

NON-FINANCIAL REPORT

Separate non-financial report for Heidelberger Druckmaschinen AG and the Group

In accordance with sections 315b and 315c in conjunction with sections 289b to 289e of the German Commercial Code (HGB), Heidelberger Druckmaschinen AG is publishing a separate combined non-financial report (hereinafter: non-financial report) for the financial year 2020/2021 (April 1, 2020 to March 31, 2021). Unless stated otherwise, the disclosures made in this report relate to the companies included in the scope of consolidation of the consolidated financial statements. These disclosures therefore apply equally, unless otherwise indicated, to Heidelberger Druckmaschinen AG and the Group ("Heidelberg", "Heidelberg Group", "the Company").

References to information outside of the combined management report constitute information beyond the mandatory disclosures as per HGB and are not part of this non-financial report.

Due to the quantity and heterogeneity of the existing frameworks and the fact that the Company is still in the process of extensive reorientation, including the structuring of its ESG activities, this non-financial report for the financial year 2020/2021 has been compiled independently of frameworks on the basis of the statutory requirements. The non-financial report was subjected to a voluntary business audit with limited assurance according to ISAE 3000 (Revised). Selected voluntary report contents such as water consumption, CO₂ emissions, waste and the recycling rate were not part of the audit and are clearly identified by an asterisk. The scope of the audit and the audit opinion are described in the auditor's report on pages 11 and 12.

Relevant aspects of this report

The legal requirement groups the reported content on the five minimum aspects: environmental issues, employee issues, social issues, preventing bribery and corruption, and respect for human rights.

For the Group, the non-financial aspects requiring disclosure were identified according to the double materiality provision of section 289c (3) HGB in the respective departments and assigned to the reportable minimum aspects as follows:

- Environmental issues: energy
- Employee issues: employee development/qualification and occupational health and safety
- Preventing bribery and corruption: expansion of compliance program
- Respect for human rights: designing the implementation of the German Supply Chain Act

In addition, the non-financial report contains the required disclosures on the business model and the measurement of non-financial risks.

Taking the business and impact relevance of the HGB double materiality provision into account, the social issues aspect is not currently a material aspect for the Heidelberg Group. However, social engagement has always been part of Heidelberg's basic understanding or corporate responsibility. We therefore also relate selected information on social issues in this report in the context of voluntary reporting. We thus report more than the minimum legal requirements of the German CSR Directive Implementing Act.

Risk measurement

According to the Group-wide early warning system, in the Management Board's estimation and after accounting for risk-mitigation measures, no reportable risks were identified in the current forecast period that are associated with the Company's own business activities, business relationships, products or services, and that are very likely to have severe negative effects on the material aspects. Since the outbreak of the COVID-19 pandemic began in the first quarter of the 2020 calendar year, Heidelberg has been focused on guaranteeing the safety and health of its employees, the functionality of its operating networks and fulfilling the needs of its customers as well as possible under the difficult circumstances. The development of infection rates and the progress and success of the vaccination campaigns are hard to predict. Based on the experience of the first year of the pandemic, however, the COVID-19 pandemic is not con-

sidered as having a significant negative impact on the material aspects of this report. The description of our opportunity and risk management system and the Group's opportunity and risk report can be found on pages 50 to 59 of the 2020/2021 combined management report.

Sustainability strategy

For Heidelberg, sustainability means combining long-term business success with ecological and social responsibility. Attention to sustainability aspects is part of the Group's environmental standards and our standards of conduct as they apply to our products, our production processes and our supply chain and as regards our interactions with each other and our partners. Compliance with standards of conduct and environmental standards is mandatory throughout the Group, and is set out in the Heidelberg Group's environmental policy and in our Code of Conduct, both of which can be found on the Heidelberg website.

Business model

Heidelberger Druckmaschinen Aktiengesellschaft is a reliable and highly innovative partner to the global printing industry. We have been synonymous with quality and future viability for more than 170 years. This means that we are a company with a long tradition, but at the same time we help define the future trends in our industry thanks to state-of-the-art technologies and innovative business ideas. Our mission is to shape the digital future of our industry. We also seek to open up new business areas on the basis of our technological expertise.

