

COMBINED NON-FINANCIAL STATEMENT

Fundamental Aspects

Reporting system

Software AG's Combined Non-Financial Statement relates to the fiscal year from January 1 to December 31, 2018. The report has been published in this format as part of the Combined Management Report since fiscal 2017.

The Combined Non-Financial Statement contains the information required by section 289c of the German Commercial Code (HGB) to enable readers to understand the Company's business growth, financial results, its situation and the effects of its activities on the aspects stated in section 289c (2) of the HGB. When preparing this report and thus when analyzing the requirement to report, Software AG made use of the option provided by section 289d of the HGB to prepare the Combined Non-Financial Statement based on the Global Reporting Initiative (GRI), an international standards framework.

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

External audit of the Combined Non-Financial Statement

Software AG's Combined Non-Financial Statement is audited externally by the auditing firm BDO AG. Auditing was conducted with the goal of attaining a limited level of assurance, based on the (revised) ISAE 3000 Standard.

Explanation of the business model

Software AG supports enterprise digital transformation. As a global technology provider, Software AG has a special connection to customer and employee issues. Responsible conduct and integrity are a key social concern in a highly competitive market environment, where the use of Software AG's innovative technologies can also help its customers conserve resources. For more information on Software AG's business operations and [business model](#), please refer to Fundamental Aspects of the Group in the Combined Management Report. The [materiality analysis](#) is presented in the Key Topics section.

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Corporate social responsibility and sustainability

Responsible conduct and sustainability are guiding principles for Software AG. Software AG defines sustainability not only as the creation of long-term values for its stakeholders, but its customer relationships, its technology, its partnerships, its investments in the Company and its employees' expertise as well. These have been its core values for many years. Software AG will continue developing these for the benefit of its shareholders and the Company as a whole.

Software AG ensures its accountability by assigning non-financial matters to the roles and responsibilities of its Management Board members accordingly. The topics of environment, social matters and corporate governance—which includes combatting corruption and bribery—are assigned to the CEO and therefore have the highest level of priority.

Software AG is certain that moral principles and economic success not only go together, they belong together. Out of respect for future generations, it is important to Software AG to conserve resources in order to achieve sustainable economic, environmental and social progress.

To Software AG, responsible conduct means:

- Playing a role in customers' long-term success
- Continually improving standards
- Being a long-term and therefore reliable partner
- Allowing staff to develop along with the Company
- Adding value to society
- Pursuing the highest social standards in daily activities
- Promoting education and innovation globally and locally at Software AG locations

Values such as trust, respect, open-mindedness and transparency shape Software AG's global operations. Software AG is a multinational corporation with operations in more than 70 countries. This means many different cultures and legal systems converge. The Company therefore instituted a global Code of Conduct in 2011. It describes the values shared by all employees worldwide that form the basis for Software AG's conduct as a company—with customers, partners and employees alike.

Stakeholders

Software AG has internal and external stakeholders. The internal stakeholder groups comprise the employees, the Management Board, the Supervisory Board, the Compliance Board and the Works Council. The external stakeholder groups include the customers, investors, partner network, suppliers, future employees, universities and research institutions, local communities and key multipliers such as analysts and the media.

Appreciation of stakeholders

Software AG attaches great importance to fostering an ongoing dialog with its stakeholder groups. This is also reflected by the Company's structure, which incorporates numerous departments dedicated to maintaining a dialog with the most important stakeholder groups. These include Sales, Customer Support, Human Resources and Internal Communications, Marketing, University Relations, Investor Relations, Corporate Communications and Public Affairs.

The main stakeholder groups also have a direct voice in the Company, for example through the international user groups, employee representatives, the Supervisory Board, the Annual Shareholders' Meeting or the Scientific Advisory Board.

The following table shows some examples of the groups and the intervals between their meetings and surveys:

Stakeholder Group	Committee	Interval/Meetings
Investors, employees, main shareholder (Software AG Foundation)	Elected representatives on the Supervisory Board	Regular meetings
Investors	Annual Shareholders' Meeting	One general meeting annually
Employees	Works Council (Germany)	Regular general and employee meetings
Employees	Employee survey	Surveys on specific topics
Customers	Global customer survey	One survey annually
Customers	International IT leadership meeting	Annual strategy meeting
Customers	International user groups	One trans-regional conference annually, regular regional meetings
Research & Development	Scientific Advisory Board	Regular meetings

Key topics

Materiality analysis

Software AG began conducting a materiality analysis involving its internal and external stakeholders in order to identify the non-financial issues that were of relevance to the Company in fiscal year 2017. To carry out the materiality analysis, Software AG worked with an external consulting company from Darmstadt, Germany, which specializes in implementing sustainable concepts. A joint workshop was held to identify the most important internal and external stakeholders as well as potentially relevant issues on which the stakeholders were to be questioned. Based on these issues, a questionnaire was developed for the internal and external stakeholders, taking into account the GRI standards.

This survey was repeated in fiscal 2018.

The questionnaire was set up as an anonymous online survey, and stakeholders were sent an e-mail inviting them to participate in the survey during a three-week period of time between September 4 to 30, 2018.

The questionnaire registered more than 1,000 hits, an increase of 11 percent over 2017. At the end of the survey, anonymous responses had been submitted by a total of 382 participants (2017: 372). Participants were surveyed regarding the following eight topics:

- Employee concerns
- Social matters
- Environmental matters
- Respect of human rights
- Anti-corruption & anti-bribery matters
- Products
- Supply chain
- Customer concerns

The participants were asked about 42 potentially relevant topics for Software AG; 32 (2017: 32) were classified as relevant, and 15 (2017: 13) of them as highly relevant.

All topics that were classified as highly relevant by stakeholders are assumed to be of business and impact relevance as defined by section 289 c (3) HGB.

