

2 Non-Financial Declaration

The Nemetschek Group has integrated its non-financial Group declaration into the Group Management Report. In accordance with Section 317 (2) of the HGB, the non-financial Group declaration is not subject to the statutory audit. Auditing firm Ernst & Young GmbH subjected the non-financial Group declaration of the Nemetschek Group to an audit in order to obtain limited assurance. The Supervisory Board has also examined the non-financial Group declaration and reached the conclusion that there are no grounds for reservations.

2.1 Principles

This section contains the Nemetschek Group's non-financial Group declaration based on the CSR Directive Implementation Act (CSR-RUG), which came into effect on January 1, 2017. The requirements set forth by Section 315c in conjunction with 289c to 289e of the German Commercial Code (Handelsgesetzbuch – HGB) prescribe that the company transparently describe in detail its key non-financial activities within the Nemetschek Group, at least those pertaining to the five areas specified by the directive: respect for human rights, anti-corruption and bribery, employee concerns, environmental concerns and social concerns.

The Nemetschek Group does not use an external framework for the preparation of the non-financial Group statement and instead, as in previous years, uses existing structures for its reporting. The business model of the Nemetschek Group is described under section [<< 1.1 Group Business Model >>](#).

2.2 Corporate Social Responsibility (CSR) at the Nemetschek Group

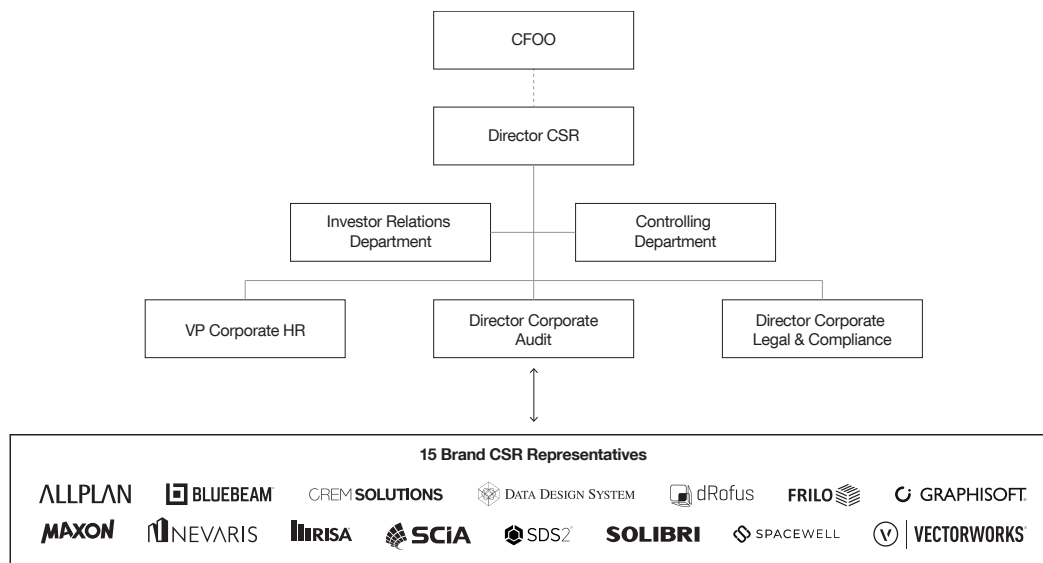
The Nemetschek Group places considerable importance on good corporate governance and social and environmental responsibility. The Group sets itself the goal of increasing efficiency and productivity along the entire value chain of the construction industry through its software solutions. These solutions map the complete workflow in the lifecycle of a construction or infrastructure project – from the architects' first sketch, through construction, to building management and operation of the property. Architects, engineers of all disciplines, building contractors, property developers, real estate administrators and building managers can use the Nemetschek Group's software solutions to design, build and manage the property digitally and thus conserve resources over the entire lifecycle.

In order to promote sustainable development beyond software solutions, the Nemetschek Group has defined standards for the way in which it conducts day-to-day business in its Code of Conduct. More specifically, the Code of Conduct states: *“Each of us contributes to the public image of the Nemetschek Group through our appearance, conduct and actions. We are all responsible for ensuring that we as a Group live up to our global social responsibility.”*

Among the individually specified duties of all employees are the protection of natural resources, provisions for anti-corruption and the obligation to refrain from all forms of discrimination. The treatment of Group employees is also geared towards sustainability. Employee responsibility also plays a significant role in the Nemetschek Group.