Our core business is oriented toward the needs of our customers in our target markets of packaging and advertising printing. We play a leading technological role with our integrated range of solutions and new digital business models. In doing so, we focus on the systematic end-to-end digitization of customer value creation, with a particular view to integrated and automated system solutions for machines, software, consumer goods and services. We are also using an open industry platform to connect all of the relevant systems in the printing industry.

With our technology leadership in our core business and a focus on digitization, we are addressing a global market that offers strong foundations for our products and ser-

vices thanks to an annual print production volume of almost € 400 billion in packaging, advertising and label printing.

We are also addressing new markets thanks to our comprehensive technological know-how. In the e-mobility market, for example, our power electronics expertise has allowed us to establish ourselves as a leading provider of charging systems. Our printing technology has also enabled us to enter the production of printed organic electronics, a future market with great potential.

With a market share of more than 40 percent for sheet-fed offset presses, we were able to consolidate our position as the printing industry's market and technology leader in the current financial year as well. Consolidated sales amounted to € 1.9 billion in the financial year 2020/2021. Together with our sales partners, around 10,200 employees in total at 250 production sites in 170 countries around the globe ensure the implementation of our customers' requirements and our continuous development on the market.

Further information on our Company can be found under "Basic Information on the Group" on pages 18 to 33 of the 2019/2020 combined management report.

Environmental issues

Group-wide ecological goals and issues are defined by the Eco Council, which is headed by the Management Board member responsible for environmental issues, and whose members include the environmental management officer and representatives from the areas of Production, Digital Technology, Product Development and Product Safety, Life-cycle Solutions (Service, Consumables), Quality, Investor Relations/Communications, Legal and Site Management. The content of our activities is defined by our environmental policy, which is geared towards raising awareness, conserving resources and resource efficiency. The Heidelberg Group's environmental policy can be found on the Company's website: www.heidelberg.com/eco. The interdisciplinary Eco Steering Committee advises the Eco Council, bundles networking activities, proposes an environmental strategy and program, and oversees their implementation in the individual areas. The measures described below form part of this strategy and serve to reduce the environmental impact. Other committees and working groups focus on key subjects. Compliance with legal requirements for

operation and product-related environmental protection is a matter of course for Heidelberg. We regularly coordinate the implementation of measures in both focus areas throughout the Group and prepare Group standards. Because of our production sites with high vertical integration, we have identified energy as a material environmental issue. The provision of the building infrastructure plays a central role in this area. The efficient use of space leads to cost savings and, in particular, energy efficiency. As such, we have given this topic particular priority and are implementing it in the form of projects aimed at site and structural optimization. In the past financial year, we began clearing four assembly halls in older buildings at the Wiesloch-Walldorf site and relocating the respective workstations to more modern facilities. The space of around 130,000 square meters was sold to an investor who will probably demolish the halls and construct new facilities for future use as an industrial park. This measure alone is expected to reduce the quantity of natural gas purchased at the production site by around 30 percent in the future. We have been pursuing the same strategy at our Heidelberg site for some years: The last building at the site, the Print Media Academy, was also sold in the past financial year after the few remaining workstations had been integrated into the Wiesloch-Walldorf site. Although the measures taken will have a prompt impact, they will not be reflected in the Group's energy footprint until the coming year. The impact of the COVID-19 pandemic on the energy footprint is difficult to predict. While reduced in-person workplace attendance is expected to have a positive effect, the increased ventilation that is reported means higher heat consumption.

Energy monitoring system

Since 2013, we have established an energy monitoring system at our major German production and development sites (Wiesloch-Walldorf, Amstetten and Brandenburg), which we use to record and analyze energy consumption and flows. Our site in Shanghai was integrated into the system in 2019 and is in the process of automating its energy monitoring system further. Taken together, these locations are responsible for over 90 percent of the Heidelberg Group's energy consumption. We currently have over 1,300 integrated measuring points and are working continuously to refine the meter infrastructure and define significant energy loads. The transparency thus gained will enable us to reduce energy consumption and the associated environ-

mental impact of the transformation, transport and distribution of energy. In addition, the system helps us to identify potential savings and to take environmental issues into account in the decision-making processes. Due to the requirement to report third-party electricity separately, the period under review saw us upgrading from the ECON 3.0 software to the new version, ECON 4.0, which has considerably extended functions, and migrating the system to a new server that offers even greater security with regard to data protection in particular. This means we are using state-of-the-art software that will also meet future requirements, such as being accessible using mobile devices.

