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**COMBINED
MANAGEMENT REPORT**

CONSOLIDATED
FINANCIAL STATEMENTS

COMBINED NON-FINANCIAL STATEMENT

FUNDAMENTAL ASPECTS

REPORTING SYSTEM

Software AG's Combined Non-Financial Statement (hereinafter referred to as the Non-Financial Statement) relates to the fiscal year from January 1 to December 31, 2021. The report has been published in this format as part of the Combined Management Report since fiscal 2017.

The Non-Financial Statement contains the information required by section 289c of the German Commercial Code (HGB) to enable readers to understand the Company's business growth, financial results, its situation and the effects of its activities at a minimum on the aspects stated in section 289c (2) of HGB. Per section 289d of HGB, Software AG prepared the Non-Financial Statement following the recommendations of the Global Reporting Initiative (GRI), an international standards framework, as well as the industry standards of the USA's Sustainability Accounting Standards Board (SASB).

The contents of the Non-Financial Statement relate to Software AG and the Software AG Group. The Group's non-financial indicators are based on data that generally correspond to the scope of consolidated financial reporting. Any deviations are explained accordingly. The measures presented for the individual aspects are ongoing unless stated otherwise.

External audit of the Non-Financial Statement
Software AG's Non-Financial Statement is audited by the auditing firm BDO AG Wirtschaftsprüfungsgesellschaft (BDO), Hamburg, Germany. Auditing was conducted with the goal of attaining a limited level of assurance, based on the International Standard on Assurance Engagements (ISAE) 3000 (revised).

EXPLANATION OF THE BUSINESS MODEL

As a global technology provider, Software AG has been delivering software solutions and services to its customers for more than 50 years. The Company was founded on the belief that software will change the world. The founders laid the groundwork for Software AG's value-oriented actions, ultimately forming our corporate culture. To this day, Software AG is the innovative, independent force guiding some of the world's best brands on their digitalization journey. Based on the belief that only a truly connected world can be a sustainable world, the Company is working on shaping the digital transformation in a responsible way. Software AG helps the world's leading enterprises to transform with purpose, supporting the business world in shaping a smarter and better tomorrow.

For more information on Software AG's business operations and business model, please refer to Fundamental Aspects of the Group in the Combined Management Report.

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**Disclosure requirements per the
EU taxonomy regulation**

Software AG is required to provide information about non-financial interests per regulations set forth in sections 289b et seq./sections 315b et seq. of HGB that are based on Directive 2013/34/EU. In this context, the Company must explain in its Non-Financial Statement in accordance with Article 8 of Regulation (EU) 2020/852 from June 18, 2020 (Taxonomy Regulation) how and to what extent it carries out economic activities that could be characterized as environmentally sustainable in the sense of the taxonomy regulation and therefore in compliance with the taxonomy. For the first year of its application, however, lawmakers intended simplifications in which economic activities only need to be categorized as taxonomy-eligible or taxonomy-non-eligible, and conformity with the taxonomy based on technical evaluation criteria will not yet be acknowledged.

Whether an economic activity can be defined as taxonomy-eligible has to be determined for fiscal year 2021 with regard to the environmental goals of climate protection and adjustments for climate change. The European Commission established the Delegated Regulation (EU) 2021/2139 to define the screening criteria for the taxonomy and conformity.

According to this Delegated Regulation, the information and communication sector includes the following economic activities as fundamentally taxonomy-eligible regarding the environmental goal of climate protection:

- Data processing, hosting, and associated activities
- Data-based solutions for reducing greenhouse gas emissions

However, categorizing Software AG's activities as taxonomy-eligible regarding the environmental goal of climate protection is precluded for the following reasons:

Software AG provides software solutions and services for its customers, who then utilize the products and services for their own business activities accordingly. In principle, Software AG's economic activities could be classified as enabling activities in the sense of Art. 10 (1) in conjunction with Art. 16 of the Taxonomy Regulation. Software AG's products distinguish themselves by enabling companies to integrate IT systems and data, optimize business processes and make better decisions in order to operate more efficiently and save resources. Though, whether Software AG's activities in detail are in fact taxonomy-eligible as enabling activities is measured by how the Company's customers use its products and services, something Software AG is not responsible for and does not know. The effects of using Software AG products would have to be made measurable through the specific use and areas of application on the customers' side, but Software AG does not yet receive sufficient data from its customers about this. Accordingly, Software AG cannot comprehensively document and prove its essential contribution to the first environmental goal, climate protection, through the use of its products and solutions.

Furthermore, Software AG's economic activities cannot be subsumed under economic activities proven to be taxonomy-eligible with regard to the environmental objective, climate change adaptation. The reason here is the same as above: Software AG's products and services do not implement physical solutions, for instance, that can be used to significantly reduce the most important climate risks. For that reason, Software AG cannot account for a percentage of revenue that is taxonomy-eligible.

Software AG's percentage of taxonomy-eligible CapEx is 43.6 percent and mainly comprises expenditures for the Group's vehicle fleet, land and buildings. Software AG's percentage of OpEx that is taxonomy-eligible is 2.6 percent and consists of expenditures for short-term leases and property maintenance. The denominator comprises primarily R&D expenses.

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SUSTAINABILITY MISSION STATEMENT

Sustainability and responsible action are guiding principles that are central to our mission at Software AG. We are certain that moral principles and economic success belong together. To protect future generations and our planet, we are committed to creating not only economic, but also ecological and social value.

Our Sustainability Program 2025 guides us in achieving our ambitions in five key action areas.

Leadership & Governance	Our Employees	Customers & Technology	Value for Society	Impact on Environment
We are committed to anchoring sustainability as an integral part of our business activities and delivering on our environmental, social and governance (ESG) commitments. Through responsible corporate management and governance, we target long-term goals geared towards growth and best-in-class external ESG recognition. As a software company, we commit to the highest level of information security and data protection—entirely in the interests of our customers and partners. We firmly believe that our employees are the key to our success as a sustainable company.	We are committed to fostering our corporate culture grounded in respect, transparency, and inclusion. We continue to focus on attracting and retaining the best talent for Software AG, nurtured through employee engagement and an inclusive and equitable working environment—where all employees can thrive and unleash their full potential.	We are committed to being a reliable partner for our customers in providing high-quality and individually adjustable software solutions. Our services support digital transformation. Digital transformation can help to mitigate or even reverse the consequences of climate change. We want to play an active part in this with our solutions, enabling and helping our customers to operate sustainably.	We aspire to effectively assist people in building expertise in the area of modern technologies. Our focused involvement in universities and schools is aimed at supporting the IT experts of the future. We offer new learning opportunities and meaningful development prospects for students and young professionals. Since technological advancement plays a crucial role in developing a sustainable world, we participate in collaborative research projects that promote the global sustainable development goals (SDGs).	We are working to keep our environmental footprint as small as possible. To reduce the impact of our business activities on the planet, we are preparing to become climate neutral as quickly as possible. With the help of our technology and our solutions, we will join forces with our customers and partners to tackle significant environmental challenges and help shape a more sustainable future.

MANAGING SUSTAINABILITY AND TRANSPARENCY

Sustainability is an integral part of Software AG's DNA. Its sustainability strategy is anchored with the Chief Executive Officer (CEO). For more information about the responsibilities of Management Board members, please refer to Note [38] in the Notes to the Consolidated Financial Statements. Software AG's internal Sustainability Steering Committee (SSC) guides, monitors and advises the Company on implementing the sustainability strategy. The strategy and SSC are led by the Corporate Communications department, which reports to the CEO. The ultimate objective is transparent communication both inside and outside of the Company. This enables Software AG to ensure that its stakeholders are proactively, continuously and efficiently informed about the topic of sustainability, its goals and progress.

STAKEHOLDERS

Software AG has internal and external stakeholders. The internal stakeholder groups comprise the employees, the Management Board, the Supervisory Board, the Compliance Board and the Works Council. The external stakeholder groups include the customers, investors, partner network, suppliers and service providers, graduates and (potential) future employees, universities and research institutions, social actors in local communities, governments and associations, non-governmental organizations (NGOs) and key multipliers such as analysts and the media.

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MATERIAL NON-FINANCIAL TOPICS

Determining material non-financial topics

Software AG comprehensively updated its materiality analysis in fiscal year 2021. The Company was able to fully conclude the process initiated in fiscal 2020 by validating and prioritizing the results of the previous year as planned. The result is a clearer focus on topics that have the strongest effects on the economy, environment and society, as well as the highest business relevance for Software AG. Software AG's sustainability strategy that was drafted in 2021 builds on this foundation.

A multi-phase process was conducted in fiscal 2020 to identify material non-financial topics and issues for the Non-Financial Statement. During the first step, selected internal stakeholders from sustainability-relevant areas at Software AG participated in qualitative interviews. Furthermore, external stakeholders were also surveyed regarding Software AG's sustainability challenges. In a second step, a preliminary analysis was performed that included an evaluation per the GRI sustainability reporting standards, the industry recommendations for software companies from the SASB,

and the non-financial statements from other companies in the industry. The potentially relevant topics identified in this process were summarized into 26 material topics taking into account the material issues from the 2019 Non-Financial Statement. During a joint workshop, Software AG's leaders validated the already identified issues and evaluated them again regarding their materiality to determine the material topics for fiscal year 2021.

Prioritizing material topics by business relevance and impact analysis

In fiscal year 2021, the 26 material topics defined in the previous year were once again comprehensively validated and prioritized. Initially, a blind spot analysis was conducted to ensure that all of the topics relevant to Software AG's stakeholders were being taken into consideration. Related topics were summarized and the remaining 18 topics categorized into Software AG's five action areas. Finally, a business relevance and impact analysis was conducted. Software AG worked on this process with an external consulting company specialized in materiality analyses and sustainability strategies.