Since 2017, selected basic and Group-wide standards relating to non-financial issues have been introduced as part of CSR activities. These are aimed at making sustainability an integral part of all business practices of the Nemetschek Group. A CSR officer has been appointed at the holding company to implement these goals. Together with a cross-departmental CSR core team, they identify relevant topics and coordinate the implementation of the corresponding measures. The CSR officer is in close contact with the Executive Board. Once a quarter, the CSR officer meets with the spokesperson of the Executive Board to coordinate current CSR measures. The full Executive Board and Supervisory Board are also informed about ongoing sustainability activities on a quarterly basis in a written report by the CSR officer.

THE CSR STRUCTURE IN THE GROUP

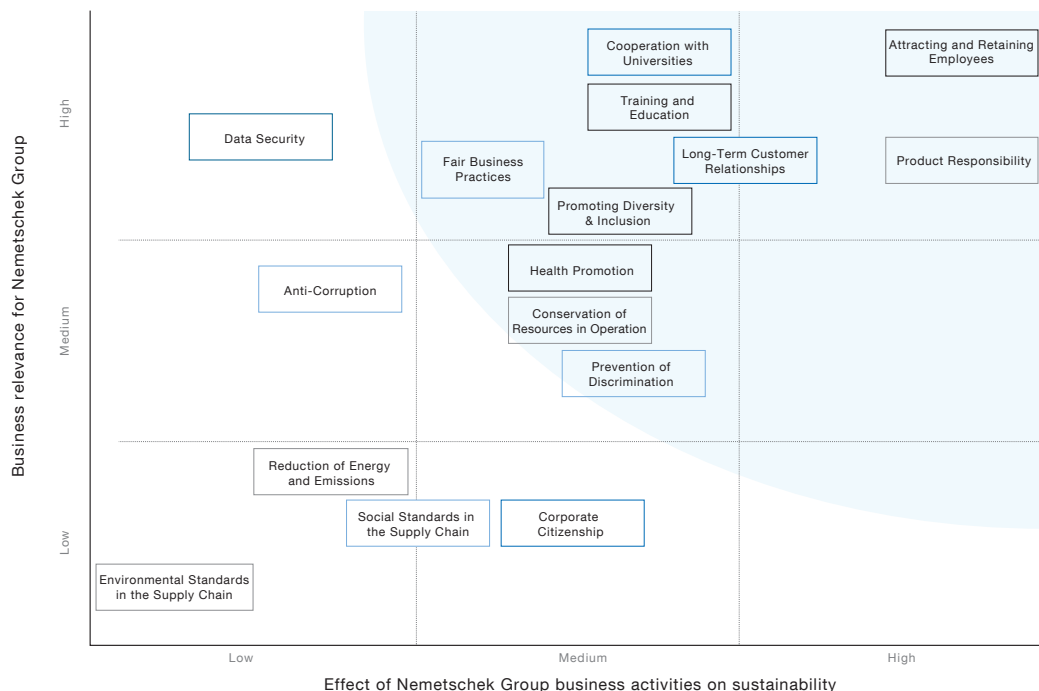


Because the Nemetschek Group consists of 15 largely independent brands, many of the non-financial issues are still managed independently by the individual brands. For this purpose, individual contact persons have been appointed in each brand – the CSR representatives. Their task involves both promoting all topics in connection with corporate social responsibility and taking over the exchange of information in this regard with the holding company and the employees within their own brand.

2.3 Key Non-Financial Issues

An important basis for sustainable management in the Nemetschek Group is the materiality analysis from 2019. Using various external frameworks, topics were identified and their business relevance and impact on the environment, employees and society were analyzed. The results of the 2019 analysis were also fully valid in 2020.

MATERIALITY MATRIX OF THE NEMETSCHKEK GROUP



The matrix shows the Nemetschek Group topics that have been identified as material. The topics above the blue shaded area were categorized as high in terms of business relevance as well as on the impact of business activities on the respective sustainability concerns. In accordance with the criteria of the CSR-RUG, they are the subject of this non-financial Group statement.

