



USU Software AG

Sustainability Report 2021

Content

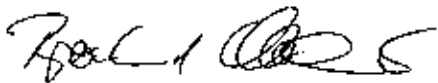
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Foreword

Sustainability has many facets – economic, environmental and social. In all three areas, the coronavirus crisis has triggered or accelerated a transformation towards more sustainability. And that's a good thing. Like many companies, this unprecedented situation has prompted us at USU to reflect and to rethink. About, for example, the transformation towards "virtual" mobility. Our experiences in this area have been highly positive. For instance, compared to previous years, our company cars drove around 500,000 kilometers less in 2021. A lot has been effectively organized in the form of video conferences, and remote services allow us, for example, to individually customize software for our customers¹.

And on the subject of service: Thanks to a whole series of solutions that we offer, we were able to help companies directly in taking the load off their IT and service teams in times of crisis. Technology components such as our knowledge database or chatbots played a key part in this. In the Ludwigsburg district, for example, we provided a COVID chatbot as an up-to-date information channel, which was used up to 1,600 times on many days. Let us give you another example: The trend in virtualization is continuing in the operating models for our software as well. This is because more and more companies are no longer just running USU applications in their own data centers, but are instead using them as software as a service – which can be tailored to their needs and optimizes their use of resources.

We are proud to again rank among Germany's top companies in the field of sustainability in 2021. The USU Group was awarded the "Germany's Best Sustainability" honor in the DEUTSCHLAND TEST study by FOCUS. Our intention in this sustainability report is to transparently document the current status quo: Above all, four areas matter most to us: our employees, our social commitment, our customer focus and our innovation. Reporting is aligned with internationally recognized standards to allow comparability with other sustainability reports on business, social and ecological performance indicators.



Bernhard Oberschmidt

Chairman of the Management Board USU Software AG

General Information

This declaration of compliance for sustainable development aims to set out the considerations and efforts that the USU Group has undertaken and will undertake in the economic, ecological and social fields in accordance with the German Sustainability Code for the 2021 reporting year.

The 20 criteria of the German Sustainability Code, including the related GRI performance indicators, are discussed in the following report. The EU reporting obligation of the USU Group pursuant to the act implementing the CSR Directive is fulfilled with this declaration of conformity. The contents of this report have been checked exclusively by the Supervisory Board.

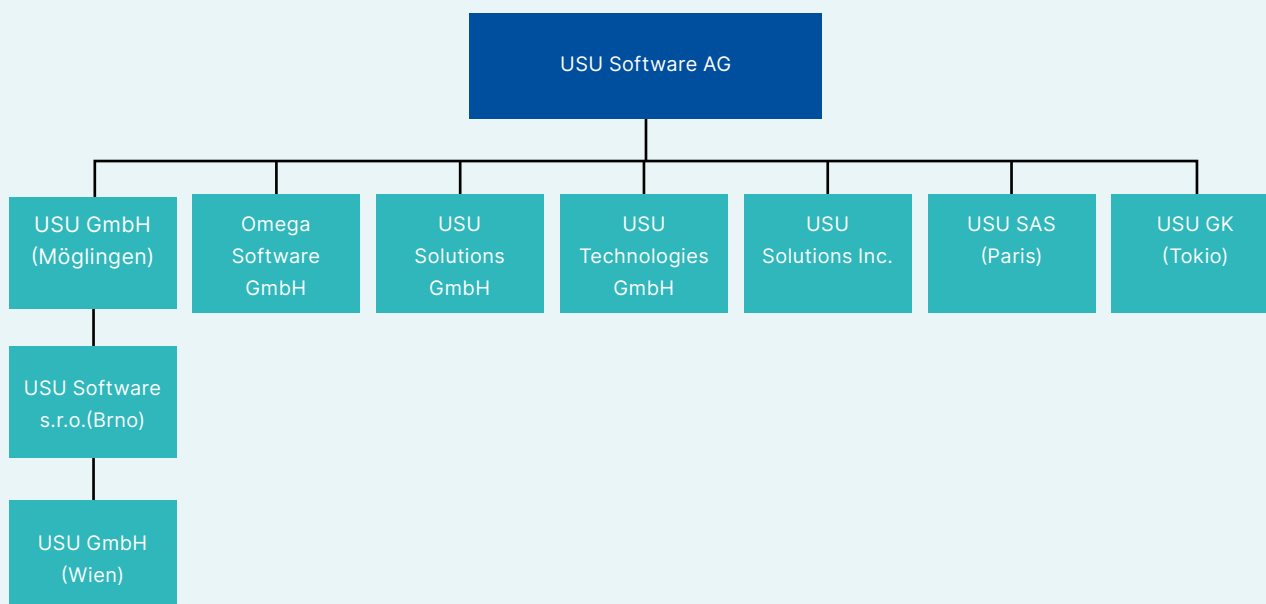
USU Software AG at a glance

As a leading provider of software and service solutions for IT and customer service management, USU enables

companies to manage the requirements of today's digital world. Global organizations use USU solutions to cut costs, become more agile and reduce their risk – with smart services, simpler workflows and better collaboration. The USU team has more than 40 years of experience and customers around the world to guide its customers into the future.

In addition to USU AG, founded in 1977, USU Software AG – which is listed in the Prime Standard of the German Stock Exchange – also includes the subsidiaries USU Technologies GmbH, USU Solutions Inc., USU Solutions GmbH, OMEGA Software GmbH, USU SAS and USU GK.

Current corporate structure



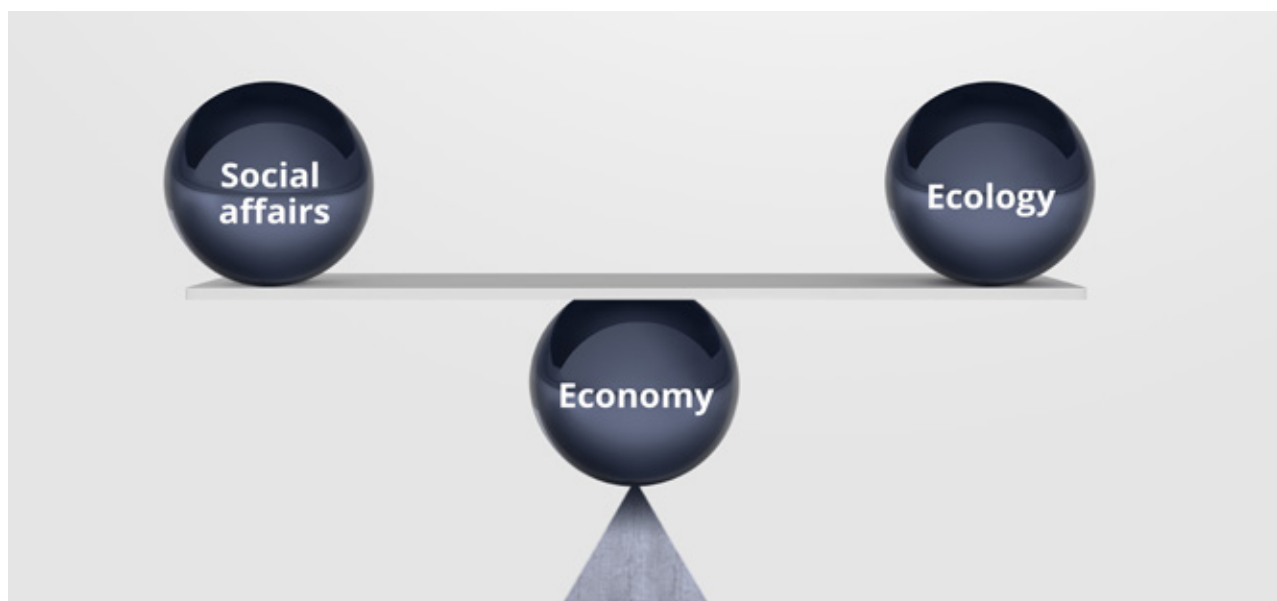
Strategy

Strategic analysis and action

The principles of sustainable action are a core element of USU's business activities. The USU Group defines sustainable action as striking the right balance between the three dimensions of sustainability – economic, ecological and social – and incorporating the interests of stakeholders into its decision-making processes. USU is aware that this is a complex process and that interdependencies cannot always be fully assessed in advance. However, USU endeavors to continuously challenge itself and develop in order to ensure that its actions make a positive contribution to its stakeholders and society. USU designs value-adding and exchange processes based on the market, the environment and society. The Management Board and the company's managers and employees accept their responsibility. Sustainability and socially and ethically aware actions have been implicitly practiced at the USU Group since its formation and are a fixed element of its corporate culture. For USU, this is a continuous improvement process that we can only achieve by maintaining a constant dialog with our stakeholders.

Social responsibility at USU Software AG has many facets and is strongly anchored in our business management and business strategy. USU does not currently have a dedicated sustainability strategy, but

rather an overarching general business strategy from which all the other sub-areas are derived. One of these sub-areas is sustainability. The overall strategy comprises the three business principles of "Company, Customers & Products," which form the basis for the company's corporate values, its commitment to sustainable action and its operational planning. The "Company" principle means that USU strives to be an attractive company for employees, investors and all those in its environment. This means dealing fairly and respectfully with stakeholders and focusing on ensuring awareness and perception of its ecological and social responsibility. This is the only way for the company to ensure its long-term success and to become more attractive to employees and investors. The "Customers" and "Products" principles also contribute to ensuring the USU Group's sustainable success. USU's actions are geared towards its customers, to whom it offers individual software solutions. This individuality and proximity helps the company to establish long-term customer relationships and partnerships. USU's products also stand for excellent software-based solutions with a high degree of innovation. The quality of its products and the development of new innovations play an important role in the company's long-term success.



The USU Group has an identity-forming corporate philosophy that was developed by USU employees on the basis of many individual discussions, surveys and workshops with all stakeholders as part of the internal “More-U” project. In an intensive communication process, the Group’s values as well as its mission and vision were devised, defined, validated and adopted together.

The mission statement defines what USU stands for and what its driving factors are: We master digital challenges in IT and customer service with efficiency, passion, innovation and knowledge.

The USU vision emphasizes the direction and goal that USU is moving toward and highlights the goal for consumers, end users and citizens all around the world to come into contact with USU services: The whole world is touched by USU (em)powered services.

Mission and vision of the USU Group



The whole world is touched by USU (em)powered services.