List of key topics

As part of the 2018 materiality analysis, Software AG identified the following topics as highly relevant:

Highly relevant topics	GRI standard	Minimum content (according to HGB) and other aspects deemed to be material	Page
Customer satisfaction	n/a	Customer concerns	94
High quality of Software AG products	n/a	Customer concerns	95
Availability of product support for customers	n/a	Customer concerns	96
Protection of customer data	GRI 418	Customer concerns	97
Transparent and trusting corporate culture	n/a	Employee concerns (section 289c (2), no. 2)	91
Equal treatment of all Software AG employees	GRI 405	Employee concerns (section 289c (2), no. 2)	87
Employee training programs and further education	GRI 404	Employee concerns (section 289c (2), no. 2)	91
Taking employee concerns into consideration	n/a	Employee concerns (section 289c (2), no. 2)	88
Flexible working hours/part-time model	n/a	Employee concerns (section 289c (2), no. 2)	89
Equal opportunity for all Software AG employees	GRI 405	Employee concerns (section 289c (2), no. 2)	87
Software AG products should contribute to improving economic performance for Software AG customers	n/a	Customer concerns	94
Policies and procedures to combat corruption	GRI 205	Anti-corruption matters (section 289c (2), no. 5)	92
Adherence to competition laws and antitrust laws and regulations	GRI 206	Anti-corruption matters (section 289c (2), no. 5)	92
Low staff turnover	GRI 401	Employee concerns (section 289c (2), no. 2)	89
Regular performance assessments and feedback for career development and professional growth	GRI 404	Employee concerns (section 289c (2), no. 2)	91
Additional topics¹			
Dialog at the regional level and local community development	GRI 413	Social matters (section 289c (2), no. 3)	97
Prevention of human rights violations and child labor	GRI 412/408	Respect of human rights (section 289c (2), no. 4)	86
Energy consumption	GRI 302	Environmental matters (section 289c (2), no. 1)	99

¹ In order to fully report on HGB requirements, Software AG will go into respect of human rights as well as environmental and social matters in greater detail.

Code of Conduct and Conventions and Recommendations of International Organizations

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

Global Code of Business Conduct and Ethics

The **Global Code of Business Conduct and Ethics (Code of Conduct)** contains policies for sound and responsible corporate governance. It sets out what Software AG considers to be ethically correct conduct in its day-to-day business. The relationships of Software AG employees to customers, partners and competitors follow these guidelines. All employees must read and understand the contents of the Code of Conduct. To this end, all employees attend mandatory, Web-based training programs and receive certification upon completion of the programs. The Code of Conduct is currently available in eight languages. In addition, the Company has other specific guidelines for conduct with partners and suppliers.

The Code of Conduct covers the following topics, among others:

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

Compliance with the Code of Conduct

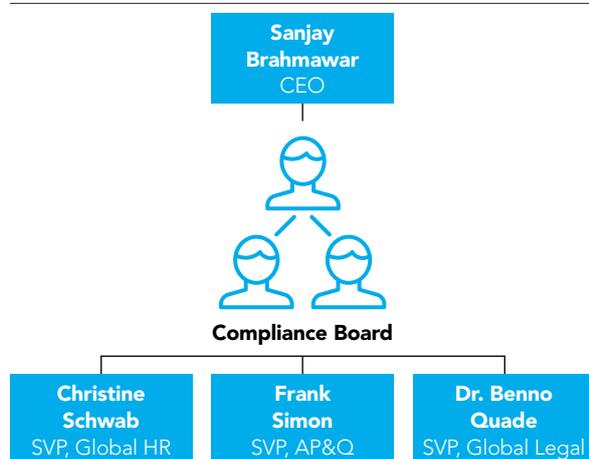
Software AG has introduced various mechanisms to help its employees comply with the Code of Conduct. For example,

- All employees must complete a regular online training program, which integrates hands-on examples, to familiarize them with the different aspects of Software AG's Code of Conduct.
- The online training is offered through Software AG's learning management system, which checks that employees complete the training. The duration of the training program varies, depending on the employee's individual speed, and is therefore not documented.
- At the end of the Web-based training program, they complete a multiple-choice test; after passing the test, they are issued a certificate. As of December 31, 2018, 92.4 percent (2017: 96.2 percent) of Software AG employees worldwide had successfully completed the training program and received a certificate.
- The Compliance Board can be contacted (also anonymously) regarding all questions and approvals. Software AG has set up an email-based reporting system at complianceboard@SoftwareAG.com for reporting incidents.

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

The Compliance Board reports directly to the CEO and consists of the following members:

Compliance Board



The essential duties and responsibilities of the Compliance Board include:

- Further developing the Code of Conduct, regularly reviewing and updating it to ensure its sustainable application worldwide
- Monitoring the implementation and application of the Code of Conduct
- Conducting training programs on compliance issues and on the Code of Conduct
- Advising employees on compliance issues and on the Code of Conduct
- Investigating compliance violations and making recommendations for appropriate measures in response to non-compliance
- In the event of non-compliance, the Compliance Board examines whether the compliance rules (including the Code of Conduct), procedures, training and organizational framework conditions need to be adjusted.

Illegal intentions or intentional misconduct on the part of employees cannot be completely ruled out. Violations of the Code of Conduct can be sanctioned by disciplinary measures (in addition to possible legal penalties).

Scope

The Code of Conduct applies to Software AG worldwide, including but not limited to, external staff and agents acting on behalf of Software AG.

Partner Code of Conduct

Software AG's business relationships with its partners are regulated by its Code of Conduct for Software AG Partners and self-assessment. It requires partners to provide information and commit in writing to comply with Software AG's Code of Conduct. To this end, they sign the Code of Conduct for Software AG partners and carry out a self-assessment. The Compliance Board plays a regulatory and auditing role.

Supplier Code of Conduct

There are also conduct guidelines for suppliers: Software AG's binding Supplier Code of Conduct is available in eight languages and must be confirmed in writing by all suppliers of the Software AG Group. An enforcement guideline regulates the process for existing and new suppliers as well as archiving signed Codes of Conduct. In addition, it gives the Compliance Board the right to perform regular audits to ensure that suppliers are adhering to the Code of Conduct. For suppliers that have their own code of conduct, the Compliance with Supplier Code of Conduct Checklist serves as a basis for comparison and to check their compliance with Software AG's requirements.

Conventions and recommendations of international organizations

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

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

General Aspects

Software AG has established concepts related to the respect of human rights and combating corruption and bribery as well as to employee, customer, environmental and social matters. The key topics relating to these aspects are discussed below.

Respect of human rights (section 289c (2), no. 4 HGB)

Prevention of human rights violations and child labor

Concepts and due diligence processes

Respect and protection of human rights constitute the foundation of Software AG's international operations. To ensure compliance with human rights and the prevention

of child labor, Software AG has established a binding Code of Conduct for employees, suppliers and partners respectively. The Code of Conduct is a comprehensive management approach that sets out what Software AG considers to be ethically correct conduct in business. It also addresses issues such as equal rights, (sexual) harassment, child labor and compliance with basic codes of conduct and human rights. In addition, it refers to major international agreements and recommendations of international organizations.

Substantial risks and key performance indicators (performance indicators pursuant to GRI 408 and 412)

Globally active companies face the fundamental risk that the protection of children and young people may not be consistently guaranteed within their business relationships and supplier chains. For this reason, Software AG has taken targeted measures with its Code of Conduct to exclude the risk of child labor. Software AG mitigates the risks arising from working with partners and suppliers by requiring them to commit to excluding child labor and respecting human rights in the respective Codes of Conduct (Partner Code of Conduct, Supplier Code of Conduct). Furthermore, with regard to its own business activities, several years of training are an absolute prerequisite for people working in the IT industry and in turn, for the vast majority of Software AG employees. The Company therefore sees no risk of child labor within its own business operations or in connection with the use of Software AG's products and services. For this reason, Software AG has not implemented any additional internal procedures or control indicators to exclude child labor other than those set forth in the Code of Conduct.