The topics identified have been assigned to the following four fields of action:

| Field of action (relevance in accordance with CSR-RUG) | Material topics at Nemetschek |
|---|--|
| Integrity and compliance (human rights and anti-corruption) | » Fair business practices » Prevention of discrimination |
| Environment (environment) | » Product responsibility » Conservation of operating resources |
| Customers and society (social issues) | » Long-term customer relationships » Cooperation with universities |
| Employee responsibility (employees) | » Attracting and retaining employees » Education and training » Promotion of health » Promoting diversity & inclusion |

2.4 Main Risks

For the non-financial Group declaration, the Nemetschek Group considers not only the main risks for its business activities, but also risks that could have a significant negative impact on the areas defined for non-financial reporting (Section 315c in conjunction with Section 289c (3) Nos. 3 and 4 of the HGB). The risk assessment involves recording the gross risk values for the amount of loss and probability of occurrence as well as the net risk positions remaining after risk-reducing measures.

As in the previous year, no material risks that would very likely have serious effects were identified for 2020 for the topics defined in the non-financial reporting. Consequently, there were no risks for 2020 which, on a net basis, meet the materiality criteria in accordance with Section 289c (3) Nos. 3 and 4 of the HGB.

2.5 Key CSR Issues

Integrity and compliance

Nemetschek is committed to a strict avoidance of corruption and bribery as well as to fair competitive behavior. This is based on the conviction that long-term business success can be achieved only by acting in a legally compliant and responsible manner. An open corporate culture and an established and effective compliance management system are key in the fight against corruption and bribery.

Actual or suspected violations of applicable laws, internal regulations or ethical standards could have negative financial consequences. They could also have a negative impact on the reputation of the Nemetschek Group. Accordingly, the first objective is to avoid compliance incidents as a matter of principle. To this end, the Nemetschek Group takes a preventive compliance approach and fosters a corporate culture in which all employees are sensitized to the issue and receive appropriate training.

Overarching management approach

In order to promote trusting and long-term business relationships, the Nemetschek Group focuses on the transparent and lawful processing of all transactions. In addition, employees are expected to treat each other fairly and respectfully within the company and towards third parties. To this end, the most important principles and regulations have been summarized in the Nemetschek Group's Code of Conduct and made available on the company website in German and English. It has been publicized throughout the company and is binding for all employees – regardless of their position.

In 2020, the Covid-19 pandemic also impacted the implementation of planned projects in the area of compliance. This applies, for example, to the implementation of the Group-wide compliance risk analysis. Despite restrictions, all key internal processes and requirements were adhered to as best as possible during the pandemic.

Compliance

The compliance management system forms the basis of the preventive compliance approach. The practical implementation of this compliance management system in the subsidiaries is carried out by the compliance officers (coordinators) of the individual brands of the Nemetschek Group as well as by the group-wide compliance network implemented in 2020. Quarterly surveys of all brands are consolidated by the Corporate Legal & Compliance department, reviewed and reported directly to the CEO and Chief Financial and Operating Officer (CFOO) of the Nemetschek Group. Ad-hoc compliance reports are also prepared as part of an applied due diligence process as required. The Supervisory Board and the Executive Board are regularly informed about issues relevant to compliance.

The basis of the preventive compliance approach also includes group-wide regulations in the form of group guidelines on various topics. In 2020, an anti-money laundering guideline was developed and rolled out for the Nemetschek Group. There are also Group guidelines on data protection, risk management and internal control. These Group policies are supplemented on a day-to-day basis by up-to-date compliance communication papers (via the compliance network) on various issues such as anti-corruption, cybercrime, anti-money laundering and terrorist financing, whistleblowing, dawn raids and data protection.

