

# HENSOLDT

sustainability report



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**Thomas Müller**  
Chief Executive Officer  
HENSOLDT AG

Munich, 14 April 2021

## Dear readers,

The last fiscal year was characterised by a global pandemic that confronted the world with extraordinary challenges that have still not abated. The COVID-19 virus has revealed enormous social and economic disparities and dramatically highlighted how vulnerable our society is and we as individuals are. The moments of deceleration have brought home to me how unique and precious our lives and our environment are.

The priorities of our company have in no way changed. Proportion, mindfulness and decency have always been HENSOLDT's bedrock. We assume responsibility to our employees, our customers, our business partners and our shareholders. This is not merely to assert our standing; we also contribute actively toward developing a more sustainable world.

For our enterprise as well, 2020 was a year of great changes. In September, HENSOLDT launched its successful IPO. But a company's capital-market capability is not decided by hard numbers alone. If there is one thing that 2020 taught us, it is that a sustainable and responsible approach by companies to issues of environmental, social and corporate governance (ESG) is a highly valued attribute in today's world.

With this first-ever sustainability report, we at HENSOLDT are taking a further step towards providing accountability for our business activities within these three dimensions. As you can read in the following pages, protection of natural resources, the responsible treatment of our employees and ethical enterprise management have always been key elements of our corporate culture. But you will also learn what goals we have set ourselves and what obligations we have undertaken to protect our planet, strengthen our social cohesion, help our employees realise their potential and to preserve and promote a corporate culture of integrity.

We have already achieved a great deal together. But we must continue to improve and grow if we are to fully meet your demanding expectations of us. We have thus developed a dedicated sustainability strategy in order to expand our sustainability management even further in the coming years.

**I hope you find this report as enlightening as I did.**

Yours truly,

**Thomas Müller**  
Chief Executive Officer  
HENSOLDT AG



**Sarah Sterzl**  
Group Sustainability Officer  
HENSOLDT AG

## About this report

Sustainability is a core part of HENSOLDT's corporate culture. In April 2021, HENSOLDT is publishing its first-ever sustainability report to inform its stakeholders of all activities of the HENSOLDT Group in the areas of environmental, social and corporate governance.

In future, HENSOLDT will publish a group-wide sustainability report on the company's activities. The report can be found online at <https://www.hensoldt.net>.

With this report, HENSOLDT is fulfilling its obligation to disclose non-financial information pursuant to Sec. 289, 315 German Commercial Code (HGB). In addition to the HGB requirements, HENSOLDT chose to prepare its sustainability report in orientation with the Global Reporting Initiative (GRI) standards (2016). The reporting period corresponds to the 2020 fiscal year.

To determine the material sustainability criteria, a materiality analysis was conducted according to the GRI standards and the CSR Directive Implementation Act (CSR-RUG) requirements. All relevant stakeholders were involved, i.e. management, employees, the sustainability team, customers, banks, investors and suppliers (see chapter 1).

Our business model is set out in the Management Report under I.1 Business model and I.2 Organisation and infrastructure.

Material non-financial information pursuant to Sec. 289c HGB has been audited by KPMG AG Wirtschaftsprüfungsgesellschaft (limited assurance) and highlighted in light green in the body text and the GRI Performance Table.

**"Sustainability is in our DNA. Our corporate culture enables all HENSOLDTians to actively make a contribution to our planet, animals and humankind. We stand for creating a change in our mindsets and making a difference together."**

Sarah Sterzl, Group Sustainability Officer

# corporate governance

## LIVING OUR VALUES

Cooperation, excellence, responsibility and innovation – these are the pillars on which HENSOLDT's long-term business success rests. They are considered immutable values for all employees, and are exercised by top management in their role-model function.

At HENSOLDT, corporate governance comprises all leadership structures, processes and directives. The principles of good corporate governance act as a binding element to ensure that the management and controlling of our enterprise remain consistently oriented toward ensuring a responsible, transparent and sustainable growth of the value of our enterprise. These principles unify our enterprise as a cohesive entity and, with their emphasis on sustainability, ethical responsibility and the integrity of our business practices and leadership, ensure our future success. Firmly embedded in our enterprise strategy and activities, they promote the trust of investors and financial markets, business partners, employees and the public in the HENSOLDT Group.

Our company also complies with the recommendations and suggestions of the German Corporate Governance Code.

### Practised and exemplified every day

An enterprise can only function, succeed and abide with strong leadership. HENSOLDT has firmly embedded the issues of environmental, social and corporate governance in its corporate culture under the motto, "set an example every day". The holistic sustainability programme, launched under consideration of such multinational frameworks as the GRI and the SASB ("Sustainability Accounting Standards Board"), is pursuing ambitious goals:

- **Corporate integrity** forms a core pillar of HENSOLDT's business success. To this end, our Code of Conduct sets out the ground rules for productive, respectful collaboration within the enterprise as well as with customers, suppliers and other partners. It also forms the basis for our enterprise-internal system to safeguard against corruption and other illegal actions.

- The **excellence of our enterprise** is to be assured by a quality strategy and quality policy that is conveyed throughout the enterprise by means of effective business and quality management as well as efficient configuration and data management.

- HENSOLDT takes **responsibility** for its employees, the environment and society in its risk management and day-to-day business practices. To this end, a new risk management category was implemented to assess external impacts.

- In addition to competitive working conditions and corresponding remuneration, HENSOLDT makes a special effort to offer and promote diversity and equal opportunities within the enterprise and has set itself the

goal of significantly increasing the proportion of women in executive positions. The aim is to increase the proportion of women on the Executive Committee to 35 percent and the proportion of women in our global leadership team to 25 percent by 2024.

- **As a responsible employer**, HENSOLDT has set itself the goal of supporting initiatives and talents world-wide. For example, we are currently supporting local engineers in South Africa in their career training and continuing education so that they can attain a long-term perspective in their home country.

- HENSOLDT places a high priority on **protecting the environment and climate**. Our enterprise has committed to using and handling resources and hazardous substances mindfully and responsibly. This is naturally being implemented throughout our enterprise and rigorously monitored in all divisions.

- Actions to **avoid and reduce emissions** are to be implemented in all relevant enterprise processes. In addition to investing in renewable energy sources, this includes energy saving actions as well as the reduction of waste flows, along with the consumption of paper and hazardous component substances. Compliance with all statutory and operational regulations is monitored continually and rigorously on the basis of our internal HSE-manual ("Health, Safety and Environment").

**HENSOLDT not merely strives to meet tomorrow's national and international standards of good and sustainable corporate governance. The company's corporate governance today is already making an important contribution to HENSOLDT's success. Enterprise management is fully aware that the significance of value-oriented corporate governance will only increase further in the coming years.**

# strategy, vision, materiality analysis

## GREAT EXPECTATIONS

Strategically identified enterprise values that are firmly embedded in all processes and practised daily form the basis for acting responsibly in all situations at HENSOLDT. Because our slogan “HENSOLDT provides solutions” applies not only to our products but to our enterprise-wide sustainability management system as well.



Comprehensive sustainability management that covers all ESG elements has always been an integral part of all activities at HENSOLDT. This was expanded dramatically in 2020, with the aim of being among the best here, too.

“We are passionate about the pioneering work we’re doing in developing competitive premium sensors and are striving to support our customers’ success as a preferred global partner. We want to make a major contribution to protecting nations, people and global biodiversity through innovative solutions for defence and security. Our people are our most valuable resource, and we take pleasure in working in an exciting international high-tech environment. We offer them a broad selection of individualized options for every phase of their personal lives and careers and are actively concerned for their well-being.”

Thomas Müller, Chief Executive Officer, HENSOLDT AG

### From good to better – HENSOLDT’s sustainability management

With the support of the Board and the divisions, the newly created function Group Sustainability Manager now oversees all activities jointly with a Steering Committee, under the Board’s leadership, as a central coordinating body. The emphasis is on improving the collaboration between the various line departments within the enterprise and between our international sites. A comprehensive materiality analysis covering all major sustainability issues was prepared for the first time, in close communication with all of the company’s stakeholders – employees, management, investors, customers, suppliers, associations and local governments. HENSOLDT’s vision, objectives, priorities and obligations were set out in a Sustainability Charter. Finally, the company is publishing its first sustainability report, based on the GRI standards, in 2021.

HENSOLDT’s sustainability management is to be continually refined and improved through substantial investments and deep commitment.

### The HENSOLDT materiality analysis

The purpose of the current materiality analysis is to ensure that the issues where HENSOLDT’s activities have the greatest impact on the economy, society and the environment, and those most affected by the decision-making processes of the stakeholder groups, are accorded the highest priority. Additionally, the analysis identifies the issues that HENSOLDT deems relevant to business, clearly sets out the relevance of individual areas, and examines how they interact with each other. The three-dimensional matrix of the materiality analysis was prepared in orientation with the GRI standards and the CSR-RUG, carried out with the involvement of all relevant stakeholders, and finalised on the basis of the results of a management meeting.

As a guide for future action, the matrix serves as an important decision-making aid and as the foundation for HENSOLDT’s sustainability strategy.

Concepts were prepared for the material issues identified in the matrix, and risks and opportunities were analysed by means of an enterprise risk management (ERM) process. With respect to the material issues, the risk analysis did not identify any significant risks as of the date of reporting arising from our own business activity or from any business relationships or products that have or will have a high likelihood of severe negative impacts on the non-financial aspects.

In the current iteration of the analysis, business integrity and health and safety were identified as key issues. Further areas of emphasis include product responsibility and ongoing employee development as well as diversity within the enterprise.



**The HENSOLDT Sustainability Charter**

The new HENSOLDT Sustainability Charter defines the purpose, objectives, priorities and obligations of the enterprise.

**“We at HENSOLDT exist to pioneer technologies and human potential that promote the protection of all kind of species worldwide. Our activities shall serve the higher purpose of securing the freedom and future of our planet, our nature, and our lives.”**

**HENSOLDT's self-concept**

**The objectives and priorities of our enterprise**

At HENSOLDT, sustainability management pursues three clearly defined objectives:

1. Expanding our product and solutions portfolio by combining state-of-the-art innovation and sustainability.
2. Creating a platform for ingenuity and excellence by leveraging our human potential and captivating the pioneers of tomorrow.
3. Minimizing our ecological footprint and answering societal demands by finding solutions to conserve our resources.

From these objectives, HENSOLDT derives clear priorities. The company is committed to protecting the planet, making our societies more resilient, realising the potential of our employees, preserving and promoting a corporate culture of integrity and supporting social interaction and cohesion.

**The entrepreneurial obligations**

In line with our corporate values, HENSOLDT undertakes the following commitments:

**Product Responsibility**

Our products shall detect threats, secure safety, and further, protect those, who committed to protect us. Through our strict export compliance, we take responsibility for the use of our products. Constant safety improvements, the management of materials and the promotion of innovation ensure that we achieve our goal. In addition, we are keen to use our technology to protect our nature or contribute to the development of our society.