Careful use of energy as a resource

In order to heighten awareness of the responsible use of energy as a resource from the beginning of young people's careers, Heidelberg has for some years been participating in the nationwide "energy scout" projects led by the responsible Chambers of Industry and Commerce at the Wiesloch-Walldorf and Amstetten production sites. This topic is supported and promoted by the Management Board and senior management. As the program led by the Chambers of Industry and Commerce is limited to two trainees, Heidelberg has decided to extend this opportunity to more employees in the coming financial year 2021/2022. In early 2021, a kick-off workshop was held with 14 trainees under the patronage of the Head of Production. Between March and July 2021, the energy scouts will begin their work in the respective areas and cooperate on projects to improve energy efficiency, with a particular focus on controlling and optimizing hall lighting. In the new training year, the baton will be passed on to the next generation of trainees who will continue the work on the respective topics.

Certification (ISO 9001/14001/50001)

As a Company that has been certified for many years – including our six development and production sites in Germany and our production site in China – we are continuously improving. The certification process allows us to identify and rectify error sources at an early stage and identify rationalization potential. This internationally recognized certification will also improve our image with customers, partners and the public, reduce our liability risk and provide us with greater legal security. The extended requirements of the revised ISO 9001:2015 and 14001:2015 standards have been integrated into our operating procedures for some time now. We raise awareness of the signif-

	2017/2018	2018/2019	2019/2020	2020/2021
Energy in GWh/a ¹⁾	290	290	274	244
Energy in GWh/a (weather-adjusted) ^{1) 2)}	288	303	283	260
Water in m ³ /a*	207,903	227,710	193,760	149,169
CO ₂ emissions in metric tons ^{3) *}	105,153	105,418	94,299	79,533
Waste in metric tons*	35,980	41,545	34,247	24,650
Recycling rate in percent*	96.36	97.53	96.08	95.75

* Voluntary disclosure, not checked by auditor

¹⁾ Total energy supply at the WIE, HEI, AMS, BRA and QIN production sites, incl. vehicle fleet and Wiesloch-Walldorf in-house filling station

²⁾ In accordance with VDI 2067, the heating energy supplied was adjusted based on the degree days figure of the Heidelberg production site

³⁾ CO₂ emissions resulting from energy supply are based on information from the respective electric utility at the particular production site; other emissions are based on GEMIS

icant environmental impact made by the divisions by actively involving certification officers and other employees. For controllable processes/activities, we promote the initiation of measures to reduce the environmental impact or improve the environmental performance. The management evaluation process gives us the feedback we need to make readjustments when required and integrate modifications into the planning process as necessary. The Langgöns site will also be certified in accordance with ISO 14001 in the coming financial year, meaning that all of Heidelberg's production sites will be certified via a combined QM and UM management system (ISO 9001 and ISO 14001). Our Amstetten site, where we operate our foundry, uses energy most intensively and has been certified according to DIN ISO 50001 since 2012.

Environmental figures

The table above includes the five largest development and production sites (Wiesloch-Walldorf, Amstetten, Brandenburg, Heidelberg, Shanghai), which cumulatively account for over 90 percent of Group-wide energy consumption. The first row, "Energy in GWh/a", shows the volume supplied or consumed at the respective production sites, including electricity, natural gas, heating oil and district heating as well as diesel and gasoline consumption for internal logistics and our vehicle fleet. The second row, weather-adjusted energy consumption, normalizes the proportion of energy that is heating-related and hence weather-dependent. This is based on a ten-year average of the

degree days figures for the certified weather station in Heidelberg.

We also publish additional key figures for the sites listed above, such as water consumption, the CO₂ emissions of the energy volume reported in the first row, and the waste volume and the corresponding waste recycling rate in order to enable a differentiated analysis beyond the topic of energy.