Business Relevance and Impact Analysis

Relevance of the issue to Software AG's business

very high		B4. Employer attractiveness	A4. Sustainable economic growth	A3. Information security and data protection B1. Corporate culture and diversity	C1. Product and service quality
high		A1. Business ethics and CDR C2. Customer satisfaction and loyalty D2. Stakeholder dialogue and government relations	B2. Employee promotion and development	C3. Innovation and impact of our products D3. Tech for good E1. Energy and CO_2 emissions	
slightly high		A4. Sustainable supply chains and human rights	B2. Occupational health and safety B3. Work-life balance E2. Natural resources and circularity		
moderate			D1. Support of local communities		
rather low	E3. Use of water				
	rather low	moderate	slightly high	high	very high

Impact on the environment, economy and/or society

A: Leadership and Governance; **B**: Our Employees; **C**: Customers and Technology; **D**: Value for Society; **E**: Impact on Environment

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Results of the materiality analysis

The materiality analysis conducted by Software AG in fiscal year 2021 follows the understanding of the GRI as well as the requirements of the CSR Directive Implementation Act (CSR-RUG). The eight topics listed in the following table were categorized as material for the Company:

Action area	Material topic
Leadership and Governance	· Sustainable economic growth · Information security and data protection
Our Employees	· Corporate culture and diversity · Employer attractiveness
Customers and Technology	· Product and service quality · Innovation and impact of our products
Value for Society	· Tech for good
Impact on Environment	· Energy and CO_2 emissions

The reporting scope has thus significantly changed in comparison to the previous year. In addition to the eight material topics, Software AG reports on two additional topics, respect of human rights and combating corruption and bribery, which result from the requirements per section 289c of HGB. Topics that are classified as not material for Software AG in the context of the materiality analysis will not be addressed in this Non-Financial Statement. In addition to the material topics, the Non-Financial Statement Index and the Non-Financial Key Indicators provide a full overview by including selected topics that are not discussed further as well as key indicators relevant for some stakeholder groups.

Minimum aspects (according to HGB) and other aspects deemed to be material

At a minimum, the Non-Financial Reporting Statement must refer to the aspects of environmental matters, employee concerns, social matters, respect of human rights, and combating corruption and bribery according to section 289c (2) of HGB. Software AG has established concepts for all of the aspects defined in HGB, and these are covered in the Company's specified action areas. Respect of human rights and combating corruption and bribery are addressed in the action area Leadership and Governance. The aspects environmental matters, employee concerns, and social matters are covered primarily in the action areas Impact on Environment, Our Employees, Customers and Technology, and Value for Society. In addition to the aspects stated in HGB, Software AG has also defined customer concerns as material, and these are mainly assigned to the Customers and Technology action area.

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The following Non-Financial Statement (NFS) Index highlights Software AG's eight material topics by color.
All other topics were classified as non-material and are reported voluntarily.

Material topics and other topics	Summarized significance of topic content for Software AG	Aspects per HGB (section 289c (2))	Assignment to reporting standards (GRI & SASB)	Page
Leadership and Governance action area				
Sustainable economic growth	Business performance and growth, brand visibility and reputation, management of non-financial risks and opportunities	n/a	n/a	120, 134
Information security and data protection	Information and data security, protection of employee and customer data, privacy, prevention of malware attacks	Employee concerns (section 289c (2), no. 2), customer concerns	SASB TC-SI-230a	121, 134
Business ethics and digital responsibility	Responsible, moral, ethical, fair and sustainable behavior, compliance, anti-corruption, anti-competitive behavior, protection of intellectual property	Combating corruption and bribery (section 289c (2), no. 5)	GRI 205, GRI 206, SASB TC-SI-520a	123, 134
Sustainable supply chains and human rights	Respect and protection of human rights (human rights due diligence), environmental laws/standards/policies, conduct in business situations, Code of Conduct, global sourcing process, supplier assessment	Respect of human rights (section 289c (2), no. 4)	GRI 412	124, 134
Our Employees action area				
Corporate culture and diversity	Transparent, respectful, trusting corporate culture, diversity, equity and inclusion, anti-discrimination, support of women, flat hierarchies, codetermination, freedom of association and collective bargaining	Employee concerns (section 289c (2), no. 2)	GRI 405, SASB TC-SI-330a	125, 135
Employer attractiveness	Recruiting global, diverse and qualified teams, active sourcing concept, war for talent	Employee concerns (section 289c (2), no. 2)	GRI 401	127, 137
Additional topics in the NFS key indicator table	Work-life balance, employee promotion and development, staff attrition	Employee concerns (section 289c (2), no. 2)	GRI 404	137
Customers and Technology action area				
Product and service quality	Certified management systems; regular software releases, updates and improvements, adding value for customers (efficient use of resources, better process results, competitive advantages)	Customer concerns	n/a	128, 138
Innovation and the impact of our products	Monitoring of competitors and disruptive trends, innovation capacity, research and development, impact of products on society, environment, and businesses	Customer concerns	n/a	130, 138
Value for Society action area				
Tech for good	Develop digital competencies, mentoring/seminars for students and future IT managers, engagement in research projects, foster education	Customer concerns, social matters (section 289c (2), no. 3)	n/a	131, 138
Additional topics in the NFS key indicator table	Support of local communities, dialogue with interest groups and government relationships	Social matters (section 289c (2), no. 3)	n/a	138, 139
Impact on Environment action area				
Energy and CO_2 emissions	Energy management, energy-efficiency, CO_2 emissions, increase renewable energy, carbon footprint, climate strategy	Environmental matters (section 289c (2), no. 1)	GRI 302, GRI 305, SASB TC-SI-130a	132, 140
Additional topics in the NFS key indicator table	Natural resources and circularity, use of water	Environmental matters (section 289c (2), no. 1)	GRI 301, GRI 306, SASB TC-SI-130a	141

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CODE OF CONDUCT AND INTERNATIONAL CONVENTIONS AND GUIDELINES

The majority of Software AG's concepts and due diligence processes regarding the aspects listed above are described in detail in the Company's various Codes of Conduct. For that reason, they are summarized below:

Code of Conduct

Software AG's Code of Conduct contains policies for sound and responsible corporate governance. It sets out what Software AG considers to be ethically correct conduct in its day-to-day business. The relationships of Software AG employees to customers, partners and competitors follow these guidelines. All employees must read and understand the contents of the Code of Conduct. To this end, all new employees attend mandatory, online training programs and receive certification upon completion. The Code of Conduct is currently available in eight languages and is updated on a regular basis. In addition, the Company has established other specific guidelines for conduct with partners and suppliers.

The Code of Conduct covers the following topics, among others:
- Software AG's values and professional conduct
- Staff health and safety
- Equal treatment and anti-discrimination
- Environmental protection
- Data protection and trade secrets
- Fair competition and antitrust law
- Compliance and anti-corruption
- Protection of Company property
- Conduct in the event of conflicts of interest and for clarification of ethical issues

Compliance with the Code of Conduct and the Compliance Board

Software AG established a Compliance Board, which is responsible for introducing, implementing and monitoring the Compliance Program. This Board reviews and assesses compliance issues and concerns and strives to ensure that employees behave in compliance with the law, that internal rules and processes are followed, and that behavior complies with Software AG's Code of Conduct. Software AG has introduced various mech-

anisms to help its employees comply with the Code of Conduct. For example:
- All new employees must complete an online training program, which integrates hands-on examples, to familiarize themselves with the different aspects of Software AG's Code of Conduct.
- The online training is offered through Software AG's learning management system which checks that employees complete the training.
- At the end of the online training program, employees complete a multiple-choice test; after passing the test, they are issued a certificate.
- The Compliance Board can be contacted (also anonymously) regarding all questions and approvals. Software AG has set up a reporting system at complianceboard@SoftwareAG.com for reporting incidents.

The essential duties and responsibilities of the Compliance Board include:
- Refining, regularly reviewing and updating the Code of Conduct to ensure its sustainable application worldwide
- Monitoring the implementation and application of the Code of Conduct
- Conducting training programs on compliance issues and on the Code of Conduct
- Advising employees on compliance issues and on the Code of Conduct
- Investigating compliance violations and making recommendations for appropriate measures in response to non-compliance
- Confidential, if necessary, anonymous handling of those who report on non-compliance (whistleblowers)
- In the event of non-compliance, the Compliance Board also examines whether the compliance rules (including the Code of Conduct), procedures, training and organizational framework need to be adjusted.

In fiscal year 2021, the Compliance Board received and handled total of 43 (2020: 52) inquiries from Software AG employees. For more information on the Compliance Board, please refer to the Statement on Corporate Governance.

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Scope

The Code of Conduct applies to Software AG worldwide, including, but not limited to, external staff and agents acting on behalf of Software AG. Violations of the Code of Conduct can be sanctioned by disciplinary measures (in addition to possible legal penalties).

Partner Code of Conduct

Software AG's business relationships with its partners are regulated by its Partner Code of Conduct, which includes a compliance self-assessment. It requires partners to provide information and commit in writing to comply with Software AG's Code of Conduct. In this context, the Compliance Board plays a regulatory and auditing role.

Supplier Code of Conduct

There are also conduct guidelines for suppliers: Software AG's binding Supplier Code of Conduct must be confirmed in writing by all suppliers of the Software AG Group. An enforcement guideline regulates the process for existing and new suppliers. The Compliance Board reviews compliance with the Code on a regular basis.

International conventions and guidelines

In addition to the laws and regulations in the countries where Software AG operates, there are several conventions and recommendations by international organizations. They are primarily addressed to the member states and not directly to individual companies. However, they are a very important guideline for the conduct of a multinational company and its employees. Software AG therefore allots high importance to compliance with these guidelines worldwide. The most important agreements of this kind are listed below:

- Universal Declaration of Human Rights of the United Nations, 1948
- European Convention for the Protection of Human Rights and Fundamental Freedoms, 1950
- Tripartite Declaration of Principles of the ILO (International Labor Organization) on Multinational Enterprises and Social Policy, 1977
- ILO Declaration on Fundamental Principles and Rights at Work, 1998 (especially regarding the following topics: elimination of child labor, abolition of forced labor, prohibition of discrimination, freedom of association and right to collective bargaining)
- Convention of the Organization for Economic Cooperation and Development (OECD) on Combating Bribery of Foreign Officials in International Business Transactions, 1997
- OECD Guidelines for Multinational Enterprises, 2000

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Highlights of 2021

A Valuable 500 Company

LEADERSHIP AND GOVERNANCE

- **Sustainability Program with Roadmap 2025** adopted and Sustainability Steering Committee established.
- **Member of The Valuable 500** to make business inclusive.
- **Leadership Learning Journey:** The training program for managers supports strategic change in Software AG's culture and covers topics including change leadership, effective communication, customer centricity, cross-team collaboration, decision making and personal brand.
- **ISS ESG Rating:** improved from D+ to C- in February 2022; **Sustainalytics ESG Risk Rating:** low risk
- **New ESG webpage** informs readers about sustainable project applications as well as research projects that align with the UN SDGs.

