDG Target 13.2)*

Sources referenced in this section:

^{*)}C. Thompson (1992) *Recycled Papers: The Essential Guide*. Cambridge, MA, USA: MIT Press
^{***)}K.E. Tomberlin et al. (2020) *Life Cycle Carbon Footprint Analysis of Pulp and Paper Grades in the United States Using Production-line-based Data and Integration*. *BioResources* 15(2), 3899-3914
^{****)}Dr. H. Kara (2010) *Comparative Carbon Footprint Analysis of New and Remanufactured Inkjet Cartridges*. Centre for Remanufacturing and Reuse
^{*****)}PCMag magazine (2009) *Printer Math: Why a \$100 Cartridge Can Be Cheaper Than a \$50 Cartridge*
^{*****)}Masanet et al. (2013) *The Energy Efficiency Potential of Cloud-Based Software: A U.S. Case Study*. Berkely, CA, USA: Lawrence Berkely National Laboratory
^{*****)}Microsoft (2018) *The Carbon Benefits of Cloud Computing*
^{*****)}Google (2012) *Google Apps: Energy Efficiency in the Cloud*

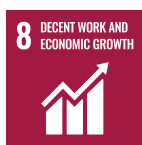
Helping customers to improve employee flexibility and development opportunities

The effects of digitalization go beyond the environment. With a tight labor market, hybrid working, full-time or part-time work-from-home situations, and, along with that, employees' changing expectations, it is important for organizations to adapt accordingly. If one thing is certain, paper plays no role here.

A digitalization solution makes it easy to work from anywhere in the world and have secure access to the documents needed. This enables our customers to provide flexibility to their employees as desired.

Moreover, repetitive, manual-entry tasks are eliminated. This opens up the opportunity to give our customers' employees in, for example, the finance department, a greater sense of meaning in their work as they can focus on more meaningful tasks and ideally develop themselves further — happy employees are undeniably more productive than those that feel depleted at the end of the day. With this, companies would be better able to meet (and maybe even exceed) the expectations associated with a new generation of work as well as make themselves a more appealing option for attracting new talent.

Contribution to SDGs



We help customers achieve higher levels of economic productivity through technological upgrading and innovation. Our solutions help to automate labour-intensive manual administrative tasks. (UN SDG Target 8.2)

Supporting the supply chain and governmental institutions

Compliance

Our solutions enable our customers to achieve higher levels of compliance, across various areas:

- » Technical compliance: Invoices, purchase orders and other documents are supported through any-to-any translation for all document types and supporting national and international e-invoicing standards (such as PEPPOL)
- » Tax compliance: Adherence to local and international invoice requirements with GST/VAT compliance.
- » Legal compliance: Secure e-archiving services to meet tax retention obligations.
- » Data compliance: TIE Kinetix has the utmost commitment to security and ensures the highest level of information protection.

Improving both the speed of delivery and the accuracy of information through digitalization, while ensuring compliance, supports our customers in implementing sound corporate governance practices.

B2G document digitalization

Electronic invoicing (e-invoicing) legislation in many countries is continuously shaping trade, especially with governmental organizations. In the European Union, the so-called e-invoicing Directive (2014/55/EU) was adopted and since then, requirements on digital document exchanges with government institutions are being harmonized across European countries. As these regulations are increasingly enforced, both customers and business-to-government (B2G) suppliers must adjust their invoicing practices to comply with local requirements.

The benefits for governmental bodies include increased effectiveness of their operations through digitalization of document flows, improving accountability and transparency.

18 Our Solutions

VAT gap

In addition, e-invoicing and digital document exchange is an important contributor to the reduction of the VAT gap. The VAT gap is the overall difference between the expected VAT revenue of countries and the amount actually collected. The European Commission [estimates this amount to be 134 billion euros](#) across the EU member states in 2019.

This figure represents revenues lost to:

1. VAT fraud and evasion,
2. VAT avoidance and optimisation practices,
3. Bankruptcies and financial insolvencies, or
4. Miscalculations and administrative errors.

Reducing the VAT gap improves the financial strength of government institutions so that more funding is available for, for example, public services or financing climate ambitions.

E-invoicing reduces the amount of miscalculations and administrative errors and thereby provides a positive contribution. Various European countries are in the process of implementing national e-invoicing mandates. For example, France will require all domestic companies to adopt electronic invoicing over the course of 2024 through 2026. In addition, France has introduced requirements on E-reporting. French companies shall be required to electronically transmit international B2B transactions and B2C transactions data. Detecting VAT fraud and VAT avoidance is one of the goals underlying these new requirements.

Contribution to SDGs



Our solutions support in developing effective, accountable and transparent governmental institutions through digitalization of document flows and aid in reducing the VAT gap. (UN SDG Target 16.6)

At TIE Kinetix, we take our corporate responsibility seriously. We report on our performance in this respect based on ESG-criteria and aim for continuous improvement.

This ESG report aims to provide better insights into our efforts by reporting on them based on the ESG-criteria, facilitating stakeholders to assess the non-financial performance of the Company.