USU's economic success as a software company is especially dependent on the performance and knowledge of its technical and management employees. The company is reliant on highly qualified personnel in order to continue to satisfy market demands and individual customer requirements in the future. The shortage of technical and management employees within the industry makes it important to remain an attractive employer. The loss of management staff or employees in key positions can be just as detrimental to the company as the failure to attract new knowledge carriers. To counteract this risk, human resources activities focus on the recruitment of technical and management employees and the motivation and retention of existing staff. A variable component in the salaries of a substantial number of employees, which acts as an additional performance incentive to reward target attainment, should also be seen in this context. In addition, the Group offers an extensive and flexible company car scheme. The USU Group is also continuously investing in the development and professional training of its workforce as part of its career model. In addition to specialist training courses and the further development of soft skills, USU offers refresher and consolidation courses. A common system of values, short lines of communication, an informal working environment and a number of staff events round off the diverse range of measures in this area. Although the USU Group considers the shortage of technical and management employees to be a significant human resources risk, the acquisition of additional qualified employees and the associated expansion of the Group's workforce represents a major opportunity to fully exploit the existing growth options in product and service business.

The USU Group is also involved in a number of activities that can be subsumed under its commitment to sustainable action.

This includes

- expanding dual training and promoting new talents in order to secure technical and management employees for the long term;
- a pronounced social and cultural commitment, with a particular focus on regionality and relevance to the company's environment;
- ergonomic office furniture for all employees;
- flexible working hours and part-time models;
- the services of a company doctor;
- flexible options for working from home;
- freshly cooked meals every day and free fruit depending on the respective location and free water dispensers to reduce resource consumption by using fewer disposable bottles;
- giving employees the opportunity to use bicycles and Pedelects leased through the company;
- special support for company cars with a good carbon efficiency class, especially electric vehicles;
- reducing electricity consumption, e. g. by systematically switching to LED technology or virtualizing servers;
- a balanced climate footprint for electricity and fuel consumption in Europe by purchasing climate protection certificates.



The Management Board and the company's managers intend this to create a transparent view of the company for employees, customers, partners and shareholders of USU Software AG.

The action areas identified in preparing this report are intended to help to increase awareness for key issues, record their status and document improvements.

Without orienting its efforts in the field of sustainability towards a single international standard for sustainable business activity, the USU Group acts in accordance with statutory provisions and the ten principles of the United Nations Global Compact and the core labor standards of the International Labor Organization (ILO).

Materiality

The objective of and requirement for all activities is the sustainable economic success of the USU Group. In

addition to highly innovative products and solutions, a wealth of "intangible assets" ensure this economic success. These include not only good, long-established customer relations, strategic partnerships and cooperation projects with universities and institutes, but especially motivated employees who practice this way of thinking day in, day out – true to the motto "Knowledge is the Market".

Success is not possible without cooperation based on mutual trust. And trust has to be re-earned every day. The basic principle behind this is dealing openly, fairly and respectfully with each other – not just in-house, but also with customers, shareholders and business partners. To this end, the USU Group's workforces have formulated basic values and objectives – in team meetings with colleagues and across all divisions and locations. Everything important has been summarized in core statements. These guidelines are valid as a general assessment and as goals, to which all employees repeatedly readjust.





Curiosity

- Re-examining and questioning the status quo on an ongoing basis
- Willing to learn to take the next step
- Being open for new ideas, issues, perspectives
- Taking an interest in people
- Understanding feedback as an opportunity of moving forward



Community

- Boosting and maintaining the special USU spirit
- Acting and performing as a team (also across divisions)
- Providing support to each other, not opposition
- Promoting the diversity of different types of people
- Discussing in a critical and always constructive basis



Joint responsibility

- Executing tasks independently and reliably
- Proactively taking responsibility and advancing new ideas
- Responsible empowerment – with clear objectives, assistance and feedback
- Reaching decisions based on the situation, as far as possible on a team basis



Consistency

- Acting a role model
- Taking decisions and implementing them on a sustained and comprehensible basis
- Maintaining standards across the Group
- Avoiding exceptions to standards, showing repercussions if necessary
- Aligning action to long-term corporate strategy on a targeted basis



Sustainability

- Developing strategy and portfolio from a holistic, long-term perspective
- Aiming to create a balance between economic success, environmental responsibility and social action
- Nurturing long-term good relationships with all stakeholders (customers, suppliers, partners, shareholders and employees)
- Reducing the ecological footprint (carbon emissions, energy)



Passion

- Loving what we do and fighting for implementing our vision
- Going the extra mile if needed
- Mobilizing all resources for project success and customer trust
- Showing initiative and actively bringing in ideas
- Getting involved as part of the company rather than just an employee

Employees

Anyone who develops and distributes software works with people, for people. That is why non-monetary targets play a central role alongside traditional monetary targets in the activities of USU. Surveys to determine further potential for improvement are thus also performed at regular intervals. The USU Group obtains support from independent external service providers in some cases. The successful integration of new colleagues – especially from the newly acquired USU subsidiaries – also reflects the sustainability of USU's corporate culture. This is further demonstrated by the results on the employer assessment platform kununu, where USU GmbH has received the "Top Company 2022" hallmark, for example. From a positive working climate with a feel-good factor to the diversity of their work, USU's employees are satisfied or very satisfied with their company in almost all of the aspects evaluated. This means USU belongs to the exclusive group of best employers. USU's profile has over 175,000 hits, thereby reflecting the relevance of the portal for many interested parties and potential applicants.

In this context, USU continuously provides its employees with high-quality further training in order to ensure that it has access to the necessary expertise in the future. Accordingly, human resources are one of the main focal points of the USU Group in terms of sustainability. This is also reflected in the DEUTSCHLAND TEST "Top Career Opportunities" study. Conducted by the Institute for Management & Economic Research (IMWF) and the business magazine FOCUS-MONEY in late 2020, it recognized USU as offering top career opportunities to university graduates and IT specialists.

Social commitment

As an SME software firm, the USU Group views its social commitment, especially in the regional area, as an especially important aspect of sustainability. The company is aware of its social responsibility and is keen to play its part in the development of the region. It is only in an intact environment that is also characterized by suitable living standards for employees and their families that the company can also be successful in the long term. Even when choosing who they work for, employees are giving more and more weight to soft factors such as social commitment and sustainability. The shortage of specialists in the IT sector means that it is especially important to convey the company's DNA, consisting of an in-depth understanding of shared values and a very clear focus on staff, to the outside world. In addition to the direct contact we foster with our immediate surroundings, USU also contributes to society in the form of donations and sponsorship as well as its material resources and expertise. This strengthens the company's image with the public and in society, and allows it to not just be a good employer, but to be seen as one as well.



USU has also been recognized as one of "Germany's best employers". This award, from the Great Place to Work® institute of Germany, reflects USU's particular commitment to shaping a trusting and beneficial culture of cooperation within the company. It makes USU one of the 100 best employers in Germany, which means it ranks among the top 15 % of the participating companies.



Customer focus & innovation

To be economically successful in the long term, it is important not just to take social and environmental sustainability aspects into account, but also to invest in a high level of customer satisfaction and innovation. Long-established relationships with customers and, consequently, their satisfaction particularly influence the corporate success of the USU Group as a software firm. Innovation is the key to safeguarding the future in response to the challenges of digital transformation. Among other things, it defines the cooperation with customers and partners, leads to the development of new products and services, and to the implementation of new business models. At the same time, alongside internationalization and acquisitions, USU regards “innovations” as one of the three central growth pillars of the USU Group.

Environment

USU works in the IT sector. Given its business model as a software firm, the company’s environmental impact can be considered relatively minor compared to other companies. Furthermore, the USU Group’s Management Board, managers and workforce have been practicing an efficient approach to resources and working sustainably for many years. The USU Group has been certified according to EN ISO 50001:2011 in the field of energy management since 2018 and has an energy audit in 2018 which is valid for four years. USU Software AG has a balanced climate footprint for its electricity and fuel consumption in Europe for 2019. Together with its partner First Climate, the relevant emissions at the various sites were recorded, analyzed and calculated. The data for 2020 and 2021 are not yet available. The company is striving to become a climate-neutral business by 2023.



Objectives and implementation status

USU's sustainability objectives are also discussed at the regular strategy meeting on strengths and potential for improvement. Each of the sustainability action areas – cost-effectiveness, the environment, employees and society – are considered. The focus when setting targets in the area of sustainability lies in the human resources and energy management of the USU Group.

Human resources management

→ Increasing the Group' headcount to 800 employees by December 31, 2021

Status: As of December 31, 2021, the Group's headcount was up by 2.5 % year-on-year at 750, which reflects concerted growth in the workforce but is still below the target. The pandemic has meant that it has not been possible to continue recruitment at the same high pace as in previous years.

→ Increasing the number of apprentices from 10 to 15 by December 31, 2021 (Germany)

Status: With 16 apprentices/students at the Cooperative State University working for USU in Germany as of December 31, 2021, the target for the year has even been outperformed.

→ Increasing the share of women in the overall workforce from 27 % to 30 % by December 31, 2021 (Germany)

Status: As of December 31, 2021, the share of women in the overall workforce in Germany was 27.7 %, which is higher than the initial figure but still just short of the target, in particular on account of the slower rise in total headcount over the past two years. This notwithstanding, the share of women in the overall workforce will be actively increased in the years ahead.

→ Increasing the share of women in management positions from 10 % to 15 % by December 31, 2021 (Germany)

Status: As of December 31, 2021, the share of women in management positions was 12.7 %, and therefore higher than the initial figure and the prior-year figure but still short of the target. The share of women in management positions will be expanded further in the years ahead.

→ Keeping the sick rate below 3 % (Germany)

Status: At 3.0 % (Germany) and 3.2 % (USU Group), the sick rate for Germany in 2021 was slightly higher than previously, but exactly in line with the target of 3 %, which should be seen as a success during a pandemic.

→ Reducing the staff turnover rate to below 10 % (Germany)

Status: In the 2021 reporting year, the staff turnover rate at USU in Germany was 7.4 %, below the figure for the previous year and also below the target level of less than 10 %. Throughout the Group as a whole, the staff turnover rate was on target at 9.1 %.

→ Increasing the number of training and development days from 2 to 2.5 days per employee on average (Germany)

Status: Thanks to the expansion of virtual training options, the number of training and professional development days at the USU Group (Germany) averaged 2.7 days per employee in fiscal 2021, which is higher than the target. The number of training and development days throughout the Group as a whole even averaged 3.2 days.

Environmental impact

→ Increasing the share of electric vehicles from 1 % to 10 % by December 31, 2025

Status: As of December 31, 2021, the share of electric vehicles is 6 % and that of hybrid vehicles 37 %, resulting in a combined share of electric and hybrid vehicles in the fleet as a whole of 43 %. The installation of the company's own charging stations at its headquarters suggests that this figure will rise even further.

