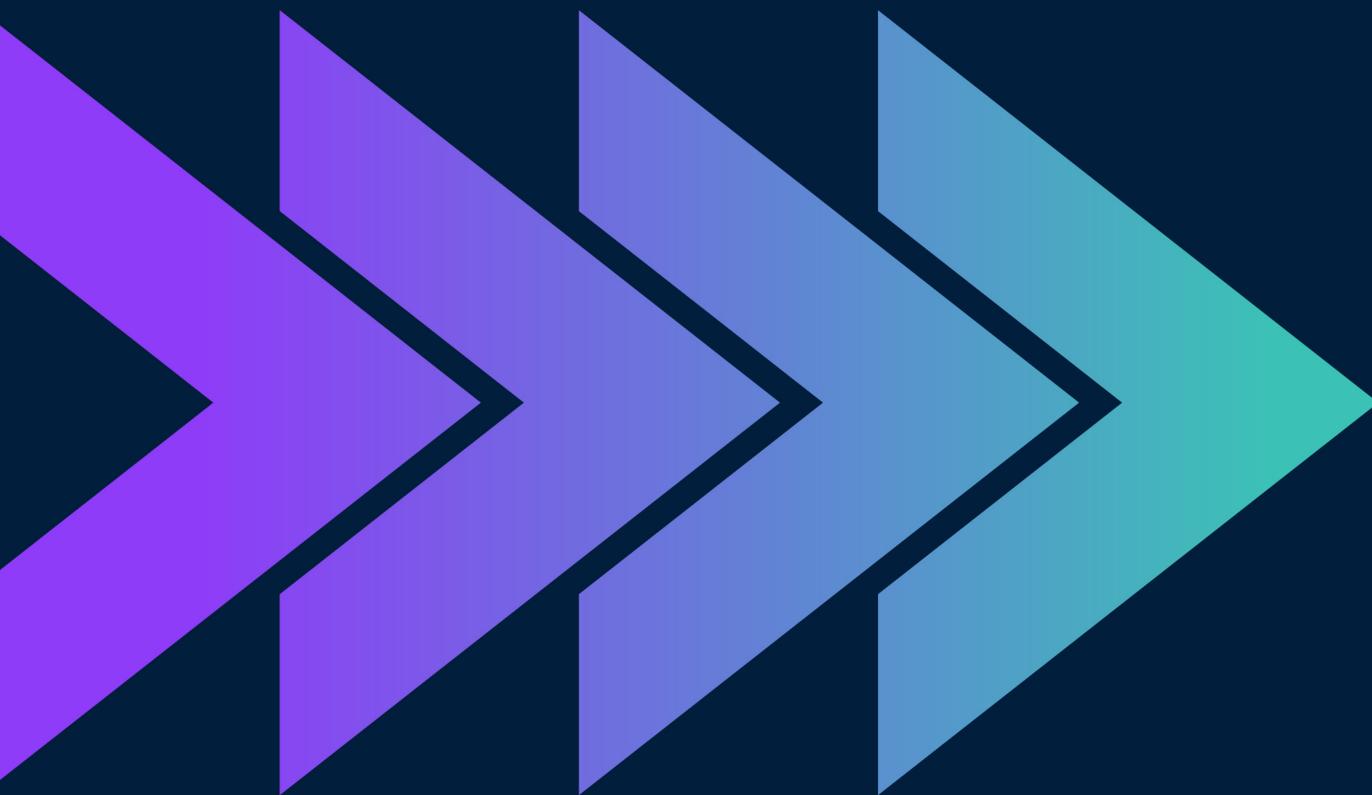


Annual Report

2023



COMBINED NON-FINANCIAL STATEMENT

FUNDAMENTAL ASPECTS

REPORTING SYSTEM

Software AG's Combined Non-Financial Statement (hereinafter referred to as the Non-Financial Statement) relates to the fiscal year from January 1 to December 31, 2023.

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

The contents of the Non-Financial Statement relate to Software AG and the Software AG Group. The Group's non-financial indicators are based on data that generally 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. For more information, please refer to the Combined Management Report and the Notes to the Consolidated Financial Statements.

No information in the following report has been omitted due to being part of intellectual property, know-how, or the results of innovation. No information has been omitted due to impeding developments or matters in the course of negotiations. There were no changes in the preparation and presentation of sustainability information compared to previous reporting periods. Some figures from prior reporting periods have been restated due to minor inaccuracies that were discovered during consolidation of the current report.

EXPLANATION OF THE BUSINESS MODEL

As a global technology provider, Software AG delivers software solutions and services to its customers. The Company's founders laid the groundwork for Software AG's value-oriented actions, ultimately forming its corporate culture. To this day, Software AG is the innovative, independent force guiding some of the world's best brands on their digitalization journey. 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.

DISCLOSURE REQUIREMENTS PER THE EU TAXONOMY REGULATION

The EU Taxonomy Regulation was adopted as part of the European Green Deal and its main objective is to establish a classification system that defines which economic activities are environmentally sustainable. Software AG is required to provide information about non-financial interests per regulations set forth in sections 289b et seq./sections 315b et seq. of HGB that are based on Directive 2013/34/EU. In this context, the Company must explain in its Non-Financial Statement in accordance with Article 8 of Regulation (EU) 2020/852 from June 18, 2020 (Taxonomy Regulation), how and to what extent it carries out economic activities that could be characterized as environmentally sustainable in the sense of the Taxonomy Regulation.

An economic activity is defined as taxonomy-eligible if it is listed in the Taxonomy Regulation or in one of the delegated legislative acts and contributes on its merits after realization to at least one of the following environmental objectives:¹

¹ The Climate Delegated Act, which was formally adopted in June 2021, establishes technical screening criteria for the first two of the six environmental objectives and serves to define and identify sustainable activities. The technical screening criteria for objectives three through six were adopted in 2023. Subsequently, for fiscal year 2023 all six objectives apply for eligibility reporting.

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

An economic activity is considered taxonomy-aligned if it meets the technical screening criteria, meaning that it contributes substantially to one of the environmental objectives and does no significant harm (DNSH) to any of the other environmental objectives. Furthermore, compliance with the Minimum Safeguards² must be observed to ensure taxonomy alignment concerning adherence with frameworks for respecting human rights as well as social and labor standards.

The Taxonomy Regulation defines the three performance indicators required to be reported by non-financial organizations—revenue, capital expenditure (CapEx), and operating expenditure (OpEx)—that demonstrate the degree to which economic activities are classified as environmentally sustainable in the sense of the Taxonomy Regulation.

The European Commission established the Delegated Regulation (EU) 2021/2139 (Climate Delegated Act) to define the screening criteria for taxonomy eligibility and alignment for the first two of the six environmental objectives.

In June 2023, the Commission published amendments to the Climate Delegated Act, including:

- The addition of new economic activities relevant for the climate change mitigation and adaptation objectives
- The addition of new technical screening criteria for the new activities or amending the current technical screening criteria, mainly improving them based on the received feedback
- Amendments to the Disclosures Delegated Act

Furthermore, the Commission published the Environmental Delegated Act (supplementing Regulation (EU) 2020/852), which includes the economic activities and technical screening criteria for the rest of the objectives and amendments in Delegated Regulation (EU) 2021/2178 concerning the applicable disclosure requirements. In November 2023, the amendments to the Climate Delegated Act and the Environmental Delegated Act were published in the official journal of the EU.

The new requirements entered into force in January 2024. Thus, for the current reporting year, Software AG will report eligibility for the newly added and amended economic activities under both Delegated Acts. Furthermore, Software AG will continue to monitor and report its activities with regard to the Climate Delegated Act's objectives and report on both eligibility and alignment.

The Company will report for the first time on the eligibility of economic activities relating to the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems. Overall, the economic activities included in additional objectives are not part of Software AG's core business, and the results of the initial screening show that only one activity is relevant for the Company.

Determining taxonomy-eligible economic activities

To collect the mandatory information for reporting, Software AG initiated an EU taxonomy project in 2022 that involved the participation of the relevant internal units and an external service provider. In 2023, the same overall approach was followed for EU Taxonomy reporting. However, eligibility of revenue-generating economic activities was reviewed and reassessed. The Company performed the initial eligibility screening for the additional economic activities published under the objectives: climate change mitigation, climate change adaptation, water, circular economy, pollution prevention, and biodiversity. The approach for assessing eligibility was updated to encompass

² Compliance with the Minimum Safeguards is understood as due diligence and remedy procedures implemented by a company to ensure alignment with the OECD's Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the ILO's principles and rights, and the International Bill of Human Rights.

the expanded scope of knowledge about the EU Taxonomy Regulation, supported by documents issued by the Commission regarding frequently asked questions. Furthermore, Software AG improved its understanding of specific customer use cases.

The screening results for the activities in the Climate Delegated Act showed that there were no revenue-relevant economic activities that were fundamentally taxonomy-eligible. However, the screening of the activities covered by the Environmental Delegated Act resulted in one revenue-generating taxonomy-eligible activity listed under the circular economy objective. This assessment is based on the following supplemental considerations:

- With regard to the first environmental objective, climate change mitigation, classification of activity 8.1. “Data processing, hosting, and related activities” by Software AG as taxonomy-eligible is precluded for the same reasons as last year: Although Software AG operates its own data center at its headquarters in Darmstadt, Germany, this center as well as backup servers at other locations are used exclusively to provide internal services. Generating external revenue with these data centers and servers is not part of Software AG’s business model. Rather, the provision of cloud infrastructure services is subcontracted with the sale of Software as a Service (SaaS). It is imminent that the provision of SaaS is a case of single performance obligations in the sense of IFRS 15, meaning that a potential third-party hosting component is not separable from the software provided for use as well as supplemental services (e.g., maintenance and support).
- Regarding the first environmental objective, climate change mitigation, classification of activity 8.2 “Data-driven solutions for GHG emissions reductions” by Software AG as taxonomy-eligible is precluded for the following reasons: Software AG provides software solutions and services for its customers, who then utilize the products and services accordingly for their own business activities. Software AG’s products distinguish themselves by enabling companies to integrate IT systems and data, optimize business processes, and make better decisions in order to operate more efficiently and save resources. However, whether Software AG’s activities in detail are in fact taxonomy-eligible is measured by how the Company’s customers use its products and services, which is not in Software AG’s scope of responsibility, influence, or knowledge.
- The eligibility assessment of activity 4.1 “Provision of IT/OT data-driven solutions,” which is listed under the circular economy objective, was performed and the activity is deemed relevant for the Company. This interpretation was further supported by the additional guidance published by the Commission and the increased knowledge about the interpretation of the regulation. According to the frequently asked questions³ made publicly available, the definition of a taxonomy-eligible activity is “an activity that is described in the delegated acts adopted under the Taxonomy Regulation. More specifically, according to Article 1(5) of the Disclosures Delegated Act, an economic activity is eligible irrespective of whether it meets any or all of the technical screening criteria laid down in the Climate Delegated Act (and future delegated acts). Therefore, the fact that an economic activity is taxonomy-eligible does not give any indication of the environmental performance and sustainability of that activity.” Based on this interpretation, the description of the activity is the leading criteria for defining whether the economic activity is eligible or not, while the performance (or what it is used for) is more relevant to assess the alignment. Thus, activity 4.1 “Provision of IT/OT data-driven solutions” and its description correspond to Software AG’s products, which provide data and analytics through IoT and AI. Software AG considers specific parts of its business activities that generate revenue as eligible.

