

# Annual Report

## 2024



# SUSTAINABILITY STATEMENT

The Sustainability Statement has not been subject to a mandatory nor a voluntary audit, as such, data presented in this statement is unaudited.

## GENERAL DISCLOSURES

### Basis for preparation

#### General basis for preparation of Sustainability Statement

##### BP-1

The present Sustainability Statement relates to Software GmbH and the Software GmbH Group. The Group's sustainability indicators are based on data that generally corresponds to the scope of consolidated financial reporting; any deviations are explained accordingly. The Company does not have any subsidiaries that have been exempted from individual or consolidated sustainability reporting.

The Sustainability Statement is disclosed on a voluntary basis, with an intention to move towards alignment with the requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). Software GmbH is striving to report based on the ESRS guidelines despite the fact that the CSRD has not yet been enacted in Germany and would become legally applicable for the Company only in the next reporting period. During the time of preparation of this report, news came out from the EU Commission on proposed changes in the CSRD reporting requirements and scope. Software GmbH closely follows the developments in the regulatory requirements and will adapt accordingly its Sustainability statement and disclosure requirements. At this point in time, since there hasn't been any official decision and approval of the proposed changes, the Company is still looking forward to and preparing for mandatory reporting for the first time for the FY 2025. Thus the sustainability statement has been drawn up based on that assumption. The current report is not yet a fully aligned version of the mandatory requirements, which is also reflected in the level of detail of some of the forward looking statements and disclosure paragraphs.

The Sustainability Statement is extended to cover, as prescribed by the ESRS, information on the material impacts, risks and opportunities connected to the Company through its direct and indirect business relationships in the upstream and/or downstream value chain. Following the double materiality principle, based on the analysis, both upstream and downstream occurring impacts, risks and opportunities, were assessed based on the specifics of the business model. The complete value chain was considered during the process and the results regarding the material topics include impacts, risks and opportunities occurring within the Company's own operations as well as its upstream and downstream value chain.

No information in this Statement has been omitted due to being part of intellectual property, know-how, or the results of innovation and none was precluded due to impeding developments or matters in the course of negotiations.

## Disclosures in relation to specific circumstances

### BP-2

The Sustainability Statement has been drawn up using as a foundation the requirements of the CSRD and ESRS. Additionally, reference is made to the standards of the Global Reporting Initiative (GRI), as well as the industry standards of the USA's Sustainability Accounting Standards Board (SASB).

This Statement follows the reporting time horizons prescribed by the ESRS; they are defined as follows:

- **short-term:** the reporting period in Software GmbH's financial statements - one fiscal year;
- **medium-term:** from one year up to five years;
- **long-term:** above five years.

Specific metrics within the current report have been estimated using indirect sources such as sector averages or proxies. Those metrics are in the area of Scope 3 emission calculations and will be described accordingly with their methodological assumptions and data sources used. The resulting level of accuracy is not as good as with metrics that are based on actual activity based data and the plan is to refine the methodology and implement improvement actions in the upcoming years. There is a higher level of uncertainty specifically in the Scope 3 calculations, because of the assumptions and emission factors used on a more general level. For more information refer to the [Gross Scopes 1, 2, 3 and total GHG emissions](#) section in the Environment chapter of this Statement.

Some quantitative metrics and monetary amounts that have been disclosed are subject to high levels of uncertainty due to the measurement techniques as well as the availability and quality of the data provided within the Company's upstream and downstream value chain. In the respective cases, this is reflected within the methodology and assumptions section providing an explanation of the specific metric as well as the judgments made when measuring it.

The structure of the statement follows the new regulatory requirements of the CSRD, incorporating the disclosure requirements based on the Double materiality assessment. The preparation and presentation of sustainability information, including all metrics, has been revised as to account for these changes and incorporate the new CSRD/ESRS requirements. Thus, comparability between previous years' figures is not possible and its impracticable to provide revised comparative figures.

No prior period material errors compared to 2023 were identified and restated in the current statement. Disclosures stemming from other legislation or sustainability internationally recognized frameworks like the GRI are marked with a reference to the corresponding regulation and/or standard. The list of referenced standards and frameworks is included in the [Disclosure requirements in ESRS covered by the sustainability statement](#) table.

# Governance

## Role of administrative, management and supervisory bodies

### GOV-1

For comprehensibility reasons and to properly reflect its new operational realities and internal strategic priorities, the governance reporting depicts Software GmbH's governance model after the conversion from an AG to a GmbH in September 2024. The scope of reporting has been chosen to facilitate a better reading experience and provide a good understanding of the more effective governance model catered to Software GmbH's current structure and goals.

The administrative body is the governing body of the Company responsible for overseeing its overall direction and governance. At Software GmbH, it includes the Management Team, chaired by the company's appointed Managing Director(s), and the Supervisory Board. Following the merger of Software AG into Mosel Bidco AG and the subsequent conversion into Software GmbH, both Managing Directors of Software GmbH were men (100:0). They, together with the two general managers of the business units A&N and ARIS plus the Chief Financial Officer, the Chief Human Resources Officer and the Senior Vice President Strategy & Corporate Development formed the Management Team composed of 6 men and 1 woman (86:14). The Supervisory Board in the period under review consisted of four members until November 22, 2024 and was thereafter fully staffed with six members, four independent and two employee representatives, three men and three women (50:50).

### Supervisory Board

Supervisory Board existed for Software GmbH and Mosel Bidco AG/SE already prior to the merger of Software AG into Software GmbH. Following the implementation of a so-called status procedure, it has been determined that a Supervisory Board must be formed for Software GmbH. In accordance with Section 1 (1) no. 3 and Section 4 (1) One-Third Participation Act in conjunction with Section 95 sentences 2 and 3 Stock Corporation Act and Section 7 (2) of Software GmbH's articles of association, the Supervisory Board consists of six members, four of whom are shareholder representatives and two of whom are employee representatives. The four shareholder representatives have been elected by the shareholders' meeting on October 20, 2024. The two employee representatives have been appointed by the local court of Munich on November 22, 2024 with effect until employee elections have been conducted.

### Corporate sustainability

The Management Team is responsible for leading the Company to achieve the goals of sustainable value creation as set by the controlling shareholder. The Managing Directors own the responsibility for managing the Company; they select the additional members of the Management Team to complement their expertise and share the oversight of impacts, risks and opportunities. The Articles of Association of the GmbH do not explicitly mention sustainability, yet it is part of the business allocation plan that is part of the Rules of Procedure for the Management Team and it is weaved into the daily business via the General and Supplier Codes of Conduct as well as the Environmental Policy (see [Policies adopted to manage material sustainability matters](#)).

Corporate social responsibility has always been an integral part of the Company's DNA. In 2021, this was formalized in a sustainability strategy sponsored by the Chief Executive Officer (CEO) and anchored with the Chief Financial Officer (CFO). Currently, Software GmbH's Sustainability Team guides, monitors, and advises the Company on the adaptation and implementation of its future sustainability strategy.

In 2020 and 2021, when the Company was still stock-listed, a multi-phase process had been conducted to identify material non-financial topics and issues for the Non-Financial Statement under NFRD. Selected internal stakeholders from sustainability relevant areas, including members of the management and supervisory board, participated in qualitative interviews and external stakeholders were surveyed regarding the Company's sustainability challenges. A preliminary analysis had been performed that included an evaluation per the GRI sustainability reporting standards, the industry recommendations for software companies from the SASB, and the non-financial statements from other companies in the industry. Progress was monitored via the progress section under the respective action areas and KPIs in the sustainability chapter of the annual reports and the ESG section in the risk and opportunity chapter.

In 2024, a revision of the materiality assessment was initiated in order to prepare compliance with the CSRD (see [Material impacts, risks and opportunities](#)). The results of the analysis were presented to the Management Team in October 2024. The definition of responsibilities, dedicated controls and procedures integrated with other functions or targets related to material impacts, risks and opportunities as well as monitoring processes is planned for 2025, once the restructuring and transition phase of the Software GmbH Group has been completed.

At Software GmbH, the management bodies determine whether appropriate skills and expertise are available or will be developed as to sustainability matters by assessing the availability of specific sustainability-related qualifications or certifications among existing staff, identifying gaps in current skills and knowledge related to sustainability. In case gaps are recognized, e.g., with regard to the new legislation, it is a matter of course to engage with external experts, consultants, or organizations specializing in sustainability to receive guidance and support. To identify effective structures and processes, the Company uses benchmarking and aligning with industry partners and studying sustainability practices in similar organizations as well as learning from case studies and examples where successful sustainability oversight was implemented.

Software GmbH's bodies provide a diverse range of skills and expertise to handle the impacts, risks and opportunities identified in the double-materiality assessment. For more information, please refer to the [Impact, risk and opportunity management](#) section of this chapter.

The Management Team and Corporate Assurance office have a long-standing expertise with regard to ethical practices in governance to prevent corruption and bribery as well as in fair competition practices to avoid anti-competitive behavior. The leadership has implemented mechanisms for reporting wrongdoing internally and ensuring protection for whistleblowers. With regard to suppliers, the managing and supervisory bodies have provided experience in developing and maintaining sustainable relationships as well as understanding of how to enhance supplier accountability and sustainability.

As a formerly stock-listed company, Software GmbH had been publishing corporate sustainability reports as part of the annual report since 2017. Hence, there is a practice and proficiency in using data analytics to track progress on sustainability goals and other key performance indicators as well as on experience with frameworks like GRI, SASB, or TCFD – and now CSRD. The Sustainability Team also supports the Management Team with their understanding of climate change impacts and mitigation strategies as well as knowledge regarding renewable energy technologies and sustainable energy practices.

Being a software company, skills to manage risks related to information security and data privacy come as a matter of course to the Corporate Data Protection and Information Security officers whose knowledge of compliance requirements and best practices for data handling supports the Management Team in these topics.

With regard to social aspects, the CHRO adds expertise and skills to the Management Team when it comes to implementing and managing programs that promote a corporate culture of ethics and integrity as well as projects that promote sustainability and workforce welfare. Further contributing to a general understanding of employee rights, labor regulations, and compliance issues, knowledge of policies and practices that promote equal treatment and inclusivity within the workforce. One of the CHRO's focus topics is fostering conducive working conditions that also cover mental health and wellness programs.

Bringing together a variety of diverse skills and expertise allows the management to address the multifaceted challenges effectively, fostering a progressive and responsible corporate culture in line with societal and environmental expectations.

## **Information provided to and sustainability matters addressed by administrative, management and supervisory bodies**

### **GOV-2**

Sustainability has always been treated as an integrated topic on management level and special matters have been handled on an ad-hoc basis. With regard to disclosures as a public company, the Management and Supervisory Board were presented the annual results of the risk and opportunity assessment including ESG matters and the respective report as part of the annual report. In the context of the annual report, both boards also endorsed the integrated sustainability report.

After going private, the Company has been subject to a transformation process, which also covers a realignment of sustainability government structures, strategy, further policies, etc. The transformation process entails the adaption of governance structures and processes to reflect new requirements that a limited-liabilities company (GmbH) is subject to. Any urgent topics follow the sustainability team's reporting line to the CFO.

In the course of the reporting year, the sustainability team executed a double-materiality assessment according to CSRD/ESRS; its results were presented to the Management Team in October 2024 introducing the impacts, risks and opportunities that will have to be addressed going forward including any trade-offs. For more information, please refer to the [Impact, risk and opportunity management](#) section of this chapter.

## **Integration of sustainability-related performance in incentive schemes**

### **GOV-3**

Sustainability-related considerations are factored in the remuneration of the management through the ESG company targets that are set on an annual basis.

For 2024, 10% of the Management Team's short term bonus was dependent on the achievement of a score higher than 50 points (100%) in its Ecovadis sustainability assessment. The target has been set in order to reflect the Company's ambitions and performance on general sustainability-related topics. It was chosen strategically since Ecovadis not only provides an all-encompassing analysis of the ESG performance across four themes (Environment, Labor & Human rights, Ethics, and Sustainable procurement), but is also a benchmark, on which many of the Company's customers and business partners rely. Software GmbH demonstrated improvements across all four themes compared to the previous reporting year: it achieved an overall score of 63 which not only went beyond the target, but also presented a 15 point increase compared to the 2023 score of 48. This is a positive signal towards achieving the Company's sustainability ambitions and was further recognized by the Bronze medal awarded by Ecovadis. Receiving this medal means that Software GmbH is among the 35% best performing companies throughout the Ecovadis network.

The Ecovadis overall score is formed as a combination of the specific theme scores across the four themes listed above. In the Environment theme specifically, Software GmbH demonstrated a significant improvement of its score as a result of the adoption of a global environmental policy and the implementation of additional measures in the areas of energy consumption and waste management. Within Labor & Human rights, the Company brought forward new measures in the areas of working conditions and diversity, as well as additional social KPIs. Corruption risk assessment in place and Scope 3 GHG emissions reporting are among the highlights within the Ethics and Sustainable procurement themes.

The achievement of the ESG target described above is linked to the annual short term bonus that is received by all members of the Management Team, as well as by all employees with a variable compensation component. More specifically, the Ecovadis score accounts for 10% of the overall bonus. A score of 50 points was considered as 100% target achievement whereas a score of 55 and above corresponded to 200% target achievement. The 63 points obtained therefore meant that employees entitled to an annual bonus received the maximum available for the ESG component. This target was proposed and monitored by the Sustainability team and further approved and updated by the Management and Supervisory Board.

## Statement on due diligence

### GOV-4

Software GmbH acknowledges that due diligence is an ongoing process that requires commitment, resources, and engagement at all levels of the organization. The Company strives to continuously improve its practices and is dedicated to contributing positively to social, environmental, and economic sustainability. Impacts, risks and opportunities have been identified in tune with CSRD/ESRS requirements (see [Impact, risk and opportunity management](#) section of this chapter) and the future due diligence process will be successively designed from 2025 onwards to keep up identification, assessment, management, and disclosure of potential adverse impacts on environmental, social, and governance aspects throughout its operations and supply chain.

The Company is working on implementing a systematic approach to identify relevant sustainability risks and impacts associated with its business activities. The approach is intended to include conducting regular assessments of its operational processes and supply chain as well as engaging with stakeholders - employees, suppliers, customers - to gather insights on potential sustainability concerns. The Company recognizes that constructive engagement with stakeholders is key to understanding diverse perspectives and ensuring that its sustainability efforts align with stakeholder expectations. Risks and impacts are prioritized based on their significance to the business and stakeholders. This prioritization helps to focus resources on areas that require immediate attention and intervention. For these risks or impacts, the Company intends to develop action plans to implement measures for the prevention of adverse effects. In parallel, positive impacts shall be fostered by establishing key performance indicators (KPIs) to monitor progress and effectiveness of these measures, as well as to integrate sustainability into the corporate governance framework, ensuring accountability and oversight.

The Company plans to continuously monitor its performance in relation to the identified risks and impacts by conducting regular reviews and updates of the sustainability strategy and practices, feeding into the annual sustainability reports that transparently disclose the Company's due diligence processes, findings, and progress made towards sustainability goals.



## Risk management and internal controls over sustainability reporting

### GOV-5

Software GmbH's Internal Control System (ICS) is based on policies, guidelines, and measures introduced by the Management Board to support the organizational implementation of the Board's decisions. Together with the Enterprise Risk Management (ERM) function, the ICS comprises management of risks and opportunities relating to the achievement of business targets, the validity and reliability of internal and external financial reporting, and compliance with standard legal policies and regulations including the continuously evolving requirements in the area of sustainability. The ICS also includes a compliance management system (CMS) geared to the Company's risk situation.

Software GmbH's ICS is an established component of internal controlling and monitoring processes. It consists of internal policies on business practices as well as Group guidelines on effective internal controls. These policies regulate internal procedures and areas of responsibility at global and local levels. They are designed to provide information to leadership and to monitor the operating business risks of the Software GmbH Group. In order to enhance transparency, these policies are approved, published, and managed centrally. Compliance with them is assessed on an ongoing basis by Internal Audit as part of a risk-oriented review plan. Individual key Group business processes are managed centrally using software applications based primarily on Software GmbH technology and monitored using preventative automated control mechanisms.

As part of its strategic risk and opportunity management, Software GmbH reported separately on the strategic risks associated with sustainability for the first time in 2022, and proceeded with the same approach in 2023. In 2024, Software GmbH continued to report on ESG risks and opportunities, with a detailed screening based on the newly conducted double-materiality assessment which was performed. The analysis screened a long list of topics within the E, S and G area, as well as considered entity specific information. For more information on the double-materiality process, considerations, methodology, assumptions and main impacts, risks and opportunities identified, please refer to the section [Description of the process to identify and assess material impacts, risks and opportunities](#) of this chapter, and the [impacts, risks and opportunities](#) identified as material. Software GmbH is committed to maintaining robust risk management and internal control systems to ensure the integrity and accuracy of the Company's sustainability reporting process.