AA

Score in the MSCI ESG Rating

ECONOMIC VALUE

WE ENABLE

Deploying our technology solutions to support our customers in doing business more sustainably.

CUSTOMERS AND TECHNOLOGY

- **Net Promoter Score (NPS)** improved sequentially to all-time high of 56 (2020: 54).
- Now NPS feedback is also collected at other touch points during the customer life cycle.

312

New customers

18.1%

Percentage of R&D investments of total revenue (2020: 17.2%)

ENVIRONMENTAL VALUE

WE PRESERVE

Minimizing our environmental footprint and working towards achieving net-zero emissions.

2,500

trees planted as a partner of *Hessen Forst*

IMPACT ON ENVIRONMENT

- Ongoing **expansion of the e-vehicle fleet** and providing the necessary infrastructure.
- Introduction of updated **travel guidelines** for Germany with a stronger emphasis on sustainability and environmental aspects.

€4,000

for the purchase of ten portable oxygen tanks to support employees in India and their family members during the COVID-19 pandemic

ALLIANZ DER CHANCEN
Initiative für eine neue Arbeitswelt

OUR EMPLOYEES

- Founding member of the **Allianz der Chancen** for sustainable employment prospects.
- As a signatory to the **Charta der Vielfalt**, Software AG promotes a work environment that emphasizes respect and is free of prejudice.
- As part of its **DE&I** (diversity, equality, and inclusion) program, Software AG appointed a corresponding management position as well as 24 DE&I ambassadors.
- Global offerings and initiatives to support employees and their physical and mental well-being, especially during the COVID-19 pandemic.

WE EMPOWER

Supporting our employees in unleashing their full potential and promoting digital skills in society.

SOCIAL VALUE

VALUE FOR SOCIETY

- **Give Back to the World:** In 2021, 16 projects (2020: 8) were carried out in six different countries. Because of the COVID-19 pandemic, the projects were performed exclusively in small groups. For example, employees from Bracknell restored a school garden that had become overgrown, and employees in Germany helped with cleanup efforts in Ahrweiler after the catastrophic flooding in July 2021. And after the unrest in South Africa, Software AG employees were able to make a significant contribution by distributing food packages in an early-learning center for children.
- **Move Your Feet:** In 2021, staff members covered a distance of 10,177 kilometers and raised a donation of €22,000.
- **University Relations Program** added 4,000 new academic contacts, achieving its broadest reach in the last five years.
- The newly launched **Education Community** enables access to free education packages.
- 50 percent of Software AG's publicly funded **research projects** now support sustainable objectives (UN SDGs) with technological innovations. For instance, an information platform was developed in a consortium led by Software AG that uses artificial intelligence to deliver forecasts and simulations about the future air quality in cities.

10,177 km

covered by Software AG employees for the Move Your Feet campaign

14

research projects out of 27 in total contributed to the UN SDGs in 2021

€5,000

in aid donated to *Aktion Deutschland* hilft after the flood disaster in Germany

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LEADERSHIP AND GOVERNANCE

The Leadership and Governance action area comprises the material topics **Sustainable economic growth** and **Information security and data protection**. In addition, this area also covers the topics **Combating corruption and bribery** (required aspect per section 289c (2) no. 5 HGB) and **Respect of human rights** (minimum aspect per 289c (2) no. 4 HGB). These topics were not defined as material in the context of Software AG's 2021 materiality analysis. Reporting on these topics is voluntary.

Software AG aims to anchor sustainability as an integral component in its business activities and to meet its obligations in the ESG (environmental, social and governance) areas. With its responsible management approach, Software AG is pursuing long-term goals that target growth and external recognition for first-class ESG achievements. As a software company, it is committed to information security and data protection at the highest level—entirely in keeping with its customers and partners. Furthermore, the Company leadership is firmly convinced that Software AG's employees are essential for its success as a company that embraces acting sustainably.

SUSTAINABLE ECONOMIC GROWTH

Basic understanding

Software AG considers sustainability core to its business strategy and aspires to be a leader with regard to ESG topics. Sustainable economic growth is extremely relevant to Software AG's business because it contributes to the Company's sustainability by having positive effects on employees, investors and customers. Software AG's leadership team is convinced that having a sustainable business strategy not only promotes economic growth, but is also essential in order to live up to the Company's own requirements pertaining to the environment, social matters and corporate governance. For more information on Software AG's strategy, please refer to the Strategy and Goals section in the Combined Management Report. For more information on the business strategy risks in the strategic realignment (Helix) area, please refer to the Opportunity and Risk Report.

Targets and management

Sustainable economic growth is at the core of Software AG's business strategy and essential to its transformation as well as realizing its ambitions. For that reason, Software AG has set the following targets it intends to achieve by 2023:

- Group revenue of €1 billion
- Operating margin between 25 and 30 percent
- Recurring revenue between 85 and 90 percent
- Annual growth rate of around 15 percent in the Digital Business segment

Software AG manages sustainable business growth through its Helix strategy. For more information, please refer to the Strategy and Goals section in the Combined Management Report.

Software AG's ESG strategy is a cornerstone of its sustainable economic growth. Based on feedback from its shareholders, Software AG has identified the ESG ratings from MSCI and ISS as most relevant for investors and has set itself the following targets:

- Achieving a C grade in the ISS ESG Rating by 2023 and a B grade by 2025
- Achieving at least an AA rating or better in the MSCI Rating by 2025

Software AG manages the ISS ESG Rating results through the ISS Quality Score. With the help of this management tool, the collected data is reviewed and updated continuously.

Progress and actions

Because Software AG uses the Internet of Things, artificial intelligence and predictive analytics to create product offerings in the cleantech sector, MCSI raised the Company's rating to AA in October 2020 (highest rating: AAA).

The ESG approach used by ISS for evaluating companies is heavily based on emissions data compiled by the Carbon Disclosure Project (CDP). Since Software AG has not yet assessed its carbon footprint, the current ISS ESG Rating of D+ (max. A+) is less favorable as a result. It can be assumed that this rating result will improve with the evaluation of Software AG's carbon footprint, which is planned for the first half of 2022. The

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collected data will be submitted to the 2022 CDP. In the ISS Quality Score for 2021, Software AG improved its rating in corporate governance from 8 to 5, in the environment area from 5 to 3, and maintained its rating of 3 in the social area.

To increase transparency in aspects that are relevant for ESG ratings, Software AG also created a webpage dedicated to ESG topics in 2021. There, investors and other interested parties can find the most up-to-date data and information about ESG approaches. In addition to reports on the Company's social engagement, the ESG webpage presents a selection of sustainable IT solutions that were realized using Software AG products, introduces research projects that are aligned with the United Nations' Sustainable Development Goals (UN SDGs), outlines a variety of health initiatives that have been implemented in different regions, and highlights efforts that aim to improve diversity, equality, and inclusion at Group level.

Furthermore, an ESG gap analysis was conducted collecting capital market input and, as a result, an action plan was drafted to inspire the sustainability strategy, improve ratings and meet investor expectations.

INFORMATION SECURITY AND DATA PROTECTION

Basic understanding

As a software company, Software AG delivers information security and data protection at a very high level—entirely in keeping with customers and partners. With its comprehensive information security management program, including various information security management systems (ISMS), Software AG aims to manage information resources in a holistic way, so they are secure and protected.

According to the Federal Office for Information Security (BSI), the number of malware programs and the sophistication of cyberattacks against companies in Germany once again reached an all-time high in 2021.

On the whole, taking into consideration the measures implemented to improve information security, Software AG continues to categorize this issue as medium risk despite the general high-risk situation. To best protect itself from the severe effects of such attacks, Software AG assesses the existing risk for the Company, its customers and society and conducts appropriate risk minimization. This includes continuously measuring information security, making the necessary improvements mentioned below and keeping it up to date in order to successfully defend itself against cyberattacks and reduce the risk accordingly. For more information on legal risks associated with information security, please refer to the Opportunity and Risk Report.

The protection of personal data is a fundamental right of all individuals. Article 8 of the Charter of Fundamental Rights of the European Union (EU) defines the protection of personal data as a fundamental right; the protection of personal data is also part of the EU data protection laws in accordance with the EU Data Protection Regulation (GDPR). Software AG respects the privacy of its customers and their customers' personal data and therefore takes appropriate measures. Overall, and specifically with respect to measures implemented for the protection of customer data, the Company classifies the risk situation as low.

Targets and management

Software AG aims to continuously manage information resources and data in a holistic way, so they are secure and protected. A variety of security measures are utilized throughout the entire Company. Software AG's security awareness program addresses issues including IT security, phishing, security incident training and data protection. These include annual employee training on information security and biannual training on data protection. In early 2021, Software AG introduced the following objectives:

- At least 85 percent of employees trained regarding information security
- At least 85 percent of employees trained on data protection

For Software AG, implementing a comprehensive security strategy means proactively ensuring the security of business-critical data and important information resources. As a provider of maintenance and support, customer cloud services, professional services as well as product delivery, Software AG processes confidential customer data. The Company also manages sensitive

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information about its own business, employees and customers, prospective customers, partners and suppliers and is responsible for securely handling the respective data.

Software AG has appointed a Data Protection Officer and formed a data protection team to advise the business lines on data protection. The Management Board receives comprehensive information in the annual data protection report. The Data Protection Officer as well as the data protection team participate in regular training sessions regarding the latest regulations and court rulings as well as the reasonable and customary implementation of data protection measures.

An integrated data protection management system (DMS) was implemented in accordance with the requirements of the GDPR. The system documents, monitors and, if necessary, adapts the data protection aspects. The general processes for handling data protection incidents and violations are integral components of the DMS, and thus include those that affect data from Software AG customers or other business partners. Software AG has implemented this DMS with its own products ARIS, ARIS Risk & Compliance Manager, Alfabet, and webMethods AgileApps.