Software AG performed eligibility screening for the newly added activities under the Climate Delegated Act, however none of those were identified as potentially eligible. Like last year, there are potentially existing CapEx and OpEx in specific economic activities which are fundamentally taxonomy-eligible with regard to the environmental objective of climate change mitigation (Annex I of the Climate Delegated Act). Subsequently, Software AG reports activities relating to the purchase of output from taxonomy-eligible economic activities as follows:

- 6.5. Transport by motorbikes, passenger cars, and light commercial vehicles
- 7.7. Acquisition and ownership of buildings

The taxonomy-eligible CapEx concerns additions to the Group’s vehicle fleet and buildings. The taxonomy-eligible OpEx includes spending for short-term leases as well as servicing and maintenance for the vehicle fleet and buildings. Software AG does not generate any revenue from economic activities 6.5. and 7.7. Rather, they cover the purchase of products or investments in economic activities that are taxonomy-eligible or aligned.

³ Commission Notice on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of eligible economic activities and assets (2022/C 385/01).

The taxonomy-eligible CapEx and OpEx for activity 4.1 are not available as separate figures and have been allocated on a pro-rated basis, relative to revenue.

With regard to the second environmental objective, climate change adaptation, Software AG's economic activities cannot be subsumed under any of the economic activities in Annex II of the Climate Delegated Act. The reason for this is that Software AG's products and services do not implement physical solutions, for instance, that can be used to significantly reduce the most important climate risks. Furthermore, there are no expenditures (CapEx or OpEx) in fiscal 2023 to be reported as business activities with regard to climate risks.

Assessing the alignment of economic activities

Next, Software AG reviewed the previously identified taxonomy-eligible economic activities within the scope of consolidation. The goal of this review was to determine the type and extent of relevant economic activities as well as the CapEx and OpEx regarding taxonomy-eligible economic activities for each company in the consolidated Group.

Per the Taxonomy Regulation, the technical screening criteria, the do-no-significant-harm (DNSH) criteria, as well as compliance with the minimum safeguards must be reviewed to assess taxonomy alignment for each of Software AG's economic activities that were determined to be taxonomy-eligible. The obligation to assess alignment applies only for the two economic activities that are part of the Climate Delegated Act, "Transport by motorbikes, passenger cars, and light commercial vehicles" and "Acquisition and ownership of buildings."

In the next step, the economic activities were assessed with regard to meeting the do-no-significant-harm criteria. Like last year, Software AG was not able to obtain sufficient information from external parties to prove that the activities meet DNSH criteria. For this reason, Software AG's CapEx and OpEx are simply categorized as taxonomy-eligible.

Reviewing the Minimum Safeguards

As the final step, taxonomy alignment must be reviewed with regard to compliance with the Minimum Safeguards. Compliance with the Minimum Safeguards could not be verified for fiscal 2023 regarding Software AG's upstream supply chain due to a lack of relevant statements by the suppliers. Company-wide compliance with the Minimum Safeguards in the sense of the Taxonomy Regulation is currently undergoing a broad review at Software AG. Actions to enhance due diligence and remedy procedures include establishing complaint mechanisms and further updating procedures on human rights due diligence. Currently, no non-compliance cases have been brought forward. Completion of the internal review will be followed by a corresponding revision of Software AG's Codes of Conduct for Suppliers and Partners in 2024. There were no violations in the form of final judgments regarding the Minimum Safeguards during the reporting period. There were no incidents in the areas of human and labor rights, bribery, corruption, taxation, or fair competition.

Calculating taxonomy-eligible and taxonomy-aligned percentages

Based on the process steps conducted and knowledge gleaned, no taxonomy-aligned amounts were determined for CapEx and OpEx of Software AG's identified taxonomy-eligible economic activities. For this reason, the calculation of the quotients is limited to determining the denominators. All key performance indicators are found in the reporting sheet, as an appendix to the Non-Financial Statement.

SUSTAINABILITY MISSION STATEMENT

Software AG developed a sustainability strategy in 2021 and adopted the following mission statement:

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

Software AG's current action areas and targets remain unchanged. However, for the next fiscal year, the Company is planning an extensive revision of its sustainability strategy, complete with an update of its objectives and quantitative targets. This revision will aim to align the Company's Non-Financial Statement with the requirements of the Corporate Sustainability Reporting Directive.

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 AG, 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>

MANAGING SUSTAINABILITY AND TRANSPARENCY

Sustainability is an integral part of Software AG's DNA. Its sustainability strategy is sponsored by the Chief Executive Officer (CEO) and anchored with the Chief Financial Officer (CFO). Software AG's internal Sustainability Steering Committee (SSC) guides, monitors, and advises the Company on implementing the sustainability strategy. The strategy and SSC are led by the Finance department under the CFO. The ultimate objective of this arrangement is transparency and accountability throughout the entire company structure. It allows Software AG to ensure that all relevant stakeholders are proactively, continuously, and efficiently informed about, and involved in, the topic of sustainability and the goals and progress thereof.

STAKEHOLDERS

Software AG 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, partner network, suppliers and service providers, graduates and (potential) future employees, universities and research institutions, social actors in local communities, governments and associations, non-governmental organizations (NGOs), and key multipliers such as analysts and the media. 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.

MATERIAL NON-FINANCIAL TOPICS

Determining material non-financial topics

Software AG comprehensively updated its materiality analysis most recently in fiscal year 2021. The result was a clearer focus on topics that have the strongest effects on the economy, environment, and society as well as the highest business relevance for the Company. There was no need to conduct a reevaluation in fiscal 2022 since no new or divergent topics were identified as material. In 2023, a revision of the materiality analysis was initiated in order to further advance compliance with the CSRD.

A multi-phase process was conducted in fiscal years 2020 and 2021 to identify material non-financial topics and issues for the Non-Financial Statement. During the first step, selected internal stakeholders from sustainability-relevant areas at Software AG participated in qualitative interviews. Furthermore, external stakeholders were also surveyed regarding Software AG's sustainability challenges. In a second step, a preliminary analysis was performed that included an evaluation per the GRI sustainability reporting standards, the industry recommendations for software companies from the SASB, and the non-financial statements from other

companies in the industry. During a joint workshop, Software AG’s leaders subsequently validated and evaluated the identified issues.

Results of the materiality analysis

The materiality analysis conducted in fiscal year 2021 identified eight topics as material for Software AG, listed under the column entitled “Current topics” in the table below. They are divided among the five key action areas and are being used to structurally divide the content of the Non-Financial Statement up to and including fiscal year 2023.

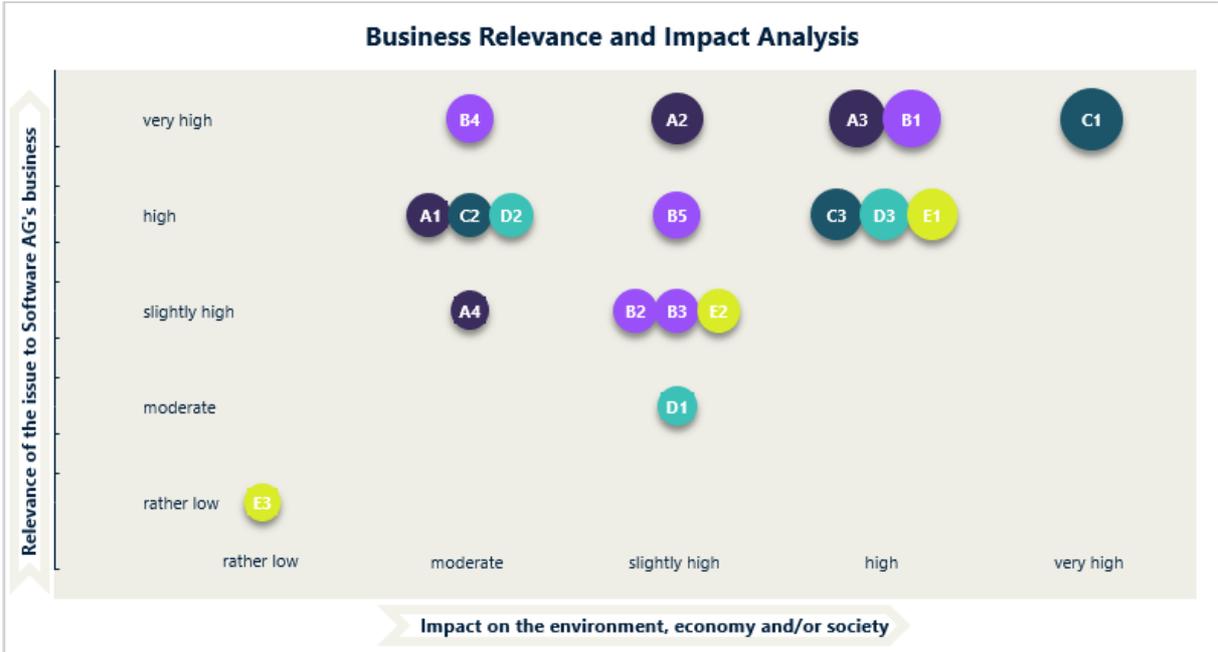
In 2023, together with an external advisory company, Software AG conducted a revision of the materiality assessment, implementing some of the requirements of the CSRD with regard to double materiality. This led to certain amendments of the previously identified topics aimed at refining their wording and aligning content with the directive. The column entitled “Future topics” in the table below sets out a preliminary list of the new topics considered material for Software AG. This list is subject to revision once Software AG conducts the complete double-materiality analysis. It will be used as the basis in preparing the Company’s future sustainability statements.