The Company's risk management and internal control processes for sustainability reporting follow the same approach as the overall risk management and internal control processes which are established centrally. They include the sustainability data collection, validation, reporting, risk management and auditing processes. The main features and components of these processes include the systems where data is collected, internal audit mechanisms and periodic reviews by the Audit committee of the progress within the area of sustainability reporting and regulatory compliance and the sustainability governance structures which are responsible for the oversight of sustainability-related risk reporting. The corporate Sustainability team also plays a key role in the processes of risk management, monitoring and validation of sustainability-related data.

The risk approach Software GmbH uses is a combination of quantitative and qualitative risk assessment frameworks. Risks are prioritized based on their significance and score. As part of the double materiality assessment risks and opportunities within the sustainability area were given a numerical score, based on magnitude and the likelihood of happening. Risks were categorized into 5 categories, based on the described criteria - very low, low, moderate, high and very high and were prioritized based on their numerical score.

The main risks identified within the area of sustainability reporting include quality of the data and data integrity and potential regulatory noncompliance due to the comprehensive new regulatory requirements. The mitigation strategies to tackle these risks are implementing additional controls and validation of the sustainability data and performing periodic cross-checks of the quality of the data. Furthermore, to mitigate the non-compliance risks, the regulatory changes are being monitored on a central level and external experts were involved to assess the readiness for CSRD reporting.

The results of the sustainability risk assessments are incorporated into the overall enterprise risk management (ERM) framework. Sustainability-related risks are aligned with financial and operational risks, ensuring cross-functional collaboration between departments such as finance, operations, and IT. This ensures that sustainability reporting is not a siloed process but integrated into the broader risk management strategy. The sustainability governance structures work closely with compliance and internal audit to ensure the accuracy of reporting and the mitigation of the identified risks.

Risk management reports are provided on a bi-annual basis and the responsible management bodies are informed on the status of sustainability risks and internal controls on an annual basis and the findings related to them.



# Strategy

## Strategy, business model and value chain

### SBM-1

Software GmbH uses its technological expertise to connect people, systems, and devices, enabling customers and partners - and the Company itself - to have a positive impact on people's lives. That applies to delivering better product offerings in the present as well as embracing co-innovation toward a smarter, more connected, and sustainable future. For more than 50 years, Software GmbH has provided its customers with products and services that expand existing IT architectures through innovation and allow integration of new functions and technologies. Software GmbH uses its industry expertise to support companies with managing databases and applications, and with process management. The Company's digital business solutions are intended to enable customers to develop new business models and robust solutions that meet the needs of their end users. Software GmbH provides software products and services for business transformation, analytics and databases including a programming language. The company currently has two major product groups - ARIS and Adabas & Natural.

ARIS is a software that is used for modelling, documenting and optimizing business processes. It focuses on strategy and analytics for process design and controlling by also enabling process mining capabilities for organizations to efficiently manage their processes.

The Adabas & Natural (A&N) segment delivers with Adabas a high-performance database management system for all platforms. Natural is the accompanying development environment and the basis of numerous software applications that support companies across many industries.

Software GmbH does not have any products or services that are banned in certain markets.

Software GmbH does not operate in any of the significant ESRS sectors, thus there is no revenue generated to be shared. The Company operates in the information and communications sector and does not have business activities in the fossil fuel sector, chemicals production, controversial weapons or tobacco. There are no additional ESRS sectors that should be considered in the context of intercompany revenues.

The current strategy of the company is focused on the two business units comprised of A&N and ARIS, which also represent the two main product groups. The current sustainability strategy and sustainability goals cover the product groups, customers and geographical areas of operation of the Company. More details of the goals and the different areas can be found below.

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

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

Sustainability is an integral part of Software GmbH's operations. Its sustainability strategy is sponsored by the Chief Executive Officer (CEO) and anchored with the Chief Financial Officer (CFO). Further information on sustainability governance topics can be found in the [Role of administrative, management and supervisory bodies](#) section in this chapter.

Elements of the Company's overall strategy that directly relate to or impact sustainability matters encompass the integration of sustainability in the Corporate strategy and its alignment with the core business strategy. Software GmbH has incorporated sustainability in its overall strategy, creating also the specific action areas listed above and targets related to them. The main challenges faced by the Company include the climate-related risks, the mitigation of GHG emissions and energy management. More information on these can be found in section [Impact, risk and opportunity management](#) of the chapter Environment. Regarding the Social area, more information on the material topics and their interaction with the strategy can be found in section [Material impacts, risks and opportunities and their interaction with strategy and business model](#) of the chapter Social.

The business model of Software GmbH includes delivering software products and services to its customers. Software GmbH uses its technological expertise to connect people, systems, and devices, enabling customers and partners to have a positive impact on people's lives. That applies to delivering better product offerings in the present as well as embracing co-innovation toward a smarter, more connected, and sustainable future.

The main features of the Company's value chain include suppliers (upstream) and customers (downstream). Software GmbH's main position in the value chain is in the Research & Development (R&D) area and providing maintenance and professional service to its customers. The Company operates in the business-to-business area with no contact to individual end users of the software. The main upstream actors include suppliers of goods and services that the company needs to execute its business activities. Those encompass suppliers of IT equipment, infrastructure and cloud services needed for its products to operate. The downstream part of the value chain include the customers of the Company, which are usually large international companies. Software GmbH offers both SaaS and on-premise software and ongoing maintenance for its products.

## **Interests and views of stakeholders**

### **SBM-2**

Software GmbH has internal and external stakeholders. The internal stakeholder groups comprise the employees, the Management Board, the Supervisory Board, the Compliance Office, and the Works Council. The external stakeholder groups include the customers, investors, the partner network, suppliers and service providers, graduates and (potential) future employees, universities and research institutions, social actors in local communities, governments and associations, non-governmental organizations (NGOs) as well as analysts and the media. The Company is striving towards including all stakeholders in the decision-making process related to sustainability, and keeping them well-informed regarding all relevant matters. Engagement with stakeholders occurs on a regular basis through a variety of approaches including but not limited to regular reports, meetings and briefings, open dialogues and other social and digital channels. Moreover, stakeholders have been involved during the double-materiality assessment process to factor in their views in both the impact and financial part. The outcome of such engagements is taken into account in the company's strategy process and business model to answer any stakeholder requirements and needs that may arise. Those are also incorporated in the risk management process, the product and services development and in any corporate governance processes which are regularly reviewed and updated, at least on an annual basis.

The views of key stakeholders have been analyzed during Software GmbH's due diligence and double-materiality assessment processes. As a result, the views have been taken into account and incorporated in the future business model of the company through its strategy and the management of strategic impacts, risks and opportunities. Practical examples include the current strong stakeholder views on climate change mitigation, which have had an influence on the Company's internal strategy towards emission reductions, as well as towards R&D for products that would provide significant emissions reductions for the its customers. This is a reflection of how stakeholders' views such as own employees, partners and customers are impacting the strategy and business model of the Company. Members of the Administrative, Management and Supervisory Bodies of the Company have contributed to the double-materiality assessment process, and the bodies have been diligently informed through meetings about the results from, as well as the material impacts, risks and opportunities that were deemed relevant by the stakeholder groups.

## **Material impacts, risks and opportunities and their interaction with strategy and business model**

### **SBM-3**

The table below presents all material impacts, risks and opportunities (IROs) of Software GmbH, which have been identified as a result of the double-materiality assessment process. They are grouped as per the ESRS topics and subtopics, and a short description of each is listed, along with the time horizon, whether the IRO is actual or potential and where in the business model it occurs, i.e. in own operations, the upstream or downstream value chain. Details on the reasonably expected time horizons of the IROs are included in the table, while information on how material negative and positive impacts affect people and the environment are included in the description of each matter.

Based on the materiality assessment the anticipated financial effects of the material risks and opportunities have been assessed. They consider the business model of the Company as well as its value chain and have an effect on the strategy and decision-making processes. The Company is currently in the process of collecting the information regarding the current financial effects. Where available on publication, they are described accordingly in the specific environment, social and governance sections. However, due to the high level of uncertainty, the anticipated financial effects are considered impracticable to prepare, as per Appendix C of the ESRS, list of phase-in Disclosure Requirements, and are not shared within this report. The current financial effects have been shared on an aggregated topical level. The specific material IROs and their interaction with strategy and the business model are further explained in detail in the topical sections. The resilience of the strategy and business model with regards to managing material impacts, risks and opportunities have been addressed in the specific sections for environment, social and governance. More information on these can be found in [E1 SBM-3](#) and [S1 SBM-3](#).

In 2024, the Company conducted for the first time a double-materiality assessment and evaluated the material impacts, risks and opportunities. In the upcoming reporting periods, those will be screened and checked for changes on a regular basis - that means including new actual and potential impacts that have arisen in the meantime, rechecking the relevance of the current and ensuring their accuracy.

### SBM-3

#### Impacts risks and opportunities

Material IROs and where they occur	Potential/ Actual impact	Time horizon	Description
<b>E1 Climate change</b>			
<b>Climate change mitigation</b>			
Positive impact (Own Operations/Value chain)	potential	long-term	Through its products and services Software GmbH can help optimize energy consumption and reduce the emissions of its customers. Products such as ARIS and its green programming initiatives are an example of such positive impacts.
Negative impact (Own operations/Value chain)	actual	long-term	Software GmbH generates GHG emissions in its own day to day operations as well as through the usage of its products (downstream) and suppliers (upstream).
<b>Energy</b>			
Positive impact (Own operations)	potential	medium-term	Software GmbH procures and uses renewable energy in its daily operations, which contributes positively to the reduction of energy coming from fossil fuels and emissions. That share can be increased to 100% in the future and, hence, contribute to the positive impact that the company has on the environment. Software GmbH plans to set targets for renewable energy consumption in the upcoming years to reflect its commitment to environmental issues.
Negative impact (Own operations/Value chain)	actual	medium-term	Software GmbH's energy consumption for its daily operations still includes energy derived from fossil fuels, thus impacting the environment.
Risk		short to mid-term	The increasing energy costs due to the current geopolitical situation combined with the increasing costs of fossil fuels can lead to a risk for the company. Moreover, increased energy demand for renewables can lead to increased prices and financial costs to obtain them.
Opportunity		short to mid-term	The development of new products or services through R&D and innovation which are more energy efficient and sustainable can lead to increased revenues and business opportunities for the Company. They would result from the increased demand for products and services of the Company, providing it access to new and emerging markets.
<b>S1 Own workforce</b>			
<b>Working conditions</b>			
Positive impact (Own operations)	actual	short to mid-term	Software GmbH has a positive impact on its own employees as the company ensures a safe and fair working environment with compliant employment terms and benefits. The presence of works councils in the main locations of the Company ensures robust working conditions and workers' rights.
Risk		short to mid-term	Negative press coverage can impact consumer demand and result in loss of sales. Divestment and/or avoidance by investors and finance providers may result in reduced or more expensive access to capital. A failure to provide legitimate channels through which Software GmbH employees can articulate grievances and concerns can result in a breakdown of communications and rise of such disputes impacting management and the Company's productivity.
Risk		short to mid-term	Software GmbH is exposed to reputational risks related to a possible negative image as an employer. In an increasingly competitive environment and employee market in which every organization is trying to attract the best talent for itself, one of Software GmbH's main challenges is to attract, foster, and retain talent. Uncertainty about Software GmbH's future success could have a negative impact on its image as an employer - both among prospective and existing talent. This can increase attrition risks. Attracting and fostering talent are therefore decisive factors and key to ensuring Software GmbH's business success. Furthermore, the demographic trend in some countries and markets could result in a decline in growth potential due to a shortage of qualified young talent. One example is the age structure in the A&N business unit, which could lead to a loss in expertise.
Opportunity		short to mid-term	Improving working conditions can lead to attraction of talent and increased productivity and make the Company's products more competitive, thus increasing sales and affecting the revenue of the Company.
<b>Equal treatment and opportunities for all</b>			
Positive impact (Own operations)	actual	medium-term	Software GmbH promotes an inclusive culture and opportunities for people with disabilities. We ensure that employees with disabilities feel like they belong and strive to create an environment free of prejudice and stigma concerning disabilities.

Material IROs and where they occur	Potential/Actual impact	Time horizon	Description
Positive impact (Own operations)	actual	short to mid-term	Software GmbH has an actual positive impact with regards to career progression, training and skills development of its own employees as the Company offers trainings and employee development plans to upskill its workforce. The workforce in the IT industry is highly skilled, and the Company contributes positively by providing development opportunities for its employees.
Positive impact (Own operations)	potential	medium-term	Increased purchasing power stemming from increased knowledge and skills of well trained employees represents a positive impact the Company may have on people.
Negative impact (Own operations)	actual	medium-term	When it comes to gender equality and equal pay for equal value, there is still a gender pay gap and gender imbalance in the IT industry, and the workforce at Software GmbH is also affected. The Company plans to set up a framework addressing such inequalities in the upcoming years.
<b>Other work-related rights</b>			
Positive impact (Own operations)	actual	medium-term	Software GmbH is compliant with all regulations and policies, thus no child labor or other work-related rights violations are occurring within the own operations of the Company.
<b>G1 Business conduct</b>			
<b>Corporate culture</b>			
Positive impact (Own operations)	actual	short to mid-term	Software GmbH has a rather positive, actual impact in regards to its business conduct through respective company-wide policies such as the Code of Conduct (CoC) for Employees, the Partner & Supplier CoC as well as the Compliance Board, all of which ensure a good level of corporate culture and practices within the Company and with its business partners. The CoC is mandatory for all employees and covers a broad range of topics. Compliance is ensured through our Compliance Officer and Compliance Board. The Supplier & Partner code of conduct is also mandatory for all business partners and compliance is ensured with self-assessments or audits.
Risk		short to mid-term	A multinational software company like the Software GmbH Group is subject to global risks associated with legal disputes as well as government and official processes also in regard to the aspects of e.g. corruption, anti-competitive behavior or intellectual property. Software GmbH cannot rule out that litigation and proceedings will have negative effects on the earnings of the Company; as a rule, the Group's financial position can even be negatively affected when lawsuits are won, given the high cost of defense attorneys and other services required to thwart accusations, for example in the United States.
Risk		short to mid-term	In the area of corporate culture there is a technical/organizational risk related to the increasing costs when implementing new processes/tools to meet ESG requirements (i. e. sustainability reporting requirements like CSRD/EU-Taxonomy, carbon footprint assessment, supply chain due diligence).
Risk		short to mid-term	Developments in the policy and legal areas may lead to increased compliance risks and further regulation of products and services offered by Software GmbH. This may lead to increased financial costs for compliance, and also to reduced demand for products in case of non-compliance and fines.
<b>Protection of whistleblowers</b>			
Positive impact (Own operations)	actual	short to mid-term	Software GmbH has a rather positive, actual impact in regards to its business conduct through respective company-wide policies such as the Code of Conduct (CoC) for Employees, the Partner & Supplier CoC as well as the Compliance Board, its whistleblowing mechanisms and other practices in set in place ensure the protection of whistleblowers.
<b>Management of relationships with suppliers, including payment practices</b>			
Positive impact (Own operations/Value chain)	actual	short to mid-term	Software GmbH has a rather positive, actual impact in regards to its business conduct through respective company-wide policies such as the Code of Conduct (CoC) for Employees, Partner & Supplier CoC as well as the Compliance Board. The policies, actions and practices ensure a good relationship with suppliers and management of sustainability issues within the supply chain.
<b>Corruption and bribery</b>			

Material IROs and where they occur	Potential/ Actual impact	Time horizon	Description
Positive impact (Own operations/Value chain)	actual	short to mid-term	Software GmbH has a rather positive, actual impact in regards to its business conduct through respective company-wide policies such as the Code of Conduct (CoC) for Employees, Partner & Supplier CoC as well as the Compliance Board. Practices, policies and actions are set in place to manage corruption and bribery and ensure all regulations are met. The CoC is mandatory for all employees and covers a broad range of topics. Compliance is ensured through the Compliance Officer and the Compliance Board. The Supplier & Partner CoC is also mandatory for all business partners and compliance is ensured via self-assessments or audits.
<b>Anti-competitive practices</b>			
Negative impact (Own operations/Value chain)	actual	short to mid-term	Since 2018, Software AG Spain has been involved in a litigation case for anti-competitive behavior and violations of antitrust and anti-monopoly law, in which the Company was identified as a participant. The Company was sentenced to pay an immediate fine, which the Company appealed at the time. The appeal was rejected in 2023 and the case closed in 2024.
<b>Entity specific: information security and data protection</b>			
Negative impact (Own operations/Value chain)	potential	short to mid-term	Information security is a significant topic due to potential data security breaches and outages that may be caused by malware attacks. The Company has implemented and certified information security management systems (ISO 27001:2022, ISO 27017:2015 and ISO 27018:2019) to manage risks associated with security and privacy breaches and implemented controls to address these risks. Those include internal and external audits and following industry best practices.
Negative impact (Own operations/Value chain)	potential	short to mid-term	As a software company the topic of data protection is of very high significance due to potential data security breaches and losses of employee and customer data that are caused by malware attacks. Software GmbH has implemented a Data Protection Management System, which is regularly reviewed and certified as part of the ISO 9001 certification.
Negative impact (Own operations)	potential	short to mid-term	The Company is subject to risks due to the use of cyber weapons and tools, used to conduct cyber crimes and to gain control over a digital presence and/or cause operational disruptions in the business of the Company. This includes data fraud, ransomware or theft. These risks are addressed as part of the data protection and information security policies, audits and management systems put in place to manage them.
Risk		short to mid-term	Due to the increasing number of cyberattacks, guaranteeing compliance with data protection is becoming more challenging. Software GmbH's order processing agreements with customers require compliance with data protection laws, particularly with the European Union's General Data Protection Regulation (GDPR). At the same time, growing IT complexity increases the attack surface for cyberattacks. According to the GDPR, penalties of up to 4 percent of Software GmbH's consolidated annual revenue can be issued in the event of infringement of data protection laws. Furthermore, additional costs for external consultants may be incurred, process productivity may decline, and significant reputational losses detrimental to sales may result. Sizable investments are necessary on an ongoing basis to take these security measures and comply with regulations.
Risk		short to mid-term	Information security: All data and IT service functions for internal purposes and customer services globally are subject to an upward threat potential curve because of the fact that malware attacks are getting increasingly smarter. Furthermore, government regulations on data protection and IT security are getting ever stricter. The growing complexity of IT increases the vulnerable attack surface of Software GmbH's sensitive data and IT systems to hackers and poses a constant threat to its tangible and intangible assets.