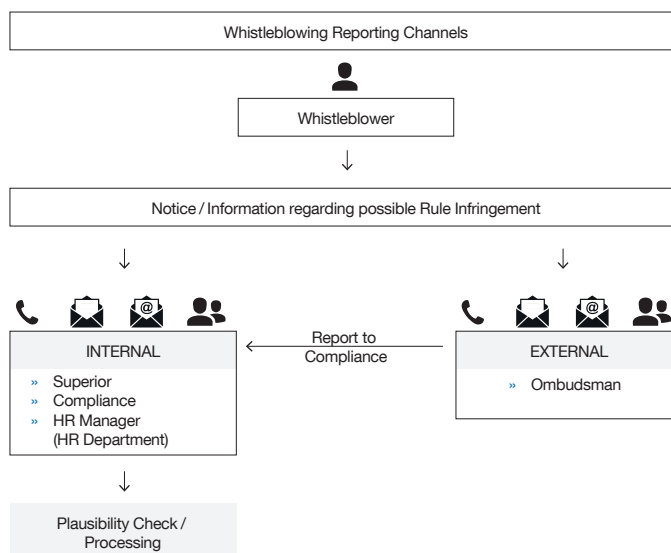
In order to keep employees aware of the respective current compliance rules, regular employee information is required. Training courses and individual refresher courses on compliance topics ensure that the relevant rules are an integral part of everyday working life.

In 2020, all staff in the holding company took part in corresponding measures. To this end, a training process was developed that will provide for regular refresher courses in the future. In 2020, for the first time, comprehensive classroom training courses on the areas of anti-money laundering and terrorist financing, as well as dawn raids, took place – always taking into account the locally applicable Covid-19 requirements. The classroom training plan also includes other important topics such as anti-corruption, conflicts of interest and liability.

The same applies as it did in 2019 with the individual brands being required to take responsibility for passing on information, individually rolling out Group policies, and conducting in-house training on compliance topics. Every new employee must complete an initial training course on compliance.

The Nemetschek Group encourages its employees to report behavior that may violate the Code of Conduct. To do so, they can contact their superiors, the responsible HR manager or the Compliance department directly, either in German or English. In addition, violations may be anonymously reported to a commissioned international law firm outside the company that acts as an ombudsman. All reports are first checked for plausibility internally with the utmost confidentiality. Further investigations and steps will be initiated as appropriate. If necessary in individual cases, other divisions or external consultants are called in. The Corporate Legal & Compliance department regularly reviews the whistleblowing process in terms of its effectiveness and amends it as necessary.

WHISTLEBLOWING PROCESS



No substantial compliance violations were reported during the reporting period. In the case of individual reported incidents, the review revealed no need for action. Accordingly, no legal action was taken.

Fair business practices

Various aspects of fair business practices are taken into account in the Code of Conduct. The Code of Conduct clearly states that corruption, bribery and other forms of granting illegal benefits are not tolerated in the Nemetschek Group. In its Code of Conduct, the Nemetschek Group is also fully committed to competition by fair means and strict compliance with antitrust law. All employees of the Group must act in accordance with the applicable competition law. For example, the Code of Conduct explains what the Nemetschek Group expects from the separation of private and Group interests or from the handling of company and business secrets.

Prevention of discrimination

On the subject of discrimination, the Code of Conduct clearly states: *“All forms of discrimination are to be avoided. Above all, Nemetschek will not tolerate any form of discrimination or harassment within the Group, whether based on origin, gender, disability, religion, age, sexual orientation, political views or trade union activities.”*

Any employees who are subjected to or observe any form of discrimination or inappropriate behavior are encouraged to report this through the reporting channels described. All reported incidents of possible discrimination were reviewed during the reporting period. As a result, there were no incidents that would have necessitated steps of a disciplinary or legal nature.

Environment

Sustainable business and intact ecosystems are the basis for healthy living. The construction industry is one of the most resource-intensive sectors of the economy. In addition, the demand for housing is constantly increasing, and the construction industry is challenged to handle raw materials and energy more efficiently in order to build and manage more sustainably in this way. As a partner for architects, engineers, building managers and the construction industry, the Nemetschek Group is aware of its ecological responsibility and takes it seriously. With software solutions that improve resource efficiency in the construction industry, use resources sparingly and reduce the energy requirements of buildings, a contribution is made to climate and environmental protection.

Overarching management approach

Active environmental protection is enshrined in the Nemetschek Group's Code of Conduct. With this central document, all employees are urged to conserve natural resources in the course of their activities and to consider environmental as well as economic concerns when selecting suppliers, advertising materials or other external services.

The objective of the Nemetschek Group is that the use of its products helps the construction industry do business in a more sustainable way. To this end, the management of relevant aspects, such as research and development, is the responsibility of the individual brands. As such, the Nemetschek Group participates in the Deutschland 4.0 innovation competition, in which students and start-ups demonstrate specific sustainable benefits and potential to save resources using digital solutions.