Likewise, Software AG believes that its worldwide operations do not pose a significant risk of its activities having a serious negative impact on human rights. Software AG is not aware of any cases where products or product components have been linked to human rights violations. Software AG assumes that its business partners comply with the relevant laws and the Code of Conduct. Software AG's Code of Conduct ensures that its business partners adhere to ethical principles of conduct that go beyond the legislation of the respective countries. As a result of these measures, Software AG believes that the risk of its business partners violating human rights and infringing on the rights of children and young people is very low.

Employee concerns (section 289c (2), no. 2 HGB)

Equal treatment of all Software AG employees

Concepts and due diligence processes

The Management Board of Software AG believes that diversity fosters an innovative corporate culture and that all individuals have a right to equal opportunities. The Supervisory Board of Software AG is aware of the opportunities offered by diversity within the Company and, against this background, developed a diversity concept in fiscal year 2017. This concept introduces diversity targets for selecting members of the Management Board and the Supervisory Board. In addition, Software AG's Code of Conduct requires that employees interact in a non-discriminatory manner by setting out Software AG's fundamental guidelines and procedures governing equal treatment.

Substantial risks and key performance indicators (performance indicators pursuant to GRI 405)

As a global corporation, Software AG benefits from the high diversity of its employees. A further increase in the diversity of the workforce and an innovative corporate culture offer great opportunities for the sustainable development of the Company's business model. For Software AG, the low percentage of women studying STEM disciplines represents a high risk for an unequal distribution of male and female employees in technical fields in the future. For this reason, the Company has been making considerable efforts, especially in Germany, to increase the appeal of IT professions for women. Information events and short internships for students are already being offered at the high school level. Moreover, Software AG hosts special information events and participates in diverse projects exclusively for female students and women to boost their interest in STEM professions.

In 2018, Software AG launched the Women@Software AG Initiative—by women, for women. This global platform enables women to share their personal experiences in the professional world and help each other overcome potential challenges. In addition, Software AG India developed a program specifically for women who have temporarily left the workforce. The Software AGain Initiative empowers women in computer science and software engineering to find their way back into the professional world. Both of these initiatives will be a focal point in 2019 as well.

The diversity concept for populating the Management Board and Supervisory Board was taken into consideration in 2018 as part of the selection process in the search for a new CEO of Software AG.

Furthermore, Software AG sees no significant risks associated with its business relationships, products or services that would likely have serious negative effects on equal treatment. Fundamental key indicators of measuring and steering diversity are listed in the following table:

Management Board and Supervisory Board by Gender and Age Group

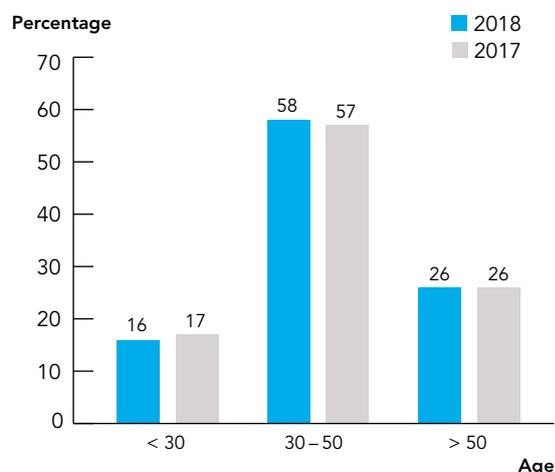
Dec. 31, 2018		
Supervisory Board	as %	by age group
thereof male	83.3	>50 years
thereof female	16.7	30–50 years
Management Board	as %	by age group
thereof male	80	>50 years
thereof female	20	<50 years
thereof female	0	—

Employees¹ by Gender and Age Group

as %	Dec. 31, 2018	Dec. 31, 2017
Female by age group	29.9	28.1
<30	4.9	4.9
30–50	17.3	15.8
>50	7.7	7.4
Male by age group	69.9	71.8
<30	10.7	12.0
30–50	40.5	41.2
>50	18.7	18.6
Diverse by age group	0.2	0.1
30–50	0.1	0.1
>50	0.1	0.0
Total	100	100

¹ Adjusted for dormant employment contracts. There were no significant changes or seasonal fluctuations in the number of employees during the year.

Age Group Trend

Total Number of Employees¹ by Gender

Full-time employees	Dec. 31, 2018	Dec. 31, 2017	+/- as %
Male	3,359	3,300	2
Female	1,347	1,291	4
Diverse	11	5	120
Total full-time employees	4,717	4,596	3

Total Number of Employees¹ by Region

Full-time employees	Dec. 31, 2018	Dec. 31, 2017	+/- as %
thereof in EMEA	1,631	1,627	0
thereof in APJ	1,123	1,025	10
thereof at HQ	844	840	0
thereof in North America	602	596	1
thereof in DACH	403	402	0
thereof in LATAM	114	106	8
Total full-time employees	4,717	4,596	3

Total Number of Employees¹ by Employment Type and Gender

	Dec. 31, 2018	Dec. 31, 2017	+/- as %
Full-time	4,402	4,280	3
thereof male	3,263	3,207	2
thereof female	1,128	1,069	6
thereof diverse	11	4	275
Part-time	315	316	0
thereof male	96	93	3
thereof female	219	222	-1
thereof diverse	0	1	-100
Total salaried employees	4,717	4,596	3

All information is based on key personnel data from Software AG's global database. The data was retrieved as of December 31, 2018, and all information is presented as FTE (full-time equivalents). Staff members who are not salaried employees of Software AG do not account for a significant proportion of the organization's activities.

Taking employee concerns into consideration

Concepts and due diligence processes

Software AG believes it is important to take the concerns of employees into consideration in their direct work environment, in business processes and also in the leadership culture. To this end, the Company began conducting regular employee surveys in 2018 to give staff the opportunity to voice their concerns and state their position on various questions regarding employee loyalty and retention. These employee surveys are conducted by the departments either on a national basis with a defined, recurring list of questions on issues relating to employee satisfaction or limited to individual topics from day-to-day work.

Furthermore, the CEO conducted employee meetings worldwide after stepping into the role and thematically addressed the employee feedback received there. As the "voice of the employees," this feedback was used as the starting point for the Helix strategy project that Software AG launched in the second half of 2018.

¹ Each in full-time equivalents, adjusted for dormant employment contracts, not including FACT AG employees. There were no significant changes or seasonal fluctuations in the number of employees during the year.