→ Reduce annual electricity consumption by 2 %.

Status: From 2019 to 2020, the total electricity consumption of the USU Group Germany (not including Munich) remained virtually unchanged at the same low level of the previous year, 3.6 %, as a result of the ongoing centralization of Group IT and the associated centralization of IT hardware, including the selection of more energy-efficient IT hardware components (such as servers, air conditioning, laptops). This positive trend will be retained or improved moving ahead.

→ Installation of a charging station at the company's headquarters in Möglingen by December 31, 2021

Status: 37 vehicle charging stations were installed in conjunction with construction of USU Campus in 2020, hence this goal has been a success.

The targets are communicated by the Management Board and their implementation and progress status are regularly reviewed.

Value chain

The value added by the USU Group predominantly takes place within the company itself. As the USU Group has a service-oriented business model, the issue of a "sustainable value chain" is less relevant than in the manufacturing sector.

USU codes of conduct apply to internal processes in sales, marketing, human resources and purchasing, and to external contacts in customer service and with cooperation partners. Care is taken to ensure that the USU Group's suppliers comply with human rights, speak out against forced and child labor and prevent corruption. These policies are described in the USU Compliance Manual.

The USU Group pays special attention to a regional focus when selecting its suppliers. This helps to ensure short journeys and to promote regional integration. For example, regional manufacturers are used where actions are guided by integrity and appropriate payment of their employees is guaranteed.

The suppliers of the USU Group with the largest delivery volumes are a telecommunications company, a mobile communications provider, a large manufacturer of office supplies and several carmakers. These companies have established high standards for their own social and environmental conduct, which means that there is no need to impose USU's minimum social and environmental standards. When selecting other suppliers, attention is naturally paid to their environmental and social conduct, but they are not required to comply with minimum environmental and social standards on account of the low delivery volume and the low number of orders. Attention is furthermore paid to the sustainability of the products purchased

– especially as far as office supplies are concerned. This will also benefit from the centralization of procurement activities. In addition, social aspects such as protection of employees' rights and consistent occupational safety are a requirement.

In addition to permanent employees, a large number of freelancers work for the USU Group and they can be used in project business if necessary. Neutrality is maintained when selecting these freelancers and only objective criteria are considered in the selection process. Gender, religion and other diversification factors are not included in the decision-making process.

Process Management Responsibility

The central responsibility for sustainability within the USU Group lies with the Chairman of the Management Board Bernhard Oberschmidt. He ensures that sustainability is always taken into consideration in business decisions and he is in charge of all environmental and social issues.

The sustainability team is in charge of the operational implementation of sustainability issues. It consists of the Assistant to the Management Board, the Managing Director for Human Resources and Legal, the Energy Management Officer and the Facility Manager.

Rules and processes

The corporate strategy of the USU Group is specified in the form of targets, actions and projects in addition to rules of conduct and process instructions.

Potential improvements, derived for example from employee and customer feedback and ideas, are integrated in the sustainability strategy with a view to a continuous improvement procedure.

Employee suggestions are currently passed on by e-mail to the relevant office. If cross-divisional issues are involved, the suggestion is assessed by the person in charge and, if the assessment is positive, put into practice.

An appropriate system was introduced in the area of energy management certified according to EN ISO 50001:2011, which was replaced on the basis of an audit in 2018. A specialist team regularly assesses energy efficiency, energy utilization and energy consumption and arranges for the activities to be reviewed by a regular external audit. To reduce gasoline consumption at the company, and thus carbon emissions as well, the guidelines on business travel stipulate public transport as the preferred means of transport, for example. A Bahncard 100 rail card is optionally available to employees as an alternative to a company car. To encourage employees to drive an environmentally friendly car, they receive an additional bonus when they choose a car from a good efficiency class. In addition to the switch to LED lighting, old PC desktops are gradually being replaced by new, power-saving laptops. Moreover, careful attention is paid to various seals of quality in purchasing decisions, for example when choosing printer paper, and to energy efficiency when selecting new data centers.

A new, energy-efficient building at USU's headquarters in Möglingen was completed and moved into in summer 2020. USU Campus provides a great deal of space for flexible, agile work. On an area of 1,300 square meters, there are light-filled workplaces, training rooms and presentation and exhibitions space. A centrally managed gas absorption heat pump, heated/chilled ceilings, bike racks with charging for e-bikes and a two-story underground garage with 37 charging stations in total for electric vehicles round off the sustainable architecture concept.

Equal opportunities and diversity are particularly taken into account when recruiting new staff. That is why there is a code that contains binding regulations concerning how we recruit and treat staff. If regulations are not complied with, the company has an obligation to take action, which can include disciplinary consequences. These policies are described in the current USU Compliance Manual.

The USU Group is aware that only healthy, balanced and satisfied employees can make an optimal contribution to value added and the success of the company. Health management is organized by two

central areas. The Human Resources team is responsible for general measures, contact with health insurance companies, organization, financing/taxation, government subsidies and procuring offers from third parties, such as for calisthenics in the workplace or promoting memberships. Facility Management is in charge of activities by the company doctor, ergonomics in the workplace and suitable office equipment. It reports to Human Resources, which makes decisions on the planned activities in coordination with the Management Board.

In investment processes, sustainability factors are also incorporated when reaching a decision. For example, when selecting locations the stage of development and the understanding of shared values of the relevant country plays a major role.

As the economic success of the USU Group is especially dependent on customer companies, various processes have been initiated that are intended to ensure their satisfaction. It is not just the high quality of products that plays an important role. On the one hand, a variety of communication channels is available which allows the requirements and demands of the customers to be recognized and subsequently to be acted on and fulfilled. These channels range from customer surveys, through the company's annual specialist and customer congress and regular user groups, through to the constant direct dialog with the company's consultants. On the other, and in addition to the various communication options and feedback mechanisms, the fulfillment of customers' specific requirements is essential for ensuring their satisfaction. To satisfy clients' individual requirements, USU's software products are typically highly customizable. These refinements are made either by USU specialists or by the client's own personnel following training by USU.

To boost USU's innovation, which is a crucial component for long-term and lasting success, the company has been investing heavily in research and development for years.

The core of business activities and personal interactions is formed by USU's corporate culture together with its values and principles. This corporate culture – a central factor – was already characterized by trust and style when the company was founded in 1977. Although it was

still a small company at the time, its corporate culture was set out in writing as early as 1988. The company's mission statement was then updated with staff over several days at a workshop in 1993, and has been reviewed at regular intervals ever since. It was most recently completely updated in 2019 in the "More U" project. Although the mission statement is laid down in writing, the USU Group attaches great importance to continuing to keep the spirit of those words alive and awake through daily practice. This is demonstrated, for example, in the selection of new employees. Here, the maxim applies that employees' emotional and social skills are at least as important as their professional qualifications. Another indicator of a living corporate culture is the fact that the doors to the Management Board's offices have stayed open to all staff for over 40 years – across all boundaries of hierarchy, department and discipline.

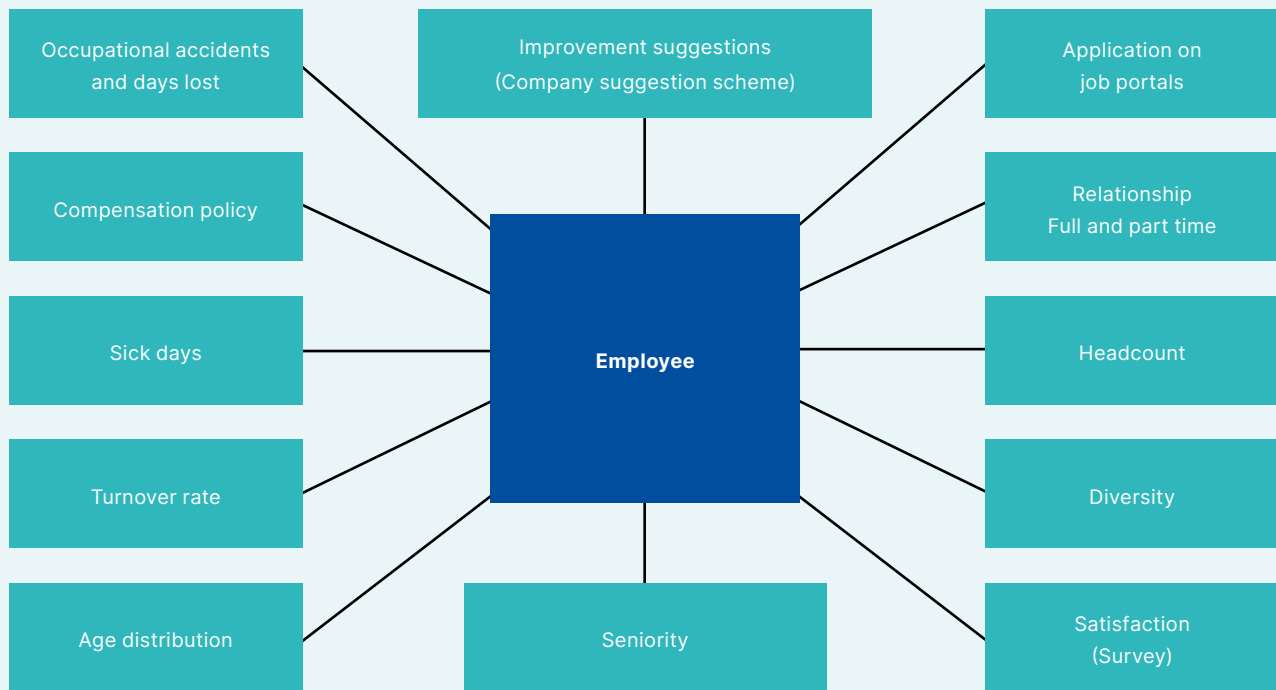


Udo Strehl, USU's founder and today the Chairman of its Supervisory Board, describes his understanding of corporate culture as follows: "For me, success is not just the financial profit that you see on the balance sheet at the end of the year. Surviving with an independent profile over the long term in a competitive market is the challenge. Only someone who can combine their day-to-day activities with their fundamental personal convictions is able to overcome this challenge. The same is as true for an individual as it is for a company. I believe a harmonious environment is the basis for cooperation practiced in a spirit of mutual trust. You have to earn and prove trust over and over again. Especially as a service provider in the fast-moving market of information technology. USU works with people, for people. This means that the company is compelled to approach people with openness and honesty in order to win their trust. The aim is to make state-of-the-art technology and expertise comprehensible and to integrate it in application solutions that the customer needs and understands. You don't earn trust through words, but through deeds. It is only by doing so that you can stand out in positive terms. That is what I stand for."