ESG-contributors within our organization

Through our operations, we contribute to responsible and sustainable business practices in the following ways:

ESG Contributions within the TIE Kinetix organization

Aspect	Contributions	Effect
Environmental	» Remote working policy	» Reduced GHG emissions
	» Reducing our office space	» Reduced GHG emissions and consumption of energy
	» Cloud strategy	» Reduced GHG emissions and consumption of energy
Social	» Inclusive working environment	» Workforce diversity and low employee turnover
	» FLOW Academy	» Upskilling our employees
	» Remote working policy	» Improved mental health of employees
Governance	» Board diversity and structure	» Sound board oversight, well-balanced decision making
	» Corporate culture and policies	» Effective governance structures
	» Executive pay	» Fair pay ratio

Environmental

We have taken steps to reduce our carbon footprint.

As a SaaS company without any physical production process and little physical assets, our emission of greenhouse gases (GHG), also referred to as carbon emissions, is concentrated in so-called scope 3-emissions, as illustrated in the following table.

GHG Emissions

Scope 1	Direct emissions from owned or controlled sources
Scope 2	Indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed
Scope 3	Includes all other indirect emissions that occur in a company's value chain

Our scope 3 emissions predominantly include carbon emissions from:

- » Purchased goods and services (such as cloud hosting services)
- » Business travel
- » Employee commuting
- » Office waste disposal
- » Leased offices

We have made efforts to reduce or even eliminate the source of some of these scope 3 emissions, as outlined in the following sections. Overall, these efforts illustrate TIE Kinetix' commitment to operate in a lean manner, which has both financial and environmental benefits.

Remote working policy

The COVID-19 crisis has proven that working remotely (such as from home offices) works well in our Company. After the COVID-19 crisis, the majority of our employees have continued to work remotely from their homes for most of their working days.

Employees in Germany and the U.S. have been working fully remotely throughout the year (also refer to the section 'Reducing our office space' further on).

Working remotely directly impacts our scope 3 emissions related to employee commuting and other forms of business-related travel, as well as the emissions of our leased offices. Research by Ecofys^{*)}, a research and consultancy company specializing in renewable energy, carbon efficiency and climate policies located in the Netherlands, has shown that the potential effect of CO2 emissions of employees working remotely for 1 day a week (out of 5 days) in the Netherlands is estimated at 1.3 megaton of CO2 a year. The incremental effect of an additional day of working remotely is estimated at 0.4 megaton.

This roughly equals the emissions caused by household electricity and gas consumption of the cities of Amsterdam and Rotterdam combined.

In other words, working remotely has a truly significant impact on the reduction of GHG emissions.

This impact includes:

- » Reduced emissions caused by business-related travel (incl. air travel and commuting travel)
- » Reduced emissions from reductions in office space, offset by the emissions caused by unutilized office space
- » Increased emissions from tele/videoconferencing, increased ICT usage and workers' homes.

Calculations in this study were based on an estimated number of 684,000 FTE of office workers in the country. Translating this to an individual employee, the reduction potential of working remotely for 3 day a week is 3,070 kg of CO2 per office worker a year.

The estimated impact on the Company is shown in the following table. Please note that the calculations are based on research in the Netherlands, which may not be representative for the Company as a whole.

Estimated effects from remote working

kg CO2 reduction 1 day remote/employee	1,901
kg CO2 reduction 3 days remote/employee	3,070
Number of FTE in the Company	123
Estimated total kg Co2 reduction 3 days remote	378,921
Average number of days remote working ¹⁾	3

1) Please note that the number of days of remote working varies among employees

It should be noted that currently, the Company does not collect data on how often its employees travel to one of our office locations (we estimate 3 days of remote working, though a portion of the employees works almost fully remotely) and by what mode of transportation. As such we cannot yet measure the actual carbon emissions of commuting movements of our employees. This will be a challenge for the future and will be considered in the refinement of our ESG strategy, as indicated on our [ESG Roadmap, starting on page 28](#).

Nonetheless, the above illustrates that by issuing its Remote Working Policy and continuing the working practices adopted during the Corona crisis, the Company and its employees make a significant contribution to reducing scope 3 GHG emissions, as opposed to the common scenario in many businesses where employees are required to come to the office for 4 to 5 days a week.

Reducing our office space

Over the course of FY 2021 and FY 2022, we have taken steps to reduce the office space the Company and its subsidiaries occupy, to contribute to lean operations.

Besides financial savings, this also realizes significant reductions in scope 3 GHG emissions, since we have reduced our total leased office floor space by more than half, as is visible from the following table.

Leased office space

m2

Location	30 September 2022	30 September 2021
France	200	200
Germany ¹⁾	-	-
the Netherlands	650 ²⁾	1,000
United States	-	700
Total	850	1,900

¹⁾ The lease of our German office ended during FY 2021 and was not renewed

²⁾ Taking into account the portion of the floorspace under sublease

The aforementioned research^{*)} shows that office space is one of the biggest contributors to the total CO2 emissions of office work. This research builds on earlier studies and assumes that the average gas consumption of office space equals 15 m3 a year per square meter of office space. The average electricity consumption equals 86 kWh a year per square meter of office space.