Substantial risks and key performance indicators

Software AG benefits in a wide array of ways from taking employee concerns into consideration. For example, their feedback can be used to improve processes, correct mismanagement or rectify shortcomings in employee benefits. Taking employee concerns into account leads to greater employee satisfaction and loyalty overall.

In 2018, Software AG conducted 14 employee surveys, five of which were in global divisions and covered the topic of employee satisfaction, while nine were related to specific topics.

The survey results on employee satisfaction will serve as a baseline for future surveys to determine any improvements in employee satisfaction and loyalty.

Flexible working hours/part-time model

Concepts and due diligence processes

The need for flexible working hours and models varies from one Software AG location to the next. Software AG gives employees in Germany the opportunity to adjust their work hours to best suit their individual needs within the Company's requirements, offering flexible work hours and diverse part-time models. Moreover, employees can arrange to work from home entirely or partially, or spontaneously as needed. The home office option is especially popular with employees in the USA as well. In India, Software AG offers the SoftwareAGain program to enable young mothers to step back into their careers after maternity leave. This program includes content-based training programs as well as a gradual increase in work hours. Employees all over the world have the flexibility to determine their own work hours within operational needs and local labor laws covering work hours as well as the requirements of international collaboration and personal concerns.

Substantial risks and key performance indicators

When it comes to competing for the best talent, Software AG benefits from its diverse offering in the area of work hours and employment models. This benefit contributes significantly to the Company's continued high work/life balance ratings on the employer rating platforms Glassdoor (4.1) and Kununu (3.77). Software AG works to continually adapt its programs to meet its employees needs and improve the positive ratings it receives on employer evaluation platforms.

Low staff turnover

As the industry faces a shortage of skilled IT workers, Software AG is implementing targeted measures to promote employees and rising talent to win new employees for the Company and retain expert staff. At the same time, the supportive measures also contribute to lowering staff turnover.

Concepts and due diligence processes

Precise observation and analysis of the turnover rate in different locations and departments is a key measure of employee satisfaction, success in recruiting the best talent as well as Software AG's reputation and overall appeal in the individual departments and locations. High turnover rates require a prompt identification of the underlying problem and appropriate countermeasures. Furthermore, Software AG offers a range of [development and training programs](#) for youth, college students and young employees to begin fostering young talent as early as possible.

Substantial risks and key performance indicators (performance indicators pursuant to GRI 401)

High turnover leads to a loss of employee expertise and therefore poses a threat to the continuity of the Company's market presence. The necessary new hires mean increased initial training activities, and the work and productivity normally delivered by the resources needed for training activities is lost. Turnover figures are currently only available on a local basis for Software AG. For that reason, the Group is introducing a global HR information system to have access to reliable, global and meaningful turnover numbers across departments.

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Promoting Young Talent and Staff Members

Target Audience	Initiatives (examples)
Youth	<p>Calliope Mini-Courses in Germany</p> <ul style="list-style-type: none"> • Programming classes for elementary, middle and high school students in the classroom and on YouTube. <p>Girl's Day in Germany and Slovakia</p> <ul style="list-style-type: none"> • Girls try working in a technical job for a day. <p>Student Internships</p> <ul style="list-style-type: none"> • Students have the opportunity to try working in technical or administrative professions at Software AG. <p>Participation in Vocational Training Fairs for Students</p> <ul style="list-style-type: none"> • Hobit 2018, SV Darmstadt 98 Vocational Training Fair, "Seize the Future" Internship Fair in Saarbrücken. <p>Industry Kids Day at Software GmbH Austria</p> <ul style="list-style-type: none"> • Companies give young people ages 5–14 a look at the industry with independently led "junior labs." <p>Talent at Home in Spain and India</p> <ul style="list-style-type: none"> • Software AG employees' children are invited to spend a day observing people at work at Software AG. <p>Hesse Technical School</p> <ul style="list-style-type: none"> • High school graduates with (technical) university entrance qualifications get the chance to learn first-hand about STEM fields through a combination of trial classes and company internships. <p>International assignments as part of job training</p> <ul style="list-style-type: none"> • Software AG enables trainees and students to participate in projects abroad.
College students	<p>Master's Degree in Digital Transformation Management</p> <ul style="list-style-type: none"> • Software AG helped in the creation of a master's program in Digital Transformation Management, which was first offered in 2017 at the Goethe Business School in Frankfurt, Germany. Software AG offers employees the option to complete this degree while working. <p>University Relations Program</p> <ul style="list-style-type: none"> • Through the University Relations program, Software AG maintains close contact with colleges and universities worldwide and provides them with select software products for teaching and research free of charge. <p>Software Campus</p> <ul style="list-style-type: none"> • As a founding partner of Software Campus, Software AG is making an active contribution to opening up excellent career prospects in Germany to tomorrow's IT managers.
Rising talent	<p>Future Talents Program</p> <ul style="list-style-type: none"> • The Future Talents Program was developed to identify new talent, promote their development and motivate them to become the next generation of creative thinkers, key employees and leaders at Software AG. <p>Leadership Essential Program for New Leaders</p> <ul style="list-style-type: none"> • This program prepares potential managers to overcome the challenges that leadership roles bring.
Leadership	<p>Corporate Executive Program</p> <ul style="list-style-type: none"> • The Corporate Executive Program develops leaders and experts to step up as multipliers to tell Software AG's digitalization story to the external market. <p>Leadership Essential Program for Experienced Leaders</p> <ul style="list-style-type: none"> • Employees who already hold a leadership role and want to improve their personnel management skills.

Transparent and trusting corporate culture

Concepts and due diligence processes

Software AG's corporate culture encompasses the values, norms and attitudes that shape the decisions, actions and conduct of its members. Software AG employees live these values and norms every day. To ensure responsible corporate governance on a long-term basis, the shared guidelines for conduct have been set out in the Code of Conduct. In addition, Software AG embedded the Leadership Principles it adapted in 2017 into all management training programs.

The Leadership Principles are a guideline for continuously improving one's own performance, for developing new ideas or finding the best solution to a customer's problem. Software AG uses these principles to drive forward the process of building and consolidating a transparent and trusting corporate culture. The focus is on cooperation, communication and the recognition and empowerment of each individual employee. The Company's leadership is closely involved in the development of these concepts and measures.

Substantial risks and key performance indicators

Software AG could not identify any significant risks to a transparent corporate culture associated with its own business activities, relationships with suppliers and partners, or its own products and services.

Measures promoting a transparent and trusting corporate culture will continue to be implemented and expanded.

Regular performance assessments and feedback for career development and professional growth

Concepts and due diligence processes

Regular performance and career development reviews are mandatory at Software AG. These reviews are supported by appropriate software and take place in the first and second quarter of a year for the previous year. Furthermore, Software AG regularly honors the best employees or teams in the specific categories of sales, professional services and development based on predefined performance criteria.

