

## 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 financial year 2019/2020 (April 1, 2019 to March 31, 2020). 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 Group management report constitute information beyond the mandatory disclosures as per HGB and are not part of this non-financial report.

Due to the large number and heterogeneity of the existing frameworks and the fact that the company is currently undergoing a comprehensive realignment, this non-financial report for financial year 2019/2020 was 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, CO<sub>2</sub> 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 content reported on according to the five minimum aspects: environmental issues, employee issues, social issues, preventing bribery and corruption, and respect for human rights. This year’s report also addresses the topic of promoting free and fair competition, which was a priority task of our compliance department.

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 training program and consulting services
- Respect for human rights: update and amendment of the Code of Conduct
- Promoting free and fair competition: rollout of the Business Partner Code of Conduct, expansion of compliance in the supply and production chain, implementation of a Group-wide antitrust law program

In addition, the non-financial report contains the required disclosures on the business model and on 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 that are very likely to have severe negative effects on the material aspects. Since the spread of the COVID-19 pandemic began in the first calendar quarter of 2020, Heidelberg has focused on ensuring the health and safety of its employees and the functionality of its operational networks, as well as on meeting

customer needs as well as possible under the difficult circumstances. At the time this report was completed, the uncertainties regarding the duration and extent of the negative effects of the COVID-19 pandemic made it difficult to make a serious assessment of the impact on the key aspects.

The description of our opportunity and risk management system and the Group's opportunity and risk report can be found in the 2019/2020 Group management report on pages 53 to 63.

## 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, among other things, 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. For more than 170 years we have stood for quality and future viability. 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 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 system solutions for machines, software, consumer goods and performance services.

With our technology leadership in our core business and a focus on digitization, we are addressing a global market where experts expect to see moderate growth in the coming years, with strong foundations for our products

and services thanks to an annual print production volume of over € 400 million in packaging, advertising and label printing.

We are also addressing new markets beyond the printing industry. For example, we have successfully established ourselves in the e-mobility market with our expertise in power electronics. Our printing technology also gives us access to 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 almost € 2.35 billion in financial year 2019/2020. Together with our sales partners, around 11,300 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 23 to 38 of the 2019/2020 Group 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, Lifecycle Solutions (Service, Consumables), Quality, Investor Relations/Communications, Legal, and Facility Management.

The content of our activities is defined by our environmental policy, which is geared towards raising awareness, conserving resources and ensuring resource efficiency. The Heidelberg Group's environmental policy can be found on the Company's website: [www.heidelberg.com/eco](http://www.heidelberg.com/eco).

The interdisciplinary Eco Steering Committee advises the Eco Council, proposes an environmental strategy and program, and oversees their implementation in the individual areas. 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.

### Energy monitoring system

Since 2013, we have established an energy monitoring system at our major German production and development sites (Wiesloch-Walldorf, Amstetten, Brandenburg and Heidelberg), which we use to record and analyze energy consumption and flows. 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 metering infrastructure and define significant energy loads. By integrating the innovation center at the Wiesloch-Walldorf site, we have systematically continued on this path and established a detailed metering infrastructure with around 300 measuring points. This means it is possible to track energy flows into individual quarters and visualize and analyze them via the energy monitoring system for the first time. The transparency thus gained will enable us to reduce energy consumption and the associated environmental 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. The production site in China will also be integrated into the energy monitoring system in the current year.

### 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 year, two trainees at the Wiesloch-Walldorf production site addressed the topic of LED lighting. Hall 12 (manufacturing) was fully converted to LED lighting. The energy monitoring system allowed the reduction in energy consumption to be tracked transparently. The savings were achieved

by reducing the connected load using LED technology as well as introducing smaller-scale zoning so that the lighting in specific areas can be switched on and off individually. All in all, this project has significantly improved the lighting quality in the workplace while lowering the energy consumption for lighting by around 60 percent. As we estimate lighting at the Wiesloch-Walldorf production site to be one of the biggest consumers, there is additional savings potential in this area that we will continue to pursue.

### Certification

As a company that has been certified for many years – this includes our seven development and production sites in Germany and our production site in China – we work towards continuous improvement. The extended requirements of the revised ISO 9001:2015 and 14001:2015 standards have been successfully integrated in our operating procedures. We raise awareness of the significant 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.

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 below includes the five largest development and production sites (Wiesloch-Walldorf, Amstetten, Brandenburg, Heidelberg, Qingpu), which together account for around 95 percent of the 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.