The effectiveness of the data protection processes is reviewed within the scope of the ISO 9001 and ISO-27018 (for customer cloud services) audits. The results and findings are documented, and progress is measured in a central audit system. Management is regularly informed in relevant meetings.

Progress and actions

In fiscal year 2021, the employee training quota for information security reached 90 percent. The completion rate for the new data protection training that was just launched in September 2021 was 57 percent at year end.

After the cyber incident in October 2020, Software AG derived appropriate measures and worked steadily on implementing them to minimize the probability of such incidents occurring as much as possible and further improve its ability to react.

1. Industry-leading external service providers and suppliers were contracted to draft and implement recommendations based on the results of the investigation. An annual recurring external assessment of IT security is an integral component of the IT security program.

2. Internal organizational and technical measures for monitoring the IT landscape were expanded and are continually improved. The globally operating Security Operation Center was established to further strengthen IT security, and appropriate specialists were hired.

3. Third-party auditors examined the security architecture and network security. Software AG's IT strategy enhances the focus on IT security as the top priority, with the core "Security by Design" approach reflected in both daily operations as well as in future projects and services.

4. The Company established a Group-wide security awareness program and supplemented it with a security project program that coordinates and monitors security projects. Regular CIO roundtable discussions where the CISO is also represented focus on topics and projects relevant to security and answer employees' questions.

5. The security incident process was reviewed in-depth, and the measures for improvement derived from that review were implemented.

6. Based on the findings from the security incident, the ongoing improvements to operational security were examined, derived measures planned, and prioritized measures were established.

The ISMS for the customer cloud services is certified for compliance with ISO/IEC 27001, 27017 and 27018. The independent audit by third-party auditors confirms compliance with the standard and certifies that the Software AG Customer Cloud ISMS is comprehensive and reflects best practices in the industry. In addition, the independent audit reports on service organization audits (SOC 2) give Software AG customers detailed information about how the Company audits the security

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and availability of the cloud services as well as regulatory compliance. For more information about applicable certifications and cloud security, please visit Software AG's website.

The roadmap for Software AG's customer services outside of the above-mentioned certified customer cloud services includes the implementation of an ISMS and a certification to ISO/IEC 27001 for dedicated customer service business segments.

Since the third quarter of 2020, Software AG has been focusing comprehensively on implementing the new requirements for data protection resulting from the Schrems II decision handed down by the Court of Justice of the European Union. According to the decision, the personal data of EU citizens can only be transferred to third countries outside the European Economic Area if this country provides protection essentially equivalent to that of the EU. Third-country transfers of personal data can be performed with respective additional measures in compliance with data protection regulations after a legal analysis and risk/benefit analysis.

On June 4, 2021, the European Commission released updated standard contractual clauses (new SCCs) as part of the GDPR for data transfers from companies or contractors responsible for processing data that are located in the EU/EEA to others located in third countries that do not offer an appropriate level of data protection. These updated SCCs replace the three SCCs passed under Data Protection Directive 95/46. For that reason, Software AG has changed its processes and contract agreements to adjust to the new SCCs. In accordance with the deadlines defined by the European Commission, Software AG is using the new SCCs as the transmission mechanism for transferring (or forwarding) personal data to third countries that do not provide a suitable level of data protection.

COMBATING CORRUPTION AND BRIBERY

Basic understanding

Software AG's aims to ensure that all employees act with integrity and in a responsible, ethically correct manner as well as in accordance with legal regulations—especially with regard to competition and antitrust law. The relevant principles are defined in Software AG's Code of Conduct. The topics covered by the Code of Conduct can be found in the Fundamental Aspects of the Non-Financial Statement. All employees need to know the Code of Conduct and follow it in their day-to-day work.

Risks from corruption and anti-competitive behavior arise in international business activities due to differences in understanding regarding ethical and moral business practices from one country to the next. This risk is curbed through the measures described above and is therefore not considered significant. In addition, adherence to compliance provisions is reviewed and their effectiveness monitored through the activities of the Compliance Board as well as the Internal Audit department. For more information on legal risks associated with compliance, please refer to the Opportunity and Risk Report.

Governance

Software AG's Compliance Board helps ensure that all employees behave in compliance with the law as well as follow internal rules and procedures. Employees with any relevant questions can consult the Legal department responsible for the respective region or the Compliance Board. If potential compliance violations are suspected, the Compliance Board can commission audits. These are approved by the CEO or, depending on the subject, by the entire Management Board and carried out by Internal Audit. External resources are consulted depending on the focus of the audit. The findings of the audit and the resulting corrective measures are reported to, reviewed, and evaluated by the Compliance Board and the CEO or the full Management Board.

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Software AG's Senior Vice President for Audit, Processes and Quality regularly reports to the Supervisory Board's Audit Committee on the results of internal audits as well as audits requested by the Compliance Board about the ongoing improvement of compliance instruments and the effectiveness of internal controls.

Progress and actions

The clear rules of the Code of Conduct and mandatory training promote integrity and fair business practices at Software AG. In fiscal 2021, a total of 790 (2020: 622) new Software AG employees completed the training on the Code of Conduct and received the required certification. Software AG completely revised the training concept in 2020 and added interactive elements such as role-play. Training conducted according to the new concept started in 2021 and will provide even better support for employees to behave with integrity and in accordance with laws and internal guidelines—even in difficult situations.

No significant violations of competition law were identified in 2021.

RESPECT OF HUMAN RIGHTS

Basic understanding

Software AG is an international company with locations, suppliers, and partners all over the world. To ensure that the supply chain respects and protects human rights, Software AG introduced a Code of Conduct for both suppliers and partners respectively.

Software AG sees no significant risk of its operations having or potentially having a serious negative impact on compliance with human rights. Since its suppliers and business partners are committed through the respective Codes of Conduct, Software AG believes that the risk of its business partners violating human rights and infringing on the rights of children and young people is very low. An academic background or several years of training are an absolute prerequisite for people working in the IT industry and in turn, for the vast majority of Software AG employees. The Company therefore sees no risk of child labor to be considered within its own business operations or in connection with the use of Software AG's products and services.

Governance

All of Software AG's suppliers are required to sign the Company's Supplier Code of Conduct. The Compliance Board assesses and decides on exceptions to this rule. This enables Software AG to ensure that its suppliers adhere to ethical principles of conduct that go beyond the legislation of the respective countries.

The Code of Conduct comes with a guideline that defines how it should be applied and a checklist to ensure compliance with all requirements. In the context of a comprehensive management approach, the Code of Conduct refers to major international agreements and recommendations of international organizations, and defines the following points:

- Interaction with employees (includes child labor, discrimination, forced labor, employee rights, compensation and working hours, health protection and occupational safety)
- Environmental laws
- Conduct in business situations (includes combating corruption, avoiding conflicts of interest, and complying with the rules of free competition)

Software AG and its subsidiaries purchase goods and services necessary for internal processes from a large number of suppliers in different countries according to clearly defined guidelines. Operational purchasing is handled locally by the relevant subsidiary. The central Purchasing department analyzes all procurements in the Group and verifies compliance with the defined guidelines such as having all new suppliers sign the Supplier Code of Conduct. In turn, Internal Audit reviews the effectiveness of this process. The goal is to ensure that all procurements are preceded by a corresponding approval. The ethical and economic aspects are evaluated equally for the approval.

The provisions of the procurement process are defined in Software AG's Investment and Expenditure policy. This policy describes purchasing principles, rules for ordering and selecting suppliers, and the global approval process.

Global Sourcing Process

Request	Approval	Purchase	Reporting + Evaluation
Request for goods and services needed by a department	**Approval matrix** • Role • Cost type • Commodity group • Limit	**Investment and expenditure policy** • Selection of supplier • Order/contract • Purchase principles **Supplier Code of Conduct**	**Report generation** • Purchase volumes • Relative savings • Absolute savings • Supplier evaluation • Order processing times

Progress and actions

Software AG employs targeted methods to rule out human rights violations and child labor. Software AG mitigates the risks arising from working with partners and suppliers by requiring them to commit to excluding child labor and respecting human rights in the Partner Code of Conduct and Supplier Code of Conduct, respectively.

Software AG is not aware of any cases in the reporting year or previous years where products or product components have been linked to human rights violations or child labor. For this reason, Software AG has not implemented any additional internal procedures or control indicators to exclude human rights violations and child labor other than those set forth in the Code of Conduct and the procedures implemented in the purchasing process and partner business.

OUR EMPLOYEES

The action area Our Employees includes the material topics: **Corporate culture and diversity** and **Employer attractiveness**. The action area corresponds to the employee concerns aspect per section 289c (2), no. 2 of HGB.

Software AG's leadership aspires to promote a corporate culture based on respect, integrity, transparency, appreciation, inclusion and innovation. The Company always wants to attract and retain the best talent over the long term. Software AG achieves this objective by specifically promoting employees' civic involvement as well as an inclusive, fair work environment in which all employees can develop according to their needs and tap their full potential.

CORPORATE CULTURE AND DIVERSITY

Basic understanding

Software AG promotes a corporate culture based on diversity, equality and inclusion. Corporate culture plays a decisive role in the implementation of the Helix transformation growth strategy. Since corporate culture, employee satisfaction and engagement are mutually supportive, Software AG has implemented a variety of initiatives to better understand the correlations and to positively impact the Company's culture.

The commitment shown by Software AG's employees paired with their professional and personal skills all contribute decisively to the Company's success. Therefore, ignoring employee concerns poses a fundamental risk of—generally indirect—negative impacts on business performance. Examples of this include situations when low employee satisfaction leads to attrition and a loss of company-specific expertise, or when a lack of diversity in the corporate culture leads to weak innovation. For this reason, Software AG deploys a variety of measures that contribute to high employee satisfaction, and an innovative and diverse corporate culture. For more information on personnel risks and opportunities, please refer to the Opportunity and Risk Report.

Targets and management

The Management Board considers diversity, equality and inclusion to be a fundamental component of an open and innovative corporate culture and strives to maintain a work environment that encourages employees to contribute their different perspectives.

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Since 2020, Software AG has been a member of The Valuable 500 initiative, an organization that places inclusion for people with disabilities on the daily agenda of company managers. In Germany, Software AG is a signatory to the Charta der Vielfalt and promotes a work environment that emphasizes respect and is free of prejudice.