Product responsibility

At the Nemetschek Group, sustainable product responsibility is based on two areas. Sustainability aspects are important when developing software and also in respect to their use in the life cycle of a building.

The cornerstones of software development at the Nemetschek Group are the BIM (Building Information Modeling) digital working method and open standards known as Open BIM. The Nemetschek Group is characterized by its focus on the AEC/O (architecture, engineering, construction/operations), and its ability to map all processes in the lifecycle of a construction or infrastructure project.

According to the Global Status Report 2019 published by the Global Alliance for Building and Construction, buildings are responsible for 36% of global energy consumption and 39% of energy-related CO₂ emissions. Over the last twenty years, productivity across the construction industry has increased by only 1% a year. With Nemetschek Group solutions, architects, engi-

neers in all disciplines, building contractors as well as building and real estate managers can plan more proactively, share information more efficiently and collaborate more productively. Working in this way, energy and resource consumption (raw materials such as concrete, steel and sand) can be saved during the entire construction process as well as in the subsequent use phase.

As early as in the planning phase, specific sustainability analyses can be carried out using solutions provided by Solibri, the Nemetschek brand. Costs and emission factors are presented in the model so as to generate a very informative 3D heatmap. Planners and developers obtain an exact image of which aspects of the design need to be revised from a sustainability perspective. The solution is integrated into the planning software and can therefore be used earlier and more often in the architectural planning process than in a conventional workflow where the energy analysis is only carried out once or twice in the implementation planning.

On the basis of precise planning, the buildings to be constructed are optimized as early as in the planning stage. For example, digital solutions from the Nemetschek Group can simulate the position of the sun and its angle of incidence, making it possible to plan windows in an optimum fashion.

By optimizing planning and improving the steel connections in the project, planners can save large quantities of connecting materials. Prefabrication of concrete construction can also minimize materials deployed in production, reducing waste, or allowing it to be recycled directly at the production facilities. At the construction sites, the use of digital solutions can result in paper savings of up to 90%.

80% of the costs of a building occur during the use phase, with a large share relating to energy consumption. Integrated workplace management systems enable optimum management of heating, ventilation and lighting. In this way, they can be used to better quantify office space requirements. This ensures that only the space actually needed is designed, making a further lever for sustainability.

In addition, seamless virtual documentation enables simple and targeted changes to the buildings or infrastructure, even years after their construction. It is still general practice that houses are converted or demolished after decades without knowing which materials were used. The resulting uncertainty costs time, money and resources. With the exact recording, documentation and archiving using Nemetschek Group software products, modernization projects are much simpler to calculate and plan. As the construction material uses are known even before the start of any demolition work, this means that demolition measures can also be deployed in a targeted manner to obtain raw materials through recycling.

Conservation of operating resources

In the context of a materiality analysis, conservation of operating resources has been determined as material and also enshrined in the Nemetschek Group Code of Conduct. As key figures have not yet been recorded or managed centrally, the Nemetschek Group is currently implementing the measures necessary to do so. To do this, an initial Group-wide inventory of the extensive and complete data situation was carried out in 2020.

For the 2021 financial year, further optimization for data recording is planned, so as to achieve a valid data basis across all locations. In addition, together with an external partner, a pilot project has been initiated to achieve an automated calculation of the company's internal CO2 footprint for one brand of the Nemetschek Group. Starting in 2020, the Nemetschek Group thus created the conditions for its own climate journey with individual targets and relevant measures. Competitor activities and targets were analyzed and assessed for this purpose.

Customers and society

Every company bears social responsibility beyond the purpose of its operating activities. A pure orientation towards economic key figures can increase risks in the long term. This was shown to be particularly relevant in 2020, which was a year shaped by the Covid-19 pandemic. Customer contact was adjusted in line with local regulations and recommendations with most of it taking place on a digital basis. To ensure that customers could continue to operate, the brands offered a wide range of tools, including free online training, licenses at no charge and other complementary services. Together with partners, the Spacewell brand even established an online platform – www.B2Building.help – as a digital contact point between companies and institutions with system-relevant tasks for connecting service providers and suppliers quickly and in an unbureaucratic fashion. The aim was to relieve hospitals or retail chains. The Graphisoft brand provided another example, introducing free emergency licenses and thus helping users who may have had difficulties working at home to access ARCHICAD licenses located on the company network. In addition, the Nemetschek Group provided customers impacted with free access to its BIMcloud collaboration service for 60 days.