**People Development, Training and Education**

We encourage our people to grow personally and professionally and pave the way for pioneers and inventive spirits. We embrace joyful and individual learning experiences throughout all stages of life.

**Equal Opportunities**

We secure equal opportunities and value each individual because uniqueness in an inclusive work environment nurtures creativity, ingenuity and high performance.

**Respect for Human Rights**

We ensure high standards of labor conditions and respectful conduct towards one another. The well-being of all people involved is key to us, we protect people and the business through health & safety initiatives as well as our internal Compliance and other rules and processes.

**Compliance, Anti-Corruption and Bribery**

Our compliance program seeks to ensure that HENSOLDT's business practices are not only in line with laws and regulations but also with our high ethical standards at all times. Guided by principles of transparency and integrity, our management commits to implement a culture of responsibility down to the individual employee living this culture every day.

**Corporate Citizenship**

Eager to foster relationships with communities close to our sites, we support local organizations around the globe and also encourage our employees to engage in voluntary work.

**Environment**

We are committed to reduce environmental impacts of our operations and products, conserve our resources and even to develop solutions that contribute to the protection of the planet.



HENSOLDT  
sustainability report

**RESPONSIBLE BUSINESS  
PRACTICES AND  
BUSINESS INTEGRITY**



# compliance and anti-corruption

## ZERO TOLERANCE

HENSOLDT's products are, by their technical and physical nature, always subject to tolerances – miniscule though they may be. When it comes to compliance and anti-corruption, our attitude is diametrically opposed: the company pursues a strict zero-tolerance approach.

HENSOLDT's business is not only based on the four principles of cooperation, excellence, responsibility, and innovation. These four pillars themselves stand on the unshakeable foundation of a comprehensive compliance programme. As the basis for all business activities and a core element of our Group culture, it protects our employees, the company and its reputation, as well as HENSOLDT's customers, through a rigorous zero-tolerance approach. The aim is to ensure ethically correct action on all levels of our business and systematically prevent violations of laws and regulations.

**"We're convinced that a culture of integrity contributes decisively to increasing our global competitiveness."**

Thomas Müller, Chief Executive Officer, HENSOLDT AG

### Our foundation: The HENSOLDT Code of Conduct

The same Code of Conduct applies to all employees of HENSOLDT companies, regardless of their location, position in the enterprise, or division. It sets out their general rights and obligations and defines mandatory basic rules for internal cooperation. The Counterparty Due Diligence Directive (CDDD) applies for dealings with customers and partners, while the CSR Sourcing Policy governs our supplier relationships. As one of its main tenets, the Code of Conduct also challenges all employees to communicate openly. In addition to reporting possibly suspicious activities directly to their supervisors, employees also have the option of reporting them via the HENSOLDT OpenLine, a platform that permits anonymous reporting 24 hours a day. No serious cases were reported in the year under review. The results of the analysis are presented to the Board and the Executive Committee.

**"HENSOLDT's Code of Conduct is the keystone of our commitment to integrity. It describes minimum standards to which each of our employees must adhere world-wide. We consider ourselves obligated to conform to the highest professional standards."**

Solms Wittig, General Counsel, HENSOLDT AG

All employees regularly receive information and training as to the content and requirements of the Code of Conduct and other compliance regulations. One key aspect is to strengthen the individual responsibility of each employee and heighten their awareness so that they can better recognise risks. Executives are involved in all facets of our compliance programme and are called to actively communicate the significance of the programme to their subordinates.

### Respect for human rights

HENSOLDT places a high priority on complying with our international obligations to protect human rights. As a generally applicable codex, the Code of Conduct asserts HENSOLDT's commitment to upholding human rights – both within and outside the enterprise. The values and practices to which HENSOLDT is committed correspond to internationally recognised standards as set out in charters, declarations and guidelines, including the Universal Declaration of Human Rights, the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the OECD Guidelines for Multinational Enterprises and the International Labour Organisation Declaration on Fundamental Principles and Rights at Work.

The supplier self-assessment according to the directives of the International Labour Organisation and the Counterparty Due Diligence Directive additionally apply to ensure compliance with international standards in our dealings with business partners. Within the enterprise as well, dealing respectfully with one another across all levels and regions is of paramount importance: HENSOLDT's values are not merely window dressing, but an essential part of our daily practice.

## Core areas of the HENSOLDT Compliance Programme

### 1. Anti-corruption

HENSOLDT has realized the risk of corruption in the defence segment, which receives particular public scrutiny, as high. HENSOLDT rejects all forms of corruption, regardless of whether public or private, active or passive, through an uncompromising zero tolerance policy. With a special focus on corruption risks arising from dealings with commercial agents and third parties, we have developed a special system for assessing the risk of non-compliance with anti-corruption guidelines practically and with due care. This is effected through HENSOLDT's Counterparty Due Diligence Directive (CDDD) along with internal audits. The aim is to minimize corruption risks at all times.

Deals that are irreconcilable with HENSOLDT's values and our strict risk tolerance are declined – even where this means waiving (new) business. Extremely strict prerequisites apply for contingency-fee agreements; they are monitored strictly and avoided wherever possible. The same applies for every form of compensation agreement. All employees must also adhere to identical, clearly defined rules regarding gifts and invitations.

The Counterparty Due Diligence Directive, implemented in as early as 2018, forms the basis for all dealings with business partners and contains special rules of conduct and duties of care with respect to the specific regional and transaction-related risks of a case.

To ensure compliance with all rules and the implementation of the CDDD, HENSOLDT has expanded its internal Compliance Team substantially in recent years and provided it with the necessary resources. A validation committee has also been formed especially to review particularly risky transactions. Consisting of the CEO, CFO, Head of International Business Development, General Counsel and Head of Compliance, this body assesses proposed transactions and commitments with respect to the applicable CDDD and compliance rules.

### 2. Data protection

At HENSOLDT, data protection means more than just complying with legal requirements: it is also an expression of morally above-board and extremely mindful dealings with employees and business partners. Our own, globally valid Data Protection Directive, which complies with the EU General Data Protection Regulation (GDPR), demands all employees to protect data and information systems against attacks.

Employees are supported in this by our own Data Protection Officers as the main points of contact for all issues relating to IT and data protection.

### 3. Export compliance

HENSOLDT's international business is subject to numerous sales and export restrictions and controls. To comply with government approval requirements and moratoriums, Group Export Compliance disseminates the generally applicable regulations, monitors the individual transactions from the perspective of export control and risks of economic sanctions on the Group level, and forwards individual applications for export permits to the responsible authorities.

Compliance with all necessary directives and procedures, including an anti-boycott guideline, an anti-corruption directive, the CDDD and all other compliance regulations and standards for business conduct, aims to ensure successful export business within the parameters of the respectively valid rules.

### 4. Monopoly and competition law

HENSOLDT is subject to a wide variety of competition and monopoly statutes that protect diverse and free competition and are overseen by national and supranational authorities. Compliance with these laws is the task and duty of all HENSOLDT employees and forms the basis for every business transaction. The Compliance and Legal units have published mandatory requirements and guidelines; they advise and train all employees to ensure compliance with all monopoly and competition regulations.

### 5. Involvement of our supply chain

HENSOLDT also expects and actively demands of all its business partners that they comply with the global standards that the company has adopted with respect to issues such as human rights and labour law. To this end, the guidelines for the purchasing terms and conditions contain the international regulations and conventions of the OECD and the International Labour Organization (ILO), such as the prohibition of forced labour, child labour and discrimination. National provisions, such as the United Kingdom Modern Slavery Act 2015\* to prevent the criminal exploitation of labour, form a further pillar. Additional defined, strict requirements apply in the areas of occupational safety, health, environmental protection and hazardous substances.

While these are currently queried and monitored via a supplier self-assessment, an additional Supplier Code of Conduct as an integral part of Supply Chain Management will in future develop the supply chain further to make it even more sustainable. In 2020, there were no cases on record in which suppliers were excluded on the basis of their self-assessments.

### 6. Focus on the human element

HENSOLDT consistently places the focus of all its compliance activities on its employees, as comprehensive integrity can only be achieved if each individual does their part. The aim is to ensure the long-term success of the company, in line with the motto "Only honest business is sustainable business".

\* The Modern Slavery Act Statement of HENSOLDT AG can be found under Sustainability | HENSOLDT

# corporate digital responsibility

## KEEPING DATA SECURE

Data and IT infrastructure play an ever-increasing, and in many sectors decisive, role in HENSOLDT's numerous digitalization actions. Securing our digital viability and thus also protecting the intellectual property of the company and its customers is a vital task.

At the same time, digitalization is being utilised to enhance sustainability in many areas.

Within a framework defined by numerous legal obligations, national and international directives, conventions and commercial practices, data security has a high priority at HENSOLDT. Within the context of a comprehensive data protection management approach, numerous actions contribute to the continual monitoring and documentation of compliance with the defined data protection principles. Actions include, for instance, the defined protection objectives and classes, along with HENSOLDT's documentation management. These enable us to guarantee protection of often particularly critical data in the security and defence sector and to prevent violations.

In addition to the technical prerequisites, the focus is on sensitising employees to handle data responsibly and sustainably and on the (new) challenges of data-driven business models. Because the human factor presents the greatest risk potential. To make employees even more mindful of possible risks, HENSOLDT launched a comprehensive cybersecurity awareness campaign in 2020. Mandatory training modules were also posted on the intranet, and success was documented by means of tests that simulated phishing attacks.

**“All employees are expected to be constantly mindful of data protection when performing their day-to-day tasks. All executives are obligated to ensure and verify that their subordinates comply with the data protection regulations. Every employee who identifies a vulnerability in the area of data protection is obligated to report this to his or her supervisor or the Group Data Protection Officer.”**

Excerpt from the HENSOLDT Data Protection Policy

HENSOLDT's data protection policies and measures are based on legal requirements and in line with the European General Data Protection Regulation, forming the basis for the company's high standard of global data protection.

### New business models – new risks

In the context of continually advancing and accelerating digitalization and networking, new business models and digitalization concepts are constantly emerging at HENSOLDT. Data make possible new products, product applications and innovative services, as well as altered work models. The pandemic gave further momentum to this trend in 2020. Remote maintenance and services are increasingly becoming the rule, Industry 4.0 is transforming manufacturing, artificial intelligence has reached the tipping point and mobile working has now become the norm for many employees. At the same time, opportunities for enhancing efficiency and improving the use of resources are opening up along the entire value creation and production chain.

To minimise the resulting potential risks, the Data Protection Management team, which reports to Legal, is continuously developing the HENSOLDT Data Protection Management programme in compliance with all regulatory requirements and our own integrity standards using a risk-based approach. Under the Board's oversight, the team is developing and deploying processes and systems intended to ensure that our information processing is effective and efficient, secure yet powerful. These include the protection objectives and classes as well as HENSOLDT's documentation management. In this way, we are safeguarding the data of all employees and customers as well as those of our other stakeholders.