	2017/2018	2018/2019	2019/2020
Energy in GWh/a	290	290	274
Energy in GWh/a (weather-adjusted) <sup>1)</sup>	288	303	283
Water in m <sup>3</sup> /a*	207,903	227,710	193,760
CO <sub>2</sub> emissions in metric tons <sup>2)</sup> *	105,153	105,418	94,299
Waste in metric tons*	35,980	41,545	34,247
Recycling rate in percent*	96.36	97.53	96.08

\* Voluntary disclosure, not checked by auditor

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

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

<sup>3)</sup> CO<sub>2</sub> 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

## Employee issues

Demographic change, changes in the world of work and the underlying conditions associated with digitalization, and the resulting trends with regard to work-life balance and health are significant challenges that the Company takes into consideration in its areas of activity, especially in the competition for the best employees and their long-term retention. The strategic 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. As a company undergoing digital transformation, we are particularly keen to prepare and qualify our workforce for the future requirements of a rapidly changing work environment. This is why our operational HR work derived from these strategic aims is currently focusing on concepts for employee development/qualification and occupational health and safety.

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. In the future, we want to make our HR management successively more global and international. 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 Management 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 Economic Committee of the Company in accordance with section 106 of the German Works Constitution Act (BetrVG) and, in accordance with the German Act on European Works Councils (EBRG), by the European Works Council, which meets regularly.

An international balanced score card (BSC) for Human Resources was set up for the first time for financial year 2019/2020 on the basis of the functional organization newly implemented in financial year 2018/2019 (matrix organization). The core objectives of this BSC include standardizing commission schemes to allow a clear focus on strategic corporate goals (see 2019/2020 Group management report, pages 31 to 33), supporting our sales teams and the structured sales process with a global "FIT4Sales" training program ("Sales Academy"), introducing a performance management process, and implementing a uniform IT platform for human capital management.

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.

### **Employee development/qualification in light of the various challenges of the changing world of work**

“Make employees successful” is our principle for sustainable employee development and qualification – regardless of their level within the Company, the phase of their working life, or whether they work in administrative, production, sales and marketing, or service functions.

As the Company is undergoing a profound process of change, which is rearranging many structures and processes, the continuous enhancement of the management culture plays a central role in imparting the Company’s values to all employees and motivating them to put them into practice.

Last year, we established our “Fit4Sales” training program for all sales employees worldwide. Additional training modules will be rolled out this year in order to make the sales process even more structured. This reflects the trend of ensuring that learning takes place in close proximity to the respective tasks. We are using “speedboat initiatives” to integrate learning content into specific sales projects. This means that learning takes place in small groups and short modules close to the actual point of sale. Another focal point is preparation for trade shows and exhibitions (Print China, drupa) from a sales perspective.

More keynote lectures and workshops have also been offered since this financial year. One key topic was digital leadership. Events where local management meets in person and international management is patched in allow a lively discussion of current issues such as “Leading in the Matrix”. Examples include the internal Heidelberg event with Tijen Onaran, the founder of Global Digital Women, who talked about digitization and networking opportunities for women.

Our CEO gave managers from various levels of the hierarchy a deeper understanding of the transformation in a format called “CEO Dialog”. In open discussion, workshop managers up to second-tier managers were able to discuss the strategic realignment of the Company in a direct dialog with the Management Board and consider what changes this will bring for their own management work. This successful format of quick and open discussion will be pushed even more intensively this financial year. In addition to the CEO, this will allow all members of the Management Board

to make interactive contact with the various employee groups. Limiting the number of participants per dialog to around 15 and moderating the event helps to create a climate of direct and constructive exchange in which the strategic orientation of the Company can be explained and discussed in detail with the managers.

In addition, qualification formats for agile working methods have been launched and have met with a positive response. These formats seek to communicate methodological principles that are relevant to the changing world of work. This is supplemented by initiatives and forums on new work in order to test out new formats for working and cooperation in the area of research and development, for example.

Developing talented young employees is vitally important in light of the Company’s demographic situation. With this in mind, various formats have been established in order to attract young academic talents to a joint exchange and dialog with the Management Board. The establishment of a network is a central aim. In the same vein, “WIN@ Heidelberg with Diversity” seeks to establish an active women’s network through various measures (presentations, workshops, after-work events, group lunches, etc.).