In addition to the eight material topics (identified in 2021 and still in use for the current statement), Software AG reports on two additional topics—respect of human rights and combating corruption and bribery, which result from the requirements in section 289c of HGB. Topics that are classified as not relevant for Software AG in the context of the materiality analysis are not addressed in this Non-Financial Statement. However, the Non-Financial Statement Index and the Non-Financial Key Indicators provide a full overview of sustainability metrics, including selected topics not considered material, as well as key indicators relevant for some stakeholder groups.

Action area	Current topics	Future topics
Leadership and Governance	<ul style="list-style-type: none"> • Sustainable economic growth • Information security and data protection 	<ul style="list-style-type: none"> • Business conduct • Information security and data protection
Our Employees	<ul style="list-style-type: none"> • Corporate culture and diversity • Employer attractiveness 	<ul style="list-style-type: none"> • Labor-management relations • Diversity, equality, and inclusion • Employer attractiveness
Customers and Technology	<ul style="list-style-type: none"> • Product and service quality • Innovation and impact of our products 	<ul style="list-style-type: none"> • High product and service quality • Innovation and product impact • Customer satisfaction and loyalty
Value for Society	<ul style="list-style-type: none"> • Tech for good 	<ul style="list-style-type: none"> • Affected communities
Impact on Environment	<ul style="list-style-type: none"> • Energy and CO₂ emissions 	<ul style="list-style-type: none"> • CO₂ emissions • Energy • Circular economy

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

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



Leadership and Governance

- A1. Business ethics and corporate digital responsibility
- A2. Sustainable economic growth
- A3. Information security and data protection
- A4. Sustainable supply chains and human rights

Our Employees

- B1. Corporate culture and diversity
- B2. Occupational health and safety
- B3. Work-life balance
- B4. Employer attractiveness
- B5. Employee promotion and development

Customers and Technology

- C1. Product and service quality
- C2. Customer satisfaction and loyalty
- C3. Innovation and the impact of our products

Value for Society

- D1. Support of local communities
- D2. Stakeholder dialogue and government relations
- D3. Tech for Good

Impact on Environment

- E1. Energy and CO2 emissions
- E2. Natural resources and circularity
- E3. Use of water

NON-FINANCIAL STATEMENT INDEX

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

Material topics and other topics	Summarized significance of topic content for Software AG	Aspects per HGB (section 289c(2))	Assignment to reporting standards (GRI & SASB)
Leadership and Governance action area			
Sustainable economic growth	Business performance and growth, brand visibility and reputation, management of non-financial risks and opportunities	n/a	n/a
Information security and data protection	Information and data security, protection of employee and customer data, privacy, prevention of malware attacks	Employee concerns (section 289c(2), no. 2), customer concerns	SASB TC-SI-230a
Business ethics and digital responsibility	Responsible, moral, ethical, fair, and sustainable behavior, compliance, combating corruption and anti-competitive behavior, protection of intellectual property	Combating corruption and bribery (section 289c(2), no. 5)	GRI 205, GRI 206, SASB TC-SI-520a
Sustainable supply chains and human rights	Respect and protection of human rights (human rights due diligence), environmental laws/standards/policies, Code of Conduct, global sourcing process, supplier assessment	Respect of human rights (section 289c(2), no. 4)	GRI 412
Our Employees action area			
Corporate culture and diversity	Transparent, respectful, trusting corporate culture, diversity, equity, and inclusion, combating discrimination, support of women, flat hierarchies, codetermination, freedom of association and collective bargaining	Employee concerns (section 289c(2), no. 2)	GRI 405, SASB TC-SI-330a
Employer attractiveness	Recruiting global, diverse, and qualified teams, active sourcing concept, war for talent	Employee concerns (section 289c(2), no. 2)	GRI 401
Additional topics in the NFS key indicator table	Work-life balance, employee promotion and development, staff attrition	Employee concerns (section 289c(2), no. 2)	GRI 404
Customers and Technology action area			
Product and service quality	Certified management systems; regular software releases, updates and improvements, adding value for customers (efficient use of resources, better process results, competitive advantages)	Customer concerns	n/a
Innovation and the impact of our products	Monitoring of competitors and disruptive trends, innovation capacity, research & development, impact of products on society, environment, and businesses	Customer concerns	n/a
Value for Society action area			
Tech for good	Develop digital competencies, mentoring/seminars for students and future IT managers, engagement in research projects, foster education	Customer concerns, social matters (section 289c(2), no. 3)	n/a
Additional topics in the NFS key indicator table	Employee engagement and support of local communities	Social matters (section 289c(2), no. 3)	n/a
Impact on Environment action area			
Energy and CO₂ emissions	Energy management, energy efficiency, CO ₂ emissions, expansion of renewable energies, carbon footprint, climate strategy	Environmental matters (section 289c(2), no. 1)	GRI 302, GRI 305, SASB TC-SI-130a
Additional topics in the NFS key indicator table	Natural resources and circularity	Environmental matters (section 289c(2), no. 1)	GRI 306

CODE OF CONDUCT AND INTERNATIONAL CONVENTIONS AND GUIDELINES

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

Code of Conduct

Software AG's Global 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 with colleagues, customers, partners, and competitors follow these guidelines. All employees must read and understand the contents of the Global Code of Conduct. To this end, all new employees attend mandatory online training programs and receive certification upon completion. The Global Code of Conduct is currently available in seven languages and is updated on a regular basis.

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

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

Compliance with the Code of Conduct, the Compliance Office, and the Compliance Board

In 2023, Software AG established 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 AG's Code of Conduct. Software AG has introduced various mechanisms to help its employees adhere to the Code of Conduct. From 2023 onward, all Software AG employees must complete an online training program every two years. During the year under review, 2,964 employees completed the Code of Conduct training. The program integrates hands-on examples, familiarizing employees with different aspects of the Code, including its voluntary commitment to respecting human rights. The online training is offered 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.

Other mechanisms to ensure adherence to the Global Code of Conduct are imposed via the functions of the Compliance Office. The office can be contacted by employees and other stakeholders for questions and reports with regard to the Code. In 2023, Software AG implemented a new compliance reporting system available at <https://softwareag.integrityline.com>. Relevant parties are encouraged to report violations of the Code 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.

Other essential duties and responsibilities of the Compliance Office include:

- Refining, regularly reviewing, and updating the Code of Conduct
- Monitoring implementation and application of the Code of Conduct
- Conducting training programs and advising employees on compliance issues
- Investigating compliance reports and making recommendations for corrective action in response to violations
- In the event of non-compliance, examining whether compliance rules (including the Code of Conduct), procedures, training, and organizational framework conditions need to be adjusted

In fiscal 2023, Software AG's Compliance Office received a total of 13 (2022: 7) reports of potential compliance violations. For more information on Compliance, please refer to the [Statement on Corporate Governance](#).

Scope

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

addition to possible legal penalties.

Partner Code of Conduct

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

Supplier Code of Conduct

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

International conventions and guidelines

In addition to internal regulations and laws applicable in the countries where Software AG operates, there are several conventions and recommendations by international organizations, primarily addressed to the respective member states and not directly to individual companies. However, they provide important guidelines for the conduct of a multinational company and its employees. Software AG therefore recognizes the significance of complying with these guidelines worldwide. The essential agreements of this kind are listed below:

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

LEADERSHIP AND GOVERNANCE

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

Software AG aims to anchor sustainability as an integral component in its business activities and to meet its obligations in the ESG (environmental, social, and governance) areas. With its responsible management approach, the Company is pursuing long-term goals that target growth and external recognition for first-class ESG achievements. As a software company, it is committed to information security and data protection at the highest level.

SUSTAINABLE ECONOMIC GROWTH

Basic understanding

Sustainable economic growth is of key significance to Software AG's business since it contributes to the Company's long-term stability and positive impact on employees, investors, and customers. Software AG's leadership is convinced that having a sustainable business strategy not only promotes economic growth, but is also essential in order to live up to the Company's own requirements pertaining to ESG matters.

Targets and management

Software AG controls long-term economic growth with its corporate strategy. As part of its transformation, the Company realigned its corporate strategy in 2023.

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

- Achieve an ISS ESG Rating of C by 2023 and B by 2025
- Achieve an MSCI Rating of AA or better by 2025

Progress and actions

The changes in the Supervisory Board, particularly the election of an independent Supervisory Board chair in 2022, were assessed as a significant improvement by MSCI in its ESG Rating update in October 2022. MSCI's ratings are heavily weighted towards corporate governance and social issues. Additionally, Software AG's cleantech product range, employee engagement strategy, and solid data protection and data security initiatives continued to earn strong scores. As a result, Software AG's rating was raised to the top score of AAA (2022: AAA). The target rating for 2025 was therefore already met in 2022. The rating was perpetuated in 2023—and the Company was able to maintain this level as long as it was stock-listed.

Sustainability initiatives in 2022 also had a positive impact on Software AG's ISS Corporate ESG Rating, and the Company's score improved from C- to C (max. A+) in 2023 after the regular update at the end of the first quarter. The approach used for the ISS Corporate ESG Rating is strongly based on emissions data compiled by the Carbon Disclosure Project (CDP). Software AG assessed its corporate carbon footprint for 2021 for the first time (CCF) and submitted its data to the CDP survey in July 2022. This enabled the CCF data to be factored into the 2023 ISS ESG Rating. As a result, the rating reached a solid C with which Software AG achieved prime standard.

As part of its strategic risk and opportunity management, Software AG started reporting on strategic ESG risks separately in the 2022 fiscal year. The corresponding opportunities and risks are thus assessed on a semi-annual basis. The risks comprise potential negative impacts such as the loss of or inability to acquire employees and customer orders, increased costs of capital, decreased market value, and penalty fees for not meeting legal requirements. In 2023, the ESG risks and opportunities were reassessed according to the methodology of the Task Force for Climate-related Disclosures (TCFD). For more information, please refer to the [Opportunity and Risk Report](#).

Software AG has continued to enrich its ESG portal, providing investors and other interested parties with up-to-date information related to sustainability. In addition to reports on the Company's social engagement, the ESG website presents sustainable IT solutions that were realized using Software AG products. It also showcases research projects that are aligned with the United Nations' Sustainable Development Goals (SDG). Furthermore, visitors to the site will find Software AG's Human Rights Commitment Statement, its Code of Conduct, and articles on health programs and initiatives for greater diversity, equality, and inclusion at corporate level.