Our aim is to ensure the protection of data meets the high level of international standards and to prevent or defeat any intrusions.

In addition to defined principles for handling data, the action framework applicable world-wide at HENSOLDT under consideration of market-specific and regional differences also comprises issues such as transparency, self-determination and general data security.

### Digitalization and sustainability

At the same time, increasing digitalization and the use of digital technologies present new opportunities for sustainable living and business. In harmony with the sustainability strategy of the German Government, HENSOLDT further reduced its ecological footprint in 2020 by means of various digital sustainability initiatives.

The optimisation of mobile working during the pandemic made a substantial contribution here. Even after the pandemic is resolved, HENSOLDT intends to integrate mobile working as a normal part of our future day-to-day enterprise operations. New applications will be reviewed before their rollout to determine whether they can concurrently be made available to mobile users, e.g. via their phones. The rollout of Microsoft Teams as the central communication and data exchange platform of the HENSOLDT Group also plays a role here. The use of dashboards also makes it possible to visualise and track KPIs.

Concurrently, HENSOLDT has developed and implemented new solutions for remote maintenance and remote customer service as well as for customer education services and presentations. These leverage the potential of virtual reality and 3D simulations and not only improve customer service, but also significantly reduce business travel, and thus CO<sub>2</sub> emissions.

In addition to reducing its ecological footprint, HENSOLDT also places a high priority on the responsible use of core technologies such as artificial intelligence (AI). Today, AI technologies are in use at HENSOLDT across all divisions. This means that HENSOLDT must ensure that ethical principles are complied with in both the development and the application of AI. Ultimately, HENSOLDT's technologies are all about people.

Thus, secure, protected information technology together with the responsible behaviour of all employees form the basis for a HENSOLDT future that is both digital and sustainable. The principle that "the data are secure" creates scope for added value – to the benefit of our employees, our customers, the enterprise, and the environment.

HENSOLDT

# sustainability report

OUR PEOPLE

# our people



All figures in this chapter pertain to the headcount of all HENSOLDT companies within the scope of consolidation. Sales Representative Offices are excluded. Deviations in the (employee) figures may therefore occur in the Management Report.

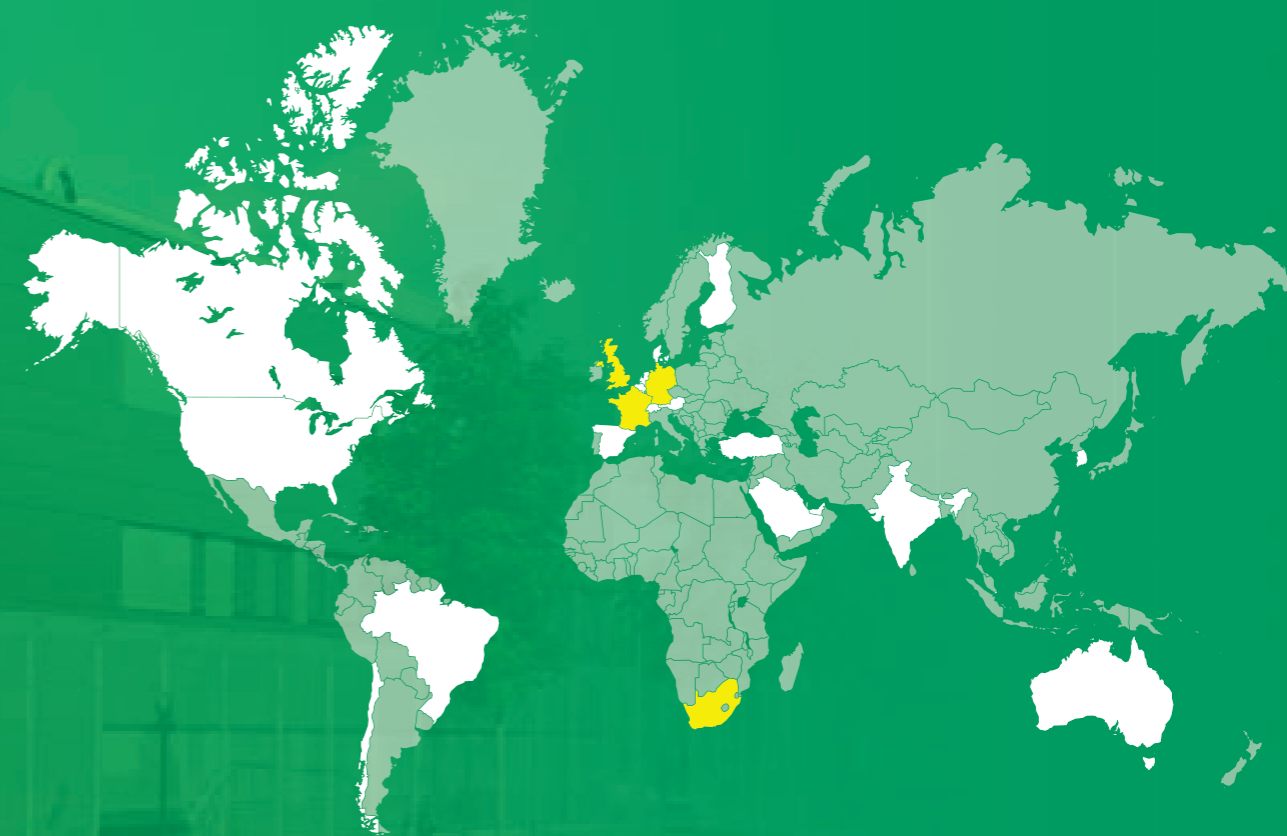
HENSOLDT is headquartered in Taufkirchen, an important German centre of defence-related innovation not far from Munich. HENSOLDT is represented around the world – in Europe, Asia, North and South America and Australia.

HENSOLDT can strategically serve its growing customer base from close to 40 locations world-wide. Outside of Germany, HENSOLDT is mainly active in France, South Africa and the UK.

As of 31 December 2020, the Company employed 5,227 persons. Just over 70 percent of our employees work at sites in Germany, followed by just under ten percent in South Africa and France and approximately three percent in the UK.

Women account for roughly 22 percent of employees. On management level in the global leadership team, this proportion is just under 15 percent respectively 22 percent in the Executive Committee.

The age distribution of employees is very balanced and is as follows: approx. 26 percent of employees are under 35 years of age, approx. 25 percent are aged 35 to 44, another quarter is between 45 and 54, and just under 25 percent are over 55 years of age.



- **HQ/production (Industrial sites): Germany, South Africa, France, UK**
- Sales representations: Spain, Finland, Belgium, USA, Chile, Brazil, Singapore, Australia, South Korea, India, UAE, Saudi Arabia, Turkey



# training, continuing education and talent promotion

## MANAGEMENT APPROACH

The ongoing training and continuing education of employees and the targeted promotion of talents are a dynamic part of HENSOLDT's enterprise strategy and philosophy. The HENSOLDT Academy and internal development programmes aim to ensure the continual development of the capabilities and competences of all employees within the enterprise. The HENSOLDT Academy offers a modern, technically sophisticated portfolio that optimally supports the continuing development of the operational departments.

HENSOLDT is striving to master present and future challenges even better. These challenges include issues such as recruiting talents in an ever tighter market, new work and flexible working time models as well as new requirements for employees in general. To this end, HENSOLDT is developing an initiative-based, self-guided learning culture and continually expanding the accessibility and flexibility of its learning offerings. Today's education portfolio already includes numerous needs-based e-learning offerings and blended-learning concepts that combine in-person and e-learning. New formats for informal learning and target-group-specific learning paths are currently in preparation.

We continually refine the quality of our educational offerings to ensure success and guarantee the transfer of the learned skills to practice. To enable this, a systematic "hot" feedback session takes place directly at the end of every activity. The transfer to practice is verified six weeks later through a second, "cold" feedback cycle. The HENSOLDT Academy regularly reports on the assessment rate and the return rate in audits and to the Supervisory Board.

As a part of our strategic human resources planning and development, continuing education and talent promotion at HENSOLDT play a major role in fostering employee loyalty, increasing their satisfaction and performance and realising hidden potential. At the same time, this heightens our attractiveness on the labour market.

### Our people – our capital

New trends in the work sector make it necessary, new technologies make it possible. HENSOLDT's most important capital, its employees, are the focus of a future-oriented human resources policy that centres on life phases.

HENSOLDT recognises the value of its employees. In line with this understanding, the HENSOLDT Academy offers employees a wide range of development formats and continuing education offerings. These include in-depth specialist training in relevant areas such as engineering as well as in soft skills and global leadership, in a manner appropriate to each career and life phase. The world of work is changing at breath taking speed – and accelerated further in 2020 on account of the pandemic. In spite of the exceptional situation, just under 3,500 employees in Germany were able to take part in a range of training and continuing education offerings last year, amounting to more than 47,000 training hours. The objective is to interest new talents for HENSOLDT and foster loyalty among all employees. Consequently, we need to make sure that they are on board with the programme, involve them closely in the upcoming changes and prepare them for new challenges.

### Finding and developing talents

To enhance our attractiveness as a place to work, HENSOLDT's efforts start with our youngest employees: for example, students who take part in development programmes concurrently with their studies receive special coaching, can get to know multiple sites and are closely integrated in existing teams.

On their subsequent path to executive management at HENSOLDT, they, like all managers, have the opportunity to take part in the internal, cross-hierarchic and cross-function leadership programme iLEAD@Hensoldt, which during the pandemic shifted ad-hoc to virtual environments and continued without a missing a beat. This programme enables agile, constructive communities of managers to emerge. Their testimonials confirm the programme's success. Two examples: "Change begins with oneself! iLEAD made it possible for me." Or: "iLEAD is an excellent roadmap for discovering what's important in life, both personally and career-wise."