Employee issues

There is currently no overarching concept for employee issues for the Heidelberg Group as a whole because the starting position varies from region to region. Our reporting on employee issues therefore concentrates on Heidelberger Druckmaschinen AG, meaning it covers the clear majority of the Group's employees. We intend to make our HR management successively more global and international in the future, and we have begun rolling out a uniform Group-wide HR IT tool. Group-wide management guidelines are already established for this purpose on the basis of the global HR business mandate. Because of their disparity in terms of the number of employees and the local statutory requirements, the subsidiaries are currently managed individually but coordinated centrally. The local management of each Group company reports relevant issues to the responsible HR managers at Heidelberger Druckmaschinen AG. On the Heidelberg Group's Manage-

ment Board, the Chief Financial Officer has also held the post of Chief Human Resources Officer since February 2020. He is reported to directly by the Heidelberg Group's general HR manager, who regularly attends Management Board meetings to report on and address employee issues. In addition, employee issues are regularly reported to and discussed by the respective local Works Council committees and, at an overarching level, by the Economic Committee of the Company in accordance with section 106 of the German Works Constitution Act (BetrVG).

The corporate culture is founded on the Company-wide Code of Conduct, in which the Company commits to respectful cooperation. The Code is flanked by an extensive set of guidelines that are published and accessible on the intranet.

The aims of our HR work are to have qualified staff at our disposal for our business requirements and to keep our employees healthy and motivated. To ensure the availability, motivation and qualification of our employees and promote their health and wellbeing, we place particular emphasis on balanced demographic and diversity management, training, and occupational health and safety as described in greater detail below. The objectives, the form and the enhancement of these topics also regularly form part of the meetings between the respective committees and the Management Board member with responsibility for personnel matters.

Focal points adjusted due to the pandemic

The pandemic has had a huge impact on sales and earnings. The aim is to minimize the impact of the pandemic, by maintaining, for example, production and service calls thanks to a specially designed hygiene concept and protective measures, such as the self-testing kits that have been provided to all employees working on-site since March 2021. Another aim is to return to full capacity following the end of the pandemic in the assumption that the markets will recover.

Due to the pandemic, some of our focal points in terms of employee concerns were different to the original plan. The main priority was the work of the pandemic team, which is responsible for implementing and safeguarding the health measures and making the necessary decisions in connection with the adverse effects of the pandemic. Adverse effects are considered to include market reactions in the form of lower sales as well as restrictions in the form of occupational safety requirements and statutory orders,

such as curfews and restrictions on international travel (such as for service engineers and salespeople). Two crisis teams were established and meet on a regular basis. One bundles the global organization and focuses on events outside Germany, while the other concentrates on Germany and focuses on the plants. By ensuring that its members cover all of the relevant functions, each of the crisis teams has an overview of specific cases and the infection rate within the Company at all times, thus enabling the impact on production or service to be assessed. The crisis teams also assess the ability of suppliers to deliver, the risks in relation to occupational safety, and the situation in society as a whole (impact of the COVID-19-related regulations and requirements). The Chief Executive Officer personally and the relevant senior management functions are involved either as participants or as persons who are required to be informed immediately. Events between the regular team meetings were discussed by e-mail in order to enable the necessary actions to be taken at all times.

Protecting employee health and remaining operational on a sustainable basis were given top priority. The pandemic plan (valid as a pandemic business plan on the basis of occupational safety in accordance with Decision 609 of the Committee on Biological Agents (ABAS)) governs the convocation and authority of the pandemic team and the organizational responsibilities and rules of conduct through to the specifications for emergency operation. Activities primarily focused on the revision of the operational pandemic plan based on an assessment of the situation and updating the occupational safety activities, particularly the risk assessment and its communication and implementation. Extensive infection protection measures (disinfection facilities, workplace concepts with physical separation and staggered starts and finishes, provision of protective masks, hygiene concepts for workstations and communal areas, etc.) were introduced on the basis of the pandemic plan and the updated official guidelines in the form of the Coronavirus Occupational Health and Safety Regulation (Corona-ArbSchV) and the infection protection regulations. At the same time, the expansion of short-time work served as a socially compatible means of cushioning the economic impact of the downturn in sales due to the pandemic and the necessary reduction in employment as a result.