# Impact, risk and opportunity management

## Disclosures on the materiality assessment process

### Description of the process to identify and assess material impacts, risks and opportunities

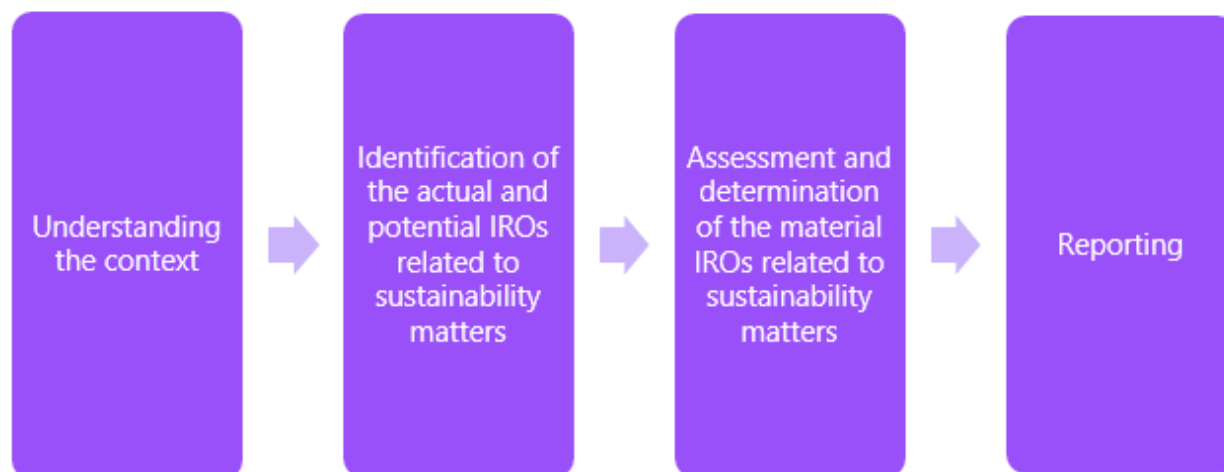
#### IRO-01

In 2024, Software GmbH conducted a double-materiality assessment (DMA) in line with the requirements of the CSRD. This was the first time that the materiality process focused on both impact and financial materiality; materiality assessments during the previous reporting periods were exclusively analyzing the impact aspect. The assessment focused on specific activities, business relationships and geographies that were at higher risk of adverse impacts or presenting greater opportunities for positive impacts on people or the environment. Furthermore, the impacts considered during the analysis included such that would result from the Company's own operations as well as its business relationships and value chain. Affected stakeholders were considered, including internal and external stakeholders, frameworks and internationally recognized organizations as well as the latest science publications in specific areas, such as climate change.

The scope of the assessment covers the Company's own operations and value chain, excluding the integration business which has been transferred to IBM earlier during the year. The scoping of the corporate context is based on the relevant business activities of Software GmbH including procurement and purchasing practices, affected stakeholders, countries of production and procurement, supply chain, business relations as well as products and services. Thus, it currently considers internal operations, key suppliers representing over 70% of the Company's total spend, and the top 50 customers by revenue.

A detailed analysis of internal and external stakeholder groups was conducted based on the requirements and guidance provided by the European Financial Reporting Advisory Group (EFRAG). Internal stakeholders include Software GmbH's Management Board, the departments/teams of Enterprise Risk Management, Strategy, Legal Affairs, Human Resources, Sustainability/ESG, Finance and Facilities as well as employee representatives of the Works Council. External stakeholders were identified to be suppliers, customers and consumers as well as SMEs/NGOs affected by the Company's operations, civil society, trade unions, and Nature as a silent stakeholder. Adequate representation of all stakeholder groups has been considered to ensure completeness, reliability and robustness of the process.

The steps undertaken to perform the double-materiality assessment can be summarized as follows:



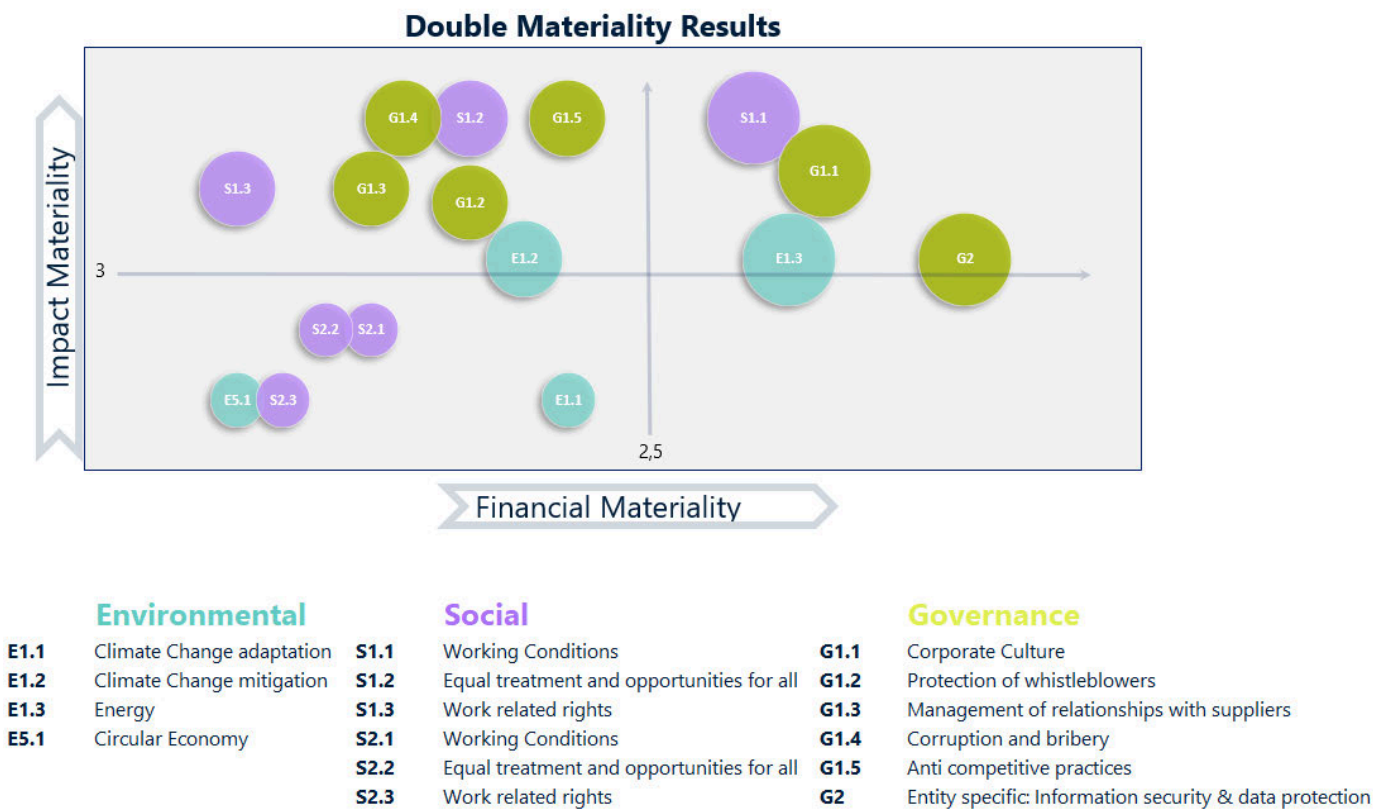
During the first step of the process, the focus was on looking into and mapping Software GmbH's products, own locations of operations, and value chain operations. Furthermore, the relevant legal and regulatory landscape was analyzed to gather more contextual information regarding the business of Software GmbH. The affected stakeholders whose views would be the most valuable for the decision-making process have also been determined in this step.



In the second step, the long list of topics was compiled and mapped in accordance with the list from paragraph AR16 of the ESRS. In addition to the topics contained in the list that were identified as relevant, other industry-specific topics were also considered at this stage, namely information security and data protection. A pre-assessment of all topics was performed on the levels of topic, subtopic and sub-subtopic. As a result, a list of actual and potential, positive and negative impacts was compiled. Furthermore, the timeframe and place of occurrence of the impacts was determined, considering both Software GmbH's own operations as well as those of its value chain. A similar approach was followed for the pre-assessment of both impact and financial materiality, as well as for the assessment of risks and opportunities.

In order to quantify the impacts, specific considerations were made to set thresholds and scales for each type of criteria. Based on the criteria, the set thresholds, and the pre-assessment of topics in the list, stakeholders' views were factored in, ultimately resulting in determination of the materiality of impacts. Slightly different processes were followed for determining the separate thresholds for impact and financial materiality resulting in different topics appearing as material at the end of the two processes. For both impact and financial materiality quantitative thresholds were set based on the different criteria - scale, scope, irremediability and likelihood for impact, whereas magnitude and likelihood for financial materiality. Moreover, for specific topics like human rights, the methodology of the process takes into account that the principle of severity takes precedence over likelihood, as prescribed by the ESRS standards.

The final results were validated with relevant stakeholders, to ensure that no significant material topics were omitted. Furthermore, they were validated with prominent tools to assess materiality and peers. The results of the double materiality assessment are as follows:



To verify the results of the conducted double materiality assessment, different public resources were consulted such as the SBTi materiality screening tool, the SASB materiality finder, ENCORE, and the Upright platform for net impacts, as well as a comparison with the impact materiality assessments conducted during previous reporting periods. No major topics were identified as missing or not listed in the described sources. The double-materiality assessment and the results thereof are integrated in the overall management process and the Management Board has signed them off and taken steps to further integrate them in the Company's strategy. A description of the concrete actions undertaken in relation to the material impacts identified can be found in the respective topical IRO management sections for each of the ESG topics.

As part of its strategic risk and opportunity management, Software GmbH reported separately on the strategic risks associated with environment, social, and governance (ESG) aspects in 2022 for the first time. In 2024, the Company continues to report on the ESG risks and opportunities, with a focus on climate-related risks and opportunities amongst the other risks presented in the risk report.

Software GmbH is also subject to additional ESG risks that go beyond the climate-related/environmental risks. Those may include within the social domain - supply chain risks, when it comes to human rights, labor rights, consumer matters, health and safety risks. From a governance point of view, risks such as lack of certain procedures, policies and internal controls may pose a threat to the Company's reputation and financial situation.

To establish a comprehensive foundation for the climate-related risk management process, it has been decided to follow the framework and recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). This would also prepare the Company for better compliance with the requirements of the CSRD and other regulations that introduce ESG-related risks and opportunities reporting. The TCFD framework divides climate-related risks into transitional and physical risks, further detailing the specifics of climate-related risks compared to other, more traditionally assessed risks within companies. Following the TCFD framework, the risk assessment was performed for transitional risks - policy and legal, technology, market and reputational, as well as for physical risks, acute and chronic.

## Disclosure requirements in ESRS covered by the sustainability statement

### IRO-2

Section	ESRS Standard	Datapoint	GRI Standard	Reference in Sustainability Statement
<b>General disclosures</b>				
	General disclosures (ESRS 2)	BP-1 General basis for preparation	GRI 2: General Disclosures 2021 / GRI 3: Material Topics 2021	
		BP-2 Disclosures in relation to specific circumstances	GRI 2: General Disclosures 2021	
		GOV-1 Role of the Executive Board and Supervisory Board	GRI 2: General Disclosures 2021 / GRI 405: Diversity and Equal Opportunity 2016	
		GOV-2 Information provided to and sustainability matters addressed by the Executive Board and Supervisory Board	GRI 2: General Disclosures 2021	
		GOV-3 Integration of sustainability-related performance in incentive schemes	GRI 2: General Disclosures 2021	
		GOV-4 Statement on due diligence	GRI 2: General Disclosures 2021	
		GOV-5 Risk management and internal controls over sustainability reporting	GRI 2: General Disclosures 2021	
		SBM-1 Strategy, business model, and value chain	GRI 2: General Disclosures 2021 / GRI 3: Material Topics 2021	
		SBM-2 Interests and views of stakeholders	GRI 2: General Disclosures 2021	
		SBM-3 Material impacts, risks, and opportunities and their interaction with strategy and business model	GRI 3: Material Topics 2021 / GRI 201: Economic Performance 2016 / GRI 303: Water and Effluents 2018 / GRI 306: Waste 2020 / GRI 308: Supplier Environmental Assessment 2016 / GRI 413: Local Communities 2016 / GRI 414: Supplier Social Assessment 2016	
		IRO-1 Description of the process to identify and assess material impacts, risks, and opportunities	GRI 2: General Disclosures 2021 / GRI 3: Material Topics 2021	
		IRO-2 Disclosure requirements covered by the sustainability statements	N/A	
		MDR-P Policies adopted to manage material sustainability matters	GRI 2: General Disclosures 2021 / GRI 3: Material Topics 2021 / GRI 202: Market Presence 2016 / GRI 203: Indirect Economic Impacts 2016 / GRI 204: Procurement Practices 2016 / GRI 301: Materials 2016 / GRI 302: Energy 2016 / GRI 303: Water and Effluents 2018 / GRI 305: Emissions 2016 / GRI 306: Effluents and Waste 2016 / GRI 402: Labor/Management Relations 2016 / GRI 403: Occupational Health and Safety 2018 / GRI 407: Freedom of Association and Collective Bargaining 2016 / GRI 410: Security Practices 2016 / GRI 416: Customer Health and Safety 2016 / GRI 417: Marketing and Labeling 2016	
		MDR-A Actions and resources in relation to material sustainability matters	GRI 2: General Disclosures 2021 / GRI 202: Market Presence 2016 / GRI 203: Indirect Economic Impacts 2016 / GRI 204: Procurement Practices 2016 / GRI 301: Materials 2016 / GRI 302: Energy 2016 / GRI 303: Water and Effluents 2018 / GRI 305: Emissions 2016 / GRI 306: Effluents and Waste 2016 / GRI 402: Labor/Management Relations 2016 / GRI 403: Occupational Health and Safety 2018 / GRI 407: Freedom of Association and Collective Bargaining 2016 / GRI 410: Security Practices 2016 / GRI 416: Customer Health and Safety 2016 / GRI 417: Marketing and Labeling 2016	