Another of Software AG's objectives in this context is hiring women and promoting their professional development. The Company is a member of the Initiative Women into Leadership (IWiL), a nonprofit organization that facilitates long-term promotion of women at the top level, and sends participants regularly.

Software AG has set itself the following targets:

- Maintain or improve the Q12 Engagement Score in the annual employee survey compared to the previous year
- Maintain or improve the results from the question on diversity, equity & inclusion (DE&I) in the annual employee survey
- Promote DE&I awareness throughout the entire Company: 85 percent of employees should complete a global DE&I training program by 2025

The #MyVoice employee survey evaluates employee satisfaction and engagement. A defined set of questions serves to update the index on an annual basis regarding topics that include corporate culture, respect and staff development. Current topics are likewise addressed. For instance, questions on DE&I, leadership and sustainability were added in 2021. The survey results are communicated internally and taken into consideration in companywide activities within the People & Culture area. Managers are responsible for discussing the results in their teams and implementing measures for improvement.

All employees should be able to contribute to the Company's success with their individual personality and strengths, and in so doing develop their full potential. The Change Network, which was established in 2020, consists of a team of employees who act as multipliers from within to support and strengthen the cultural transition at all of the Company's locations around the world.

In the context of a comprehensive management approach, the Code of Conduct sets out what Software AG considers to be ethically correct conduct in its day-to-day business and addresses, among others, the topics of equal treatment and anti-discrimination.

Flat hierarchies, codetermination and an open relationship between corporate leadership and employee representatives characterize the corporate culture at Software AG. In Germany, the main bodies for codetermination are the Supervisory Board, which has two elected employee representatives, and the local Works Councils, General Works Councils, the Economic Committee, and a variety of technical committees.

With the Company's HR engagement model, the Human Resources department has committed to supporting and handling strategic and operational personnel matters and concerns as effectively as possible. Managers receive consultation and support on issues regarding the development of individual employees as well as the organization. HR programs, processes and initiatives are being developed and revised to address and drive a range of local and global topics. Establishing a relationship with employees and managers based on trust is a priority targeted by these efforts.

Progress and actions

In 2021, 82 percent (2020: 82 percent) of employees once again took part in #MyVoice, the Company's global employee survey. The Q12 Engagement Score, which measures employee commitment based on twelve standardized questions, improved over the previous year by 0.22 points to a value of 4.14 (2020: 3.92). Employee satisfaction once again increased over the previous year.

Cooperation between employee committees and Software AG was close and based on trust during the year under review.

Software AG established a DE&I ambassador network and created a worldwide DE&I contact center for the launch of its global DE&I strategy. In addition, a comprehensive, needs-based DE&I training course and concept for raising awareness was developed for Software AG in collaboration with a global DE&I consulting firm. In 2021, the initial focus was on key stakeholder groups including the Management Team, Exec-

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utive Leadership Team, the DE&I ambassador network, and HR employees. The concept is slated to be revised to meet the needs of employees and managers and rolled out in 2022. A series of DE&I awareness campaigns likewise highlighted and promoted various facets of diversity in the year under review. The results from questions on DE&I in the annual employee survey improved over the previous year by 0.11 points to 4.53 (2020: 4.42).

Software AG participates in diverse projects as a certified MINT-Minded Company to boost the interest of women and young talent in IT professions and their appeal as a career path. Furthermore, Software AG supports its female employees in Germany by participating in the Women into Leadership Initiative. Software AG India developed the SoftwareAGain program specifically for women who have temporarily left the workforce. It supports women in computer science and software engineers with a phased return to the professional world. Internal networks were created in 2020 specifically for women to share their experiences in India and the DACH region. Those networks were further established with a variety of workshops and dialogues in 2021.

EMPLOYER ATTRACTIVENESS

Basic understanding

The expertise and personal skills of Software AG employees are a key factor for the Company's success. For that reason, the Company always wants to attract and retain the best talent.

The war for talent has become one of the biggest challenges for companies everywhere—and Software AG is facing the same problem. In addition, the COVID-19 pandemic gave rise to the "great resignation," especially in the USA. Risks emerge when succession planning is neglected and the Company is unappealing to rising talent and qualified professionals, or when it neglects continuing education and training for employees in a competitive market. Employee recruiting and retention are therefore crucial aspects of securing Software AG's business activities and success. Promoting young talent and hiring innovative employees are also promising criteria that lead investors and business partners

to choose the Company. Ultimately, employer attractiveness and branding play an important role in retaining talents for the Company. These days, applicants take a holistic view of a company and its perspectives when it comes to deciding whether to join an organization. For more information on personnel risks and opportunities, please refer to the Opportunity and Risk Report.

Targets and management

The Company wants to attract and retain the best talent for Software AG over the long term. For that reason, Software AG has set itself the following target:

- By the year 2023, the Company aims to achieve an average global minimum rating of 4.2 out of 5 points on the international Glassdoor platform, and 4.3 by the year 2025.

In addition to outside evaluations, Software AG observes and assesses further internal key indicators including employee satisfaction, attrition and length of time with the Company to take appropriate measures where necessary. The attrition rate is a key metric for measuring employee satisfaction and Software AG's appeal for young talent and trained professionals. It is calculated as the number of leavers in the past fiscal year in relation to the average number of employees and analyzed regularly for different departments and regions. The numbers of voluntary and non-voluntary employee leavers are also analyzed. Software AG's aim is to minimize the negative impact of leavers on its business.

The Talent Sourcing department has used its own active sourcing concept since mid-2020 to manage activities for identifying qualified external candidates and proactively approaching them about open positions.

As a founding member of the Allianz der Chancen (Alliance for Opportunities), Software AG champions a transformation in the labor market as well as sustainable employment prospects to counter a shortage in trained professionals. Furthermore, Software AG provides targeted promotional and educational measures for students in high school and university as well as for rising talent to support young people in their development early on. In Germany, the Company offers a variety of educational and training programs in the areas of office management and computer science as well as

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cooperative study programs in computer science and business administration. Software AG once again hosted the Girls and Boys Day event in 2021 along with the MINT Girls Camp, and gave (virtual) presentations in various high schools on the cooperative study program in computer science.

Progress and actions

Software AG works to continually adapt its programs to meet its employees' needs and improve the high ratings it receives on employer evaluation platforms like Glassdoor and Kununu. Software AG achieved a score of 4.0 (2020: 3.9) on the global employer rating platform Glassdoor on a scale from 0.0 (very dissatisfied) to 5.0 (very satisfied) in the year under review. On Kununu, Germany's rating platform, Software AG achieved a score of 3.8 (2020: 3.7) on a scale from satisfactory (1–2) to very good (4–5). Software AG India also took part in the Great Place to Work survey in 2021 and was recognized once again.

The total attrition rate at Software AG in fiscal 2021 was 14.2 (2020: 10.1) percent. The rise was related in particular to the pandemic as well as tougher international competition for the best talent. Software AG implemented a variety of measures to increase employee loyalty to the Company and keep the loss of talent as low as possible.

During the ongoing COVID-19 pandemic, Software AG's leadership continued implementing various measures to provide the best-possible support for its employees and their physical and mental well-being in 2021. The multidisciplinary COVID-19 task force continues to monitor the status and effects of the pandemic on employees and business processes. At its larger locations such as in India and Germany, Software AG organized vaccination campaigns to ensure easy access to vaccines. In India, Software AG purchased lifesaving oxygen tanks and provided them to severely ill employees and family members if no oxygen was otherwise available. Furthermore, Software AG expanded and rolled out its existing employee assistance program (EAP), which was already available in some countries, to the rest of the world. Through the EAP, employees receive round-the-clock, free-of-charge access to professional counseling. To prevent virtual fatigue and support employees in handling mental strain and stress, the Company continued with the meeting-free Mondays it introduced in 2020 as well as no-cost access to a meditation and mindfulness app. Likewise, the Company established Wellness Wednesdays, an internal format that enables employees to participate in virtual courses on nutrition, relaxation and athletics.

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CUSTOMERS AND TECHNOLOGY

The action area Customers and Technology includes the material topics: **Product and service quality** and **Innovation and the impact of our products**. In addition to the aspects stated in section 289c of HGB, Software AG has also defined the customer concerns aspect as material.

Software AG aims to be a reliable partner delivering high-value, individually customizable software solutions for its customers. The Company supports the digital transformation with its services, even more so since this transformation can help to mitigate or even reverse the consequences of climate change. Software AG wants to actively help people and the planet with its solutions by enabling its customers to create the conditions for doing business sustainably. The Company wants to implement its technology with the best possible use of resources for its customers in every way.

PRODUCT AND SERVICE QUALITY

Basic understanding

A key objective of Software AG is to promote innovation and competitive differentiation among its customers and to support their successful digital transformation—and thereby make a key contribution to their success. Since Software AG products are primarily built-in solutions that design, inform, analyze or manage business-critical processes, the high product and service quality is essential. Thus, aside from innovative capability, quality is the crucial topic in the development of products and delivery of services.

For Software AG's customers, smooth operation of products is a key prerequisite for successful business operations. Software is becoming increasingly important in the context of digitalization and is indispensable in day-to-day work. Nearly all operational processes are managed by software solutions. For that very reason, secure, flawless operation of solutions without downtime is of the utmost importance. Every downtime event has an immediate impact on the processes of Software AG customers or their customers, depending on the scenario in which Software AG's solutions have been deployed.

Targets and management

Software AG introduced the net retention rate (NRR) in 2021. This key indicator is meaningful in the subscription and Software as a Service (SaaS) business model because it expresses whether the annual recurring revenue (ARR) within the same customer group has increased or decreased over a specified twelve-month period. At the same time, the NRR is an indicator for the successful implementation of solutions purchased by customers. The implementation and adaptation process is closely monitored by a Customer Success Manager (CSM) to ensure that customers can reap the anticipated benefit and value from the delivered software. Fast implementation can significantly improve a solution's success and its adoption by the customer. To this end, the Professional Services team has developed more than 30 fast-track services that customers can access as part of their SaaS contract upon their CSM's recommendation by using success credits they have purchased. Accordingly, Software AG has set itself the following target:

- Achieve an NRR of 105 percent by the year 2025

Additionally, Software AG measures customer satisfaction in support cases based on the Net Promoter Score (NPS). For Software AG, the NPS represents a strategic performance indicator, which is broken down into business lines.