### Utilising the opportunities of digitalization

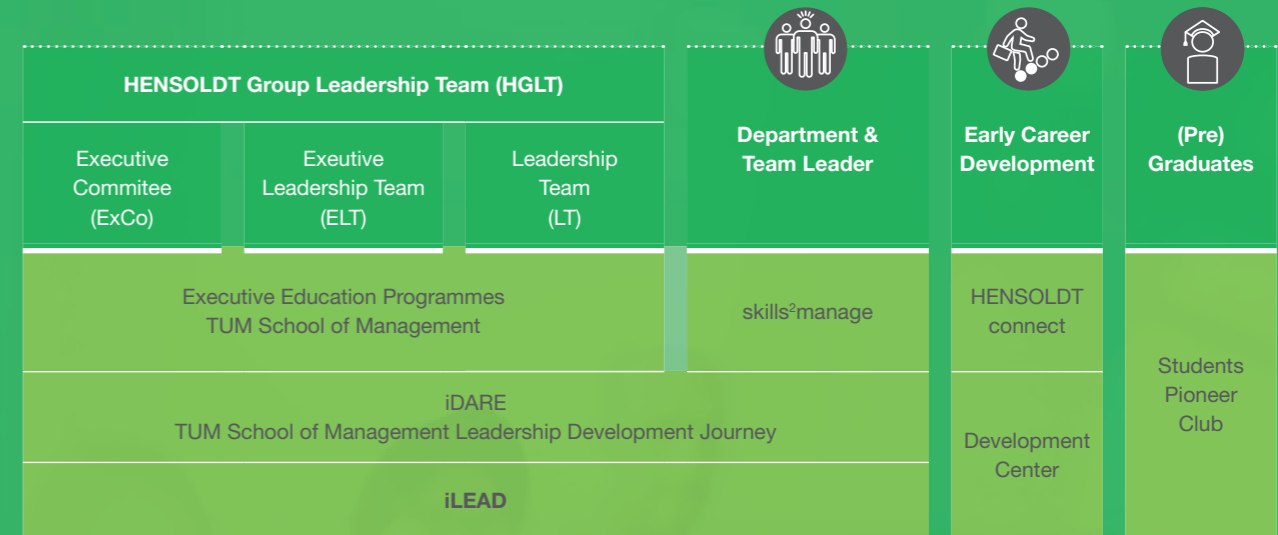
Already a key part of every job, digitalization is changing day-to-day work, but also the possibilities for acquiring new skills or learning new kinds of leadership. Digital networking is now a regular part of everyone's workday, and wherever possible and productive, it is also used increasingly extensively at HENSOLDT for talent development and continuing education. Agile working methods are developed and promoted. Entrepreneurial thinking is placed at the focus of all actions. This generates inspiration and innovation.

This again proved true during the pandemic, when employees had the opportunity to advance their careers through a broad range of e-learning offerings even while working from home. Access to course materials in digital form and digital instructional media such as videos, web-based training and web conferences made learning flexible and independent of time and place. Thus, 47 percent of all training and continuing education offerings were held virtually in 2020.

### Youthful enthusiasm and lifetimes of experience

As our response to demographic change, technological and social developments and sociological trends, HENSOLDT is placing increasing emphasis on a life phase-oriented human resources policy. It focuses on the different life and career phases. The aim is to enable all employees to reconcile their careers and personal lives through individualised solutions. Because at HENSOLDT, satisfied, healthy, committed and motivated employees form the capital for our future.

### Overview of HENSOLDT's development programmes



### HENSOLDT's development programmes

From students to managers, HENSOLDT offers appropriate continuing education and development programmes for all employees. Some examples:

**Students Pioneer Club:** This development programme, running concurrently with academic studies, integrates particularly talented and motivated students in existing HENSOLDT teams and provides coaching and training to bind talents to the enterprise early on.

**HENSOLDT Connect:** This network links dedicated employees in all Divisions and age groups both with each other and with the managing directors and other interest groups. This communication fosters an innovation culture in which the participants develop their potential through various projects and coaching-oriented oversight.

**iLEAD@HENSOLDT:** This cross-hierarchic, cross-function global leadership programme for executives from all business units communicates key knowledge and aspects of employee management, with the aim of achieving a shared HENSOLDT leadership and value culture

**Executive Education Programmes:** These management courses at Munich's TUM School of Management, adapted to HENSOLDT's specific requirements, are open to all executives. Offerings cover areas such as employee management, communication, sustainability, innovation, finance and change management.

**iDARE:** This programme, offered in cooperation with the TUM Technology and Entrepreneurship Center, aims to foster a leadership culture that promotes inspiration. The focus is on acquiring digital leadership skills and agile working styles – iDARE stands for Innovation, Digitalization, Agility, Reflection and Entrepreneurship.

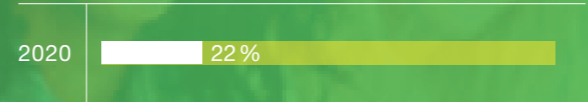


# diversity and equal opportunity



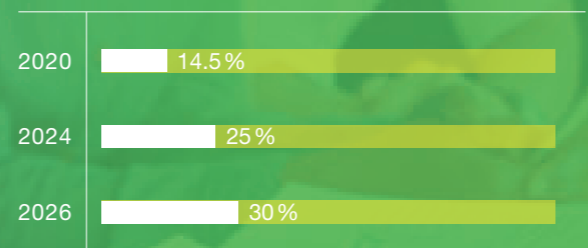
## MANAGEMENT APPROACH

### SHARE OF FEMALE EMPLOYEES AT HENSOLDT

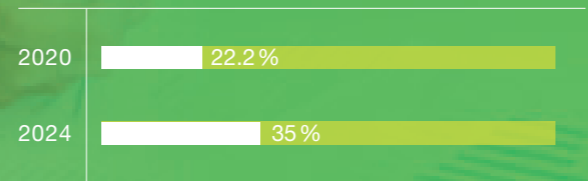


### OBJECTIVES

#### TARGET SHARE OF FEMALE EMPLOYEES IN: GLOBAL LEADERSHIP TEAM



#### TARGET SHARE OF FEMALE EMPLOYEES IN: EXECUTIVE COMMITTEE



HENSOLDT understands diversity management as a comprehensive, enterprise-strategic task. The aim is to establish structures and practices that ensure true equality of opportunity, which will enable us to maximise the advantages of diversity irrespective of gender, nationality, sexual orientation, religion or culture. One key focus here is on promoting women managers, inclusion and international diversity. In an integrative working environment, uniqueness enhances creativity, inspiration and the desire to excel.

With respect to the strategic objectives of ensuring competitive working conditions and promoting true diversity and equal opportunity in all its aspects, HENSOLDT has defined three focus areas:

Creating a corporate culture that appreciates each individual employee and consciously promotes diversity. Managers serve as active role models for this culture and carry it into all areas of the enterprise by means of various initiatives. Regular updates serve to verify success; the presentation of diversity awards can promote internal and external awareness.

Talent management that routinely invites at least one comparably qualified woman to selection interviews to increase the diversity in the global leadership team as part of succession management. Additionally, all employees receive mandatory training in the diversity areas and are encouraged to take advantage of individual continuing education.

Increasing the public perception of HENSOLDT as a great place to work that both appreciates diversity and promotes modern, flexible work models such as part-time work, mobile working and an inclusive working environment. Female talents in particular are addressed through targeted image campaigns and participation in joint projects with schools and universities, as well as through private-sector initiatives.

The success of all actions is reviewed regularly on the basis of defined performance indicators, adapted as necessary and taken into account in management remuneration. In this way, HENSOLDT realises the potential inherent in diversity and creates added value through appreciation.

### Top management for equal opportunity

As an international enterprise, HENSOLDT has always promoted diversity and equal opportunity for its employees as a matter of course. New initiatives such as “Elevate” aim to increase the proportion of women in executive positions even further.

**“We want more diversity in thought and action at HENSOLDT – that promotes creativity, innovative spirit and satisfaction within the enterprise. Women account for less than 15 percent of our leadership team – we are going to change this!”**

Thomas Müller, Chief Executive Officer, HENSOLDT AG

International studies\* have found that enterprises with a vibrant culture of diversity and equal opportunity are up to eight times as successful, six times as innovative and agile and can generate three times the performance, and achieve or exceed their financial targets twice as often as companies without such a culture. Reason enough for HENSOLDT to not just settle for what it has already achieved.

HENSOLDT promotes talents – regardless of their age, ethnic and social origin, nationality, religion, ideology, gender/gender identity or sexual orientation – through numerous initiatives world-wide. Targeted actions focus on specific target groups. Two examples: For some years now, HENSOLDT South Africa has been supporting previously disadvantaged individuals and local engineers in their pursuit of career training and continuing education through the Black Economic Empowerment Programme. And as a member of the industry-wide initiative Women in Defence, HENSOLDT supports women engineering students as prospective hires.

The most recent programme, HENSOLDT Elevate, additionally seeks to increase the proportion of women in executive positions.

### More than just a promise

Women are under-represented in executive positions, particularly in the traditionally male-dominated defence industry. At HENSOLDT, just under a quarter of all current employees are female, and women occupy a total of 15 percent of executive positions. The Elevate programme, launched and overseen by the Board, will develop concepts and actions intended to double the proportion of women in executive positions by 2026.

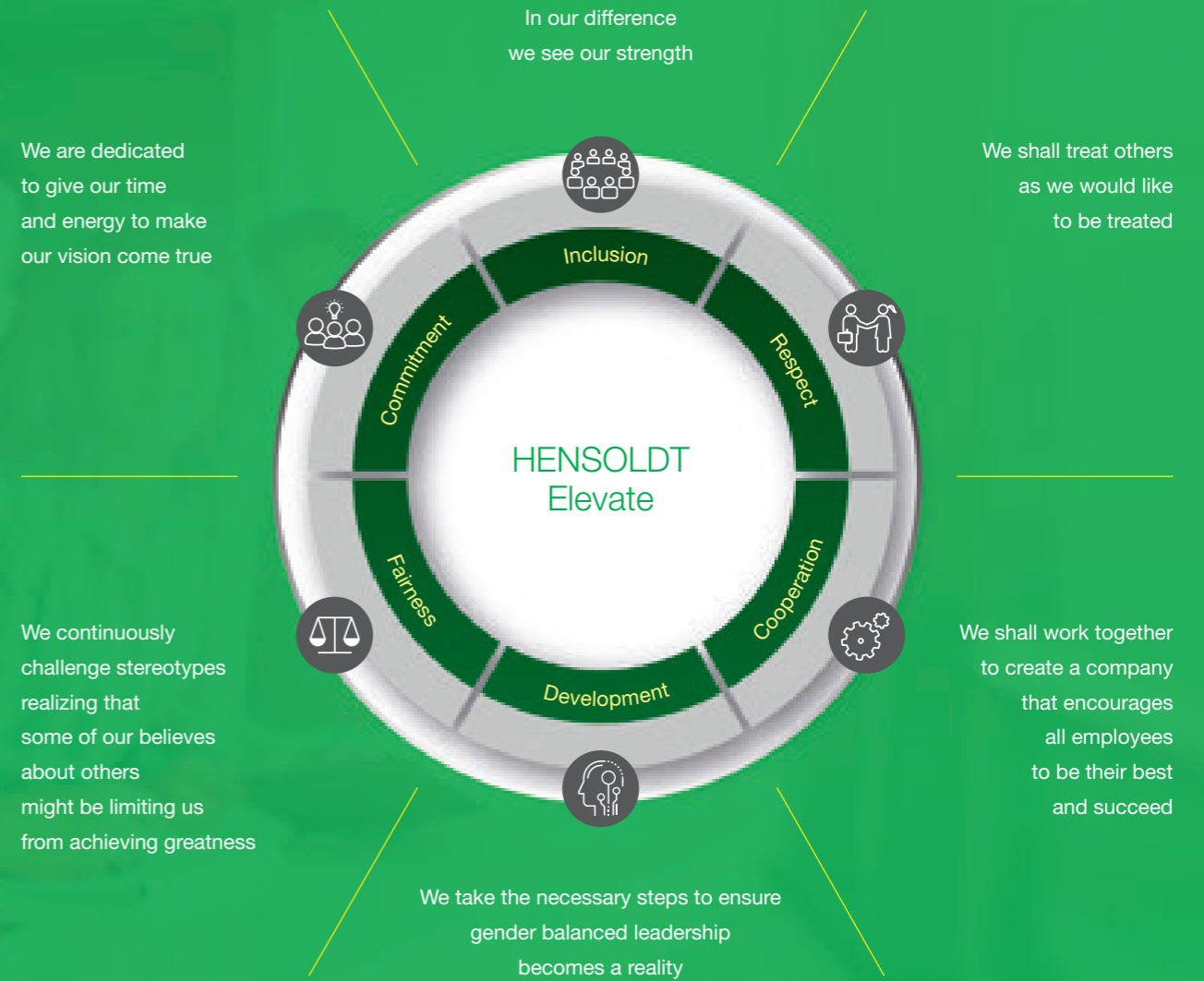
This programme rests on three pillars that will transform our entire enterprise. A new corporate culture will recognise and promote diversity as added value even more strongly. A strategic career development approach will specifically address women managers, recruit them to our company and provide them the opportunity to further develop their skills. Finally, new, flexible work models and support for families will make it possible to overcome traditional role images.