INFORMATION SECURITY AND DATA PROTECTION

Basic understanding

A high level of data protection and information security is of utmost significance for Software AG in order to be compliant with the requirements of its customers and partners. With its comprehensive information security management program, including various information security management systems (ISMS), Software AG aims to manage information resources in a holistic way, so 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, regulators are trying to improve information security by implementing additional policies and expanding information security regulations for Software AG's customers as well as Software AG itself. To best protect itself from the severe effects of various cyber threats, Software AG assesses the existing risks for the Company itself, its customers and other relevant stakeholders, and conducts relevant risk minimization. For more information on risks associated with information security, please refer to the [Opportunity and Risk report](#).

Targets and management

A variety of security measures are utilized throughout the entire Company. Software AG's security awareness program addresses issues such as IT security, phishing, security incident training, and data protection. The program includes an annual employee training on information security and a biannual training on data protection.

The Company has defined the following objectives for the near future:

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

For Software AG, implementing a comprehensive security strategy means proactively ensuring the security of business-critical data and important information resources. As a provider of maintenance and support, customer cloud services, professional services, and product delivery, Software AG 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.

Software AG has a designated Data Protection Officer and has additionally established a Data Protection team to provide guidance to the business units on matters related to data protection. The Management Board is kept up to date via the comprehensive information provided in the annual data protection report. The Data Protection Officer and the Data Protection team actively engage 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 the requirements of the GDPR. 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 AG customers or other business partners. Software AG implemented the DPMS using its own products ARIS, Alfabet, and webMethods AgileApps.

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.

Progress and actions

In fiscal year 2023, the employee training rate for information security reached 93 percent (2022: 88.5 percent). The employee training rate for data protection reached 75 percent (2022: 80 percent).

Software AG implemented suitable measures to reduce the likelihood of security incidents and further enhance its ability to react:

- An outside assessment of IT security is an integral component of the security program.
- Internal organizational and technical measures for security monitoring were continually improved by the Security Operation Center.
- Software AG's IT strategy enhanced the focus on IT security as the top priority, with the core "Security by Design" approach reflected in both daily operations as well as in future projects and services.
- The Company-wide security awareness program was supplemented with target audience-focused training sessions based on results of regular anti-phishing campaigns.
- The information security strategy program was revised to improve automation and effectiveness.

The Information Security Management System (ISMS) for customer cloud services is externally certified by an independent third-party auditor for compliance with ISO/IEC 27001, 27017 and 27018, to reflect best practices in the industry. In addition, the independent audit reports on service organization audits (e.g. SOC 2 and C5) give Software AG customers detailed information about how the Company monitors the security and availability of the cloud services, as well as regulatory compliance. Relevant certifications and in-depth information about cloud security can be found on the [corporate website](#).

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

COMBATING CORRUPTION AND BRIBERY

Basic understanding

Software AG 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 AG's Global Code of Conduct. The topics covered by the [Code of Conduct](#) can be found in Fundamental Aspects of the Non-Financial Statement. Every employee must be familiar with the Code and adhere to the guidelines established therein in their day-to-day work.

The Combating corruption and bribery aspect was identified as a relevant topic in the Business ethics and digital responsibility area as part of Software AG's materiality analysis, but is not defined as material in direct comparison with other topics in the business relevance and impact analysis.

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. This risk is monitored and mitigated through the measures described below and is therefore not considered material.

Furthermore, compliance provisions are reviewed and their effectiveness is monitored through the activities of the Compliance Office as well as the Internal Audit department. For more information on legal risks associated with compliance, please refer to the [Opportunity and Risk Report](#).

Governance

Software AG's Compliance Office helps ensure that all employees behave in accordance with the law and adhere to internal rules and procedures. Employees with any relevant inquiries can consult the office or the Legal department overseeing their respective region. In cases of suspected compliance violations, the Compliance Office has the authority to initiate 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 audit and the resulting corrective measures are reported to, reviewed, and evaluated by the Compliance Office and the COO or the full Management Board.

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

Progress and actions

The clear rules of the Code of Conduct and the mandatory training of employees anchor integrity and fair business practices at Software AG. In fiscal 2023, all employees were asked to participate in the updated Code of Conduct training. A total of 713 (2022: 712) completed it and received the required certification.

No significant violations of competition law were identified in 2023.

RESPECT OF HUMAN RIGHTS

Basic understanding

Software AG is a global software company operating across a number of countries and cultures. Earning the trust of customers, partners, and shareholders is of key importance to Software AG's work. This can only be achieved through a collective commitment to handling that trust responsibly. Software AG acknowledges the significant responsibility it bears to uphold human rights collaboratively with and for its employees, customers, business partners, suppliers, and the community.

The Company's values of inclusion, integrity, and innovation emphasize Software AG'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 AG also signed the United Nations Global Compact, to further affirm its commitment to respecting human rights.

To ensure that the supply chain respects and protects human rights, Software AG has included relevant provisions in its Codes of Conduct for suppliers and partners.

Based on an initial risk assessment, the aspect Respect of human rights was identified as a relevant topic in Software AG's materiality analysis, but not defined as material in direct comparison with other topics in the business relevance and impact analysis. Software AG believes that its worldwide operations cannot and do not pose a significant risk, nor that its activities have a serious negative impact on human rights. Since both its suppliers and business partners are committed through the respective Codes of Conduct, Software AG believes the risk of human rights violations such as infringements on the rights of children and young people is insignificant. To add further confidence to this statement, Software AG began implementing a third-party risk management (TPRM) program in 2023, which will enable the Company to comprehensively monitor, mitigate, and remediate this risk.

Governance

All of Software AG's suppliers are required to sign the Company's Supplier Code of Conduct, or, in exceptional cases, they may provide evidence of possessing their own equivalent and comparable code of conduct. The Compliance Office assesses and decides on any exceptions to this rule on a case-by-case basis. A corresponding guideline defines the application and a checklist serves to ensure compliance with all requirements. This enables Software AG to ensure that its suppliers adhere to ethical principles of conduct that go beyond the binding legislation of their respective countries of operation.

In the context of a comprehensive management approach, the Supplier Code of Conduct refers to major international agreements and recommendations of international organizations, and encompasses the following topics:

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

Software AG and its subsidiaries purchase goods and services necessary for internal processes from numerous suppliers across various countries, following well-established guidelines. Operational purchasing is handled locally by the relevant subsidiary. The central Purchasing department conducts a comprehensive analysis of all Group procurements and verifies compliance with the defined guidelines, including the requirement for new suppliers to sign the Supplier Code of Conduct. In turn, Internal Audit reviews the effectiveness of this process. The goal is to ensure that all procurements are preceded by a corresponding approval. Ethical and economic aspects are evaluated equally for the approval.

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

Global Sourcing Process



Progress and actions

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

Software AG is not aware of any cases in the reporting year or previous years where products or product components were linked to human rights violations.

In 2022, Software AG began preparing for the requirements of the German Supply Chain Act (LkSG), compliance with which became mandatory for the Company on January 1, 2024.

As part of preparations in 2023, the Company started defining and implementing the measures and actions required to meet its due diligence obligations as of the next fiscal year. The proactive approach involved a comprehensive examination of various elements within the supply chain to ensure compliance, sustainability, and efficiency. Software AG updated and further developed the internal Risk Management structure, introduced a complaint mechanism, and appointed a Human Rights Officer. In 2024, a comprehensive risk analysis will be performed, its main aim being the identification and handling of potential risks within the Company's own business, supply chain, and partner network. As part of that, updates to the current policies and procedures will be implemented as well as establishing preventive and corrective actions to address the identified risks.

OUR EMPLOYEES

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

Software AG's leadership aspires to promote and role-model a corporate culture based on people, passion, and products, and the core values of inclusion, integrity, and innovation. The Company strives to attract and retain the best talent nurtured through employee engagement and an inclusive and equitable working environment in which all employees can thrive and unleash their potential.

CORPORATE CULTURE AND DIVERSITY

Basic understanding

A company's corporate culture, encompassing its values and norms, serves as the glue that holds it together. This culture not only influences employee performance, but also facilitates the achievement of business objectives. It is supported by a framework that outlines the expectations for individual behavior, beliefs, actions, and decisions. In March 2022, Software AG introduced its Culture Framework, which is focused around three core Ps: people, passion, and products, serving as the backbone of Software AG's operations. The Culture Framework establishes inclusion, integrity, and innovation as the fundamental values guiding leadership practices. These values unite the Company and offer practical guidance on communication, interaction, and decision-making. Diversity, equity, and inclusion (DE&I) are an integral part of Software AG's Culture Framework. Recognizing the interconnectedness of corporate culture, employee satisfaction, and engagement, Software AG has implemented a variety of initiatives to better understand these principles and positively influence its corporate culture.

The dedication shown by Software AG's employees, coupled with their professional and personal abilities, decisively contributes to the Company's success. Overlooking employee concerns poses a fundamental risk of (generally indirect) negative impacts on business performance. Examples of this include situations when low employee satisfaction leads to attrition and a loss of company-specific expertise, or when a lack of diversity in the corporate environment hampers innovation. For this reason, Software AG deploys a variety of initiatives aimed at fostering high employee satisfaction and nurturing an innovative and diverse corporate culture while actively monitoring employee engagement. For more information on personnel risks and opportunities, please refer to the [Opportunity and Risk Report](#).

Targets and management

The Management Board considers DE&I to be a fundamental component of an open and innovative corporate culture and strives to maintain a work environment that encourages employees' contributions by embracing their different experiences and perspectives.

Since 2020, Software AG has been a member of The Valuable 500, a global business collective of companies dedicated to innovation in disability inclusion. In Germany, Software AG 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 AG 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.

Software AG has established the following targets:

- Maintain or improve the Q12 Engagement Score in its annual employee survey compared to the previous year
- Maintain or improve results from the question on DE&I in the annual employee survey
- Promote DE&I awareness throughout the Company: 85¹ percent of employees should complete a global DE&I training program by 2025

Software AG conducts an annual employee survey (MyVoice) to evaluate employee engagement and satisfaction. It uses a standardized set of questions to assess corporate culture, employee engagement, accountability, and staff development. The Gallup Q12 Engagement Score consists of a questionnaire that is evaluated annually, allowing Software AG to compare its results with those of its industry peers. For the Company, the Q12 Engagement Score is a strategic KPI that is reflected in the Management Board's targets and at business-unit level. Additionally, currently trending topics can be addressed and included in the annual employee survey, e.g., DE&I, leadership, well-being, and sustainability.