Converting this to kg of CO2 using the caloric value of gas (35 MJ/m3), the emissions factor of natural gas (57gr CO2/MJ), as well as the emissions factor of electricity (393gr CO2/kWh), results in the following estimated scope 3 reductions that we have realized in FY 2022:

Energy and emissions savings

Aspect	Reduction FY 2022
Floor space (m2)	1,050
Gas consumption (m3/year)	15,750
Electricity consumption (kWh/year)	90,300
CO2 (kg/year)	66,909

It should be noted that this reduction has also been partially considered already in the estimated reduction of CO2 emissions from working remotely as outlined earlier. However, this was based on a reduction in floor space relative to 4 days a week of working remotely, and included a rebound effect of unutilized office floor space still controlled, which is of course fully eliminated by the permanent reduction in floor space that we have realized.

Cloud strategy

During FY 2022, we have migrated our internal business applications and systems to the Microsoft Azure cloud, where these used to run in an on-premises datacenter. Besides the cost and operational efficiencies, this also represents a significant reduction in scope 3 emissions. As illustrated in the section [How we help customers to meet their sustainability goals, starting on page 13](#), working with Azure results in significant energy savings as well as carbon emissions reductions of between 72 and 98% when comparing to an on-premises solution.

Contribution to SDGs

- » Through remote working, reduction in office space and our cloud strategy, we have adopted new sustainable business practices.
- » With this ESG Report, we are taking steps to integrate sustainability into our reporting cycle.



(UN SDG Target 12.6)



Through remote working, reduction in office space and our cloud strategy, we reduce our own GHG emissions and include these climate change measures in our strategy and planning (UN SDG Target 13.2)

Sources referenced in this section:

^{*)}Ecofys (2020) *CO2 Reductie Het Nieuwe Werken in 2020*

Social

Employees are particularly important to TIE Kinetix. Our employees are the driving force behind our success, and they are critical to the Company's profitability, sustainability and long-term growth.

We strive to be a good employer and invest in engaging, supporting and developing our colleagues and treating their safety and well-being as a paramount concern. Personal growth of our colleagues is of great value to the Company. Such growth can be achieved through guidance by management and through education using our internal FLOW Academy courses and other in- and external courses. The personal growth of the staff members is closely monitored, and recurring evaluations and assessment meetings take place. Our management encourages employees to take responsibility and delegate where possible and practicable with a view on supporting employee seniority and business empowerment. We monitor employee performance based on output rather than on input. For this we have developed the following instrument: all employees at TIE Kinetix have the opportunity to earn an additional portion of their fixed income by achieving targets set by management. This is managed through a so-called Target Letter process in which challenging targets are set.

We foster a safe and healthy work environment and endorse a healthy work life balance.

Diversity and inclusion

We are an equal opportunity employer. We have always been, and always will be, committed to diversity and inclusion. We seek builders from all backgrounds to join our teams, and we encourage our employees to bring their authentic, original, and best selves to work.

The workforce of TIE Kinetix is diverse and multicultural as TIE Kinetix employs a large variety of nationalities. TIE Kinetix furthermore acknowledges the importance of gender diversity, including in management and oversight roles. We believe diversity contributes to more balanced and overall better quality of decision-making.

The benefits are twofold:

- » It makes the Company a more attractive place to work; and
- » It improves the Company's long-term value creation potential.

Our policies and the execution of them are aligned with this belief.

Our policies

In official announcements and communication, we use English as the main international business language. Furthermore, we promote an inclusive corporate culture by emphasizing our Company values.

The Company will abide by all human rights and supports the development of them wherever it operates. TIE Kinetix offers its employees and applicants equal opportunities, and does not tolerate any form of harassment or unfair or unlawful discrimination based on race, age, gender, sexual orientation, disability or national origin. TIE Kinetix has a policy in place for dealing with complaints regarding harassment or discrimination.

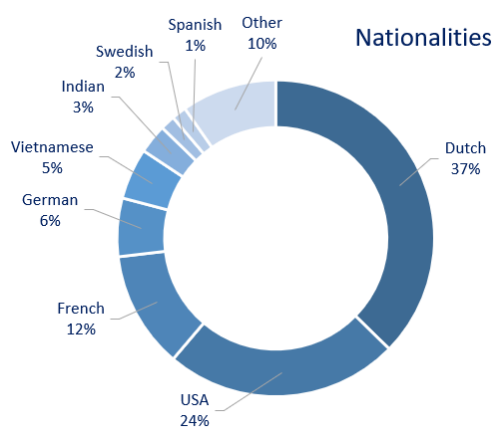
Our workforce

The Company's workforce is spread across the four territories the Company is active in: the Netherlands, United States, Germany and France, as detailed in the following table:

FTE by country

	30 September 2022	30 September 2021	Delta
the Netherlands	65	55	10
United States	33	25	8
Germany	11	12	(1)
France	15	12	3
Total	123	104	19

Our workforce consists of, however, people of many more nationalities, as illustrated by the following graph. In total, as at 30 September 2022, we have employees from 21 different nationalities, spread across the territories in which we operate.