Section	ESRS Standard	Datapoint	GRI Standard	Reference in Sustainability Statement
		MDR-M Metrics in relation to material sustainability matters	GRI 2: General Disclosures 2021 / GRI 3: Material Topics 2021 / GRI 202: Market Presence 2016 / GRI 203: Indirect Economic Impacts 2016 / GRI 204: Procurement Practices 2016 / GRI 301: Materials 2016 / GRI 302: Energy 2016 / GRI 303: Water and Effluents 2018 / GRI 305: Emissions 2016 / GRI 306: Effluents and Waste 2016 / GRI 402: Labor/Management Relations 2016 / GRI 403: Occupational Health and Safety 2018 / GRI 407: Freedom of Association and Collective Bargaining 2016 / GRI 410: Security Practices 2016 / GRI 416: Customer Health and Safety 2016 / GRI 417: Marketing and Labeling 2016	
		MDR-T Tracking effectiveness of policies and actions through targets	GRI 2: General Disclosures 2021 / GRI 3: Material Topics 2021 / GRI 202: Market Presence 2016 / GRI 203: Indirect Economic Impacts 2016 / GRI 204: Procurement Practices 2016 / GRI 301: Materials 2016 / GRI 302: Energy 2016 / GRI 303: Water and Effluents 2018 / GRI 305: Emissions 2016 / GRI 306: Effluents and Waste 2016 / GRI 402: Labor/Management Relations 2016 / GRI 403: Occupational Health and Safety 2018 / GRI 407: Freedom of Association and Collective Bargaining 2016 / GRI 410: Security Practices 2016 / GRI 416: Customer Health and Safety 2016 / GRI 417: Marketing and Labeling 2016	
Environmental disclosures				
	Climate change (E1)	GOV-3 Integration of sustainability-related performance in incentive schemes	GRI 2: General Disclosures 2021	
		E1-1 Transition plan for climate change mitigation	N/A	
		SBM-3 Material impacts, risks, and opportunities and their interaction with strategy and business model	GRI 3: Material Topics 2021 / GRI 201: Economic Performance 2016 / GRI 303: Water and Effluents 2018 / GRI 306: Waste 2020 / GRI 308: Supplier Environmental Assessment 2016 / GRI 413: Local Communities 2016 / GRI 414: Supplier Social Assessment 2016	
		IRO-1 Description of the processes to identify and assess material climate-related impacts, risks, and opportunities	GRI 2: General Disclosures 2021 / GRI 3: Material Topics 2021	
		E1-2 Policies related to climate change migration and adaptation	GRI 302: Energy 2016 / GRI 305: Emissions 2016	
		E1-3 Actions and resources in relation to climate change policies	GRI 201: Economic Performance 2016 / GRI 302: Energy 2016 / GRI 305: Emissions 2016	
		E1-4 Targets related to climate change mitigation and adaptation	GRI 302: Energy 2016 / GRI 305: Emissions 2016	
		E1-5 Energy consumption and mix	GRI 302: Energy 2016	
		E1-6 Gross Scopes 1,2,3 and total GHG emissions	GRI 305: Emissions 2016	
Social disclosures				
	Own workforce (S1)	SBM-3 Material impacts, risks, and opportunities and their interaction with strategy and business model	GRI 3: Material Topics 2021 / GRI 201: Economic Performance 2016 / GRI 303: Water and Effluents 2018 / GRI 306: Waste 2020 / GRI 308: Supplier Environmental Assessment 2016 / GRI 413: Local Communities 2016 / GRI 414: Supplier Social Assessment 2016	
		S1-1 Policies related to own workforce	GRI 2: General Disclosures 2021 / GRI 401: Employment 2016 / GRI 402: Labor/Management Relations 2016 / GRI 403: Occupational Health and Safety 2018 / GRI 404: Training and Education 2016 / GRI 405: Diversity and Equal Opportunity 2016 / GRI 406: Non-discrimination 2016 / GRI 407: Freedom of Association and Collective Bargaining 2016 / GRI 408: Child Labor 2016 / GRI 409: Forced or Compulsory Labor 2016	

Section	ESRS Standard	Datapoint	GRI Standard	Reference in Sustainability Statement
		S1-2 Processes for engaging with own workforce and workers' representatives about impacts	GRI 2: General Disclosures 2021 / GRI 3: Material Topics 2021 / GRI 401: Employment 2016 / GRI 402: Labor/Management Relations 2016 / GRI 403: Occupational Health and Safety 2018 / GRI 404: Training and Education 2016 / GRI 405: Diversity and Equal Opportunity 2016 / GRI 406: Non-discrimination 2016 / GRI 407: Freedom of Association and Collective Bargaining 2016 / GRI 408: Child Labor 2016 / GRI 409: Forced or Compulsory Labor 2016	
		S1-3 Process to remediate negative impacts and channels for own workforce to raise concerns	GRI 2: General Disclosures 2021 / GRI 403: Occupational Health and Safety 2018	
		S1-4 Taking action on material impacts on own workforce, and approaches to mitigating risks and pursuing material opportunities related to own workforce, and effectiveness of actions	GRI 2: General Disclosures 2021 / GRI 3: Material Topics 2021 / GRI 203: Indirect Economic Impacts 2016 / GRI 401: Employment 2016 / GRI 402: Labor/Management Relations 2016 / GRI 403: Occupational Health and Safety 2018 / GRI 404: Training and Education 2016 / GRI 405: Diversity and Equal Opportunity 2016 / GRI 406: Non-discrimination 2016 / GRI 407: Freedom of Association and Collective Bargaining 2016 / GRI 408: Child Labor 2016 / GRI 409: Forced or Compulsory Labor 2016	
		S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	GRI 3: Material Topics 2021 / GRI 401: Employment 2016 / GRI 402: Labor/Management Relations 2016 / GRI 403: Occupational Health and Safety 2018 / GRI 404: Training and Education 2016 / GRI 405: Diversity and Equal Opportunity 2016 / GRI 406: Non-discrimination 2016 / GRI 407: Freedom of Association and Collective Bargaining 2016 / GRI 408: Child Labor 2016 / GRI 409: Forced or Compulsory Labor 2016	
		S1-6 Characteristics of our employees	GRI 2: General Disclosures 2021 / GRI 401: Employment 2016 / GRI 405: Diversity and Equal Opportunity 2016	
		S1-7 Characteristics of non-employee workers in our own workforce	GRI 2: General Disclosures 2021	
		S1-8 Collective bargaining coverage and social dialogue	GRI 2: General Disclosures 2021	
		S1-9 Diversity metrics	GRI 405: Diversity and Equal Opportunity 2016	
		S1-10 Adequate wages	GRI 202: Market Presence 2016	
		S1-11 Social protection	GRI 401: Employment 2016	
		S1-12 Persons with disabilities	GRI 405: Diversity and Equal Opportunity 2016	
		S1-13 Training and skills development metrics	GRI 404: Training and Education 2016	
		S1-15 Work-life balance metrics	GRI 401: Employment 2016	
		S1-16 Remuneration metrics	GRI 2: General Disclosures 2021 / GRI 405: Diversity and Equal Opportunity 2016	
		S1-17 Incidents, complaints, and severe human rights impacts	GRI 2: General Disclosures 2021 / GRI 406: Non-discrimination 2016	
<b>Governance disclosures</b>				
	Business conduct (G1)	G1-1 Business conduct policies and corporate culture	GRI 2: General Disclosures 2021 / GRI 205: Anti-corruption 2016	
		G1-2 Management of relationships with suppliers	GRI 204: Procurement Practices 2016 / GRI 308: Supplier Environmental Assessment 2016 / GRI 414: Supplier Social Assessment 2016	
		G1-3 Prevention and detection of corruption and bribery	GRI 2: General Disclosures 2021 / GRI 205: Anti-corruption 2016	
		G1-4 Confirmed incidents of corruption and bribery	GRI 2: General Disclosures 2021 / GRI 205: Anti-corruption 2016	
		G1-6 Payment practices	N/A	
	Company-specific metrics (G2)			
		Information security and data protection	N/A	

As a result of the materiality assessment process several topical standards were deemed not material for Software GmbH. Those include ESRS E2 pollution, E3 Water and marine resources, E4 Biodiversity and ecosystems and E5 Resource use and circular economy. In the social aspect S2 Workers in the Value chain, S3 Affected communities and S4 Consumers and end users were deemed not material.

As to the standards beyond E1 in the Environmental domain, the conclusion was that they are not material since Software GmbH does not have any significant impacts, risk and opportunities connected to these topics. The Company does not produce any physical products, but creates software, thus the levels of pollution as a result of the business activities are minimal. The own operations of Software GmbH are also very capital efficient, relying on minimal physical assets, while focusing on intellectual property, thus no additional pollution is caused by them. Water and marine resources are not considered material, since in its operations Software GmbH has low direct water usage, only for domestic purposes in the office premises. Furthermore, since the company's operation do not involve any large-scale water consumption or discharge of water into the environment, the impacts on water and marine resources are minimal. Software GmbH does not operate any external data centers of its own, only has its R&D concentrated in a small data center located in the Darmstadt headquarters, but the latter's impact is minimal. Biodiversity is not considered material since the whole business model of the Company has limited operational impact on natural ecosystems since its core operations do not significantly contribute to habitat destruction and loss of biodiversity. Moreover, the output of Software GmbH are digital rather than physical products, so the supply of natural resources used in the operations does not impact biodiversity directly. Finally, when it comes to circularity, similarly, due to the lack of physical products produced and the minimum waste generated, the circular economy topical standard was not deemed relevant according to the materiality assessment and stakeholder consultations conducted.

Within the Social domain S2, S3 and S4 were not deemed material as a result of the materiality process. Due to the business model of the Company and the context it operates in, no significant impacts, risks and opportunities were identified within these areas. IROs pertaining to workers in the value chain were identified and shortlisted, but in the end, due to the quantitative evaluation of the criteria, the result was below the materiality threshold. Since Software GmbH does not have a complex supply chain due to the nature of its operations and business model, the lack of sourcing raw materials and mainly using highly qualified services and educated workforce mostly in European countries, the overall risk of violations of rights of workers in the value chain was graded as low. Regarding communities, none are directly affected by the activities of the company. Finally, end-users' and consumers' rights are not considered from the consumer point of view, since the business model of the Company relates to the business-to-business model. Thus, those matters such as information security and data protection have been included as entity-specific under the governance section.

## List of data points that derive from other EU legislation

Section	ESRS Standard	Datapoint	Other EU Regulation including the datapoint	Reference in Sustainability Statement
General disclosures	General disclosures (ESRS 2)	GOV-1 Board's gender diversity	SFDR; Benchmark Regulation	
		GOV-1 Percentage of board members who are independent	Benchmark Regulation	
		GOV-4 Statement on due diligence	SFDR	
		SBM-1 Involvement in activities related to fossil fuel activities	SFDR; Pillar 3; Benchmark Regulation	
		SBM-1 Involvement in activities related to chemical production	SFDR; Benchmark Regulation	
		SBM-1 Involvement in activities related to controversial weapons	SFDR; Benchmark Regulation	
		SBM-1 Involvement in activities related to cultivation and production of tobacco	Benchmark Regulation	
Environmental disclosures	Climate change (E1)	E1-1 Transition plan to reach climate neutrality by 2050	EU Climate Law	
		E1-1 Undertakings excluded from Paris-aligned Benchmarks	Pillar 3; Benchmark Regulation	
		E1-4 GHG emission reduction targets	SFDR; Pillar 3; Benchmark Regulation	
		E1-5 Energy consumption from fossil sources disaggregated by sources for high climate impact sectors	SFDR	
		E1-5 Energy consumption and mix	SFDR	
		E1-5 Energy intensity associated with activities in high climate impact sectors	SFDR	
		E1-6 Gross scope 1, 2, 3, and total GHG emissions	SFDR; Pillar 3; Benchmark Regulation	
		E1-6 Gross GHG emissions intensity	SFDR; Pillar 3; Benchmark Regulation	
		E1-7 GHG removals and carbon credits	EU Climate Law	
		E1-9 Exposure of the benchmark portfolio to climate-related physical risks	Benchmark Regulation	
		E1-9 Disaggregation of monetary amounts by acute and chronic physical risk	Pillar 3	
		E1-9 Location of significant assets at material physical risk	Pillar 3	
		E1-9 Breakdown of the carrying value of real estate assets by energy-efficiency classes	Pillar 3	
		E1-9 Degree of exposure of the portfolio to climate-related opportunities	Benchmark Regulation	
	Pollution (E2)	E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water, and soil	SFDR	Not material



Section	ESRS Standard	Datapoint	Other EU Regulation including the datapoint	Reference in Sustainability Statement
Social disclosures	Water and marine resources (E3)	E3-1 Water and marine resources	SFDR	Not material
		E3-1 Dedicated policy	SFDR	Not material
		E3-1 Sustainable oceans and seas	SFDR	Not material
		E3-4 Total water recycled and reused	SFDR	Not material
		E3-4 Total water consumption in m3 per net revenue on own operations	SFDR	Not material
	Biodiversity and ecosystems (E4)	IRO-1 List of material sites and biodiversity-sensitive areas	SFDR	Not material
		IRO-1 Material negative impacts with regards to land degradation, desertification, or soil sealing	SFDR	Not material
		IRO-1 Operations affecting threatened species	SFDR	Not material
		E4-2 Sustainable land and agriculture practices or policies	SFDR	Not material
		E4-2 Sustainable oceans and seas practices or policies	SFDR	Not material
		E4-2 Policies to address deforestation	SFDR	Not material
	Recourse use and circular economy (E5)	E5-5 Non-recycled waste	SFDR	Not material
		E5-5 Hazardous waste and radioactive waste	SFDR	Not material
	Own workforce (S1)	SBM-3 Risk of incidents of forced labor	SFDR	
		SBM-3 Risk of incidents of child labor	SFDR	
		S1-1 Human rights policy commitments	SFDR	
		S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	Benchmark Regulation	
		S1-1 Processes and measures for preventing trafficking in human beings	SFDR	
		S1-1 Workplace accident prevention policy or management system	SFDR	
		S1-3 Grievance and complaints handling mechanisms	SFDR	
		S1-14 Number of fatalities and number and rate of work-related accidents	SFDR; Benchmark Regulation	
		S1-14 Number of days lost to injuries, accidents, fatalities, or illness	SFDR	
		S1-16 Unadjusted gender pay gap	SFDR; Benchmark Regulation	
		S1-16 Excessive CEO pay ratio	SFDR	
		S1-17 Incidents of discrimination	SFDR	
		S1-17 Non-respect of U.N. Guiding Principles on Business and Human Rights, ILO principles, and/or OECD Guidelines	SFDR; Benchmark Regulation	
	Workers in the value chain (S2)	SBM-3 Significant risk of child labor or forced labor in the value chain	SFDR	Not material
		S2-1 Human rights policy commitments	SFDR	Not material

Section	ESRS Standard	Datapoint	Other EU Regulation including the datapoint	Reference in Sustainability Statement
		S2-1 Policies related to value chain workers	SFDR	Not material
		S2-1 Non-respect of U.N. Guiding Principles on Business and Human Rights, ILO principles, and/or OECD Guidelines	SFDR; Benchmark Regulation	Not material
		S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	Benchmark Regulation	Not material
		S2-4 Human rights issues and incidents connected to upstream and downstream value chain	SFDR	Not material
	Affected communities (S3)	S3-1 Human rights policy commitments	SFDR	Not material
		S3-1 Non-respect of U.N. Guiding Principles on Business and Human Rights, ILO principles, and/or OECD Guidelines	SFDR; Benchmark Regulation	Not material
		S3-4 Human rights issues and incidents	SFDR	Not material
	Consumers and end-users (S4)	S4-1 Policies related to consumers and end-users	SFDR	
		S4-1 Non-respect of U.N. Guiding Principles on Business and Human Rights, ILO principles, and/or OECD Guidelines	SFDR; Benchmark Regulation	
		S4-4 Human rights issues and incidents	SFDR	
	Governance disclosures			
		Business conduct (G1)		
		G1-1 United Nations Convention against Corruption	SFDR	
		G1-1 Protection of whistleblowers	SFDR	
		G1-4 Fines for violation of anti-corruption and anti-bribery laws	SFDR; Benchmark Regulation	
		G1-4 Standards of anti-corruption and anti-bribery	SFDR	

# Minimum disclosure requirements

## Policies adopted to manage material sustainability matters

MDR-P

Topical standard	Material sustainability matter	Policies
E1 Climate change	Climate change mitigation	Global Environmental Policy
	Energy	
S1 Own workforce	Working conditions	Global Code of Business Conduct & Ethics Human Rights Commitment Statement
	Equal treatment and opportunities for all	
	Work related rights	
G1 Business conduct	Corporate culture	Global Code of Business Conduct & Ethics
	Protection of whistleblowers	Global Code of Business Conduct & Ethics Human Rights Commitment Statement
	Management of relationships with suppliers	Supplier & Partner Code of Conduct
	Corruption and bribery	Global Code of Business Conduct & Ethics Supplier & Partner Code of Conduct
	Anti-competitive practices	
Entity specific	Information security & data protection	Global Information Security Policy Corporate Data Protection Policy Supplier & Partner Code of Conduct

## Actions and resources in relation to material sustainability matters

MDR-A

Specific actions and resources in relation to each material sustainability matter can be found in the respective topical sections of this Sustainability statement.