Substantial risks and key performance indicators (performance indicators pursuant to GRI 404)

Regular performance reviews and career development meetings are a key tool for employee motivation and loyalty to ensure that the Company not only hires the best talents in the market, but retains them as well. This is the only way to ensure that employees continue to learn and develop professionally based on market requirements. The internal competition for the best employee or team awards in a quarter or year leads to an internal performance competition that employees find very motivating due to the recognition they earn. Meaningful measurement criteria will be available after the introduction of the HR Information system.

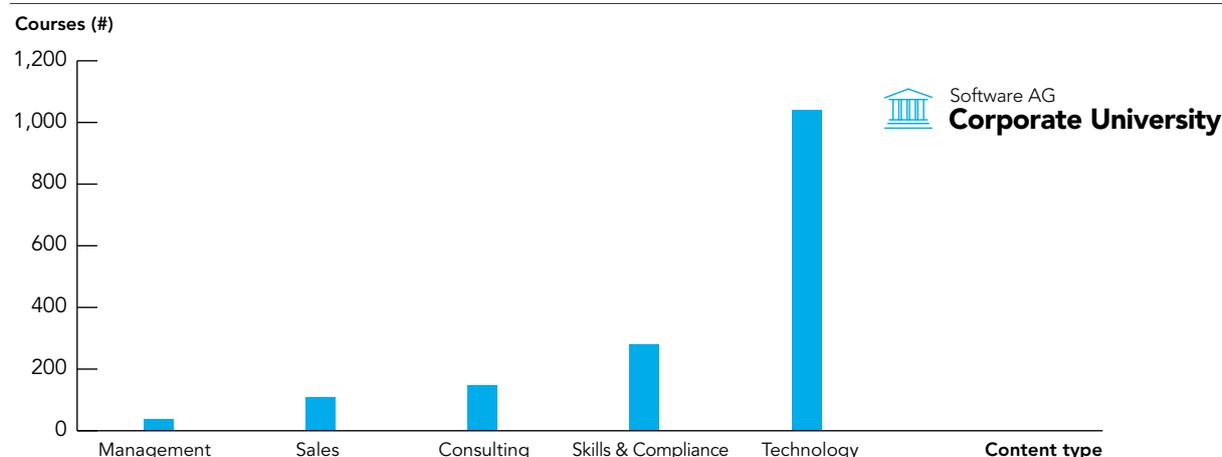
Training programs and further education measures

Concepts and due diligence processes

Software AG's Corporate University offers numerous training courses for all employees which can be accessed via the iLearn learning management system. The program includes online and face-to-face courses by the Company's own trainers and external trainers. The Corporate University uses modern training formats ranging from lightweight brief video tutorials to MOOCs (massive open online courses) to TV formats (live and recorded), for which a professional TV studio was set up in 2018. Employees can schedule training for themselves at any time. Training courses that are subject to a fee require the approval of an employee's manager; additional courses are provided by the Human Resources department and the Corporate University.

The entire training program is made available to all employees online in iLearn. In 2018, Software AG offered a total of more than 1,600 courses, of which 1,300 were e-learning courses. The vast majority of the courses were on technology topics. The portfolio of internally developed courses on soft skills was expanded significantly; it now comprises more than 150 courses. Software AG deliberately focuses on developing in-house training solutions, as past experience has shown that these courses resonate better with employees.

Course by Content Type



The Corporate University's course offerings are closely aligned with the requirements of the market, Software AG's users and products, the organization and its management and employees. The involvement of top management is especially crucial with offerings covering employee development and the Company's culture. The Management Board and top management levels are involved in the topics regarding the leadership culture.

iLearn's global training encompasses standardized training programs, such as basic training for new employees, the Global Consulting Services or the Sales-Enablement Program. The Company has mapped out development paths to prepare employees for product certification or to provide training and further education for Software AG product consultants. Employees and their managers agree on an individual learning plan, which is documented in iLearn. In addition, there is a range of courses focusing on executive development, including courses for future talents and senior executives as well as business management courses for top management. A total of 37 leadership and management courses were successfully completed in 2018.

Information on substantial risks and key performance indicators (performance indicators pursuant to GRI 404)

In a highly competitive market environment, neglecting ongoing training for their own employees poses a risk for companies. For that reason, Software AG is committed to the continuous training and further education of its employees, seeing it as an opportunity for achieving a significant competitive advantage. This is because Software AG's employees contribute decisively to the Company's business success with their professional and personal skills.

The satisfaction of course participants is continuously monitored, which involves evaluating the training offered and adapting it to meet demand. The system provides reports with information on the registration, number and satisfaction participants. According to the feedback, an average of 85 to 90 percent of participants were satisfied with the courses. The utilization rate of the program was also very good: In 2018, Software AG's employees registered for more than 30,500 courses, which corresponds to around six courses per employee.

Combating corruption and anti-competitive behavior (section 289c (2), no. 5 HGB)

A company's reputation is one of its most important assets and the basis of all relationships between employees, customers, partners, shareholders and a company's competitors. Alongside its efforts to survive in a highly competitive market, Software AG makes it a priority to act and do business responsibly and with integrity.

Concepts and due diligence processes

Software AG has therefore introduced a Code of Conduct that requires fair (competitive) conduct; all employees have to comply with the applicable antitrust and competition laws. Appropriate training and the clear rules of the Code of Conduct promote integrity and fair business practices at Software AG in the many countries where it operates. Employees with questions about competition and antitrust can consult the Software AG legal department responsible for the region or the Compliance Board. Software AG makes every effort to maintain integrity and fairness and to establish appropriate control measures.

The Code of Conduct includes the following prohibited actions (without restriction):

- Agreements with competitors that harm customers, such as price-fixing, collusive arrangements regarding tenders and agreements that exclude competition for customers or contracts
- Agreements according to which the freedom of a customer or supplier to sell a product is unreasonably restricted, including agreements setting a resale price for a product or service, setting unreasonable terms and conditions for the sale of products, technologies or services and agreements according to which other Software AG products and services are purchased
- Attempts to monopolize, for example by exploiting a dominant market position in order to exclude others from competition
- Acquisition of information on the competition using illegal or unethical methods

The Compliance Board reviews and assesses compliance issues and concerns and ensures that employees behave in compliance with the law, that internal rules and processes are followed, and that conduct complies with Software AG's Code of Conduct. The Compliance Board reports to the CEO. In the event of potential compliance violations, the Compliance Board continues to commission internal audits. These are approved by the CEO and carried out by Internal Audit. The results of the audit and the resulting corrective measures are reported to and reviewed by the Compliance Board and the CEO.