The following table shows the number of years of employment of our workforce, classified into groups.

FTE by years of employment (as at 30 September 2022)

Employment group	Number of FTE	%
<1 year	28	23%
1-5 years	44	36%
5-10 years	18	14%
10-20 years	19	15%
20+ years	14	12%
Total	123	100%

Gender diversity in our workforce

Of our total number of employees, 74% is male, 26% is female and 0% is non-binary. The software industry has traditionally been a male-dominated sector, but the Company is pleased to welcome a growing number of female employees.

Our of the new hires during FY 2022, 72% are male and 28% are female.

Gender diversity in our management team

The Company's management team currently consists of 16 members. Out of this, 4 are female (25%) and 12 are male (75%). As such, the representation of women in our management team is in line with the representation in the total workforce.

With respect to gender diversity in the Supervisory Board, reference is made to the section [Governance](#), starting on page 25.

Contribution to SDGs



We ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making (UN SDG Target 5.5)

Upskilling

The skills and expertise of our staff is paramount to the success of the Company, both from a product perspective as from a commercial perspective. As such, the Company greatly values keeping its employees up to date on the latest developments that are relevant for their work and helps them to develop professionally. In this regard, the Company has initiated the FLOW Academy.



With the internal FLOW Academy, the Company has a mandatory course plan available for every employee depending on their area of activities. The course plan contains mandatory and recommended/voluntary courses. The FLOW Academy also aims for the Company to be able to get new employees quickly up to speed on the Company's activities and products to increase the efficiency of the employee onboarding process, especially in the situation where employees work remotely.

Courses vary from technical courses on various aspects of the FLOW platform, security awareness, but also to "Social Media 101" on how to properly communicate and publish on social media, as an example.

The Company informs its employees regularly through a newsletter on FLOW Academy developments (for example, the number of training hours reached or the availability of new courses) and monitors compliance with the mandatory course curriculum. The Company has set a target of completion of 95% of all mandatory courses. As from 2022, this is monitored for new employees.

Contribution to SDGs



Through our FLOW Academy, we contribute to increasing the number of adults who have relevant skills, including technical skills (*UN SDG Target 4.4*)

Remote working

As noted in the section [Environmental, starting on page 19](#), during FY 2022, the Executive Board has decided to introduce a policy to allow working fully remotely. This policy even allows working remotely from abroad and maximizes the freedom that the Company provides to its employees to work how, when and where they feel comfortable and safe.

The Executive Board has also noticed that this opportunity to work from home offices is perceived very positively by employees. For the Company, the opportunity to offer working remotely furthermore allows us to attract and retain the best employees internationally in a tense labour market.

In addition, during FY22 the Company has granted all employees a fixed monthly allowance to cover the costs incurred from working at home.

It should be noted that conclusions of various studies are not unambiguous as to whether working remotely improves employee mental health and well-being. However, within TIE Kinetix it has been perceived as such, as employees continue to appreciate and make use of the remote working possibilities provided to them.

Contribution to SDGs



Through our remote-working policy, among others, we promote the mental health and well-being of our employees (*UN SDG Target 3.4*)

Social return

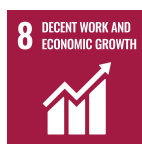
Under the Procurement law in the Netherlands, governmental bodies and public institutions may, when performing a tender, include as a requirement or an award criterion so-called 'social return on investment'-targets (SROI). Such requirements may vary, but aim of this is to promote participation of people with a distance to the labour market. As a supplier of such institutions, such as the municipalities of Amsterdam and Rotterdam, as well as the employment agency UWV, TIE Kinetix also contributes to the SROI on its government contracts.

During FY21 and FY22, we have:

- » Employed 2 people that were previously on unemployment benefits and now work for the Company under a permanent contract; and
- » Trained 2 interns with a background as refugee under the Hack Your Future program for a period of 6 months. Subsequently we employed them both under a permanent contract.

Our performance under SROI-targets is ahead of schedule. Furthermore, we have an agreement with Hack Your Future that we will welcome as interns and train more potential talents where possible.

Contribution to SDGs



We contribute to full and productive employment of people with a distance to the labor market (*UN SDG Target 8.5*)

Governance

Board diversity and structure

The structure of the bodies responsible for governance within the Company and their composition contribute to achieving our goals of responsible governance, as outlined below.

Board structure

It is the duty of the Executive Board of TIE Kinetix N.V. to manage TIE Kinetix N.V. and its subsidiaries (the "Company"). This means, amongst other things, that the Executive Board is responsible for setting and achieving the Company's targets, strategy and associated risk profile, results and the development thereof and the corporate social responsibility aspects of the Company. The Executive Board is accountable for this to the Supervisory Board.

It is the duty of the Supervisory Board of the Company to exercise supervision over the policies adopted by the Executive Board and over the general conduct of the business of the Company.