## Metrics in relation to material sustainability matters

MDR-M

Specific metrics in relation to each material sustainability matter can be found in the respective topical sections of this Sustainability statement.

## Tracking effectiveness of policies and actions through targets

MDR-T

Software GmbH has not yet established measurable targets on all material sustainability matters, but plans to do so in the foreseeable future. Where targets exist, they have been duly described in the respective topical sections of this Sustainability statement.

# ENVIRONMENT

## CLIMATE CHANGE

### Introduction

Software GmbH is actively striving to reduce its impact on the environment. The Company recognizes that, while its operations are largely digital, there's still the responsibility to minimize environmental impacts. As a technology-driven organization, the focus on sustainability centers around key areas such as energy efficiency and carbon emissions reduction.

## Governance

### Integration of sustainability-related performance in incentive schemes

#### GOV-3

For 2024, the annual ESG target for Software GmbH was to achieve a score higher than 50 points in its Ecovadis sustainability assessment. More extensive information regarding the Company's Ecovadis performance and the achievement of the latter target can be found in the section [Integration of sustainability-related performance in incentive schemes](#) in the General Disclosures chapter of this Statement.

Even though the Ecovadis target covers a wide range of sustainability-related topics, no specific GHG emissions reduction targets were established. This means that its achievement does not directly correspond to a percentage of remuneration as it is not recognized to be linked directly to climate considerations due to the lack of climate-specific quantitative targets.

## Strategy

### Transition plan for climate change mitigation

#### E1-1

Software GmbH is committed to minimizing its impact and safeguarding the environment. As a first step towards developing a transition plan, the Company has focused its efforts on developing its GHG inventory and including all relevant and material categories in it. Currently, Software GmbH does not have a transition plan for climate change mitigation that would feature GHG emission reduction targets that are aligned with limiting global warming to 1.5 degrees and the Paris Agreement. Since the Company has been going through significant organizational changes in 2024, it was deemed more reasonable to establish as a more baseline a more stable reporting year and work on validating the emissions reduction targets with the SBTi (Science Based Targets Initiative) in the future once the organizational scope is clearly settled.

The Company has identified as key decarbonization levers in its own operations the sourcing of renewable electricity and transitioning to an electric car fleet. Furthermore, the product and service portfolio of the Company is being reviewed to evaluate for potential sustainability-related opportunities. The key actions planned for the future regarding the development of a transition plan are connected to the set up of targets aligned with the Paris Agreement requirements, and developing a set of key actions to support its achievement. Those would include minimizing own operations' emissions, collaborating with suppliers to reduce the upstream carbon footprint and R&D to focus on actions to reduce the downstream effects of the use of Software GmbH's own products. With reference to previous years' reports, the Company has some taxonomy-eligible CapEx, but no information on the currently taxonomy-aligned CapEx or CapEx plans. In the upcoming reports, once the transition plan has also been approved by the management and the targets set, information regarding the allocated resources will be shared in the form of CapEx and OpEx needed for the implementation of the plan.

No qualitative assessment of the locked-in GHG emissions of the Company's key assets and products has been conducted at this time. However, Software GmbH's overall model does not involve owning significant infrastructure and since the Company does not have its own data centers and mostly relies on third parties or customers managing the infrastructure. Moreover, the Company owns only a few buildings which are energy efficient from an energy point of view, thus minimizing the effects of locked in emissions in assets. The overall assumption is that such assets do not and would not in the future jeopardize the GHG emission reduction targets. The Company plans to look into the EU taxonomy requirements with a focus on its products and how would they be eligible and aligned in the future.

Considering the exclusion criteria stated in the Article 12 of the Commission Delegated Regulation (EU) 2020/1818 Software GmbH is not part of the exclusions of the EU Paris-aligned Benchmarks, since they are relevant for companies with activities in the fossil fuel and controversial weapons areas, as well as for companies violating the international norms, as per article 12 of the corresponding regulation. At this point in time the transition plan has not been formally approved by the administrative, management and supervisory bodies. The progress of implementing the transition plan has been summarized and in the upcoming reporting periods Software GmbH will work on formalizing and implementing it, along with the corresponding actions required. The plan is to formally adopt such a plan in the next two years. The plan will be a part of the overarching strategy of the company and will align with the business strategy and financial planning.

## **Material impacts, risks and opportunities and their interaction with strategy and business model**

### **SBM-3**

*For a full list of the material impacts, risks and opportunities related to Software GmbH's environmental performance, please refer to the section ["Material impacts, risks and opportunities and their interaction with strategy and business model \(SBM-3\)"](#) in the chapter GENERAL DISCLOSURES of this Sustainability statement.*

Climate-related impacts, risks and opportunities are integrated in Software GmbH's company-wide Enterprise risk management process. As a global software company, Software GmbH supports digitalization, which has become increasingly important in the transition to a low-carbon economy. The Company considers the transition process mostly as an business opportunity, but also considers certain risks related to the regulatory environment, reputational risks as well as litigation risks in the area.

As a result of the conducted double-materiality assessment the subtopic of Energy was deemed as financially material for the Company, while climate change mitigation did not result as financially material. Thus, only one material risk was identified in the area of energy, which is a transitional risk and has to do with bearing the financial costs of fossil fuels or renewable energy which would be needed to meet the emission reduction targets that the Company would set. From an impact point of view climate change mitigation and energy have been identified as material and the main causes for these impacts are the GHG emissions generated through the business activities of the Company and the energy consumed within the own operations and value chain. Due to the nature of the operations of Software GmbH, Scope 1 and 2 emissions are relatively low compared to the overall carbon footprint. Furthermore, a positive impact was identified for products and services that the Software GmbH provides, which could lead to emission reductions of its customers. The impacts and risk occur in the own operations of the Company, but also through its products and services in the downstream value chain.

Currently Software GmbH anticipates that energy and GHG emission matters will not impact significantly the business model, value chain, strategy and decision-making process. This is due to the fact that as a software company the business model does not include owning many physical assets and the direct impacts on the environment or from the environment towards the Company are not as significant as in the traditional manufacturing industries.

Energy is identified as a financially material topic and the Company is working on collecting the information for current financial effects coming from this matter. Anticipated financial effects, based on the phase-in requirement<sup>1</sup> will not be shared in the first year of mandatory CSRD reporting and will be shared on a qualitative level for the first 3 years.

Software GmbH has been conducting an resilience analysis of its strategy and business model in relation to climate change. The basis for the resilience analysis has been the previous work done on climate-related risks and opportunities, combined with the double materiality work in the area of E1. To create the more accurate picture of the future, the Company has used scenario analysis to assess potential futures, their impact on the strategy and business models and inform further the resilience analysis that has been conducted.

<sup>1</sup> ESRS, Appendix C, list of phased-in disclosure requirements, ESRS2, SBM-3

The work on the resilience analysis started in 2024, as part of the DMA process and continued with conducting climate scenario analysis. The resilience analysis has been built upon the results of the DMA, specifically the identified IROs within the area of environment, in combination with the overall company context and the scenario analysis work.

The strategic insights regarding the possible futures have been derived based on the different scenarios from the IEA, IPCC and sources from other internationally recognized organizations as well as market trends and expert knowledge. As a result the Company's resilience in a high and low emission scenarios was evaluated, providing vital insights for the business model and strategy.

The results regarding the resilience of the Company in a high-emissions scenario are based on the evaluation of exposure of assets, operational and financial sensitivity and vulnerabilities. A high-emissions scenario presents mostly risks and not that many opportunities for Software GmbH. The exposure of assets to extreme weather events makes the operations of the Company vulnerable and financially represents costs in damage to assets, disruption of business activities and loss of productivity of the workforce. Thus, making the Software GmbH less resilient compared to the current state.

The results of the resilience analysis in a low-emissions scenario, again, based on exposure of assets, operational and financial sensitivity are evaluated to be more favorable. Such a scenario presents not only risks, but also an abundance of opportunities for Software GmbH. From an asset point of view, the Company faces less risks of damage to assets as well as business and operational disruptions. Financially, in the short-term, energy and environmental costs would increase and may affect the Company's financial position. They are expected, though, to decrease in the medium and long-term. Moreover, opportunities for developing software products that would enable climate change mitigation and adaptation, as well as energy efficiency are abundant in such a scenario and can lead to more revenue for Software GmbH.

The resilience strategies to tackle the possible negative future impacts are currently under development, but have been identified on a general level and include - risk mitigation, opportunity identification and strategic investments. They cover both risks and opportunities development in relation to climate change. Since the Company has conducted for the first time a climate scenario and resilience analysis, the work on specific roadmaps to develop and implement such mitigation strategies is yet to be performed.

The process of conducting the resilience analysis has been informed by both the DMA, but also mainly by the conducted scenario analysis. The results of the climate scenario analysis are explained in detail in the next section.

# Impact, risk and opportunity management

## Description of the process to identify and assess material climate-related impacts, risks and opportunities

### IRO-1

The process of identifying climate-related impacts, risks and opportunities was conducted as part of the overarching double-materiality process. However, it has been built on the previously conducted risk assessment as part of the enterprise risk management where ESG risk and opportunities following the TCFD methodology have been assessed. Thus, as part of the process the previously identified climate-related IROs were used as a basis, with additional screening and benchmarking of industry-specific climate-related IROs. The activities of the company were screened in relation to GHG emissions generation, as well as the business relationships and overall business model and context within which the company operates. The screening was used to identify additional actual and potential GHG emission sources and drivers for other climate-related impacts.

The framework used as a foundation for the analysis was the TCFD<sup>2</sup>. As a first step a list of actual and potential climate-related risks were identified, taking into account the business context of the company, its supply chain and business partners and its own geographical locations. The IROs considered were divided into two large categories - transitional and physical, with the specific subcategories of policy and legal, technology, market, reputational and for the physical risks - acute and chronic. In the next step all identified IROs were included in the double materiality assessment process and were given a quantitative score in the stakeholder engagement process. Other international sources<sup>3</sup>, were also consulted on the matters of climate change. Finally, the own operations of the Company were mapped and scenario analysis was used to review the the material impacts, risks and opportunities and how would they develop within a high and low emission scenario. The upstream and downstream value chain were also considered on a general level within the scenario analysis work.

The high-emissions scenario used was the IPCC SSP5-8.5 and the low-emissions scenario used was the IEA Net Zero 2050. Both scenarios are directly recommended in the ESRS<sup>4</sup>. Software GmbH considers that these are aligned with the latest state-of-the-art science and that they cover both the physical and transition events perspectives to a full extent. The time horizons of the two scenarios used are different due to the nature of the events they cover - mainly the IPCC covers the physical risks which are with a longer term perspective, while the IEA Net Zero covers the transition events, which have a shorter term perspective.

The IPCC SSP5-8.5 high-emissions scenario would have a time horizon of 2100, focusing on the evaluation of physical risks. Climate change is a long-term phenomenon that will continue unfolding over decades and centuries. The year 2100 provides a sufficiently distant time horizon to allow for significant changes in climate systems to manifest and to account for the long atmospheric lifetimes of GHG emissions. The key forces and drivers in this scenario are the increasing frequency and severity of extreme weather events and a variety of physical events including: rising sea levels, changing precipitation patterns, temperature increases. Furthermore, the lack of adaptation measures like inadequate infrastructure resilience, insufficient early warning systems, poor urban planning, supply chain vulnerabilities, lack of business continuity planning and the overall underestimation of climate risks. The key sources and inputs used to perform the scenario analysis work in the high emission scenario are the IPCC (Climate Change 2021 the Physical Science Basis) as well as other sources<sup>5</sup>.

The IEA Net Zero 2050 low-emissions scenario has the time horizon until 2050, which is aligned with the Paris agreement targets and since most countries and organizations have adopted 2050 as the “net zero target year”, which makes it directly relevant to current policy frameworks and goals. The two scenarios used in the scenario analysis work are considered to cover all plausible risks and uncertainties, giving the Company a good picture of the potential vulnerability it faces. The key forces and drivers in this scenario are the declining demand for fossil fuels, increased investments in renewable energy infrastructure, volatility of the energy markets during the transition period, increasing global energy demand and the overall shift from fossil fuels to renewable energy sources. The key sources and inputs used to perform the scenario analysis work in the low emission scenario are

<sup>2</sup> <https://assets.bbhub.io/company/sites/60/2021/10/FINAL-2017-TCFD-Report.pdf>; [https://assets.bbhub.io/company/sites/60/2020/09/2020-TCFD\\_Guidance-Scenario-Analysis-Guidance.pdf](https://assets.bbhub.io/company/sites/60/2020/09/2020-TCFD_Guidance-Scenario-Analysis-Guidance.pdf)

<sup>3</sup> Sources and frameworks consulted include: Taskforce on Nature-related Financial Disclosures (TNFD) Recommendations, 221026\_VBA-Methodology-Social-Economic.pdf (value-balancing.com), Impact-Radar-2022\_update-Feb23.pdf (unepfi.org), ENCORE, TCFD and the latest IPCC reports.

<sup>4</sup> ESRS, IRO-1, AR11 (d); IRO-1, AR12 (c)

<sup>5</sup> Liao Y. (2023), Resources for the future: Climate Scenario Analysis 101, <https://www.rff.org/publications/explainers/climate-scenario-analysis-101/>; Wilhelm, J. et. al, (2021). Severe thunderstorms with large hail across Germany in June 2019. *Weather*, 76(7), 228-237.; Zurich (2024): Here's how climate change will impact businesses everywhere and what can be done, <https://www.zurich.com/knowledge/topics/climate-change/how-climate-change-will-impact-business-everywhere>; Sunyer M. (2024), Resources for the future: Physical climate risks: Preparing for an (already) changing climate, <https://eco-act.com/blog/physical-climate-risks-preparing-for-changing-climate/>; Shaw P. (2024), Environmental Defense Fund: Three Ways Climate Risks Are Increasing Costs for Businesses, <https://business.edf.org/insights/three-ways-climate-risks-are-increasing-costs-for-businesses/>



the IEA(2023): Net Zero by 2050 as well as other sources<sup>6</sup>.

In both scenarios the short, mid and long term time horizons were evaluated and the short time horizon has been aligned also with the double-materiality assessment's short-term horizon to create the direct link between the identified IROs and the scenario analysis. The key constraints of the scenario analysis work are related to the fact that it considers a qualitative perspective and geographically generic perspective, based on key locations and continents.

From an impact perspective the impacts on climate change and in particular the GHG emissions of the Company are reported in detail under section [Gross Scopes 1, 2, 3 and total GHG emissions](#) of this chapter. Almost 90% of the emissions of the Company are in the Scope 3 category, leaving around 10% for the own operations. The main impacts in the own operations come from the usage of purchased electricity and fuels. The main impacts in the value chain come from the upstream emissions in Category 1 Purchased goods and services (22% of the total carbon footprint) and in the downstream value chain from Category 11 Use of products sold (45% of the total carbon footprint). More information on the methodology of the calculations can also be found under section [Gross Scopes 1, 2, 3 and total GHG emission](#).

The results of the conducted scenario analysis focused around the climate-related physical risks and transition risks and opportunities - in own operations and along the upstream and downstream value chain.

The identified physical risks considered in the high-emissions scenario included business disruptions in case of physical events like storms, floods, droughts caused by the changes in the climate and failure to implement adaptation measures. In the specific context of Software GmbH the consequences of failed implementation of climate change adaption measures result through extreme weather events, e.g. frequent storms in infrastructure disruptions and therefore extended power outages, also in data centers. This may lead to disruption of the developer's work and services provided to the customers (e.g. productivity loss due to inability to access development environments and tools).

Intermittent or complete loss of internet access results in an inability to collaborate with remote team members or clients, disrupted access to cloud-based development tools and repositories or delays in deploying updates or responding to critical issues. Flooding or storm damage forces temporary office closures so developers must work remotely, potentially without proper equipment. This can result in a loss of access to specialized hardware or testing environments and reduced team cohesion and communication effectiveness. Extreme weather hazards make commuting dangerous or impossible. Increased absenteeism can therefore lead to project delays, stress and reduced productivity when developers do not make it to work. Climate events have a negative impact on the supply chain for computer hardware as well: delayed upgrades to development machines have an impact on productivity and increase the inability to procure specialized equipment for testing or development. Clients might modify project requirements to address their own climate adaptation needs, which may lead to developers rapidly learning new technologies or domains, increasing project complexity and the potential for errors. In case clients cancel projects as they face their own climate-related challenges, it can result in a sudden loss of revenue for the Company and work and income for a wide range of Software GmbH employees, especially developers. In the mid and long-term perspective increased temperature reinforces the frequency of extreme weather events. Recurring climate events might force Software GmbH to consider relocation which disrupts employee's professional and personal life. The increasing demand for climate-resilient software solutions results in a need to acquire new skills related to energy-efficient coding, distributed systems, or disaster recovery. Opportunities in the high emissions do not increase exceptionally and the expectation is that the status quo is maintained. At this point in time a detailed assessment of the assets and business activities exposed to such risks has not been developed, aside from the already mentioned assumptions regarding infrastructure like data centers, employees well being and productivity and the assumption that most if not all business activities which may be disrupted due to such events.