The downturn in sales and the excess capacity resulting from the COVID-19 crisis were cushioned by the introduction of short-time work. Activities in this area concentrated

on the formation of corresponding short-time work “clusters”, the preparation of the necessary works agreement, the notification of the German Federal Employment Agency and the administrative processing of the compensation payments in connection with short-time work with a view to protecting employment and absorbing the impact in a socially compatible manner.

The necessary conditions in the IT infrastructure (hardware, software, regulations) were also established in order to enable employees to work remotely, i.e. from home. This new form of work will be retained in some cases even after the end of the pandemic. An employee survey was conducted in order to collect and analyze the individual experiences of employees and managers as the basis for a central works agreement. This central works agreement is planned.

To prevent the risk of infection, we also implemented flexible working time models (staggered working times), physical separation (partitions to prevent face-to-face contact) and the provision of corresponding hardware (laptops for working from home) in the respective organizational units.

Above and beyond this, employee issues in the financial year 2020/2021 were largely shaped by the severance plan for the workforce reduction that was negotiated and agreed in May 2020. The severance plan serves as a response to the business policy decisions concerning products and production scopes on the basis of the works constitution. In March 2020, Heidelberg informed the Economic Committee in accordance with section 106 BetrVG of its plans to discontinue two printing press product series, thus necessitating the procedure set out in section 111 BetrVG. In light of the age structure, instruments involving partial retirement arrangements were also devised in order to allow the loss of knowledge and experience resulting from a workforce reduction to be planned. Placement in the employment market is established through the use of the social policy instruments of a transfer company. The performance of the workforce reduction measures and the necessary talks were prepared using training measures on the content and structure of the HR instruments. The Management Board and the Works Council communicated the necessary information in several video messages, as in-person events were not permitted on account of the pandemic.

Demographic management

Demographic management remains a focal point of HR policy. The instruments set out in the severance plan will involve older and more experienced employees in particular leaving the Company (including partial retirement in some cases). This will mean the loss of knowledge and experience. However, partial retirement in particular means this loss can be planned and the respective knowledge can be transferred to other employees. At the same time, the framework paper on restructuring includes an agreement with the social partner that the proportion of apprentices will be maintained in order to ensure the continued influx of highly qualified specialists with vocational training in the future. Retaining talented young employees was another selected focal point. A “young talent program” based on an exchange format was used to familiarize younger university graduates in the workforce with the Company’s objectives, position and topics of interest. This is intended to ensure their loyalty to the company even in critical phases. When it comes to securing the Company’s future development, the target group of young top performers is a key element of retention management.

As part of the further development of remuneration, the sales commission model was reorganized in order to incentivize the targets adopted as part of the annual target agreement process (sales, margin, product mix). This was preceded by the global “Fit4Sales” training program (“Sales Academy”), the introduction of a performance management process, and the implementation of a uniform IT platform for sales management (Salesforce). The “Sales Academy” provides sales employees with modular training on products, product benefits, sales methods and contract design.

The advancement of women is an ongoing task. A new edition of the “Cross-Company Mentoring Program” – a project conducted together with other companies in the metropolitan region – has been launched with this in mind. We pressed ahead with our “WIN@Heidelberg” diversity program, which is aimed at developing and advancing talented female employees and harnessing the diversity within the Company. In light of the prevailing circumstances, most of the activities took place online. This women-focused (not women-only) network is aimed at driving professionalization through the exchange of ideas, the discussion of relevant topics and learning from one another.

Employee figures

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Number of employees (at end of reporting period; excluding trainees)	11,511	11,563	11,522	11,316	10,212
Trainees	323	311	329	326	326
Specialized training days	12,831	11,321	12,218	8,298	2,980
Turnover rate in percent ¹⁾	1.6	1.5	2.0	3.7	13.3
Average seniority (in years)	19.3	19.9	19.9	20.3	21.3
Percentage of female employees	15.8	15.9	16.1	16.7	16.3
Percentage of part-time employees (excluding partial retirement)	5.2	5.8	6.7	6.5	6.0

¹⁾ Employees leaving the Company not including temporary contracts coming to an end, not including transfers, including those entering the resting phase of partial retirement at Heidelberger Druckmaschinen Aktiengesellschaft, and including operational redundancies

Qualification of the next generation

Heidelberg has traditionally placed considerable emphasis on in-house vocational training. Every year, around 100 young people are appointed and welcomed as future employees with a view to developing them into skilled workers in the various training occupations or providing them with qualifications through dual study programs. In-house vocational training helps Heidelberg to maintain the level of qualification that is required for its technologically advanced products and processes. As such, qualifying the next generation is in the Company's own interests as a way of ensuring that fluctuation is dealt with by ensuring high-quality replacements. A demographic radar is used to analyze the requirements in the individual professions with a view to the age pyramid within the Company and forms the basis for strategic training planning.