The survey results are communicated internally and factored into company-wide activities within the People & Culture area. Managers are responsible for discussing the outcomes with their teams and implementing measures for improvement.

All employees should be able to contribute to the Company's success with their individual personalities and strengths, and in doing so, develop their full potential. The Change Network further supports leaders in their work and anchors the cultural shift in all locations worldwide. This volunteer network was established in 2020 and consists of a diverse team of employees across different regions and functions. It is aimed at promoting employee engagement and reinforcing change management and the Culture Framework.

In the context of a comprehensive management approach, the Global Code of Conduct defines what Software AG considers to be ethically correct conduct in its daily business operations. It covers a variety of topics, including equal treatment and anti-discrimination. The Code is complemented by the Human Rights Commitment Statement and the Culture Framework, which emphasize Software AG's three core principles (people, passion, and products) and values (inclusion, integrity, and innovation).

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.

Progress and actions

In 2023, 81 percent (2022: 86 percent) of employees took part in the annual global MyVoice survey. The Q12 Engagement Score, which measures employee engagement based on twelve standardized questions, weakened compared to the previous year by 0.16 points to 4.05 (2022: 4.21). Employee satisfaction decreased compared to the previous year.

Software AG continues to foster a DE&I Ambassador Network, orchestrated and managed by a global DE&I contact person for the continued success of the Company's global DE&I strategy. In 2023, the focus was on continuing to increase awareness with campaigns that highlight and promote the various facets of diversity and inclusion. Key themes for 2023 included International Women's Day, Cultural Diversity, Language Diversity, Pride Month, International Day of Persons with Disabilities, and more. For employees and managers, targeted DE&I training is scheduled to be rolled out in 2024.

¹ The 85 percent target accounts for expected attrition through hires and leavers as well as long-term absences.

The outcome from DE&I questions in the annual employee survey decreased by 0.08 compared to the previous year, resulting in a DE&I score of 4.48 (2022: 4.56).

Software AG participated in various projects to boost the interests of women and young talent in the IT industry and its appeal as a potential career path. The Company once again hosted Girls' and Boys' Day events in 2023. In addition, Software AG India continued with the SoftwareAGain program that specifically supports women who wish to return to the IT industry after an extended absence. This program was awarded DEI Initiative of the Year 2023 in the Women in IT Asia Awards. Internal women's networks in India and the DACH region continued to support communities in the areas of inclusion and advancement of female talent. In 2023, two additional women's networks were established, one in the USA and one in Asia.

The Motheo Innovation Centre in South Africa, a collaboration between Software AG and the State Information Technology Agency (SITA), was launched in June 2023. This center provides a unique opportunity to empower youth and equip them with the skills needed to thrive in the digital era.

Software AG's own Give Back to the World initiative engaged in three additional projects in 2023. In Bracknell (UK), employees worked together to refurbish a local refuge for women escaping domestic violence. In March, employees in Germany participated in a tree planting campaign to commemorate International Day of Forests and help remediate deforestation in the Darmstadt forests. Additionally, a fundraising campaign was initiated to further facilitate afforestation in Germany. The goal is to plant trees for each of the 51 European Championship games held in 2024 in Germany. With this campaign, the project partners are sending a strong signal for sustainability and the unifying power of sports.

The 1,000 trees that were planted by Software AG employees in the Darmstadt forests (Germany) in 2019, were further maintained in 2023 through environmental and forestry protection programs. The Software AG Forest in Budapest (Hungary) was established in 2023 with 260 trees planted thanks to the efforts of employees. Tree planting and nurturing projects were also undertaken in various other locations including India and Australia, further reflecting a strong commitment to the environment.

Software AG's MoveYourFeet campaign is building a bridge between Company sports, team spirit, and charitable and athletic commitment. The Company, the employee representatives of the Supervisory Board, and the Software AG Foundation donate a fixed amount of money for each kilometer completed by employees at official competitions. In 2023, staff members covered a total distance of 7,028 kilometers (2022: 6,865) and raised a total donation of €28,200 (2022: €28,500).

EMPLOYER ATTRACTIVENESS

Basic understanding

The expertise and personal skills of Software AG's employees are a key factor in the Company's success. For that reason, the Company always seeks to attract and retain the best talent. In the contemporary business landscape, competition for skilled individuals has emerged as one of the biggest challenges for companies globally—an obstacle that Software AG is continuously facing. Risks emerge when succession planning is overlooked, making the Company less appealing to rising talent and qualified professionals. Furthermore, neglecting ongoing education and training needs of employees in a competitive market may pose additional challenges. Employee recruiting and retention are therefore crucial aspects of securing Software AG's business activities and success. The proactive promotion of young talent and hiring innovative employees serve as key factors that lead investors and business partners to choose Software AG. Ultimately, employer attractiveness and branding play an important role in retaining talent, even more so since today's applicants take a holistic view of a company and its perspectives when it comes to deciding whether to join an organization. For more information on personnel risks and opportunities, please refer to the [Opportunity and Risk Report](#).

Targets and management

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

- By the year 2025, achieve an average global minimum rating of 4.3 out of 5 points on the international Glassdoor platform

In addition to outside evaluations, Software AG monitors and evaluates further internal key indicators including

employee satisfaction, attrition, and tenure to implement measures where necessary. The attrition rate is a crucial metric for measuring employee satisfaction and Software AG's appeal for young talent and trained professionals. It is calculated as the number of leavers in the past fiscal year in relation to the average number of employees. It is regularly analyzed and provides information regarding the different departments and regions as well as a breakdown of voluntary and non-voluntary employee departures.

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 AG 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.

Progress and actions

Software AG works to continuously adjust its programs to meet the evolving needs of its employees and improve the high ratings it receives on employer evaluation platforms like Glassdoor and Kununu. In the year under review, Software AG achieved a score of 4.0 (2022: 4.2) on Glassdoor, a global employer rating platform, on a scale from 0.0 (very dissatisfied) to 5.0 (very satisfied). On Kununu, Germany's rating platform, Software AG achieved a score of 3.7 (2022: 3.8) on a scale from satisfactory (1–2) to very good (4–5).

The total attrition rate at Software AG in fiscal 2023 was 16 percent (2022: 16 percent). While this number is still below the industry benchmark of 20 percent, it is also a result of the "great resignation," which has hit many companies globally, presenting them with an urgency to attract and retain good talent. Software AG addressed this challenge with various targeted initiatives. Additionally, the Company is also managing involuntary attrition, which may be beneficial to the organization as it provides the opportunity to introduce new talent.

Software AG continued to offer its Employee Assistance Program (EAP), which provides employees with around-the-clock professional counseling free of charge. To further support employee well-being and to ensure maximum flexibility, the hybrid work model is still in place, empowering all staff members to make the best use of time and location. The 2023 MyVoice work-life balance score went down by 0.68 and reached 4.02 (2022: 4.70).

CUSTOMERS AND TECHNOLOGY

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

Software AG aims to be a reliable partner by delivering high-value, individually customizable software solutions to its customers. The Company supports the digital transformation with its services that may help mitigate or even reverse the consequences of climate change. Software AG is committed to actively aid both people and the planet through its solutions, which empower customers establish conditions of doing business sustainably. The Company strives to deploy its technologies in the most resource-efficient manner possible, thus further helping its customers to become more sustainable, and supporting circularity.

PRODUCT AND SERVICE QUALITY

Basic understanding

A key objective of Software AG is to promote innovation and competitive differentiation among its customers. The Company's target is to further support their successful digital transformation—thereby making a significant contribution to their overall success. Since Software AG's products are primarily built-in solutions that design, inform, analyze, or manage business-critical processes, the high quality of its products and services is essential. Therefore, alongside innovative capability, product and service quality are crucial in the development and delivery processes.

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

Targets and management

Software AG has been using the net retention rate (NRR) metric since 2021. This key indicator is helpful in the subscription and Software as a Service (SaaS) business model because it expresses whether the annual recurring revenue (ARR) within the same customer group has increased or decreased over a specified twelve-month period. Additionally, NRR is an indicator of the successful implementation of solutions purchased by customers. The implementation and adoption process is closely monitored by a Customer Success Manager (CSM) to ensure that customers can reap the anticipated benefit and value from the delivered software. Fast execution and implementation can significantly improve a solution's success. To this end, the Professional Services team has developed 50 fast-track services that customers can access upon their CSM's recommendation by using success credits they have purchased.

Software AG has set the following target:

- Achieve an NRR of at least 105 percent by the year 2025

Additionally, Software AG measures customer satisfaction in support cases based on the Net Promoter Score (NPS). For the Company, NPS represents a strategic performance indicator, which is reflected in the Management Board's targets and broken down into business units.

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

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

- Software AG secures its first-rate support services and software solutions with its ISO 9001-certified quality management system (QMS). Customer feedback is systematically captured and processed in the QMS, which is the basis for an ongoing improvement process and high customer satisfaction.
- Software AG's ISO 22301-certified business continuity management system enables the Company's excellent support services. The continuity management system ensures the availability of systems and services needed by customers in situations of crisis, for instance through important infrastructure redundancies.
- The ISO 27001-certified cloud ISMS includes comprehensive, holistic security management for Software AG's cloud services and provides a suite of information security measures—for example, protection from unauthorized access and identification of security risks. Software AG is certified for compliance with ISO/IEC 27001:2013, ISO/IEC 27018:2014, and ISO/IEC 27017:2015.

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

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

The different aspects of product and service quality are measured and tracked with the help of performance indicators by means of an internal management reporting system. Using the performance indicators—which measure the number of support notifications per customer or processing time, for example—it is possible to identify and resolve internal problems early. Software AG has established an Escalation Management team to ensure that targeted solutions are developed as quickly as possible in critical customer situations. This team intervenes temporarily to identify all kinds of challenges and provide appropriate solutions.

Progress and actions

NRR was first introduced as a key indicator in fiscal 2021 to measure the extent to which Software AG's products are deployed by customers over the long term and deliver the anticipated optimization contributions. Software AG achieved an NRR of 107 percent in 2023 (2022: 104). Software AG had set an NPS goal of 60 for 2023. With an NPS of 65 (2022: 61), the Company reached an all-time high in 2023. For years, the NPS has been determined after closing a support incident.

Meanwhile, Software AG has also been measuring the NPS at other points during the product life cycle. NPS surveys are now conducted and followed up on during product usage directly from end users as well. These results are captured and reported as separate values.