Control

In addition to the current key economic performance indicators, a variety of indicators related to sustainability are collected within the USU Group. In addition to the ongoing customer satisfaction surveys, the R&D ratio used as the basis for measuring innovation and total donations, specific performance indicators are measured and assessed specifically in the areas of human resources and the environment.

Personal



Key sustainability-related performance indicators are systematically collected from the Human Resources division and managed in-house.

Using the results as the basis, the Human Resources department elaborates measures to continue developing an employee-oriented corporate culture.

Environment

USU faces up to its environmental responsibility and actively strives to constantly improve energy efficiency. In conjunction with the operational energy management system, energy consumption and costs and thus the impact on the environment are systematically recorded using various performance indicators.

The key environmental performance indicators relevant for the USU Group are:

- Energy consumption: Electricity
- Share of renewable energy
- Fuel consumption
- Carbon emissions (electricity and fuel)

Incentive systems

All employees are aware that the number one corporate objective is sustainable, profitable growth. For USU, this means finding a balance between the economic, environmental and social dimensions.

The target agreements and remuneration for executives and employees are primarily based on commercial performance indicators and the long-term value added, such as efficiency enhancements in processes or the sustainable development of new services for customers. USU's economic success as a software company depends to a large extent on good client relationships and client satisfaction. However, achieving sustainability targets, such as customer satisfaction, is not yet an explicit element of target agreements and remuneration. Compliance with and promotion of sustainable action is, however, a fundamental requirement for all employees and is regarded as a precondition for long-term value added.

The entire workforce is encouraged to submit new ideas and proposals for improvements in the area of sustainability, which are then examined to determine their feasibility.

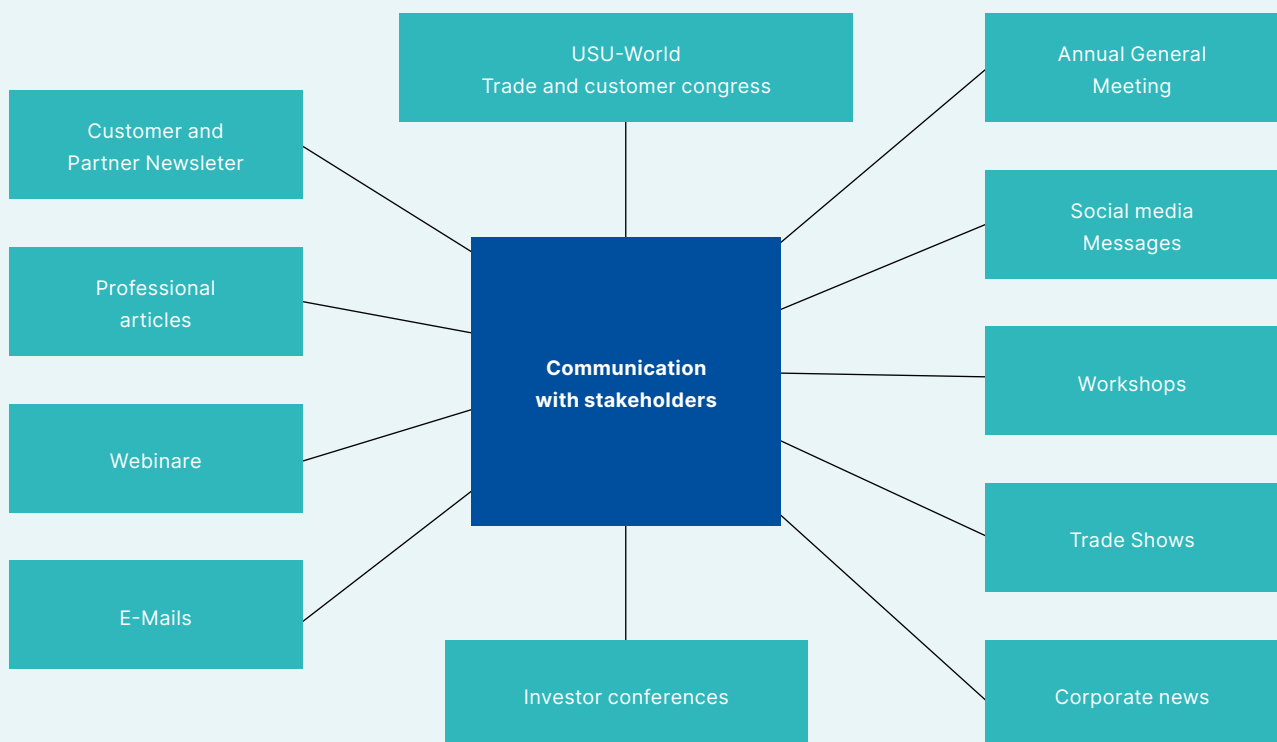
Remuneration policy

The remuneration of the Supervisory Board as the company's highest governing body is published in the annual report and is thus transparent. The total remuneration of the Supervisory Board comprises a fixed and a performance-based component. Total Supervisory Board remuneration is capped at 200 % of the fixed annual remuneration.

Furthermore, the remuneration model for all managers of the USU Group establishes a variable component. Some of the individual target agreements also contain qualitative targets in the CSR action areas, such as product quality or customer satisfaction.

In Germany, where around 70 % of Group sales are generated, the ratio of the total annual remuneration of the highest paid employee to the average level is around 3.2 (2020: 3.3), which demonstrates the narrow overall spread of salaries.

All locations outside Germany together generate the remaining 30% of Group sales and are not listed here due to their lower level of business activity.



Stakeholder engagement

The USU Group attaches great importance to the dialog with its stakeholders and is in constant contact with them. The aim is to understand the growing demands, requirements and expectations of the various stakeholders with regard to the sustainable development of the company, to act on suggestions and to incorporate findings in business and decision-making processes.

Stakeholder groups are identified by means of a stakeholder analysis in conjunction with risk management. The USU Group sees existing and future employees, customers, shareholders, investors, suppliers and technology partners, communities, associations, the public and competitors as its most important stakeholders.

The active dialog with these groups is conducted on a regular basis using the most varied of channels. For all groups, a dialog is defined in a range of formats that vary in depth and number as circumstances require.

Thanks to active public relations work, the USU Group thus offers stakeholders transparency concerning its own activities – from both economic and social perspectives on the issue of sustainability. For USU, its employees, the customers, the community in the region, including educational institutions and investors, are the stakeholder groups that have the greatest interest in and place the highest demands on the company's sustainability. This is why contact and dialog with these four stakeholder groups are particularly significant to USU's sustainable development and practices.

Employees

Identifying what employees expect and require is particularly important to the USU Group. An awareness of these is essential in being able to guarantee a tailored and sustainable Human Resources policy. That is why USU uses a variety of measures to foster a personal dialog with and among staff across different departments and divisions. As a Group-wide intranet, the USU Inside platform offers the possibility of exchanging information, ideas and opinions. Published information and articles can be commented on, questions can be asked and ideas can be put forward. Wiki Confluence and MS Sharepoint are used for

Group-wide knowledge documentation and communication. In addition, employee surveys are conducted on a regular basis that offer among other things the opportunity to put forward suggestions, criticisms and requests for changes concerning various sustainability issues. All staff are invited to a kick-off event at the start of the year where the management strategy and objectives are discussed and the employees' questions are fielded. There is also another information event for all employees in the middle of the fiscal year. Moreover, the two-day onboarding event "U Step In!" is organized for all new employees, at which the strategy, organization and business units of the USU Group are presented, among other things. Furthermore, besides regular team-building activities, continuous professional development through seminars and training programs form part of the day-to-day working life of USU employees. A number of other events, including skiing trips, Christmas celebrations or summer parties, and the principle of keeping office doors open, round off the communication options. Owing to the COVID restrictions, many of these events had to be canceled in 2021 as well or were shifted to online channels such as MS Teams or Zoom.

Local authorities/schools/colleges/community (regional)

The local region in particular stands at the heart of the Group's community and social commitment. Here, USU supports a large number of benevolent, charitable and cultural institutions, organizations and projects. The constant dialog with the various groups within society is of great importance to the USU Group. It is only through intensive communication that it becomes possible to actively appreciate the different requirements and aspirations.

The close cooperation with schools and universities, which includes training courses, lectures and the participation of students at the Annual General Meeting of USU, allows them to inform USU of their needs. Various types of support and sponsorship are discussed together on a regular basis. To foster the dialog with the Möglingen community, which is home to the headquarters of the USU Group, meetings with the local mayor are held as necessary, where options possibilities for supporting the community and joint projects are discussed, e.g. the Möglingen church community or the Möglingen youth fire service.

Helping organizations, clubs, teams, sportspeople and artists from around the region is especially important to the company. Employees are encouraged to put forward suggestions for specific possibilities for supporting these groups. As a result of this opportunity, the requirements and the need of various interest groups from the region for support can be identified and also fulfilled where this is feasible.

Customers

The comprehensive fulfillment of customer needs and their special requirements is particularly important to the long-term success of the USU Group as a software house. Various communication channels are available for exchanging information and for identifying demands. The most intensive contact is between customers and USU's consultants, as it is here that a direct and constant dialog take place. Furthermore, long-established partnerships with existing customers promote optimal communication and the identification of growing demands. As a result of these close contacts, a joint and individual development of projects can be realized. The communication options are rounded off by regular customer surveys and USU's annual specialist and customer conference. Independent studies, such as the current international "Vendor Selection Matrix™ Technology Cost and Resource Optimization" report by Research in Action, attest to USU's high scores for customer satisfaction and a recommendation rate well above 90 %. On its Gartner Peer Insights customer rating portal, Gartner Peer Insights allows international customer organizations to post detailed reviews of USU Software. Happily, USU's service management has a very high score of 4.8 out of 5, and the USU solution for license management also scores very well at 4.4.

Investors / Shareholders

As providers of capital, investors and shareholders have an especially large interest in sustainable corporate management. This is why it is important to provide these stakeholder groups with sufficient information about business processes and to identify their requirements. Investors and shareholders have the option of contacting the internal representative

for the USU Group's investors ("Investor Relations") with their demands and requirements, which are then forwarded to the Management Board. In addition, information is shared and interests discussed at the Annual General Meeting and USU's specialist and customer conference, to which investors and shareholders are also invited, and at various investor events where USU Software AG takes part. As in the previous year, these events were again held online in 2021 due to COVID. The investors and shareholders are actively informed of all key transactions and new developments through a variety of information channels, including the financial reports, press releases by e-mail and the use of the USU Group's homepage as an information platform.