Furthermore, clearly documented processes and performance indicators (for example, quality goals, routine quality management reviews) coupled with a quality-oriented corporate culture and certification of management systems ensure Software AG's high-quality standards. The entire development process is monitored through product standards. These include qualitative requirements for the products and services being developed, which are also used as a basis for release decisions. Whether these requirements have been met is reviewed as part of quality gates and serves as the foundation for the release process.

Software AG's most important management systems are certified according to ISO standards and centralized in an integrated management system (IMS):

- Software AG secures its first-rate support services and software solutions with its **ISO 9001**-certified quality management system (QMS). Customer feedback is systematically captured and processed in the

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QMS. Thus, the QMS serves as the basis for an ongoing improvement process and high customer satisfaction.

- Software AG's **ISO 22301**-certified business continuity management system assures the Company's excellent support services. The continuity management permits—through important infrastructure redundancies, for instance—that systems and services needed by customers remain available in crisis situations.
- The **ISO 27001**-certified cloud information security management system includes comprehensive, holistic security management for Software AG's cloud services and provides a suite of information security measures—for example, protection from unauthorized access and identification of security risks. Software AG is certified for compliance with ISO/IEC 27001:2013, ISO/IEC 27017:2015, and ISO/IEC 27018:2014.

Software AG provides global 24/7 support to ensure the continuity of its customers' core business systems. The Company's global support is certified according to ISO 9001, signaling high quality. With the Enterprise Active Support model, Software AG provides fast, agile and proactive customer support for all of its products. Customers benefit from industry-leading performance and fast response times in any time zone. Depending on business criticality, other support models with fewer services can be selected (standard support), especially regarding regional coverage and response times. Every customer who uses global support is asked to provide feedback on the service and on Software AG in general. The feedback is used to improve customer service and incorporated in product development.

In addition to Global Support, there are other teams (New Product Introduction teams) that specialize in supporting customers with introducing new products and reporting feedback gathered during the product introduction process to the development department.

Moreover, the different aspects of product and service quality are measured and tracked with the help of performance indicators by means of an internal management reporting system. Using the performance indicators—which measure the number of support notifications per customer or test coverage, for example—it is possible to identify internal problems early on and resolve them. Software AG has established Escalation Management to ensure that targeted solutions

are developed as quickly as possible in critical customer situations. This team intervenes temporarily to identify all kinds of challenges and find a solution to project, organization, and product problems as well.

Progress and actions

The NRR was first introduced as a key indicator in fiscal 2021 to measure the extent to which Software AG's software products are deployed by customers over the long term and deliver the anticipated optimization contributions. Reporting on the NRR will begin accordingly in fiscal 2022. With an NPS of 56[1] (2020: 54[2]) the Company reached an all-time high in 2021. Meanwhile, Software AG has also been measuring the NPS at other points during the product life cycle. NPS surveys are now conducted and followed up on during product usage directly from end users as well. These weren't yet included in the NPS for 2021.

INNOVATION AND IMPACT OF OUR PRODUCTS

Basic understanding

Software AG's goal is to support its customers with innovative products to help them solve problems for the long term and achieve their improvement objectives. Extremely fast innovation cycles are the norm in the software industry because the realities of life in diverse national economies always pose new challenges for companies. For that reason, it is essential to recognize customer needs—meaning the business problems and challenges facing Software AG's customers—to be able to offer technological solutions. To that end, the Company monitors current developments in different industries and disruptive trends as well. For more information on market trends and monitoring as well as Software AG's unique selling propositions, please refer to the Competitive Situation in the Fundamental Aspects of the Group section of the Combined Management Report.

Software AG's products support their customers in making decisions based on various data that can lead to more efficient use of financial or natural resources. Using process images, data provisioning and exchange, data analysis, device connectivity and process data analyses, customers can make smart, data-driven deci-

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[1] The NPS for 2021 includes the months of March through December.
[2] The NPS for 2020 includes the months of January through September.

sions that contribute to better process results and enable competitive advantages.

Software AG's leadership believes that technological innovations are a key means for solving the societal challenges of our time. Real-time data provisioning and analysis is essential to optimize resource usage, detect process errors, and quickly realize improvements. If Software AG's customers are not successful in improving their resource usage, they are exposed to both competitive and environmental risks. Consistent use of existing and new data is the only way to learn efficiently and make the best possible decisions to the benefit society. Software AG could not identify any significant risks with regard to the Customers and Technology action area. For more information about the product portfolio and innovation risks, please refer to the Opportunity and Risk Report in the Combined Management Report.

Targets and management

As a software company, Software AG believes innovations are key to attracting new customers. Furthermore, the Company wants its solutions to help its customers establish more efficient and sustainable business processes. To make certain this happens, Software AG has set itself the following targets:

- The percentage of R&D investments will remain—at a minimum—at 15 percent of total revenue through 2025.
- Software AG will set its sales focus on new customers and successively gather information about the impacts that the solutions, which customers implement with its technology, have on sustainability. By 2025, the Company aims to know what the long-term impacts of its technology are for at least 50 percent of new customers with regard to efficiency improvements and resource savings. For an initial step in these efforts, an approach for sustainability criteria regarding the product solutions will be developed by early 2022.

Progress and actions

Software AG was able to reach or exceed its goal of a minimum of 15 percent of R&D investments out of total revenue with a percentage of 18.1 (2020: 17.2) during the year under review. For more information on R&D expenditures, please refer to the Research & Development section in the Combined Management Report.

Software AG's technological innovations are expanding its customer portfolio and improving efficiency for itself and its customers. For instance, the Company succeeded in 2021 in increasing the rate of deals closed to 1,792 (2020: 1,463) through better sales management and a programmatic qualification of business opportunities.

Moreover, Software AG evaluates the success of its innovations based on revenue growth and the number of new customers. During the year under review, Software AG gained 312 new customers for its solutions. In 2021, the Company was able to grow its market share and global revenue from products and services saw positive growth. Independent market research firms once again confirmed Software AG's innovative power, market success and product and service quality in 2021. For more information about their assessments, please refer to the Industry Recognition section in Fundamental Aspects of the Group in the Combined Management Report. Furthermore, Software AG received above-average positive customer ratings for its most important products and solutions. In the future, the Company plans to inform customers on a quarterly basis about the current NPS Score for the products they use.

VALUE FOR SOCIETY

The Value for Society action area corresponds to the social concerns aspect per section 289c (2), no. 3 of HGB and includes the material topic **Tech for good**.

Software AG aspires to effectively assist people in building expertise in the area of modern technologies. The Company's targeted involvement in universities and schools focuses on the IT experts of the future. It opens up new learning opportunities and meaningful development prospects for students and young professionals. Since technological progress plays a key role in developing a sustainable world, Software AG participates in collaborative research projects that promote the UN SDGs.

TECH FOR GOOD

Basic understanding

Digitalization is a comprehensive economic and social topic, and a central field for action in the new German government administration's agenda for education.

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Software AG addresses Tech for good primarily at a regional level. Across the entire Group, the Company pursues the goals of networking with the different communities where it operates and contributing to their well-being as a good corporate citizen.

Software AG aims to counter the shortage of IT professionals and managers in Germany. For that reason, the Company develops digital expertise at universities and educational institutions at both the national and international levels.

Software AG is aware of the transformative power and positive impact of technologies and therefore wants to contribute to achieving the UN SDGs through participation in collaborative research projects. In this respect, the Company is involved in projects that contribute to innovation and to social, environmental, or economic improvement—with a focus on Germany and Europe.

Software AG could not identify any significant risks with regard to the Society area of action (corresponds to the social matters aspect per section 289c (2), no. 3 HGB). Rather, the Company sees the opportunity here to live up to its corporate social responsibility and make an economic and social contribution—especially to the local communities of its operations.

Targets and management

Software AG has set itself the following targets in the Tech for good area:

- For many years, participating in publicly funded joint research projects has been a matter of course for Software AG. In the past, the technological direction and level of innovation regarding Software AG's business lines was the deciding factor for project selection. In the future, the focus of research projects and their contribution to fulfilling the SDGs will be another key criterion. Software AG's goal is for at least 80 percent of its research projects to support accomplishing the SDGs by 2025.
- Software AG aspires to expand its University Relations Program worldwide and increase its reach to 40,000 students by 2025.

The University Relations Program promotes the development of digital competencies by providing software and teaching materials free of charge in education packages, including the opportunity to earn a free certification for the knowledge gained.

By the same token, Software AG is a founding member of Software Campus. Launched in 2011, the program is supported by ten industry partners and eleven research partners and funded by the German Federal Ministry of Education and Research. It focuses on outstanding students in computer science and related fields and qualifies them through mentoring and seminars for leadership positions in the IT industry. By participating in the program, Software AG hopes to counter the shortage of IT experts and managers in Germany.

In addition, the Company is driving further social initiatives—such as the SoftwareAGain program in India—at its international locations. Regional corporate governance works to develop measures for local issues. In addition, the Company supports local associations and initiatives through donations and sponsorships.

Progress and actions

In 2021, 14 research projects out of 27 in total have contributed to the SDGs. One example is the participation in LOGISTAR, a research project that aims to enable effective planning of transport operations in the supply chain. The goal is to use available data and optimize logistics processes, for example, by avoiding empty return deliveries. For more information about Software AG's engagement in research projects, please refer to the Research and Development section in Fundamental Aspects of the Group in the Combined Management Report.

Software AG provides software free of charge for teaching and research purposes to more than 2,000 universities in 101 (2020: 80) countries through its University Relations Program. The offering covers the needs of more than 1,800 educators and is integrated into the curriculum on a recurring basis. Since the program began in 2007, more than 29,200 (2020: 25,000) students have benefited from it. Software AG has been offering students free online certifications as part of the University Relations Program since 2017. More than 3,500 young experts can document their knowledge with this certificate when applying for jobs.

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IMPACT ON ENVIRONMENT

The Impact on Environment action area includes the material topic of **Energy and CO_2 emissions**, and corresponds to the environmental matters aspect per section 289c (2), no. 1 of HGB.