New training programmes and mentoring formats promote women, but also generally support and motivate all employees in our enterprise. New hiring will focus more intensively on female talents. Going forward, HENSOLDT wants to create a community with Elevate. This new platform aims to organise events for sharing experiences and to stimulate new ideas and a cultural debate.

### Diversity in thought and action

Additionally, HENSOLDT joined the initiative “Chefsache” in June, 2020. This network, founded under the patronage of Chancellor Angela Merkel, is made up of executives from business, academia, the public sector and media. It aims to promote a balanced ratio of women and men in executive positions.

### HENSOLDT Elevate



\* Juliet Bourke (2016) Which two heads are better than one? How diverse teams create breakthrough ideas and make smarter decisions, Australian Institute of Company Directors, in: [https://www2.deloitte.com/content/dam/insights/us/articles/4209\\_Diversity-and-inclusion-revolution/DI\\_Diversity-and-inclusion-revolution.pdf](https://www2.deloitte.com/content/dam/insights/us/articles/4209_Diversity-and-inclusion-revolution/DI_Diversity-and-inclusion-revolution.pdf)  
Deloitte Review (22) The diversity and inclusion revolution: Eight powerful truths.



# health and safety

## MANAGEMENT APPROACH

HENSOLDT's activities relating to employee health and safety far exceed the legal requirements. Compliance with these is continually monitored by the Health, Safety & Environment (HSE) site managers and coordinated with Board Members and the Executive Committee. On account of COVID-19, it was not possible to initiate all actions, but this will be remedied in 2021.

One special focus here is on supporting employees with targeted health and screening programmes that focus on both the working environment and individual behaviours. All employees are continually motivated to take responsibility for their own health. Attractive offers create additional incentives. HENSOLDT aims to expand this "be well, feel well" culture in future. This comprises not only safety and ergonomics in the workplace, but also offers health campaigns and addresses dealing with mental stress.

All relevant, mandatory environmental protection and work safety obligations must be fulfilled, occupational safety requirements and statutorily mandated working conditions must be complied with and potential dangers minimised. To achieve this, HENSOLDT implements actions such as influenza vaccinations, psychological risk assessments and consultations for psychosomatic problems.

The target attainment level of all HSE programmes is determined and monitored through internal inspections on the business unit level as well as by external certification audits, and HSE Management and the HSE Management System Officer report on these to Board Members and the Executive Committee at regular intervals. Health surveys and internal audits help to identify any deficits and eliminate them early on. Management assesses the suitability, appropriateness and effectiveness of the integrated HSE management system at regular intervals, thus ensuring that it is continually refined (last assessment June 2020). The audit report describes strengths and improvement potential, which leads for instance to extensions of the HSE programme or actions to heighten employee awareness.

In this way, we create a working environment in which employees stay healthy, feel safe and enjoy working.

### Health and safety – overcoming the pandemic together

At HENSOLDT, our employees' health and safety has always had a high priority – in line with the company motto, "Detect and Protect". But in the pandemic year 2020, no other area was nearly as critical.

When a company like HENSOLDT is in the business of protecting other people, the health and safety of its own employees naturally also plays a key role. Stringent occupational safety standards, organised across the entire Group, have always applied in all divisions. Regular health check-ups and comprehensive fitness and sport programmes are standard practice.

### The pandemic challenge

In light of the global pandemic situation, HENSOLDT immediately adapted and intensified its health-related efforts in 2020 to protect the health of our employees and business partners. As early as February 2020, HENSOLDT began putting together a COVID-19 task force. Through a process of ongoing, intensive consultation, this task force succeeded in finding robust solutions to reconcile health protection and the continuation of business from the outset. The comprehensive concept includes the hygiene measures that have since become standard practice, the development of clear parameters for day-to-day work, a huge expansion of mobile working and even site shut-downs in Germany at the beginning of April. In addition to organising online conferences, the task force came up with an array of innovative solution approaches for the diverse challenges posed – in the fields of product acceptances, service and support for partner enterprises, to name just a few. Clear, constant communication with employees is a key element in HENSOLDT's crisis management strategy.

Flexible solutions for additional protection of employees were also found in Production. Rules for staggered working times were hammered out in record time. Further protection measures included the installation of Plexiglas shields between individual workplaces, reducing indoor traffic and in-person meetings and implementing general distancing measures. Dealing with the pandemic brought to the fore the wealth of ideas and volunteer spirit of HENSOLDT's employees. On the initiative of individual employees, 3D printing processes were used to develop frames for face shields to reduce the risk of infection. Particularly in times of crisis, mutual support and protection is vital for HENSOLDT.

Free flu jabs were additionally offered at all sites in accordance with the recommendations of the Standing Committee on Vaccinations (STIKO) at the Robert Koch Institute.

### Safety in the workplace

HENSOLDT has always emphasised health and safety, not only during crises. A comprehensive occupational safety programme safeguards the well-being of all our employees. The HSE Notice Laws and Regulations form the legal framework for this. Elected representatives from the various locations oversee compliance with the HSE policies. Low accident figures at HENSOLDT show that this pays off (LTIFR 0.49\*). To ensure that HENSOLDT's safety management remains effective in preventing accidents, HENSOLDT has implemented an ideas management tool. This system logs near-accidents, analyses the causes and develops possible actions, with the aim of making it possible to continue to safeguard employees' safety in future.

### Fit and healthy

Regular exercise is one of the keystones of a healthy lifestyle. At HENSOLDT for instance in the in-house gym at our Ulm site, which boasts over 300 active members. Or at our Taufkirchen site, which has entered into agreements with a network of gyms throughout the region. Additional movement breaks enable movement, exercise, stretching and relaxation, and are being received enthusiastically as a welcome diversion. Additionally, HENSOLDT is promoting healthy posture of employees at their desks with its „Ergonomics in the Workplace“ project.

Regular talks on such topics as "vision in the digital age", "modern addictions and addictive behaviour", as well as on "living wills and lasting medical powers of attorney", provide further valuable information. Surveys on health in the workplace, generally conducted on an annual basis, reveal weak points. In the year under review, weak points were found mainly in the areas of project work and interfaces. Diverse steps, such as team-building actions or simplification of work steps, were initiated to address these.

Free back and diabetes check-ups additionally help to identify problems at an early stage. At our British sites, this preventive health programme is complemented by general health check-ups and an information hotline.

### Reducing mental stress

Increasingly, our focus is shifting toward the potential for mental stress in the workplace. From 2018 to 2020, all of HENSOLDT's German sites took part in the study „Mental Health in the World of Work“, which was funded by the German Federal Ministry of Labour and Social Affairs. This study focused in particular on mental stressors, the reconcilability of career and family life, job satisfaction, sense of purpose, appreciation and support from colleagues and supervisors. Surveys conducted at regular intervals serve to automatically verify the success of implemented actions. It was also possible to integrate specific questions on dealing with the pandemic, enabling our enterprise to respond to the answers.

Because physical and mental health are inextricably linked. And at HENSOLDT, the health and safety of all our employees is a top priority.

\* Lost Time Injury Frequency Rate: number of lost-time injuries (accidents leading to at least one day of absence) x 200,000/number of hours worked.

HENSOLDT

# sustainability report

**SOCIAL  
ENGAGEMENT**

# corporate citizenship

## A GOOD NEIGHBOUR

As an internationally active enterprise, HENSOLDT takes the associated social responsibility extremely seriously. We take pride in acting as a good neighbour on the local and regional level and are always ready to pitch in and help out wherever our assistance is most needed.

Corporate citizenship – the commitment of an enterprise above and beyond its narrow obligations – has a long tradition in Germany and Europe. Practised and modelled by the titans of industrialisation, it is now a part of the normal business behaviour of virtually every company. As it has been for HENSOLDT for many years.

**“In addition to supporting numerous initiatives in the areas of politics, sport, education, science and industry with donations and sponsorships, HENSOLDT’s commitment to the communities and regions in which our operations are located is a key focus of our CSR activities. Being on site means being in touch with what’s happening, and we’re able to motivate the people at our facilities, who are also extremely enthusiastic about taking part.”**

Thomas Müller, Chief Executive Officer, HENSOLDT AG

### Local, regional – sustainable

HENSOLDT focuses on supporting local and regional initiatives. As a consequence, a broad portfolio of individual initiatives has emerged over the years with the aid of and in close cooperation with not-for-profit and charitable organisations and public institutions. All with the aim of helping people, and often the weakest among them, supporting children in their vocational training and giving them access to education in the first place, promoting enthusiasm for technology among young people, and quite often simply extending a helping hand in emergency situations.

As, for example, in 2020 during the COVID-19 pandemic, when HENSOLDT spontaneously helped out with a variety of actions where help was needed most. Our Ulm site provided face shields for the Bundeswehr hospital and the local university hospital. We donated laptops to the local diaconical welfare organisation Diakonieverband Ostalp to support home schooling. We donated fever thermometers and masks at short notice in Algeria, and food and personal protection equipment for a childcare centre in South Africa. And much more. During a crisis, social cohesion is more important than ever.

Consequently, HENSOLDT continually motivates its employees to volunteer their time. Driven by our own corporate values, this creates a harmony of cooperation, excellence, responsibility and innovation in the area of corporate citizenship.

Here are just a few examples:

- In the UK, HENSOLDT offers local schools the opportunity to let their pupils work in various projects for two days. One or two-week internships enable an even better understanding of the world of work at HENSOLDT. We offer university graduates six or twelve-month internships. On the social level,

we assist former military personnel to return to the civilian workforce, provide leave subsidies for reservists, and support a children’s hospice through a volunteer programme and financial assistance.