Innovation and product management

The software products of the USU Group have only a minor impact on the environment throughout their entire development and lifecycle. Also as a non-manufacturing company, however, the USU Group has only limited opportunities to significantly reduce the company's energy consumption through innovation or product management. Nevertheless, the company attaches great importance to using resources sparingly in its own establishment and to minimizing its ecological footprint as far as possible. Through the virtualization of servers, the rising use of cloud solutions and the switch from desktops to environmentally friendly and mobile laptops and LED monitors, the company is gradually promoting the less intensive use of resources.

Virtually all the software products of the USU Group are also available as what are known as Software-as-a-Service solutions. This means that customer use USU's software as a service, with infrastructure and operational support provided by USU. This guarantees not only the highest data security, but also optimal utilization and energy efficiency of the server rooms. Group-wide centralization in one data center is being pursued in the medium term, where the selection of the data center service provider will also be made based on sustainability aspects (e. g. using the waste heat from cloud servers to heat the building and using renewable

energies to run the servers). USU is aggressively proactive in informing its customers of these options.

It is a core objective of the Management Board to enhance the energy efficiency of the USU Group in the long term and as part of a continuous improvement process. An energy management system in accordance with EN ISO 50001:2011 was introduced for this in 2016 and replaced by a DIN EN 16247 energy audit in 2018. Key energy performance indicators have been determined to monitor energy performance. These are documented and regularly reviewed. A team led by the energy management officer ensures that the energy efficiency, energy usage and energy consumption are regularly assessed, energy-efficient products and services are used and all activities are reviewed in regular audits. Guidelines for energy management have been produced, documented and communicated to the workforce. As a result of the COVID pandemic, despite adding another site in Möglingen, USU reported a slight reduction in total electricity consumption of 3.6 % year-on-year at its German locations (not including Munich) in 2020.

The percentage of financial assets that have undergone a positive or negative selection test based on environmental or social factors is not known. However, in 2020 as well, approximately 1 % of sales were invested in ergonomic office equipment and in the switch to energy-efficient hardware, air conditioning inverters and LED lighting. Furthermore, the consideration of environmental and social factors is firmly embedded in the M&A strategy of the USU Group. For example, only companies that are a cultural fit with the USU Group come into consideration for a purchase.

Environment

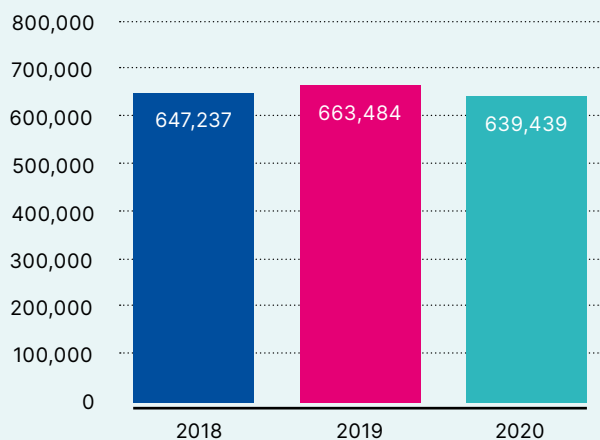
Usage of natural resources

The USU Group follows the same high demand for efficiency in its environmental policy as it does in its operating business. Negative environmental impact has to be avoided as far as possible, while consumables have to be used efficiently. As an IT company, the USU Group uses natural resources to a relatively low extent. Nevertheless, the management system includes the following performance indicators:

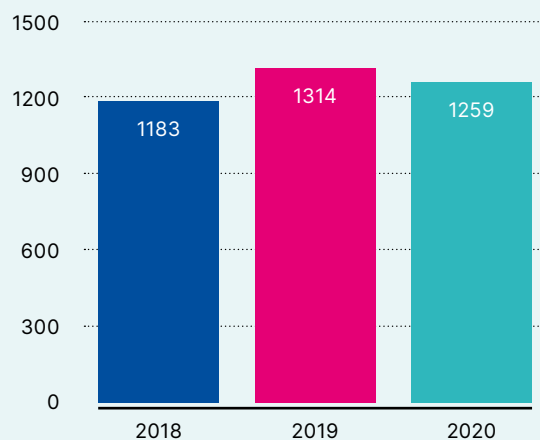
- Total electricity consumption in kWh
- Electricity consumption in kWh per MA
- Total energy costs in EUR (primarily electricity)
- Share of renewable energy (electricity) in percent
- Fuel consumption and average carbon emissions per car

As the USU Group is a non-manufacturing company, its water consumption is limited to the consumption usual in offices for restroom facilities and the consumption of beverages. Water dispensers are available to staff at USU sites to minimize the use of plastic bottles. The electricity consumption is also limited to the consumption that is normal in offices for lighting, heating and the use of electrical devices.

Total electricity consumption of the USU Group Germany (excluding Munich) in kWh



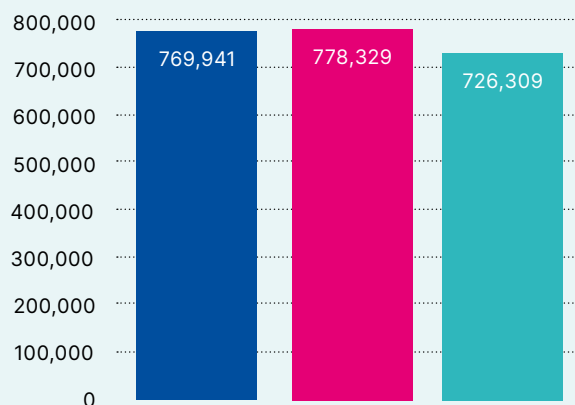
Electricity consumption per employee of the USU Group Germany (excluding Munich) in kWh



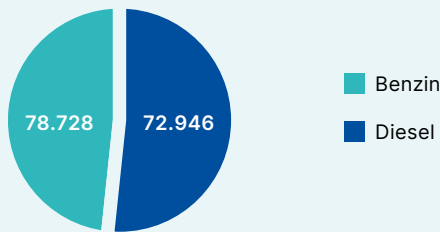
The above charts show both total electricity consumption of the USU Group Germany (not including Munich) and consumption per employee in Germany. The values refer to the years 2018 to 2020. The data are not available yet for 2021, as the offices are exclusively rented premises and the corresponding utility bills had not yet been received at the time that this report was prepared.

Consumption only relates to Germany, not including the Munich site as it uses an "all-in agreement" under which consumption volumes are not explicitly recorded. As stated above, total electricity consumption in Germany was reduced by 4 %. The savings are even more evident, on account of the pandemic, in global electricity consumption (not including the US), for which data were first collected in 2017 (see chart below). The savings here are 7 %.

Total electricity consumption of the USU Group worldwide (without USA) in kWh



Fuel consumption of the USU Group Germany in liters 2020



The above chart shows the total fuel consumption of the USU Group (Germany) in liters, broken down by type of fuel. To maintain consistency in reporting, these key environmental indicators and all other indicators, such as electricity consumption, also refer to 2020. The figures for liters are equivalent to 2.59 trillion joules (2019: 3.99 trillion) for the fuel type diesel and 2.48 trillion joules (2019: 2.48 billion) for the fuel type gasoline. The significant reduction in total fuel consumption can also be explained by the pandemic. As a result of working from home and online meetings, the total distance driven was down by at least 500,000 km compared to 2019.

The increased demand for hybrid and electric vehicles in the fleet is another positive factor.

The USU Group's paper consumption is relevant as well. Alongside the hardware infrastructure, USU almost exclusively uses office supplies to perform its services. The vast majority of those supplies is still paper – with the downward trend continuing, as the endeavor to move to a digital, paperless office is resulting in fewer hard copies of documents being printed out. Employees are instructed to be economical

in their paper consumption and printer use. Paper is printed on both sides. Fax machines are hardly ever used now. The paper currently used by the USU Group bears the EU Ecolabel and is PEFC-certified. PEFC certification shows that the paper has been obtained from sustainable, managed timber sources. The printers that are in use are predominantly multifunctional devices and can be found on the relevant office floors. Toner cartridges for the printers are sent for recycling. Sustainability is a key criterion – where possible – in the purchasing process for all office supplies.

Soil, land and biodiversity are not affected to a notable extent by the business activities of the USU Group. As the USU Group only produces software products and offers related consulting services, no materials at all or only negligible quantities are used for direct production and packaging. The details of the consumption of heating energy, cooling energy and water, waste volumes and disposal methods cannot be provided as the offices at all locations are rented and these details cannot be derived from the utility bills available. If it were possible, the collection of the data would entail a disproportionately high workload. The consumption volumes correspond to the normal consumption in office premises. Steam is not consumed by the USU Group. No electrical power, heating energy, cooling energy or steam has been sold. Water was not drawn from any sources other than the local water supply companies. No hazardous or special waste at all is generated as a result of business operations. As a rough estimate, refuse in 2021 was 20 % residual waste organic waste/packaging and 80 % paper. Paper waste will continue to be reduced in the coming years as a result of the increasing use of electronic documentation and, for example, paperless invoicing. The USU Group is striving to extensively avoid waste in its operations, for example by employing reusable systems for transport packaging.

Resource management

The USU Group is looking to minimize the negative environmental impact of its business activities as far as possible and to constantly increase its resource efficiency.

The USU Group has set itself the following target in order to reduce its ecological footprint:

→ **Reduction of the electricity consumption by 2% p. a. (USU Group Germany)**

The energy efficiency measures planned in conjunction with energy management concern the following areas:

→ **Lighting**

→ **Information technology (IT)**

→ **Building and vehicle fleet**

The offices of the USU Group are exclusively located in rented premises, which means that the company cannot implement its own energy efficiency measures. That is why a key aspect involves raising the awareness of staff and regularly communicating with them by providing training courses and information. For example, at the onboarding event, all new employees are made aware of the implementation of energy management and basic practices are discussed (e. g., avoiding stand-by consumption of PCs and monitors, switching off lights and conserving heat). Selected aspects of the energy management are also regularly discussed at management meetings to guarantee consistent implementation within the USU Group. Furthermore, there is an energy management section on USU's intranet, which is being gradually expanded.

The total electricity consumption of the USU Group Germany (not including Munich), and also the global USU Group (not including the US) is kept on a slight downward trajectory by the ongoing centralization of Group IT and the associated centralization of IT

hardware, including the selection of more energy-efficient IT hardware components (such as servers, air conditioning, laptops). This positive trend will continue moving ahead, even though an extra building was leased at the company's headquarters in Möglingen in 2020 to stay in step with the headcount expansion. The stated medium-term goal is to reduce the electricity consumption of the USU Group Germany by 2 % per year, which will be achieved by enhancing efficiency.