Long-term customer relationships

Satisfaction is an important factor for long-term customer relationships. In order to be able to respond to specific customer needs in a targeted manner, this issue is managed decentrally. Most brands use defined indicators to measure customer satisfaction, such as the churn rate, the Net Promoter Score and the Customer Satisfaction Score (CSAT). Customer surveys are used to obtain the data. Customers evaluate both the functionality of the product and the services provided by the brand. Customer opinions are obtained via online surveys, by e-mail, direct custo-

mer contact or by telephone. To achieve high customer satisfaction right from the start, the Nemetschek Group involves its customers in product development at an early stage. Measures designed to contribute to product quality and customer satisfaction include joint development projects, customer panels, user groups and communities, as well as product previews, beta testing, and workshops. Some brands regularly have one-on-one interviews with customers and work closely with the customer engineering and product teams. "Wish lists" and broad-based customer surveys are also used.

Cooperation with universities

The Nemetschek Group has its roots in the university environment. With this in mind, cooperation with educational institutions is particularly important to the Group. The aim is to support all relevant institutions in the core markets that offer architectural and construction training with software solutions. In this context, talented young people are approached at an early stage in order to be able to plan, construct and manage buildings and infrastructure projects sustainably. The brands engage in networking activities for students and customers, e.g. through specially provided job platforms, various training formats, as guest lectures, at job fairs at universities or through cooperation with student associations and academic faculties. What is more, almost all brands provided licenses for those at school or university, with the total figure exceeding 330,000 in the 2020 financial year. With twelve brands, the Covid-19 pandemic impacted the activities planned. Competitions, hackathons, work placements, campus visits and on-site presentations did not take place as scheduled. Instead they were either postponed or took place on a virtual basis.

Employee responsibility

Attracting and retaining highly qualified and highly motivated employees is one of the keys to success for the entire software industry. A shortage of skilled personnel was the order of the day and remains so. This particularly applies to companies such as the Nemetschek Group. The AEC/O market (architecture, engineering, construction and operation) is shaped by a high level of innovation momentum, which is exacerbated by the fact that all Nemetschek brands compete on the labor market with large software companies. As a financially strong, innovative corporation, the Nemetschek Group, which invests approximately a quarter of Group revenue every year in research and development, is an attractive employer.

Overarching management approach

In order to act quickly and agilely in the respective markets and regions, the individual brands manage HR affairs themselves. The Human Resources department of Nemetschek Holding supports and advises the HR departments of the individual brands in this respect. The Vice President of Human Resources is responsible

for the Human Resources department within the holding company and reports to the CEO and CFOO. In addition, she is in regular close contact with the HR managers in the Nemetschek Group. In addition, the various expert and project committees are convened as required to deal specifically with individual topics. There were additional investments in cooperation across the Group, especially in the reporting year. For example, since the spring of 2020 the brand HR departments have held global video conferences every four to eight weeks. In 2020, the key topics in the conferences were dealing with the Covid-19 pandemic and e-learning. In addition, there was increased use of internal employee communication with employees using the Group intranet.

With the new “Letter of Commitment People” – which has applied in the place of the originally planned HR guideline since the beginning of 2020 – the Group defines basic standards and minimum requirements on fundamental employee issues as well as on central topics of personnel recruitment, appraisal interviews and approaches to promoting health.

However, other important areas, such as gaining and retaining employees, promoting health as well as education and training will continue to be managed decentrally by the brands. The brands also remain free to define brand-specific standards and to develop their own HR guidelines that go beyond the minimum requirements stated in the Letter of Commitment or to regulate other topics.

Gaining and retaining employees

The search for skilled staff and talented young people remains a major challenge for the Group. Software developers and IT experts in particular are rare all over the world.

As a medium-sized Group, the Nemetschek Group is in competition with large employers in the software industry such as Microsoft, Apple and Google. Attractive working conditions and a positive working environment are intended to help attract the best talent to the Nemetschek Group and retain them in the company. The Nemetschek Group currently still uses the development of the number of its employees as an indicator of the success of its measures. In the reporting year, a HR reporting system was introduced using key figures such as staff turnover to better map targets.