### **“Listening” as a guideline for the employee-supervisor dialog**

The involvement of employees and regular, intensive communication between management and employees is a guideline for our HR policy concepts. With the mandatory annual employee-supervisor dialog, we make the principle of listening, of promoting discussion, of formulating common goals and discussing supporting steps a firm fixture in the calendar. The focus here is jointly reflecting on cooperation, taking steps for the improved implementation of agreed goals and developing suitable concepts. Measurement against defined management criteria and the relationship to the individual value added is also an established practice for management. We thus obtain an overview of the management portfolio and the leadership qualities of senior management. This cyclical process is an important component in individually understanding and further improving management culture.

### Modern working conditions

Personal planning of working hours is becoming increasingly important in the dynamically changing world of work, not least with regard to work-life balance and the ability of older employees to work. In Germany, Heidelberg offers various flextime models as well as part-time models, for example the 4-day-week initiative, in order to meet these requirements. Almost ten percent of all employees work part-time. Mobile working conditions in the form of alternating telework or the home-office model are offered as standard where this is permitted by the respective activity and the operational requirements.

### Qualification of the next generation

In Germany, Heidelberg trains young people in 15 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. Encouragingly, the share of young women has increased in recent years. They currently account for a good 16 percent of trainees and dual studies students. With mentoring measures and our new “WIN@Heidelberg with Diversity” program, we are also trying to continuously increase the share of women in management by helping them plan their careers at Heidelberg.

In addition to professional qualification, we focus on promoting 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.

The establishment of a “future workshop” for training gives trainees early and unrestricted access to new digital learning content and allows them to test out, in a playful manner, 3D printers, VR glasses and other tools of the future and use them for their own needs. The “future workshop” is a dedicated physical infrastructure that provides access to this content.

### Sustainable occupational health and safety

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.

This is supported by the use of standardized software at the German production sites to document risk assessments, for example. Among other things, these risk assessments, which are prepared with the involvement of the occupational safety specialists, form the basis for occupational safety measures. The standardized software allows the respective production sites to participate in the occupational safety standards and learn from each other. This is supplemented by a regular safety management panel in which experts exchange information and develop measures to be implemented on a cross-site basis. This panel serves the German and international production sites as an information platform.

The responsible Management Board member according to the allocation of duties is provided with regular information on these activities, e.g. in the form of an annual report.

The average accident rate per one million working hours fell from 10.5 (2018: 95 reportable accidents) to 10.2 (2019: 87 reportable accidents) at the largest German production sites. Heidelberg therefore continues to be below the industry’s average accident rate of 11.6 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.

Late 2019 saw the start of the implementation of the risk assessment of work-related mental stress as an additional component of the occupational safety management system. Work-related mental stress is identified and evaluated and measures are taken to limit it.

In the last quarter of the financial year, occupational health and safety was faced with particular challenges as a result of the COVID-19 pandemic. The necessary occupational safety measures were coordinated with the crisis unit and implemented with a view to minimizing the residual risk of infection. In determining the measures, a

**Employee figures**

	2015 / 2016	2016 / 2017	2017 / 2018	2018 / 2019	2019 / 2020
Number of employees (at end of reporting period; excluding trainees)	11,565	11,511	11,563	11,522	11,316
Trainees	351	323	311	329	326
Specialized training days <sup>1)</sup>	11,059	12,831	11,321	12,218	8,298
Turnover rate in percent <sup>2)</sup>	5.9	1.6	1.5	2.0	3.7
Average seniority (in years)	18.6	19.3	19.9	19.9	20.3
Percentage of female employees	15.7	15.8	15.9	16.1	16.7
Percentage of part-time employees (excluding partial retirement)	5.0	5.2	5.8	6.7	6.5

<sup>1)</sup> The figures for financial year 2015/2016 have been restated to reflect subsequent notifications from foreign companies

<sup>2)</sup> 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

Germany-wide risk assessment was prepared by the safety management panel on the basis of the SARS-CoV-2 Occupational Health and Safety Standard of the German Federal Ministry of Labor and Social Affairs. A security instruction for all employees of the German production sites was created on this basis, and all employees can obtain individual information via a regularly updated information platform containing the corresponding documents.

The annual health reports provided by the health insurance schemes (frequency of diagnosis, age-related clinical patterns) are analyzed and measures are defined on this basis.