In Germany, Heidelberg trains young people in more than ten different occupations and numerous fields of study in partnership with universities that offer dual study programs. Besides the acquisition of specialist knowledge and professional qualifications, the young people are helped to develop their skills in an independent and holistic manner. The pandemic required teaching and learning concepts to be switched to digital formats for distance learning at extremely short notice in order to ensure minimal disruption to training operations.

Encouragingly, the proportion of young women has increased in recent years. They currently account for almost 18 percent of trainees and dual studies students. In addition to professional qualification, we focus on promot-

ing social aspects. For example, a socio-educational introductory seminar for new trainees encourages the capacity for teamwork, working in small groups, and independent project-based work. It is also a long-standing tradition for all trainee intakes to carry out social projects and collect donations for social projects by selling their own hand-made items at Christmas markets. Healthy nutrition and physical mindfulness are already established in the form of a sports and nutrition day for each trainee intake.

Sustainable occupational health and safety

The objective of sustainable occupational safety is to identify, evaluate and reduce risks.

Heidelberg is committed to occupational safety and the prevention of accidents in the workplace throughout the Group. To this end, the occupational safety requirements called for by law and the employers' liability insurance association are implemented and individual regulations are concluded.

For example, the German production sites use standardized software to document risk assessments, which are prepared with the involvement of the occupational safety specialists. Among other things, these risk assessments are used to develop occupational safety measures. Standardized software also helps to promote a common understanding of occupational safety topics.

The occupational safety specialists at the German production sites also regularly discuss occupational safety-related topics and coordinate measures to be implemented on a cross-site basis. The body serves as an information

platform for the German and international production sites alike. The responsible Management Board member according to the allocation of duties is provided with regular information on the activities of the body, such as in the form of an annual report.

The average accident rate per one million working hours at the largest German production sites increased from 10.2 (2019: 87 reportable workplace accidents) to 11.9 (2020: 73 reportable workplace accidents). The absolute number of reportable workplace accidents fell by 16 percent. Among other things, the increase in the rate is due to the lower number of hours worked.

Heidelberg is therefore slightly above the industry's average accident rate of 11.7 in 2019 (source: German Employers' Liability Insurance Association of the Wood and Metal Industry (BGHM)). The data for our accident statistics is based on the calendar year and not the financial year, as the reporting period for the comparative sources is the calendar year; it includes the largest German production sites by number of employees, namely Wiesloch-Walldorf, Amstetten, Brandenburg and Ludwigsburg, which are allocated to BGHM.

In the financial year, occupational health and safety was faced with particular challenges as a result of the COVID-19 pandemic. The safety management panel prepared a Germany-wide risk assessment on the basis of statutory provisions such as the SARS-CoV-2 Occupational Health and Safety Standards and SARS-CoV-2 Occupational Health and Safety Regulation of the German Federal Ministry of Labor and Social Affairs (BMAS) and the guidelines issued by the employers' liability insurance associations. The protective measures necessitated by the pandemic were coordinated with the crisis unit and implemented with a view to minimizing the residual risk of infection. Among other things, disinfectants and masks were provided and working from home was facilitated or extended in administrative areas.

A COVID-19 information platform on the intranet is continuously updated and provides comprehensive information about the latest developments, guidelines and protective measures.

We also provide care and support for employees in special situations. We work with regional organizations from

the social sector to assist people with addiction problems or other specific issues. This help can be accessed discreetly and individually via the Company medical service.