To attract employees, the brands offer flexible working models and other benefits. As further measures for employee recruitment, the brands of the Nemetschek Group use social media platforms such as Xing and LinkedIn, as well as contact networks

and recommendations from their own employees. Thirteen of the brands currently reward successful recommendations with a bonus.

In order to attract and then retain skilled employees in the long term, the Nemetschek Group is constantly working on strengthening its attractiveness as an employer. Flexible work time models, which are laid down as a standard in the Letter of Commitment, contribute to this. Here the brands have also developed their own rules. However, on a general basis, it can be stated that all brands provide strong support for working at home and equip their employees appropriately – especially in the pandemic year 2020. The structure of the individual working time models depends on the business model of the respective brand.

Measures to be attractive as an employer include individual training and particular support of talented people as well as sports programs and team events. The Covid-19 pandemic impacted what was offered across all brands. The brands reacted and offered online sports courses and virtual team events. One brand even organized one non-contact drive-through event. For Graphisoft, the move to virtual events resulted in opportunities. For the first time, the global team was able to participate in a meeting, something that had not been possible before.

In 2020, the number of employees in the Nemetschek Group – including through company acquisitions – increased by 199 or 6.9% compared with the previous year. Excluding company acquisitions, the increase in employees amounted to 162 (+5.6%). As at December 31, 2020, the Nemetschek Group employed 3,074 people (previous year: 2,875).

Education and training

The Nemetschek Group is committed to ongoing education and training. As a company that uses and promotes digitalization, the Nemetschek Group also offers young people good long-term prospects. One particular example in 2020 was a pilot project in the context of LinkedIn Learning, where close to 2,000 employees selected the content of their training on an individual basis. The pilot project is ongoing and is set to run until the middle of 2021. If requested, it will then be operated as an ongoing program for all employees.

The need for training and corresponding measures is addressed within the respective brands. The basis for this at all brands is regular employee development meetings in which the employee receives feedback and individual prospects and specific goals are discussed. In 2020, as a result of the Covid-19 pandemic, some

of these meetings were held on a virtual basis. This employee dialog and the defined minimum requirements for education and training are the subject of the above-mentioned Letter of Commitment. The education and training requirements are defined in the annual development meetings. In 2020, these development meetings took place at all brands and at many subsidiaries several times a year.

Promotion of health

Active health management is important for all employees in the Nemetschek Group to be able to work creatively and efficiently. For the Nemetschek Group, it is essential to offer employees a healthy and secure work environment. This includes minimizing the risk of work accidents and work-related illnesses. The company regularly adapts all health-related measures and initiatives to the changing requirements of the working environment. This applies particularly in times of the Covid-19 pandemic. Transparent communication and a rapid reaction to current changes shaped the way employees were treated. This also applied in regions which were particularly impacted and where employees had to be protected quickly by closing offices.

In the Letter of Commitment, the Nemetschek Group also defined minimum requirements for health management for all brands. The implementation of the measures will continue to be managed decentrally. In the year under review, 11 of the 15 brands offered health-related measures for their employees. Alongside wellness programs, these measures included sports and fitness activities within the company and financial support for programs offered by external providers.

In terms of preventative health care, employees benefited to varying degrees – depending on the brand – from telemedicine services, specific examinations (e.g. on eye health) or subsidized insurance policies. In some cases, special office equipment, such as ergonomic office furniture, was also provided.

Flu vaccinations, Covid-19 tests and Covid-19 antibody tests were also offered in 2020. In connection with the Covid-19 pandemic, it should be mentioned that the holding company and some brands had already prepared relevant hygiene and protection concepts, as early as the spring of 2020, directly after the outbreak of the pandemic.

Promotion of diversity and inclusion

The topic of diversity is also a key part of the company's corporate culture. Within the Nemetschek Group, the cultures are very varied. This marked individuality is an important driver for the company's innovative strength and should therefore be promoted in a targeted manner. To do this, a company examination was implemented in the 2020 financial year, showing that 40% of the brands also use a directive or company statement on diversity and inclusion. The American brands are leading the way with specific activities. In terms of culture, our group of companies are very varied and have a broad-based positioning. This is evident from a 2020 survey which showed that the Nemetschek Group employed staff from 53 different nationalities.