- Education also represents a special focus in South Africa. Here, HENSOLDT grants scholarships to women who wish to study engineering. We give local engineers a long-term perspective in their home country – including job and career opportunities with HENSOLDT – by providing career training and continuing education. Our employees also regularly teach in schools as part of HENSOLDT’s commitment. Additional donations in the social sector – for instance for children in need or to fund school sports facilities – help the often disadvantaged youngest members of this society.

- In Germany as well, actions range from local offers of assistance – to such organisations as fire services, hospices and (children’s) hospitals – to membership in and funding of “Lachen helfen e.V.” a Germany-wide initiative of the Bundeswehr to aid children in conflict and crisis regions.

- In the education sector, HENSOLDT’s efforts include sponsoring the German youth research contest “Jugend forscht e.V.” at multiple sites, as well as the Karlsruhe Institute of Technology (KIT). HENSOLDT supports exceptional students who contribute socially at the University of Applied Sciences Neu-Ulm and future managers at TU Munich.

Much like a jigsaw puzzle, the widely varied individual actions all fit together to form a unified picture of HENSOLDT’s efforts to promote communities and community cohesion at all its locations around the world. As a good neighbour does.



# HENSOLDT sustainability report

**PLANET, ENVIRONMENT  
AND RESOURCES**

# resources and environmental protection

## MANAGEMENT APPROACH

### ENVIRONMENTAL TARGETS



**“As an enterprise with production facilities around the globe, we acknowledge our responsibility to reduce the impact of our activities on the environment. The mindful use of the earth’s natural resources is thus standard practice for us. We are pursuing our objective of reducing our ecological footprint and protecting our planet through numerous initiatives.”**

*Peter Fieser, Member of the Board and Chief Human Resources Officer*

Protection of our environment and conservation of natural resources are at the core of HENSOLDT’s sustainability management. To this end, environmental management tracks energy consumption, the use of resources, emissions, traffic, wastes, and water. The resulting overview of all processes at all of the company’s sites forms the basis for continuous improvement of our environmental performance. The assessment is conducted using clearly defined parameters and processes. We use stringent national and international requirements (ISO14001, Energy audit DIN16247) as our guidelines for environmental objectives.

The HSE Group Policy sets out mandatory guidelines for all employees for fulfilling all relevant obligations in the areas of environmental protection, occupational safety and energy. The sites implement this Group Policy in the form of HSE guidelines as well as strategic objectives and concrete actions for achieving them. At HENSOLDT, environment, health protection and safety are strategically controlled and centrally coordinated on the Group level and implemented operationally by local HSE teams world-wide. The Head of HSE, FM and Security reports directly to the Board and the Executive Committee on attainment of the HSE targets and compliance with the policies. Our aim is to continually improve HENSOLDT’s entrepreneurial action with respect to environmentally harmful impacts, energy-related performance, all environmental aspects, and the higher-level sustainability strategy. It is viewed as a sustainable means for achieving sustained, profitable growth.

In Germany, HENSOLDT has committed itself to increasing the proportion of renewable energy to 70 percent and reducing CO<sub>2</sub> emissions and the use of volatile organic compounds (VOCs) by at least 20 percent each by 2024. In the coming year, these targets are to be extended to the Group level and defined according to the principle of science-based targets.

**Beyond that, the requirements of our HSE Group Policy apply. Among other objectives, these commit us to:**

- Complying with the applicable legal and other requirements to which our organisation has committed and which relate to its environmental aspects.
- Creating a framework for defining and reviewing environmental targets and individual objectives as a continuous improvement programme. The targets and individual objectives are documented and updated on a regular basis.
- Applying design standards that promote the use of environmentally friendly processes and materials. Our aim here is to promote the development of products that can be reused, recycled or safely disposed of.
- Reducing CO<sub>2</sub> emissions (as of today: 96,970 t CO<sub>2</sub>) by increasing the proportion of renewable energy, optimising energy efficiency and reducing business travel and business flights.

- Promoting the reduced consumption of all materials and concurrently their reuse and recycling, as well as the use of recycled materials wherever possible.

- Increasing the energy efficiency of new products, services and facilities, and the efficiency of energy use in all divisions.

- Promoting environmental awareness, responsibility and the use of appropriate technologies among all employees and other persons working on behalf of HENSOLDT, and including these topics in training programmes throughout the enterprise (including by means of suitable e-learning).

- Mitigating the impact of our enterprise on the local environment and striving to be a good neighbour in our communities at all times.

- Largely avoiding waste that must be disposed of as landfill, as well as appropriately handling hazardous substances

- Developing a comprehensive environmental awareness among all employees.

**Because for HENSOLDT, our motto “Detect and Protect” applies not only to protecting people, but equally to protecting our environment and nature as the basis for all life.**



# resource protection

LESS  
IS MORE

HENSOLDT naturally considers itself challenged and obligated to use scarce resources wisely. Reduction of CO<sub>2</sub> emissions is a clearly defined requirement world-wide. Detailed concepts and innovative ideas lead to numerous individual actions.



Climate change is one of the greatest challenges of our time and has major consequences world-wide. That is why for HENSOLDT, too, the efficient use of our earth's natural resources and a reduction of CO<sub>2</sub> emissions are key tasks for limiting global warming and its impacts.

In **Germany**, several actions are already under way in this area, with more in planning. For example, in future, HENSOLDT aims to obtain all of its electricity from renewable sources. All employees are encouraged to use public transport and receive transport fare subsidies. PCs are largely switched off centrally at night. Additionally, the enterprise will voluntarily pay for carbon offsetting in cases where no reduction in CO<sub>2</sub> is possible. A detailed analysis of our CO<sub>2</sub> balance and the corresponding compensation is planned for 2021. A new mobility concept that covers all company vehicles and provides for the construction of a charging infrastructure at our facilities is intended to promote transitioning to electric vehicles. A new lighting concept, a carpooling app for employees and our own photovoltaic systems at our sites will all reduce our CO<sub>2</sub> footprint further.

HENSOLDT has also committed to substantially reducing CO<sub>2</sub> emissions in the **United Kingdom**. Business travel is to be avoided wherever possible, with newly implemented videoconferencing technologies to be used instead. Local suppliers are to be preferred in order to reduce delivery traffic. Employees are encouraged to start cycling to work – among other things through the installation of additional shower facilities at the sites.

The requirement to minimise business travel and flights as much as possible applies in **France** as well. This, combined with significantly reduced energy consumption, has already lowered greenhouse gas emissions. At the same time, HENSOLDT France is a shining example for the use of green electricity from hydrogen. Through its development and production of hydrogen-based energy storage, NEXEYA – a HENSOLDT company since 2019 – has brought an important component of tomorrow's energy transition to market and HENSOLDT France one giant step closer to CO<sub>2</sub> neutrality.

Additionally, HENSOLDT is taking actions to substantially reduce the use of natural resources in production and administration at all its sites around the world. This includes comprehensively reducing water consumption as an important basis for life, among other things by converting our (washing) machines in production to closed recirculation and reducing the consumption of hot water at our sites.

In its efforts to preserve natural resources and minimise consumption, HENSOLDT is pursuing a holistic approach: to protect our environment and preserve it for future generations.

# environmental protection

## THE BASIS OF ALL LIFE AND OUR ENTERPRISE

At HENSOLDT, responsible stewardship of the environment is a key, core and undisputed principle. In particular, preventing waste and hazardous substances and saving energy contribute greatly to sustainable business.

HENSOLDT regards the protection of our environment as a self-evident obligation to future generations and an act of entrepreneurial reason, without which long-term business is not possible. In addition to mandatory directives and requirements for all business units and employees, HENSOLDT currently considers the prevention of waste and hazardous substances and the reduction of energy consumption in particular as powerful levers for sustainable, environmentally friendly business activity, and is contributing to these goals through a range of actions.

In recent years, for instance, we have replaced the coolants in our AESA antennas with environmentally friendly variants. Optimised production helps reduce hazardous substances. Strict waste sorting is just as much normal procedure as energy-aware behaviour on the part of our employees. The use of motion sensors to control lighting and the installation of energy-saving LED illuminants realise additional energy-saving potential.

At our German sites, a comprehensive consumption analysis is expected to lead to further optimisations in 2021. Planned roof refurbishments, insulation actions, a new lighting concept and a new cooling system in Production are expected to enable further savings.

HENSOLDT's UK sites have also set themselves challenging environmental targets. HENSOLDT UK aims to meet the new, extremely stringent requirements of ISO 14001 with a recycling rate of 65 percent, systematic waste sorting and 100 percent prevention of landfill waste. The use of alternative cooling systems reduces energy consumption. Energy efficiency is already a key criterion for the development of new products and services.

The requirements set out in the directives of the HSE Group Policy additionally apply at all HENSOLDT sites around the globe. In this way, we are reducing our environmental footprint and protecting the environment wherever and however we can. Naturally in full compliance with all legal requirements and with strict monitoring of same. And with enormous commitment on the part of all our employees.

# product responsibility

## MANAGEMENT APPROACH

As a supplier of high-quality electronic sensors and solutions in the defence sector, HENSOLDT takes its responsibility for its products extremely seriously. Product development is guided profoundly by HENSOLDT's understanding of sustainability – namely furthering the protection of all people and life world-wide (see chapter 1). HENSOLDT is aware of the risks posed by its products and their use. As part of our understanding of product responsibility, the sale of HENSOLDT's products is subject to a rigorous internal export compliance system to ensure conformity with national, European and international export regulations, thus preventing compliance risks. Goods and technologies subject to approval are only delivered with corresponding export permits following a review of all contract parties through the CDDD process. Final destination clauses ensure that customers may not transfer HENSOLDT products to non-approved recipients.

Governed by our understanding that our business success depends primarily on the superior quality of our products, we use advanced technologies and exploit their potential fully. We continually review and adapt our product portfolio in compliance with national and international laws and regulations as well as export regulations (see chapter 2) and with a focus on customer requirements. All aspects of product safety are formally reviewed on a regular basis throughout the entire development process. The product safety file is released by the head of development on the management level. HENSOLDT's long-term, sustainable technology strategy is driven by the ongoing evaluation of the necessary core technologies of the enterprise. Responsible technology managers anticipate future developments, define development requirements and monitor their implementation in technology development projects along with possible impacts on people and the environment.

New possibilities and applications are constantly being developed in close collaboration with research institutes and partners. This includes both fabrication processes and materials research.

Numerous applications around the world affirm that multiple HENSOLDT products are able to protect nature and the environment even beyond their originally intended purpose.

# product responsibility

## PROTECTING PEOPLE, ANIMALS AND NATURE

HENSOLDT develops its products and solutions according to the requirement that they comply with all applicable laws and regulations. HENSOLDT also supports their responsible use through our adherence to export regulations. Additionally, our Company's products actively protect nature and contribute to social improvement.



Requirements with regard to product liability are increasing throughout our society. The acceptance of potential risks is steadily declining – particularly in air transport. HENSOLDT is continually responding to these trends: by rigorously monitoring compliance with all laws, regulations and export requirements; through the ongoing qualification of our employees; and by adapting all associated processes within the enterprise – from development to production and feedback from our customers during the generally long service lifetimes of our products.