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, which was opened at Heidelberg's largest site in Wiesloch in 2017, provides targeted treatment for musculoskeletal disorders. This diagnosis, together with the age structure, is one of the main causes of absence from work due to illness. In addition to conventional fitness training, the extensive WIEfit concept offers prevention courses (for example, stress management through progressive muscle relaxation, yoga, back fitness, fascia training and functional training) and integrated physiotherapy in particular. In its third year, around 500 employees used WIEfit as members, participants in prevention courses or physiotherapy patients. There are currently plans to increase the space available to WIEfit on account of the high level of demand.

The WIEfit principles are also still being implemented at other sites where possible in terms of equipment and number of employees. For example, work situation analyses were carried out in the administrative area at the Ludwigsburg production site in financial year 2019/2020, with the results being used to identify which employee health issues to promote. In October 2019, a health day was held in conjunction with the health insurance plans. The focal points were back health, including a workshop on lifting and carrying, and electromyography testing. The Ludwigsburg production site also offers its employees a "Fitness-Führerschein" (fitness certificate) under which courses subsidized by health insurers and the Company can be taken at a local studio.

The WIEfit Healthy Eating concept that was introduced in February 2017 and continued in the 2019/2020 financial year has now been accepted by large numbers of employees. On many days, more than half the food sold is "WIEfit food". Employees are also offered nutritional advice and weight-loss coaching. The catering services take care to use regional products. Opened by the State Secretary of the Baden-Württemberg Ministry of Agriculture and Food, a farmers' market with regional providers was held to demonstrate the diversity and sustainability of produce.

The WieBike concept, which allows employees to enter work grounds on their own bicycles and lock them up securely close to where they work, has proved highly popular. Around 1,200 employees have registered to bring their bicycles onto work grounds so far. Significantly more employees are therefore now cycling to work every day and so doing something for their health. A guided cycle route

from home to the workplace is aimed at further increasing bicycle usage.

Using the “job ticket” to travel to the Wiesloch production site by public transport is becoming increasingly popular. This employer-subsidized ticket allows employees to use public transport within the region at a reduced price.

## Social issues

As a global Group, Heidelberg contributes to regional economic development with its locations, employees and suppliers and thus makes 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. Heidelberg, with the help of its trainees, 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 project work week for all new trainees and students is held at the beginning of each training year and the social projects developed here are subsequently implemented. A number of projects with kindergartens, a day care center, a nursing home and the Wiesloch food bank were implemented in

the reporting year. There were also various Christmas activities at training locations. The proceeds are donated and regularly benefit the region’s needy.

## Preventing bribery and corruption

The Heidelberg Group has further expanded its compliance measures and controls as part of the reorientation and further development of the compliance management system (CMS) with a focus on the continued enhancement of the compliance program, particularly with a view to preventing bribery and corruption.

The Heidelberg Group’s CMS consists of a comprehensive system of measures and regulations that ensure that the actions of the employees, managers and executive bodies of the Heidelberg Group are always compliant with statutory and other provisions and the Group’s internal values and guidelines. The Management Board is expressly committed to a zero-tolerance policy and pursues and punishes misconduct and violations in the area of compliance, particularly with regard to bribery and corruption. The CMS is regularly monitored and adjusted to ensure that the compliance measures and controls are appropriate and effective.

With regard to preventing bribery and corruption, the Heidelberg Group has implemented extensive Group-wide compliance guidelines, particularly with regard to handling gifts, hospitality, invitation, donations and sponsorship. The compliance guidelines are mandatory for the employees, managers and executive bodies of the Heidelberg Group and, together with the values and the Code of Conduct of the Heidelberg Group, form the basis for them to act with integrity and in accordance with the law in their business activities and decisions. To help prevent bribery and corruption, the Heidelberg Group has enhanced its reporting and approval procedures and the value limits for gifts, hospitality and invitations, among other things. In particular, gratuities and benefits are approved and monitored in line with the principle of dual control and functional separation.

The implementation of these compliance measures and controls serves to ensure an improved understanding among the employees, managers and executive bodies of the Heidelberg Group. In addition, compliance training documents have been developed with a view to preventing bribery and corruption. The implementation of the training documents will continue in financial year 2020/2021. The training measures are set to be expanded further. In addition, the local and regional compliance officers and the Compliance Office are available to the employees, managers and executive bodies of the Heidelberg Group for all issues relating to compliance law.