Software AG's Senior Vice President for Audit, Processes and Quality regularly reports the results of internal audits to the Supervisory Board's Audit Committee. This also applies to the results of the audits commissioned by the Compliance Board. The reports also cover other topics such as the continuous improvement of Software AG's compliance instruments and the effectiveness of internal controls.

Substantial risks and key performance indicators (performance indicators pursuant to GRI 205 and 206)

Risks from corruption and anti-competitive behavior arise in international business activities due to differences in understanding regarding ethical and moral business practices from one country to the next. Software AG's goal is for all employees to adhere to its Code of Conduct. Software AG's employees are regularly informed about the regulations and measures for combating corruption and anti-competitive behavior. To this end, the CEO sent the Code of Conduct to all employees by email when it was originally introduced. Since then, the Code of Conduct has been part of the welcome package that all employees receive worldwide when they join the Company. 605 new Software AG's employees have completed [training on the Code of Conduct](#) and received the required certification in fiscal 2018. All Software AG's business partners are required to sign either Software AG's Partner Code of Conduct or Supplier Code of Conduct. The Compliance Board assesses and rules upon exceptions to this rule.

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Software AG has added issues related to fraud detection and prevention to its annual internal audit plan for countries with a specific fraud detection index. The Company does not have a risk management department that explicitly deals with the detection of fraud at its locations.

On July 31, 2018, the Spanish Antitrust Authority (Comisión Nacional de los Mercados y la Competencia, CNMC) imposed fines on a total of 11 companies, including Software AG Spain, in antitrust proceedings from the year 2015. The CNMC felt it proved that Software AG Spain was involved in price fixing, "covert tenders," and other anti-competitive activities. The fine imposed on Software AG Spain amounts to €6,016 thousand and was recognized accordingly under process-related risk provisions. Software AG Spain has filed an appeal against this administrative ruling. Following the recommendation of Software AG's Compliance Board, the CEO has decided on and implemented a variety of measures to prevent comparable incidents in the future. These include hiring a local in-house attorney in Spain, close legal monitoring (internal and external) of public tenders, and training for managers and employees (both face-to-face and video training sessions). Overall, Software AG continues to estimate the risk from corruption and anti-competitive behavior to be low due to the measures it has taken.

Customer concerns

Customer satisfaction

Good working partnerships are based on trust, commitment and shared exchange. For Software AG, the success of its customers is and remains a goal to which the Company is firmly committed. For this reason, it regularly surveys its customers and also expects and encourages company employees to suggest customer-centric solutions. In addition, it applies design-thinking methods so that it can quickly provide its customers with solutions that offer high benefits.

Concepts and due diligence

A key objective of Software AG is to promote innovation and competitive differentiation among its customers and to support their successful digital transformation. The three objectives of Software AG's Customer Satisfaction Program are closely linked to this.

Communication: Software AG attaches great importance to open communication with its customers. To improve its processes, products and services, it collects and reviews customer feedback on a regular basis.

Collaboration: Software AG collaborates closely within its own organization, within its partner network and with its customers to ensure that its customers get the maximum benefit from Software AG technology.

Co-innovation: Software AG uses state-of-the-art design-thinking methods in R&D to deliver constructive and relevant customer solutions as quickly as possible.

Substantial risks and key performance indicators

Software AG could not identify any significant risks to customer satisfaction associated with its own business activities, relationships with suppliers and partners, or its own products and services.

Each year, Software AG conducts a survey in order to understand its customers' experiences with Software AG. Depending on the type of collaboration with Software AG, customers are also regularly asked about their experiences with Software AG by the Global Support department Global Consulting Services or Global Education Services. The aim of these surveys is to ensure that all customers are completely satisfied with the collaboration at all stages of the interaction.

Response Rate for the 2018 Customer Satisfaction Survey

as %	2018	2017	2016	2015
Total	2.1¹	8.9	5.5	1.7

¹ A true comparison of the response rate in 2018 with previous years is not possible. Prior to 2018, only surveys that were actually delivered served as a basis for calculating response rates. In 2018, however, all surveys sent had to be used, because the new survey tool does not filter out undelivered surveys as in the past. This results in a significantly lower response rate for 2018.

Summary of worldwide results of the 2018 customer satisfaction survey

Software AG's worldwide customer survey was sent to more than twice as many recipients in 2018. The distribution list was expanded significantly in North America, especially. The survey was also updated for the EMEA region. It is therefore impossible to accurately compare the response rate with previous years.

Regardless of the lack of comparability of the response rates, customer satisfaction, as measured by the Net Promoter Score, continued to improve in APJ and LATAM in 2018. Customers' assessments of Global Consulting Services and Global Support also showed improvement in these regions. The survey included questions on customers' experiences with Software AG and with individual products. They were also asked to make suggestions for improvement. These are all important starting points for Software AG when it comes to taking the right measures to further improve customer satisfaction.

For the reasons discussed above, Software AG is assessing whether it can find a more suitable benchmark than response rate.

The contribution of Software AG products to improving economic performance for Software AG customers

Concepts and due diligence

Within the Software AG sales cycle (CEP), each sale generates a value proposition for each customer, sometimes quantified in the form of a business case as well. It lays the foundation for setting a fair price and is part of the discounting or Global Deal Desk (GDD) approval process, but is not part of the contract. Instead, it serves merely as an illustration of the value advantage. Sometimes this business case will be substantiated with previous successes (customer success stories) that were approved by other Software AG customers as part of a use case. Software AG may also draw on independent analysts at times to inquire about customer numbers to maintain a neutral, advertising-free perspective. One example is the Forrester study, "The Total Economic Impact™ Of The Software AG Digital Business Platform" from April 2018.

Substantial risks and key performance indicators

The Company does not internally evaluate sales employees or consultants on achieving these goals and there are neither explicit indicators nor a process for ascertainment, except that every customer ideally should be won as a reference customer. Since business cases are not part of the contract, there are no risks from not achieving this objective.

Assurance of Software AG's high-quality products

Concepts and due diligence

Software AG's actions are driven by the desire to create added value for its customers and thus to contribute to their success. Software AG wants to enable its customers to differentiate themselves from their competitors in the digital world. In order to achieve this goal together, each Software AG employee is committed to the following values:

- The customer is at the heart of all dealings, from collaboration and co-innovation in the development of new products through to the way Software AG sells its services and solutions
- Compliance with laws and regulations regarding quality, safety and performance requirements in all countries where Software AG sells its products and services
- Support and continuous improvement of Software AG's business continuity management program

Software AG will pursue these commitments in a transparent and consistent manner with the help of clearly documented processes, performance indicators (such as quality objectives, routine quality management reviews) and a corporate culture focused on quality. Software AG implements measures that aim for continuous certification in the areas of quality management, business continuity and information security. With the measures described below, the Company is working to reduce the possible risks that can arise from insufficient product quality.