Management team

The Executive Board is supported in the day-to-day operations of the Company and execution of the strategy by the management team. The management team consists of the following members:

- » Executive Board members
- » Chief Marketing Officer
- » Chief Technology Officer
- » Senior VP Global Sales and Partnerships
- » Finance Director
- » General Counsel & Company Secretary
- » Country directors: This category includes the managing directors as well as other directors in each territory the Company operates in.

Diversity policy and criteria

The Terms of Reference of the Executive Board and Supervisory Board, as published on [our website](#), describe the diversity requirements for both Boards. The objective of our diversity policy with respect to the composition of the Executive Board and Supervisory Board is to ensure that both Boards consist of members with the right expertise, experience and competencies to fulfill their roles and complement each other. In addition, we believe that a balanced distribution among men and women contributes and leads to better decision-making.

As a corresponding target, at least one third of our Supervisory Board should consist of women (corresponding to at least 1 women given the current size of our Supervisory Board).

In preparation of appointment of a new member of the Supervisory Board or Executive Board, selection criteria are considered that reflect a balance between the requirements of the role to be filled in and diversity requirements. In determining the optimal composition of the Executive Board and Supervisory Board, the Company considers various criteria of diversity.

The following criteria are considered for an appointment:

1. Expertise
2. Experience
3. Competencies
4. Gender
5. Development opportunities/potential
6. Age
7. Nationality
8. Ethnic background
9. Education

Composition

The current compositions of the Executive Board and the Supervisory board satisfy the policy objectives for the diversity of the Boards. Nonetheless, the Company continues to re-evaluate its policies and criteria as necessary and has taken notice of the recent developments in the field of diversity and expectations of stakeholders around this subject. This includes the new law on growth quota for a better male-female ratio in the Netherlands, which entered into effect on January 1, 2022.

This new law requires that at least one third of the supervisory board of listed companies consists of men, and at least one third of women. This quota applies to new appointments. The current composition of the Supervisory Board of TIE Kinetix is therefore in compliance with the requirements of this new law.

Adherence to the Corporate Governance Code

TIE Kinetix N.V. is a public company listed on NYSE Euronext, Amsterdam. As such, several laws and regulations apply to the Company, including the Dutch Corporate Governance Code of December 8, 2016 (the "Code"). The Code provides guidance for effective cooperation and management. Governance is about management and control, about responsibility and influence, and about supervision and accountability. The

purpose of the Code is to facilitate a sound and transparent system of checks and balances within Dutch listed companies and, to that end, to regulate relations between the Company's Executive Board, the Supervisory Board and the shareholders (including the general meeting of shareholders).

The Company aims to Comply with the relevant best practices included in the Code at all times in order to contribute to stakeholders' confidence in the good and responsible management of the Company and its integration into society.

Each year, the Executive Board reports on compliance with the best practice provisions of the Code in the Company's Annual Report.

Corporate culture and policies

Our corporate culture and applicable policies contribute to achieving our goals of responsible governance as outlined below.

Culture and values

The Company's culture is based on our Company values that are disclosed in the section [Our Vision, ESG Strategy and Values, starting on page 8](#).

- » Openness and Honesty
- » Trust and Togetherness
- » Competence and Quality

The Company has relatively modest size operations and the Executive Board is in close informal contact with many of the company's employees. While the Executive Board currently has no formal procedures or measures in place for measuring effectiveness of the Company's culture, informally the Executive Board and the Company's HR department monitor adherence to the Company values and advocate acting according to the values. Employees are encouraged to communicate openly and speak up when they observe behaviour that is not in line with the Company values. The Company's executives are committed to leading by example in this respect. The Company's culture is further discussed within the Executive Board and with the Supervisory Board.

Corporate policies

The Company has various policies in place that contribute to responsible governance:

- » The Code of Conduct has been drawn up to provide all our employees with a clear set of guiding principles on

integrity and ethics in business conduct. No issues were reported or noticed in FY 2022.

- » The Whistle-blower Policy provides employees of TIE with the possibility to report alleged irregularities of a general, operational or financial nature within the Company, without jeopardizing their legal position.
- » The Investor Relations Policy provides headline guidance for investors pertaining to TIE Kinetix management rules of engagement with investors.

These policies are publicly accessible through [our website](#).

In addition, the Company has regulations on insider knowledge in place, preventing trading with insider knowledge. Every employee, executive, specified person, Executive Board member and Supervisory Board member is to inform the Compliance Officer of its intention to trade in TIE Kinetix N.V. shares prior to any transaction. The Compliance Officer is the Chief Financial Officer of the Company and is responsible for ensuring that every employee, executive, specified person, Executive Board member and Supervisory Board member abides by the applicable laws and restrictions.

The closed period, in which every employee, executive, specified person, Executive Board member and Supervisory Board member is prohibited from trying to execute and/or executing a transaction TIE Kinetix shares, irrespective of whether or not he or she possesses insider knowledge, is published on our website, included in our Annual Report and communicated at the start of every closed period.