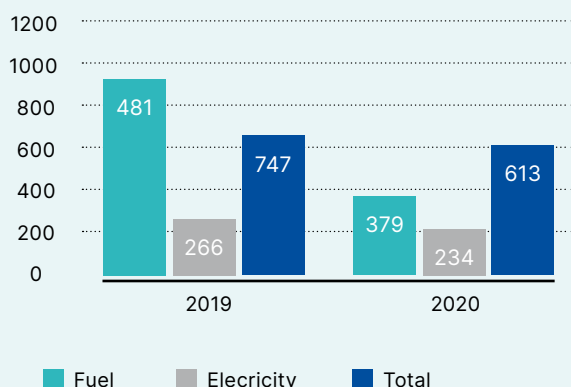
It is intended to achieve this by continuing to expand the measures mentioned above, such as the switch to LED lighting. In addition, the virtualization of the servers will continue to be built on. This will mean less hardware and thus also less cooling energy will be needed. Furthermore, the company is planning to increase its use of cloud solutions. The electricity that the USU Group will save as a result will be consumed by the respective cloud service provider, but they will be able to use the electricity that is utilized more efficiently thanks to innovative cooling technology methods.

There are also plans to further reduce fuel consumption. Realistic potential savings for this are to be calculated in the next few years. An annual budget of up to EUR 50,000 is available for efficiency enhancements.

Climate-relevant emissions

The USU Group views the protection of the climate and the reduction of greenhouse gases as one of the greatest challenges of our times and is therefore trying to keep its ecological footprint as small as possible. The energy management system focuses on carbon emissions caused by the vehicle fleet and the consumption of electricity. Other performance indicators are not currently collected for the reasons mentioned above, but will gradually be extended in the future.

Co₂ emissions of the USU Group Germany (excluding Munich) in t



The above chart shows the carbon emissions of the USU Group in Germany for 2019 and 2020. The reduction of carbon emissions caused by fuel is due to the fact that the fleet had much more efficient vehicles in 2020. The figures below related to the German locations of the USU Group:

Fuel CO₂ in t: 379
Electricity CO₂ in t: 234
Total CO₂ in t: 613

The reduction of fuel consumption and the associated rise in carbon emissions can be attributed to the fact the vehicle fleet has become much more efficient. It is also one of USU's goals to continue reducing the carbon emissions caused by the fleet. The introduction in 2017 of an additional bonus in the form of a staggered annual payment has encouraged employees to choose a car from a good carbon efficiency class. There was a sharp rise thanks to the government subsidies for hybrid and electric vehicles. They already accounted for 22.8 % of the fleet as a whole in 2020, but this figure had risen to as much as 43 % by the end of 2021. Up from just 7 % in 2019, this is equivalent to an increase of more than 220 %.

USU also offers employees attractive leasing conditions for e-bikes. Furthermore, the business travel policy provides for internal meetings in particular to be conducted via digital communications and for business trips to be carried out primarily using public transport. Traveling by air to project deployments is extensively avoided. The level of business travel fell dramatically during the COVID pandemic.

In addition to saving electricity, USU is also endeavoring to expand the share of electricity from renewable energy sources. The following table shows the share of electricity from renewable energy sources (if available) and the respective electricity consumption for the individual companies and locations. A majority of the electricity contracts were gradually switched to green electricity tariffs. Worldwide (except the US), USU uses 61 % green electricity. The total share, including climate-neutral electricity, is already 72 %. The company does not yet have exact data for 2021.

Company/ location	Share of renewable energy	Electricity consump- tion in kWh
USU Technologies GmbH Köln	100 %	9,638
USU Technologies GmbH Aachen	100 %	171,478
USU Technologies GmbH Marburg	100 %	18,450
USU Solutions GmbH	100 %	58,054
Omega Software	100 %	23,343
USU Bonn	46 %*	67,000
USU Berlin I	100 %	14,865
USU Berlin II	60 % / 100 %	18,973
USU Möglingen Bahnhofstr.	60 % / 100 %	44,187
USU Möglingen Wagnerstr.	60 % / 100 %	28,220
USU Möglingen Spitalhof	60 % / 100 %	167,917
USU Karlsruhe	60 % / 100 %	17,314
USU München	46 %*	n/a
USU SAS Paris	25.40 %**	16,752
USU SAS Lyon	25.40 %**	n/a
USU SAS Sophia	25.40 %**	n/a
USU Software s.r.o. Brno	13 %**	23,765
USU Software s.r.o. Prostejov	13 %**	46,353
*National German average in 2020		
**National average of respective country in 2020		

The reduction in carbon emissions achieved as a direct result of measures such as the reduction of electricity produced by replacing lighting and air conditioners has

not been measured, as the extent to which electricity consumption was reduced as a result of which measures cannot be precisely verified.

Society

Employment rights

The business locations of USU Software AG guarantee the protection of employment rights within the framework of the German legislation here. At its international locations as well, which are exclusively located in Europe and the US, the company is committed to the core labor standards of the International Labor Organization (ILO) and to the UN Global Compact.

Staff involvement is an integral part of the corporate culture of the USU Group. The company's management attaches great importance to the opinion of each individual and creates ways in which these opinions can reach top management. The door to the members of the Management Board and to the human resources management is literally open in principle to all staff without having to schedule a meeting. Management advocates constructive criticism and shares its opinion. Employees must be encouraged to contribute criticisms constructively and openly. This is also consistent with the guiding principle of continuous improvement. Employees can also contact management anonymously and indirectly through their staff representatives, who then discuss their concerns with management.

There are a number of feedback mechanisms for all employees to bring up issues related to sustainability, for example on the intranet or through the employee survey that is conducted on a regular basis. Information from the Management Board, the company's managers and the various departments is regularly published on the intranet. All employees have the chance to express their opinion and to take part using a comment function. Regular workshops are offered on product development, product design and the improvement of internal processes. Employees are involved at an early stage in office relocations or renovation measures and asked for their suggestions and wishes so that these can be taken into consideration where possible in planning and implementation. Staff can also contact the Internal Service and the IT department directly when it comes to changes to their personal workstation (office equipment, furniture, IT equipment). The regular

employee surveys that are carried out on various subjects, such as management, job satisfaction and workplace culture in addition to individual issues such as sustainability, allow the overall feeling within the company to be systematically monitored. The analysis of the employee survey is forwarded to the company's managers and staff, providing an opportunity to address emerging problems, suggestions and shortcomings. With a Group-wide employee survey USU regularly participates in the competition to be named Germany's best employer run by the Great Place To Work Institute. The most recent survey, from fall 2020, produced a trust index, which includes questions on credibility, respect, fairness, pride and team spirit, of 79 % – an excellent result achieved by fewer than 5 % of companies. An active feedback culture is generally practiced at the company. The members of the Management Board and the heads of the business divisions regularly hold meetings with all staff in their division and actively ask for feedback from them.

The employees of the USU Group do not receive any direct share in the profit. However, they share indirectly in the company's success through variable salary components, which are linked to factors such as the company's profits.

Equal opportunities

A fair and respectful corporate culture is very important to the Management Board and the managers of the USU Group. This includes respect and appreciation for each individual and it includes treating each other politely and fairly whatever the situation. The latest employee indicators, which are presented below, for this criterion and criterion 16, Qualifications, refer to USU Group Germany and for the first time – with a few exceptions – the Group as a whole. Further details can be found in the USU Compliance Manual.

Equal opportunities, diversity, integration

For the USU Group, equal opportunities means that each applicant or employee can have the same opportunities for hiring and promotion in the USU Group, regardless of their gender, sexual identity, race, ethnic origin, religion or belief, age or disability.

USU understands the term diversity to mean the positive contribution made by the social diversity of staff to enriching and changing the corporate culture, especially in the recruitment of new employees and in the international environment. For us, the vision derived from this definition means: We want to develop the diversity of the workforce and believe that this enriches our corporate culture. As part of the Group's internationalization strategy, we are looking to employ and enhance the career opportunities of staff who can contribute special skills in terms of languages and (professional) experience in other cultural circles and who are also happy to be deployed on international projects. USU had employees from 27 nations as of December 31, 2021. Moreover, the hiring of and affirmative action for women within the company are supported in order to create a more balanced employee structure.

For this reason, USU's goal is to increase the share of female employees in its departments, in particular in the areas of consulting and development and in middle management. In addition, an increase in the number of staff with international experience and multilingual skills is pursued, especially for projects abroad.

To achieve these goals and to promote the integration of staff in teams, USU relies on the cooperation of various employee groups. For example, attention is paid to ensuring mixed teams in professional development programs such as "U Step Up!" on social and specialist skills and in projects and development work. Furthermore, the USU Group organizes workshops to enhance cooperation. Also, the company's managers and the members of staff representation committee receive training on the German General Act on Equal Treatment.

In 2021, women accounted for 27.7 % of the total workforce in Germany (Group: 28.3 %) and held 12.7 % of management positions (Group: 12.4 %), which marks a significant improvement compared to the initial figures but is still short of targets. The Management Board consisted of two men in 2021, and the Supervisory Board two men and one woman. The share of women on the Supervisory Board is thus 33.3 %. To increase the share of women in the workforce and in management positions in particular, women with the same qualifications are favored for recruitment and promotion.

The premises (access, restroom facilities, workstations, etc.) of the USU Group's locations allow step-free access and are wheelchair-accessible. In addition, the possibility exists of adapting the company cars for employees with physical impairments. These conditions allowed the USU Group to employ 19 severely disabled people in Germany and throughout the Group in 2021, an increase of 11.8% as against the previous year.

The recruitment of foreign IT employees forms part of the efforts to secure the foundation of specialist staff. An initiative by USU with other companies and the Chamber of Commerce and Industry in the Stuttgart region produced a campaign film that highlights the problems faced by migrants when they enter a foreign society and that thus offered a fresh perspective on the issue of integration. The Chamber of Commerce and Industry in the Stuttgart region has since used this film to campaign for the integration of skilled workers from abroad in Germany. The employment of foreign workers is generally encouraged at USU, for example by enabling them to acquire a Blue Card, the work permit for highly skilled non-EU citizens. However, the number of employees who come from minority groups is not recorded.

It is not only the professional qualifications that count, but also emotional intelligence when it comes to selecting employees. No one is discriminated against on account of their gender, age, religion, appearance or ethnic origin. A code is in place that contains binding regulations for the employment and treatment of employees (equal opportunities, no discrimination on account of age, ethnic origin, sexual orientation, religion or belief). The USU Group is proud that again it did not have to report any case of discrimination in 2021.

Fair and appropriate remuneration

Fair remuneration is paid according to the work done and the qualifications required, the level of education expertise, the responsibility taken (technical/personnel) and the length of service. This remuneration is also set at standard levels for the industry.