ISO 9001-certified quality management system

Software AG's ISO 9001-certified quality management system (QMS) provides a basis for high levels of customer satisfaction, high-quality support services and software as well as continuance improvement. The product development and Global Support systems and all supporting functions are part of Software AG's QMS. They lay down the processes, roles and rules that apply to every employee in his or her daily work routine. They also set out how important systems are secured.

The quality management system

- Verifies compliance with laws and regulations regarding quality, safety and performance
- Ensures Software AG's ability to provide support services to its customers
- Clearly defines transparent processes
- Is the basis for continuous innovation within an agile development environment
- Integrates feedback to ensure that Software AG can deliver high-quality software to help its customers gain a competitive advantage

ISO 22301-certified business continuity management system

Software AG's ISO 22301-certified business continuity management system focuses on ensuring the Company's support services. It is highly digitalized. It incorporates proven governance processes and makes provisions for incident response teams and duplications of critical infrastructure and applications. This ensures that the central systems needed by Software AG's customers are available. The system enables Software AG to quickly provide its customers with the services they need, also in crisis situations. The system is constantly adapted to changing requirements and regularly monitored; its efficiency is continuously improved.

ISO 27001-certified cloud information security management system

The ISO 27001-certified cloud information security management system provides the basis for:

- Protecting information in the cloud from unauthorized access and use and protecting information from being passed on, changed, disclosed, viewed, stored or erased
- Proactively identifying security risks, preventing and detecting security breaches and violations and responding to them
- Compliance with legal, regulatory and contractual obligations
- Identifying potential for improvement, introducing appropriate improvements and reviewing their effectiveness

This certification is crucial to win and maintain the trust of potential and existing cloud customers and to meet the compliance requirements that they place on their suppliers.

For more information on all certifications, please visit the Quality and Continuity section of the website at: https://www.softwareag.com/corporate/company/quality_and_continuity/default.html

Quality specifications for product development

Software AG's investments in quality management are closely linked to its commitment to customer-centric development. This means that the customer is closely involved in the cycle, starting from the idea through to the product. Clearly defined development and testing processes combined with feedback loops ensure that the Company has the agility and flexibility needed to deliver first-class software, enabling Software AG's customers to achieve their competitive advantage. Regular software releases, updates and continuous improvements provide a sound foundation for operational efficiency and excellence.

Availability of product support for customers

Concepts and due diligence

In the digital world, customers expect Software AG to provide global 24/7 support, ensuring the continuity of their core business systems. To meet these expectations, Software AG's Global Support strives to meet the highest quality of standards at all organizational levels. This is achieved through:

- Empowerment of employees
- Ongoing improvement of employees' skills
- Continuous measurement and monitoring of customer satisfaction
- Utilization of innovations to improve customer experience and efficiency

Global Support quality guidelines

Software AG's Global Support is certified according to ISO 9001. This certification speaks for the high quality of Software AG's processes and tools. The success of its customers is Software AG's top priority, from the very first day they start using the Company's products. With Enterprise Active Support, Software AG provides fast, agile and proactive customer support for all of its products.

Customers who choose Enterprise Active Support benefit from industry-leading performance and fast response times in any time zone. Enterprise Active Support services include:

- 24/7 support, including telephone support
- Technical support for critical cases
- Access to Empower, the 24/7 customer support portal and self-service extranet
- New product versions, patches and fixes
- Web-based consulting sessions
- Multiregional support
- For more information on these services, please refer to the fact sheet: (<https://resources.softwareag.com/services/enterprise-active-support-fact-sheet>)

Software AG's Global Support helps customers in the event of a problem with a wide range of problem-solving measures. These include guiding customers in error analysis and diagnostics. In the event of multiple potential resolutions, Global Support advises customers on selecting the optimal solution. When relevant, Software AG also provides proactive problem resolutions such as identifying potential code fixes.



Moreover, Global Support provides a self-service portal known as Empower. This robust online portal supports customers proactively and delivers timely information and problem resolutions. From Empower, customers can access an extensive knowledge center containing white papers, articles about existing issues, information about fixes and a wealth of other relevant information. Empower is also a direct link to Software AG's groups and discussion forums, where customers can connect with the wider Software AG community.

Software AG's Global Support works with a comprehensive, flexible escalation process. Customers can engage a Strategic Support Manager to arrive at optimal solutions.

Customer satisfaction always takes center stage at Software AG's global support organization. It continually reviews, revises and invests in processes, knowledge and tools to improve customer service. Global Support also has a continuous feedback channel. As soon as a problem is resolved, customers are surveyed about their experience with Global Support and Software AG. This customer input is utilized for continuous growth and improvement.

Protection of customer data

The protection of personal data is a fundamental right of all individuals. Article 8 of the Charter of Fundamental Rights of the European Union (EU) defines the protection of personal data as a fundamental right; the protection of personal data is also part of the EU data protection laws in accordance with the EU Data Protection Regulation (GDPR). Software AG respects the privacy of its customers' and their customers' personal data and must therefore take appropriate measures.

Concepts and due diligence

Software AG has appointed a Data Protection Officer and formed a data protection team to advise the business units on data protection. An integrated data protection management system (DMS) was implemented in accordance with the requirements of the GDPR. The system documents, monitors and, if necessary, adapts the data protection aspects. The processes for handling data protection incidents and violations are integral components of the DMS, including incidents and violations that affect customer data. Software AG is implementing this DMS with its own products ARIS, Aris Risk and Compliance Manager, Alfabet and AgileApps.

The effectiveness of the data protection processes is reviewed within the scope of the ISO 9001 audit. The results and findings are documented, and progress is measured in a central audit system. Management is regularly informed in relevant meetings.

Substantial risks and key performance indicators (performance indicators pursuant to GRI 418)

In 2018, there were no incidents at Software AG in which customer data was violated or lost. No incidents were reported in accordance with the provisions of the applicable data protection laws. Overall, the Company classifies the situation with regard to protection of customer data as neutral in terms of risk and opportunities considering the measures mentioned above.

Social matters (section 289c (2), no. 3 HGB)

Dialog at the regional level and local community development

Concepts and due diligence

Software AG pursues the goal of networking with the communities where it operates and contributing to their well-being as a good corporate citizen. Software AG's concept is to address social concerns at the regional level. The management is involved accordingly in developing measures for local issues. Ever since Software AG was founded, social commitment has been a central part of its corporate culture. The Company is proud that so many colleagues around the world are involved in numerous volunteer projects and is happy to support and reward this commitment. The social commitment of Software AG's employees is reflected in many local projects at its locations throughout the world. Information on the individual projects is regularly updated at <http://software.ag/csr/en/default.aspx>.