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<sup>6</sup> IPCC (2021): Climate Change 2021 The Physical Science Basis, [https://report.ipcc.ch/ar6/wg1/IPCC\\_AR6\\_WGI\\_FullReport.pdf](https://report.ipcc.ch/ar6/wg1/IPCC_AR6_WGI_FullReport.pdf); World Economic Forum (2024): 7 ways to harness technology for climate adaptation, <https://www.weforum.org/agenda/2024/01/7-ways-to-harness-technology-for-climate-adaptation/>; Anderson, S. (2021): Software Jobs: Finding Tech Careers in Climate, <https://blog.terra.do/software-jobs-transitioning-to-a-tech-career-in-climate/>; Oxley, B. (2023): The Role of Software Engineers in Combatting Climate Change, <https://dev.to/brylie/the-role-of-software-engineers-in-combating-climate-change-3h34>

The identified transition risks and opportunities informed by the low-emissions scenario include increasing energy costs and increasing environmental costs. They are expected to have a strong impact in a low-emissions scenario. In the short-term, energy costs and environmental costs may affect data center operational costs. Growing demand for renewables may cause temporary price spikes of energy. Companies would face more pressure to invest in energy efficient hardware and software solutions. In the medium-term the prices would stabilize and stricter regulations on data center emissions and software energy efficiency may require investments in upgrades. In the longer term perspective renewable energy and energy efficiency becomes dominant and net-zero targets for tech companies are mandatory. There may be increased costs for climate adaptation measures to the IT infrastructure. In the context of Software GmbH's operations, the Company may experience higher energy costs in the near-term as the world transitions to renewable energy sources. This could affect operational expenses, particularly for data centers and office facilities. Over time, energy costs are likely to stabilize as renewable technologies become more efficient and widespread. This could benefit the Company's long-term financial planning. The implementation of carbon taxes or cap-and-trade systems could increase costs for the Company, especially related to its IT infrastructure operations. However, as a software company, the direct emissions are likely to be relatively low compared to other industries. The company may need to invest in upgrading its facilities, infrastructure and data centers to achieve net-zero emissions, aligning with the SSP1-1.9 scenario's goal. Therefore investing in energy-efficient infrastructure and developing partnerships with renewable energy providers would help manage costs in the long term.

When it comes to the supply chain, the supply of raw materials in the area of hardware components in a low-emissions scenario is still lower and associated with higher prices. However, due to political measures, supply and prices for sustainable energy are expected to fall in the long term anyway. Across all time horizons, software developers will have a focus on: optimizing code for energy efficiency to reduce operational costs and emissions. Furthermore, implementing "green coding" practices, such as efficient resource utilization and cloud-based operations will play a more significant role and represent an opportunity for the Company. More specific opportunities are related to: developing tools for monitoring and reporting emissions to ensure compliance with regulations; creating software solutions for predictive maintenance and energy management in renewable energy systems; designing applications that can adapt to variable energy availability and costs, potentially incorporating edge computing and efficient data processing. By addressing these aspects, Software GmbH can contribute to mitigating the risks associated with increasing energy and environmental costs while supporting customers' transition to sustainable energy solutions. Opportunities are abundant in the area of software development and main ones identified for the Company are development of new products and services enabling climate change mitigation and adaptation and developing more energy efficient products and services. Research indicates that data-driven and digital technologies provide unique capabilities particularly well-suited to support climate change mitigation.

As regulations tighten, businesses will need software to measure, track, and report their emissions accurately as well as running energy management systems, which are AI-powered solutions to optimize energy use and reduce waste in buildings and industrial processes. By developing products and services aligned with these evolving needs, Software GmbH can position itself as key enabler of the low-carbon transition, potentially capturing significant market share and driving innovation in climate technology. No detailed assessment of each asset and business activity exposed to transition events, aside from the already shared assumptions, has been made.

Climate-related hazards were identified over the short, medium and long-term and the time horizons for the scenarios are as follows. IEA short-term (current year until 2025), medium-term (2025-2030) and long-term (2030-2050). The IPCC SSP5-8.5 horizon has as defined the short-term (2021-2040), medium-term (2041-2060) and long-term (2060-2100). Due to the longer-term perspectives in the low and high emission scenario it's difficult to reconcile them directly with the ESRS time-horizons. Thus, the short-term horizon partially also corresponds to the short-term ESRS specified horizons, but there are differences in the medium and longer-term perspectives.

The short-term horizon is aligned with the ESRS; time horizons are the same as the ones specified by the ESRS. Currently the time horizons are not directly linked to the expected lifetime of assets and capital allocation plans. In the future the Company plans to consider those as well as the strategic planning horizons. The identification of hazards and the assessment of exposure is informed by high and low emissions scenarios as listed above.

There are no critical climate-related assumptions made in the Company's financial statements, thus there is no contradiction between the financial statements and the scenario analysis work.

## Policies related to climate change mitigation and adaptation

### E1-2

Software GmbH has a Global Environmental Policy which covers the complete group and its main objectives are setting the company level commitments and guidelines for managing impacts on the environment, people and society. Currently the policy covers Software GmbH's own operations and does not include the complete value chain. The general commitments and ambitions include energy efficiency, reducing GHG emissions, sustainable procurement and adopting responsible practices. The CFO is accountable for the implementation of the environmental policy. Through it, the Company once again confirms its commitment to the UN Global compact and to supporting the accomplishment of the SDGs. The ultimate goal is to have at least 80% of all research projects to support the SDGs by 2025. Currently Software GmbH is participating in several research projects that are directly related to Goal 13: Climate action. They include the CliCE-DiPP, KLIPS, NARRATE and SENATOR as the most prominent examples. The projects include activities like developing digital CO2 passports, developing platforms for localization of heat islands, using AI and IoT to predict potential supply chain disruptions and governance for urban planning policies. More information on these can be found [here](#).

The environmental policy addresses climate change mitigation and does not cover climate change adaptation, since that topic was deemed as not material as a result of the double materiality assessment. The environmental policy will be updated regularly to reflect the changes in the management of GHG emissions and to also expand the scope to the value chain in the future. Internal stakeholders such as own employees, the management, facilities and other departments are involved in the implementation of the environmental policy and other initiatives in the area of GHG reductions and are updated regularly whenever changes are performed to it.

## Actions and resources in relation to climate change policies

### E1-3

To effectively manage environmental matters, Software GmbH has implemented a series of actions and plans to prevent, mitigate and remediate its actual and potential impacts, risks and opportunities in the area.

The table below summarizes the key actions in the area of Environment with a focus on energy and climate change mitigation which are the topics identified as material for the Company. As of the current reporting year the achieved and expected GHG emission reductions from the actions have not been calculated, but the Company plans to do so in the future reporting periods. Information on the financial resources allocated to the policies is in the process of data collection, with a plan to be shared when available.

Key action	Expected outcome	Scope	Time horizon	Progress	Financial resources
Procurement of renewable energy	GHG emission reductions	Own operations	1-5 years	In 2025, 60% of the electricity came from renewable sources.	
Electrification of fleet	GHG emission reductions	Own operations	1-5 years	Continuously changing the fleet from diesel to electric	
Energy saving initiatives	energy and GHG emissions reductions	Own operations	>5 years	Series of energy saving initiatives within the offices	
Optimizing energy of products through Cloud services	energy and GHG emissions reductions	Own operations and downstream value chain	1-5 years	Aris is hosted entirely on the Cloud through the services of AWS and Microsoft, which have a reduced footprint.	
Promoting sustainable practices in the workplace	energy and GHG emissions reductions	Own operations	1-5 years	In 2024 the offices footprint decreased, due to sustainable practices at the workplace	

The Company plans to create a comprehensive action plan that will also be aligned with the future targets set in the area of GHG emission reductions and energy efficiency, to ensure the implementation, management and successful achievement of the targets. The planned actions are heavily dependent on the availability and allocation of financial resources. The amount of CapEx and OpEx required for the implementation of the plan are the main financial metrics that will be reported in the future to account for the financial resources allocated.

## Metrics and targets

### Targets related to climate change mitigation and adaptation

#### E1-4

Software GmbH has not set any GHG emission reduction targets yet. It has been deemed as most reasonable to focus efforts to establish as a baseline 2025 or another year in the future and set targets against that scope. The Company plans to set up a comprehensive GHG inventory of the organization during 2025 and use it as a basis for the target setting process and future potential validation of the targets with the 1.5 degree goal. Scope 1, 2, 3 emissions for 2024 are reported in section [E1-6](#) of this document.

### Energy consumption and mix

#### E1-5

##### Methodologies and assumptions

The reported consumption is energy consumption of our own operations related to owned and leased offices. Feedstocks that are not combusted for energy purposes are excluded. Energy is reported in MWh, net calorific value. Conversion factors have been used in cases where data was not available directly in MWh, for example natural gas was converted from cubic meters, or diesel gasoline from liters to MWh using internationally accepted conversion factors. The company does not generate its own electricity.

Energy consumption was partly confirmed through meter readings, reports from energy providers, or confirmations from landlords. Some offices are shared with other tenants and the energy consumption information is not separately available. In case only the energy consumption of the entire building was available, the energy consumption to office spaces was allocated based on square meter share with an average emission factor for office consumption from benchmarks. Around 80% of the office locations were able to report energy consumption and the rest was extrapolated.

Fuel consumption from the Company's car fleet has been collected and calculated accordingly. Renewable electricity has been purchased in all of our locations in Germany, with the energy primarily coming from hydro sources.

Energy in MWh	Comparative 2023	Reported 2024
Fuel consumption from coal and coal products		
Fuel consumption from crude oil and petroleum products		
Fuel consumption from natural gas		
Fuel consumption from other fossil sources		
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources*	4,522.2	2,516.9
<b>Total fossil energy consumption</b>	<b>4,522.2</b>	<b>2,516.9</b>
<b>Share of fossil sources in total energy consumption (%)</b>	<b>53.65%</b>	<b>39.62%</b>
Consumption from nuclear sources		
Share of consumption from nuclear sources in total energy consumption (%)		
Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)		
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	3,906.4	3,836.4
The consumption of self-generated non-fuel renewable energy		
<b>Total renewable energy consumption</b>	<b>3,906.4</b>	<b>3,836.4</b>
<b>Share of renewable sources in total energy consumption (%)</b>	<b>46.35%</b>	<b>60.38%</b>
<b>Total energy consumption</b>	<b>8,428.6</b>	<b>6,353.3</b>

\* There is no evidence that Software GmbH has nuclear energy in its energy consumption mix; it is therefore assumed that all non-renewable energy originates from fossil fuel.

##### Energy intensity based on net revenue

Since Software GmbH does not operate in any of the high climate impact sectors, the energy intensity based on net revenue is not considered material information and not disclosed in this report.

## Gross Scopes 1, 2, 3 and total GHG emissions

E1-6

### Methodologies and assumptions

The GHG emissions data has been calculated following the guidance provided by the GHG Protocol Corporate Standard v.2004. It includes all relevant GHG gases which have been converted to CO<sub>2</sub>e. The most recent GWPs published by the IPCC have been used. The consolidation approach follows the operational control and the Company does not have any associates, joint ventures or unconsolidated subsidiaries excluded.

Scope 1 and 2 emissions include the data for the Company's owned and leased offices and are calculated based on the reported energy consumption. Scope 1 emissions represent the fuels consumed while operating our car fleet as well as the natural gas consumption. Due to the nature of Software GmbH's operations, fugitive emissions have been deemed not material. The Company does not have any biogenic emissions. For Scope 1 emissions the latest UK DEFRA Greenhouse gas reporting: conversion factors 2024 were used to convert the MWh into tCO<sub>2</sub>e.

Scope 2 emissions are reported following the GHG protocol Scope 2 Guidance v.2015 and they include purchased or acquired electricity, steam, heat and cooling. The Company only has purchased electricity consumption. Scope 2 location-based emissions are calculated based on the energy consumption using the latest IEA (2024) electricity emission factors per country, that were available at the time of publishing. For the Scope 2 market-based emissions supplier specific contractual emission factor were used for some of our US offices and Germany, where due to the renewable energy usage the supplier factor was 0. For all the rest locations, where the supplier factors were missing the latest IEA country specific electricity factors were applied. For some of the offices for which activity data was not available, the emissions are calculated based on square meter assumptions. Offices that were part of the company for more than 6 months have been included in the boundary. No biogenic emissions occurred under Scope 2 emissions. There are no removals, or any carbon credits included in the calculation of Scope 2 emissions.

Scope 3 emissions are reported following the GHG protocol Corporate Value chain Standard v.2011. The Company has screened all 15 Scope 3 categories and has deemed as relevant and significant for its business, model categories 1, 2,3,5, 6, 7, and 11, which are reported below. The data in certain Scope 3 categories has been estimated using indirect sources, proxies or industry benchmarks. Those are described in more detail within their methodology and are marked within the table. The data results in them, are not with the same level of certainty as the data based on measurements and activity data within the Scope 1 and 2 categories.

Purchased goods and services have been calculated based on the average spend-based method due to lack of supplier specific information. the different categories were mapped to the EPA 2023 emission factors per category.

Capital goods were calculated based on the average product method and they include emissions from purchased IT hardware and vehicles. Emissions were calculated with specific emission information provided by the suppliers of the IT equipment, per product category (laptop, monitor, etc) and in a similar way with specific emissions for the production of the vehicles.

Fuel and energy-related activities cover the upstream emissions for fuel, electricity and heating and transmission and distribution losses for electricity and heating. The data is based on activity data for fuels and electricity used and the emission factors come from the latest DEFRA factors for the fuels and the latest IEA for electricity.

Waste generated within the operations of the Company is not measured. Electronic waste is recycled/refurbished by the companies supplying the equipment in Germany. Office waste has been assumed in three categories (paper, plastic, food) per employee per year based on estimates from external sources. The sources used come from official German governmental sources and Germany was selected in the assumptions since it's the country with most employees of the Company.

Business travel is based on activity data from our travel agency regarding air and rail travel. Accommodation has been estimated using the DEFRA factors for hotel stays in different countries.

Employee commuting has been estimated using total number of employees and with assumptions for average distance driven, working days per year and Work from home has also been estimated as the Company has a 60/40% hybrid policy, meaning that employees work 2 days a week from the office and 3 days a from home. Emission factors used come from DEFRA.

Use of products sold has been calculated for the first time in 2024. It concerns only the Adabas and natural business line and ARIS. For ARIS the figures were provided by the suppliers of Cloud services - AWS and Microsoft Azure. For A&N business which runs on the customer premises it was hard to obtain any information. Thus, an assumption was developed to assess the emissions. The calculation is based on the number of productive systems/licenses sold throughout the year, the evaluation of a capacity factor, the annual electricity consumption of a Z15 mainframe and an world emission factor for electricity coming from the IEA. The plan is to refine the accuracy of the calculation and enhance it with customer specific data in the future.

Emissions in mtCO2e	Retrospective			Milestones and target years			
	Comparative year 2023	Reported 2024	% 2024 / 2023	2025	2030	-2050	Annual % target / Base year
<b>Scope 1 GHG emissions</b>							
Gross Scope 1 GHG emissions	1,541	1,059	(31)%				
Percentage of Scope 1 GHG emissions from regulated emission trading schemes	N/A	N/A	N/A				
<b>Scope 2 GHG emissions</b>							
Gross location-based Scope 2 GHG emissions	3,250	2,526	(22)%				
Gross market-based Scope 2 GHG emissions	2,327	1,200	(48)%				
<b>Significant scope 3 GHG emissions</b>							
Total Gross indirect (Scope 3) GHG emissions	31,042	30,071	(3)%				
1 Purchased goods and services*	7,782	11,549	48 %				
[Optional sub-category: Cloud computing and data centre services]							
2 Capital goods	2,079	89	(96)%				
3 Fuel and energy-related activities (not included in Scope1 or Scope 2)	754	567	(25)%				
4 Upstream transportation and distribution	0	0	— %				
5 Waste generated in operations*	50	13	(74)%				
6 Business travel	2,232	2,016	(10)%				
7 Employee commuting*	2,452	1,216	(50)%				
8 Upstream leased assets	0	0	— %				
9 Downstream transportation	0	0	— %				
10 Processing of sold products	0	0	— %				
11 Use of sold products*	15,694	14,620	(7)%				
12 End-of-life treatment of sold products	0	0	— %				
13 Downstream leased assets	0	0	— %				
14 Franchises	0	0	— %				
15 Investments	0	0	— %				
<b>Total GHG emissions</b>							
<b>Total GHG emissions Scopes 1,2,3 (location-based)</b>	<b>35,833</b>	<b>33,656</b>	<b>(6)%</b>				
<b>Total GHG emissions (market-based)</b>	<b>34,910</b>	<b>32,330</b>	<b>(7)%</b>				

\* Metrics estimated using indirect sources such as sector averages or proxies.