The Company actively enforces an IT & Security Policy, a data breach policy and a privacy policy to ensure data security and act in compliance with the GDPR (known in the Netherlands as the AVG Act). The General Counsel has been appointed as Privacy Officer ('Functionaris Gegevensbescherming'). The Privacy Officer operates in close cooperation with the Chief Technology Officer, who has been appointed as the Security Officer. All issues related to privacy or security can be reported at privacy@tiekinetix.com and will be investigated by the Infosec (Information Security) team at the corporate head office.

Executive pay

The remuneration of the members of the bodies responsible for governance within the Company is aimed at providing a well-balanced and fair package, as outlined below.

Executive Board

The Remuneration Policy (available through [our website](#)) outlines the terms and conditions of the compensation of the members of the Executive Board. The objective of this Remuneration Policy is to provide a structure that retains and motivates the current member(s) of the Executive Board by providing a well-balanced and incentive-based compensation.

In its Remuneration Report, each year the Company provides accountability for the implementation of the remuneration policy, of its most important aspects and how it has been applied to the remuneration of the Executive Board in the past financial year.

The Company aims to provide a well-balanced remuneration package not only to its executive officers but also to its employees. To this extent, the Company reports annually on the 'pay-ratio' in its Remuneration Report. This is the ratio between the total gross annual remuneration of the executive officers and the average annual remuneration of the employees of the Company. Remuneration of the executive officers is paid to their personal management limited companies as management fee.

The following table details how the pay-ratio of the Company's Executive Board compares to other small caps (included in the AScX index):

Pay ratios

	2022	2021
TIE Kinetix ¹⁾	4.8	7.9
Median of AScX ²⁾	~ ³⁾	11.6

¹⁾ Average of CEO and CFO pay ratio for the financial year; the pay ratios are disclosed separately in the Remuneration Report which forms part of the Annual Report

²⁾ Obtained from the EY Study *Executive Remuneration in the Netherlands 2021*

³⁾ Not yet known at time of publishing of this report

Supervisory Board

The General Meeting of Shareholders sets the remuneration of the members of the Supervisory Board. Members of the Supervisory Board are entitled to a fixed remuneration as well as a reimbursement for travel expenses incurred.

The following table details how the remuneration of the Company's Supervisory Board compares to that of other small caps (included in the AScX index):

Supervisory Board remuneration

(€ x 1,000)

	2022	2021
TIE Kinetix - Chairman	20	20
Median of AScX - Chairman	~ ¹⁾	60 ²⁾
TIE Kinetix - Member	10	10
Median of AScX - Member	~ ¹⁾	41 ²⁾

¹⁾ Not yet known at time of publishing of this report

²⁾ Obtained from the EY Study *Executive Remuneration in the Netherlands 2021*

Tax strategy

Multinational corporations such as TIE Kinetix have the moral obligation to contribute their fair share of taxes in the countries where they operate. At TIE Kinetix, we avoid the use of aggressive tax structures. Instead, we strive to comply with local and international tax legislation, and we maintain open and constructive relationships with the tax authorities and achieve high standards of tax governance. We also recognize that being transparent on tax matters adds value to our business, to our (potential) investors and to other stakeholders. Our Consolidated Financial Statements included in our Annual Report include ample disclosures on the Company's tax position, including its effective tax rate. It should be acknowledged that the Company currently does not pay taxes in every jurisdiction in which it operates due to the existence of losses from past years that are still carried forward.

28 ESG Roadmap

This ESG Report marks the first step in the Company's ESG journey. In this section, we report on the plans of the Company for the future of this journey.

ESG Targets and KPIs

As we are embarking on ESG reporting, we are in a continuous process of finetuning our ESG targets. The Executive Board is tentatively setting ESG targets and corresponding KPIs in respect of the Company's ESG-performance, as outlined in the table below. These targets take into account our ambitions, the size of the Company, capacity, the applicable laws and regulations, the business model of the Company and achievements so far.

ESG Targets and KPIs

Area	Subject	Target	KPI	Contribution to SDGs
Environmental	» Reduction of GHG Emissions	» Accurately measure and track the Company's scope 3 emissions	» Be able to measure carbon footprint by FY 2025	» 12 Responsible Consumption and Production / 13 Climate Action
	» Climate risk	» Perform and evaluate climate risk assessment	» Evaluate climate risk assessment in FY 2023 (reported already in FY 2022 Annual Report)	» 13 Climate Action
Social	» Employee satisfaction	» Monitor employee satisfaction levels	» Perform an employee survey in FY 2023	» 4 Quality Education / 5 Gender Equality
Governance	» ESG-strategy	» Further develop and integrate the ESG in the Company's governance	» Further develop and implement ESG risk assessment, strategy and target-setting in FY 2023	» 12 Responsible Consumption and Production
	» Reporting to stakeholders	» Incorporate ESG-reporting into the reporting cycle	» An ESG report is issued each year	» 12 Responsible Consumption and Production
	» EU-Taxonomy	» Report on taxonomy-alignment of the Company's activities	» Report on alignment for FY 2023	» 12 Responsible Consumption and Production

Laws and regulations

The Company closely monitors the recent and future developments in the field of ESG-reporting and aims to be fully compliant with any future reporting requirements. Below we have summarized the expected impact at this time of some of the major future ESG reporting developments.