The WIEfit health center that was established in 2017 at our largest production site, Wiesloch-Walldorf, was only able to operate at certain times and under certain conditions in the financial year 2020/2021 due to the pandemic and the accompanying restrictions. Accordingly, the number of members and users declined significantly to around 250. As soon as the situation and the COVID-19 regulations allow, we will resume operations and offer not only conventional fitness training, but also prevention courses (for example, stress management through progressive muscle relaxation, yoga, back fitness, fascia training and functional training) and integrated physiotherapy in particular. In addition to promoting employees' wellbeing and physical fitness, the targeted treatment of musculoskeletal disorders is an important factor in reducing absences from work due to illness, particularly with a view to the age structure of the Company.

At the other sites at which Heidelberg has introduced the WIEfit principles where possible in terms of equipment and the number of employees, most of these activities were also required to be temporarily suspended in light of the impact of the COVID-19 pandemic and the corresponding regulations.

The WIEfit Healthy Eating concept that was introduced in February 2017 and that continued in the financial year 2020/2021 is now an established and well-accepted element of the food selection. In the year under review, the food selection and its provision were modified slightly to reflect the official regulations in connection with the COVID-19 pandemic, such as temporarily removing the salad and vegetable bar in response to the prohibition on buffets, as well as the increased use of short-time work and working from home at various times. In addition to a traditional main meal, a varying range of salads are currently available every day and vegetarian/WIEfit dishes are offered several times a week. There are plans to expand the range of vegetarian and vegan dishes even further as "normal operations" resume.

Social issues

As a global Group, Heidelberg wishes to contribute to regional economic development with its locations, employees and suppliers and thus make an indirect contribution to the prosperity of society and individuals. The Company exerts a direct influence with targeted social engagement, which is planned and managed locally by the respective Company units. Although this aspect is not a material aspect for the Heidelberg Group as defined by HGB, examples are demonstrated in this report.

Heidelberger Druckmaschinen AG focuses its social activities on education projects and is active in this field with its own projects and as a “Knowledge Factory – Companies for Germany” partner. With the help of its trainees, Heidelberg supports projects at 12 schools that give children hands-on experience of technology and science. Heidelberg’s Brandenburg production site is committed to the “Round Table for Youth and Business for Brandenburg”, whose goal is to improve the development prospects of young people, and is also involved in “Youth Science” as a regional sponsor company. We also support local projects and institutions at our international production sites.

The educational concept at Heidelberg encompasses not just subject-based learning but also the social and personal aspects of education. For this reason, a joint induction and project work week for all new trainees and students is typically held at the beginning of each training year and the social projects developed here are subsequently implemented. In the year under review, the concept was adapted in response to the pandemic situation as it was not possible to carry out social projects with facilities such as daycare centers, care homes, etc.

The traditional Christmas projects were realized thanks to the commitment and resourcefulness of the trainees: They sold their products from a window hatch on four days in December rather than at the canteen and the Wiesloch Christmas market as is customary. The proceeds of € 2,500 benefited deprived families in Wiesloch and the surrounding area as usual.

Preventing bribery and corruption

As part of the enhancement of its compliance management system (CMS), the Heidelberg Group further expanded its compliance measures and controls with a view to identifying compliance misconduct and violations at an early stage and preventing them in order to minimize liability and reputational damage to the Heidelberg Group and its employees, managers and executive bodies. This focused on the continued development of the compliance program, including with a view to preventing bribery and corruption. To this end, the internal stakeholders are currently being integrated into the process and the further development of the compliance program is being agreed upon and coordinated in order to ensure timely implementation. In addition, the central Compliance Office and the regional compliance officers are available to the employees, managers and executive bodies of the Heidelberg Group for all issues relating to compliance law. Compliance misconduct and violations can also be reported via various channels, including anonymously to the Heidelberg Group’s ombudsman. This is intended to ensure early reporting and seamless clarification. In this connection, the Management Board expressly commits itself to systematically pursuing and punishing compliance misconduct and violations, particularly with regard to bribery and corruption.

A comprehensive compliance risk analysis was also initiated in the financial year 2020/2021 in order to identify and assess potential compliance risks and manage them by means of effective and appropriate compliance measures and controls.