HENSOLDT takes responsibility – from the first day of the product lifecycle to the last.

### Safe for people and the environment

Our enterprise has identified the ongoing monitoring of its products and the processes used in their manufacture with regard to their possible impacts on people and the environment as a primary task. As part of HENSOLDT's Product Environmental Compliance (PEC) process, an internal team of experts analyses the products, production procedures and processes, improves them and then rolls out these improvements enterprise-wide.

This includes in particular monitoring the restriction of the use of certain hazardous substances in electrical and electronic equipment (Restriction of Hazardous Substances Directive RoHS), the registration, evaluation, authorisation and restriction of chemicals (REACH Directive) and restrictions on the use of substances of very high concern (SVHC) and biohazards.

This enables us to identify and replace hazardous substances and processes at an early stage, which helps make HENSOLDT products future-proof.

### Lightweight = environmentally friendly

Innovation is essential to enable HENSOLDT to operate sustainably. Investments in key technology play a vital role here. In addition to sensor technology, this also means lightweight structures. The development of extremely lightweight products is considered a key technology for sustainable, climate-friendly development. Here, less truly is more. Lightweight technologies make it possible to save resources when manufacturing products and fabricating materials, and in subsequent use. In addition to resource savings, lightweight technologies also represent enhanced value for HENSOLDT's customers.

Going forward, HENSOLDT has thus set itself the target of integrating lightweighting in its development processes right from the start – for example in the form of virtual design, new lightweight materials and collaboration with research institutes – so that we can offer customers lighter and thus more sustainable products. In this way, we can further optimise the technological, economic, and above all ecological aspects of our product development.

## HENSOLDT products safeguard nature and animals

HENSOLDT not only takes responsibility for people and the environment with its “regular” products – its technologies also help to protect endangered species.

### Rhinoceros haven

Around 1,800 rhinoceroses roam the 8,000-hectare Buffalo Dream Ranch in South Africa – protected 24/7 by high-tech from HENSOLDT. This specially developed system combines surveillance of the rhinoceroses, the terrain and the surrounding landscape with day and night-vision cameras, radar technology and sensors. The system is to be developed even further going forward. The deployment of drones and artificial intelligence will help protect rhinoceroses throughout South Africa even more effectively in future. Further plans involve establishing a high-tech wildlife fund to recruit additional partners for endangered-species protection.

### Protecting polar bears

Climate change is destroying the natural habitat of many polar bears. At the same time, the number of encounters between these apex Arctic predators and humans is increasing, often ending with the animals' deaths. The global polar bear population has declined dramatically over recent decades. To prevent encounters with humans, HENSOLDT has developed an early warning system that is already being used at a research station of the East Greenland Ice-Core Project (EastGRIP). Using HENSOLDT's radar systems, polar bears can be detected at a distance of several kilometres. The members of the international research team are warned of approaching bears by phone, enabling them to avoid an encounter. This protects both polar bears and people. Encouraged by its success in Greenland, HENSOLDT plans to contribute to polar bear protection in other Arctic regions as well.

### No chance for poachers

Overfishing and pirate fishing represent a global challenge that urgently needs to be resolved. HENSOLDT's SBS radar systems now play an important role in protecting maritime areas. For instance, they are used to surveil shellfish farms and national parks in Costa Rica in order to protect biodiversity and functioning ecosystems.

The Hangklip Conservatory close to Cape Town, one of the most biodiverse coastal regions in South Africa, is now also virtually “poacher-proof”. HENSOLDT technology originally developed for border security applications detects poachers long before they can do damage, while at the same time helping to monitor the legal harvesting of abalones, a type of mollusc highly prized as a delicacy. The once-rampant illegal harvests are now literally a thing of the past.

### Protecting birds around the world

Recent years have seen a sharp increase in oil sand mining in Canada. Separation of the oil leaves behind large quantities of contaminated water, which is impounded in tailing ponds. HENSOLDT's radar technology is used to keep birds from landing on the oily surfaces of these ponds. The radar systems detect flocks of birds, which are driven off by deterrent devices. This prevents numerous species from meeting a gruesome end in the tailing ponds.

Climate-friendly technologies such as wind turbines can also endanger biodiversity. Birds and bats can be injured during both the erection and operation of such turbines. Endangered species require special protection. HENSOLDT's radar systems are used to track the flight paths of endangered bird species, making it possible to control and stop wind turbines when flocks of birds approach.

HENSOLDT solutions and products detect threats to people, animals and nature, ensure safety and security, and protect those who dedicate themselves to protecting us.





# HENSOLDT sustainability report

**GRI CONTENT INDEX AND  
GRI PERFORMANCE DATA**

# GRI CONTENT INDEX

GRI Indicator	GRI Standards	Page number/URL/Explanation
<b>GRI 101: Foundation</b>		
<b>GRI 102: General Disclosures</b>		
<b>Organizational Profile</b>		
GRI 102-1	Name of the organization	Hensoldt AG
GRI 102-2	Activities, brands, products, and services	Annual Report (2020) p. 11
GRI 102-3	Location of headquarters	Hensoldt AG, which is entered in the Commercial Register of the Munich Local Court (HRB 258711), has its registered office in Taufkirchen, Germany.
GRI 102-4	Location of operations	Annual Report (2020) p. 12 and Annual Report (2020) p. 117
GRI 102-5	Ownership and legal form	Annual Report (2020) p. 12 and Annual Report (2020) p. 117
GRI 102-6	Markets served	Annual Report (2020) p. 14 f.
GRI 102-7	Scale of the organization	Annual Report (2020) p. 13 and Annual Report (2020) p. 26 f.
GRI 102-8	Information on employees and other workers	Sustainability Report (2020) p. 24 ff. and Annual Report p. 12
GRI 102-9	Supply chain	Sustainability Report (2020) p.19
GRI 102-10	Significant changes to the organization and its supply chain	Information on business performance: Annual Report (2020) p. 25 f., Information on legal structure: Annual Report (2020) p. 12 f.
GRI 102-11	Precautionary principle or approach	Annual Report (2020) p. 39 ff.
GRI 102-12	External initiatives	Sustainability Report (2020) p. 40 ff.
GRI 102-13	Membership of associations	HENSOLDT is active in the CSR groups of the BDSV (Bund deutscher Sicherheits- und Verteidigungsindustrie) and ASD (Aerospace and Defense), as well as involved in other associations and interest groups.
<b>Strategy</b>		
GRI 102-14	Statement from senior decision-maker	Sustainability Report (2020) p. 4 f.
GRI 102-15	Values, principles, standards, and norms of behavior	Annual Report (2020) p. 39 f. and Sustainability Report (2020) p. 10 f.
<b>Ethics and integrity</b>		
GRI 102-16	Values, principles, standards, and norms of behavior	Sustainability Report (2020) p. 8 f.
<b>Governance</b>		
GRI 102-18	Governance structure	Annual Report (2020) p. 82 ff.
GRI 102-19 - GRI 102-39	Corporate governance disclosures	Information on corporate governance is provided in the Sustainability Report (2020) p. 8 f., a more comprehensive description is currently not provided due to the application of „in accordance with GRI“.

GRI Indicator	GRI Standards	Page number/URL/Explanation
<b>Stakeholder engagement</b>		
GRI 102-40	List of stakeholder groups	Sustainability Report (2020) p. 7 and p. 10 f.
GRI 102-41	Collective bargaining agreements	For us, it is a matter of course that we join collective bargaining agreements or similar agreements whenever possible. Additional information can be retrieved in GRI 405-2.
GRI 102-42	Identifying and selecting stakeholders	Sustainability Report (2020) p. 10 f.
GRI 102-43	Approach to stakeholder engagement	Sustainability Report (2020) p. 10 f.
GRI 102-44	Key topics and concerns raised	Sustainability Report (2020) p. 10 ff.
<b>Reporting practice</b>		
GRI 102-45	Entities included in the consolidated financial statements	Annual Report (2020) p. 143 f.
GRI 102-46	Defining report content and topic boundaries	Sustainability Report (2020) p. 10 ff.
GRI 102-47	List of material topics	Sustainability Report (2020) p. 12
GRI 102-48	Restatements of information	n/a
GRI 102-49	Changes in reporting	n/a
GRI 102-50	Reporting period	Sustainability Report (2020) p. 7
GRI 102-51	Date of most recent report	n/a
GRI 102-52	Reporting cycle	Sustainability Report (2020) p. 7
GRI 102-53	Contact point for questions regarding the report	Sarah Sterzl (sarah.sterzl@hensoldt.net)
GRI 102-54	Claims of reporting in accordance with the GRI Standards	Sustainability Report (2020) p. 7
GRI 102-55	GRI content index	Sustainability Report, Appendix. The GRI Content Index is currently not published separately on the homepage.
GRI 102-56	External assurance	Sustainability Report (2020) p. 7 and p. 68 f.

**MATERIAL TOPICS****Anti-Corruption**

<b>GRI 103: Management approach</b>		
GRI 103-1	Explanation of the material topic and its boundary	
GRI 103-2	The management approach and its components	The handling of compliance and anti-corruption is described in the Sustainability Report (2020) p.16 f.
GRI 103-3	Evaluation of the management approach	
<b>GRI 205 (2016): Anti-Corruption</b>		
GRI 205-1	Operations assessed for risks related to corruption	Sustainability Report (2020) p. 16 ff.
GRI 205-2	Communication and training about anti-corruption policies and procedures	Sustainability Report (2020) p. 16 ff.
GRI 205-3	Confirmed incidents of corruptions and action taken	Sustainability Report (2020) p. 17 ff.