Corporate Sustainability Reporting Directive

In April 2021, the European Commission adopted a proposal for a Corporate Sustainability Reporting Directive (CSRD), which would amend the existing requirements of the NFRD by:

- » Extending its scope to include all large and most listed companies, which would include TIE Kinetix as of FY 2026.
- » Requiring audit of the reported information.
- » Introducing more detailed reporting requirements, and a requirement to report according to mandatory EU sustainability reporting standards (see further on).
- » Requiring to digitally tag the reported information in accordance with a sustainability standards taxonomy.

The Company will continue to monitor developments and plan its implementation of this Directive now that it has been approved by the European Parliament.

EU Sustainable Finance Taxonomy

The EU Sustainable Finance Taxonomy requires companies to disclose the proportion of economic activities (turnover, capital expenditure and operating expenditure) that are classified as environmentally sustainable under the taxonomy, with the first phase of disclosure requirements on Taxonomy-eligibility taking effect as from 1 January 2022. The second phase of requirements on Taxonomy-alignment will come into effect as from 1 January 2023. Since TIE Kinetix N.V. currently does not fall under the scope of the Non-Financial Reporting Directive (NFRD) as a publicly listed company with less than 500 employees, the EU taxonomy is not mandatory for the Company to apply at this time.

However, in this report, the Company has provided Taxonomy-eligibility disclosures in accordance with the requirements on a voluntary basis. Reference is made to the [EU Taxonomy Disclosures, starting on page 30](#).

European Sustainability Reporting Standards

The proposed adjustments to the NFRD include detailed ESG-reporting requirements which are to be included in the European Sustainability Reporting Standards (ESRS). EFRAG, the body who provides technical advice to the European Commission on both financial reporting and sustainability reporting matters, has been tasked with the development of the ESRS. In 2022, EFRAG has published several exposure drafts on sector-agnostic ESG-reporting topics for adoption by the European Commission. Sector-specific standards are to be developed for adoption by the European Commission during 2023.

The Company monitors the developments with respect to the ESRS and will plan for their implementation in due course. Disclosures in this ESG-report have not been based on the requirements of the draft ESRS standards currently available.

30 EU Taxonomy Disclosures

TIE Kinetix has voluntarily applied the requirements of the Non-Financial Reporting Directive pertaining to application of the EU Taxonomy to its financial year 2022. In doing so, the Company seeks to remain at the forefront of providing relevant information to its stakeholders.

Legal framework

The EU Sustainable Finance Taxonomy requires companies to disclose the proportion of economic activities (turnover, capital expenditure and operating expenditure) that are classified as environmentally sustainable under the taxonomy, with the first phase of disclosure requirements taking effect as from 1 January 2022. Since TIE Kinetix N.V. does not fall under the scope of the Non-Financial Reporting Directive (NFRD) as a publicly listed company with less than 500 employees, application of the requirements of the EU Taxonomy Directive and Delegated Acts on disclosures surrounding the EU taxonomy are not mandatory for the Company to apply at this time.

In April 2021, the European Commission adopted a proposal for a Corporate Sustainability Reporting Directive (CSRD), which would amend the existing requirements of the NFRD by - among others - extending its scope to include all large and all listed companies. This would include TIE Kinetix N.V. as of 2026 (when reporting on the results of FY2025).

Voluntary application

TIE Kinetix acknowledges the importance of ESG disclosures and seeks to remain at the forefront of providing relevant information to its stakeholders. This is also in line with our investor relations objectives as included in our [Investor Relations Policy](#).

Therefore, we have opted to apply the disclosure requirements of the EU Taxonomy on a voluntary basis for FY2022. The scope of the disclosure requirements applicable to large, listed companies will be expanded as of 1 January 2023 (by not only requiring disclosure of the eligibility of economic activities under the EU Taxonomy but also the alignment of economic activities to the EU Taxonomy's objectives). The Company will continue with the implementation of the EU Taxonomy requirements and will seek to be able to report on these disclosure requirements in its 2023 ESG report - still on a voluntary basis.

Background

The EU Taxonomy Regulation, which entered into force on 12 July 2020, would help to create the world's first-ever "green list" - a classification system for environmentally sustainable economic activities, with the view of creating a common language that investors can use when investing in projects and economic activities that have a substantial positive impact on the climate and the environment. The Regulation establishes six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

The Taxonomy Regulation introduces the following key performance indicators (KPIs) to enable and improve performance measurement:

- » The proportion of revenues;
- » The proportion of capital expenditures; and
- » The proportion of operating expenditures;

That relate to economic activities that qualify as environmentally sustainable.

Subsequently, several Delegated Acts were issued, the first of which established which economic activities are potentially environmentally sustainable (*'eligible activities'*). Eligible activities are those activities that can make a substantial contribution to the objectives climate change mitigation and climate change adaptation.