The implementation of these compliance measures and controls serves to reinforce and further strengthen the fight against bribery and corruption. In particular, the involvement of the Compliance Committee enables the enhancement of Group-wide implementation. The Compliance Committee, which is chaired by the Chief Compliance Officer, meets regularly to evaluate and control Group-specific compliance risks and measures.

In financial year 2019/2020, the compliance guidelines were developed in the world languages that are relevant to the Heidelberg Group and the training program was enhanced, thereby further reinforcing and strengthening the understanding of how to act with integrity and in accordance with the law. Preventing bribery and corruption will remain a key focal point of the Heidelberg Group's compliance program in the future. The training program and consulting services are set to be intensified and expanded further in order to enable 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.

## 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. They 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 also complies with international labor laws and standards. The four fundamental principles of the International Labour Organization (ILO) are a fundamental element of our entrepreneurial thinking and action and form part of the Heidelberg Group Code of Conduct.

In financial year 2019/2020, the Heidelberg Group Code of Conduct was updated and adjusted to reflect the UN Global Compact. 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. The Heidelberg Group has also integrated these commitments into its Business Partner Code of Conduct. In doing so, the Heidelberg Group ensures the continued promotion of and compliance with human rights and the accompanying principles.

## Promoting free and fair competition

The Heidelberg Group is committed to free and fair competition in all its business relationships with customers, suppliers, business partners and competitors. These long-standing relationships form the basis for the Heidelberg Group's business success. By implementing a Group-wide Business Partner Code of Conduct, the Heidelberg Group is ensuring that business partners share and promote the values and principles of the Heidelberg Group, particularly with regard to free and fair competition. Among other things, the Business Partner Code of Conduct contains commitments regarding the prevention of bribery and corruption, compliance with the provisions of competition and anti-money-laundering law, compliance with foreign trade and customs law, sustainability, compliance with human rights, data protection, the protection of company assets, and ensuring working conditions that are fair, respectful, and free from discrimination. The implementation and Group-wide rollout of the Business Partner Code of Conduct allows the Heidelberg Group to ensure that its efforts to ensure compliance in its supply and production chains are expanded and strengthened further. In particular, the Heidelberg Group reserves the right to review compliance with the Business Partner Code of Conduct. In addition, the Heidelberg Group's business partners can report compliance misconduct and violations via the ombudsman system that has been implemented globally.

Another key element of the compliance program is the careful selection and comprehensive review of business partners (due diligence). The Heidelberg Group's business partners are regularly reviewed and monitored on a risk-oriented basis. Due diligence serves as the main basis for continuous cooperation with these business partners with integrity and in accordance with the law.

To promote free and fair competition, the Heidelberg Group has adjusted and enhanced its Group-wide compliance program to reflect the requirements arising from antitrust and competition law. To this end, a guideline on antitrust law has been drawn up that sets out instructions for the employees, managers and executive bodies of the Heidelberg Group for dealing with competitors, conduct at trade association meetings, and handling information. In addition, a training program has been developed to sup-

port the employees, managers and executive bodies of the Heidelberg Group. The training program is set to be expanded further in financial year 2020/2021.

The Heidelberg Group pressed ahead with the implementation and rollout of the Business Partner Code of Conduct in financial year 2019/2020. The implementation of the Business Partner Code of Conduct in the world languages that are relevant to the Heidelberg Group means that the Group-wide rollout can continue. Promoting free and fair competition will remain a key focal point of the Heidelberg Group's compliance program in the future. The comprehensive training program and consulting services are intended to further improve awareness among the employees, managers and executive bodies of the Heidelberg Group and enable them to act autonomously, with integrity and in accordance with the law in their business activities and decisions.

### Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting<sup>1)</sup>

To Heidelberger Druckmaschinen AG, Heidelberg

We have performed a limited assurance engagement on the combined separate non-financial report pursuant to §§ (Articles) 289b Abs. (paragraph) 3 and 315b Abs. 3 HGB ("Handelsgesetzbuch": "German Commercial Code") of Heidelberger Druckmaschinen AG, Heidelberg, (hereinafter the "Company") for the period from 1 April 2019 to 31 March 2020 (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 control 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 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 2019 to 31 March 2020 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 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 consolidated financial statements and in the group management report
- Evaluation of the presentation of the non-financial information

<sup>1)</sup> PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the combined 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 2019 to 31 March 2020 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, 26 May 2020

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke	ppa. Urata Biqkaj
Wirtschaftsprüfer	Wirtschaftsprüferin
[German public auditor]	[German public auditor]