In the financial year 2021/2022, the training documents will be updated to reflect new guidelines and training programs will continue to be established. This is intended to reinforce the ability of the employees, managers and executive bodies of the Heidelberg Group to act autonomously, with integrity and in accordance with the law in their business activities and decisions. Preventing bribery and corruption will remain a key focal point of the Heidelberg Group’s compliance program in the future.

Respect for human rights

The Heidelberg Group is committed to and works to ensure compliance with the internationally recognized principles of human rights. Protecting and respecting human rights is an elementary component of the Heidelberg Group's system of values. The principles of respect for human rights are set out in the Heidelberg Group Code of Conduct. Among other things, the Code of Conduct includes commitments to eliminate forced labor and child labor, to ensure freedom of association and collective bargaining, to eliminate discrimination, to ensure protection in the workplace, and to prevent bribery and corruption. In addition, the Heidelberg Group has integrated the four fundamental principles of the International Labour Organization into its Code of Conduct. Human rights in particular provide a binding framework and a guide for the activities and decisions of the employees, managers and executive bodies of the Heidelberg Group. The Heidelberg Group has also integrated these commitments into its Business Partner Code of Conduct. The implementation and Group-wide roll out of the Business Partner Code of Conduct allows the Heidel-

berg Group to ensure that its efforts to ensure compliance in its supply and production chains are expanded and strengthened further. It also helps to ensure that business partners share and promote the values and principles of the Heidelberg Group, particularly with regard to respect for human rights. The Heidelberg Group also pursues the goal of promoting and supporting free and fair competition. With regard to the Business Partner Code of Conduct, the Heidelberg Group reserves the right to review compliance with the Business Partner Code of Conduct.

A project aimed at ensuring compliance with human rights in the supply chain was initiated in conjunction with the Procurement department in the financial year 2020/2021. In particular, the new requirements for the Heidelberg Group were developed with the internal stakeholders and potential measures such as IT-based processes were addressed. This will continue in the financial year 2021/2022, taking into account the statutory developments relating to the German Supply Chain Act. In this way, the Heidelberg Group aims to ensure compliance with human rights and the accompanying principles.

Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting¹⁾

To Heidelberger Druckmaschinen AG, Heidelberg

We have performed a limited assurance engagement on the summarised separate non-financial report pursuant to §§ 289b Abs. 3 and 315b Abs. 3 HGB ("Handelsgesetzbuch": "German Commercial Code") of Heidelberger Druckmaschinen AG, Heidelberg (hereinafter the "Company") for the period from 1 April 2020 to 31 March 2021 (hereinafter the "Non-financial Report").

Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Non-financial Report in accordance with §§ 315c in conjunction with 289c to 289e HGB.

This responsibility of Company's executive directors includes the selection and application of appropriate methods of non-financial reporting as well as making assumptions and estimates related to individual non-financial disclosures which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal controls as they have considered necessary to enable the preparation of a Non-financial Report that is free from material misstatement whether due to fraud or error.

Independence and Quality Control of the Audit Firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis – IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the information in the Non-financial Report based on the assurance engagement we have performed. Within the scope of our engagement we did not perform an audit on external sources of information or expert opinions, referred to in the Non-financial Report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from 1 April 2020 to 31 March 2021 has not been prepared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

In a limited assurance engagement, the assurance procedures are less in extent than for a reasonable assurance engagement, and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Inquiries of the Company's management and personnel involved in the preparation of the Non-financial Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Non-financial Report
- Identification of the likely risks of material misstatement of the Non-financial Report
- Analytical evaluation of selected disclosures in the Non-financial Report
- Comparison of selected disclosures with corresponding data in the financial statements and in the management report
- Evaluation of the presentation of the non-financial information

¹⁾ PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the combines separate non-financial report and issued an independent assurance report in German language, which is authoritative. The following text is a translation of the independent assurance report.

Assurance Conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from 1 April 2020 to 31 March 2021 has not been prepared, in all material aspects, in accordance with §§315c in conjunction with 289c to 289e HGB.

Intended Use of the Assurance Report

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company about the results of the limited assurance engagement. The report is not intended for any third parties to base any (financial) decision thereon. Our responsibility lies only with the Company. We do not assume any responsibility towards third parties.

Frankfurt am Main, 21 May 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

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Wirtschaftsprüfer