The first Delegated Act also established the technical screening criteria for determining whether economic activities substantially contribute to either of these objectives and cause no significant harm to any of the other environmental objectives (*'alignment'*). Taxonomy-eligible economic activity further means that any economic activity that is described in the Delegated Acts, regardless of whether that economic activity actually meets any or all of the technical screening criteria required for alignment.

The disclosure requirements applicable as of 1 January 2022 pertain only to whether economic activities are Taxonomy-eligible.

Taxonomy-eligible economic activities

To identify its business activities covered by the EU Taxonomy, the Company relied on Annex 1 to the first Delegated Act, which refers to the Statistical Classification of Economic Activities in the European Community ('NACE').

As the Company and its subsidiaries are all active in a single area of economic activity, it was assessed that the Company's activities wholly classify as 'Support activities in the field of information technology' under NACE. This is a Taxonomy-eligible economic activity that contributes to climate change adaptation.

Please note that while our economic activity is Taxonomy-eligible, the alignment assessment may lead to revenues, OpEx and CapEx not classifying as Taxonomy-aligned.

FY 2022 EU Taxonomy KPIs

	Total	Share of taxonomy-eligible economic activities	Share of taxonomy-non-eligible economic activities	Reference to disclosure notes in the Consolidated Financial Statements
	€ * 1,000	in %	in %	
Revenues	14,357	100%	0%	15
Capital Expenditures	1,223	100%	0%	2, 3
Operating Expenditures	11,504	100%	0%	17

Taxonomy KPIs

KPIs are calculated by dividing the proportion of revenues, CapEx and OpEx, respectively, that relate to Taxonomy-eligible activities (numerator) by the total of revenues, CapEx and OpEx of the Company. Inputs for the denominator are derived from the financial accounting system of the Company and are based on IFRS accounting principles. We have applied the following methodology to calculating the denominator of the KPIs:

	Input for the denominator
Revenues	Total revenues as recorded in the Consolidated Statement of Comprehensive Income
CapEx	Additions to property, plant & equipment and intangible fixed assets (acquired separately, through business combinations and from internal development)
OpEx	Research and development costs (other than amortization), short-term lease expenses and maintenance & repair expenses related to property, plant & equipment.

The following table shows the calculated KPIs for financial year 2022. The share of Taxonomy-eligible economic activities is 100% since the Company only has a single economic activity that is Taxonomy-eligible.

32 Important Information

Investors in the Ordinary Shares are reminded that their investment carries financial risks. Investors should therefore take careful notice of the entire contents of, and disclosures contained within, this report and the Annual Report 2022 (October 1, 2021 - September 30, 2022).

Cautionary Statement on Forward-Looking Information

Certain statements contained in this report are “forward-looking statements”. Such statements may be identified, among others, by:

- » the use of forward-looking wording such as “believes”, “expects”, “may”, “anticipates” or similar expressions;
- » discussions of strategy that involve risks and uncertainties;
- » discussions of future developments with respect to the business of TIE Kinetix N.V.

In addition, from time to time, TIE Kinetix N.V., or its representatives, have made or may make forward-looking statements either orally or in writing.

Furthermore, such forward-looking statements may be included in, but are not limited to, press releases or oral statements made by or with approval of an authorized executive officer of TIE Kinetix N.V.

Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied in such statements.

Important factors, which could cause actual results to differ materially from the information set forth in any forward-looking statements include, but are not limited to:

- » General economic conditions, including but not limited to the impact of the COVID-19 pandemic and the war in Ukraine;
- » Performance of financial markets;
- » Levels of interest rates;
- » Currency exchange rates;
- » Changes in laws and regulations;
- » Changes in policies of Dutch and foreign governments;
- » Competitive factors, on a national and/or global scale;
- » TIE Kinetix’s ability to attract and retain qualified management and personnel;
- » TIE Kinetix’s ability to successfully complete ongoing development efforts;

- » TIE Kinetix’s ability to integrate acquisitions and manage the continuous growth of the Company;
- » TIE Kinetix’s ability to anticipate and react to rapid changes in the market.

Many of these factors are beyond TIE Kinetix’ control or ability to predict. Given these uncertainties, investors are cautioned not to place undue reliance on any forward-looking statement. Accordingly, TIE Kinetix also refuses to accept any obligation to update statements made in this document.

Contact information

ESG Performance

TIE KINETIX N.V. ~ ESG REPORT 2022

For further information, please contact:

- » TIE Kinetix N.V.
- » Mr. Michiel Wolfswinkel (CFO)
- » Phone no.: +31 (0) 88 369 80 60
- » E-mail: Michiel.Wolfswinkel@TIEKinetix.com

Or visit www.TIEKinetix.com, and follow us on [LinkedIn](#), [Twitter](#), [Facebook](#), [Xing](#) and [YouTube](#).

Notice

This ESG report is unaudited. All monetary figures in this report are stated in thousands of euro, unless indicated otherwise.




TIE KINETIX