#### E1-7, E1-8, E1-9

Software GmbH does not participate in any GHG removal or mitigation projects financed through carbon credits. The Company does not apply any carbon pricing schemes internally and since Climate change mitigation has not been deemed as financially material the anticipated effects from material physical and transition risks and potential climate-related opportunities are not reported in this statement.



# SOCIAL

## OWN WORKFORCE

ESRS S1

### Strategy

#### Material impacts, risks and opportunities and their interaction with strategy and business model

SBM-3

*For a full list of the material impacts, risks and opportunities related to Software GmbH's own workforce, please refer to the section "Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)" in the chapter [GENERAL DISCLOSURES](#).*

Software GmbH's workforce consists of employee and non-employee workers. Employees include salaried staff, consultants, non-pay scale employees, leadership, temporary employees, Group Executive Board and Board members. Non-employees include self-employed people who provide professional services to the Company without being subject to an employment contract. Unless otherwise specified, all material impacts, risks and opportunities relate to the Company's entire workforce. No employees are at a greater risk of harm due to their characteristics or their work in particular contexts, in comparison to the entire pool of employees.

Material negative impacts have been identified for the topic of diversity and inclusion - gender inequality in the form of a pay gap, and delays in diversity and inclusion efforts throughout the Company as a result of structural changes within the responsible departments. Both of these impacts are systematic and widespread and not related to individual incidents.

Material positive impacts include provision of a safe and fair working environment, opportunities for persons with disabilities, career progression, training and skills development possibilities, and increased purchasing powers stemming from increased knowledge and skills of well trained employees. The specific activities which Software GmbH undertakes to advance these positive impacts will be discussed in detail in the section ["Taking action on material impacts on own workforce, and approaches to mitigating risks and pursuing material opportunities related to own workforce, and effectiveness of these actions \(S1-4\)"](#).

On a global scale, Software GmbH does not conduct operations at significant risk of incidents of child labor, forced labor or compulsory labor.

### Impact, risk and opportunity management

#### Policies related to own workforce

S1-1

*Software GmbH's policies related to its own workforce can be found primarily in the Company's Global Code of Business Conduct and Human Rights Commitment Statement. An overview of Company policies can be found in the section [Policies adopted to manage material sustainability matters \(MDR-P\)](#).*

Software GmbH acknowledges the significant responsibility it bears to uphold labor and human rights collaboratively with and for its employees, customers, business partners, suppliers and the community within which it operates. The primary instrument in this regard is the Global Code of Business Conduct through which the Company sets forth its policies and ethical values and describes its expectations for responsible business conduct. Policies related to material sustainability matters within the own workforce can all be found in the Code of Conduct.

As specified in the Code, the organization is committed to providing a safe and healthy workplace for all employees. Priority is given to compliance with health and safety regulations to minimize risks and ensure that every employee has access to necessary resources and support. Open communication regarding any safety concerns is encouraged, and all employees are expected to follow safety guidelines to protect themselves and others.



The Code further affirms that Software GmbH celebrates diversity and strives to create an inclusive environment where everyone is treated with respect and dignity, regardless of race, gender, age, sexual orientation, disability, or background. Harassment, discrimination, or any form of inappropriate behavior are not tolerated. We are dedicated to fostering a culture of belonging and equity, where everyone has equal opportunities to succeed and contribute to our collective goals.

The Company is committed to safeguarding the privacy and confidentiality of all employees' personal data, adhering to relevant data protection laws. Employees are expected to maintain a high standard of professionalism, act ethically, and respect the rights and privacy of colleagues and clients. The Code ensures that all employees can work in an environment that is respectful of their professional rights and encourages mutual responsibility.

To prevent accidents, resolve ethical questions and eliminate instances of wrongful behavior, employees can reach out to the Compliance Board via mechanisms described in the Code. This can be done anonymously, with a guarantee of no retaliation against an employee who has raised a concern in good faith.

The Global Code of Business Conduct is applicable to all parties who work on behalf of Software GmbH worldwide, including, but not limited to, its employees, partners, contract labor and other representatives that act on behalf of the Company. It is made available to all upon the start of employment, and can also be found publicly at the Company's [Compliance page](#).

Software GmbH is committed to upholding fundamental human rights in all aspects of its operations, as outlined in its Human Rights Commitment Statement. Guided by the principles of the UN Global Compact, the Company ensures fair working conditions, promotes diversity and inclusion across its workforce, and strictly prohibits child and forced labor in its supply chains. These values reflect its dedication to fostering a respectful, equitable, and safe environment for all employees and partners, ensuring that human dignity is prioritized in every aspect of its global business practices.

The Company's values of inclusion, integrity, and innovation emphasize Software GmbH's clear affirmation of protecting human rights in accordance with international human rights standards, such as the International Bill of Human Rights of the United Nations and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work. In 2022, Software GmbH also signed the United Nations Global Compact, to further affirm its commitment to respecting human rights.

## **Processes for engaging with own workers and workers' representatives about impacts**

### **S1-2**

Software GmbH duly considers the views of its employees for its business conduct. Employee feedback is gathered on a regular basis and communication channels exist for employees to directly reach the Company's top management on various issues.

The Company's Works Council in Germany plays a crucial role in representing all employees and ensuring their working rights are upheld. As an independent body, the Works Council collaborates with management to address employee concerns, promote fair labor practices, and safeguard workplace rights. It serves as a vital channel for dialogue between employees and leadership, ensuring that the workforce's interests are considered in decision-making processes, and that working conditions comply with German labor laws and Software GmbH's general commitment to fairness and equity.

The views of workers and their representatives were also actively taken into consideration during the double-materiality assessment process described in greater detail in Section "[Description of the process to identify and assess material impacts, risks and opportunities \(IRO-01\)](#)" above. Employees from various departments participated in interviews going over relevant impacts, risks and opportunities, and assessing their materiality for Software GmbH's operations. These representatives were carefully selected so as to account for all groups of employees within the company, including those at particular vulnerability to impacts, such as, for example, employees with disabilities. Additionally, representatives of the Works Council in Germany were also consulted during the process.

## **Process to remediate negative impacts and channels for own workforce to raise concerns**

### **S1-3**

Software GmbH is committed to maintaining the highest standards of integrity and transparency. To this end, the Company has set up a confidential and secure platform for employees, partners and stakeholders alike to report any concerns related to misconduct, unethical behavior, or company policy violations. Issues such as fraud, discrimination, harassment, human rights violations, or data privacy breaches can all be reported, and the Company guarantees no retaliation against questions raised and reports made in good faith. All reports are thoroughly investigated, and appropriate actions taken to address any concerns while ensuring the whistleblowers' confidentiality. The whistleblower system is publicly available on the Company's [Compliance page](#). More extensive information regarding the whistleblowing channel and the Compliance Board can be found in the section [Business conduct policies and corporate culture](#) in chapter Governance.

## **Taking action on material impacts on own workforce, and approaches to mitigating risks and pursuing material opportunities related to own workforce, and effectiveness of these actions**

### **S1-4**

#### **Working conditions**

Software GmbH is dedicated to providing fair working conditions for its employees through a variety of supportive measures. These include flexible working hours and the availability of remote work options, which allow employees to balance their professional and personal lives more effectively. In addition, the company offers a comprehensive range of social benefits, such as health insurance, retirement plans, and paid leave. To support career growth, the Company invests in continuous training and development opportunities, ensuring employees have access to the resources they need to enhance their skills and advance within the organization. These initiatives reflect Software GmbH commitment to creating a positive, equitable, and empowering work environment.

#### **Equal treatment and opportunities for all**

Since 2020, Software GmbH has been a member of The Valuable 500, a global business collective of companies dedicated to innovation in disability inclusion. In Germany, Software GmbH is a signatory to the Charta der Vielfalt (Charter of Diversity) affirming its commitment to promote the recognition, appreciation, and integration of diversity into Germany's business culture.

Another objective of Software GmbH in this context is the recruitment of women and promoting their professional development. The Company is a member of the Initiative Women into Leadership (IWIL), a non-profit association that facilitates long-term mentoring and promotion of women at the top level, and regularly nominates participants for the program.

#### **Work-related rights**

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

Software GmbH monitors and evaluates key indicators including employee satisfaction, attrition, and tenure to implement measures where necessary.

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

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

## Metrics and targets

### Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

S1-5

In order to advance its positive impacts in the field of diversity and inclusion, Software GmbH has set the following target:

- Promote DE&I awareness throughout the Company: 85 percent of employees having completed a global DE&I training program by the end of 2025.

Due to the large-scale restructuring that occurred throughout the year, the Company has not yet achieved this goal. However, a plan is in place to drive progress in the upcoming year, ensuring continued advancement towards this target.

Software GmbH recognizes the importance of engaging its workforce in advancing DE&I initiatives. Efforts are made to ensure awareness and alignment throughout the Company with regard to target setting and the monitoring thereof. Different insights gathered during this process help refine the Company's approach and reinforce its commitment to fostering an inclusive workplace.

At this point, no other measurable targets have been set up with regard to Software GmbH's own workforce. Adopting targets on all material matters will be a priority for the Company in the upcoming future.

### Characteristics of non-employee workers in our own workforce

S1-7

Software GmbH is monitoring the number of contingent workers within its workforce – people who provide professional services to the Company without being subject to an employment contract. As of 31st December 2024, the number of contingent workers is 1085. Contingent workers do not form part of the total number of FTEs.

Software GmbH does not currently have a mechanism for monitoring the number of people provided by undertakings primarily engaged in employment activities. There is no information of such people currently providing services to the Company.

### Collective bargaining coverage and social dialogue

S1-8

Software GmbH has chosen not to report on collective bargaining and social dialogue during the current reporting year, as the process for assessing collective bargaining coverage is still ongoing.

### Diversity metrics

S1-9

#### Gender distribution at top management level

People managers	Level 1	% of total	Level 2	% of total
Male	24	77.4 %	117	75.0 %
Female	7	22.6 %	39	25.0 %
Other	0	— %	0	— %
Not reported	0	— %	0	— %
<b>Total managers</b>	<b>31</b>	<b>100 %</b>	<b>156</b>	<b>100 %</b>

Software GmbH considers employees at top management level as the people managers one and two levels below the Management Board. The numbers in the table below represent the situation of the Company as of 31st December 2024.

**Adequate wages**  
S1-10

All Software GmbH employees are paid adequate wages. This conclusion was reached on the basis of a comparison between the annual on-target earnings (OTE) of the lowest pay grade in each country where the Company has operations, and the applicable benchmark for each country, respectively.

**Social protection**  
S1-11

Software GmbH ensures all employees are covered through benefits against loss of income due to sickness, unemployment, employment injury, parental leave, and retirement in line with local social security regulations. Additionally, in certain locations, the Company provides enhanced risk benefits such as additional pension, life insurance and critical illness insurance in order to remain competitive in the respective local markets.

**Persons with disabilities**  
S1-12

Software GmbH does not have a monitoring system in place for employees with disabilities. Lack of regulatory obligation, privacy concerns, and the voluntary nature of disability disclosure are among the reasons for not tracking this metric.

**Training and skills development metrics**  
S1-13

**Performance and career development**

As of 31st December 2024, 1617 employees were invited to participate in Employee Development Discussions. Of these, 969 completed their discussions successfully.

**Training hours**

Total training hours	
Male	9837
Female	4529
Other	0
Not reported	0
Total	14366

The total number of training hours is as of 31st December 2024.

**Work-life balance metrics**  
S1-15

Software GmbH employees are entitled to family-related leave in all locations where such leave is prescribed in national legislation and agreed upon via collective bargaining agreements. There is currently no mechanism on a global scale to monitor the number of employees that have taken family-related leave. The Company is aiming to implement such a mechanism for its subsequent reporting period.

## Remuneration metrics

S1-16

### Annual total remuneration ratio

Software GmbH's annual total remuneration ratio is also based on annual OTE in thousands of EUR. It is calculated as the ratio of the remuneration of the highest paid individual (CEO) to the median annual total remuneration for all employees (excluding the CEO). The annual total remuneration ratio for 2024 is 32.

# GOVERNANCE

## BUSINESS CONDUCT

ESRS G1

### Governance

*The composition of the administrative, management and supervisory bodies and their expertise as well as governance structures are described in the section [Role of the administrative, management and supervisory bodies](#) in chapter General disclosures.*

### Strategy

#### Material impacts, risks and opportunities

*A description of the processes to identify and assess material impacts, risks and opportunities can be found in the section [Impact, risk and opportunity management](#) in chapter General disclosures. For a full list and specifications of the material impacts, risks and opportunities, please refer to the section [Material impacts, risks and opportunities and their interaction with strategy and business model](#) in chapter General disclosures.*

Software GmbH has a rather positive, actual impact on its own operations and value chain via its business conduct and respective company-wide policies such as the Code of Conduct for Employees, the Partner & Supplier Code of Conduct as well as the Compliance Board, which ensure a good level of corporate culture and practices within the company and with its business partners. Practices, policies and actions are set in place to manage corruption and bribery and ensure all regulations are met. Additionally, the Company has a rather positive, actual impact in its own operations via mechanisms and practices in place that ensure the protection of whistleblowers. The policies, actions and practices also ensure a good relationship with suppliers and management of sustainability issues within the supply chain.

Being a multinational company, Software GmbH is subject to global risks associated with legal disputes and government and official processes also in regard to the aspects of e.g. corruption, anti-competitive behavior or intellectual property. In the area of corporate culture there is a technical/organizational risk related to the increasing costs when implementing new processes/tools to meet ESG requirements. Developments in the policy and legal areas may lead to increased compliance risks and further regulation of products and services offered by the Company.

### Impact, risk and opportunity management

#### Business conduct policies and corporate culture

G1-1

*Software GmbH's policies related to business conduct and corporate culture can be found primarily in the Company's Global Code of Business Conduct, the Supplier & Partner Code of Business Conduct as well as the Human Rights Commitment Statement. An overview of company policies can be found in the section [Policies adopted to manage material sustainability matters](#) in chapter General disclosures.*

Software GmbH has established a Code of Business Conduct and Ethics, which includes provisions that are consistent with global standards like the United Nations Convention against Corruption. It contains ethical standards applicable to the Company worldwide and is available on Software GmbH's [Compliance page](#). The Code of Conduct was updated and revised in 2024 to meet compliance requirements including the German Supply Chain Law. It is binding for all employees of Software GmbH and its subsidiaries. All employees are required to familiarize themselves with the contents of the Code of Conduct. To this end, all new staff members attend mandatory, web-based training sessions and receive certification upon completion. The training has to be repeated every 2 years. In addition to the Code of Conduct training, further mandatory compliance trainings are in place, e.g. related to Data Protection or Anti-Bribery/Anti-Corruption. The Code of Conduct is available in three languages on the corporate intranet. In addition, Software GmbH has published guidelines for conduct with partners and suppliers as well as a commitment to upholding human rights and anti-corruption guidelines.

Software GmbH's Global Code of Conduct contains policies for sound and responsible corporate governance. It sets out what Software GmbH considers to be ethically correct conduct in its day-to-day business operations. The relationships of Software GmbH employees with colleagues, customers, partners, and competitors follow these guidelines. The Global Code of Conduct is currently available in three languages and is updated on a regular basis. For more information on the Code's social policies, please refer to the section [Policies related to own workforce](#) in chapter Social.

With regard to the Code of Conduct, Software GmbH has instituted a training routine to help its employees adhere to its rules of conduct and corporate culture. The program integrates hands-on examples, familiarizing employees with different aspects of the Code (for more information see section [Prevention and detection of corruption and bribery](#) in this chapter).

Additionally, the Company applies a Supplier & Partner Code of Conduct which governs all vendor relationships; for more details see section [Management of relationships with suppliers](#) below.