The cornerstones for sustainability and responsible action were laid by the Company's founder, Dr. Peter Schnell, and his principles are still firmly anchored in Software AG's corporate culture today. He established the Software AG Foundation 27 years ago, which is an anchor investor with a shareholding of almost 34 percent.

Software AG's own activities, such as its worldwide campaign "Move Your Feet to Give a Hand," are designed to build a bridge between Company sports, team spirit, and charitable and athletic commitment. Software AG, the representatives of the Supervisory Board and the Software AG Foundation donate a fixed amount of money for each kilometer run by employees at official running competitions. In 2018, staff members covered a distance of 7,459 kilometers (2017: 6,376) and raised a donation of €32,500 (2017: €28,000). Since the campaign began 11 years ago, Software AG's employees have covered 95,410 kilometers in total, more than two times around the world. Employees can make suggestions on which non-profit organizations the money should go to.

Particularly at its corporate headquarters in Darmstadt, Software AG is firmly rooted in the region and is involved in numerous projects, working with and on behalf of a wide range of stakeholder groups.

Software AG has been a sponsor of the SV Darmstadt 98 soccer club (the Lilies) for many years. As part of the club's social campaign "Under the Sign of the Lily," Software AG supports charitable activities to help people with developmental or physical disabilities, such as organizing soccer training for disabled athletes in cooperation with Special Olympics Hessen.

Software AG is committed to strengthening the IT industry in Germany. As an active member of several industry networks, Software AG plays a strong role in shaping the political and economic landscape. Beginning with the modernization of the education system, continuing with the advancement of IT startups through to securing future-oriented jobs, Software AG is dedicated to developing the scientific and economic strengths of its industry in order to sustain the innovative capability of Germany as a competitive IT location.

The ongoing digitalization of education is an integral part of the German government's digital agenda and a central field of action—in classrooms, lecture halls, vocational schools and companies. Digitalization is a topic that broadly affects business and society at large, resulting in the need for basic broad-based digital education in schools, from elementary school onwards. Since 2007, Software AG has had its own University Relations Program, another example of the Company's social responsibility. Its goal is to develop digital competencies at universities and colleges worldwide. Computer training in elementary and high schools was newly added in 2017. In a unique pilot project at Main-Taunus School in Hofheim am Taunus, Germany, Software AG verified that the "Calliope mini" microcomputer which it presented at the 10th Digital Summit in Saarbrücken is also suited for elementary school instruction. Software AG has made the results from this pilot instruction program available to the public in the form of YouTube instructional videos that can be accessed free of charge. They have already been viewed more than 80,000 times. The Company's expanded offering of free software in hosted environments is also new. Software AG is thus taking into account the growing demand for software in the cloud.

Software AG is participating in various research and innovation projects as a business partner. This also applies to the "System Innovation for Sustainable Development" research project at Darmstadt University of Applied Sciences. Its aim is to establish a learning system for transparent and sustainable supply chain and evidence management. Software AG makes its expertise and technologies available for the focus on "sustainable consumption and production." Taking the example of leather chemistry, potential is being explored to find out how to achieve full traceability of products, detect or even prevent impurities or unwanted contaminations at an early stage, and provide innovative and environmentally responsible ideas for the leather industry.

Substantial risks and key performance indicators (performance indicators pursuant to GRI 413)

Software AG has not identified any substantial risks in the area of social matters. Rather, it sees an opportunity here to give back to society—and especially the local communities of its operations worldwide—as part of its dedication to corporate social responsibility. Another example of the Company's social commitment is the local programs that support community development. Every full-time employee of Software AG in North America is entitled to dedicate eight hours a year to volunteering. There is a similar program in Germany which enables employees to take paid leave to do voluntary youth work.

Environmental matters (section 289c (2), no. 1 HGB)

Software AG's technological solutions are already helping many customers to make optimal and sustainable use of their resources. Software AG feels a strong sense of responsibility for the environment: The 1,243 employees in Germany are supplied with green electricity. In addition, the waste heat from the servers at corporate headquarters in Darmstadt is used to heat the building. The cafeteria offers the staff in Darmstadt a wide range of organic meals made with locally sourced products.

Energy consumption

Concepts and due diligence processes

Software AG is convinced that innovative technology developments always offer an opportunity to increase efficiency and conserve resources. This, in turn, has a positive effect on the environmental balance. As an IT company, Software AG wants to help reduce its carbon footprint by focusing on cutting its own energy consumption and using renewable energies for all of its operations in Germany.

Software AG takes a holistic approach to all aspects of energy management, demand and procurement for all its operations and is working toward reducing its energy footprint by saving energy and using more renewable energies. Electricity is the most important source of energy. The Company prefers electricity from renewable sources. In Germany, Software AG already obtains 100 percent of its electricity from renewable sources or produces it on-site itself.

To control power consumption for all its locations, Software AG continually implements energy-saving measures, such as retrofitting lighting systems, replacing motors and upgrading building technology. When planning the construction of new buildings, it pays close attention to making use of natural light, installing shading systems and state-of-the-art building technology. Software AG is also looking for ways to improve the energy intensity and performance of its data centers and to reduce energy consumption through innovation. All in all, the Company achieved a reduction in energy consumption at the locations under review from last year.

Substantial risks and key performance indicators (performance indicators pursuant to GRI 302)

Energy efficiency is of key importance to Software AG: It helps to reduce costs, achieve sustainability goals and reduce (environmental) risks. However, it is not only about saving money. Software AG's product portfolio forms the basis for the business operations of numerous companies worldwide. Software AG enables them to use resources intelligently and efficiently. In this way, customers leverage Software AG's solutions to improve their own energy footprint and reduce their CO₂ emissions.

On the whole, Software AG's business model incurs only a very low risk of negatively impacting the environment. The Company also sees the issue of environmental concerns as risk-neutral with regard to further consideration of its supply chain, products and services.

Energy consumption was reduced in 2018 from 125 to 121 kWh/m² (-3 percent) and per employee from 2,840 kWh/EMP to 2,553 kWh/EMP (-10 percent) due to the continuous upgrades in building technology, additional insulation and more energy-efficient systems including lighting systems (retrofitting with LEDs), modern window shades and air conditioning systems as well as more efficient IT components and servers.

Energy Consumption in 2018

Key indicators of energy consumption¹

Year	Employee (EMP)	m ²	kWh/year	kWh/m ²	kWh/EMP
2017	3,042	69,225	8,639,678	125	2,840
2018	3,327	70,250	8,494,935	121	2,553

¹ Locations for which no separate account data is available are not included. The data collected represents about 80 percent of Software AG's total floor area. Data from the USA was not available at the data collection deadline.