Once a certain annual salary is reached, all employees receive a target salary that includes a variable component. This variable component is paid out in full if 100 %

of the targets are met and is accordingly higher if the target achievement rate is more than 100 %, while a maximum of double the variable component is paid out from a target achievement rate of 160 % and above. The target salary, the variable component and any pay increases are calculated within the framework of the existing job levels (junior, consultant, senior, chief, executive). This guarantees that pay is fair in terms of comparable target and performance-based remuneration.

The targets are discussed and defined jointly by the manager in charge and the employee each year. The personnel officers conduct a salary review with each employee once a year.

One aspect of remuneration at USU is an annual budget for a company car or a Bahncard 100 rail card, or an alternative financial settlement if the employee does not use a company car. All employees (except at junior level and employees in the administration who have been employed for fewer than five years) receive the benefit described depending on the level of their position. A corresponding table is posted transparently and can be viewed by all employees on the intranet.

Health protection, reconciliation of family and work life, occupational safety

The USU Group complies with all standards of occupational safety. Ergonomic computer workstations are guaranteed for employees. Regular inspections on-site inspections take place for this purpose. Also, a company doctor is regularly on site to review the design and ergonomics of employees' workstations. Documented accident prevention regulations are in force for all areas, e.g. relating to the use of cars and to the office workplace. The Group officer for this issue is the Facility Manager.

Employee health is a top priority. Only healthy, balanced and satisfied employees can make an optimal contribution to value added and the company's success. A company's workforce is its most valuable asset, and its value added is essentially built on their expertise and consulting performance. This also includes enabling employees to create and maintain a balance between their professional and private interests.

Hence, a key aspect of the USU Group's health management is promoting work-life balance. To guarantee an appropriate work-life balance for employees and to enable individual and flexible work, employees can schedule the times they work flexibly and on their own initiative – no core working hours are set. Furthermore, a wide range of time models and part-time offers are available. For example, staff have the possibility of gradually reducing their work hours of being able to take more days' vacation in return for a pay-cut. Furthermore, staff can take individual days of the week off by compressing their work hours. Naturally, employees also have the option of working from home thanks to the work from home policy. Especially during the COVID crisis, more than 90 % of employees worked from home at times in 2020 and 2021. Again in 2021, no USU employees became infected with COVID while at work.

To promote employees' health and to raise their awareness of its importance, there are regular and voluntary sessions for calisthenics and ergonomics in the workplace, plus other presentations on stress management, for example, in order to prevent burn-out. Moreover, the company's management is encouraged to address issues such as burn-out and work-life balance in an annual meeting. USU also offers a company medical service with regular consultations, vaccinations, medical check-ups, etc. Health offers and memberships, for example at a fitness studio, are also promoted. There are regular running groups as well as badminton and volleyball matches. Employees also have the opportunity to attend first aid seminars and road safety training free of charge. Fresh food is cooked every day in the bistro at the company's headquarters in Möglingen, and free fruit is available at all locations.

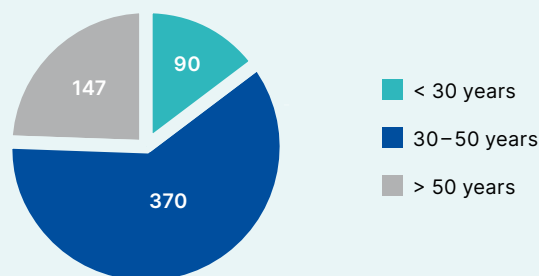
The USU Group's work in the field of health management is validated by the comparatively low sick rate of 3.0 % in Germany and 3.3 % worldwide. This is well below the average for all companies – which was 4.03 % among those covered by state health insurance according to the German Federal Ministry of Health. It is also good to know that there were again no industrial accidents, no work-related illness and no work-related deaths at USU in 2021.

Qualifications

The corporate success of the USU Group is based on the knowledge and skills of its employees, their professionalism, their character and their creativity. USU sees itself as a learning organization, in which each employee transparently shares their knowledge and newly acquired skills for the company and their co-workers. Continuous professional development programs and training courses characterize the world of work and careers at the USU Group. These are carried out on the basis of individual specialist requirements regardless of age, gender and career stage. There was therefore an average of 2.7 days of training and continuing professional development per USU employee in 2021.

It is important for the USU Group to align training and professional development measures closely with the strategy in order to have the right skills profiles available at the right time and to motivate staff to take part in the company's development. To counter the effects of demographic change, the technical and social skills of older employees are promoted in particular on the one hand, while great importance is attached to reinforcing the education and training of young people on the other. Mixed teams help to ensure that the abilities of the various employee groups complement each other well. The age structure of the workforce of the USU Group Germany for 2021 is as follows:

Age Structure of the USU Group Germany 2021



This works out as an average age within the USU Group Germany of 41 (2020: 41). The average age was 41 throughout the Group as a whole as well. A breakdown of the age structure by employee category is not available. The Supervisory Board of the USU Group consists of one female and two male members, each of whom is older than 50.

USU's in-house personnel development and training program "U Step up!" has formed an important building block of the company's philosophy for many years. The individual modules are tailored to the different employee groups and their body of experience – from career entrants (Young Professionals) and experienced professionals (Senior Professionals) to executives. The program provides a broad range of technical and methodological training courses in addition to workshops on social skills. Key areas include supporting and managing projects, designing change processes and communicating with customers and colleagues.

To take individual needs into consideration based on employees' specific training opportunities, staff are asked at their annual performance reviews and the necessary requirement is assessed. A tailored training program is accordingly produced for each individual, which is defined each year and can be adjusted in line with any change in circumstances. Among other things, individual offers are provided for staff, including training and certification in international project management standards or individual and project-based offers for IT skills development and certification.

USU strengthens the management skills of its current and future managers using the "Executive training" course module. This is a regular two-day seminar for managers, including the Management Board and the company's founder, that includes a block on team building.

The USU Group offers both a range of apprenticeships for different career profiles and the possibility to complete integrated courses of study. Apprentices also have the opportunity to attend external seminars. Furthermore, the USU Group encourages employees to work on dissertations and doctoral theses. In 2021, the USU Group Germany employed 16 apprentices and students at the Cooperative State University plus 34 interns and students on work placements.

In addition to professional development and training measures, a distinct focus is placed on health management so that employees of the USU Group can apply their services to the best possible effect over the long term. The focus is on an appropriate work-life balance and options that raise awareness, build team spirit and promote employee health. These measures are described in more detail under criterion 15, Equal opportunities.



The table below provides an overview of all key personnel indicators of the USU Group Germany (and if available, the USU Group not including the US) collected in 2021 plus reference values for 2019.

Overview of the key personnel indicators of the USU Group Germany (USU Group)

	2021	2020
Number of employees group-wide	753	724
Number of employees in germany	607	583
Number of apprentices/Cooperative State University students	16	14
Number of students on work placements/interns	34	21
Number of temporary workers	8	10
Number of severely disabled employees	19 (19)	17 (17)
Share of women in the total workforce	27.7 % (28,3 %)	28.7 % (28,6 %)
Share of women in management positions	12.8 % (13,7 %)	11.9 % (12,0 %)
Share of women on the Supervisory Board	33.3 %	33.3 %
Share of employees with a university degree	69.7 %	69.0 %
Average age	41.1 (41)	41 (41)
Number of employees working part-time	19.3 %	17.8 %
Sick rate	3.0 %	2.8 %
Turnover rate	7.4 %	9.3 %
Professional development and training days/ employee	2.7	2.5

Human rights

The USU Group is committed to the respect for human rights and recognizes its social responsibility. Further details can be found in the USU Compliance Manual. As the USU Group maintains locations exclusively within Europe and the US, where high standards apply by law, the observance of human rights is protected in the full extent at all business locations.

As purchasing consists for the most part in buying office supplies and equipment, special measures relating to the supply chain of the USU Group are a relatively secondary priority. Nevertheless, as a small and medium-sized enterprise, the USU Group maintains

intensive, personal contacts with suppliers and banks on the basis of cooperation practiced in a spirit of mutual trust. In procurement, USU focuses on the principle of "local sourcing" and where possible prefers to work with suppliers in Germany and Europe. Furthermore, USU ensures compliance with its procurement criteria. Every partner has to document their commercial responsibility at the beginning of the business relationship by signing a code of conduct. This is based primarily on the ILO core labor standards. The US Group can confirm that it is not aware of any negative impact on human rights from its supply chain that may have been caused by the activities performed by the company.

Corporate citizenship

A core element of the corporate culture of the USU Group is the awareness of its social responsibility. Great importance is ascribed to social responsibility within the USU Group. USU is aware that its success is dependent on a positive setting and is therefore committed to social, cultural and environmental concerns in the local area beyond its core business. The regional area is thus at the center of USU's community and social commitment.

The USU Group supports a large number of charitable and cultural institutions, organizations and projects. In fall 2021, there was a charity run at USU organized by employees that raised EUR 7,500 in total. This was donated to the following projects based on employees' suggestions:

- Ludwigsburg's "Aufwind bunter Kreis" Association, for prematurely born, severely or chronically ill children;
- the "Firebird" project in Aachen, for the children of parents suffering from addiction;
- Flood Relief for Children (German Children's Fund), e.g. to help rebuild educational facilities in the regions affected;
- USU's Think Pink Initiative "Cancer Relief" as part of the Pink Ribbon Germany campaign;
- the German Children's Fund's "Help for Refugee Children and Teens" project;
- "Aachen Mountain Bike Association", to help a youth club;
- Friends of the Earth Germany's "New Life for Our Forests" project to protect and restore woodlands;
- The Wittenberg Urban Woodlands Association's "Urban Woodlands Nature and Adventure Center" project.

USU donated EUR 5,000 to improve child road safety by participating in the new Road Safety Center in Asperg. Donations from USU were also received by the Möglingen Church Administration and the Möglingen Children's Nature Center, while two cash donations were made to SOS Children's Villages.

USU also donated EUR 5,000 to the Charcot Foundation, which develops new methods of diagnosis and treatment of amyotrophic lateral sclerosis (ALS). USU has also been directly supporting an ALS patient and his family for several years.

Another key issue is the educational partnership with schools and universities in the region – partnerships of this kind are currently in place with the Friedrich-List-Gymnasium grammar school in Asperg and the universities in Stuttgart and Furtwangen. Employees conduct training courses and workshops there – based on their individual expertise – and provide training or give lectures, for example on preparing job applications and PowerPoint Presentations. In addition, schools are equipped with computer hardware. Student internships are also offered. The benefits that the grammar school in the neighboring municipality of Asperg enjoys from its partnership with USU include exchanges in the areas of economics and marketing plus regular training for job applicants. In addition to the educational partnerships with schools, USU maintains intensive cooperation with universities. Students are offered the opportunity to complete their integrated studies or their degree dissertation or doctoral thesis at USU. Furthermore, the partnership is characterized by broad cooperation in the fields of research, development and innovation.