Customer satisfaction is extremely important to Software AG. For this reason, the Company implements a number of actions to ensure continuous improvement. For one, relevant employees are regularly trained on the products offered, as well as regarding their technical and analytical skills. There are also special cross-unit initiatives being organized, for example between Support and Research & Development regarding end-to-end cloud support. Continuous feedback is provided by Support to the Product Organization team to ensure customer needs are being accounted for.

Software AG is defining a roadmap for incorporating AI into Support processes. AI will be employed to deliver efficient and personalized support. The solution will automate tasks, provide real-time assistance, and automatically generate documentation (such as knowledge-based articles). By embracing AI, Software AG will be providing seamless and personalized support, thereby improving customer satisfaction. Initially, these new capabilities will be rolled out internally. Subsequently, they will be directly available to customers from the Empower Support Portal. The tentative rollout date for this project is 2024.

INNOVATION AND IMPACT OF OUR PRODUCTS

Basic understanding

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

Software AG's products support customers in making decisions based on a wide array of data that can lead to more efficient use of financial or natural resources. Using process images, data provisioning and exchange, data analysis, device connectivity, and process data analyses, customers can make smart data-driven decisions that contribute to better process results and enable competitive advantages.

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

Targets and management

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

- The percentage of R&D investments will remain at least 15 percent of total revenue through 2025.
- Software AG will set its sales focus on new customers and successively gather information about the impact of the solutions customers implement with its technology on sustainability. By 2025, the Company aims to know what the long-term impact of its technology is with regard to efficiency improvements and resource savings for at least 50 percent of new customers.

Progress and actions

Over the past year, Software AG was able to exceed even further its goal of R&D investments of at least 15 percent of total revenue with 19.4 percent (2022: 18.9 percent). For more information on [R&D expenditures](#), please refer to the [Research & Development](#) section in the Combined Management Report.

Software AG's technological innovations are expanding its customer portfolio and improving efficiency both internally and for its customers. The Company is maintaining a high number of deals closed annually through better sales management and programmatic qualification of business opportunities. In 2023, independent market research firms once again confirmed Software AG's innovative power, market success, as well as product and service quality.

As an initial step to better understand the long-term impact of Software AG's technology on its customers, a sustainability data gathering roadmap was developed and launched by the Global Customer Success Management (CSM) community in 2022 and continued in 2023, with a focus on primary research methodologies. It follows a five-step approach:

1. Within the CSM team, develop knowledge on what sustainability is and how to start sustainability discussions with customers.
2. With customers, identify from secondary research what the customer is doing for sustainability.
3. Identify individuals and/or teams at customers with a sustainability focus.
4. With digital tools, assess and record customers who are using Software AG services to measure or improve their sustainability goals.
5. Analyze and record feedback from customers on a quarterly basis.

The Customer Success Management Team continues to observe the upward trend of customers showing greater interest in sustainability credentials. In 2023, several customers requested Software AG's SaaS services to be delivered via the path with the lowest carbon footprint; one particularly focused customer requested their IoT service to be delivered via the Nordics due to the Company's lower CO2 emissions in the region.

The team has also developed a sustainability questionnaire that is being distributed to key customers. Currently, it is receiving a relatively low response rate, but that is steadily improving. It will be conducted on a bi-annual basis. Some customers are already noting the Company's push toward sustainability in its products and look forward to gleaming the respective value and improvements from those products.

VALUE FOR SOCIETY

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

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

TECH FOR GOOD

Basic understanding

Digitalization is a comprehensive economic and social topic, and a central field of action in the German government's education agenda. Software AG addresses Tech for good primarily at a regional level. Across the entire Group, the Company pursues the goals of networking with different communities at the locations where it operates and contributing to their well-being as corporate citizens.

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

Software AG is aware of the transformative power and positive impact of technologies and therefore contributes to achieving the UN SDGs through participation in collaborative research projects. The Company is involved in projects that contribute to innovation and to social, environmental, or economic improvements, mainly focusing on Germany and Europe.

Software AG has not identified any significant risks with regard to the Value for Society action area. Rather, the Company sees the opportunity to live up to its corporate social responsibility and make a positive economic and social value contribution—especially to the local communities of its operations.

Targets and management

For many years, participating in publicly funded joint research projects has been a matter of course for Software AG. In the past, the technological direction and level of innovation regarding Software AG's business lines was the deciding factor for project selection. In the future, the focus on research projects and their contribution to fulfilling the SDGs will be another key criterion.

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

- At least 80 percent of the Company's research projects to support accomplishing the SDGs by 2025
- Expand its University Relations Program worldwide and increase its reach to 250,000 students by 2025

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

The University Relations Program fulfills an important aspect for addressing one of Software AG's key target groups: the next generation of talent. It stimulates a steady stream of applications, especially for positions sought after by graduates of technology fields. According to an internal study from 2016, half of the Company's graduate hires in Germany can be traced back to a previous contact via the University Relations Program. Finding graduates in the job market with Software AG skills is also vital for Software AG's partners and customers.

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

In addition, the Company is driving further social initiatives—such as the SoftwareAGain program in India—at its international locations. Moreover, the Company supports local associations and initiatives through donations and sponsorships.

Progress and actions

In 2023, 14 out of 21 research projects contributed to the SDGs, which corresponds to 67 percent (2022: 59 percent). KLIPS (AI-based information platform for the localization and simulation of heat islands for innovative urban and transport planning) is one example of Software AG's participation in such a project. The number of heat-related deaths is increasing every year, which is why it is important to prevent spots in cities that become particularly hot (heat islands). An AI-based information platform is being used to predict the effects of planned construction measures on heat islands and minimize them by making proactive adjustments. Thus, the project addresses SDG 3 "Good health and well-being" and SDG 13 "Climate action." For more information on Software AG's engagement in research projects, please refer to the [Research & Development](#) section in Fundamental Aspects of the Group in the Combined Management Report.

Since 2007, Software AG has provided software free of charge for teaching and research purposes to more than 2,200 universities in 104 (2022: 104) countries through its University Relations Program. The offering covers the needs of more than 2,000 educators and is integrated into curricula on a recurring basis. Since the program began in 2007, more than 270,898 (2022: 247,682) students have benefited from it, the majority with free licenses. Software AG has been offering students free online certification as part of the University Relations Program since 2017. More than 8,000 young experts can document their knowledge with this certificate when applying for jobs.

IMPACT ON ENVIRONMENT

The Impact on Environment action area includes the material topic of **Energy and CO₂ emissions**, and corresponds to the environmental matters aspect per section 289c(2), no. 1 of HGB.

Software AG is actively striving to reduce its environmental footprint. To mitigate the effects of its business activities on the planet, the Company is working toward a plan to become climate-neutral as quickly as possible and has set targets in the environmental area. With the help of its technology and solutions, Software AG will join forces with its customers and partners to tackle the most significant environmental challenges of the modern world and help shape a more sustainable future.

ENERGY AND CO₂ EMISSIONS

Basic understanding

The Impact on Environment action area focuses mainly on reducing CO₂ emissions. This is due to the fact that emissions represent the most significant environmental impact for a company with Software AG's business model.

Since 2022, CO₂ emission calculations and monitoring have been conducted in accordance with the Greenhouse Gas Protocol. This standard divides emissions into the following three scopes:

- Scope 1: direct emissions a company causes by operating facilities and equipment that it owns or controls
- Scope 2: indirect emissions from the generation of purchased energy, i.e. purchased electricity, steam, heating and cooling for its own use
- Scope 3: all indirect emissions (not already included in Scope 2) that occur in the value chain of the reporting company, both upstream and downstream, spanning over 15 different categories

Software AG takes responsibility for the environmental impact of its own business operations and is determined to gradually reduce its footprint with an aim to achieve carbon neutrality in the long term.

The majority of Software AG's CO₂ emissions are generated through energy consumption of buildings, operating data centers, employee mobility, purchased goods and services, and the use of sold products. Software AG's goal is to mitigate the adverse impacts on the environment and to further promote resource and energy efficiency.

Targets and management

Software AG had set the following target for itself in the energy and CO₂ emissions area:

- Development of a reduction path to net zero CO₂ emissions by the end of 2022

Software AG takes a holistic approach to the aspects of energy management, demand, and procurement for all its operations while working toward reducing its carbon footprint by using more renewable energies. To reduce power consumption at all its locations, Software AG continually implements energy-saving measures and initiatives, such as retrofitting lighting systems, replacing motors, upgrading building technology, and monitoring the consumption of heating, ventilation and air conditioning to further control and promote energy efficiency. When planning the construction of new buildings, the Company pays close attention to making use of natural light, installing shading systems, and state-of-the-art building technology. Software AG is also looking for ways to improve the energy efficiency and performance of its data centers and to reduce their energy consumption through innovative technologies. As part of its IT strategy, Software AG has adopted the two strategic goals, Move to Cloud and Application Harmonization. Both objectives contribute to optimized use of resources through standardizing applications and improving usage efficiency in the cloud.

Progress and actions

Electricity is the predominant source of energy for the Company in its own operations. Therefore, Software AG contributes significantly to reducing its own emissions by using electricity from renewable sources. Locations in Germany are supplied with 100 percent green electricity. In addition, waste heat from the servers at the corporate headquarters in Darmstadt is used to heat the building.

All in all, Software AG reduced its energy consumption at the locations under review from last year to 7,545,717 kWh (2022: 7,662,965 kWh). Energy consumption per employee (EMP) was 2,240 kWh/EMP (2022: 1,969 kWh/EMP). Energy consumption per square meter of floor space was 93 kWh/m² (2022: 90 kWh/m²). During 2022 and 2023, several locations changed from leased office space to need-based external office solutions (serviced offices) and thus were no longer recorded. The change led to a decrease in area (m²) and headcount within the scope of reporting. In the reporting year, Software AG sold the building it owned in Spain and moved to an external office, which also affected the figures reported.

Software AG implements several internal initiatives in the area of employee commuting and mobility aimed at reducing transportation emissions. For instance, employees in Darmstadt are offered a public transportation pass, as well as leasing opportunities for bikes and e-bikes. The Darmstadt office also has charging stations for electric and hybrid vehicles.

In Sofia, Bulgaria, the Company holds the annual Sagathlon—an office-wide competition encouraging employees to commute on foot and by bike, allowing them to collect points and win prizes for their efforts. The initiative has led to significant reductions in greenhouse gas emissions from employee commuting.