GRI Indicator	GRI Standards	Page number/URL/Explanation
<b>Energy</b>		
<b>GRI 103: Management approach</b>		
GRI 103-1	Explanation of the material topic and its boundary	
GRI 103-2	The management approach and its components	The management approach – resources and environmental protection is described in the Sustainability Report (2020) p. 46 f.
GRI 103-3	Evaluation of the management approach	
<b>GRI 302 (2016): Energy</b>		
GRI 302-1	Energy consumption within the organization	Sustainability Report (2020) p. 49, GRI performance data
<b>Water</b>		
<b>GRI 103: Management approach</b>		
GRI 103-1	Explanation of the material topic and its boundary	
GRI 103-2	The management approach and its components	The topic „water“ was not identified as a material issue. The management approach – resources and environmental protection is described in the Sustainability Report (2020) p. 46 f.
GRI 103-3	Evaluation of the management approach	
<b>GRI 303 (2018): Water and effluents</b>		
303-1	Interactions with water as a shared resource	Sustainability Report (2020) p. 49
303-5	Water consumption	GRI performance data
<b>Emissions</b>		
<b>GRI 103: Management approach</b>		
GRI 103-1	Explanation of the material topic and its boundary	
GRI 103-2	The management approach and its components	The management approach – resources and environmental protection is described in the Sustainability Report (2020) p. 46 f.
GRI 103-3	Evaluation of the management approach	
<b>GRI 305 (2016): Emissions</b>		
GRI 305-1	Direct (Scope 1) GHG emissions	Sustainability Report (2020) p. 50, GRI performance data
GRI 305-2	Energy indirect (Scope 2) GHG emissions	GRI performance data
GRI 305-6	Emissions of ozone-depleting substances (ODS)	GRI performance data
<b>Waste</b>		
<b>GRI 103: Management approach</b>		
GRI 103-1	Explanation of the material topic and its boundary	
GRI 103-2	The management approach and its components	The topic of „sewage and waste“ was not identified as a material issue. The management approach – resources and environmental protection is described in the Sustainability Report (2020) p. 46 f.
GRI 103-3	Evaluation of the management approach	
<b>GRI 306 (2016): Waste</b>		
306-2	Waste by type and disposal method	Sustainability Report (2020) p. 51, GRI performance data



GRI Indicator	GRI Standards	Page number/URL/Explanation
<b>Employment</b>		
<b>GRI 103: Management approach</b>		
GRI 103-1	Explanation of the material topic and its boundary	
GRI 103-2	The management approach and its components	Sustainability Report (2020) p. 26 f.
GRI 103-3	Evaluation of the management approach	
<b>GRI 401 (2016): Employment</b>		
GRI 401-1	New employee hires and employee turnover	Sustainability Report (2020) p. 27, GRI performance data
GRI 401-3	Parental leave	GRI performance data
<b>Occupational health and safety</b>		
<b>GRI 103: Management approach</b>		
GRI 103-1	Explanation of the material topic and its boundary	
GRI 103-2	The management approach and its components	Sustainability Report (2020) p. 36 f.
GRI 103-3	Evaluation of the management approach	
<b>GRI 403 (2018): Occupational health and safety</b>		
GRI 403-1	Occupational health and management system	Sustainability Report (2020) p. 37 ff.
GRI 403-2	Hazard identification, risk assessment, and incident investigation	Sustainability Report (2020) p. 38 f.
GRI 403-3	Occupational health services	Sustainability Report (2020) p. 38 f.
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	Sustainability Report (2020) p. 37 ff.
GRI 403-5	Worker training on occupational health and safety	Sustainability Report (2020) p. 38 f.
GRI 403-6	Promotion of worker health	Sustainability Report (2020) p. 37 ff.
GRI 403-9	Work-related injuries	GRI performance data

GRI Indicator	GRI Standards	Page number/URL/Explanation
<b>Training and Education</b>		
<b>GRI 103: Management approach</b>		
GRI 103-1	Explanation of the material topic and its boundary	
GRI 103-2	The management approach and its components	Sustainability Report (2020) p. 28 f.
GRI 103-3	Evaluation of the management approach	
<b>GRI 404 (2016): Training and education</b>		
GRI 404-1	Average hours of training per year per employee	Sustainability Report (2020) p. 30, GRI performance data
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	GRI performance data
<b>Diversity and equal opportunities</b>		
<b>GRI 103: Management approach</b>		
GRI 103-1	Explanation of the material topic and its boundary	
GRI 103-2	The management approach and its components	Sustainability Report (2020) p. 32 f.
GRI 103-3	Evaluation of the management approach	
<b>GRI 405 (2016): Diversity and equal opportunity</b>		
GRI 405-1	Diversity of governance bodies and employees	Sustainability Report (2020) p. 32 ff., GRI performance data
GRI 405-2	Ratio of basic salary and remuneration of women to men	For us, it is a matter of fact, that the provisions of collective agreements, just like the remuneration principles, are independent of gender and that there are no systematic differences. In the companies covered by collective agreements, respective collective compensation agreements are applied. The compensation systems are company-specific, so a ratio analysis can only be made for selected individual companies of employee groups and not for the Group as a whole. Total compensation can also be made up of other additional components in addition to the monthly salary, which is why it is not comparable as an overall figure. An analyses of compensation is carried out both at company level and holistically.
<b>Further topics</b>		
	Corporate Digital Responsibility	Sustainability Report (2020) p. 20 ff.
	Social engagement	Sustainability Report (2020) p. 40 ff.
	Product responsibility	Sustainability Report (2020) p. 50 ff.

# GRI PERFORMANCE DATA

GRI Standards	Indicator	Performance
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Environment			
GRI Standards	Indicator	Performance	
Energy	302-1	Energy consumption within the organization	
		Diesel & Fuel oil	137,276 kWh
		Natural gas	637,540 t CO <sub>2</sub> e
		Electricity (non-renewable energies)	16,159,353 kWh
		Electricity (renewable energies)	28,464,381 kWh
	District heating	27,265,094 kWh	
Water	303-5	Water consumption	81,571 m <sup>3</sup>
Emissions	305-1	Direct GHG emissions (Scope 1, market-based approach)	34,913 t CO <sub>2</sub>
	305-2	Indirect GHG emissions (Scope 2, market-based approach)	62,057 t CO <sub>2</sub>
	305-6	Emissions of ozone-depleting substances (ODS)	1,339 kg
		Volatile organic compounds (VOC)	5,168 kg
Waste	306-2	Waste	
		Non-hazardous waste	1,135 metric ton
		Hazardous waste	113 metric ton

Perimeter: HENSOLDT, consolidated companies (sales representations excluded, site Aalen excluded due to new site established in fall 2020) incl. Cyber GmbH

Social		
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Employment	GRI 401-1	New employee hires and employee turnover	
		Voluntary fluctation	147
		Non-voluntary fluctation*	152
		Active workforce by contract type*	
		Permanent	5,115
		Temporary	112
		Percentage of part-time employees	6 %
		Employees by geographical area	
		Hensoldt total	5,227
		Germany	3,842
		France	578
		South Africa	624
		UK	183
	GRI 401-3	Paternity/maternity leave taken in the reporting period	214
		Total female paternity/maternity leave taken	87
		Total male paternity/maternity leave taken	127
Health & Safety	GRI 403-9	Work-related injuries	
		Number of work-related injuries	29
		Lost Time Injury Frequency Rate (LTIFR)	0.49
		Fatalities	0
		Number of reportable work-related illness cases	1
Training & Education	GRI 404-1	Average hours of training and development per year per employee	
		Total number of training hours	47,868
		Training provided by Hensoldt Academy (compared to external providers)	90 %
	GRI 404-3	Percentage of employees receiving regular performance and professional development reviews	94 %
Diversity & Equal Opportunity	GRI 405-1	Diversity in control bodies and among employees	
		Percentage of women in the active workforce	22 %
		Percentage of women in management positions (senior manager positions)	10 %
		Percentage of women in management positions (executive positions)	13 %
		Percentage of women in the Executive Committee	22 %

Perimeter: HENSOLDT, consolidated companies (sales representations excluded) incl. Cyber GmbH

\* including retirement, leave after partial retirement, mutual agreement, early termination, end of limited contract)

\*\*students excluded

# Limited Assurance Report of the Independent Auditor regarding the separate non-financial group report<sup>1</sup>

To the Supervisory Board of Hensoldt AG, Taufkirchen

We have performed an independent limited assurance engagement on the separate non-financial group report as well as the sections "Business modell" and "Organisation and infrastructure" of the group management report, that are qualified as a part by reference, (further "Report") of Hensoldt AG, Taufkirchen (further "company" or "Hensoldt AG") according to § 315b and 315c in conjunction with 289c to 289e of the German Commercial Code (HGB), for the period from January 1 to December 31, 2020.

## Management's Responsibility

The legal representatives of the company are responsible for the preparation of the report in accordance with §§ 315b, 315c in conjunction with 289c to 289e HGB.

This responsibility of the legal representatives includes the selection and application of appropriate methods to prepare the report and the use of assumptions and estimates for individual disclosures which are reasonable under the given circumstances. Furthermore, the legal representatives are responsible for the internal controls they deem necessary for the preparation of the report that is free of – intended or unintended – material misstatements.

## Practitioner's Responsibility

It is our responsibility to express a conclusion on the report based on our work performed within a limited assurance engagement.

We conducted our work in the form of a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than

Audits or Reviews of Historical Financial Information", published by IAASB. Accordingly, we have to plan and perform the assurance engagement in such a way that we obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the report of the company for the period from January 1 to December 31, 2020 has not been prepared, in all material respects, in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB. We do not, however, issue a separate conclusion for each disclosure. As the assurance procedures performed in a limited assurance engagement are less comprehensive than in a reasonable assurance engagement, the level of assurance obtained is substantially lower. The choice of assurance procedures is subject to the auditor's own judgement.

1. Within the scope of our engagement we performed, amongst others, the following procedures:

- Inquiries of group-level personnel who are responsible for the materiality analysis in order to understand the processes for determining material topics and respective reporting boundaries for Hensoldt AG
- A risk analysis, including media research, to identify relevant information on Hensoldt Group's sustainability performance in the reporting period
- Assessment of the suitability of internally developed definitions
- Evaluation of the design and the implementation of systems and processes for the collection, processing and monitoring of disclosures, including data consolidation, on environmental, employee and social matters, respect for human rights, and anti-corruption and bribery matters

- Inquiries of group-level personnel who are responsible for determining disclosures on concepts, due diligence processes, results and risks, performing internal control functions and consolidating disclosures
- Inspection of selected internal and external documents
- Analytical procedures for the evaluation of data and of the trends of quantitative disclosures as reported at group level by all sites
- Evaluation of local data collection, validation and reporting processes as well as the reliability of reported data based on a sample of the site Ulm in Germany.
- Assessment of the overall presentation of the disclosures

In our opinion, we obtained sufficient and appropriate evidence for reaching a conclusion for the assurance engagement.

## Independence and Quality Assurance on the Part of the Auditing Firm

In performing this engagement, we applied the legal provisions and professional pronouncements regarding independence and quality assurance, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

.....  
Munich, March 8, 2021

KPMG AG  
Wirtschaftsprüfungsgesellschaft  
[Original German version signed by:]

## Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the separate non-financial group report of Hensoldt AG for the period from January 1 to December 31, 2020 has not been prepared, in all material respects, in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB.

## Recommendation

Without affecting the conclusion above, we recommend a further formalization of the (local) data collection, validation and reporting processes.

## Restriction of Use/General Engagement Terms

This assurance report is issued for purposes of the Supervisory Board of Hensoldt AG, Taufkirchen, only. We assume no responsibility with regard to any third parties.

Our assignment for the Supervisory Board of Hensoldt AG, Taufkirchen, and professional liability as described above was governed by the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 ([https://www.kpmg.de/bescheinigungen/lib/aab\\_english.pdf](https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf)). By reading and using the information contained in this assurance report, each recipient confirms notice of the provisions contained therein including the limitation of our liability as stipulated in No. 9 and accepts the validity of the General Engagement Terms with respect to us.

<sup>1</sup> Our engagement applied to the German version of the separate non-financial group report 2020. This text is a translation of the Independent Assurance Report issued in German, whereas the German text is authoritative.

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