In 2023, Software GmbH appointed a Compliance Officer who is responsible for maintaining, updating, and monitoring the Compliance Program; this role is further supported by the Compliance Board. Together, they review and assess compliance concerns and strive to ensure that employees act in accordance with the law, that internal rules and processes are followed, and that employee behavior conforms with Software GmbH's Codes of Conduct. Employees with any relevant inquiries can consult the Compliance Office; they - as well as third parties from outside the Company - may also use the whistleblower channel<sup>7</sup>.

In cases of suspected compliance violations, the Compliance Office has the authority to initiate internal or external audits. These are approved by the COO, as the responsible Management Board member for compliance or, depending on the subject, by the entire Management Board, and are subsequently carried out by Internal Audit. External resources are consulted depending on the focus of the audit. The findings of the audits and the resulting corrective measures are reported to, reviewed, and evaluated by the Compliance Office and the COO or the full Management Board.

Software GmbH's Chief Compliance Officer regularly reports to the COO and the Supervisory Board's Audit Committee on compliance risks, the results of audits requested by the Compliance Office, about the ongoing improvement of compliance instruments and the effectiveness of internal controls.

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

The Compliance Board can be contacted (anonymously if desired) about general issues as well as with information about compliance incidents. To this end, Software GmbH set up a system for whistleblowers at <https://softwareag.integrityline.com/>. The platform adheres to the legal requirements of the German Whistleblower Protection Act (HinSchG). All reports are processed in strict confidence.

The Reporting System includes all disclosures of risks associated with human rights and the environment as well as breaches of duty covered by the LkSG along Software GmbH's entire supply chain. This may include, for example, disclosures of discrimination, occupational health and safety violations, withholding of adequate living wages, or violations to the right to trade unions and employee representation at Software GmbH or at a direct or indirect supplier of Software GmbH.

Software GmbH ensures the confidentiality of whistleblower identity and of others named in the disclosure and ensures that unauthorized employees do not have access to it. Those involved in the process are bound by secrecy. In addition, complaints are anonymized to the greatest extent possible when forwarded internally for further processing. This minimizes the number of people who know whistleblowers' identity and ensures that the latter do not suffer negative consequences as a result of the procedure.

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<sup>7</sup> <https://softwareag.integrityline.com/>



All information received is handled in accordance with data protection regulations. Information about whistleblower identity may only be passed on to the relevant authorities if required by law or court or official order or if there is reasonable suspicion of a criminal offense.

The Chief Compliance Officer is responsible for Software GmbH's Reporting System. Depending on the issue, other central or local departments, e.g., HR, Legal, or Sustainability, may become involved during the process. Software GmbH guarantees that everyone entrusted with the implementation of this procedure acts impartially and independently, is not bound by professional instructions, is bound by secrecy, and must protect employees identities or those of third parties. Furthermore, the policy also ensures that these individuals have the necessary expertise to handle disclosures.

Compliance investigates every filed compliance report, starting with generating a case number and sending back a confirmation to the whistleblower. This takes place within 5 working days. As the next step, a verification of plausibility is performed and if necessary, missing information is requested from the whistleblower. After this first evaluation, the case is categorized, and the investigation is about to start. Based on the allegations, Internal Audit takes over to investigate or an external law firm or compliance consultant is asked to conduct further investigation. The decision depends on how extensive and complex the matter is or if local expertise is required. The whistleblower gets updates on the case during the whole duration of the investigation. All cases are processed as quickly as possible with utmost importance and transparency. If Compliance identifies risks, wrongdoing, or violations, appropriate measures will be discussed and approved by either the COO or the Management Board without undue delay to remove the violation or risk permanently.

In international business activities, the potential of risks from corruption and anti-competitive behavior emerge due to variations in interpretation of ethical and moral business practices across different countries. Typically at risk regarding corruption and bribery in our business would be functions in the following areas:

- **Procurement and Purchasing:** This area often involves significant financial transactions and contracts, making it a prime target for bribery to secure favorable terms or contracts.
- **Sales and Marketing:** Sales teams may engage in corrupt practices to secure deals or gain competitive advantages. This might include kickbacks to clients or unethical agreements with third parties.
- **Finance and Accounting:** Financial departments handle large sums of money and are responsible for reporting financial performance. Pressure to meet targets may lead to manipulation or fraudulent reporting.
- **Legal and Contract Management:** Individuals involved in drafting and managing contracts may be tempted to include favorable clauses in exchange for personal benefits.
- **Operations and Supply Chain Management:** Managing suppliers and logistics can lead to corruption risks, especially in regions with less stringent regulatory oversight, where bribery might be seen as a norm.
- **International Business Development:** Engaging in business in countries with high corruption indices increases the risk of bribery, especially when local practices diverge from company policies or legal standards.
- **IT and Cybersecurity:** The management of sensitive data creates opportunities for unethical behaviors, such as selling confidential information or engaging in data manipulation for personal gain.

## Management of relationships with suppliers

### G1-2

Currently, the Company has not devised a dedicated policy to prevent late payments. This is not deemed a priority as the Company executes payment runs at least weekly and no differentiation is made whether the supplier is an SME or PIE, a local or international company (for more information see section [Payment practices](#) of this chapter).

According to the results of the double-materiality assessment (see section [Impact, risk and opportunity management](#) in chapter General disclosures) social topics related to the supply chain are not material for Software GmbH. Yet, as a corporate citizen, the Company has a duty to continuously impact on the corporate environment in a positive way by acting in an economically, ecologically and socially responsible manner. Suppliers and partners are an integral part of this commitment and expect the same from their upstream suppliers. The Company expects its suppliers and partners to communicate the principles and requirements described in the Supplier & Partner Code of Conduct<sup>8</sup> to their respective suppliers and subcontractors and to take them into account during the supplier selection.

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<sup>8</sup> [https://investors.softwareag.com/content/dam/investorrelation/pdfs/english/esg/supplierpartnercoc\\_en.pdf](https://investors.softwareag.com/content/dam/investorrelation/pdfs/english/esg/supplierpartnercoc_en.pdf)

We expect our suppliers and partners to comply with the applicable national environmental laws, regulations and standards. We also expect that an environmental management system appropriate to the business purpose shall be used to minimize environmental pollution and hazards and to improve environmental protection in day-to-day business operations.

Software GmbH reserves the right to review compliance with the principles and requirements of the Software GmbH Supplier & Partner Code of Conduct by means of a supplier self-assessment or an audit, including via third parties, if necessary. Furthermore, it monitors compliance risks of existing customers via the Ecovadis ESG rating solution.

Any violation of the principles and requirements set out in the Software GmbH Supplier & Partner Code of Conduct are considered a material impairment of the contractual relationship on the part of the supplier/partner. If non-compliance with the requirements is confirmed, appropriate improvement measures must be agreed with Software GmbH and implemented within specified deadlines. In the event of particularly serious violations, or violations which have not been remedied by the agreed deadline, Software GmbH reserves the right to temporarily suspend individual or all contractual relationships or to terminate them extraordinarily without notice.

## **Prevention and detection of corruption and bribery**

### **G1-3**

Software GmbH strives to ensure that all employees act with integrity and in a responsible, ethically correct manner while adhering strictly to legal regulations - especially with regard to competition and antitrust law. The relevant principles are defined in Software GmbH's Global Code of Conduct and the Fraud Policy (see section [Business conduct policies and corporate culture](#) of this chapter).

Adherence to the Global Code of Conduct is monitored via the Compliance Office (see section referred above). The office can be contacted by employees and other stakeholders for questions and reports with regard to the Code of Conduct via [compliance@softwareag.com](mailto:compliance@softwareag.com). In 2023, Software GmbH implemented a new compliance reporting system available at <https://softwareag.integrityline.com>. Internal or external parties that are witness to a case of violation of the Code are encouraged to report via this platform. Reports are treated with utmost confidentiality, and the Company guarantees no retaliation against employees who have reported a violation in good faith.

All new hires go through an initial training sequence that includes the Code of Conduct and, since 2023, an automated bi-annual training routine has been introduced to ensure that all extant employees participate in a refresh of their knowledge of the Code of Conduct which among others also covers the topic of detecting, avoiding and reporting corruption and bribery and the consequences if an employee is involved.

Software GmbH's Code of Conduct is publicly available in German and English via the corporate website and the Company's intranet. Every update of the Code of Conduct triggers an invitation to all employees to participate in a refresh training. The online training is offered in German and English through the Company's learning management portal, which checks attendance and completion. At the end of the training program, employees are required to complete a multiple-choice test, and a certificate is issued upon successful completion.

In addition to the Code of Conduct training, Software GmbH launched in Q4, 2024 a dedicated training on anti-bribery and anti-corruption with the intention to familiarize employees with the laws that criminalize bribery and corruption, to help them identify different concepts of bribery and to provide tools on how to mitigate associated risks. This training is accessible for all employees but only mandatory for the management level and all customer- and supplier-facing functions.

## **Metrics and targets**

### **Confirmed incidents of corruption and bribery**

#### **G1-4**

In 2024, no actions needed to be taken by Software GmbH to address breaches in procedures and standards of anti-corruption and bribery incidents as no reports have been filed that indicated that the Company or any of its employees had been involved in such. Also, no convictions for violations of anti-corruption and anti-bribery laws were recorded.

Regarding public legal cases of corruption or bribery brought against the undertaking and its own workers, the only case pending against Software GmbH Spain was resolved in 2024.

## Payment practices

G1-6

The Company executes payment runs on a regular basis, at least weekly. No differentiation is made whether the supplier is an SME or PIE, local or an international company. No impacts, risks or opportunities related to payment practices were identified during the conduction of the double-materiality assessment. The Company hasn't experienced any incidents with payments or any late payment issues that would make this topic of significance for the Sustainability statement. The payment practices have a low financial impact and insignificant effect on stakeholders. Thus, they haven't been considered as unusual or at risk and they do not raise issues of transparency, bribery, corruption or compliance.

## Entity specific - Information Security and Data protection

G2 - Information security and data protection

### Governance

A high level of data protection and information security is of utmost significance for Software GmbH in order to be compliant with the requirements of its customers and partners. With its comprehensive information security management program, including various management systems for information security (ISMS), business continuity (BCMS) and quality management (QMS), Software GmbH aims to manage information resources in a holistic way, so as to ensure a high level of security.

Information assets are subject to risks due to the globally increasing number of threats which will continue to grow over time. At the same time, the global regulatory landscape is evolving and compliance requirements to manage these risk increase with the introduction of regulations, e.g. Digital Operational Resilience Act (DORA), that apply to Software GmbH directly or indirectly through its customers. To best protect itself from the severe effects of various cyber threats, Software GmbH assesses the existing risks for the Company itself, its customers and other relevant stakeholders, and conducts relevant risk minimization.

Software GmbH is fully committed to preserve and protect availability, confidentiality, integrity and authenticity of physical and electronic information assets created, owned, or managed through Software GmbH and its partners. Software GmbH meets and continuously works towards upholding the requirements for internationally accepted security standards such as ISO/IEC 27001 and NIST 800-53<sup>9</sup>. The Company has a global Information Security Policy which applies to all Software GmbH locations, employees, contractors, consultants, temporaries, and third parties under contractual agreement with Software GmbH who have access to Software GmbH information systems. Software GmbH's Management Team is ultimately accountable for awareness of and the overall adherence to all security policies and standards and delegates its authorities to the Chief Information Security Officer, the Chief Information Officer and the Security Council.

Software GmbH has set up a Data Protection Management System (DPMS), which defines clear processes for relevant data protection aspects including data breach handling, data subject rights, records of processing activities and notification obligations to the relevant supervisory authorities and / or data subjects. As part of the scope of Software GmbH's ISO 9001 certification (Quality Management), the established DPMS processes are subject to regular external audits. Additionally, Software GmbH has implemented a Data Protection Policy, which applies to all employees. The objective of this policy is to regulate the legally compliant handling of personal data within Software GmbH and its subsidiaries. Software GmbH has assigned a Corporate Data Protection Officer (CDPO). The CDPO monitors compliance with applicable data protection law and advises about processing of personal data at Software GmbH.

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<sup>9</sup> See list of certificates on corporate website: [https://www.softwareag.com/en\\_corporate/company/trust-portal/information-security.html](https://www.softwareag.com/en_corporate/company/trust-portal/information-security.html)

## Strategy

### Material impacts, risks and opportunities

*A description of the processes to identify and assess material impacts, risks and opportunities can be found in the section [Impact, risk and opportunity management](#) in chapter General disclosures. For a full list and specification of the material impacts, risks and opportunities related to Information Security and Data Protection, please refer to the section [Material impacts, risks and opportunities and their interaction with strategy and business model](#) in chapter General disclosures.*

For Software GmbH, the implementation of a comprehensive security strategy proactively ensured the security of business-critical data and important information resources. As a provider of maintenance and support, customer cloud services, professional services, and product delivery, Software GmbH processes large amounts of customer data. In the role of data controller, the Company processes personal data, particularly regarding employees, customers, prospective customers, partners, suppliers, and other stakeholders.

For both Information Security and Data Protection a potential negative impact on own operations and the value chain was identified; they are significant topics due to potential data security breaches and outages that may be caused by malware attacks. Also, the use of cyber weapons and tools, to conduct cyber crimes and to gain control over a digital presence and or cause disruptions of business operations of the Company, was identified as a potential impact on the Company's own operations. Due to the globally increasing number of cyberattacks, ensuring information security and data protection is becoming more challenging.

### Impact, risk and opportunities management

*A description of impacts, risks and opportunities for the area of information security can be found in the section [Information Security and Data Protection in chapter Opportunity and Risk Report](#).*

#### Information security

Software GmbH established an integrated audit program for all necessary certifications and reports, to ensure customers of its information security posture including business continuity and quality management. To specifically address security concerns associated with Cloud Services provided to customers, Software GmbH maintains an Information Security Management System (ISMS), which is externally certified by an independent third-party auditor for compliance with ISO/IEC 27001 as well as other industry standards such as SOC2 compliance for the respective products and services.

Additionally, Software GmbH implements measures, such as gap analysis, maturity assessments and offensive security practices, to benchmark its security disposition against industry best practices and regulatory compliance requirements either directly applicable to the Company or indirectly through its customers.

Risks and impacts anticipated from potential malicious acts against the Company and its assets are managed through the collaboration of the Information Security, Security Operation Center and IT Security & Governance functions.

#### Data protection

As a provider of maintenance, cloud, and consulting services, Software GmbH works with personal customer data and thus acts as a processor. Software GmbH also processes personal data about its employees, customers, prospective customers, partners, and suppliers in the role of controller. The Company is legally required to treat this data in accordance with the applicable data protection laws and protect it against unauthorized access, alteration, or deletion. Software GmbH must ensure personal data is treated confidentially, but available at all times for the required application without loss of integrity. Due to the increasing number of cyberattacks, guaranteeing compliance with data protection is becoming more challenging. Software GmbH's Data Processing Agreements with customers require compliance with data protection laws, particularly with the European Union's General Data Protection Regulation (GDPR). At the same time, growing IT complexity increases the attack surface for cyberattacks. According to the GDPR, penalties of up to 4 percent of Software GmbH's consolidated annual revenue can be issued in the event of infringement of data protection laws. Furthermore, additional costs for external consultants may be incurred, process productivity may decline, and significant reputational losses detrimental to sales may result. Sizable investments are necessary on an ongoing basis to take these security measures and comply with regulations.

Software GmbH counteracts these risks by improving its data protection management system (DPMS) on an ongoing basis. This DPMS defines processes that help ensure data protection such as internal data protection policies and standardized processes that are constantly being adapted accordingly.

Software GmbH has a designated Data Protection Officer heading the Data Protection Team (together forming 'Corporate Data Protection'), who provide guidance to the business units on matters related to data protection and create an annual data protection report including its tasks and gap analysis. Corporate Data Protection actively engages in regular training sessions covering the latest regulations and court rulings and the practical implementation of data protection measures.

An integrated data protection management system (DPMS) was implemented in accordance with GDPR requirements. The system records, observes and, if necessary, adjusts the data protection aspects as needed. The general processes for handling data protection incidents and violations are integral components of the DPMS, and also include those processing undertakings that affect the personal data of Software GmbH customers or other business partners.

The effectiveness and documentation of the data protection processes undergo regular evaluation as part of the external audit process for ISO 9001 and ISO 27018 certifications. The outcomes and observations are documented, and progress is measured in a central audit system. Management is regularly informed on developments in this subject area in relevant meetings.

In addition, the following measures were taken to reduce the risk associated with data protection:

- Software GmbH's Data Processing Agreements (DPA) with customers minimize the risks it assumes to the legally admissible extent
- Implementation of a data protection policy that is binding for the whole group
- The DPMS is monitored and optimized on an ongoing basis
- Mandatory data protection training for all employees to raise awareness for the requirements of data protection



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