For the future, Software AG is planning to create a roadmap of actions aimed at reducing emissions from suppliers and products, with a focus on the areas with the biggest environmental impact on its greenhouse gas inventory. In the IT industry, 70 to 90 percent of value chain emissions usually stem from suppliers and products. Thus, the focus for the future will be on evaluating them and improving data quality to be able to assess their actual impact.

To move closer to the goal of net zero CO₂ emissions, a project team was launched at the end of 2021 and compiled the Company's global carbon footprint for 2021 in collaboration with an external partner. These results were disclosed in July 2022 as part of the report submitted to the CDP (Carbon Disclosure Project). However, due to non-accessible customer data, the Scope 3 emissions from the category "Use of sold products" could not be calculated, so the planned development of a reduction path to net zero emissions had to be postponed.

This delay extended into 2023 and Software AG was not able to meet the environmental target of developing a net zero reduction path. Still, the main challenge remains the evaluation of robust Scope 3 emissions and the refinement of those calculations, which would be the basis for future targets. Thus, finalizing the greenhouse gas inventory and using it as a foundation to set environmental targets are the key actions that will be performed in upcoming months. In 2024, the Company will re-evaluate and reformulate its environmental targets to align them with the upcoming CSRD and ERS requirements. Furthermore, Software AG will look into different calculation methodologies for the evaluation of Scope 3 emissions. With the help of an external party, a first evaluation of the category "Use of sold products" was performed. It resulted in a rough estimate for fiscal 2022. The calculation needs to be further refined to improve data quality and accuracy. Once the quality of data for Scope 3 improves, the results of calculations will also be disclosed in the Company's future reports.

Software AG consistently pursued its IT strategy during the reporting year. This included measures for consolidating its data centers, reducing the on-premises footprint, and a smart transition of the workload to the cloud while taking efficiency into consideration.

Software AG considers its biggest impact on the environment to be the result of its carbon handprint, i.e. the positive value the Company's products create for its customers. There are several customer cases whereby greenhouse gas emissions were reduced using Software AG's products as part of the solution. Helping its customers become more sustainable is part of the Company's long-term strategy. Software AG's future focus and efforts will center around increasing positive value and supporting customers in their own sustainability journeys.

NON-FINANCIAL INDICATORS

LEADERSHIP AND GOVERNANCE

	2023	2022	2021	Assignment to reporting standards (GRI, SASB) and the UN SDGs
Sustainable economic growth				SDG 8
ESG ratings				
MSCI (target: at least AA by 2025)	AAA	AAA	AA	
ISS ESG (target: at least C by 2023, at least B by 2025)	C	C-	D+	
Information security and data protection				
Information security training rate				
Number of employees who participated in information security training*	4,585	4,521	4,458	
Percentage of employees trained on information security ¹ (target: at least 85%)*	93	89	86	
Data protection training rate				
Number of employees who participated in data protection training	3,685	4,099	2,743	SASB TC-SI-230a.2
Percentage of employees trained on data protection ¹ (target: at least 85%)	75	80	53	
Data protection				
Number of data breaches ²	0	0	0	
Number of data breaches ³ involving personally identifiable information	0	0	0	SASB TC-SI-230a.1
Percentage of data breaches involving personally identifiable information	0	0	0	
Number of users affected ³	0	0	0	
Business ethics and corporate digital responsibility, sustainable supply chains and human rights				SDG 8, 16
Code of Conduct				
Number of (new) employees trained on the Code of Conduct	713	712	790	
Percentage of new employees trained ⁴	95	102	112	GRI 205-2, GRI 412-2
Number of available languages	7	8	8	
Year of last update*	2023	2015	2015	
Competitive behavior and corruption				
Total number (and nature) of confirmed incidents of corruption	0	0	0	
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	0	0	0	GRI 205-3
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	0	0	0	
Number of pending or concluded litigation cases for anti-competitive behavior and violations of antitrust and anti-monopoly law in which the Company was identified as a participant during the year under review ⁵	1	1	1	GRI 206-1, SASB TC-SI-520a.1

* Corresponding figures for 2022 have been properly restated.

¹ Target calculated based on number of employees (worldwide) figure.

² As per Article 33 GDPR.

³ As per Article 34 GDPR.

⁴ The total number of confirmed training courses includes repeats from the previous year as well as courses completed voluntarily.

⁵ Software AG Spain appealed the decision by the Spanish Antitrust Authority (Comisión Nacional de los Mercados y la Competencia, CNMC) from July 31, 2018. The case has been ongoing since 2018.

OUR EMPLOYEES

	2023	2022	2021	Assignment to reporting standards (GRI, SASB) and the UN SDGs
Corporate culture and diversity				SDG 5, 8, 10
Number of employees (worldwide)	4,923	5,107	5,158	
Number of FTE (worldwide)¹	4,707	4,674	4,806	
Nationalities (worldwide)	86	89	88	
MyVoice Annual Employee Survey				
Participation (as %)	81	86	82	
Q12 Engagement Score (target: maintain or improve compared to the previous year)	4.05	4.21	4.14	
Q12 Engagement Score (as %)*	81	84	83	
DE&I score (target: maintain or improve compared to the previous year)	4.48	4.56	4.53	SASB TC-SI-330a.2
Accountability index	4.03	4.25	4.10	
Employees by gender				
Male employees	3,308	3,265	3,341	
Female employees	1,399	1,410	1,464	GRI 405-1
Diverse employees	0	0	1	
Employees by region				
NAM	675	600	614	
LATAM	110	103	110	
DACH	1,235	1,353	1,417	
thereof in Germany	1,187	1,304	1,366	GRI 405-1
thereof in Darmstadt	647	734	787	
EMEA	1,344	1,274	1,303	
APJ	1,343	1,345	1,362	
Employees by employment type and gender				
Full-time employees	4,482	4,437	4,553	
Male employees	3,243	3,195	3,268	
Female employees	1,239	1,242	1,284	GRI 405-1
Diverse employees	0	0	1	
Part-time employees	225	238	253	
Male employees	65	70	73	
Female employees	160	168	180	
Diverse employees	0	0	0	

* Corresponding figures for 2021 have been properly restated.

¹ 2022 FTE number has been adjusted for dormant employment contracts. The numbers do not include employees of FACT AG and StreamSets. There were no significant changes or seasonal fluctuations in the number of employees during that year.

	2023	2022	2021	Assignment to reporting standards (GRI, SASB) and the UN SDGs
Gender distribution of employees				
Percentage of women in leadership positions (worldwide)	22	22	21	
Percentage of women in leadership positions in the second tier of management (worldwide)	27	14	28	SASB TC-SI-330a.3
Percentage of women in leadership positions in the third tier of management (worldwide)	22	18	21	
Percentage of women out of total number of employees (worldwide)	30	30	31	
Supervisory Board by gender and age group (as %)				
Male	50	40	50	GRI 405-1
<30	0	0	0	
30-50	17	20	0	
>50	33	20	50	
Female	50	60	50	
<30	0	0	0	
30-50	17	20	17	
>50	33	40	33	
Diverse	0	0	0	
Management Board by gender and age group (as %)				
Male	80	100	75	GRI 405-1
<30	0	0	0	
30-50	40	60	25	
>50	40	40	50	
Female	20	0	25	
<30	0	0	0	
30-50	20	0	25	
>50	0	0	0	
Diverse	0	0	0	
Employees by gender and age group (as %)				
Male	70	70	70	GRI 405-1
<30	11	10	10	
30-50	40	40	40	
>50	20	20	19	
Female	30	30	31	
<30	6	6	7	
30-50	17	17	17	
>50	7	7	7	
Diverse	0	0	0	
Age group trend (as %)				
<30	17	17	17	GRI 405-1
30-50	57	57	58	
>50	26	26	26	

	2023	2022	2021	Assignment to reporting standards (GRI, SASB) and the UN SDGs
Employer attractiveness				
Number of new hires	749	698	707	GRI 401-1
Attrition rate (as %)	16	16	14	
External ratings				
Glassdoor (target: 4.2 by 2023 and 4.3 by 2025)	4.0	4.2	4.1	
Kununu	3.7	3.8	3.8	
New hires by region				
NAM	254	107	106	GRI 401-1
LATAM	24	7	12	
DACH	47	105	122	
EMEA	250	184	198	
APJ	174	296	269	
New hires by region (as %)				
NAM	34	15	15	GRI 401-1
LATAM	3	1	2	
DACH	6	15	17	
EMEA	34	26	28	
APJ	23	42	38	
Next generation of talent				
Trainees and coop program students	71	79	79	
Interns and degree candidates (Bachelor's and Master's)	66	97	79	
Student employees	60	61	68	
Work-life balance				SDG 3
Work-life balance score	4.02	4.70	4.62	
Employee promotion and development				SDG 5
Growth Days				
Total number of training courses (iLearn)	1,472	2,040	1,800	GRI 404-1
Satisfaction (average) with training courses ¹ (iLearn)	89.0	90.6	90.1	
Growth Days registrations	41,332	59,421	76,500	
Growth Days learning time (hours/net)	80,842	276,354	253,500	
Growth Days learning time/employee (hours, net) ²	17.2	59.1	52.7	
Employee development discussions (EDD)³				
Total EDDs	4,274	4,230	4,226	GRI 404-3
Concluded EDDs	2,805	3,458	3,390	
Completion rate (as %)	66	82	80	

¹ Average satisfaction is rated on a scale from 0 (completely dissatisfied) to 100 (completely satisfied).

² Employees who left the Company are not taken into account in the calculation of this metric.

³ EDD forms were automatically rolled out to all employees in February. Exceptions include: a) Employees on maternity or parental leave, those on extended sick leave and semi-retired employees b) Student interns and trainees c) Consultants working for Software AG in Israel and for Software AG Government Solutions America who invoice their services.

CUSTOMERS AND TECHNOLOGY

	2023	2022	2021	Assignment to reporting standards (GRI, SASB) and the UN SDGs
Product and service quality				
Starting 2022: net retention rate (as %) (target: 105% by 2025)*	107	104	n/a	
Net Promoter Score in support cases ¹	65	61	56	
Satisfaction with handling of support incidents (number of 5-star ratings on a scale of 1 to 5)	80.2	77.6	76.0	
Innovation and the impact of our products				SDG 9, 12
Ratio of R&D investments to total revenue (as %) (target: at least 17% by 2025)	19	19	18	

* The NRR figure for 2022 is restated due to a redefined calculation.

¹ The NPS for 2021 includes the months of March through December.