Software AG is working to keep its environmental footprint as small as possible. To minimize the effects of its business activities on the planet, the Company is preparing to become climate neutral as quickly as possible. With the help of its technology and solutions, Software AG will join forces with its customers and partners to tackle significant environmental challenges and help shape a more sustainable future.

ENERGY AND CO_2 EMISSIONS

Basic understanding

The Environment action area focuses on reducing CO_2 emissions since these represent Software AG's most significant environmental impact. Software AG takes responsibility for the environmental impact of its own business operations. The Company is determined to become climate neutral and reduce its impact on the environment.

In Software AG's industry, CO_2 emissions are generated in particular via energy consumption of buildings, operating data centers, and employee mobility.

On the whole, Software AG's business model incurs only a very low risk of negatively impacting the environment. The Company also sees the Environment action area (corresponds to the environmental concerns aspect per section 289c HGB) as risk-neutral with regard to further consideration of its supply chain, products, and services.

Targets and management

Software AG has set the following target for itself in the energy and CO_2 emissions area:
• Development of a reduction path to net zero CO_2 emissions by the end of 2022

Software AG takes a holistic approach to all aspects of energy management, demand and procurement for all its operations and is working toward reducing its carbon footprint by using more renewable energies. To control power consumption for all its locations, Software AG continually implements energy-saving measures, such as retrofitting lighting systems, replacing motors and upgrading building technology. When planning the construction of new buildings, the Company pays close attention to making use of natural light, installing shading systems and state-of-the-art building technology. Software AG is also looking for ways to improve the energy efficiency and performance of its data centers and to reduce energy consumption through innovative technologies.

In the area of mobility, Software AG offers its employees at its Darmstadt location a public transportation pass as well as leasing opportunities for bikes and e-bikes. Likewise, it also has charging stations for electric and hybrid vehicles.

Progress and actions

Electricity is the most important source of energy for the Company. Software AG contributes significantly to reducing its own emissions by using electricity from renewable sources. The 1,366 employees in Germany are supplied with 100 percent green electricity. In addition, the waste heat from the servers at corporate headquarters in Darmstadt is used to heat the building. All in all, the Company achieved a reduction in energy consumption at the locations under review from last year. In 2021, energy consumption was reduced per square meter of floor space by 12 percent from 94 kWh/m^2 to 83 kWh/m^2 and by 12 percent per employee (EMP) from 2,317 kWh/EMP to 2,033 kWh/EMP. These reductions were due primarily to the fact that employees worked from home much more frequently because of the COVID-19 pandemic as well as to the remodeling of office spaces. Further factors were continuous upgrades in building technology, additional insulation, and more energy-efficient systems, retrofitting lighting systems with LEDs, modern window shades and air conditioning systems as well as more efficient IT components and servers.

Software AG established a project team during the year under review to come one step closer to its goal of net zero CO_2 emissions. This team will initially collaborate with an external partner to calculate the Company's global carbon footprint. A reduction path to achieving net zero CO_2 emissions will subsequently be developed starting in mid-2022 along with key indicators relevant to governance.

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NON-FINANCIAL KEY INDICATORS

LEADERSHIP AND GOVERNANCE

	2021	2020	2019	Assignment to reporting standards (GRI, SASB) and the UN SDGs
Sustainable economic growth				**SDG 8**
Helix strategy				
Revenue in € millions (target: €1 billion by 2023)	833.8	834.8	890.6	
Operating margin (non-IFRS) as % (target: 25-30% by 2023)	19.6	21.2	29.2	
Recurring product revenue as % (target: 85-90% by 2023)	91.5	90.2	79.2	
Increased bookings (at constant currency) in Digital Business as % yoy (target: 15% CAGR 2020-2023)	12.3	21.4	n/a	
ESG ratings				
MSCI (target: at least AA by 2025)	AA	AA	A	
ISS ESG (target: at least C by 2022, at least B by 2025)	D+	D+	D+	
Information security and data protection				
Information security training rate				
Number of employees who participated in information security training	4,458	n/a	n/a	
Percentage of employees trained on information security (target: at least 85%)	92.8	n/a	n/a	
Data protection training rate				
Number of employees who participated in data protection training	2,743	n/a	n/a	SASB TC-SI-230a.2
Percentage of employees trained on data protection (target: at least 85%)	57.1[1]	n/a	n/a	
Data protection				
Number of data breaches [2]	0	1	0	
Number of data breaches[3] involving personally identifiable information	0	1	0	SASB TC-SI-230a.1
Percentage of data breaches involving personally identifiable information	0	100	0	
Number of users affected [3]	0	403	0	
Business ethics and corporate digital responsibility, sustainable supply chains and human rights				**SDG 8, 16**
Code of Conduct				
Number of (new) employees trained on the Code of Conduct[4]	790	622	670	
Percentage of new employees trained[5]	111.7	95.7	n/a	GRI 205-2, GRI 412-2
Number of available languages	8	8	n/a	
Year of last update	2015	2015	n/a	
Competitive behavior and corruption				
Total number (and nature) of confirmed incidents of corruption	0	0	0	
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	0	0	0	GRI 205-3
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	0	0	0	
Number of pending or concluded litigation cases for anti-competitive behavior and violations of antitrust and anti-monopoly law in which the Company was identified as a participant during the year under review	1[6]	1[6]	1[6]	GRI 206-1, SASB TC-SI-520a.1

[1] Introduced in September 2021.   [2] As per Article 33 GDPR.   [3] Aas per Article 34 GDPR.
[4] Training on Code of Conduct includes topics such as anticorruption and human rights.
[5] The total number of confirmed training courses for 2021 includes repeats from the previous year as well as courses completed voluntarily.
[6] Software AG Spain appealed the decision by the Spanish Antitrust Authority (Comisión Nacional de los Mercados y la Competencia, CNMC) from July 31, 2018. The case has been ongoing since 2018.

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OUR EMPLOYEES[1]

	2021	2020	2019	Assignment to reporting standards (GRI, SASB) and the UN SDGs
Corporate culture and diversity				SDG 5, 8, 10
Number of employees (worldwide)	**4,806**	**4,628**	**4,853**	
Nationalities (worldwide)	88	n/a	n/a	
#MyVoice Annual Employee Survey				
Participation (as %)	82.0	82.0	74.0	
Q12 Engagement Score (target: maintain or improve compared to the previous year)	4.14	3.92	3.63	
Q12 Engagement Score (as %)	54.0	n/a	n/a	
DE&I score (target: maintain or improve compared to the previous year)	4.53	4.42	n/a	SASB TC-SI-330a.2
Accountability index	4.10	3.71	n/a	
Employees by gender				
Male employees	3,341	3,273	3,422	
Female employees	1,464	1,354	1,429	GRI 405-1
Diverse employees	1	1	2	
Employees by region				
NAM	614	643	601	
LATAM	110	118	109	
DACH	1,417	1,314	1,268	
thereof in Germany	1,366	n/a	n/a	GRI 405-1
thereof in Darmstadt	787	n/a	n/a	
EMEA	1,303	1,271	1,645	
APJ	1,362	1,282	1,230	
Employees by employment type and gender				
Full-time employees	**4,553**	**4,390**	**4,544**	
Male employees	3,268	3,202	3,327	
Female employees	1,284	1,187	1,215	
Diverse employees	1	1	2	GRI 405-1
Part-time employees	**253**	**238**	**309**	
Male employees	73	71	95	
Female employees	180	167	214	
Diverse employees	0	0	0	

[1] FTEs, adjusted for dormant employment contracts. Not including employees of FACT AG. There were no significant changes or seasonal fluctuations in the number of employees during the year.

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	2021	2020	2019	Assignment to reporting standards (GRI, SASB) and the UN SDGs
Gender distribution of employees				
Percentage of women in leadership positions (worldwide)	**21.3**	**21.1**	**n/a**	
Percentage of women in leadership positions one level below Management Board (worldwide)	27.8	26.5	n/a	SASB TC-SI-330a.3
Percentage of women in leadership positions two levels below Management Board (worldwide)	21.0	22.5	n/a	
Percentage of women out of total number of employees (worldwide)	**30.5**	**29.3**	**n/a**	
Supervisory Board by gender and age group (as %)				
Male	**50.0**	**83.3**	**83.3**	
<30	0.0	0.0	0.0	
30-50	0.0	0.0	0.0	
>50	50.0	83.3	83.3	
Female	**50.0**	**16.7**	**16.7**	GRI 405-1
<30	0.0	0.0	0.0	
30-50	16.7	0.0	16.7	
>50	33.3	16.7	0.0	
Diverse	**0**	**0**	**0**	
Management Board by gender and age group (as %)				
Male	**75.0**	**80.0**	**80.0**	
<30	0	0	0	
30-50	25.0	40.0	20.0	
>50	50.0	40.0	60.0	
Female	**25.0**	**20.0**	**20.0**	GRI 405-1
<30	0	0	0	
30-50	25.0	20.0	20.0	
>50	0	0	0	
Diverse	**0**	**0**	**0**	
Employees by gender and age group (as %)				
Male	**69.5**	**70.7**	**70.5**	
<30	10.2	10.6	10.4	
30-50	40.1	41.1	41.1	
>50	19.3	19.0	19.0	
Female	**30.5**	**29.2**	**29.4**	GRI 405-1
<30	6.5	5.9	5.5	
30-50	17.4	17.3	16.5	
>50	6.5	6.8	7.5	
Diverse	**0**	**0**	**0**	
Age group trend (as %)				
<30	16.7	16.7	15.9	
30-50	57.5	57.8	57.6	GRI 405-1
>50	25.8	25.5	26.5	
Comparison of CEO's remuneration with worldwide average full-time employee remuneration[1]				
CEO remuneration in € thousands	2,237	2,214	n/a	
Average salary in the second tier of management (worldwide) in € thousands	327	312	n/a	
Average employee salary (worldwide) in € thousands	84	83	n/a	
CEO pay ratio (CEO remuneration to average employee salary)	27:1	27:1	n/a	

[1] For further information, please refer to the Remuneration Report.