Also, the company has provided its own premises for exhibitions by local artists for more than 25 years. In solidarity with the region's artists, in March 2021 USU supported a digital benefit concert "Music4help", which raised almost EUR 75,000.

And finally, USU is also interested in sport aid – this includes direct financial support for sports clubs, individual teams and athletes as well as donations to the German Sports Aid Foundation. In particular, youth teams involving children of company employees are provided with special support, for example in the form of sports equipment, uniforms or buses for trips to tournaments.

Furthermore, employees of individual companies have the option of voluntarily donating the cents behind the decimal point of their monthly payroll statement to a charity selected by the voluntary employees' representation committee on the basis of employee proposals. USU then adds the same amount, matching

the total donation made by staff each year. Donations were also made to the Ludwigsburg Children's Hospice in 2021.

To highlight USU's social interests, the table below shows the economic value generated and distributed (EVG&D) and the resultant economic value retained for the USU Group for fiscal year 2021. This indicates the monetary share that the company puts back into the community and reinvests in its local area. The data refer to the whole Group and are not broken down by national, regional or market level, as this would have required a disproportionate amount of effort due to a lack of presentation options within the accounting software.

Economic value generated	
Proceeds	113,114,273€
= Total economic value generated	113,114,273€
– Economic value distributed	
Operating costs	37,123,472€
+ Wages and other benefits	61,345,894€
+ Payments to providers of capital	4,216,285€
+ Payments to the government	878,451€
Germany	806,602€
Austria	1,750€
Czechia	65,506€
USA	4.593€
+ Investments in the community	31,830€
– Total economic value distributed	103,595,931€
= Retained economic value	9,518,342€

Political influence

USU Software AG does not generally engage in lobbying activities and does not exert any political influence. Up to 2021, no donations or lobbying mandates at all were offered to governments, political parties or politicians. This notwithstanding, the Management Board of the USU Group takes part in the activities by the local chambers of commerce and industry as well as the sector's trade associations and gets involved in events within this framework. USU Software AG is a member of the German Association for Information Technology, Telecommunications and New Media (Bitkom), the German IT Service Management Forum, the Call Center Association of Germany, the German Customer Service Association (KVD), the German Mechanical Engineering Industry Association (VDMA), the German Investor Relations Association (DIRK) and the German Association for Small and Medium-sized Businesses (BVMW), for which it pays its membership fees. Cash and non-cash donations are made exclusively for charitable purposes and are listed under criterion 18, Corporate citizenship.

Conduct that complies with the law and policy

As a stock corporation, USU Software AG bears a special responsibility for managing the company in accordance with clear ethical principles and for setting an example in terms of conducting itself with integrity and in compliance with the law. This starts with the company's mission statement and covers everything from compliance policies and a code of conduct to work instructions and descriptions for the workflows of operating processes.

The USU Group is not active in any critical markets. The foreign subsidiaries are located exclusively in European countries and the US. The Corruption Perception Index of Transparency International,

which measures the awareness of corruption, confirms that there is a low risk of corruption in Europe and the US. Given the low risk on the markets, the USU Group has not been prepared an anti-corruption policy. Naturally, however, the company's employees and managers are made aware of this subject. They are furthermore subject to the obligation to undergo online training courses with modules on the relevant areas in which they work. Further details can be found in the USU Compliance Manual. All Sales employees also receive special compliance training. Furthermore, all locations of the USU Group are audited for corruption risks on an annual basis and countermeasures are initiated if called for. Contracts are reviewed by the Human Resources & Legal managing director to ensure there are no risks of corruption. In addition, a check is conducted of potential sales partners. As a preventive measure, every employee is required to comply with the dual control principle, in which all contracts and agreements are checked by at least one other person. There is also a policy that limits the of gifts to and from business partners. Claims for expenses and all payment transactions are checked by the Finance division and the relevant specialist department. If circumstances are thought to be suspicious, employees and other stakeholders have the possibility of contacting the compliance officer of the USU Group directly or an external ombudsman anonymously through the whistleblower system that has been integrated on the homepage. Moreover, the partners of the USU Group are required to comply with a code of conduct that it has defined.

Operational responsibility for the issues related to compliance lies with the Human Resources & Legal Managing Director. No cases of corruption have been identified for the 2021 reporting year, and no administrative fines or non-monetary penalties have been imposed on the USU Group for failure to comply with laws and regulations.

EU Taxonomy

In 2018, the European Commission passed its action plan for financing sustainable growth. So that capital flows can be channeled towards sustainable economic activities, criteria have to be established to measure an investment's environmental sustainability. This action plan therefore led to the introduction of an EU classification system for sustainable activities, which the Commission adopted in the Taxonomy Regulation (2020/852) in June 2020. These criteria are intended to avoid greenwashing (attempts to use PR or spin to convey a false impression of environmental consciousness or ecology through donations to green projects).

The EU Commission has already announced further regulations and criteria that both address other environmental objectives and amend previous standards. These regulations can affect the performance indicators to be reported and the information presented below.

For the first time, in conjunction with its broader non-financial disclosure requirements, USU Software AG is providing details on the implementation of the EU Taxonomy Regulation (Regulation (EU) 2020/852) for this reporting year. The Group is required to produce a non-financial declaration in accordance with sections 289b et seq., 315b et seq. of the Handelsgesetzbuch (HGB – German Commercial Code), and thus also to comply with the requirements arising from Article 1 of the EU Taxonomy Regulation. Six environmental objectives have been defined in the EU Taxonomy Regulation (Article 9):

- 01 | climate change mitigation;**
- 02 | climate change adaptation;**
- 03 | protection of water and marine resources;**
- 04 | transition to a circular economy;**
- 05 | pollution prevention and control;**
- 06 | protection and restoration of biodiversity and ecosystems.**

The first two environmental objectives are effective for reports published from January 1, 2022, while the others will be effective from January 1, 2023. In the

first reporting year, the economic activities of USU Software AG must be analyzed for their Taxonomy eligibility and it must be determined whether these activities fall within the scope of the EU Taxonomy Regulation.

The second step – for reports published after January 1, 2023 – is to check whether the Taxonomy-eligible activities identified are Taxonomy-aligned. They are considered Taxonomy-aligned if they fulfil all the technical screening criteria defined in the delegated regulations of the EU Taxonomy Regulation. These criteria set out the conditions under which an activity can be considered sustainable. Also, these activities must not have a significant negative impact on other environmental objectives (do no significant harm) and minimum social standards must be upheld.

In order to implement the EU Taxonomy Regulation, USU Software AG first looked at its contributions to the environmental objectives of “climate change mitigation” and “climate change adaptation”. This was done by conducting a comprehensive analysis of its relevant economic activities, the turnover resulting from these activities, the capital expenditure (CapEx) and operating expenditure (OpEx). The first step of this was to examine all economic activities and assign them to an activity according to their Taxonomy relevance. Then, the turnover, CapEx and OpEx were calculated for the relevant economic activities classed as Taxonomy-eligible.

USU Software AG offers its customers a wide range of solutions for IT and customer service. Professional consulting by USU Software AG, and its different performance modules, allow customers to acquire a bespoke solution. Throughout its entire portfolio of products and services, USU Software AG is therefore responsible for the development, licensing (SaaS or on-premises), maintenance and data hosting for software solutions in various forms. Moreover, USU Software AG invests in the acquisition of necessary third-party software for the use and development of its own software solutions. Data hosting can be assigned to activity 8.1 (Data processing, hosting and related activities) and is therefore Taxonomy-eligible.

Also, the development of solutions and USU Software AG's consulting can be assigned to activity 8.2 (Computer programming, consultancy and related activities).

In addition to external products and services, USU Software AG invests in the leasing of company cars, thereby steadily increasing the share of electric and hybrid vehicles in its fleet.

According to the analysis performed, vehicle leasing can be assigned to activity 6.5 (Transport by motorbikes, passenger cars and light commercial vehicles).

USU Software AG is an international company that operates at more than 17 locations. In order to perform its extensive services and consultations, USU Software AG leases a number of buildings. As a provider of software solutions, these are mainly office buildings. Renting these buildings can be assigned to activity 7.7 (Acquisition and ownership of buildings) and is therefore Taxonomy-eligible.

No other products or services by USU Software AG fall within the scope of the EU Taxonomy Regulation. Nonetheless, the aims of the sustainability strategy are pursued and advanced with the help of these activities.

Following the successful allocation of USU Software AG's economic activities, the turnover, CapEx and OpEx were calculated for the Taxonomy-eligible activities. Accordingly, the individual components were first analyzed and, if possible, assigned to Taxonomy-eligible activities.

"Turnover" is defined as the net turnover associated with Taxonomy-eligible economic activities (numerator) divided by consolidated revenue as referred to by IAS 1 82(a) (denominator).

"CapEx" comprises additions to intangible assets, property, plant and equipment and capitalized research and development costs. The numerator is the Taxonomy-eligible share of CapEx, while the denominator comprises additions to intangible assets in accordance with IAS 16, IAS 38 and IFRS 16.

Materials CapEx additions in fiscal 2021 include:

- building leases;
- additions to the fleet of company cars;
- operating equipment.

Taxonomy-eligible "OpEx" describes the share of Taxonomy-eligible operating expenditure to total operating expenditure. This covers non-capitalized costs that relate to research and development, short-term leases, building renovation measures, maintenance and repair. The numerator describes the Taxonomy-eligible operating expenditure, while the denominator covers the non-Taxonomy-eligible operating expenditure.

The calculations of Taxonomy-eligible turnover, CapEx and OpEx are based on the figures reported in the consolidated financial statements. To prevent figures from being counted twice, turnover, CapEx and OpEx were each only assigned to one Taxonomy-eligible economic activity.

The figures for the fiscal year are as follows:

Taxonomy-eligible shares of economic activities in 2021

In accordance with EU Regulation 2020/852, Article 8

	Total (in EUR thou.)	Share (in %)
Total turnover	111,904	
of which Taxonomy-eligible	111,837	99.94
not Taxonomy-eligible	67	0.06
Capital expenditure (CapEx)	4,194	
of which Taxonomy-eligible	3,355	80
not Taxonomy-eligible	839	20
Operating expenditure (OpEx)	18,223	
of which Taxonomy-eligible	16,686	19.57
not Taxonomy-eligible	1,537	8.43

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