VALUE FOR SOCIETY

	2023	2022	2021	Assignment to reporting standards (GRI, SASB) and the UN SDGs
Tech for good				SDG 4, 9
University Relations Program				
Number of universities, colleges, and vocational schools worldwide	2,178	2,126	2,026	
Number of countries	104	104	101	
Number of students reached in universities, colleges, and vocational schools worldwide (target: 250,000 students by 2025)	270,898	247,682	225,349	
Research projects				
Percentage of research projects that align with the SDGs (target: at least 80% by 2025)	67	59	52	
Employee engagement and support of local communities				
Distance in kilometers through "MoveYourFeet"	7,028	6,865	10,177	
Donations raised through "MoveYourFeet" (in €)	28,200	28,500	22,000	
Donation funds				
Monetary donations in India ¹ (in €)	137,970	55,000	233,000	
Monetary donations and donations in kind in other countries ² (in €)	147,844	697,603	216,016	

¹ Mandatory CSR levy, recorded after the actual donation payment date.

² Recorded for: Bulgaria, Denmark, Germany, United Kingdom, Israel, Netherlands, Sweden, Spain, South Africa.

IMPACT ON ENVIRONMENT

	2023	2022	2021	Assignment to reporting standards (GRI, SASB) and the UN SDGs
Energy and CO₂ emissions				SDG 12
Key indicators of energy consumption¹				
Total number of employees	3,369	3,892	3,672	
Floor area in m ²	81,458	84,920	86,838	
Energy consumption in kWh/year ²	7,545,717	7,662,965	7,827,925	GRI 302-1
kWh/m ² /year	93	90	90	
kWh/EMPL/year	2,240	1,969	2,132	
Environmental footprint of the hardware infrastructure: energy				
Total energy consumption (gigajoules)	27,165	27,587	28,181	
Purchased electricity (gigajoules)	13,101	13,506	14,099	
Percentage of electricity	48	49	50	SASB TC-SI-130a.1
Consumption of renewable energy (gigajoules)	14,063	14,080	14,081	
Percentage of renewable energy	52	51	50	
Scope 1 emissions				
Software AG's direct CO₂ emissions³ through heating buildings with gas for Darmstadt HQ				
Number of employees	647	734	787	
Gas consumption in m ³ /year	79,362	88,465	117,009	
m ³ /EMPL/year	122.6	120.5	149.8	GRI 305-1
t CO ₂ /year	162	178	234	
t CO ₂ /EMPL/year	0.3	0.2	0.3	
Scope 2 emissions				
Indirect energy-related CO₂ emissions³ from energy consumption from Company-owned buildings¹, including energy consumption for Company-owned data centers (scope 2)				
Number of employees	3,369	3,892	3,672	
Floor area in m ²	81,458	84,920	86,838	
t CO ₂ /year	1,989	2,111	1,527	GRI 305-2
t CO ₂ /EMPL/year	0.6	0.5	0.4	

¹ Locations for which no separate account data is available are not included. The data collected represents about 90 percent of Software AG's total floor area.

² Energy consumption for around 2% of the offices in scope has been estimated based on previous year's data, as the information was not available on time. During 2023, several locations were moved to serviced office models and their electricity consumption is no longer recorded. The locations were in Australia, Mexico and Chile.

³ Conversion to tons of CO₂ using the IEA electricity emission factors 2023.

	2023	2022	2021	Assignment to reporting standards (GRI, SASB) and the UN SDGs
Scope 3 emissions				
CO₂ emissions from business travel¹ (scope 3)				
Air travel (t CO ₂)	557	532	52	GRI 305-3
Train ² (t CO ₂)	0	0	0	
Rental car (t CO ₂)	6	4	16	
Average number of leased vehicles	227	218	239	
Kilometers driven	4,250,000	4,100,000	n/a	
Total emissions for leased vehicles in t CO ₂	665	809	711	
Energy consumption and energy-related CO₂ emissions at external data centers				
Total number of external data centers	2	2	2	
Total energy consumption of external data centers in kWh ³	584,266	609,010	614,274	
Total emissions for external data centers ⁴ in t CO ₂	216	235	14	
Natural resources and circularity				SDG 12
Hardware waste⁵ in Germany				
Number of old devices	1,487	2,015	670	GRI 306-3
Refurbishment rate as %	85	n/a	69	
Recycling rate as %	15	n/a	31	
Savings through remarketing in t CO ₂	306	n/a	111	

¹ Figures are based on means of transportation booked by all employees in Germany.

² Since Jan. 1, 2020, all local and long-distance train travel utilizes 100 percent green energy (zero CO₂ emissions).

³ Consumption was provided for only one out of the two data centers.

⁴ For the 2021 financial year, there is proof from the provider that the data center in question was operated with green electricity. This proof was not provided for the 2023 and 2022 fiscal years.

⁵ Hardware waste disposal in Germany is handled entirely by certified waste management companies. They are responsible for lawful, audit-compliant and certified deletion of data and destruction of data carriers in compliance with all data protection and security aspects. The process is monitored seamlessly up to recycling or refurbishment. Software AG did not receive the waste management company's environmental report for 2022, but received the data for 2023.

Rounding could lead to deviations in a few cases.

Annex to the Combined Non-Financial Statement

Proportion of Turnover from Products or Services Associated with Taxonomy-Aligned Economic Activities—Disclosure for 2023

Financial year 2023	Year		Substantial contribution criteria					DNSH criteria					Proportion of taxonomy-aligned (A.1.) or eligible (A.2.) turnover, year 2022	Category enabling activity	Category transitional activity			
	Code	Turnover	Proportion of turnover	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water				Pollution	Circular Economy	Biodiversity
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1. Environmentally sustainable activities (taxonomy-aligned)																		
Provision of IT/OT data-driven solutions	4.1	0	0%					Y		Y	Y	Y	Y	Y	Y	Y	0%	E
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		0	0%							Y	Y	Y	Y	Y	Y	Y	0%	
Of which enabling		—	—							Y	Y	Y	Y	Y	Y	Y	—	E
Of which transitional		—	—							Y	Y	Y	Y	Y	Y	Y	—	T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																		
Provision of IT/OT data-driven solutions	4.1	33,443	3.3%					Y									0%	
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		33,443	3.3%														0%	
A. Turnover of taxonomy-eligible activities (A.1+A.2)		33,443	3.3%														0%	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
Turnover of taxonomy-non-eligible activities		966,847	96.7%															
TOTAL		1,000,290	100%															

Proportion of CapEx from Products or Services Associated with Taxonomy-Aligned Economic Activities—Disclosure for 2023

Financial year 2023	Year	Substantial contribution criteria	DNSH criteria	Economic activities	Code	CapEx	Proportion of CapEx	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of taxonomy-aligned (A.1.) or eligible (A.2.) CapEx, year 2022	Category enabling activity	Category transitional activity	
A. TAXONOMY-ELIGIBLE ACTIVITIES																								
A.1. Environmentally sustainable activities (taxonomy-aligned)																								
				Transport by motorbikes, passenger cars, and light commercial vehicles	6.5	0	0%	Y						Y	Y	Y	Y	Y	Y	Y	Y	0%		T
				Acquisition and ownership of buildings	7.7	0	0%	Y						Y	Y	Y	Y	Y	Y	Y	Y	0%		
				Provision of IT/OT data-driven solutions	4.1	0	0%					Y		Y	Y	Y	Y	Y	Y	Y	Y	0%	E	
				CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		0	0%							Y	Y	Y	Y	Y	Y	Y	Y	0%		
				Of which enabling		—	—							Y	Y	Y	Y	Y	Y	Y	Y	—	E	
				Of which transitional		—	—							Y	Y	Y	Y	Y	Y	Y	Y	—		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																								
				Transport by motorbikes, passenger cars, and light commercial vehicles	6.5	2,205	15%	Y														1.8%		
				Acquisition and ownership of buildings	7.7	4,122	28.1%	Y														4.2%		
				Provision of IT/OT data-driven solutions	4.1	484	3.3%					Y										0%		
				CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		6,811	46.4%															6%		
				A. CapEx of taxonomy-eligible activities (A.1+A.2)*		6,811	46.4%															6%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																								
				CapEx of taxonomy-non-eligible activities		7,870	53.6%																	
				TOTAL		14,681	100%																	

* CapEx for 2023 is not directly comparable to 2022 due to StreamSets acquisition which impacted the total CapEx for 2022. Figures for 2023 represent the regular CapEx amounts.

Proportion of OpEx from Products or Services Associated with Taxonomy-Aligned Economic Activities—Disclosure for 2023

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria						Proportion of taxonomy-aligned (A.1.) or eligible (A.2.) OpEx, year 2022	Category enabling activity	Category transitional activity
	Code	OpEx	Proportion of OpEx	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity			
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1. Environmentally sustainable activities (taxonomy-aligned)																		
Transport by motorbikes, passenger cars, and light commercial vehicles	6.5	0	0%	Y						Y	Y	Y	Y	Y	Y	Y	0%	T
Acquisition and ownership of buildings	7.7	0	0%	Y						Y	Y	Y	Y	Y	Y	Y	0%	
Provision of IT/OT data-driven solutions	4.1	0	0%					Y		Y	Y	Y	Y	Y	Y	Y	0%	E
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		0	0%							Y	Y	Y	Y	Y	Y	Y	0%	
Of which enabling		—	—							Y	Y	Y	Y	Y	Y	Y	—	E
Of which transitional		—	—							Y	Y	Y	Y	Y	Y	Y	—	T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																		
Transport by motorbikes, passenger cars, and light commercial vehicles	6.5	1,343	0.6%	Y													0.8%	
Acquisition and ownership of buildings	7.7	6,279	3%	Y													2.9%	
Provision of IT/OT data-driven solutions	4.1	6,819	3.3%					Y									0%	
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		14,441	7%														3.7%	
A. OpEx of taxonomy-eligible activities (A.1+A.2)		14,441	7%														3.7%	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
OpEx of taxonomy-non-eligible activities		192,207	93%															
TOTAL		206,648	100%															

Rounding could lead to deviations in a few cases.

Publication Credits

PUBLISHER

Software AG
Corporate Finance
Uhlandstraße 12
64297 Darmstadt, Germany

www.softwareag.com

Tel. +49 6151 92-0

CONTACT FOR INVESTORS

Software AG
Investor Relations
Uhlandstraße 12
64297 Darmstadt, Germany

Tel. +49 6151 92-1900

investor.relations@softwareag.com