	2021	2020	2019	Assignment to reporting standards (GRI, SASB) and the UN SDGs
Employer attractiveness				
Number of new hires	707	651	n/a	GRI 401-1
Attrition rate (as %)	14.2	10.1	11.6	
External ratings				
Glassdoor (target: 4.2 by 2023 and 4.3 by 2025)	4.0	3.9	4.2[1]	
Kununu	3.8	3.7	3.8	
New hires by region				
NAM	106	n/a	n/a	GRI 401-1
LATAM	12	n/a	n/a	
DACH	122	n/a	n/a	
EMEA	198	n/a	n/a	
APJ	269	n/a	n/a	
New hires by region (as %)				
NAM	15	n/a	n/a	GRI 401-1
LATAM	2	n/a	n/a	
DACH	17	n/a	n/a	
EMEA	28	n/a	n/a	
APJ	38	n/a	n/a	
Next generation of talent				
Trainees and coop program students	79	65	55	
Interns and degree candidates (Bachelor's and Master's)	79	51	36	
Student employees	68	51	41	
Work-life balance				SDG 3
Work-life balance score	4.62	4.55	n/a	
Employee promotion & development				SDG 5
Growth Days				
Total number of training courses (iLearn)	1,800	1,700	1,800	
Satisfaction (average) with training courses (iLearn)	90.1	86.6	n/a	
Growth Days registrations	76,500	59,000	45,000	GRI 404-1
Growth Days learning time (hours/net)	253,500	175,000	147,000	
Growth Days learning time/employee (hours, net)	52.7	38.1	30.5	
Employee development discussions (EDD)				
Total EDDs	4,226[2]	n/a	n/a	GRI 404-3
Concluded EDDs	3,390	n/a	n/a	
Completion rate	80.2	n/a	n/a	

[1] As of December 31, 2019. The figures shown for 2020 and 2021 are average amounts.
[2] EDD forms were automatically rolled out to all employees in February. Exceptions include:
  a) Employees on maternity or parental leave, those on extended sick leave and semi-retired employees.
  b) Student interns and trainees.
  c) Consultants working for Software AG in Israel and for Software AG Government Solutions America who invoice their services.

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CUSTOMERS AND TECHNOLOGY

	2021	2020	2019	Assignment to reporting standards (GRI, SASB) and the UN SDGs
Product and service quality				
Starting 2022: net retention rate (target: 105% by 2025)	n/a	n/a	n/a	
Net Promoter Score in support cases	56[1]	54[2]	40	
Satisfaction with handling of support incidents (number of 5-star ratings on a scale of 1 to 5)	76.0	78.0	69.0	
Innovation and the impact of our products				SDG 9, 12
Ratio of R&D investments to total revenue (as %) (target: at least 17% by 2025)	18.1	17.2	14.7	
Starting 2022: rate of new logos that provide sustainability information (target: 50% by 2025)	n/a	n/a	n/a	

[1] The NPS for 2021 includes the months of March through December.
[2] The NPS score for 2020 includes the months of January through September 2020.

VALUE FOR SOCIETY

	2021	2020	2019	Assignment to reporting standards (GRI, SASB) and the UN SDGs
Tech for good				SDG 4, 9
University Relations Program				
Number of universities, colleges and vocational schools worldwide	2,026	1,700	1,850	
Number of countries	101	80	70	
Number of students reached in universities, colleges and vocational schools worldwide (target: 40,000 students by 2025)	29,220	25,000	24,700	
Research projects				
Percentage of research projects that align with the SDGs (target: at least 80% by 2025)	51.9	n/a	n/a	
Employee engagement and support of local communities				
Number of participants in the "Give Back to the World" initiative	n/a	94	500	
Number of countries participating in the "Give Back to the World" initiative	6	5	9	
Distance in kilometers through "Move Your Feet to Give a Hand"	10,176.6	4,341.0	10,208.0	
Donations raised through "Move Your Feet to Give a Hand" (in €)	22,000.00	22,500.00	43,500.00	
Donation funds				
Monetary donations in India[1] (in €)	233,000.00	96,385.00	30,120.00	
Monetary donations and donations in kind other countries[2] (in €)	216,016.00	160,363.00	202,478.00	

[1] Mandatory CSR tax, recorded after the actual donation payment date.
[2] Recorded for: Australia, Bahrain, Belgium, Denmark, Germany, Finland, France, United Kingdom, Ireland, Israel, Italy, Japan, Canada, Luxembourg, Netherlands, Norway, Austria, Portugal, Saudi Arabia, Sweden, Switzerland, Singapore, Spain, South Africa, USA, United Arab Emirates.

Organization	Committees	Role	SDGs
Stakeholder dialogue and government relations			**SDG 17**
BDI—National Association of German Industry	Committee for research, innovation and technology policy	Member	
	National research and innovation policy workgroup	Member	
	European research and innovation policy workgroup	Member	
	Expert Council "Modern State"	Member	
	Digital administration and federalism reform workgroup	Member	
	Artificial intelligence workgroup	Member	
Bitkom—Germany's Digital Association	Artificial intelligence workgroup	Member	
	Industry 4.0 market and strategy workgroup	Deputy chair	
	Research and innovation workgroup	Chair	
	Data policy and data spaces workgroup	Deputy chair	
	Public affairs workgroup	Member	
	Economic and innovation policy steering committee	Member	
	Open source workgroup	Member	
Platform Industry 4.0	Steering committee	Member	
	Research advisory committee	Co-chair	
	Sustainability taskforce	Member	
	Digital business models for Industry 4.0 workgroup	Member	
Plattform Lernende Systeme—Germany's Platform for Artificial Intelligence	Technology pioneers and data science workgroup	Member	
	Business model innovations workgroup	Member	

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IMPACT ON ENVIRONMENT

	2021[1]	2020[1]	2019	Assignment to reporting standards (GRI, SASB) and the UN SDGs
Energy and CO_2 emissions				SDG 12
Key indicators of energy consumption[2]				
Total number of employees	3,540	3,584	3,611	
Floor area in m²	86,838	88,145	80,167	
Energy consumption in kWh/year	7,173,580	8,303,691	10,265,223	GRI 302-1
kWh/m²/year	83	94	128	
kWh/EMPL/year	2,026	2,317	2,843	
Environmental footprint of the hardware infrastructure: energy				
Total energy consumption (gigajoules)	25,909	n/a	n/a	
Purchased electricity (gigajoules)	11,828	n/a	n/a	
Percentage of electricity	46	n/a	n/a	SASB TC-SI-130a.1
Consumption of renewable energy (gigajoules)	14,081	n/a	n/a	
Percentage of renewable energy	54	n/a	n/a	
Scope 1 emissions				
Software AG's direct CO_2 emissions[3] through heating buildings with gas for Darmstadt HQ				
Number of employees	787	881	862	
Gas consumption in m³/year	117,009	92,532	111,400	
m³/EMPL/year	148.7	105.0	129.2	GRI 305-1
t CO_2/year	234	185	223	
t CO_2/EMPL/year	0.3	0.2	0.3	
Scope 2 emissions				
Indirect energy-related CO_2 emissions[3] from energy consumption from Company-owned buildings[2], including energy consumption for Company-owned data centers (scope 2)				
Number of employees	3,540	3,584	3,611	
Floor area in m²	86,838	88,145	80,167	
t CO_2/year	1,527	1,622	2,204	GRI 305-2
t CO_2/EMPL/year	0.4	0.5	0.6	

[1] Due to the limitations imposed by the COVID-19 pandemic in fiscal years 2021 and 2020, the data provided here is only comparable with previous years to a limited extent.

[2] Locations for which no separate account data is available are not included. The data collected represents about 90 percent of Software AG's total floor area.

[3] Conversion to tons of CO_2 using the CO_2 calculator from klimaneutral-handeln.de.

	2021[1]	2020[1]	2019	Assignment to reporting standards (GRI, SASB) and the UN SDGs
Scope 3 emissions				
CO_2 emissions from business travel[2] (scope 3)				
Air travel (t CO_2)	52	155	1,471	
Train[3] (t CO_2)	0	0	6	
Rental car (t CO_2)	16	22	76	
Average number of leased vehicles	239	240	n/a	GRI 305-3
Kilometers driven	n/a	n/a	n/a	
Total emissions for leased vehicles in t CO_2	711	605	n/a	
Energy consumption and energy-related CO_2 emissions at external data centers				
Total number of external data centers	2	3	n/a	
Total energy consumption of external data centers in kWh	614,274	575,357	n/a	
Total emissions for external data centers in t CO_2	14	231[4]	n/a	
Natural resources and circularity				SDG 12
Paper consumed[5] in Germany				
Number of employees	1,417	1,315	1,268	
Sheets black	141,903	220,950	662,239	
Sheets color	312,190	352,279	776,566	GRI 301-1
Total sheets	454,093	573,229	1,438,805	
Total sheets/EMPL	320	436	1,135	
Hardware waste[6] in Germany				
Number of old devices	n/a	313	n/a	
Refurbishment rate as %	n/a	85.8	n/a	
Recycling rate as %	n/a	14.2	n/a	GRI 306-3
Savings through remarketing in t CO_2	n/a	65.4	n/a	
Water consumption				
Consumption indicators for Darmstadt HQ				
Number of employees	787	881	862	
m³/year	6,151	7,948	9,784	SASB TC-SI-130a.2
m³/EMPL/year	7.8	9.0	11.4	

[1] Due to the limitations imposed by the COVID-19 pandemic in fiscal years 2021 and 2020, the data provided here is only comparable with previous years to a limited extent.

[2] Figures are based on means of transportation booked by all employees in Germany.

[3] Since January 1, 2020, all local and long-distance train travel utilizes 100 percent green energy (zero CO_2 emissions).

[4] Due to a lack of specific emissions factors, conversion from kWh to t CO_2 was calculated overall for 2020 using the CO_2 calculator from klimaneutral-handeln. de. The emissions factor applied was therefore significantly higher than that of the electricty actually supplied by the provider.

[5] Consumption amounts are provided to Software AG by the provider and correspond to the digitally transmitted meter readings of the leased printer and multi-functional systems in Germany. The data provided by the external provider include estimates due to meter failures.

[6] Hardware waste disposal in Germany is handled entirely by certified waste management companies. They are responsible for lawful, audit-compliant and certified deletion of data and destruction of data carriers in compliance with all data protection and security aspects. The process is monitored seamlessly up to recycling or refurbishment. Software AG had not received the waste management company's environmental report for 2021 by the date this report was prepared.

Rounding could lead to deviations in a few cases.